

Self Help Group and Poverty Eradication in India: A Case Study

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Abstract: Poverty and hunger are the two foremost concerns of all the developing and underdeveloped nations and in order to eradicate the menace of those, Govt. of India planned to develop and implement strategies to tackle issues resulting from extremity of poverty and its consequent hunger based on UN's Millennium Development Goals (MDGs). Self Help Group (SHG), being one of those strategies brought about a reduction in poverty and hunger after linking rural banks. This endeavor has positively mobilized the rural economy by decreasing poverty hurdles of socio-economically deprived section of the society. This paper highlights here the importance of such groups in the district of Birbhum in the state of West Bengal, India and seeks to spread this innovative programme at each and every corner of the underdeveloped and developing countries with utmost care considering it as exclusive strategy of poverty eradication.

Keywords: *Poverty, SHGs, Women, Social inequalities, anti-poverty strategies*

1. Introduction

Poverty has become one of the major problems of the underdeveloped and developing countries in the world and India is no exception from it. Poverty-stricken rural families in India have to depend mostly on unpredictable monsoon based agriculture or labor based uncertain activity. Thus poverty in the form of crisis in income opportunities plays significant role in creating unhealthy socio-economic conditions that adversely affect well being of people. Associated with the problem of poverty is the problem of increasing anti-social activities and criminal offences. While identifying the root causes of poverty, tremendous growth of population comes into front. In addition, so many other factors like educational, cultural and political aspects and flaw in anti-poverty strategies are responsible for a country's poverty. All types of poverty can be either absolute or relative, where the former is the inability for service or support basis needs despite survival. Self-help group is a group of 10-20 members, who regularly save a small amount of money and deposit it in a common fund. Once the group accumulates sufficient amount of money, it is encouraged to take income generating activities in the form of group activities of the individual members. Two or three members who have the leadership qualities become the office-bearers of the group. SHGs in our country have become a source of inspiration for poverty eradication. Poverty eradication with the full involvement of the poor in development is the best engine of growth (Lalnehzovi, 2007). The SHGs does not only offer ample scope for the employment to the unemployed particularly women but also offer good opportunities to utilize their spare time in income generation. It does not only give an opportunity to earn livelihood but also provides a platform to build their confidence to be decision makers, planners and to work in a democratic way. Hence, it is better to term it as social movement. The Self Help Group movement becomes a silent revolution within a short span in the rural credit delivery system in many parts of the world (Suguna, 2006).

With the passage of time, poverty and resultant hunger, unemployment and other socio-economic deprivation have been aggravated by rapid population explosion (Krishna, 2003). This has further enhanced the social and economic inequalities between the rich and the poor. Inter spatial uneven distribution of resource and infrastructure development has made some areas wealthy in terms of overall development and a lot of areas as backward. Interestingly, these backward areas, if properly taken care of and utilized, may generate income opportunities by building individual capacity among the poor people but unfortunately, long-run ignorance to those areas with improper planning and lack of tenacity have compelled and turned those areas to be self-dependent. Consequently, people have realized the fact that either they have to revolt or make their destiny by their own hand, which was once realized by great Nobel laureate Rabindranath Tagore and established community development programme in his Santiniketan and Sriniketan areas of the district under study through a self-efficient village economy. That concept of Tagore is being reflected at present in

the policies of Indian Government, when broad-based participation through SHGs in the poverty-reduction drive has got impetus (Ali-Akpajiak and Pyke, 2003). Hence in the backward areas like Birbhum, the study area, rapid population growth tends to effect socio-economic development by generating a burden of poverty, hunger and unemployment which may only be tackled with the help of “Self-Help” strategy (Ray et al, 2000). It helps poor people to understand their inner potential, enhances awareness, builds self respect and self confidence and makes social identity. SHGs promote economic empowerment as a part of social change by involving poorer section of the society into earning. The objective of the study is to analyze the economic empowerment of poor people in the Birbhum district in the state of West Bengal, India by studying the income, expenditure and savings of the members before and after joining SHGs.

2. Literature Review

Studies relating to the SHGs and Poverty eradication are not enough in number. However, the author has reviewed most of them as given here: As per Kapur’s (2001) opinion, women empowerment will only be possible if they have a control over their own organization without dependence on others. Pattanaik (2003) emphasized the role of SHGs for socio-economic development of women in particular and society as a whole. Narasiah (2004) opined that micro credit plays crucial role in empowering women. Manimekalai (2004) also remarked that the SHGs have the enough potential for establishing capacity building and self-efficiency among women. Sinha (2005) in his work observed that micro-finance contributed significantly to saving and borrowing of the poorer section of the country. Suguna (2006) also remarked that the emergence of SHGs as silent revolution in the spread of rural credit for rural development. Lolheihzovi (2007) considered SHGs as best engine of growth of human resource. In addition, remarkable studies have been done by Ali-Akpajiak & Pyke (2000), Krishna (2003), Panda (2005), Jerinabi (2006) and Chen, Jhabvala, Kanbur and Richard (2007) regarding role of SHGs in development of poor.

Hypotheses

H1- There is relationship between joining the SHGs and Poverty alleviation.

H0- There is not any relation between joining the SHGs and Poverty alleviation.

3. Methodology

The methodology of research for preparation of this paper may be categorized into two parts viz. methodology applied for descriptive analysis about SHGs and methodology applied for its impact assessment in case of poverty eradication. The first one is the theoretical part whereas the second is of practical part. Hence, three further segments of study have been done for convenience.

Pre-field Study

- Identification of problems relating to poverty and the need for its eradication.
- Study of literature relating to the problems as already identified.
- Selection of indicators like age group of members of SHGs, Causes of Joining SHGs, Income-Expenditure level, Savings etc. have been taken into consideration to arrive at the effects.

Field Study

- Collection of primary data using random sampling from the members of SHGs of each block based on a selected questionnaire model.
- Collection of secondary data from different offices, NGOs, and other relevant sources.

Post-Field Study

On return from the field studies the data and other information as collected, were processed in the computer using appropriate software packages and to test the hypothesis, Chi-square test has been applied. All these have helped to make interpretation of the collected information followed by results and conclusion.

Significance of the Study: Poverty eradication in India is still a major challenging issue and the area under study bears the same imprint. The district ranks 14th out of 19 districts as per HDI, 2008 in the state of West Bengal which is a relevant matter of study. The inter-district education, Health and living standard index are

down-trodden because of unpredictable agriculture based income in its rural parts and job crisis in urban parts. The same is found in most of the districts in India. Hence, since a few decades, realizing the need of poverty eradication, lots of strategies have been implementing but most of those cannot influence very positively. In addition, gender gap and social bondage in work participation among women has also played as a hindrance in the development strategies that have been taken. However, introduction of SHGs for improving well being of rural and urban poor have recently got impetus for poverty-stricken families of the district. This innovative idea has benefited poorer section of the society significantly. SHGs are now emerging as the predominant model for poverty eradication and development agencies (Panda, 2005). The application of the strategy through UN's MDGs (Millennium Development Goal) has made provision of financial support to the poor or low income people by realizing the fact that instead of targeting individual development, it would be more useful to apply this idea in case of group development and interesting the result found in most cases is as very positive. In India, the Self-Help groups (SHGs) constitute a widely accepted development strategy for poverty reduction as they are perceived as powerful vehicles for the promotion of microcredit and microfinance especially for women (Chen et. al, 2007). Therefore needless to say that microfinance provided by rural banks through participation in work in SHGs is the best way of challenging poverty both in rural and urban areas.

4. Analysis and Interpretation

In case of block wise distribution, SHGs, it is noticed that all the blocks are well endowed with SHGs. The highest number of SHGs is found in labpur block and lowest number of the same is found in Nalhati-II block. It is also found during survey that women involved in such groups are more in number as compared to men which is considered as positive sign of women empowerment. Participation of womenfolk in the SHGs indicates their consciousness to develop themselves in the social strata which is traditionally male-oriented and their aspiration to attain economic self-sufficiency to reduce poverty at individual and family level. SHGs are necessary to overcome exploitation, create confidence for economic self-reliance in the poor, particularly to women who are mostly invisible in the social structure (Jerinabi, 2006).

Table 1: Block wise Number of SHGs in Birbhum District

S. No.	Name of the Block	No. of SHGs	No. of Respondent
1	Suri-I	580	29
2	Suri-II	672	33
3	Sainthia	758	38
4	Md. Bazar	757	37
5	Rajnagar	703	35
6	Khoyrasole	829	41
7	Dubrajpur	569	28
8	Illambazar	846	42
9	Bolpur-Sriniketan	828	41
10	Nanoor	717	36
11	Labpur	1034	52
12	Mayureswar-I	706	35
13	Mayureswar-II	728	36
14	Rampurhat-I	676	34
15	Rampurhat-II	530	27
16	Nalhati-I	922	46
17	Nalhati-II	402	20
18	Murarai-I	750	38
19	Murarai-II	796	40
	Total	13803	688

Source: Compiled from Birbhum District Human Development Report, 2008 and Field Survey

Age Group of Members of SHGs

It has been traditionally noticed that the younger group of the society actively participate in any sort of economic activities. In case of participation in the SHGs, the same is found. The difference lies in the fact that here women are dominant than the men. After survey, it has been found that 22.76% respondents belong to the age group of less than 20, 58.43% belong to the age group of 20-40, 13.52% belong to 40-60 age group and 5.38% are of senior citizen category (Table-2).

Table 2: Age Group of Members of SHGs

S. No.	Age Group	Number	%
1.	Less than 20	156	22.67
2.	20-40	402	58.43
3.	40-60	93	13.52
4.	Above 60	37	5.38
	Total	688	100

Source: Field Survey

Causes for Joining SHGs: While identifying the major causes for joining SHGs in the study area, it is revealed that 45.80% of the total respondents have joined SHGs to start business, 25.58% for obtaining loan to meet and promote their personal demand and savings. 14.83% of the respondents join to increase their social status and only 12.79% join for other reasons (Table-3).

Table 3: Causes for Joining SHGs

S. No.	Causes	No. of respondents	%
1.	To get loan	176	25.58
2.	To start business	322	45.80
3.	To increase social status	102	14.83
4.	Other reasons	88	12.79
	Total	688	100

Source: Field Survey

Income Level of the Members: Economy, particularly income of a person determines the quality of life or well being of a family significantly. The main and exclusive cause of SHGs formation is to raise income level of poverty stricken families and survey result indicates that monthly income of an individual after joining SHGs has increased (Table-4). After conversation with women members of the groups it has been found that they are happy than before and can contribute to their household income as well as meet personal expenses. It is also found that percentage of respondents who earned Rs. -1000-2000 before joining SHGs increases +5.09% after joining SHGs. Similarly, the rate of income increases from 21.79% to 22.67 and 5.37% to 5.96% in case of respondents who earned between Rs. 2000-3000 and more than Rs. 3000 respectively. Simultaneously there is a reduction (-6.56) in income level of the respondents who earned less than Rs. 1000 before joining SHGs.

Table 4: Monthly Incomes of the Members before and After Joining SHGs

Before Joining SHGs			After Joining SHGs		
S. No.	Monthly Income Rs.	No. of Respondents	%	No. of Respondents	%
1.	Less than 1000	284	41.30	239	34.74
2.	1000-2000	217	31.54	252	36.63
3.	2000-3000	150	21.79	156	22.67
4.	More than 3000	37	5.37	41	5.96
		688	100	688	100

Source: Field Survey

Another important part of the study is that as the income increase, expenditure of the respondents also increases after joining SHGs. It is found that expenditure increase (+15%) in case of earners of less than Rs. 1000 before joining SHGs, 0.72% in case of respondents having income level Rs. 1000-2000, But the income

expenditure columns are of significantly similar in case of earners of Rs. 2000-3000 per month before and after joining SHGs. There is also reduction in expenditure (-.87%) in case of respondents who earned more than Rs. 3000 per month before joining SHGs.

Table 5: Monthly Expenditure of the Members before and After Joining SHGs

S. No.	Monthly Income Rs.	Before Joining SHGs		After Joining SHGs	
		No. of Respondents	Percentage	No. of Respondents	Percentage
1.	Less than 1000	281	40.84	282	40.99
2.	1000-2000	209	30.38	214	31.10
3.	2000-3000	173	25.15	173	25.15
4.	More than 3000	25	3.63	19	2.76
Total:		688	100	688	100

Source: Field Survey

If monthly savings pattern of the aforesaid respondents is considered, it is found that there is significant increase in the savings per month (+16.71%) in case of earners having income levels of Rs. 1000-2000 before joining SHGs. Increase of savings is also found in case of respondents (+9.30%) who earned Rs. 2000-3000 per month before joining SHGs and (+7.71%) in case of earners having income levels of more than Rs. 3000 per month before joining SHGs. Here also, there is also a reduction in savings (-33.72%) in case of earners who saved less than Rs 1000 per month before joining SHGs.

Table 6: Monthly Savings of the Members before and After Joining SHGs

S. No.	Monthly Savings Rs.	Before Joining SHGs		After Joining SHGs	
		No. of Respondents	Percentage	No. of Respondents	Percentage
1.	Less than 1000	511	74.27	279	40.55
2.	1000-2000	87	12.65	202	29.36
3.	2000-3000	53	7.70	117	17.00
4.	More than 3000	37	5.38	90	13.09
		688	100	688	100

Source: Field Survey

Table 7: Effects of Joining in SHGs on Poverty

Effects of Joining in SHGs on Poverty	Observed frequency distribution(O)	Percentage (%)	Expected frequency distribution(E)	Remaining (O-E)
Very low	05	.73	137.6	-132.6
Low	32	4.65	137.6	-105.6
Medium	90	13.08	137.6	-47.6
High	156	22.67	137.6	18.4
Very high	405	58.87	137.6	267.4
Total	688	100.0		

Source: Field Survey

Table 8: Chi square tests to study significance/non-significance between variables SHGs and Poverty

Chi square	747.392
Degree of Freedom	4
Table value at the significant level of 0.05	Null hypothesis rejected

Therefore, from the obtained value of chi square, it is evinced that there are strong impact of Joining in SHGs on Poverty eradication of the district. That is why at the significant level of 0.05 and degree of freedom level 4, null hypothesis has been rejected and alternative hypothesis has been accepted. This result clearly indicates the importance of SHGs in reducing cruelty of poverty.

Therefore, in spite of repressive pressure of poverty introduction and implementation of innovative ideas through self-help strategy have, to a larger extent, tackled the problems of poverty in the study area. Before the year 2000, the study area there was not any group approach and consequently there were several drawbacks in poverty alleviation methodologies but since the Group approach has been adopted, the spread of opportunities to earn becomes open to rural poor particularly to the women. Despite most of them are illiterate, house-wife or seasonal workers, they get a instant source of income by joining such group which has, no doubt, made them confident empowered and self-esteemed.

5. Conclusion and Recommendations

The analysis mentioned above clearly indicates that SHGs have facilitated its members in various ways by both quantitative and qualitative shifting in income level and quality of life lead respectively. This has resulted also a significant increase in their savings and financial security by providing employment opportunities and reducing dependencies on money lenders. They have been able to make expenses for basic needs like food, education, health, shelter etc. which were rarely noticed before the joining SHGs. But unfortunately despite these benefits as provided by different SHGs, the uneven spread of SHGs across the district remains on issue to be addresses. In addition, in some cases, SHGs cannot ensure better well being or quality of life due to gender bias, educational deficit and social inequalities in the district. Moreover, there is strong disparity in the distribution of SHGs between rural and urban parts.

The SHGs are found mostly in rural areas, but urban poor or women are deprived of it. The domination of male in work participation in urban areas of the district restricts women in joining SHGs due to some sort of social bias in this field. Therefore, the achievement of SHGs in poverty eradication is mostly confined in rural parts and to spread this innovative strategy at urban level, it is imperative to make a door to door counseling by convincing men folk of the society so that they can understand the reality, agreed to remove the canopy of their command to deal with issues like gender gap and social inequalities, then only the success of rural and urban poverty will be realized and deprived women will be empowered both socially and economically. Lastly, systematic steps have to be developed so that there is uniformity in the formation of SHGs after identification of BPL (Below Poverty Level) people. Rural banks have to be empowered by the Ministry of finance after approval of government at each block separately so that those can provide assistance by providing micro-finance to the poor people to improve their socio-economic quality to bring them mainstream in the society with transparency.

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