

THE SOCIOLOGY OF MICRO CREDIT
A STUDY OF RURAL WOMEN IN POVERTY

by

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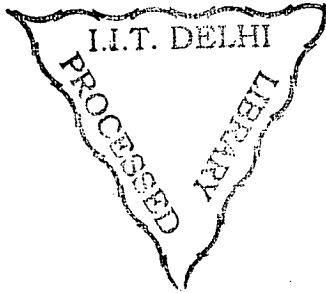


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CERTIFICATE

It is certified that the thesis entitled "**The Sociology of Micro Credit: A Study of Rural Women in Poverty**" submitted by **Suchismita Palai** is worthy of consideration for the award of the degree of **Doctor of Philosophy** and is a record of the original bonafide research work carried out by her under my guidance and supervision. The results contained in the thesis have not been submitted in part or full to any other University or Institute for the award of any degree or diploma.



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ABSTRACT

Poverty experienced by rural women in India has been very acute. They borrow every now and then for survival needs. Credit thus has always been an important form of survival mechanism for them. But they were mostly out of the ambit of formal banking system because of collateral and complex paperwork requirements. Therefore they depend on the village moneylenders who although provide credit when needed, charge usurious interest that embroil the women further and it becomes impossible for them to come out of the debt trap.

Poor women also work not only inside but also outside their homes to earn income for the family. Credit for income generation was never thought to be a mechanism for reduction of poverty in rural women earlier by the planners. After the concept of 'Women in Development' gained currency worldwide, particularly after E. Boserup's seminal work on women's role in economic development, and with multilateral development agencies such as the United Nations giving thrust to the concept, serious thoughts were given to integrate women into the mainstream economy by many countries. Micro credit emerged around this time as an effective tool for providing poor women with money.

With the successful experimentation made by Professor Muhammad Yunus in Bangladesh who gave small loans without collateral to the poor women, which they repaid on time with interest – poor women began to be regarded as bankable. Many countries adopted micro credit as a tool for poverty reduction.

In India micro credit delivery mechanism is based on the Self Help Groups or SHG's. Group formation and function thus has been the key to disbursement of microfinance to poor in general and poor women in particular. Though many studies have been done on the micro credit system in general and on the Microfinance Institutions' sustainability and profitability, independent sociological research in the field of micro credit, SHG formation and its impact on the social capital formation have been few and far between in India. In this study I have tried to examine issues related to micro credit not just as financial or administrative process but as a sociological process with emphasis on the formation, evolution and functioning of SHG as the nucleus of the system.

My study of micro credit system, formation and functioning of SHG's in rural Madhya Pradesh thus hopes to give a new dimension to the practical solutions to the problem and also hopes to contribute to the exiting literature of microfinance by providing guidelines to the policy makers for more women friendly micro credit delivery system.

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