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Poverty alleviation through Self-help Group in Patna District : with Special Reference to Digha Area

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Abstract : *Poverty reduction is one of the major goals of development policy in India since independence and achievement of minimum standard of living for all within the reasonable period has been the objective of the efforts initiated under the five year plans. Poverty alleviation programmes are targeted at the poor and meant to supplement market forces and generic growth strategies . The economic condition of the rural poor is weak. The formal credit institutions in rural areas are not sufficient in providing*

credit to the marginalized sections of the rural poor. As far as poverty of Bihar is concerned it is 42.5% , whereas National poverty is 26%. It has been estimated that out of 44% of indebtedness farmers take loan from money lenders and only 3% have borrowed from institutional sources. This shows that the performance of rural area in poverty reduction has been less impressive. Micro – finance institutions have significant impact in reducing poverty in rural areas. Micro finance has gained a lot of significance and momentum in the last decade. India, now occupies a significant place and has carved a niche in global microfinance through promotion of Self Help Groups. SHG aims at women because when resources are scarce and services are few it is always the women who are the most affected. An attempt is made here to access the impact of SHGs on income and employment generation of sample women members in Digha area of Patna district .

Key words : MFI , SHG, NGO, Empowerment, Poverty.

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Introduction :

Microfinance in rural area is gradually emerging as one of the most effective instruments to eliminate poverty. It can effectively generate employment and sustain the income of households by providing them opportunity to work. This concept was initially brought by Dr. Mohammad Yunus , a Nobel Prize winner from Bangladesh . Providing credit to the rural people specially to women through an organized set up will make them enterprising. The formal credit mechanism have not been successful in providing adequate credit. Through vast network of branches available for rural credit , the outcome is not encouraging. Many rural poor feel reluctant to approach banks or other financial institutions, as they do not have enough courage because of lack of education, & poor life style.

The recent welcome innovation of Self Help Group has narrowed down the rural income inequality and enhanced the life standards of the rural people. The objective of Self - Help Group is to encourage saving and promote income generating activities through small loans. Sustainable savings and credit process help the rural masses to come out of the vicious circle of poverty. The SHGs may consist of 10-20 members coming together to save regularly to a mutually agreed level to contribute to a common fund used to lend money to the members for meeting their urgent needs. As per APMAS estimation, there are more than 2.76 lakh SHGs in Bihar. And the number of SHGs associated with the NGOs in Bihar was 6860 with sanctioned amount of Rs. 12,539 million, out of which the amount released was Rs. 4108 million. The total cumulative number of SHGs provided with bank loan were 46,221 spread over the state in 38 districts of Bihar with cumulative bank loan disbursed at Rs. 1052.9 million.

Thus, the phenomenal growth of SHGs indicates that the weaker sections of the society are also capable of sharpening their micro-entrepreneur skills with the help of their own savings and additional credit , as and when needed. Micro credit – Self Help Group integration

could be the way out for overall rural development vis-a-vis poverty elimination.

The medium of our study was NIDAN, a Non – Government Organization. It was founded by Arbind Singh in 1995 and was registered in the year 1996 under the Societies Registration Act 1860. It endeavours to facilitate empowerment of poor and marginalized sections through an appropriate community based and pro- poor participative intervention. NIDAN has been intensively working with people employed in unorganized sector in the state of Bihar, Rajasthan , Delhi and Jharkhand. For the last 14 years NIDAN has been working with the unorganized workers belonging to the poorest section of the society. NIDAN has successfully organized more than 80,000 informal workers including a large number of marginalized women through its various participative interventions. Its programmes include micro finance, micro insurance, livelihood intervention, thrift and credit programme, organization of street vendors and informal workers and promotion of collective enterprises.

Self – Help Group Movement in Bihar started in 1980s. In 1989 (Mahila Samakhya Project) under the HRD Ministry started in the state. We have the following situation analysis of Self Help Group movement in Bihar.

- 1991 : Bihar Women Development Corporation was established
- 1993 :
 1. RBI organized a meeting in Patna on micro credit. Banks started giving loan to SHG's.
 2. Rashtriya Mahila Kosh as innovation mechanism for reaching credit to poor women was started.
- 1999 : Swarnjayanti Gram Swarozgar Yojna (SGSY) programme was started.
- 2006 : Bihar Rural Livelihood Project (BRLP) (Jeevika) Programme was started.

2008 : Andhra Pradesh Mahila Abhivruddi Society (APMAS) intervention started.

Objectives of the Study :

- To know about the increase in monthly earning.
- To know about their Indebtness
- To know about economic empowerment especially among women.

Methodology :

The present study is confined to the Self Help Group in DIGHA area of Patna District. The Random sampling method has been adopted in this study . The tools and technique used for data collection was questionnaire through direct interview session. For data analysis, we have collected primary through interviews and observation's while secondary was collected from books, magazines and reports.

Area of Study : Digha

Digha is a part of Patna(BIHAR). It is 25'39'0" North, 85°5'0" East. Its original name was 'Diacritics'. Digha is a rural area but now there is a lot of infrastructural development going on roadways, buildings, factories etc. There are mainly two prominent factories there such as the BATA factory and the Tata Iron & Steel Industry but today they are not in a good condition. There are two most renowned schools of Patna i.e. Don Bosco Academy and St. Michael's School situated there.

Self Help Groups and Poverty Alleviation :

Poverty is complex in nature and has multiple dimensional effects. The concept of self-help groups has been evolved to organize the rural poor to meet their productive and non productive requirements out of their own savings. SHGs savings are boon to rural people, because instead of approaching banks as individuals SHG members can easily approach the banks to get loans. The SHGs function as policing and delivering agents. Women need credit to put their children in schools and pay for private health facilities. SHGs aim to provide relief to the poor as well as to women from

credit burden. It is assumed that this ensures the benefits of increased income supplements the general income of the family.

SHGs are playing a vital role in poverty alleviation in the country.

SHG's have been formed to uplift living conditions of rural women who are below the poverty line. There is a strong indicative evidence that the impact is deeply felt by women, the majority of whom is illiterate. They save, borrow, invest and repay, manage there SHGs affairs, with assistance in book keeping, deal with bank for financial transaction, contribute to the household economy and improve the living standard in their family, send their children to school and for the remaining time they take a positive view of the future through their collective decisions, efforts and strength.

Findings of the Study :

1. Monthly Earning

A comparative study has been made regarding monthly earning of members, which is shown in table below.

Monthly Earning (in percent)

| Amount in Rupees | Percent |
|------------------|---------|
| Upto 1000 | NIL |
| 1000 – 2000 | 11.54 |
| 2000 – 5000 | 19.23 |
| 5000 and above | 69.23 |
| N = 26 | |

The table reveals that the monthly income upto 1000 among the members was Nil.

The table reveals that the monthly income of the members between Rs. 1000- 2000 was 11.54%, between Rs. 2000- 5000 was 19.23% and whereas between Rs. 5000 and above it was 69.23%. This shows that SHG has resulted in reduced vulnerability of the poor women to financial crisis, drought, risks etc. The micro- economic activities undertaken by the sample women members of SHG group have generated considerable income.

2. Indebtness

As far as the indebtedness of the members are concerned, none of the members put any kind of mortgage or security and none were in any kind of debt and liabilities. Their main source of getting loan was NGO specially NIDAN. Which has proved to be a great success for borrowers. It is evident that the members generally got loans for investment and productive purpose which with the help of multiplier effect increase their income level and improve living standards and thus help in reducing poverty.

3. Economic Empowerment

Out of the 26 respondents when asked about the awareness of the various poverty elimination programmes in villages only 6 were on the yes side and rest said no. Those who came under the various poverty alleviation programmes were definitely benefited by these. Majority of the SHG members got benefited after joining SHGs as in evident from our surveys. There has been huge shift in the living standard of the members while earlier they used to own kutchra house or semi-kutchra house but now many of them have their own pucca house, maintain mobile phones and have started sending their children to school. The study also reveals that there has also been a substantial change in saving structure which varied between 2000- 7000 annually among the members. It was nil earlier. On the whole there is a positive change in income levels of all the members. Thus, the SHG movement revealed a new economic revolution of poor rural women by way of increasing income as well as the employment level.

Conclusion and Suggestions :

Self – Help Groups have emerged as one of the need based policies and programmes to cater to the regulated groups of society such as women, poor and deprived sections of rural areas. Its concept is based on empowerment of the poor and

mitigation of poverty. It has been established that it is one of the best known programmes among the administrators, NGOs and bankers. It has now become a useful additional strategy in poverty alleviation in the state or local circumstances. Several studies made by national and international experts on Micro finance have found the Self – Help Groups profitable, viable and no bank has reported any NPA under the Self – Help Groups – Bank linkage.

There is no doubt that SHGs have proved an effective instrument for eradication of poverty. The spread of micro finance and mobilization of women serve the twin purposes of enabling the state to withdraw from economic activities and diffusing any form of resistance against the state in the present economic conditions. Moreover, micro credit has been depicted as panacea for poverty and unemployment.

In Digha, this scheme has got slow momentum due to many reasons e.g. lack of awareness due to illiteracy, lack of good NGOs. Though 'NIDAN' has shown great success but for the last two years, it has been suffering the worst phase of its life. The credit and various other services which 'NIDAN' used to provide have been curbed for the past two years because of the only reason that many of its intermediaries have absconded with a good amount of money, thus, crippling 'NIDAN', which has now a total debt of around 15 to 20 lakhs. It will continue to put a curb on its credit till it regains the lost sum. The government should stress on the extensive awareness campaign, skill development & training programmes, coordination between banks and Self – help Groups, effective flow of credit, need for a strong follow up, revealing and monitoring system towards ensuring a more balanced developed economics. There is also a need for comprehensive and supportive legal framework to induce pragmatism among the banks and other

institutions to take up microfinance and economic activities on a large scale.

There has also been lack of motivation, formation of NGOs of proper training, lack of cooperation between banks and block officials, lack of sound credit structure of banks and lack of follow up programmes which must be sorted out very soon with the help of different agencies of SHGs and government machinery. The govt. should stress on extensive awareness campaign, skill development and training programmes, coordination between banks and SHGs, effective flow of credit, need for a strong follow up, revealing and monitoring system towards ensuring more balanced developed economies. Here is also a need for comprehensive and supportive legal framework to induce pragmatism among the banks and other institutions to take up micro finance and economic activities on a large scale.

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