

Role of Self Help Group in the Poverty Alleviation in Bulandshahr District of Uttar Pradesh

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Abstract

Poverty is a socio-economic phenomenon and which operates at various levels. The rural India is lagging in the race of development due to the vicious circle of poverty. As defined by the eleventh five year plan Financial Inclusion of the poorer section of the society is essential for the purpose of the Inclusive growth and poverty alleviation. The state as well as central government have launched plethora of schemes and programmes for eradicating the poverty but most programmes were neither remained unsuccessful in the financial inclusion of the poor nor could it lead to generate significant income for poor families.. Thus the inability of formal credit institutions to deal with the credit requirements of poor effectively has led to emergence of SHGs as an alternative credit system and as well as for the poverty alleviation.

Key words: Poverty alleviation, Credit, Financial inclusion, Capacity creation and empowerment.

Objective, Methods and Sources

The basic objective of this paper is to analysis of different programmes and schemes of the poverty alleviation in India. The primary data are obtained through the questions asked from the Self Help Group Members through Questionnaire/Schedule. Secondary data collected from internet, newspapers, published papers, books government report and publication like NFHS -3 and various economic survey and paper published by various intellectuals academician in various conferences and seminars at the national and international level. This paper used various statistical techniques to empirically analyze the relationship between the predictor and response variables. The statistical methods have been analysed by the statistical computer programme as Microsoft Excel and the Statistical Programme for the Social Science (SPSS-18). With the help of questionnaire and schedule (for illiterate persons) data are collected from the selected from the women members of the self help groups. In this paper those self help groups have been studied which are linked with bank. Out of the fifteen blocks only nine blocks are chosen in this study. One block has been selected from the each Tehsil of the district Bulandshahr i.e. seven from the seven tehsil and the remaining two blocks have been selected from the bigger tehsil of the district like Bulandshahr and khurja. In every block forty women member of the various self help group has been selected randomly from the twenty SHGs for the purpose of the detailed surveyed. Maximum two women have been selected from any particular group. The time period of the study has fixed in between 2007-2012.

Introduction:

Inclusive and Integrated policy and strategy for economic and social development of poor had been adopted in the eleventh five year plan (2007-2012). The Government of India made a special effort to increase its support to socio-economic sectors and started a number of schemes aimed at the poor, particularly poor women, and women in the informal sector. These programmes have addressed various sectors like poverty, employment, capacity building, health, education and welfare etc. Financial Inclusion of the poorer section of the society is essential for the purpose of the Inclusive growth but mere financial inclusion alone cannot break the vicious circle of poverty in the rural India. The committee on the financial inclusion under the chairmanship of the RBI former Governor Dr C.Rangrajan (2012) has defined as the process of ensuring access to financial services and adequate credit to the vulnerable groups and low income section of the society at an affordable cost.

Strategies adopted for poverty alleviation in India:

From the first FYP to fourth FYP was the initial phase of our planning history and in this initial phase focus was more on the all-around development of the countries and the basic strategies adopted for poverty alleviation was the "Trickle Down" method. From fifth plan onward direct attack on poverty and employment generation for the poor people. These programmes aim at providing financial and technical assistance to poor to start self employment units like Integrated Rural Development Programme (IRDP), Training of Rural Youth for Self-

employment(TRYSEM),Socio-Economic Programme(SEP), Support of Training and Employment programme(STEP) .

The Swarnajayanti Gram Swarozgar Yojana (SGSY) was launched in 1999 with the objective of bringing the beneficiary families (*swarozgaris*) above the poverty line by providing them income-generating assets through a mix of bank credit and Government subsidy. It is envisaged that 50 per cent of SHGs in each block should be exclusively of women, who will account for at least 40 per cent of the swarozgari. To provide integrated social empowerment of women, the government initiated a scheme called as “Swayamsidha” in 2001 which helps them in establishing self-reliant Women’s self help groups(SHG's) .

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Strategies of SHGs:

The UNDP (2012) has defined capacity as “the ability to perform functions, solve problems and achieve objectives” and it has three levels; individual, institutional and societal. WHO (2012) has defined as the development and strengthening of human and institutional resources. The declaration of the microcredit summit held in Washington DC in 1997 defined microcredit programmes as those “extending small loans to poor people for self employment project that generate income, allowing them to care for themselves and their families”(Swaminathan,M.,2007). NABARD(2000) has defined micro credit as “Provision of thrift, credit and other financial services and products of very small amounts to the poor in rural, semi-urban or urban areas for enabling them to raise their income levels and improve living standards”. In India Bank linked SHGs programme has been very effective in the process of the financial inclusion and poverty elevation. The financial inclusion must be supported by the capacity building processes in the rural community. Ahmad (1999) maintained that the processes of the SHGs are very influential in promoting the rural development and the poverty alleviation in the following ways:

- SHGs have played valuable roles in reducing the vulnerability of the poor.
- The poor section of the society especially the women asset based, income generation and consumption are enhanced through the formation of the SHGs.
- By the provision of emergency assistance SHGs have been reducing the vulnerability of the poor's.
- SHGs have been playing crucial role through empowering and emboldening women by giving them control over assets and the resources.

Evaluation of a group and basic hypothesis: An SHG is a small group of about 10-20 persons from a homogeneous class, who come together voluntarily to attain certain collective goals, social or economic. The group is democratically formed and elects its own leaders. The concept of SHGs is predominantly used in the case of economically poor people, generally women, who come together to pool their small savings and then use it among themselves. The group members meet regularly (once in a week) and carry out their financial transactions. The group mobilizes savings among its members only and provides need based loans to the members only (Chadha and Gautam2005).

The basic hypothesis of this paper is that the “SHGs helpful in the poverty alleviation through the financial inclusion and the providing control over resources.”

Null hypothesis, $H_0: \mu_1 = \mu_2$ ($\mu_1 - \mu_2=0$), i.e. There is no change in the index’s mean score after becoming the member of the SHGs.

Alternative hypothesis, $H_a: \mu_1 \neq \mu_2$, i.e. there is a significant change in the index’s mean score after becoming the member of the SHGs.

Financial Inclusion and Control over Resources: Construction of Index Number at the individual level means that Index is prepared for the SHGs members. The control over resources and financial inclusion is measured by a Index. This index will be constructed by the questions asked from the Self Help Group Members through Questionnaire/Schedule. Twelve set of variables is selected in this study for the construction of the sub indices. These variables are mentioned as below:

- Control over own Saving,
- Participation in minor decision like purchase of consumable goods
- Participation in Major decision like Investment in purchase of land, like jewellery, etc.
- Management of the family budget and family finance,
- Access to the facilities like ATM,
- Access to the insurance cover,
- Access to the loan facility ,
- Access to the bank account,
- Easy Management of Interest Burden
- Decision Making in the Expenditure regarding Family Health care and Nutrition
- Use of Mobile
- Access to the Source of Income

Calculation of Score:

For the calculation of score twelve set of question is being asked from the respondent for each index. Values from each answer's from the every question vary from '0' to '3'. Maximum total for each index is '36' and the minimum will be the '0'. Score for the each index will be obtained for every selected member before and after the joining of the Self Help Group.

Table Number 1

Score	Answer
0	Never
1	Some Times
2	Quite Often
3	Regular/Always

Table 2
Block wise scoring of the Self Help Group

Score of the SHGs	N	Mean	Std. Deviation	Std. Error	Minimum	Maximum
Bulandshahr	20	32.38	5.75	0.54	24	72
Khurja	20	34.70	4.66	0.48	24	72
Shikarpur	20	31.45	4.24	0.42	24	72
Siyana	20	32.13	4.56	0.46	24	72
Anupshahr	20	33.08	6.33	0.62	24	72
Debai	20	32.40	3.19	0.38	24	72
Gulawati	20	30.30	7.06	0.66	24	72
Arniya	20	29.68	4.48	0.44	24	72
Sikandrabad	20	32.75	6.67	0.64	24	72
Total	180	32.09	5.22	0.52	24	72

Table Number 3

Mean and standard deviation of the Inclusion and Control Index

Sr.No.	Index	Paired Samples Statistics			
		Mean	Number	Std. Deviation	Std. Error Mean
2	Inclusion and Control Index (Before Joining SHG)	13.00	360	3.34	0.18
	Inclusion and Control Index (After Joining SHG)	15.67	360	4.36	0.23

Table Number 4

Significance of the mean difference of the index

	Mean Diff.	S.D.	Std. Error Mean	t-Value	df	Sig. (2-tailed)
Inclusion and Control Index (Before Joining SHG) – Inclusion and Control Index (After Joining SHG)	-2.66	1.74	0.09	-29.2	359	0.00

Testing of the hypothesis: Whether the SHGs are contributing significantly in the process of Financial Inclusion and the Control the score of Index is obtained at two different point of time as follows:

- Before the joining of the SHG (Pre SHGs scenario)
- After the Joining of the SHG (Post SHGs scenario)

Whether the difference in the score for each index is significant or not between the above mentioned times period, is decided by the application of the 'paired t' test. μ_1 and μ_2 is the respective mean value for the index before and after the joining of the SHGs. Here the calculated value comes out to be greater than tabulated value. This implies that our null hypothesis will be rejected and the alternative hypothesis will be selected. It means that for the index the difference of mean is significant at the 1% level i.e. it can said that with 99% confidence level that the score of the index have been enhanced significantly after becoming the member of the SHGs. On the basis of this can be conclude that

- Saving mobilized by the poor. Access to the required amount of appropriate credit by the poor.
- Matching the demand and supply of credit structure and opening new market for FI's. Reduction in transaction cost for both lenders and borrowers.
- Remarkable helps in providing control over resources.
- Cheap and easy financial inclusion of the poor's.
- Providing gainful source of income and helps in alleviation of poverty.

Conclusion and Suggestions: In the post SHGs phase women reported that the control over their own lives has been improved significantly. Now their interactions with other members of the community have been increased and they are feeling more free and confident. Their choices have been enlarged in every field. In the post phase women also redefining their role in the family as well as in the society but this does not mean that the women not doing their traditional role.

Sustaining the momentum of the SHGs is very critical as far as the micro financing sector of India is concerned. It has been observed that more than 50% of the SHGs could not last up to the one year. To ensure sustainability

of SHGs its formation and the functioning process should be closely monitored. In most the cases formation and most of the maintenance cost of SHGs have to be permanently borne by the promoter, mostly a donor funded NGO, making the system inherently unsustainable. So the government agencies and banks should fallows followings steps carefully before lending and sanctioning any project:

- Pre lending appraisal,
- Cost benefit analysis of the project,
- Post lending supervision and monitoring,
- Proper feedback and follow up action,
- Regularly remain in touch with the borrower and should create climate of personal touch with the borrowers,
- Scaling and rating of the SHGs,
- Marketing Support and training programme,
- Streamlining of credit into income generating activities.

Continuous effort should be needed for the capacity building in the micro financing sectors particularly the SHGs. Member's poor awareness level, non-availability of competent and qualified staff and resource persons, lack of community support, counselling and training etc. are the main constraints in the processes of capacity building. India is the country where a collaborative model between banks, NGOs, MFIs and Public Administration is prevailing in the micro financing sector. Therefore well coordinated and collaborative efforts should be required for capacity building in the SHGs.

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