

An Analysis of the Role of Self Help Groups in the Socio-Economic Development of Rural Poor

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Abstract: Development implies an overall positive change in the physical quality of life. This positive change for the better encompasses economic as well as social aspects. In this paper an attempt to an analysis of the role of SHGs in the socio-economic development of rural poor of Kalahandi District of Odisha. The main objectives of the study is the impact of SHGs in the socio-economic development of rural poor and to what extent income generated in the assisted SHG members & percentage of family who have crossed the poverty line. The study reveals that 72.72 percentage households were crossed the poverty line, 27.28 percentage households were increased their income level to some extent. So the study specifies that the program has a positive impact on the sample households.

Keywords: Poverty line, socio-economic development, self help group, key activities, credit linkage, skill up gradation.

1. Introduction

Based on the 55th round of the National Sample Survey Office (NSSO) estimates, the percentage of people below the poverty line in 1999 - 2000 has for the first time fallen below the 30 percent mark. The Rural Poverty ratio was 27.1, the urban 23.6 and the overall poverty ratio for the country was 26.1 by 1999 - 2000. The rate of decline in poverty was highest during 1993- 94 and 1999- 2000, as it fell from 36.0 percent to 26.1 percent recording an average annual rate of decline to a little above 1.6 percent. In the field of human development also, there has been favorable trends. The literacy status, particularly the female literacy, of the rural people too shows an upward trend. Even in the states like Rajasthan, where gender discrimination is high, the literacy levels show upward trends. The process of reduction in poverty, however, has not been uniform all over the country. Some states have done exceptionally well, while a few States have not recorded much change in their poverty status. The poverty ratios of different states which is given below in Table 1

Table 1 provides state-wise percentage of the population below the poverty line. It is clear from the Table No- 1.2 that the States and the Union Territories with poverty ratios below 10 are Goa, Haryana, H.P, Jammu & Kashmir, Punjab,

Chandigarh, Daman & Diu and Delhi. The states between 10-20 percent intervals are A.P, Gujarat, Kerala, Mizoram, Rajasthan & N Haveli and Lakshadweep. The states with poverty ratio between 20-30 are Karnatak, Maharashtra, Manipur, Tamilnadu, W.B, and A & N Islands & Pondicherry. The remaining states, which include most of the North-Eastern states, Odisha, Bihar, Uttar Pradesh & M.P continue to show a poverty ratio above 30 percent, Orissa (47.15%) and Bihar (42.0%) being the poorest states in the country.

In Odisha since past many years, the various self-employment and wage employment anti-poverty programmes are in operation, but still the incidence of rural poverty is found to be very high in the state. The reasons for the high incidence of rural poverty in Odisha might be backwardness of the state and the benefits of various rural developmental programs and other developmental activities of the Govt. might not have reached properly to the core section of the society. Of course the rural poverty ratio in the state declined from 57.64 percent in 1987-88 to 49.72 percent in 1993-94 and to 47.15 percent in 1999-2000 but the decline was not substantial due to growth of population. The finding of many evaluation studies relating to anti-poverty programs conducted by the different official and non-official agencies clearly show that the people's participation rate of the poor in asset based income and employment generating programs has not been as intended in the program but benefits have been converged by a sizeable number of better offs among the poor belonging to the upper strata of the poverty stricken population and also the influential non-poor people of the rural society. Such studies further reveal that beneficiaries have not been benefited enough in terms of increase income, employment, asset formulation etc. The Govt. of India has replaced all the six beneficiary oriented programs such as Integrated Rural Development Program (IRDP), Training of Rural Youth for Self Employment (TRYSEM), Development of Woman and Children in Rural Areas (DWCRA), Supply of Improved Tool Kits to Rural Artisans (SITRA), Million Wells Scheme (MWS) and Ganga Kalyan Youjana (GKY) into a single programme i.e. Swarna Jayanti

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Gram Swa-Rozgar Yojana (SGSY) w.e.f. 1.4.1999 with the believe that for ensuring sustainable rural development local people's participation right from decision making, planning, monitoring to the implementation process is necessary. Along with, people's participation fund raising is also an important pre-requisite. Self-Help Groups (SHG) are becoming wide spread in enabling integrated development in rural areas. Their importance in empowerment of people focusing on individual, group and community problems and at the same time contributing for sustainable rural development plan is widely felt. The Govt. of India is considering SHGs a base for development as it raises confidence of rural poor and stimulates their innovative ideas. In the light of these, it is required to an analysis of the role of Self Help Groups (SHGs) in the socio-economic development of rural poor. Here the case study is confined on poverty alleviation through self employment, as such evaluation area extended only up to the beneficiaries and SHG assisted under Swarna Jayanti Gram Swarozgar Yojana (SGSY).

Table 1
State-wise Poverty Ratios (% of BPL) during 1999 – 2000

Sl. No	State	Rural	Urban	Combined
1.	Andhra Pradesh	11.05	26.63	15.77
2.	Arunachal Pradesh	40.04	7.47	33.47
3.	Assam	40.04	7.47	36.09
4.	Bihar	44.30	32.91	42.60
5.	Goa	1.35	7.52	4.40
6.	Gujurat	13.17	15.59	14.07
7.	Haryana	8.27	9.99	8.74
8.	Himachal Pradesh	7.94	4.63	7.63
9.	Jammu & Kashmir	3.97	1.98	3.48
10.	Karnataka	17.38	25.25	20.04
11.	Kerala	9.38	20.27	12.72
12.	Madhya Pradesh	37.06	38.44	37.43
13.	Maharashtra	23.72	26.81	25.02
14.	Manipur	40.04	7.47	28.54
15.	Meghalaya	40.04	7.47	33.87
16.	Mizoram	40.04	7.47	19.47
17.	Nagaland	40.04	7.47	32.67
18.	Odisha	48.01	42.83	47.15
19.	Punjab	6.35	5.75	6.16
20.	Rajasthan	13.74	19.85	15.28
21.	Sikkim	40.04	7.47	36.55
22.	Tamilnadu	20.55	22.11	21.12
23.	Tripura	40.04	7.47	34.44
24.	Uttar Pradesh	31.22	30.89	31.15
25.	West Bengal	31.85	14.86	27.02
26.	A & N Islands	20.55	22.11	20.99
27.	Chandigarh	5.75	5.75	5.75
28.	D & N Haveli	17.57	13.52	17.14
29.	Daman & DIU	1.35	7.52	4.44
30.	Delhi	0.40	9.42	8.23
31.	Lakshadweep	9.38	20.27	15.60
32.	Pandicherry	20.55	22.11	21.67
	ALL INDIA	27.09	23.62	26.10

Source: Rural Statistics - 2002 NIRD & PR, Hyderabad

2. Objectives

The specific objectives of the study are indicated below

1. To study the impact of SHGs in the socio-economic development of rural poor.
2. To access the financial operation, extent of repayment overdue and adjustment of subsidy.
3. To what extent income generated in the assisted SHG members and percentage of families who have crossed the poverty line

3. Methodology

1) Sampling Design

A three stage sampling design is adopted with first stage as the Gram Panchayat, the second stage as the village and the third stage as the SHGs selected. The following 2 Gram Panchayats (i.e. Thuapadar and Duarsuni) have been selected out of 33 Gram Panchayats of Bhawanipatna Block of Kalahandi district adopting simple random sampling method. We select 3 SHGs (i.e. 33 respondents) out of 2 Gram Panchayats. The list of SHGs their activities are given below in Table 2

2) Sources of data & Methodology for collection of data:

As it is a comprehensive evaluation, two types of data are collected (Primary and Secondary) at three levels viz, District, Block and village. The Primary data are collected from the field by one schedule for one respondent (i.e. the member of SHG). Altogether 33 respondents are interviewed through these structural schedules. While secondary data regarding target achievements, source of finance etc are collected from official records of the Block/DRDA office, other important data like operational problems are collected by help of intensive discussion with officers and staff. Specific studies are undertaken in order to ascertain the concreteness and depth of some of the typical quantitative problems affecting the respondents at the micro level during the implementation of different schemes at the field level.

3) Tabulation, Analysis & Interpretation of Statistical data

After the data collection the researcher has manually tabulated the data with the add of a master chart and relevant tables were drawn out of it. The findings of the study were analyzed by way of descriptive analysis of the table using percentage (%) method.

4. Socio-Economic Condition of the Respondents

Before we go into the analysis of the income generated through the assisted scheme and deal with few important operational modalities relating to the scheme in particulars it would be useful to have a broad picture of respondents. Some important socio-economic characteristics, viz age, sex, caste, educational level, occupational status etc., of the sample

Table 2
Distribution of the Number of SHGs Selected in Bhawanipatna Block of Kalahandi District

Sl. No	Name of G.P	Name of villages	Name of SHGs	Name of Key Activity	No of Members in SHG
1	Thuapadar	Bhimdanga	Radhakrushna	Diary	12
2	Duarsuni	Beheraguda	Jai Jagannath	Tailoring	10
3	Duarsuni	Beheraguda	Maa Thakurani	Agriculture	11
				Total	33

Table 3
Distribution of Sample Respondents as per Age, Sex, Caste & Educational Level

Name of the SHG	Age Group				Sex		Caste			Educational Level	
	15-29	30-44	45-59	60 & above	M	F	SC	ST	OC	Literate	Illiterate
Radha Krushna	5	4	3	-	-	12	-	-	12	3	9
Jai Jagannath	3	5	2	-	-	10	-	3	7	6	4
Maa Thakurani	1	4	6	-	-	11	-	7	4	7	4
Total	9	13	11	-	-	33	-	10	23	16	17

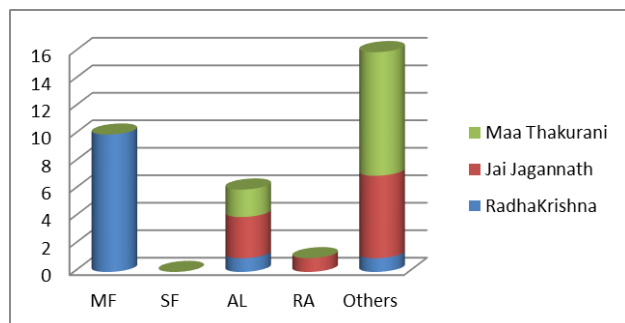
Table 4
Distribution of Sample Respondents as per Occupational Status

Name of SHG	MF	SF	AL	RA	Others	Total
Radhakrushna	10	-	1	-	1	12
Jay Jagannath	-	-	3	1	6	10
Maa Thakurani	-	-	2	-	9	11
Total	10(30.3)	-	6(18.18)	1(3.03)	16(48.49)	33(100.0)

Table 5
Loan & Subsidy for the Respondents of SHGs

Sl. No.	Activity	Respondents			Loan Components			Subsidy			Total Finance Assistance			Total Funds Invested
		ST	SC	OC	ST	SC	OC	ST	SC	OC	ST	SC	OC	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1	Diary	-	-	12	-	-	192072.00	-	-	96036.00	-	-	288108.0	288108.00
2	Tailoring	03	-	07	111000.0	-	259000.00	24000.00	-	56000.00	135000.0	-	315000.0	450000.00
3	Agriculture	10	-	01	327272.7	-	32727.27	81818.10	-	8181.81	409090.1	-	40909.08	449999.18
	Total	13 (39.4)	-	20 (60.6)	438272.7	-	483799.27	105818.1	-	160217.81	544090.1 (45.80)	-	644017.05(54.20)	1188107.18

respondents are shown in Tables 3 & 4.



5. Results and Discussion

We propose to examine the success and performance of Self Help Groups. The success of poverty alleviation programs may be examined in terms of the target population. The success of different anti-poverty programs depends upon the types of schemes undertaken by the target households, i.e. by the respondents and the assistance they received from the Government Agencies.

1) Financial Assistance to SHGs

The following Table 5 gives us information on different aspects of the SGSY including the size of total funds spent on these activities in Bhawanipatna Block of Kalahandi District.

2) Loan and Subsidy:

Table 5 gives us three important aspects of the development strategy pursued in rural area to create opportunities for the poor to participate in the growth process. These aspects are (i)

different poverty reduction programs as adopted by the respondents, (ii) financial support provided to them by the Government & (iii) the offer of incentives in terms of subsidies to the households. All these efforts and investments made by the Govt. aim at generating higher income needed to reduce the number of households living below the poverty line. It may be seen from the table that the OC households availed approximately 56.20% of the funds and ST households availed 45.80% including the subsidies of the total fund. In terms of composition of the respondent households OCs constitute 60.60% as against the STs who constitute 39.40% of the respondent households. As against the total funds made available to the group members, the average amount of financial support including subsidies per member comes to Rs.36003.24. In terms of different categories of respondents; the amount of financial help including subsidies given to them is as follows.

Average amount of financial allotment for different category respondents, i.e

Per OC Respondent: Rs.32, 200.85

Per ST Respondent: Rs.41, 853.08

Respondents belonging to the ST category get larger financial assistance of Rs.41,853.08 per Respondents compared to the OC Respondents who get Rs.32,200.85.

As regards the provision of subsidies for the respondents, it may be noted that out of Rs.266035.91 amount of subsidies 60.22% of the subsidy went to the OC Respondents & 39.78% to the ST Respondents. The subsidy element, on an average stands approximately at 22.39% of the total funds available for implementing poverty reduction schemes. The average amount

of subsidy provided per Respondent stands approximately at Rs.8061.69 as against Rs.8139.85 per ST Respondent and Rs.8010.89 per OC Respondent. It may thus be noted that per Respondent financial assistance including subsidy is the highest in case of ST Respondent than the OC Respondent.

3) *Impact of Income Generation*

Out of 33 assisted families under SGSY, 24(72.72%) Respondents are found on the above the poverty line, define to imply the level of income of Rs.250/- per month per individual of the family. In case of 9(27.28%) families the level of income Rs.200/- to Rs.249/- per month per individual. These families form 27.28% of total investigated respondents are in verse of crossing the poverty line in the near future if a second dose of assistance will be given to them shown in Table 6.

Table 6

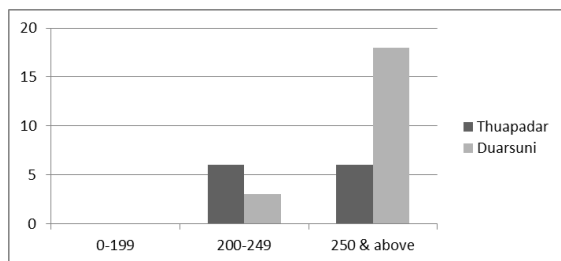
Distribution of Respondents According to Economic Position after Financial Assistance under SGSY

Name of G.P	0-199	200-249	250&above	Total
Thuapadar	-	6	6	12
Duarsuni	-	3	18	21
Total	-	9(27.28)	24(72.72)	33(100.0)

Table 7

Comparison of Economic Position before & after the Financial Assistance under SGSY

Income Group	0-199	200-249	250 & above	Total
Economic Position before the financial assistance under SGSY	16(48.49)	17(51.51)	-	33(100.0)
Economic Position after the financial assistance under SGSY	-	9(27.28)	24(72.28)	33(100.0)



The Graphical representations of respondents according to their economic position after financial assistance under SGSY are given below:

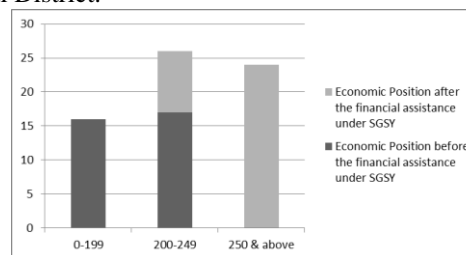
In order to assess income generation through the scheme provided to the respondents the position of the sample respondents in different income level (income range) prior to allotment of SGSY scheme (base year) after allotment of scheme (after disbursement) is analyzed in Table 7. Thus shown that there is a significant change in economic standard of people. Two G.Ps (i.e. Thuapadar & Duarsuni) have shown upward trend in income generation.

The Graphical representations of comparison of economic position before & after the financial assistance under SGSY are given below:

Shift in Income Level:

There has been a clear shift from lower to the higher income groups. This was evident from the fact that percentage increase

in number of members of SHG at different income group i.e. 0 to Rs.199/- and Rs.200/- to Rs.249/- and 250/- and above which was 0%, 27.28% and 72.72% respectively. The shift of members of SHG from lower to higher income group is higher in Duarsuni Gram Panchayat in Bhawanipatna Block of Kalahandi District.



4) *Capacity Building*

The members of SHG under the target group who were stepped in poverty on account of their deficiency of resources, skills and other social and economic condition could hardly be made viable by advancing some money. In order to realize the full economic potential of rural poor, development of their technical and managerial skills through appropriate training needs is essential. This aspect in SGSY was not found to the extent desirable. Training is necessary to all the members of SHG in the Govt. institution like State Institute for Rural Development (SIRD), Extension Training Centre (ETC) & Rural Self Employment Training Institute (RSETI) for knowledge and skill up gradation.

6. **Observations and Findings**

The major Observations and findings of the study are as follows:

1. In all the selected Self Help Groups, the incomes of the respondents have increased in the after assistance under SGSY.
2. The grass root level Government and Non-Government officials are involving themselves to the desired extent in implementation of the programme. Their main objective is to form the groups. Once the groups is formed/revolving fund /credit linkage to key activity sanctioned to the groups they think their major role is over. They seem to be reluctant in teaching the members in maintaining the accounts of SHGs in the initial stage.
3. Training to the members of the SHGs have been imparted in the field of Diary, Tailoring, Agriculture, small business & women empowerment etc. Group organizers such as Block officials, Watershed functionaries & NGO members have advised the members to form the group, but no sufficient attempt have been made to train the members regarding development of SHGs, maintenance of records, skill development in economic activities, procedure of bank finance etc to make the members more empower & more self-reliance.
4. There is a healthy co-ordination between bank & block officials which is very essential for the success of any

programme.

5. In the groups the co-operation between the members are very well. The percentage coverage of general respondents in the groups is more than scheduled tribe.
6. Rural poverty in Odisha is linked to landlessness, low productivity, illiteracy & lack of functional diversification. Added to this there is inequality in the distribution & ownership of land holdings. The study reveals that as many as 69.70% of the respondents are landless agriculture labour, rural artisan and others. The marginal farmers constitute 30.30% of the total respondents in Bhawanipatna block of Kalahandi district. It may in this connection be mentioned that, while respondents who belong to general castes have some land to their credit, a large majority of ST respondents have very insignificant land holdings or have no land at all. It is therefore not surprising that poverty in rural areas is concentrated among the ST respondents in the district.
7. The key activities like diary, tailoring & agriculture could be sustained. These activities have formed a part of rural life.
8. Marketing is not at all a problem for the group members. Because the district headquarters is very nearer to the respondent's village.

During the survey it has been observed that many SHG members have been benefited & increased their income level. Out of 33 respondents, 24(72.72%) respondents were crossed the poverty line, 9(27.28%) respondents were increased their income level to some extent. So the study specifies that the program has a positive impact on the respondents. The program is not successful with regard to generation of employment such as some activities have created regular employment & some others have created seasonal employment of the respondents. It is observed that standard of consumption of food & nutrition, housing & clothing, education, health & other items have improved. It shows that SGSY has made an impact in developing the social awareness & living condition of the respondents. The incidences of poverty among the respondents have declined & the social empowerment of women improved significantly.

7. Conclusion

The following conclusions are made on the basis of the findings of the study to improve the performance of the poverty alleviation program.

1. The investigation shows that there is high percentage of change in food & nutrition, housing & clothing and health. But the improvement of educational standard is not significant which may be one of the causes of low improvement of BPL to APL (i.e. only 72.72%). Due to lack of proper education standard is not aware of any their improvement in economic standard. Moreover, the SHG members mostly depend upon agriculture & forest products; very few of them have additional business. The landless member mostly depends on agricultural wages. Paddy is the main

product in this area but non-irrigation & under-irrigation is the main handicap for the agricultural productions. Proper education & distribution of cultivable Government land, on long term lease basis shall help the members to come up above the BPL level.

2. For the selection of members of the group, proper method as per Govt. guidelines should be followed so that, the right person can get the benefit of the program & there will exist better unity & co-operation among the members.
3. In order to avoid wrong selection & timely sanction and disbursement the functionaries of financing institutions should be involved in the identification/selection process.
4. Activities under the scheme should be selected keeping in view the local needs & maximum utilization of local resources subject to the inclination, managerial capabilities & skill of the SHG member.
5. As per needs & choice of beneficiaries adequate training should be provided to the all members of the groups for skill up-gradation, maintainance of records & bank correspondence etc.
6. After the group formed/revolving fund/credit linkage to any key activity is sanctioned to the group, the bank officials/block officials to look after day to day operation of the business of the group should be made.
7. Strong marketing support makes SHGs income generating activities viable & sustainable. The groups may also take advantage of various Govt. line deptt. for marketing of the products of SHGs.
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