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## **Role of Self Help Groups in Poverty Alleviation: A Comparative Study of Nilgiri&Remuna Blocks of Balasore District**

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*This paper seeks to make a comparative study of the impact of Self Help Groups formed under Swarnjayanti Gram SwarozgarYojana (SGSY) on the basis of Field Survey conducted in Nilgiri and Remuna Blocks of Balasore District of Odisha. Data relating to pre and post SHG periods were collected from the SHG members on various economic parameters like, employment, income, saving, landholding size, value of household assets consumption expenditure etc. Analysis of data reveals that there has been a significant increase in the average employment, average annual income, average annual saving, and average value of the household assets and average annual consumption expenditure of the sample SHG households of both Nilgiri Block and Remuna Block in the post SHG period in real terms. A comparative analysis of the performance of SHGs between Nilgiri Block and Remuna Block unveils that there are significant differences in the average annual income, average value of household assets and average annual consumption expenditure between the two Blocks in the post SHG period. In addition, joining SHG has a very insignificant impact on poverty alleviation in both Nilgiri and Remuna Blocks of Balasore District owing to the fact that the income generated through SHG activities is very meagre to lift the poor SHG households above poverty line. However, emergence of SHGs has not only reduced the dependence of its members on non-institutional credit sources but also reduced the cost of debt through access of the members to the institutional credit agencies. It is also having a positive impact on creating socio-political awareness among its members.*  
**[Key Words: Self Help Groups (SHGs), Swarnjayanti Gram SwarozgarYojana (SGSY), Poverty Alleviation]**

### **Introduction**

Poverty in the midst of plenty has been a paradoxical feature of the Indian economy. Although India is endowed with all types of resources, physical, human and natural, she is still in the clutches of massive poverty. Realizing the gravity of the problem of mass poverty, the Government of India has launched plethora of programmes like Integrated Rural Development Programme (IRDP), Development of Women and Children in Rural Areas (DWCRA), Training of Rural Youth for Self Employment (TRYSEM), Supply

of Improved Toolkits to Rural Artisans (SITRA), Prime Minister RozgarYojana (PMRY) and Ganga KalyanYojana (GKY) etc since the dawn of economic planning in India to make a frontal attack on poverty.

However, in spite of implementation of the aforesaid programmes, the incidence of poverty stood at a high level. According to the Planning Commission estimate, the percentage of population living below poverty line for 1993-94 was 35.97 percent for all-India, and 37.27 percent and 32.36 percent for rural areas and urban areas respectively.

On account of the above reasons, all the allied self-employment programmes were reviewed by a Committee constituted by the Planning Commission in February, 1997 under the Chairmanship of Prof. H.R. Hashim, Member, and Planning Commission. On the recommendation of the Committee a new programme known as “*Swarnjayanti Gram SwarozgarYojana*” (SGSY) has been launched since *April, 1, 1999* by the Ministry of Rural Development, Government of India. SGSY aims at providing assistance to the BPL rural poor for establishing micro-enterprises through bank credit and government subsidy to acquire an income-generating asset. Organising the poor *self- help groups (SHGs)* lies at the heart of this programme.

Self Help Groups are usually informal groups whose members have a common perception of need and importance towards collective action. These groups promote savings among members and use pooled resources to meet the emergent needs of their members, including the consumption needs.

### **Review of Literature**

A brief review of principal studies and the research findings which are relevant to the present study has been presented here.

Tanmoyee Banerjee (2009) made a study on the economic impact of Self Help Groups created under SGSY programme on the basis of primary data collected from 300 sample SHG members of North 24-Pragana District of West Bengal in 2006. She used paired t-statistics to compare the mean difference of the variables like family income, consumption expenditure, saving etc before and after joining the groups and the difference between the non-group and group members.

Her study reveals that after joining the groups, the increase in the family income, food expenditure, health related expenditure and saving of the self help group members are significant at 5 percent level while the increase in non-food expenditure is not significant. However, the increase in the family consumption expenditure is found to be significant at 10 percent level. Further, the difference in the mean values of the variables like family income, family consumption expenditure, food expenditure, non-food expenditure, health related expenditure and saving between the non-group members and group members are found to be significant at 1 percent level. Thus there has been a significant increase in the family income, family consumption expenditure, food expenditure, non-food expenditure, health related expenditure and saving of the SHG members as compared to the non-SHG members. She has concluded that

SGSY programme has some positive economic impact as a poverty alleviation programme.

Prof. Muhammad Yunus (2004) in his study conducted on the impact of micro credit provided by the Grameen Bank, Bangladesh has found that provision of collateral free small loans for taking up income generating activities by the poor people of Bangladesh have a significant positive impact on the lives of the poor families.

NABARD, (2002) - A study on, "Ten Years of SHG-Bank Linkage: 1992-2002", NABARD and Micro Finance" covering 560 SHG member households from 223 SHGs across 11 states, showed many positive results on the impact of participation of rural poor in the SHGs. It shows that there have been perceptible and wholesome changes in the living standards of SHG members in terms of ownership of assets, borrowing capacities, income generating activities, income levels and increase in savings. It indicates that the average annual saving per household registered an increase over three-fold.

R.K. Sahu and S.N. Tripathy (2005) in their study conducted on the role of Self-Help Groups in Women Empowerment held that the access of the poor to banking services is important not only for poverty alleviation but also for optimising their contribution to the growth of regional as well as the national economy. Self Help Groups (SHGs) have emerged as the most important tool in the process of participatory development and women empowerment. The rural women are the marginalized groups in the society because of socio-economic constraints. They remain backward and in lower position of the social hierarchical ladder. Formation of Self-Help Groups has the capacity to lift the rural women from the morass of poverty and stagnation by providing micro finance.

R.S. Negi & Abhay Kumar (2013) made a study to assess the role of micro-finance and Self Help Groups in Pauri Block under Garhwal District of Uttarakhand. This is a sample study based on primary data collected from 110 SHGs of Pauri Block. The study reveals that the Self Help Groups in Pauri Block has not only provided a means of survival for poor, but also serve as nascent institutions for building up of specific capital, which can serve a long term sustainability function of poverty reduction although it is true that some section of the poorest of the poor find it difficult to participate in SHGs. The assessment of economic impact revealed that PCBs, Co-operative and RRBs definitely succeeded in reducing their members' vulnerability and, by consequences; succeeds at preventing them falling even further into poverty. The social impact reveals that micro-finance and SHGs have a positive influence on their female members. Women are honest in repayment of loans and most of the women are not defaulter. Especially with regard to women's status, there is increased involvement of the women in family decisions, expansion of their knowledge and awareness leading to improved situations for their children.

K. C. Mishra (2014) in his book *Self-Help Groups and Rural Development* has observed that Self Help Groups have emerged as a powerful instrument for rural development. He conducted the study in the District of Puri and found that SHGs in Puri District have brought the disadvantaged and vulnerable groups into the orbit of development through the provision of finance and other inputs. The beneficiaries of these groups are capable of generating additional income and employment by utilising the funds in various income generating activities. Further, it has not only developed the saving habits of the members of the group but also helped them to repay the loan in time. Besides, the SHG-Bank linkage programme has offered ample opportunities for closer interaction between banks and the members of the group. He has suggested that provision of adequate and timely finance, infrastructural facilities, capacity building and skill up-gradation, provision of adequate marketing facilities, proper supervision and monitoring of investment activities, strong political will and inspecting the end use of loan will not only foster rural development but also attain inclusive growth.

However, the present study seeks to analyse the impact of the Self Help Groups (SHGs) on poverty alleviation a comparative study of Nilgiri and Remuna Blocks of Balasore District, which has not been studied so far.

### **Objectives of the Present Study**

The prime objectives of the study are:

- To examine sources of credit and interest rate paid by the SHG members before and after the formation of Self Help Groups (SHGs).
- To examine the employment status, income level, saving level, landholding size, value of the household assets and consumption expenditure of the sample SHG households during pre and post SHG periods.
- To examine the impact of SHGs on poverty alleviation of the SHG households.
- To make a comparative analysis of the effectiveness of SHGs in Nilgiri and Remuna Blocks of Balasore District.
- To examine socio-political awareness created among the SHG members after joining the group.

### **Methodology**

The present study seeks to examine the role of the Self Help Groups (SHGs) in improving the economic, social and political status of the SHG households of Nilgiri and Remuna Blocks of Balasore District, Odisha on the basis of a sample survey. In this study, multi-stage sampling method has been used, the sample units at different stages being the Panchayats, villages, SHGs, members and leaders of the SHG.

Both primary and secondary data have been used in the present study. Primary data are collected by Survey Method. Personal Interview Method is being adopted to collect data through structured questionnaire from 164 respondents of Nilgiri Block and 180 respondents of Remuna Block.

Secondary data have been collected from published and unpublished sources such as: Annual Reports of Ministry of Rural Development, Government of India, Reports of Reserve Bank of India, Press Note and Reports of Planning Commission, Government of India, “Statistical Abstract of Odisha - 2012”, “Odisha Economic Survey”, “District Statistical Handbook Balasore – 2011” etc.

The women SHGs formed under *Swarnjayanti Gram SwarajgarYojana(SGSY)* have been taken for the purpose of the present study. The pre-SHG period is 2004-05 and post SHG data relates to 2011-12.

After processing of the raw data through MS Excel & SPSS, simple statistical tools like percentage, arithmetic mean etc have been used for the analysis of data. To compare the mean difference and their statistical significance of different economic variables between pre and post SHG periods ‘*paired sample t-test*’ is applied while ‘*Independent Samples t-Test*’ is applied to compare these economic variables between the two Blocks.

However, to eliminate the impact of inflation on the variables such as income, saving, value of household assets and consumption expenditure these variables are expressed in real terms. The price adjustment has been done by using the Wholesale Price Indices (WPI) of the Reserve Bank of India (RBI) using 2004-05 as the base year. Accordingly, the pre and post comparison of these variables has been made at constant prices.

#### **Analysis of Data - Impact of Self Help Groups**

The analysis of data pertaining to the sources of credit reveals that, before joining SHGs, the major source of credit of the respondents of both Nilgiri and Remuna Block was non-institutional agencies like village money-lenders, neighbours, friends and relatives etc. The interest rate charged by the non-institutional credit agencies was very exorbitant which was ranging from 48 percent to 84 percent per annum.

However, there has been a radical change in the rural credit scenario in the post SHG period. After joining SHGs, the dependence of the SHG members of both the Blocks on non-institutional credit agencies has been drastically reduced. In the post SHG period, the respondents have an easy access to institutional credit agencies and the Group Fund to meet their credit needs. The interest rate charged by the institutional credit agencies and the Group Fund varies from 10 percent to 24 percent per annum.

Thus SHGs have not only reduced the dependence of its members on non-institutional credit agencies to a substantial extent but also reduced the cost of debt. It has also helped members to have an easy access to the institutional credit agencies wherefrom they get loans at a very reasonable rate of interest.

The impact of SHGs on different economic variables during the pre and post SHG periods of Nilgiri Block has been depicted in Table-1.

It’s evident from Table-1 that that there have been significant increases in the average employment, average real annual income, average real annual saving, average real value of the household assets and average real annual

consumption expenditure of the sample SHG households of Nilgiri Block in the post SHG period. However, there is no significant difference in the average landholding size between pre and post SHG periods. *It can, therefore, be concluded that joining SHGs has favourable impact on the economic life of its members.*

**Table-1: Paired Sample T-Test For Equality of Mean: Comparison of Variables Between Pre & Post SHG Periods of Nilgiri Block**

<b>Economic Variables</b>	Pre-SHG period	Post-SHG period	Mean Difference	Percentage increase/decrease	't' value	'p' value (Two-tailed)
Average employment (Man-days)	1.274	1.591	0.317	24.88	8.46*	0.00
Average Real Annual Income	31970.00	45267.00	13297.00	41.59	21.23*	0.00
Average Real Annual Saving	805.49	2044.90	1239.41	153.87	14.93*	0.00
Average Land holding size	82.29	79.92	- 2.37	2.88	0.65	0.517
Average real Value of household assets	12134.00	17900.00	5766.00	47.52	7.33*	0.00
Average real Annual consumption expenditure	31164.00	43222.00	12058.00	38.69	19.19*	0.00

**Source:** Calculated from the Data collected from Field Survey by using SPSS

*The Report of the Expert Group to Review the Methodology for measurement of Poverty: Government of India Planning Commission June, 2014* has demarcated the poverty line in terms of certain minimum consumption expenditure expressed in terms of rupees per capita, per month. Any household failing to meet this level of consumption expenditure can be treated as a poor household. The Expert Group has specified State-wise Poverty Line in rural and urban areas for 2011-12. According to the Report of the Expert Group, monthly per capita consumption expenditure of Rs. 876.42 in rural areas or Rs.1205.37 in urban areas is treated as the poverty line for Odisha. Thus *the annual per capita consumption expenditure for the poverty line for Orissa can be worked out as Rs.10517.00 for rural areas and Rs.14464.44 for urban areas.*

The analysis of field data of Nilgiri Block reveals that out of 164 sample SHG households of the Block, 106 SHG households incur an annual consumption expenditure in the post SHG period which is above the per capita consumption expenditure for poverty line while only 58 SHG households incur an annual consumption expenditure which is below the per capita consumption

expenditure for poverty line devised by the Planning Commission Expert Group. Thus in the post SHG period, 64.63 per cent of the SHG households have come above the poverty line while 35.37 per cent SHG households still remain below the poverty line. However, if the income generated through SHG activities were excluded from the family income of respondents, out of 164 SHGs households, 58.54 per cent households would have come above poverty line while 41.46 per cent would have remained below the poverty line.

Thus, although there has been a significant reduction of poverty ratio in the post SHG period, this cannot be solely attributed to the selfhelp groups owing to the reason that income generated from SHG activities is very low to lift the SHG households above the poverty line. Thus joining SHGs has a very insignificant impact on poverty alleviation of the SHG households of Nilgiri Block.

The impact of SHGs on different economic variables during the pre and post SHG periods of Remuna Block has been portrayed in Table-2.

**Table-2: Paired Sample T-Test For Equality of Mean: Comparison of Variables Between Pre & Post Shg Periods of Remuna Block**

Economic Variables	Pre-SHG period	Post-SHG period	Mean Difference	Percentage increase/decrease	't' value	'p' value (Two-tailed)
Average employment (Man-days)	1.283	1.711	0.428	33.66	9.75*	0.00
Average Real Annual Income	32150.00	49239.00	17089.00	53.15	22.99*	0.00
Average Real Annual Saving	960.00	2147.00	1187.00	123.64	13.19*	0.00
Average Land holding size (Dec.)	92.73	88.32	- 4.41	4.76	1.95	0.053
Average real Value of household assets	13604.00	214391.00	7835.00	57.59	7.16*	0.00
Average real Annual consumption expenditure	31190.00	47092.00	15902.00	50.98	21.64*	0.00

**Source:** Calculated from the Data collected from Field Survey by using SPSS

Table-2 reveals that there have been significant increases in the average employment, average real annual income, average real annual saving, average real value of the household assets and average real annual consumption expenditure of the sample SHG households of Remuna Block in the post SHG period though there is no significant difference in the average landholding size between pre and post SHG periods. Thus it can be said that joining SHGs has positive impact on the economic status of the respondents of Remuna Block.

The analysis of data of Remuna Block reveals that out of 180 sample SHG households of the Block, 136 SHG households incur an annual consumption expenditure in the post SHG period which is above the per capita consumption expenditure for poverty line while only 44 SHG households incur an annual consumption expenditure which is below the per capita consumption expenditure for poverty line devised by the Planning Commission Expert Group. Thus, in the post SHG period, 75.56 per cent of the SHG households have crossed the poverty line while only 24.44 per cent SHG households remain below the poverty line. However, if the income generated through SHG activities were excluded from the total family income of the respondents, out of 180 SHG households, 70.56 per cent households would have come above poverty line while 29.44 percent households would have remained below the poverty line.

Thus, although there has been a significant reduction of poverty ratio in the post SHG period, this cannot be attributed to the self help groups alone since the income generated from SHG activities is very low to lift the SHG households above the poverty line. Thus joining SHGs has a very insignificant impact on poverty alleviation of the SHG households of Remuna Block also.

Further, to compare the average employment level, income, saving, landholdings status and the value of the household assets and consumption expenditure between the two Sample Blocks i.e. Nilagiri & Remuna, 'Independent Samples t-Test' has been applied to test the statistical significance of the hypotheses as details in Table-3.

It's apparent from Table-3 that there are no significant differences in the average employment, average real annual saving and average landholding status between the two Blocks in the post SHG period. However, there are significant differences in the average real annual income, average real value of household assets and average real annual consumption expenditure between the two Blocks in the post SHG period. Thus, it is obvious that the performance of SHGs of Remuna Block is better than Nilgiri Block so far as generation of income, possession of household assets and average consumption expenditure are concerned.

**Table-3: Independent Sample T-Test for Comparing Mean Difference between Nilgiri & Remuna Blocks in the Post SHG Periods**

<b>Economic Variables</b>	Nilgiri	Remuna	Mean Difference	't' value	'p' value (Two-tailed)
Average employment (Man-days)	1.591	1.711	0.12	1.559	0.12
Average Real Annual Income	45267.00	49239.00	3972.00	2.017*	0.044
Average Real Annual Saving	2044.90	2147.00	102.20	.586	.558

Average Land holding size (Dec.)	79.92	88.32	8.39	.787	.432
Average real Value of household assets	17900.00	214391.00	3539.00	2.049*	.041
Average real Annual consumption expenditure	43222.00	47092.00	3870.00	2.069*	.039

**Source:** Calculated from the Data collected from Field Survey by using SPSS

The analysis of the data of the two Blocks also reveals that the SHGs are engaged in various social activities like, the drives to create awareness among the villagers on ill-effects of liquor, adult literacy, some SHGs are entrusted the task of preparing mid-day meal for school children and Tiffin for the Anganwadi children. Further, most of the respondents replied that they are consulted in taking decision in the family matters relating to education and marriage of their children and in the matter of purchase of their household assets. Some of the SHGs have also participated in PalliSabha/Gram Sabha and in SHG Federation meetings. Participation of SHG members in the aforesaid socio-political activities has created socio-political awareness among its members.

A comparative analysis of the data pertaining to poverty ratio reveals that in the post SHG period 64.63 percent of the SHG households of Nilgiri Block have come above the poverty line while 75.76 percent of respondents of Remuna Block have crossed the poverty line. Since higher percentage of SHG households of Remuna Block have come above the poverty line in the post SHG period, it can be concluded that the performance of SHGs of Remuna Block is better compared to Nilgiri Block as far as poverty alleviation is concerned.

### **Conclusion**

An in-depth analysis of the aforesaid study reveals that SHGs have emerged as the panacea for a number of socio-economic evils that have engulfed the rural economy. Joining SHGs has substantially reduced the dependence of SHG members on non-institutional credit agencies. It has facilitated the members to have an easy access to the institutional credit agencies and Group Fund thereby reducing the cost of debt. Further, there is a significant increase in the average employment level, average real annual income, average real annual saving, average real value of the household assets, and average real annual consumption expenditure of sample SHG households in the post SHG period. However, there has been a decline in the average landholding size in the post SHG period, although this change is not statistically significant. In addition, joining SHGs has a very insignificant impact on poverty alleviation in both Nilgiri and Remuna Blocks of Balasore District owing to the fact that the income generated through SHG activities is very meagre to lift the poor SHG households above poverty line. However, it has a positive impact on creating socio-political awareness among its members. As regards the

comparative performance of SHGs between the two Blocks it can be stated that, the performance of Remuna Block is better than Nilgiri Block in terms of generation of income, consumption expenditure and possession of household assets.

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