

Analytical Study on Relationship Between SHG and Poverty Alleviation

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Abstract: Microfinance is showing great promise as a means of combating poverty in India. Although making significant contributions to the home and national economies, women's work is often undervalued or ignored. The rapid growth of SHGs and the Bank linkage model have sparked a nationwide campaign to increase women's economic independence. Many empirical investigations have demonstrated that the members of SHGs have been able to better their socioeconomic situation thanks to microfinance provided via SHGs and the Bank linkage model. Moreover, it empowers women to make better financial decisions for their families and boosts their self-esteem. The questionnaire serves as the primary data collector, while non-parametric tests (such as the chi-square and analysis of variance) are used for analysis and presentation. Self-help Training of Swarozgaris, infrastructure development, marketing and technology support, member communication, member self-confidence, reduction in family violence, increase in outsider contact, monthly savings by SHG members, monthly savings by SHG members as a whole, political participation, social harmony, social justice, and community involvement are just some of the areas where groups have made a significant impact.

Keywords Self -Help, Microfinance, Poverty alleviation, local economies

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Introduction

Self-Help Groups are loosely organized communities that provide members with opportunities to assist one another and share in the financial rewards that result from their efforts. One advantage is the ability to use funds and credit to pursue business endeavors as a group. The impoverished are able to save money in larger amounts and get access to formal credit via this group-based strategy. The destitute are able to escape the clutches of moneylenders by banding together in these groups and taking advantage of the shared obligation that results from this arrangement. Members of Self-Help Groups are more likely to have a sense of belonging and become involved in group dynamics if the group is relatively small and has a consistent make-up. Self-Help Groups based on the aforementioned model of operation have proven successful in reaching the poor, particularly women, facilitating their access to financial services like savings and credit, and ultimately reducing poverty via increased agency.

Background information on unemployment and poverty in rural regions is provided, as is an explanation of why low-income people may regard self-employment as a way to increase their social and human capital, ultimately helping them escape poverty. It then continues on to a discussion of a qualitative investigation of the effects of SHGs on members' personal lives; the lives of their families and communities; members' ability to learn and adapt; the effectiveness of their efforts; and the growth of their human and social capital. These results are used to explore the role of Women's Self-Help Groups (SHGs) in fostering the growth of micro-

enterprises, providing evidence that doing so may help with poverty reduction and boost local economies.

Literature Review

Ahmad D et.al (2020) The goal of microfinance is to help low-income women get out of poverty by providing them with access to small loans. Health literacy programs for rural women may be included into a larger government program aimed at reducing poverty, India implemented the Self-Help Group (SHG) concept in 2011. Nevertheless, there is little data on who really participates in SHG programs and stays involved over time. The purpose of this article is to examine the economic, socio-demographic, and area-level aspects that impact membership and retention in an integrated microfinance and health literacy program by using data from Uttar Pradesh, one of the poorest and most populated states in India. Using secondary survey data from the Uttar Pradesh Community Mobilization project, which comprised 15,300 women from SHGs and Non-SHG households in rural India, we estimated SHG membership and duration using multivariate logistic and hurdle negative binomial regression. Income thresholds encourage women from lower-income households to join SHGs; but, when wealth is further segmented into quintiles, these women are less likely to stay members. In addition, when seeking credit for any purpose, including medical care, poorer families are less likely to join a SHG than are slightly poor households. Only women from moderately poor backgrounds are more likely to stay members if they borrow money for health and non-income generating objectives. In contrast to research out of India that indicated the opposite, this one found that having more children increases one's chances of joining the group. The findings of this research lend credence to the argument that microfinance programs should review their inclusion and retention methods with the poorest households in mind, making use of multidimensional metrics that may more accurately reflect the complex nature of poverty.

Dr. A. Thilagaraj (2020) The advancement of women's rights as a factor in evaluating their position in society has come into the spotlight in recent years. The investigation aims to recreate the social effect of the women's self-help group by looking into how their social clause has changed, how much impact the SHGs have on people's social standing, and how people feel about the SHGs and their social impact. The investigation is autonomous, and it will utilize only essential information in the long run. All of the necessary data has been gathered. The sample size of the test, for instance, Interviewees, is three hundred using a field summary. The expert utilized a kind of randomization known as stratified testing. Virudhunagar, which is a district in Tamil Nadu, is where the survey's respondents were located. SPSS was used to do a discriminant analysis on the collected data. Women's self-help groups (SHGs) in Tamil Nadu, and specifically the District of Virudhunagar, have been the subject of this research.

Arnab Chakraborty et.al (2019) Entrepreneurship among the rural and urban poor is greatly aided by the formation of Self Help Groups (SHGs). This helps the working poor get jobs, which improves their economic standing and gives women more possibilities in society. Women's economic independence and the sustenance of the rural and urban poor depend on SHGs. The net result helps the economically and socially underprivileged in both rural and urban settings, as well as the quality of life for those communities and the education of their

children. The role that government assistance had in their success as micro-entrepreneurs is also examined. In order to compete with well-established competitors and multinational corporations that invest vast sums of money on marketing, branding, advertising, packaging, and distribution, these microentrepreneurs require the proper backing of the government. The replies from the micro-entrepreneurs have been put through a Cronbach Alpha reliability test to ensure they are consistent with one another.

Dr. Rijul Sihag (2018) Lack of income and assets for fulfilling the bare necessities for a decent living is the most common definition of poverty, and it is the root cause of many other types of deprivation that have no place in a life that is meaningful. When one is poor, they are unable to provide for themselves adequately in terms of food, housing, education, and medical care. Poor people are ethically and financially disadvantaged because they lack the resources to protect themselves against the risks associated with engaging in a wide range of social, cultural, and economic activities. Individuals in poverty lack the resources to provide for themselves, hence they frequently have to resort to dishonorable means of survival. Official estimates reveal that 26.1% of India's population still lives below the poverty line, despite more than 62 years of planning and different poverty reduction efforts. There were 360 million impoverished Indians in 2011, or 29.8 percent of the population. 51% of the country's workforce is self-employed, while just 15% are regular wagers or paid employees, and 33.5% are casual laborers, according to the National Sample Survey Office (NSSO).

Kalachand Sain, et.al (2017) A Self-Help Group (SHG) is a loosely organized group of low-income individuals, ideally from the same community. People join together to support one another and work out their issues on their own terms. In rural areas of India, Self-Help Organizations provide access to microfinance. The goal of forming this organization is to increase women's economic independence. The current investigations demonstrated, by a review of the existing literature, that many studies had been undertaken on various topics connected to rural women's income production and Self-Help Groups. The primary aims of this article are (1) to examine the effect of Self-help groups on the income and savings of rural women both before and after they joined the organizations, and (2) to determine the relationship between the income and savings of women who are members of such groups. Gini-Coefficient and Correlation Coefficient were used to analyze the data. The research's most important conclusion is that women in the study region who are members of the organization see a significant rise in their income and have a favorable correlation between their income and their savings.

Methods

Sources of Data: The research is exploratory and relies on both primary and secondary sources. Secondary sources such as academic publications, government documents, and non-profit reports were mined for their information. A field survey was conducted in the area of interest to collect the primary data (Boudh). To better understand the advantages and disadvantages that woman in SHGs experience, researchers performed a field survey in the district of Boudh. The current research will use a sample size of 50 and will draw its participants from 3 SHGs in the study region. Collecting Information: The information from the women

SHG members was gathered with the use of a planned interview schedule. Included were both open-ended and closed-ended questions. For this purpose, we use Anova, Chi-Square, cross tabulation, and percentage analysis as our statistical methods of choice.

Methodology in research reveals the study's framework, its layout, and its general flow. It serves as the study's outline and blueprint. Every scientist needs a certain methodology to collect data for their studies.

Data Analysis

Because of their inefficiency, the poor are unable to make good use of the loan amounts they have received from different MFIs. After getting a loan, they waste the money on unnecessary luxuries like new phones, motorcycles, dish TVs, and other electronics. All the way until the end of the loan. But then they blow it all on frivolous purchases for the home, so they can't invest it and grow their wealth. This means there is no improvement in their level of life. The goals and ideals of MFI are being frustrated here.

Beneficiary demand is met on a consistent basis by a variety of stakeholders, including RBI, NABARD, etc., who all contribute to the MFI. And the government has been implementing a number of programs to raise the quality of life for the poor. When it comes to the provision of financing for agricultural and other economic operations in India's rural regions, NABARD is the highest authority. NABARD's mission is to provide the rural poor with affordable access to financial services via a variety of microfinance technologies. Those living in Boudh's rural areas are the target audience for this survey. Fifty individuals make up the sample size. Each SHG was given 30 minutes for the interview process. At that time frame, specific data about their group and themselves were gathered. To facilitate comprehension, we give all relevant data in tabular form and analyze it. In addition, the data shows us how far MFI reaches into rural areas and the lives of the people who live there. Statistical tests such as the analysis of variance (Table 2) and the chi-square test were used to evaluate the questionnaire and its results (Table 3).

Table 1: Number of Beneficiaries

Stratum of location(Rural)	Sample beneficiaries
Butupali, Boudh district	25
Nuasahi, Boudh District	10
Babusahi, Boudh District	15
Total	50

Table 2: Data Analysis of SHGs Holder (ANOVA – Test)

S. No.	Variables	Calculate d Value	Tabulated Value (from the F table)	Accept/Reject null Hypothesis
1	Category wise loan amount taken	5.47*	4.26	Reject
2	Income wise loan amount taken	1.61	5.14	Accept
3	Occupation wise loan amount taken	7.05*	3.88	Reject
4	Category wise purpose of taking credit	1.87	5.99	Accept
5	Income wise purpose of taking credit	1.89	7.71	Accept
6	Occupation wise purpose of taking credit	5.29	5.32	Accept
7	Category wise best source of borrowing	25.51*	5.99	Reject
8	Income wise best source of borrowing	4.12	7.71	Accept
9	Occupation wise best source of borrowing	16.84*	5.32	Reject
10	Occupation wise expected of total income	30.07*	3.24	Reject

Table 3: Data Analysis of Loan Amount (CHI SQUARE-TEST)

S. No	Variables	Calculated- χ^2	Tabulated- χ^2	Accept/Reject Null hypothesis
1	Impact of mfi to the number of beneficiaries	75.71*	5.991	REJECT
2	Effect on loan amount taken by the number of beneficiaries	66.20*	9.488	REJECT
3	Impact of return on instalment amount	66.20*	11.07	REJECT
4	Impact on purpose of taking credit	15.4*	9.48	REJECT
5	Impact on type of instalment pay	0.08	3.841	ACCEPT
6	Impact on changes in the expected income	41.68*	7.815	REJECT
7	Effect on make regular payment	106.96*	7.815	REJECT
8	Impact on best source of borrowing loan	32*	3.841	REJECT
9	Effect of lender's response from beneficiaries suggestion	32.06*	5.991	REJECT
10	Impact on knowledge with interest rate	32*	3.841	REJECT

Role Of Self-Help Group In Socio Economic Development Of India

1. Saving and Financial Decision Making: The ability to save on a regular basis, have access to official savings institutions, and participate in the administration of these resources is a major perk of joining a SHG. They are diligent savers who keep and use their own checking and savings accounts. Members' capacity to put away more of their own money thanks to SHG is a positive result.

2. Access to credit: Women's access to finance also improves as a result of their involvement in SHGs. Given the project's infancy, it may take some time before it can significantly increase women's access to finance. Several of the more prosperous organizations claim that increased economic independence is to credit for their members' enhanced standard of living. There was an overall improvement in how many households met their most basic necessities. NGO surveys have indicated that women have a better track record than males when it comes to repaying loans, and that they are more likely to invest in their family with the money they make, benefiting their community's health and nutrition as a result.

3. Employment: Self-employment possibilities for the rural poor have arisen thanks to the spread of SHGs. Several people's financial situations improved with the aid of the program. The ladies gain economic and social independence after joining the self-help organization. This empowerment can't be bought or handed down; it has to come from inside in a way that gives the empowered people agency over their own lives.

4. Decision-making within the household: The SHG program has a positive social impact because more women are participating in decision-making, more women are aware of and able to take advantage of available programs and organizations, more money is being spent on health care and weddings, male family members are more open to the idea of SHGs and actively encourage their female counterparts to attend group meetings, and women report feeling more financially secure as a result of their SHG membership. Women now enjoy higher levels of respect and prestige inside their own households. Education for children has advanced greatly. Members of SHGs are increasingly sending their children to school, especially females. Members' families are healthier now that they have greater access to clean water and better sanitation. Today more than ever, women are seeking medical care from trained professionals, even if it means making a trip to a neighboring city. Participants are now self-assured enough to advance in social standing.

5. Self Confidence among Members: Members' latent abilities and potential as leaders emerged as the group coalesced. Hence, it may be argued that the members' social standing at home has increased, they have been financially useful to their families, and they have occasionally assisted others as well since joining the SHG. The majority of SHG members now report being treated with more respect by their neighbors and even some members of their own families. The locals have started inviting us to parties and gatherings.

6. Social empowerment: To be socially empowered, women need to be given a place of prominence in their families and communities, as well as the legal authority to make use of resources. It has resulted in the development of confidence, pride, and admiration for oneself.

In addition, enliven the settings in which disadvantaged women and their families live. The woman's social standing has improved as a result of her increased participation in traditionally male-dominated institutions like banks, Gram Panchayats, government trust boards, and so on. As a result of the SHG program, women are more involved in decision-making, more people are aware of and join other projects and associations, more money is spent on health and weddings, and male family members are more open to the idea of SHGs and encourage their wives to take part in them.

Conclusion

Everyone need access to adequate financial resources. The rural poor, in particular, may benefit greatly from consistent and timely financing, which can help improve their economic and social situations. Microfinance has the potential to greatly aid in the fight against poverty and the growth of rural areas, especially among rural women. India has tremendous untapped potential for the expansion of microfinance organizations. Data research reveals that most members of the SHGs had no savings before they joined, although a sizable minority had begun saving shortly after joining the groups. Self-help The training of Swarozgaris, the building of infrastructure, the promotion of marketing and technology, the level of communication among members, the confidence of the sample population, the decline in domestic violence, the increase in contact with outsiders, the monthly savings of SHG members, the monthly cumulative savings of SHG members, political participation, social harmony, social justice, and community service are all areas where groups have played a significant role. Value monetarily.

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