



A STUDY OF MICRO- FINANCE SERVICES TO RURAL POOR THROUGH SELF HELP GROUPS IN CHITTOOR DISTRICT, ANDHRA PRADESH

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ABSTRACT

This paper highlights the importance of Self Help Groups in reducing poverty in rural areas with reference to Chittoor District. The concept of Microfinance emerged as important tool for elimination poverty during 1980s in India. Microfinance is a broad category of services, which includes microcredit. An SHG may be registered or unregistered. It typically comprises a group of micro entrepreneurs having homogeneous social and economic backgrounds; all voluntarily coming together to save regular small sums of money, mutually agreeing to contribute to a common fund and to meet their emergency needs on the basis of mutual help. The main emphasis is the spread of the banking network and introductions of new instruments and credit packages and programmes were to make the financial system responsive to the credit the weaker sections in the society. Poverty is a one of the chronic problems in, despite being one of the fastest-growing economies in the world, clocked at a growth rate of 7.11% in 2015, and a sizable consumer economy. In Chittoor District though there are some hindrances the SHGs are playing crucial role in eliminating poverty.

KEYWORDS :

INTRODUCTION:

The concept of Microfinance emerged as important tool for elimination poverty during 1980s in India. Microfinance is a broad category of services, which includes microcredit. It focuses on provide access to formal financial institutions to the rural and vulnerable sections. In those days finance from institutional sources are very less to small farmers and others who are engaged in small income-generating activities. Microfinance is the only prominent program that promotes welfare of poor in rural India.

The government of Andhra Pradesh has gained reputation and stands first in the formation of Self- Help Groups (SHGs). This policy initiative based on group approach was taken by Government of India in 1983-84 with the introduction of Development of Women and Children Rural Areas (DWCRA) programme during 1983-84. An SHG may be registered or unregistered. It typically comprises a group of micro entrepreneurs having homogeneous social and economic backgrounds; all voluntarily coming together to save regular small sums of money, mutually agreeing to contribute to a common fund and to meet their emergency needs on the basis of mutual help. They pool their resources to become financially stable, taking loans from the money collected by that group and by making everybody in that group self-employed. The group members use collective wisdom and peer pressure to ensure proper end-use of credit and timely repayment. This system eliminates the need for collateral and is closely related to that of solidarity lending, widely used by microfinance institutions. To make the bookkeeping simple, flat interest rates are used for most loan calculations. This focused more on women empowerment through SHGs to combat socio-economic deprivation. At present SHGs are formed under Swarnajayanti Grama Swarojgar Yojana (SGSY) programme of GOI. SGSY came into existence in 1999 by merging all the rural development 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), Ganga Kalyan Yojana (GKY) and Million Wells Scheme (MWS). Through this programme, women below the poverty line come together and make a group of 25-30 for savings and income generating activities. This group corpus consists of group savings, government assistance and bank loan. SHG movement is a mass movement, as Andhra Pradesh alone has half of the groups existing in India.

Self Help Groups: Main Objectives

- To promote self employment ability among the rural women with poverty by providing financial assistance, skill training etc.
- To assist individual woman through group approach system
- To organize group activities and promote economic and self

reliance benefits

- Imparting suitable training to non officials under TRYSEM for Generating income
- To promote women's access to welfare services and providing necessary supportive services to women like Balwadis, Anganwadis, System
- To assist Inculcating self-sustenance even after the help is withdrawn

Review of Literature:

World Bank (2001) have stated that there is substantial evidence that organizing women around thrift and credit services is one of the most effective methods, not only for alleviating poverty but also for empowering women.

Galab, S and Chandra Sekhar Rao (2003) have stated that the studies so far conducted on poverty alleviation through social mobilization and institutional development and process of change, though are excellent source to understand the process of change, and are not providing precise estimates of impact assessment parameters.

Robinson (1999), defined microfinance as small-scale financial services provided to the people who work in agriculture, fishing and herding, which operate small or micro enterprises, who provide services, who work for wages or commission and other individuals and groups at the local levels of developing countries, both rural and urban.

Poverty Trends in India

Poverty is a one of the chronic problems in, despite being one of the fastest-growing economies in the world, clocked at a growth rate of 7.11% in 2015, and a sizable consumer economy. The World Bank reviewed and proposed revisions on May 2014, to its poverty calculation methodology and purchasing power parity basis for measuring poverty worldwide. According to this revised methodology, the world had 872.3 million people below the new poverty line, of which 179.6 million people lived in India. In other words, India with 17.5% of total world's population, had 20.6% share of world's poorest in 2011. From November 2017, the World Bank started reporting poverty rates for all countries using two new international poverty lines: a "lower middle-income" line set at \$3.20 per day and an "upper middle-income" line set at \$5.50 per day. India falls in the lower middle-income category. Using the \$3.20 per day poverty line, the percentage of the population living in poverty in India was 60% (2011). This means that 763 million people in India were living below this poverty line in 2011. May 27, 2016 - India has made remarkable strides at reducing poverty. Yet, 22 percent of the population or 270 million people are lives below the poverty line. According to a World Bank report, India has the most

number of people who live below the international poverty line of \$1.90 a day.

A brief on Rural Poor in Chittoor District

Chittoor is the district with population 41,74,064 in which 20,90,204 (Males), 20,83,860 (Females) (Ranks 5th in State and 47th in India) Percentage of Urban/Rural Population 29.5 (Urban), 70.5 (Rural) As per the latest estimates of the Planning Commission released in March 2012, for the year 2009-10, the poverty ratios for rural and urban areas of Andhra Pradesh was 22.8 per cent and 17.7 per cent respectively and combined was 21.1 per cent. The corresponding figures for All India during the same period were 33.8 per cent, 20.9 per cent for rural and urban areas and combined was 29.8 per cent. Today waterless life, soaring mercury, unemployment, poverty and backwardness continue to be nagging problems in Chittoor. Chittoor has 51% (about 14.9 lakh) population engaged in either main or marginal works. 59% male and 42% female population are working population. 53% of total male population are main (full time) workers and 6% are marginal (part time) workers. For women 34% of total female population are main and 9% are marginal workers. At overall where there are 20 or more artisans in villages in the district.

Performance of SHGs in Poverty alleviation in Chittoor

Andhra Pradesh is surging forward with the formation of net works of SHGs popularly known as Village Organizations in the format of Mutually Aided Cooperative Societies. As a result 38,000 such societies are either formed or in the formative stages. In addition another 8000 Federations of MACS are also contemplated at Mandal level called Mandal Mahila Smakhya. Improvement in living standards of poor is contingent upon increase in income levels of poor. Many classical economists hold capital considerations are only responsible for lack of entrepreneurship among the poor. They presume that every poor man is inclined to choose the self employment option given the capital availability and market opportunities. Perhaps, the set of practices in a typical credit programme for poor must facilitate improvement in those faculties that help them manage micro enterprises in an effective manner which gradually increase their risk taking ability with study supply of capital.

According to Chittoor District Annual Reports 2016, the total number of SHGs in Chittoor district was 62571 as on March 2015 and SGHs group member was 649243 at the same period. The bank linkage to SHGs loan target and achievement indicates below table-2. It shows that the annual target of the number of self-help groups increased from 43,837 in 2014-15 to 29,528 in 2013-14. The amount of the target is Rs. 1777.43 and Rs.1091.11 at the same period. The target of achievement is reached 147 per cent in the year 2013-14 and 77 per cent in the year 2014-05. The Loan Disbursement & Recovery Percentage in Chittoor District show s loan disbursement target and achievement in the year 2012-13 to 2014-15. The target of loan disbursement increased from Rs.8,000 in 2012-13 to Rs. 13,500 in 2014-15. The recovery percentage of SHGs almost average 99 per cent each year. The recovery percentage of SHGs in Chittoor district is significance a period of time.. On an average 65% groups that are sampled randomly are above 5 year old in SHG related membership and participation continually. Further there is no much difference amongst the social categories as far as experience in SHGs is concerned. 2. 30% of the SHGs have savings of more than Rs.4000 on an average and all the three social groups saved with the same vigour. 13% of the respondents have positively responded on the question of taking mantle of leadership in local institutions. The response was similar cutting across all the social categories. Leadership in Self Help Groups was seen as opportunity availed by good chunk of respondents and all the social categories got into leadership role at significant levels.

Measures for better performance of SHGs

- SHGs are providing loans to only women in Groups. It would be appreciable if providing loans to unemployed youth, irrespective of gender.

- Interest rates should be low to encourage the members to avail more number of financial assistance regularly and develop their trades and advent into new trades.
- At present the SHG linkages for marketing of produce is confined to dairy industry only and steps may be taken to provide such linkages in other areas.
- The financial limit in case of special income generation activity should be increased.
- There is strong need for convergence of plethora of government sponsored programmes synergizing with community based organizations like Self Help Groups.
- The savings and credit programmes and related capacity building programmes should go hand in hand with literacy promotion and should be dovetailed to the ongoing efforts by the state in this direction especially in the case of Scheduled Caste women.
- There is need to have specific capacity building programmes on water conservation and safe drinking water without which the drinking water schemes slowly become ineffective.

CONCLUSION

SHGs have been emerged as a powerful tool to alleviate poverty and empower poor in social, political and economic spheres of life. This movement has enabled poor to have sustained access to formal finance through its distinguished features of group strategy and external linkages. It also facilitated the rural poor to acquire new skills and abilities in the marginalized communities. In Chittoor District though there are some hindrances the SGHs are playing crucial role in eliminating poverty.

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