

SELF HELP GRPOUPS AS A WEAPON TO FIGHT POVERTY: A STUDY OF REMUNA BLOCK OF ODISHA

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ABSTRACT

The prime objective of this paper is to examine the socio-economic impact of women Self Help Groups (SHGs) formed under Swarnjayanti Gram Swarozgar Yojana leading to poverty alleviation the basis of Field Survey conducted in Remuna Block of Balasore District of Odisha. Primary Data were collected from 180 women SHG members of Remuna Block on various economic variables pertaining to pre and post SHG periods. Paired sample t-test has been used to compare the mean difference of these variables and their statistical significance between pre and post SHG periods. Analysis of data reveals that there has been a significant increase in the average employment, average annual income, average annual saving, average value of the household assets and average annual consumption expenditure of the sample SHG households of Remuna Block in the post SHG period in real terms. However, there has been a decline in the average landholding size. Further, joining SHGs has not only reduced the dependence of its members on non-institutional credit sources but it has also reduced the cost of debt through access of the members to the institutional credit agencies. In addition, SHGs have positive impacts on creating socio-political awareness among its members. However, since the income generated through the SHG activities is very meagre, it is inferred that SHG income has an insignificant impact on poverty alleviation.

Keywords: Self Help Groups, Poverty alleviation, Women empowerment, Socio-political awareness

INTRODUCTION

The concept of self-help groups (SHGs) got wider publicity and gained phenomenal significance especially after 1976 when Mohammed Yunus, Professor of Economics of Chitagaon University, Bangadesh began experimenting with micro-credit and women SHGs. The strategy brought about a massive revolution in Bangladesh in poverty eradication by empowering the poor women. SHGs are small informal associations created for the purpose of enabling members to

reap economic benefit out of mutual help, solidarity and joint responsibility. Of late, Self-help groups have become a powerful weapon to fight the battle of poverty in the world arena.

The growth of SHG-Bank linkage in India gathered rapid momentum from 2000-01 which has resulted in bringing more rural poor into the orbit of micro credit institutions. NABARD is the pioneer in conceiving the concept of SHG in India and also in implementing the SHG scheme to address the problem of poverty on the one hand and women empowerment on the other.

Of the many afflictions and adversaries that human beings fight, poverty is perhaps the most stubborn and deeply ingrained within the society. Despite decades of relentless efforts made both at the national and international levels, towards global poverty alleviation, the clouds of poverty still loom large on the social horizon of both the underdeveloped as well as the developed countries. Poverty in the midst of plenty has been a paradoxical feature of the Indian economy. Although India is endowed with all types of resources, physical, human and natural, she is still in the clutches of massive poverty. The grip of poverty is still tighter in the rural areas where a large chunk of population is unfortunate enough not to get square meals a day. This creates a bleak and dismal atmosphere and arrests the pace of economic development.

Realizing the gravity of the problem of mass poverty, the Government of India has launched plethora of programmes like Integrated Rural Development Programme (IRDP), Development of Women and Children in Rural Areas (DWCRA), Training of Rural Youth for Self Employment (TRYSEM), Supply of Improved Toolkits to Rural Artisans (SITRA), Prime Minister Rozgar Yojana (PMRY) and Ganga Kalyan Yojana (GKY) etc since the dawn of economic planning in India to make a frontal attack on poverty. However, despite implementation of the aforesaid programmes, the incidence of poverty stood at a high level. According to the Planning Commission estimate, the percentage of population living below poverty line for 1993-94 was 35.97 percent for all-India, and 37.27 percent and 32.36 percent for rural areas and urban areas respectively.

On account of the above reasons, all the allied self-employment programmes were reviewed by a Committee constituted by the Planning Commission in February, 1997 under the Chairmanship of Prof. H.R. Hashim, Member, Planning Commission. On the recommendation of the Committee a new programme known as "Swarnjayanti Gram Swarozgar Yojana" (SGSY) has been launched since April, 1, 1999 by the Ministry of Rural Development, Government of India. SGSY aims at providing assistance to the BPL rural poor for establishing micro-enterprises through bank credit and government subsidy to acquire an income-generating asset. Organizing the poor self- help groups (SHGs) lies at the heart of this programme.

A brief review of principal studies done earlier and their research findings which are relevant to the present study has been presented here.

REVIEW OF THE EARLIER STUDIES

Prof. Muhammad Yunus (2004) in his study conducted on the impact of micro credit provided by the Grameen Bank, Bangladesh has found that provision of collateral free small loans for taking up income generating activities by the poor people of Bangladesh have a significant positive impact on the lives of the poor families.

R.K. Sahu and S.N. Tripathy (2005) in their study conducted on the role of Self-Help Groups in Women Empowerment held that the access of the poor to banking services is important not only for poverty alleviation but also for optimising their contribution to the growth of regional as well as the national economy. Self Help Groups (SHGs) have emerged as the most important tool in the process of participatory development and women empowerment. The rural women are the marginalized groups in the society because of socio-economic constraints. They remain backward and in lower position of the social hierarchical ladder. Formation of Self-Help Groups has the capacity to lift the rural women from the morass of poverty and stagnation by providing micro finance.

Tanmoyee Banerjee (2009) made a study on the economic impact of Self Help Groups created under SGSY programme on the basis of primary data collected from 300 sample SHG members of North 24-Pragana District of West Bengal in 2006. She used paired t-statistics to compare the mean difference of the variables like family income, consumption expenditure, saving etc before and after joining the groups and the difference between the non-group and group members. Her study reveals that after joining the groups, the increase in the family income, food expenditure, health related expenditure and saving of the self help group members are significant at 5 percent level while the increase in non-food expenditure is not significant. However, the increase in the family consumption expenditure is found to be significant at 10 percent level. Further, the difference in the mean values of the variables like family income, family consumption expenditure, food expenditure, non-food expenditure, health related expenditure and saving between the non-group members and group members are found to be significant at 1 percent level. Thus there has been a significant increase in the family income, family consumption expenditure, food expenditure, non-food expenditure, health related expenditure and saving of the SHG members as compared to the non-SHG members. She has concluded that SGSY programme has some positive economic impact as a poverty alleviation programme.

R.S. Negi & Abhay Kumar (2013) made a study to assess the role of micro-finance and Self Help Groups in Pauri Block under Garhwal District of Uttarakhand. This is a sample study based on

primary data collected from 110 SHGs of Pauri Block. The study reveals that the Self Help Groups in Pauri Block has not only provided a means of survival for poor, but also serve as nascent institutions for building up of specific capital, which can serve a long term sustainability function of poverty reduction although it is true that some section of the poorest of the poor find it difficult to participate in SHGs. The assessment of economic impact revealed that PCBs, Co-operative and RRBs definitely succeeded in reducing their members' vulnerability and, by consequences; succeeds at preventing them falling even further into poverty. The social impact reveals that micro-finance and SHGs have a positive influence on their female members. Women are honest in repayment of loans and most of the women are not defaulter. Especially with regard to women's status, there is increased involvement of the women in family decisions, expansion of their knowledge and awareness leading to improved situations for their children.

The study carried out by Lamaan Sami (2014) on self help groups and poverty alleviation with reference to Aligarh shows that income of the members has increased substantially after joining the group. Although there is no change in the field assets of the members, there is minor change in movable assets like, bike, mobile, bicycle etc. There is minor change in the banking habits. People are aware of ATM cards and also maintain account in bank. Some changes in the attitude towards education of children is evident from the survey. There is good awareness regarding female child education.

K. C. Mishra (2014) in his book *Self-Help Groups and Rural Development* has observed that Self Help Groups have emerged as a powerful instrument for rural development. He conducted the study in the District of Puri and found that SHGs in Puri District have brought the disadvantaged and vulnerable groups into the orbit of development through the provision of finance and other inputs. The beneficiaries of these groups are capable of generating additional income and employment by utilising the funds in various income generating activities. Further, it has not only developed the saving habits of the members of the group but also helped them to repay the loan in time. Besides, the SHG-Bank linkage programme has offered ample opportunities for closer interaction between banks and the members of the group. He has suggested that provision of adequate and timely finance, infrastructural facilities, capacity building and skill up-gradation, provision of adequate marketing facilities, proper supervision and monitoring of investment activities, strong political will and inspecting the end use of loan will not only foster rural development but also attain inclusive growth.

However, the present study seeks to analyse the role of the Self Help Groups on poverty alleviation of Remuna Block of Odisha, which has not been studied so far.

OBJECTIVES OF THE STUDY

The prime objectives of the study are:

- To examine sources of credit and interest rate paid by the SHG members before and after the formation of Self Help Groups.
- To examine the employment status, income level, saving level, landholding size, value of the household assets and consumption expenditure of the sample SHG households during pre and post SHG periods.
- To examine the impact of SHGs on poverty alleviation of the SHG households.
- To examine socio-political awareness and women empowerment among the SHG members after joining the SHGs.

METHODOLOGY

The present study is based on a Sample Survey conducted on Remuna Block of Balasore District, Odisha. Out of twelve C. D. Blocks of Balasore District Remuna is a coastal and industrially developed Block. In this study, multi-stage sampling method has been used, the sample units at different stages being the Panchayats, villages, SHGs and members of the SHGs.

The study is based on primary data collected by Survey Method. Personal Interview Method is being adopted to collect data through structured questionnaire from 180 respondents of Remuna Block. The women SHGs formed under Swarnjayanti Gram Swarajgar Yojana (SGSY) have been taken for the purpose of the present study. The pre-SHG period is 2004-05 and post SHG data relates to 2011-12.

After processing of the raw data through MS Excel & SPSS, simple statistical tools like percentage, arithmetic mean etc have been used for the analysis of data. To compare the mean difference of different economic variables and their statistical significance between pre and post SHG periods 'paired sample t-test' has been applied.

However, to eliminate the impact of inflation on the variables such as income, saving, value of household assets and consumption expenditure these variables are expressed in real terms. The price adjustment has been done by using the Wholesale Price Indices (WPI) of the Reserve Bank of India (RBI) using 2004-05 as the base year. Accordingly, the pre and post comparison of these variables has been made at constant prices.

DATA ANALYSIS AND AMJOR FINDINGS

To examine the impact of Self Help Groups on the respondents of Remuna Block, analysis of data and testing of hypotheses have been done below on the basis of the data collected from Field Survey.

The analysis of data pertaining to the sources of credit reveals that, before joining SHGs, the major source of credit of the respondents of Remuna Block was non-institutional agencies like village money-lenders, neighbours, friends and relatives etc. The interest rate charged by the non-institutional credit agencies was very exorbitant which was ranging from 36 percent to 84 percent per annum.

However, there has been a radical change in the rural credit scenario in the post SHG period. After joining SHGs, the dependence of the SHG members on non-institutional credit agencies has been drastically reduced. In the post SHG period, the respondents have an easy access to institutional credit agencies and the Group Fund to meet their credit needs. The interest rate charged by the institutional credit agencies and the Group Fund varies from 10 percent to 18 percent per annum.

Thus SHGs have not only reduced the dependence of its members on non-institutional credit agencies to a substantial extent but also reduced the cost of debt. It has also helped members to have an easy access to the institutional credit agencies wherefrom they get loans at a very reasonable rate of interest.

The analysis of data relating to the types of productive activities undertaken by the sample respondents of Remuna Block after credit linkages reveal that, out of 180 respondents of Remuna Block, 12.78 per cent respondents are engaged in agriculture, 15.56 per cent in commercial farming, 15 per cent in food processing, 2.22 per cent in pisciculture, 23.33 per cent in rearing of livestock, 17.78 per cent in trade and commerce, 11.11 per cent in cottage industries while 2.22 per cent respondents were engaged in other activities.

Thus, the sample respondents of Remuna Block in the post-SHG period are engaged in diversified income generating activities after the credit linkages. The respondents pursuing agriculture is only 12.78 per cent which indicates that people are gradually shifting from primary activities to secondary and tertiary activities by availing loans from the institutional credit agencies.

To compare the mean employment level, income level, saving, landholding status, value of the household assets and consumption expenditure of the sample respondents of Remuna Block between the pre and post SHG periods, 'paired sample t-test' has been applied to test the statistical significance of the hypotheses by using the primary data collected from Field Survey by using SPSS.

The impact of SHGs on different economic variables during the pre and post SHG periods of Remuna Block has been portrayed in Table-1.

Table-1 reveals that there have been significant increases in the average employment, average real annual income, average real annual saving, average real value of the household assets and average real annual consumption expenditure of the sample SHG households of Remuna Block in the post SHG period. However, there is no significant difference in the average landholding size between pre and post SHG periods. *Thus it can be said that joining SHGs has positive impact on the economic status of the respondents of Remuna Block.*

TABLE-1

PAIRED SAMPLE T-TEST FOR EQUALITY OF MEAN: COMPARISON OF VARIABLES BETWEEN PRE & POST SHG PERIODS OF REMUNA BLOCK						
Economic Variables	Pre-SHG period	Post-SHG period	Mean Difference	Percentage increase/ decrease	't' value	'p' value (Two-tailed)
Average employment (Man-days)	1.283	1.711	0.428	33.66	9.75*	0.00
Average Real Annual Income (₹)	32150.00	49239.00	17089.00	53.15	22.99*	0.00
Average Real Annual Saving (₹)	960.00	2147.00	1187.00	123.64	13.19*	0.00
Average Land holding size (Dec.)	92.73	88.32	- 4.41	4.76	1.95	0.053
Average real Value of household assets (₹)	13604.00	214391.00	7835.00	57.59	7.16*	0.00
Average real Annual consumption expenditure (₹)	31190.00	47092.00	15902.00	50.98	21.64*	0.00

Source: Calculated from the Data collected from Field Survey by using SPSS

IMPACT ON POVERTY ALLEVIATION

“The Report of the Expert Group of Planning Commission, Government of India - June, 2014”, has demarcated poverty line for Odisha for 2011-12 in terms of monthly per capita consumption expenditure of ` 876.42 in rural areas and ` 1205.37 in urban areas. Thus the annual per capita consumption expenditure for the poverty line for Orissa for 2011-12 can be worked out as ` 10517.00 for rural areas and ` 14464.44 for urban areas.

When the above mentioned criteria is applied to the present study, the analysis of data of Remuna Block reveals that out of 180 sample SHG households of the Block, 136 SHG

households incur an annual consumption expenditure in the post SHG period which is above the per capita consumption expenditure for poverty line while only 44 SHG households incur an annual consumption expenditure which is below the per capita consumption expenditure for poverty line devised by the Planning Commission Expert Group. Thus, in the post SHG period, 75.56 per cent of the SHG households have crossed the poverty line while only 24.44 per cent SHG households remain below the poverty line.

However, if the income generated through SHG activities were excluded from the total family income of the respondents, out of 180 SHG households, 70.56 per cent households would come above poverty line while 29.44 per cent households would remain below the poverty line.

Although there has been a significant reduction of poverty ratio in the post SHG period, this cannot be solely attributed to the self help groups since the income generated from SHG activities is very low to lift the SHG households above the poverty line. Thus joining SHGs has a very insignificant impact on poverty alleviation of the SHG households.

IMPACT ON SOCIO-POLITICAL AWARENESS AND WOMEN EMPOWERMENT

As regards the objective of socio-political awareness and women empowerment among the SHG members, analysis of the data reveals that out of the total 180 SHGs, 27 groups have organised drives to create awareness among the villagers regarding ill-effects of liquor, 9 groups have been entrusted with the mid-day meal preparation, 1 group prepares tiffin for the Anganwadi children, 20 groups participate in the Palli Sabha, 80 groups are linked with the SHG Federations.

Similarly, out of 180 respondents, 172 replied that they are consulted in taking decision in the family matters relating to education and marriage of their children, 177 respondents replied that they are consulted in the matter of purchase of their household assets, 170 respondents replied that joining SHGs has improved their social status and broken the social barriers.

Thus the participation of the SHG members in Palli Sabha, in SHG Federation meetings, in various matters pertaining to family and society has not only created socio-political awareness among its members but also paved the way for women empowerment.

The study also throws some lights on the dark sides of the functioning of the SHGs as enumerated below. Analysis of data reveals that many SHGs have failed to undertake productive activities/income generating activities at group level. In the majority of cases the bank loan and SGSY assistance is being divided among the group members to undertake income generating activities at individual level. However, instead of undertaking any economic activities at individual level, some members are utilizing the loans for unproductive purposes. The failure of

group level income generating activities can be attributed to a number of factors like, illiteracy, lack of coordination and mutual trust among the SHG members.

Further, many SHGs face the problem of marketing the product. The commodities produced by the SHGs are not sold at a proper price in the market. Further, some respondents pointed out that they are unable to get credit from the linked banks at the right time. Some SHGs stated that the training imparted for undertaking productive activities is not adequate. Some others stated that they were not yet imparted any training in connection with the activities they have undertaken. Some other SHG members and Group leaders are not fully aware of different aspects of the SHG like, rules and regulation of the group, information about group records, total capital of the group, total loaning of the group, outstanding loan etc.

CONCLUSION

An in-depth analysis of the aforesaid study reveals that SHGs have emerged as the panacea for a number of socio-economic evils that have engulfed the rural economy. Joining SHGs has substantially reduced the dependence of SHG members on non-institutional credit agencies. It has facilitated the members to have an easy access to the institutional credit agencies and Group Fund thereby reducing the cost of debt. Further, there has been a major change in the occupational pattern of the sample SHG households in the post-SHG period since they are now engaged in diversified economic activities. Furthermore, there has been a significant increase in the average employment level, average real annual income, average real annual saving, average real value of the household assets, and average real annual consumption expenditure of sample SHG households in the post SHG period. However, there has been a decline in the average landholding size in the post SHG period, although this change is not statistically significant. In addition, although 75.56 per cent of the SHG households have crossed the poverty line in the post SHG period, this cannot be solely attributed to joining of SHG owing to the reason that the income generated through the SHG activities is very meagre to free the poor HSG households from the clutches of poverty. Hence it is inferred that SHG income has an insignificant impact on poverty alleviation of Remuna Block of Balasore District. However, it has a positive impact on creating socio-political awareness and women empowerment.

In fine, although SHGs have made remarkable progress in Remuna Block of Balassore District, yet there are some impediments in its path. Hence, the promoting agencies like, Block officials, Aganwadi workers, NGOs, banks etc. should take steps in the right direction to do away with some of the problems faced by the SHGs and rejuvenate SHG activities.

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