

Role of Informal Micro-Finance System (Fund association) in the Apatani Society

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Abstract

Arunachal Pradesh, it is one of the most backward tribal states in India and its economy is predominantly agrarian and majority of the population lives in rural areas with minimal or no presence of banking and financial institutions. Till March 2015, the state has 170 commercial bank branches only. It may be noted that the concentration of banks is mostly in urban areas. Much of the rural people are hardly accessed to banking services in the state. Due to such situation in banking sector, many informal systems of financial organisation have been formed by the indigenous tribal people of the state not only to overcome the time of distress but also for creation of employment, education of children, health and social assets etc., among the rural poor since early 60s. It may be mentioned that the instances of formation of informal financial organisation in the form of fund associations or informal microfinance system have been observed especially among the Apatani tribe. These fund associations /groups are organized based on clan, lineage, sex (brother and sister's groups) and common interest. The groups may vary from 5 members to 100 members. They collect their subscription on regular intervals, monthly, half yearly, annually or once/twice in lifetime. The basic purpose of formation of such group corpus is to provide money to the members at the time of necessities such as education expenses, medical expenses, and expenses related to customs and rituals etc. The other purpose is to lend the fund at interest, which may vary from association to association, the present rate of interest varies from 3 percent to 5 percent per month. Henceforth, these fund association /informal micro finance system plays a significant role in the socio-economic life of the Apatani tribe.

1.Introduction

Arunachal Pradesh being a tribal state and late entrant in the field of socio-economic development is confronted with inherent problems ranging from geographical isolation to illiteracy. The pace of socio-economic development in the state could not be accelerated at desired level. Further, more than 70 percent of the total population which are living in the rural areas and are encountered with poverty and unemployment due to the limited natural and financial resources. The financial institutions established in the state do not provide required services to rural masses.

Therefore, to meet the demand of credit requirement various tribes of the state have evolved an Informal Microfinance System (IMFS) even before the attainment of independence. This system is more practical and popular among the Apatani tribe and it has been playing a very important role in the development of socio-economic livelihood and welfare of the Apatanis.

Henceforth during the study it was found that there are 14 (fourteen) types of informal micro-finance system operating in the Apatani society, viz. *Anu-Ami (Sisters) Fund*, *Anu-Abang (Brother) Fund*, *Lapang –Babo*

(Sacred Platform and Pole) Fund, Halu-Udey Fund (Clan House Fund), Azing (Friendship) Fund, Diinii Banii (Daughter-in-laws) Fund, Subu Luth/Seb Luth (Mithun/Bos frontalis) Fund, Moreh (Forest) Fund, Builyang (Village Council) Fund, Nyibu (Priest) Fund, Patang (Gang of Labour) Fund,

Lutu-Sulu (Community Fence) Fund, Clan Fund, Bogo (Bund) Fund.

The informal micro-finance system/ fund associations in Apatani society may be classified into four main divisions on the basis of the bases from which it derives its name as well as function.

Table1: Division of the informal micro-finance system /fund association on the basis of derivation of name from different bases.

Source: Field Survey

Property	Agriculture	Socio-religious Institution	Relationships/Affiliation
<i>Subu/Seb Luth</i> (Mithun) Fund	<i>Patang</i> (Gang of Labour) Fund	<i>Builyang</i> (Village Council) Fund	<i>Anu –Amii</i> (Sisters) Fund
<i>Moreh</i> (Forest) Fund	<i>Bogo</i> (Bund) Fund	<i>Nyibu</i> (Priest) Fund	<i>Anu-Abang</i> (Brothers) Fund
<i>Halu-Udey</i> (Clan House) Fund	<i>Lutu-Sulu</i> (Community Fence) Fund	<i>Lapang-Babo</i> (Sacred Platform and Pole) Fund	<i>Diinii-Banii</i> (Daughter-in-Laws) Fund
			<i>Ajing</i> (Friendship) Fund
			Clan Fund

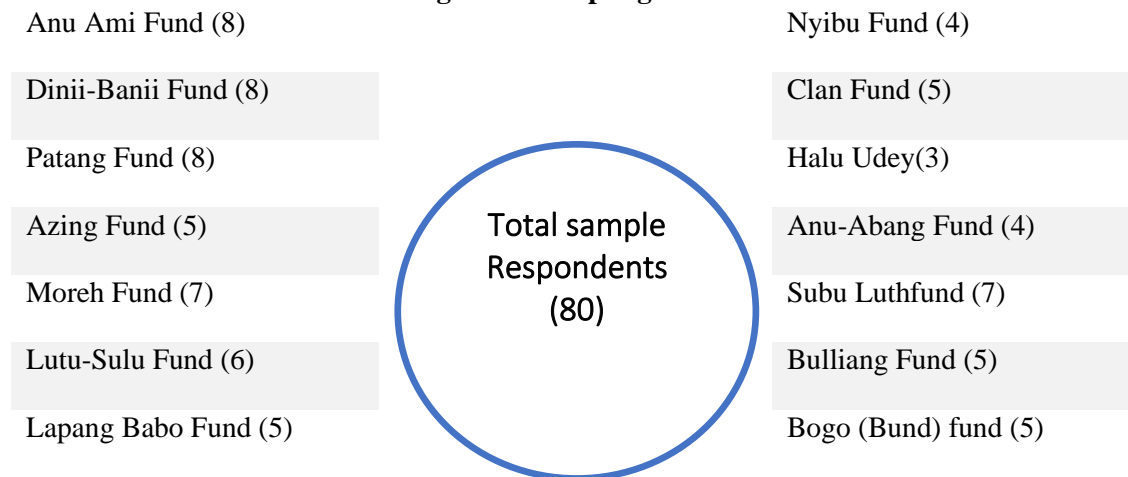
2. Methodology

The present study has been conducted in the Apatani plateau of lower Subansiri District of Arunachal Pradesh. Apatani tribes is one of the major tribes of Arunachal Pradesh, one of the north-eastern states of India. The area of study has been deliberately chosen because the Apatanis are more enterprising among all tribes of Arunachal Pradesh and culture of thrift and saving is catching up in this tribe. More importantly Informal Micro-Finance system is widely prevailing and practice by the Apatanis in the area, which is organized on the basis of clan, lineage, sex etc.

In this paper an attempt has been made to describe the role played by the informal micro-finance system which is observed to be operating in Apatani society. It was found that Apatani tribes exhibit a good deal of cooperation in their socio-economic life which then becomes the foundation for the existence of the informal micro-finance system. it was present in the ethos of the society from time immemorial. Besides the personal interview with the resource persons, the structured questionnaires have been administered to 80

respondents for eliciting the information in regards to role played by the informal micro-finance system in the Apatani tribes.

It was observed that the operation of IMFS is normally distributed in the Apatani plateau. Therefore, a total of 80 sample respondents was selected to generate empirical findings as well as to draw inferences about the population. While selecting the sample respondents an utmost care has been taken to incorporate the person who are actively involves in fund associations. Besides, the involvement of female respondents has also been taken care of to generate the amity in the management and decisions making with regard to IMFS. Thus, total sample size of 80 comprises of 53 males and 27 females respectively. Structured schedules were administered upon them. Purposive sampling was also used to identify the persons having knowledge on the study topic, and the executive member of fund associations was selected for interview. it was also ensured that adequate number of women respondents for the purpose to know the different response pattern of the respondents.

Figure 1: Sampling Frame

3. Role of Informal Micro-Finance System

The role of Informal micro-finance system in the Apatani society is commendable and pervasive. It is very interesting to note that the Apatanis have entwined the informal micro-finance system (fund association) in their socio- economic life in such a way that it becomes imperative to understand the role of informal micro-finance system (fund association) in their socio-cultural setting. Therefore, the present study in regards to the role of microfinance in the Apatani society may differ in its dimension with the conventional study on the role of microfinance. However, an attempt has been made to elucidate the role of Informal microfinance in the socio-economic setting of the Apatani tribe. The role of informal microfinance observed during the course of study are as follows.

3.1. Asset Formation and Management

As tribal societies usually are understood on the basis of close association like clan, lineage and phratry, the holding of property rights may also be founded on the same basis. The ownership rights may be held by an individual or in some cases it is jointly held. Traditionally asset of the Apatani man may be created by the purchase of land, mithun (*Bos frontalis*), cow, pig, developing a land for agriculture purpose, growing bamboo and pine groves etc. The creation of asset would require a person to invest huge amount of cash, and a common Apatani man owned source may not suffice for such purchase. In such a situation he/she would either manage from relatives or he/she

may take the help from informal micro-finance system (fund association) to which he/she is associated as the member, for obtaining loan for any purpose. Further, whatever may be the asset and ownership rights over it, the activity related with the property is enormous, which may be difficult for an individual person to perform. Therefore, an individual may form a group and collect the contribution of each member for development and maintenance of their common property. For instance, in case of dwelling house, even if it is an individual owned the work related with it is the responsibility of the clan members. In case of community forest, the maintenance is not rest with individual, but with the clan. Traditionally, asset of the Apatanis includes the following:

3.1.1. Land

Land in the Apatani tradition can be classified into following- 1. Residential land (Ude Doko) 2. Granary Land (Nesu Doko) 3. Kitchen Garden (Balu) 4. Kitchen Garden outside the village (Yorlu) 5. Paddy field (Aji) 6. Millet cultivation land (Lyapyo) 7. Land for black salt (Piroy) 8. Grazing Land (Luth Kiidi) 9. Bamboo Garden (Bije) 10. Forest Land (More/Sansung/ salii (Mihin K: 2008; 30)). The land within the Apatani tribal territory can be divided into three categories: individual owned land, clan land and common village land. The first category comprises of practically all cultivated land, i.e., irrigated rice fields, gardens, groves as well as house sites for granaries. Clan lands consist of the sites for public assembly platforms (*Lapang*) inside the village, meadow land used for pasture and

burial grounds as well as tracts for forest, where members of the owner clan have the right to hunt and trap. Common village land, on the other hand, is confined to a few rather insignificant stretches of pasture inside the valley and to forest tracts on the periphery of the Apatani country (Haimendorf CVF: 1980; 36).

It is also observed that the Apatanis invest/purchase land plot for the purpose of cultivation, and for transforming of some dry land near a trickle of water into terraces and then building a channel to irrigate them.

3.1.2. Livestock

Besides the common livestock like cow, pig and poultry, common Apatani man may rear a mithun (*Bos frontalis*). The mithun (*Bos frontalis*) is regarded as a symbol of prestige and was traditionally used as a medium of exchange (which is still a common practice among the people residing in villages), a means to settling disputes, and as the bride price/bridal gift. Besides, mithun is also considered as a social security during any kind of emergency in health and other household related problems etc. Mithun is a semi domesticated animal and reared under free grazing condition.

As regard the ownership of mithun in Apatani, it may be held individually and may also be held by a clan (*Halu Subu*). The Apatani are close knit society, their need for mithun may be reasoned for common sacrifice by clan for which all the members of the clan collect contribution and buy mithun.

Mithun are still being bought merely for investment; in addition to the many privately owned mithun there were also some animals which are held jointly by a clan or even a village and had been bought by subscription, to be used for sacrifices in the interest of the whole community. In 1978 I could not get information on any concrete example of such communally owned mithun, and it may well be that the increasing individualization of the Apatani society has led to the abandonment of the system of jointly owned mithun (Haimendorf CVF :1980; 52).

In above quotes, it is pertinent to reason that there was jointly (clan) held system of keeping animal which had been bought by subscription.

It is being elicited by a respondent, during the study that rearing of mithun by clan (*Halu-*

Subu) was there at the beginning but due to rapid monetization in their economy, their clan member decided to sell the mithun and the proceed was kept as clan fund through which the clan fund usually create.

The mithun is reared semi-domestically. The owner may not be able to see his mithun regularly. The mithun owners usually cooperate with each other in finding the mithun.

With the passage of time the rearing of mithun has become a difficult task due to dwindling of forest in the periphery of the village and increasing number of thefts. Now the mithun owner has to become more vigilant and cautious regarding the keeping of mithun. Such situation has demanded more coordination and cooperation of the mithun owners. In effort to establish more concrete mechanism for prevention of disputes and loss of mithun, they have organized themselves into association of mithun owner.

The association of mithun owner is called as *Subu-Luth* Committee. *Subu-Luth* fund is a fund of the mithun owner. Through this association the owners of mithun ensure cooperation among them. In case of theft of mithun of member of '*Subu-Luth* fund' the expenditure is borne from the fund for finding the mithun. Therefore *Subu-Luth* fund help to foster cooperation among members in matters relating to development and domestication of mithun. Besides the above function of the fund, the members can also borrow from the fund.

3.1.3. Forest Land

In the Apatani society, the ownership of forest (*Moreh*) may be found on the basis individual, clan and villages. The Apatani are much aware about the importance of forest, they have realized it would be disastrous for their culture and survival, materially and spiritually, if they do not preserve the forest. Though the modern youths hunt the animal and destroy the forest, yet the people who believe gods and goddesses always try to protect (Mihin K:2008; 5). As such the sustainable use of forest resources is imbibed by them, as a way to preserve the forest. Therefore, the Apatani society in general is organizing replacement plantation every year in their respective forest for replenishing the trees. The numbers of trees felled are well recorded and in every such replacement

plantation double of the number of felled trees are planted. Such plantation expenses are met from the proceeds of the sold trees. The Apatanis have created fund of the forest which is called '*Moreh*' fund. In this fund association, the members usually are from same clan. There is no collection of membership fee. The proceeds from the selling of trees are kept as '*Moreh*' fund and the fund are specially meant for maintenance of forest, but sometime, it is also lent to the members at interest.

4. Culture

The culture is inclusive of all religious activities that are performed by a person. It can be festival, poojas and other religious ceremonies. The socio-religious practices and institution are the essence of tribal life. '*Dree*' '*Yapung*' '*Myoko*' and '*Murung*' are the major festivals of the Apatani.

The celebration of festival is a significant part of the culture of the Apatani in particular and the tribal of Arunachal in general and. The observance of a festival involves considerable expenditure. To lessen the expenditure burden, some of the clan association would give festival bonus (especially during *Myoko*) to all the households of the clan.

5. Custom

The custom is an activity which a person performed within his family-life, events such as birth, marriage, death, and other rites and rituals are considered auspicious in the Apatanis. The ceremony of birth is propitious and involves a procedure. After three nights of birth of a baby, bride relatives specially brothers bring three pieces of beads bind in blue thread and one Tibetan bell. After the visit of brother of the bride others relatives may visit the child and offer the gifts in kind and cash. Baby showers (*Nipo-Aping*) ritual is also conducted after nine nights or ten days traditionally. During that time the baby take the bath, for the first time. i.e., after 10 days. Taboos is also observed for ten days, during the taboo mother of the baby is not allowed to work in kitchen or a day-to-day chore, she is confine with the baby. It is to be noted, during the baby shower ceremony the gifts are offered in cash or kind by the relatives.

Here, the role of the fund system come into play, especially the daughters-in-law of the clan offer gifts from collective fund. Daughters-in-law of all the clan in Apatanis

maintain the corpus fund called a '*Diinii-Banii*' fund. They, instead of collecting fund from each member for offering gifts, helping the family during the observance of ritual like '*Murung*' and helping the relatives during distress, would take out some portion of money from corpus fund for the purpose.

Further, in most of the clans, a male child by birth, become a bonafide member of the fund association and a father of new born child is offered a sum of money from clan fund for the celebration of the birth of a child.

Another important aspect of the Apatani custom is to make friends/relatives. The friendship within Apatanis is made from different village. The friendship is bonded through a ritual during *Murung* pujas *Myoko* festival. The friendship made during *Murung* is called '*Subu Piinyan*' (Mihin K:2008;39). '*Lyichu Piinyan*' is another form of friendship made by giving the head of ritually sacrificed pig. Lastly, *Biinii Ajing* is made from outside of the village.

The friendship circle is made between two (*Penchi-Ajing*) or more than two individuals of different villages (*Biinii-Ajing*). Once the friends are established through such performing of rituals the friends are made permanent. It cannot be broken. Such friends are assumed to extend helping hands at the time of distress of their friends. Further, as they are bonded friends, their relation is strong; it becomes easier for formalizing a friendship fund among the friends which is called "*Azing*" fund. The friendship fund (*Azing* Fund) also provides for meeting any emergency expenditure of the members. The members may draw some money from the fund for meeting any emergency expenditure. Such flexibility in the operation of saving system has provided people with a provision for meeting any sudden expenses.

Marriage is another important social institution, the celebration of which often involves a huge amount of money. The role of the IMFS in relation to the Apatanis marriage system have been discussed to justify the importance of the IMFS. During the marriage a groom traditionally offer a '*mithun*' and in exchange the bride party offer many valuable things like '*Maji*' (Tibetan bells), '*Tallo*' (Gong), bacon meat etc.

Therefore, due to heavy expenditure during the marriage ceremony, the relatives sometimes

would offer gift in cash. The gift is given to the bride and groom together along with the white beads (*Pikia*). In one such marriage it has been found that the bride and groom have received Rs 20000/- from the Anu-Ami Fund. The cash is given along with the beads and the list of all the sisters (Anu-Ami) mentioning the proportion of the contribution of each sister i.e., Anu-Ami.

6. Traditional Judicial System

A traditional judicial system/village council is responsible for settlement of disputes among the people or to punish the violator of law. This system exists from olden times. It can also settle disputes of any nature of the village and also decides on the matter of significant interest to the village as a whole.

In the Apatani society, *Builyang* is a village council, which consists of one or two *Builyang* representatives from each clan. The position of *Builyang* is inheritable. They are the arbiters of tribal law and upholders of tribal justice, but the individuals *Builyang* is primarily the spokesman of his own clan or groups of clans. The council of *Builyang* formerly decides almost all the cases that were reported to them.

Builyang of various villages have their own fund called *Builyang* Fund. Such funds serve the welfare of the members. The membership is exclusively for the *Builyang*. The members may subscribe to a membership by paying some contribution.

7. Women Empowerment

Empowerment is a social process that promotes participation of people, organization and communities in gaining control over their lives in their community. Empowerment of women is considered a challenge. The women are equal partners in development, but they are reduced to household chores. Therefore, there is a need of women empowerment. Social and economic development of women are necessary for overall economic development of any society. Women are usually burdened with household chores which become their primary hurdles to overcome. The women are deprived of their rights in many spheres.

Constraints faced by women are complex and call for a parallel range of services to address them. To be empowered, they need services like training, counselling, credit, mentoring,

information sharing etc. Along with other empowerment programs for women, microfinance programs are doing commendable job in empowering the women, "But, with the formation of Women's Self-Help Groups, these women are now achieving social and physical mobility. It is recognized that while the empowerment of women is a process that will not happen automatically, SHGS is a suitable means for the empowerment of women. The impact of SHGs on socio-economic status of women are found significant" (Arya A.K: 1987; 47).

The women are not born with inferiority complex. The inferiority complex of a girl child is due to the environment of society. Many studies suggest that given the same environment, same preference, the boys and girls can achieve same position in the society.

As regards to the status of women in the Apatani society, they are found busy in household chores and agriculture activity. But then, their role in house as well as in any festival is commendable. They play an important part in family and in society. The role of women of the Apatani society can be understood from the following excerpts.

"As the procession reaches the husband granary the bride places her basket with emu rice and ginger next to the two baskets which contain the newly harvested paddy and the balls made by the bride of rice flour and dried meat. Each of the women in the procession places her rice or millet into the granary and receives in return a gift of Rs.2. The whole party of women then proceeds to the husband's house, where they are entertained with cooked meat and rice, and not only eat as much as they can, but also put some of the meat into their baskets. this is considered the women's day, and all the women of the husband clan, living in the neighbourhood, come with contribution of beer and various edible" (Haimendorf :1980; 111). In the Apatani society women have their own association running across their relation. This association of women plays an important role in empowerment of women. The associations are formed on the basis of sisterhood like 'Anu-Ami' 'Dinii-Banii'. Such associations act as a platform for women empowerment. The association collects the subscription from the members and is given for loan at interest. The interest earned may be divided among the

members and sometimes are kept for further loaning.

8. Help during Exigency

Exigencies in one's life is inevitable. As such exigencies of the Apatanis may be in regard to falling health, accident, fire accident, mounting debt and more importantly crop failure²⁰. As regards the magnitude of exigency, it may be related to the nature of occupation. As far as occupation is concerned, the Apatanis are good agriculturists. They practise wet cultivation in the fertile valley. The Apatanis are popular for paddy cum fish cultivation in their fields. Even then the fate of one's future cannot be predicted. Therefore, during the time of distress befalling any member the help is extended physically or financially.

9. Education

The impact of informal micro-finance on education is profound. As the micro-finance groups are organized on the basis of clan, village, locality, the groups extend scholarship to the member's children right from nursery education to the professional courses and on clearing of competitive examination. Such reward for passing the examination highly motivates the students for studying hard and for securing the high percentage in the examinations. The reward is usually given out of clan fund.

10. Social Security

The informal micro finance system in the Apatanis also provides a social security to the members. Firstly, the fund association helps the members during any emergency. Any event involving considerable expenditure is covered under the grant of the fund association. For instance, during 'Myoko' all the members may get the bonus for celebration of festival. And at the time of birth and death of the members the clan fund associations grant a lump sum for meeting the expenditure. In some type of fund association, the membership is transferable on the death of the members. In *Anu-Ami* welfare fund the membership is inherited by the eldest daughter from her mother. And in *Diinii-Banii* fund, the membership of mother-in-law is inherited by the eldest daughter-in-law. As such the nominee for the membership is determined by the customary practice of the tribes.

11. Conclusion

The informal microfinance plays an important role in the socio-economic life of the Apatanis. It plays significant role in the purchase or formation of assets, observance of festival and customs, construction of houses, education, health, women empowerment etc. Therefore, the above discussed roles of informal microfinance are only an introductory narrative and expected to throw light on how informal microfinance are inevitably encrusted in the socio-economic life of the Apatanis.

The prevalence of fund groups is positively related with the development of a culture of thrift and saving amongst the Apatani people. It is deeply crusted in their social life enthused by socio-cultural setting. This culture /system of keeping fund for common use of the members in the Apatani society has immensely help the members in their socio-economic life.

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