

## Self Help Groups and Diversification of Livelihoods: A Study Among Scheduled Castes in Andhra Pradesh



### Anthropology

**KEYWORDS :** Livelihood Diversification, Self Help Groups, Micro-finance, Women and Income generation activities.

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### ABSTRACT

*Micro-enterprises are the keys to generate employment opportunities as well as income earning avenues to both landless, women and landholding people. Therefore, the poverty alleviation in semi-arid regions requires a greater understanding of the interactions of agriculture and allied enterprises and their implications for the household economy. In the paper an attempt has been made to analyze the process of livelihood diversification through women self-help groups. The present study was conducted in three districts viz Chittoor, Mahaboobnagar, and Vizianagaram of Andhra Pradesh. The assets created after joining the SHGs is because of increase in their livelihoods patterns. The amount taken as loan was spent on multiple items like food, education, health, housing, ornaments and income generation activities.*

### 1. INTRODUCTION

While systems of credit provision for poor people have a long history (Shah et al.2007), a new wave of microcredit provision has emerged in the past thirty years, inspired by pioneering innovations in Bangladesh, Bolivia, Indonesia and elsewhere. Microcredit has subsequently innovated in many ways, and is now more commonly viewed as one component of microfinance, along with savings insurance and payment services for poor people. Microfinance institutions (MFI) have become important in the fight against poverty, growing worldwide in number of organizations and clients, and amount of donor funding [www.mixmarket.org/]. The sector continues to develop and innovate (Collins et al. 2009). A common feature of microcredit has been the targeting of women on the grounds that, compared to men, women both perform better as MFI clients and that their participation can have more desirable development outcomes

(e.g. Pitt and Khandker 1998, Garikipati 2008).

### 2. DEFINITION OF LIVELIHOODS:

The definition used by the United Kingdom's Department of Foreign and International Development (DFID) incorporates these sentiments. A livelihood comprises the capabilities, assets (including both material and social resources), and activities required for a means of living. A livelihood is sustainable when it can cope with and recover from stresses and shocks and maintain or enhance its capabilities and assets both now and in future, while not undermining the natural resource base' (Chambers and Conway, 1992).

A large literature has examined the determinants of household income diversification in developing economies (Ellis 2000, and Barrett et al. 2001). The concept of livelihood diversification is emerging as a survival strategy of rural households in developing countries (Ellis 2000; Bryceson 2000).

Livelihood diversification therefore refers to attempts by individuals and households to find new ways to raise income and reduce environmental risk, which differ sharply by the degree of freedom of choice (to diversify or not), and the reversibility of the outcome. Livelihood diversification includes both on- and off-farm activities which are undertaken to generate income additional to that from the main household agricultural activities, via the production of other agricultural and non-agricultural goods and services, the sale of waged labour, or self-employment in small firms, and other strategies undertaken to spread risk (Carter 1997; Stark and Levhari, 1982).

### 3. SHGs AND THEIR MEMBERS – A PROFILE

An attempt is made in this chapter to portray the socio-economic back ground of the women Self Help Groups. It is a fact that the success of the groups depends to a great extent on their socio-economic milieu. SHG members with regards to their caste, marital status, education, family type, family size and family

income have significant role to play in the evolution of group.

#### 3.1 DISTRIBUTION OF AGE

The data reveals that 21.04 per cent of them fall in the age group of 20 to 30 years. Which is followed by the SHG members between 31 and 40 years is 34.16 per cent and between 41 and 50 is 31.04 per cent. Only 13.75 per cent of the SHGs are over 50 years

#### 3.2 LITERACY

The levels of literacy vary from Group to Group. It is interesting to note that most of the illiterate members have become Neoliterates under the Adult Literacy programme. The following table shows the levels of literacy among the members of the SHGs under Study.

It is interesting to note that out of the sample 480 SHG members 29.37 percent of them are illiterates and remaining 70.6 per cent are literates. Among their household members 28.44 per cent are illiterates and the remaining 71.56 percent are literates.

#### 3.3 MARITAL STATUS

The data reveal that among the total SHG members 84.03 per cent of them are married, followed by 14.91 per cent are widowed and 0.74 percent are separated or divorced. However, among the sample SHG members majority (83.33 percent) of SHG members are married, and 15.2 percent are widowed and 1.45 percent are divorced/separated. The data indicate that there are no unmarried women among the sample SHG member.

#### 3.4 PUBLIC DISTRIBUTION SYSTEM (PDS)

A very large percentage of SHG members belong to BPL category and possessing white ration cards under PDS. The selected SHG members reveal that most of them are i.e., 98.12 per cent, possess white card followed by 1.25 per cent with pink card and 0.41 per cent with Anthyodya cards. Only one person has no ration card.

#### 3.5 SOCIAL CATEGORY

The SHG members belong to six caste groups. More than half of the SHG members (50.67%) belong to Madiga caste, followed by Mala (39.93%), Adidravida (5.46%), Paidi (3.23%) and Holiya Dasari (0.69%).

#### 3.6 LAND HOLDINGS

More than fifty per cent of the sample SHG members possess less than 2.5 acres of land and 33.95 per cent of the members are landless. Only 6.67 per cent of the SHG members possess an extent of land ranging between 2.51 and 5 acres and the remaining members (1.25%) have land more than 5 acres.

#### 3.7 OCCUPATION

The data reveals that 17.5 per cent of the sample SHG members

are practicing agriculture and more than half of the sample SHG members are agriculture labourers. The other occupations followed by the members constitute Non-farm labour (6.87%), Livestock (0.20%), Jobs/Services (11.87%), Petty business (6.04%) and other (1.04%).

The data on secondary sources of income clearly indicates that there is intention in changing occupational pattern and changing sources of income among the SHG members.

#### 4. OBJECTIVES

1. To understand socio-economic back ground of the SHG members.
2. To see external sources of income, Diversification of loan amount.

#### 5. METHODOLOGY

##### 5.1 Area of the Study

SHGs growth has been the strongest in southern region where SHG bank linkage first began with three states (Andhra Pradesh, Tamil Nadu and Karnataka the top three in the country. The south

accounts for 54% of SHGs (half of this is in Andhra Pradesh alone and 75% of the bank credit. Hence the study is confined to Andhra Pradesh.

##### 5.2 Sampling Design

In the first phase, the SHG programme was implemented in six districts viz., Vizianagaram and Srikakulam in Coastal region, Chittoor and Anantapur in Rayalaseema region and Mahbubnagar and Adilabad in Telangana region. The sample was selected based on multi-stage random method.

Thus, the study covers 3 districts, 16 mandals, 80 villages, 160 SHGs and 480 SHG members including 160 SHG leaders in Andhra Pradesh. The above table shows the list of selected districts, mandals and villages covered in the study.

#### 6. COLLECTION OF DATA

The data were collected from both primary and secondary sources. a) The primary data were collected through anthropological field work, using an interview schedule, observation, structured interviews, unstructured interviews, focus group discussions (FGDs) and case studies. Key informants are also selected and interviewed for collection of qualitative data. b) Secondary data relating to policies, programmes, development of SHGs and process of implementation are collected through Internet, Journals, Books, records of the SHGs, Federations, Offices of Mandal Revenue officers, Mandal Development Officers and District Planning Officers and the Project Officer, DRDA.

#### 7. REVIEW OF LITERATURE

The studies on Self Help Groups and Women Empowerment have attracted many Indian and foreign scholars, from various disciplines such as Anthropology, Sociology, Political Science, Economics and Social Work. An array of Scholarly works examining the genesis, growth, empowerment and its impact on their status and livelihood patterns has been brought out.

Mark M. Pitt and Shahidur R.Khandker (1998) in their paper estimate the impact of participation, by gender, in grameen group and other two group-based Micro-based credit programs in Bangladesh on labor supply, schooling, house hold expenditure, and assets. The study reveals that program credit has a larger effect on the behaviour of poor households in Bangladesh when women are the program participants.

Aminur Rahman's (1999) study on Women and Microcredit in Rural Bangladesh, is an anthropological study. The study is on the power dynamics of everyday lives of informants as they affect women borrowers' relationships within the household and the loan centers', and bank worker relationships within the loan centre and the bank. The author concludes by pointing out structural weakness in Grameen Bank (for example the joint liability clause, as well as regular weekly payments that place

unrealistic burdens on poor women clients), and by suggesting that loans alone (which are debt liabilities), without viable opportunities for women to transform the power relations and create their own spaces in the prevailing power structure, make equitable development and the empowerment of women unattainable in the society.

Juliet Hunt and Nalini Kasynathans (2001) paper reflects on the strengths and weaknesses of approaches taken by three NGOs in Bangladesh and one NGO based in Bihar in India. All these NGOs consider the provision of microfinance to women to be a major strategy for empowering women.

Gloria Estape-Dubreuil Torreguitart- Mirada (2010) the paper considers the effects of microfinance in developed countries and specifically the start up of micro-business by women entrepreneurs with limited access to credit, having benefit from a micro credit program to develop their self-employment projects. They found impacts are mostly related to personal and family issues, on account of the limited capacity of the microcredit instrument to better the women's standards of living.

Puhazhendi and Satyasai (2000) studied socio-economic conditions of 560 household members in 223 SHGs located in 11 States. They found that the average value of assets per household (including consumer durables and livestock) increased by 1.72 times in the post-SHG period from the level of Rs.6,843 during the pre-SHG period. Average household saving was a meagre Rs.460 during the pre-SHG period, increased by 214 percent in the post-SHG period. The share of households among the SHGs living below the poverty line (42 percent) decreased to about 22 percent in the post-SHG period. On empowerment, they found that involvement in SHGs had significantly contributed to the self-confidence of the participating women.

#### 8. SOURCES OF CREDIT

There are both formal and informal sources of Credit. The formal sources of credit include i) banks ii) SHGs and iii) VOs. The informal sources include i) money lenders ii) friends and relatives iii) chits and micro-finance institutions.

##### 8.1 SHGs (Internal Lending)

Most of the members utilize the loan amount for food, health, education and life cycle ceremonies. The average loan amount taken by the SHG members through internal lending ranges between Rs 200 – 15,000/-

##### 8.2 SHG-BANK LINKAGE

The average loan amount per SHG received under bank-linkage is as follows

- First Loan – Rs.50,000/-
- Second Loan – Rs. 1,00,000/-
- Third Loan – Rs.1,50,000 – 2,00,000/-
- Fourth Loan – Rs.2,50,000 – 5,00,000/-

#### 9. EXTERNAL SOURCES OF FINANCES

The SHGs mobilize finances from various external agencies such as banks, DRDA/ Women Development Corporation, SC Corporation and other external agencies. The following table shows the amount given to SHGs by different external sources of finances.

**Table: 9.1 External Sources of Finances**

Sl. No	Particulars	a. Grants		b. Funds(loans)	
		No of times	Total amount (in Rs.)	No. of times	Total amount (in Rs.)
1.	APRPRP/VELUGU/IKP	124	13,17,001	447	3,58,63,300
2.	Banks	-	-	4	1,88,000
3.	SC Corporation	-	-	11	15,35,000
4.	DRDA/WDC/Govt.	-	-	5	5,25,000
5.	VO/MS	-	-	182	60,03,494
6.	IBL	-	-	43	29,50,000

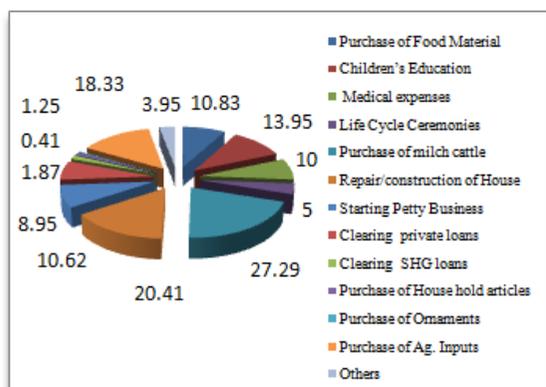
Only 77.5 per cent of SHGs received cumulative grants of Rs.13,17,001/- with an average of Rs.10,620/- from IKP/Velugu.

All the 160 sample SHGs, since inception have borrowed cumulative loan amount of Rs.4,70,64,794 from IKP/Velugu, DRDA, SC Corporation, VO/MS. The data show that of the 99.37 per cent of the sample SHGs have borrowed cumulative amount of Rs.3,58,63,300/- with an average of Rs.2,25,555/- from IKP/Velugu. 2.5% of the SHGs have borrowed cumulative amount of Rs.1, 88,000 with an average of Rs.47,000/- from banks. 6.85 per cent of the SHGs have borrowed cumulative amount of Rs15,35,000/- with an average of Rs.1,39,545/- from SC Corporation. 3.12 per cent of the SHGs have borrowed cumulative amount of Rs.5, 25,000/- with an average of Rs.1,05,000 from DRDA. 70.00 per cent of the SHGs have borrowed cumulative amount of Rs.60,03,954/- with an average of Rs.53,602/- from VO/MS. 26.87 per cent of the SHGs have borrowed cumulative amount of Rs.29, 50,000/- with an average of Rs.68, 604/- from IBL.

**10. DIVERSIFICATION OF LOAN AMOUNT:**

The amount taken as loan was spent on multiple items like food, education, health, housing, ornaments and income generation activities. The following table shows the diversification of loan amount among the SHG members.

**Chart 10.1: Diversification of Loan Amount**



**11. DIVERSIFICATION OF LIVELIHOODS:**

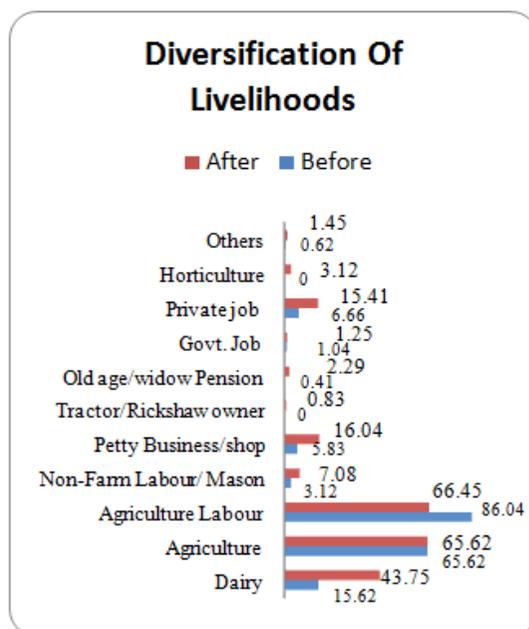
This literature has identified a variety of factors that may explain income diversification such as risk reduction strategies, responses to household shocks, and asset accumulation strategies that originate from movement into nonfarm activities and migration to cities. Most of these factors can be broadly classified into two fundamental causes of household income diversification— one takes household income diversification to be a consequence of push factors while the other views the latter as driven by pull factors. Among the push factors, household income diversification could be due to “risk reduction, response to diminishing factor returns in any given use, such as family labour supply in the presence of land constraints driven by population pressure and fragmented landholdings, reaction to crisis and liquidity constraints, high transaction costs that induce households to self-provision in several goods and services, etc.” (Barrett et al, 2001a, 315-316).

Pull factors could include the “realization of strategic complementarities between activities such as crop-livestock integration” or “local engines of growth such as commercial agriculture or proximity to an urban area (that) create opportunities for income diversification in productivity and expenditure-linkage activities” (ibid, pp. 316). Therefore, one set of causes of household income diversification see the latter as a matter of necessity and survival, where diversification is born out of desperation, and driven primarily by the household’s poverty status (Ellis, 1998). The other set of causes of household income diversification see the latter “as a matter of choice and opportunity, involving proactive household strategies for improving living standards” (Ibid., pp. 7).

The areas selected for the study are mostly dry areas with less rainfall and drought prone hence people working in these areas started diversifying their Livelihoods.

Agriculture has been becoming a difficult task to them because these are dry areas with low rainfall. Rural men and women, especially in poor households engage in diverse and multiple activities to improve their livelihoods by maximizing income generating activities. These activities may include farm, non-farm and other non-agricultural activities, often linked with other activities carried out by rural as well as non-rural households.

**Graph 11.1: Diversification of Livelihoods among the SHG Members**



The data reveal that there are significant changes in the livelihoods after becoming a members of SHGs. Earlier, agriculture and agriculture labour are the major occupations of the population under study. The impact of SHGs and micro-finance are clear in adopting new livelihoods like dairy, non-farm labour, services in private sector, petty business etc.

**12. ASSET CREATION**

The assets created after joining the SHGs is because of increase in their livelihoods patterns. Women’s subordinate position in society is perpetuated and reinforced by her limited access to assets and control over resources. Although the poor in general have limited access to assets and resources, the women have comparatively less control over resources they possess. Women are thus doubly marginalised, by virtue of being women (Batiawala, 1993).

**Table: 9.1 Creation of Assets among the SHG members**

Sl. No	Asset/property	No of Units	Value	F*	% **
1.	Cattle	421	30,05,755	169	35.20
2.	Savings	6	1,27,800	6	1.25
3.	Vehicle	26	8,93,000	26	5.42
4.	Recreation	168	6,58,300	168	35.0
5.	Ornaments	67	5,35,450	67	13.95
6.	HHA	208	2,69,100	208	43.33
7.	Machinery	34	4,59,500	34	7.08
8.	Housing	155	95,57,000	155	32.29
Total		1085	15505905	833	

\* F = Frequency \*\* (N=480)

It is observed from the above table that most of the SHG members have purchased livestock, 43.33 per cent of them purchased household articles, 32.29 constructed houses, 35.0 per cent purchased gadgets for recreation, 13.95 per cent purchased ornaments, 7.1 per cent of them purchased machinery, 5.42 percent purchased vehicles and 1.25 saved money.

### CONCLUSIONS

Before joining the SHGs, the members' access to resources or assets and control on family income was minor and now they have equal control on both. They have created assets with the improvement in their Livelihood activities. With the increase in

access to credit, income generation activities, diversification of livelihoods and levels of income, the members of SHGs are empowered by sharing economic duties and responsibilities in the family, community and the Village. Micro-finance has been effective in increasing incomes and assets, although certainly not in the poorest households. Women tended to spend income, when they controlled it, on household consumption and 'security-related assets' such as homestead land, whereas male borrowers were more likely to invest in further productive activities.

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