

# IMPACT OF SHGs ACTIVITIES ON THE EMPLOYMENT PATTERNS AND POVERTY LEVELS OF RURAL WOMEN

*(A Study in West Godavari District of Andhra Pradesh)*

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## CHAPTER VIII

### SUMMARY AND CONCLUSION

The Self-Help Groups, which are formed to improve the socio-economic status of the women, face a lot of problems while progressing with their field of activities. The self-help groups can bring about positive changes in the life of its members. They are the base organizational unit in the drive to empower women. The power of self-help groups is based upon the fact that the people who are facing problems are likely to be the most committed to solving them. To be precise, the self-help groups are the powerful community based institutions that can enable the community to realize several benefits.

In spite Self Help Groups had achieved reendows progress, it is disclosed that there are variations in the performance from one region to another region. It is reflected in certain independents studies that the SHGs are performing very well in certain areas, while their performance is not satisfactory in some other regions. It is also noticed that there are variations in the problem being faced by SHG women from are region to another region.

There are so many studies that evaluated the impact of Self Help Groups in the empowerment of women. However, there are very little studies that examined the performance of the Self Help Groups and their impact on socio-economic status of rural women in Andhra Pradesh. It is the need of the hour to undertake an independent and in-depth research on different aspects of SHGs in the state of Andhra Pradesh to analyze the performance of the SHGs and their impact. In this backdrop, the present study is an attempt to examine the functioning of SHGs and its impact on the women. This is possible only through a micro-level study by analyzing the problem comprehensively.

#### **8.1. Need and Relevance of the Study:**

The research gaps identified from earlier studies reveal that the development strategies and poverty eradication programmes required an

entirely new way of thinking in which the stereo typing of women and men no longer limits their choices, but given way to a new philosophy that regards all people as an essential agents of change, and that views development as a processing enlarging choices of both not just one. Providing equal rights and equal access to resources and opportunities to women, general equality becomes an essential aspect of human development. Especially women have not been treated on par with men in every aspects of life, though their role is crucial for the sustenance of family as well as of society and also for development of economy as a whole. The gender roles can differentiate the position of women inferior as seen in all the countries. But the degree of subordination very according to the development, on the one hand and the ownership of means of productivity, on the other, the dissemination against women is more pronounced in the third world countries in view of the prevalence of poverty.

Some of the earlier studies on women confined themselves to selected issues connected with the conditions of rural women, employment of rural women, agricultural women workers, rural development programmes for women, anti poverty alleviation programmes for rural women and rural women illiteracy. But these studies could not given either full information regarding the roots of poverty of rural women folk or the strategies, which help to promote the socio-economic conditions of the women . The present study attempts to analyze new approaches to improve the socio-economic conditions of women. Some of the research studies confined themselves to an evolution study of rural development programmes or poverty elimination programmes as a whole. No attempt has been made to study separately about the impact of the SHGs strategies involved in capacity building or promoting socio-economic conditions of rural women in West Godavari district of Andhra Pradesh.

It is clear from the foregoing analysis of various research studies on women empowerment through Self-Help Groups that the SHGs has made significant contribution in the empowerment of women. However, several constraints in this process are reported by some of the studies. Some other

studies suggested the ways for the empowerment of women. Some studies also highlighted the importance of women in rural development. There are limited studies that examined the impact of SHGs across different regions. There is a paucity of studies which examined the performance of the SHGs. The present study focuses on the performance of the Self Help Groups.

The present study made an attempt to examine the impact of SHGs activities influencing the socio-economic conditions of the rural women in West Godavari district. The existing literature on socio-economic conditions of women is biased towards economic rather than social upliftment of women, who are weak in capabilities in the existing rural scenario. Enhancement of Capabilities of rural women is possible only if they are less burdened with child bearing and rearing, better health, less domestic burdens for acquiring water and fuel improving the educational conditions. The research gap is expected to be filled by the present study which attempts to identify the impact of SHGs on socio-economic conditions of rural women households. The present study aims to analyze the empirical analysis relating to the socio-economic empowerment through SHGs with special reference to the determinants of employment and poverty levels in the two selected mandals.

## **8.2. Objectives and Hypothesis of the Study**

Keeping in view of the above issues, the objectives outlined for the present study are:

1. To analyze the women welfare programmes in India with reference to microfinance through Self Help Groups
2. To provide the Socio-Economic profile of the Study Area.
3. To examine the impact of SHG activities on the socio-Demographic conditions of the sample SHG members.

4. To identify the impact of micro finance activities on the employment patterns of the sample SHG members.
5. To assess the impact of micro finance activities on the poverty levels of the selected SHG members
6. To suggest measures to improve the socio-economic conditions of the rural women.

Based on the above objectives of the study the hypothesis formulated is that The Micro-Finance provided through SHGs has positive impact on the socio-demographic conditions as well as employment patterns and poverty levels of rural women households in the West Godavari district of Andhra Pradesh.

### **8.3. Methodology**

In the present study, both primary data and secondary data were used. Pre-tested interview schedule was used to collect primary data. Multi-Stage Stratified Random Sampling Method is used for the study. In the first stage, West Godavari district of Andhra Pradesh is selected for the study because of its relative high performance in the state regarding the functioning of SHGs. In the second stage, two mandals are selected randomly from the West Godavari district. In the third stage, six villages are selected from each of the selected mandals. Thus a sample of 12 villages is selected for the purpose of the study. From each Village, 30 women SHG members covering all social groups, say, Scheduled Castes, Scheduled Tribes, Other Backward Classes (OBC) and others, are selected randomly. Therefore, the sample size of the study is 360.

The secondary data was collected from the reports of the Planning Commission, Registrar General and Census Commissioner of India (RGI), National Sample Survey Organization (NSSO), reports of the NABARD, Socio-economic Survey Reports of the Central and State Governments, Reports of the Ministry of Statistics and Programme Implementation,

Government of India, other government reports, journals, articles from news papers, working papers, articles, books, internet, etc. The secondary data is also obtained from the records of IKP, Annual Reports and Action Plans of DRDA offices, district hand book of statistics of different years published by the Chief Planning Officer, MRO and MDO offices

After collecting data, it was entered into SPSS (Statistical Package for Social Sciences) Software. Descriptive statistical methods were applied to analyze the data. The frequencies and percentages were calculated to interpret findings. Substantial part of the thesis is based on tabular analysis. Cross tables are drawn to analyze the data. The determinants of the employment patterns and poverty levels are analyzed with the help of Multiple Regression models.

#### **8.4. Organization of the Study:**

The study is presented in eight Chapters. Chapter I is devoted to provide the introductory aspects relating to research problem, objectives and the methodology adopted in the study. A brief review of earlier related studies are presented in Chapter II. An analysis relating to implementation of various women welfare programmes in India with reference to micro finance through SHGs are presented in the third chapter. The fourth Chapter discusses the socio-economic profile of the study area. The analysis relating to the impact of SHG activities on the demographic and social conditions of the sample SHG members are presented in the fifth chapter. Chapter VI provides the analysis relating to the impact of participation in SHGs activities on employment patterns of sample SHG members. The analysis relating to the impact of SHGs activities on the poverty levels of sample SHG members are presented in Chapter VII. The Summary, conclusions and emerging suggestions from the study are presented in the last Chapter.

## **8.5. Major Findings of the Study:**

### **8.5.1. Overview of the Women Development Programmes:**

The significance of role of the women in development had been recognized by the Government of India right from the first five year plan. However, women in these earlier plans were considered as subjects of 'welfare' and category of disadvantaged groups such as destitute, disabled, aged etc. As a category women had been gained special importance since the sixth five year plan. It is noteworthy that seventh and eighth five year plan have emphasized on 'development' and 'empowerment' respectively. With the passage of time, 11<sup>th</sup> and 12<sup>th</sup> five year plan have focused on inclusive growth.

The various development strategies, schemes and programmes which were implemented during different plan periods with huge outlays for the all round development of women produced substantial results which improved their socio-economic conditions to a largest extent. Particularly, the women welfare, the women welfare interventions have brought about radical transformation in the conditions of women. Needless to point out that the women specific development interventions over the last six and half decades have created enabling atmosphere which sensitized the women about their rights and responsibilities and also increased awareness about their inherent potential capabilities.

Consequently the participation of women in the development process has increased and now they are playing a role equal to the men in indifferent spheres of national life. In particular, the political empowerment of women consequent of the 73<sup>rd</sup> and 74<sup>th</sup> Constitutional Amendment Acts along with the social and economic empowerment resulted from the Self-Help Groups and other innovative strategies have greater impact on the economic position and psychological outlook of women. Formation of Self-Help Groups has emerged as a tool to development of rural women especially. Most of the earlier studies reveal that the SHG Bank Linkage Program of financing the poor and outreach

has apart from providing access to formal banking system, resulted in visible socio-economic empowerment of the poor particularly women.

#### **8.5.2. Socio-Economic Profile of the Study Area:**

The District is situated in tropical region between 16° – 15'-17° - 30'-00" Northern latitude and 80° - 55' – 00" to 81° - 55' - 00" Eastern Longitude. It can be divided into three natural regions viz., Delta Upland and Agency areas. there are 881 villages in 2011 Census out of which (39 un-inhabited & 842 habited), 46 Mandals (rural), four revenue divisions, 13 Towns (8 statutory [1 Municipal corporation & 7 Municipalities] and 5 New C.T's) and five U.A's.

The District occupies an area of 7,742 sq.kms with a density of 509 per sq.km. It accounts 2.81 per cent of the total area of the state. As per 2011 census, the total population of the District is 39.37 lakhs. It accounts for 7.97 per cent of the total population of the state. The female population of the District is 19.72 lakhs and this form 50.09 per cent of the District and 8.00 per cent of the State female population.

According to 2011 census, rural population of the District is 31.28 lakhs and it constitutes 79.45 per cent of the District population and 8.89 per cent to that of state rural population. Similarly, the urban population of the District spread over in 13 towns which is 8.09 lakhs forming 20.55 per cent of the district population and 5.54 per cent of the state urban population. There are 26.52 Lakhs literates forming 74.63 per cent of the total population of the District among them Male literates constitute 77.92 per cent while female literates forming 71.36 per cent.

The rainfall of the West Godavari District is 1065.09 mm during the period 2013-14. The south – west monsoon contributes about 51.82 per cent and the Noeth- east monsoon contributes about 37.53 per cent. The normal annual rainfall of the West Godavari District is higher than the state average. The net area cultivated forms about 61.36 per cent of the total geographical area of the district. Out of the net area shown, a large portion of the area is irrigated by the

net work of irrigation canals. The irrigation system of the River Godavari, irrigates all the mandals in Delta region, whereas Pendyala, Gutula, Vegeswarapuram pumping scheme irrigates some parts of Kovvur, Nidadavole, Tallapudi, Polavaram, Gopalapuram Mandals. The soils in the District are made up of Alluvial Black Reger and Red Ferruginous besides a small belt of arenaceous sandy soils along costal belt.

The area of Chintalapudi mandal is quite larger than Pedavegi mandal. The area of Chintalapudi mandal is recorded very high of 344 square kilometers and Pedavegi mandal is only 180 square kilometers. The households are higher in case of Chintalapudi mandal i.e., 24,992 and in case of Pedavegi mandal the households are recorded lower in number ie., 23,686. the population in Chintalapudi mandal is quite higher (91372) than that of other mandal. The density of population in the Pedavegi mandal is higher (494). In the Pedavegi mandal sex ratio is low (967) compared to Chintalapudi mandal. As the Pedavegi mandal area is near to urban area the literacy rates are recorded very high. The overall literacy is recorded as 70.35, the male literacy is 73.27 and female literacy is 67.34 percent.

In the Chintalapudi mandal, total 157 sources of irrigation facilities. In this mandal Regd. Ayacut is 6895 hectares and actual irrigated area is 5295 is high compared to Pedavegi mandal.

In the Chintalapudi mandal 5 nationalized banks 1 co-operative bank and 3 nationalized banks and 1 rural bank in Pedavegi mandal. Average bank population in low in Chintalapudi mandal 14154 persons per bank. the number of SHGs are recorded very high (1410) in case of Chintalapudi mandal and it is able to get highest bank linkage of Rs 3012.48 lakhs. Similarly, the Pedavegi mandal is 420 SHGs and 901.19 lakhs bank linkages. there are 16 Vanasamrakshana Samithies, 18 water user associations 53 rythumithra groups and 93 gopalamithra groups in Chintalapudi mandal.

### **8.5.3. Impact of SHG Activities on the Demographic and Social Conditions of the Selected SHG members:**

The foregoing analysis reveal that the impacts of SHG programme through micro credit is quite significant on demographic and social conditions like, literacy and health status of the selected SHG members and their family members. The following are some of the major conclusions of the impact on their demographic and social indicators. On the front of demographic analysis of selected SHG member households the findings relating to composition of the selected households shows that, In fact in the age group of 25 to 45 years, the individual capabilities are in full vigor and their performance is efficient. Members in the age group of 35 to 45 are also in large numbers. The percentage of the members above 55 years of age is very minimal, while that of those below 25 years of age is negligible. The large concentration of SHG members in age group of 25 to 45 years helps them to have clear understanding of different social, economic, family welfare issues concerning all the members.

The classification also shows that more family members are in the age group of 35-45 years. On the total we can say that 52.96 per cent of heads of the SHG members are in the effective age-group 25-55. The average household family size is highly recorded. In case of the selected SHG members from the Chintalapudi mandal (5.05). The family size of the SHG members selected from the Pedavegi mandal is 4.73. The average family size of all SHG members is 4.89. In the case of SHG members of Pedavegi mandal around 40 per cent of the family members are in the effective work force.

Nearly 59.50 per cent of the families have more than 5 members. The size of the family is relatively smaller in case of selected households of Pedavegi mandal. The families with 7 persons and more are recorded in cases of selected SHG members of Chintalapudi mandal.

It is observed that the calorie intake of food is recorded very high among the selected SHG members of Pedavegi mandal 5368. On the other hand the

calorie intake of selected SHG members of Chintalapudi mandal 46.34 percent recorded relatively lower extent of calorie intake. The sample SHG members are probed regarding discussion on health related issues. Majority of the members reported that they discuss family welfare issues in their group meetings.

In Pedavegi mandal 88.5 per cent of eligible children of SHG members are vaccinated. While in Chintalapudi mandal the figure is estimated at 84.3 per cent. Sample members opinioned that SHG formation to a very great extent helped them to get aware of the necessity of immunization of children and they are now taking keen interest to vaccinate children their families. Out of the total selected sample SHG members, 15.59 percent of selected sample SHG members know of pulse polio programme, 8.44 percent know of BCG and 8.74 percent know of measles vaccine. It is interesting to know that out of the total selected sample SHG members, 15.09 percent now the knowledge about all immunization programmes among the SHG members of Pedavegi and Chintalapudi mandals.

The SHG members of Pedavegi mandal, 35.75 percent are suffering from reproductive tract disorders followed by menstrual disorder 8.11 percent and infections following tubectomy 6.34 percent. Similarly, among the SHG members of Chintalapudi mandal, 29.27 percent of are suffering from menstrual disorder followed by reproductive tract disorders 14.96 percent: infections following tubectomy 10.90 percent and urinary tract infections 6.41 percent. The proportion of selected sample SHG members suffering in terms of reproductive health problems is more among the SHG members of Chintalapudi mandal than the SHG members of Pedavegi mandal. The proportion of suffering from reproductive health problems is relatively higher among the members of Chintalapudi mandal than the SHG members of Pedavegi mandal (70.73 percent and 35.75 percent respectively).

Among the total selected sample SHG members, 67.75 percent of the sample SHG members the deliveries occurred in hospitals, while 32.25 percent

of sample SHG members reported that they do not have hospital deliveries. Among these SHG members of Self-Help Groups of Pedavegi mandal, 71 percent reported that they have deliveries occurred in hospitals, where as 64.50 percent of the sample SHG members do not have hospital deliveries (35.50). Out of the selected sample SHG members, 92.75 percent of the SHG members are aware of female sterilization, 5.25 percent of SHG members are aware of male sterilization, and 1.00 and 0.75 percent of SHG members are aware of condom, oral pills and IUP copper-T loop. An attitudinal survey is conducted on availability of crèche and mobile crèche facilities of the selected sample SHG members. Except 2.50 percent of the selected sample SHG members out of the total selected sample SHG members, do not have crèche facilities. Because the non-availability of crèche facilities, and mobile crèche facilities give an explanation of their own arrangements with their relatives or old age persons or siblings to take the child care.

The source of treatment may be public health, private health and through Multi-Purpose Health Worker (MPHW). Out of the total selected sample SHG members, 35.50 percent of the selected sample SHG members have treatment by public hospitals, 20.50 percent of the selected sample SHG members multipurpose health treatment, while 37.50 percent of the selected sample SHG members do not have access to any one of the above treatments. Among the total SHGs members, members from Pedavegi mandal, 39.50 percent of them have treatment by public hospitals, 25.50 percent have multipurpose health worker and 9.00 percent have treatment by private hospitals.

The total selected sample SHG members, 31 percent of member is suffering from acute anemia and fevers. They followed by diarrhea 9.92 percent, aches and pains 5.78 percent of members are suffering from aches and pains 15.18 percent are from acute anemia and 14.72 percent are suffering from fevers, 3.78 percent from eye infections and 1.74 percent from oral infections. On the whole, the proportion of suffering from general disease is much lower in case of the members from the Pedavegi mandal than the members of

Chintalapudi mandal (44.71 percent and 68.61 percent, respectively). Because the SHG members of Pedavegi mandal are discussing health care aspect very carefully and it throws light to solve their problems.

A large majority of people utilize traditional medicines in both Pedavegi and Chintalapudi mandals by the SHG members (34 and 41.50 percent, respectively). Among the SHG members of Pedavegi mandal 23 percent SHG members utilize home medicines and 13 percent allopathic medicines. Among the SHGs members of Chintalapudi mandal 6.50 percent of them utilize allopathic medicines and 19.50 percent utilize home medicines. The proportion of the SHGs members of Pedavegi mandal using traditional medicines is relatively higher (34.00 percent) and using home medicines is relatively lower (23.00 percent) than that of the members of Chintalapudi mandal (41.50 percent and 19.50 percent, respectively).

Only 16.00 per cent SHG members are completed primary education, 11.25 per cent completed secondary education, 5.50 per cent completed higher education, and 67.25 per cent are illiterates. The literacy level of the selected SHGs partially reflects the literacy status of the sample. total family members only 35.63 per cent are literates. The adult literacy rates are very low and it is 38.02 per cent in case of male and only 7.03 per cent in case of women. However the children literacy rates are very encouraging in the study areas. Out of the total male children 60 per cent are literates; it is very interesting to note that in the total female children 57 per cent are literates. The difference between the adult female literacy and female children literacy levels indicate the changing position in the tribal areas.

Only few selected sample SHG members (15.00 percent) have attended adult literacy programmes, while 66.25 percent of selected sample SHG members have not attended any literacy programmes, 14.50 percent of selected sample SHG members have attended Akshara Sankranthi, 4.25 percent have attended night schools. It is important to note that 75.00 percent of the SHGs

members of Chintalapudi mandal are not attended any one of the literacy training programmes.

The total Selected sample SHG members 27.50 percent of them reported the reasons for dropout of children as work for money, 10.50 percent reported that poor status are one of the reasons and 8.25 percent reported about their lack of interest. Among the selected SHG members from Pedavegi, 53.50 percent did not report any reason for dropouts of their children, while 32.50 percent of the SHG members selected from Chintalapudi mandal reported that their children work for money and 12.00 percent as poor status. Out of the total sample SHG members, 34.25 percent of them reported that the reasons for girl child dropout, is poverty, followed by to child labor (16.50 percent) and social taboos (9.50 percent). Among the SHG members of Pedavegi, 29 percent reported poverty as the reason for the girl child dropout.

The reasons for child labour are economic purpose, followed by it is a must for their survival (23.50 percent). It is interesting to note that the reasons for child labour given by the sample SHG members selected from Chintalapudi mandal, economic purpose (41.50 percent) and it is a must for their survival (32.00 percent), while there are no proper reasons expressed by the SHGs members selected from the Pedavegi mandal. It gives an inference that there is very limited extent of child labour in Pedavegi mandal.

#### **8.5.4 Impact of SHG Activities on the Employment Patterns of Selected SHG members:**

Impact of microfinance programme on the employment conditions of the selected SHG members shows that in the villages of Pedavegi mandal more number of programmes are organized and SHG households are engaged in income generating activities when compared to the villages selected from the Chintalapudi Mandals . The SHG members of Pedavegi have also started non-traditional income generating activities. The study shows that SHG households of mature groups are better-off in terms of their employment and income as

compared to the young group members. The Regression analysis relating to the employment patterns of the selected SHG members also shows that the group maturity is significantly contributing in increasing the employment and reducing poverty.

A perusal of the study provides that microfinance programme has helped SHG households to increase their level of employment. It is found that before joining the microfinance programme 48.06 per cent of the total SHG households were employed and 51.94 per cent were unemployed. But microfinance programme changed this scenario. The SHG households started utilizing the loan to adopt economic activities. As a result, 81.11 per cent of the SHG households are employed in post-SHG situation. Hence, 31 per cent of the members who were unemployed in pre-SHG situation gained employment. In order to measure the impact of programme, SHG households are also compared with both mandal. The employment status of Pedavegi mandal in pre-SHG period 53.89 % to 84.44 % changed in post-SHG period. The table shows that 77.78 per cent of the Chintalapudi SHG households are employed and 22.22 per cent are unemployed.

The nature of economic activities undertaken by microfinance SHG members. A perusal of the table provides that rearing of milch animals is a popular activity among the sample households. 22.22 per cent of the SHG households and 13.87 per cent of the Chintalapudi SHG households are engaged in rearing milch animals and they generate income by selling milk. 12.22 per cent of the SHG households are doing stitching and embroidery work. Some of the SHG households are involved in stitching of the school bags, travelling bags, bed covers, etc. 27 per cent of the SHG households are engaged in manufacturing and small business activities like petty shops, dairy, garland making, rope making, surf making, running STD/PCOs etc. as compared to 13 per cent by Chintalapudi SHG households. This shows that microfinance SHG members are attracted towards these non-traditional

activities due to some skill training and motivation provided to them under this scheme.

It is also found that only 6 per cent Pedavegi SHG households are engaged in domestic-aid as compared to 12 per cent of Chintalapudi SHG households. The job of a domestic servant gets scant respect in the society and members with the availability of micro-loans want to get rid of it. With the help of loans they have started micro-enterprises of their own. This has given them economic independence. However, 20 per cent of the Pedavegi SHG households and 34.44 per cent of the Chintalapudi SHG households are not involved in any sort of economic activity.

The number of SHG households imparted occupational training under the microfinance programme. Just 30.00 per cent of the total SHG households are provided training. The remaining 70.00 per cent of the total SHG households are untrained. mandal-wise, it is found that 32.44 per cent members from Pedavegi, 25.56 per cent members from Chintalapudi SHG households are provided training to start income generating activities.

A perusal of the study shows that 62 and 46 per cent of the trained SHG households from Pedavegi and Chintalapudi mandal are employed as compared to 56 and 40 per cent of the untrained members respectively. The table also reveals that only 9 per cent of the trained SHG households are unemployed as compared to 23 per cent of the untrained SHG households. It shows that skill development training plays a positive role in employment generation.

the trained total SHG households get employment for 216 days as compared to 145 days in the case of untrained members. Thus, microfinance programme creates 71 days of additional employment for trained total SHG households. The mandal-wise data exhibits that the trained SHG households of microfinance programme in Pedavegi and Chintalapudi mandals are employed for 234 and 197 days per annum respectively. Similarly, the untrained microfinance programme SHG households of these mandals are employed for 145 and 144 days respectively.

The employment status shows that there has been 89.74 per cent increase in the number of SHG households employed in post-SHG over the pre-SHG situation in the young groups. However, in the middle-age and mature groups this addition is 72.22 and 26.39 per cent respectively. The reason for this less increase is due to the fact that in these groups large number of SHG households were employed in their pre-SHG, i.e., 38 out of 144 (51 per cent) in middle-age groups and 34 out of 93 (76 per cent) in the mature groups as compared to 22 out of 123 (31 per cent) in the young groups. So, there was a limited scope for addition in the number of SHG households to be employed in middle-age and mature groups. It is found that 52 per cent of the SHG households in the young groups, 58 per cent in the middle-age groups and 79 per cent of the SHG households in mature groups are employed in post-SHG. The mandal-wise details show that in Pedavegi mandal 57, 52 and 53 per cent of the members of young, middle-age and mature groups are employed respectively. In Chintalapudi mandal, 46, 64 and 91 per cent of the members from young, middle-age and mature groups are employed respectively.

A perusal of the study provides that 82.78 per cent of the total SHG households are employed and 17.22 per cent are unemployed. Out of 82.78 per cent of the employed total SHG households 30.28 per cent are newly employed, 31.11 per cent of the SHG households have expanded their business and the remaining 21.39 per cent of the SHG households have failed to expand their business even after receiving loans.

The employment status of different types of programme beneficiaries shows that 86.11 per cent SHG households of Pedavegi mandal are employed in post-SHG. Out of these, 38.33 per cent of the SHG households are newly employed after joining the microfinance programme. 19.44 per cent of the employed SHG households are those who are also employed in their pre-SHG situation and expanded/diversified their previous existing business by utilizing the group loans. 28.33 per cent of the SHG households have failed to expand their previous business. Out of 79.44 per cent of the employed SHG

households belonging to Chintalapudi mandal 22.22 per cent of the SHG households are newly employed, 42.78 per cent have expanded their business, and 14.44 per cent have not expanded their business in the post-SHG situation.

The average income of the total SHG households who have expanded their business is Rs. 3,391 per month in post- SHG situation as compared to Rs. 1,518 in pre-SHG situation. Hence, the addition in their income is Rs. 1,873 per month. The average income of SHG households who are newly employed as a result of microfinance programme is Rs. 1,540 per month.

The average income of the SHG households of Pedavegi mandal who have expanded their business with the help of group loans is Rs. 3,649 per month in the post-SHG situation as compared to Rs. 1,695 per month before joining the SHG. The addition in their income is Rs. 1,954 per month. The income of the SHG households who are newly employed after joining SHG is Rs. 1,583 per month. The income of the SHG households who have not expanded their business is Rs. 1,467 per month both in pre and post-SHG situation. The average income of SHG households of Chintalapudi mandal who have expanded their business is Rs. 3,132 per month in post-SHG situation as compared to Rs. 1,341 in pre-SHG situation.

In other words, it may be interpreted that well-established SHG households have more benefits of microfinance than those who are new entrants in any economic activity. Family income of the SHG households is also positively related to the level of employment. The value of this coefficient is positive and significant which shows that the sound financial position of the family contributes to increase the level of employment. The coefficient of determination ( $R^2$ ) shows the goodness of fit. It represents the proportion of variance in the dependent variable explained by the linear combination of the independent variables in the model. The magnitude of  $R^2$  is 0.647 in Overall, which shows that the regression equation explains about 65 per cent of the variation.

### **8.5.5 Impact of SHG Activities on the Poverty levels of Selected SHG members:**

This chapter studies the impact of microfinance programme on poverty levels of the selected SHG members. The average income of the SHG households is Rs. 2145 per month in post-SHG as compared to only Rs. 928 per month in pre-SHG situation, i.e., 2.5 times increases in income in post-SHG over the pre-SHG situation. This increase in income is found to be 140 per cent and 122 per cent per month for the members of Pedavegi and Chintalapudi mandals respectively. It is evident from the table that the increase in income is the highest in mandal Pedavegi. A paired sample t-test is used to measure the significance of difference between the mean incomes of the members. The test shows that the difference between the mean incomes of the members of the programme in the pre- and post-SHG situation is significantly different at one per cent level in two mandals.

The average increase in income in post-SHG as compared to pre-SHG is found to be the highest SHG households in mature group followed by middle age and young group SHG households. The addition in income over the pre-SHG situation for the young, middle age and mature group SHG households is Rs. 716, 1417 and 1978 per month for Pedavegi mandal; Rs. 501, 848 and 1847 for Chintalapudi mandal SHG households respectively. the average addition in income of young group SHG households total due to programme participation is Rs. 609 per month. For the middle age group SHG households the addition in income is found to be Rs. 1133 per month, and for the mature group SHG households it is Rs. 1913 per month. Thus, it is found that as the group gets older, the addition in income grows.

Majority of the Pedavegi SHG households, i.e., 31.11 per cent belong to the income group of Rs. 4,000-6,000 per month, whereas majority of the Chintalapudi SHG households, i.e., 38.33 per cent appear in the income group of Rs. 2,000-4,000 per month. Only 4.4 per cent of the Pedavegi SHG households and 12.22 per cent of the Chintalapudi SHG households have

household income below Rs. 2,000 per month. It has also been observed that 34 per cent of the Pedavegi SHG households have income above Rs. 6,000 per month as compared to 26 per cent of the Chintalapudi SHG households. Thus, the household income level of the Pedavegi SHG households members is higher than that of the Chintalapudi SHG households.

The distribution of income and values of Gini coefficient of the Pedavegi mandal SHG households in their pre- and post-SHG situation. The bottom 10 per cent (1<sup>st</sup> decile) of the SHG households share 2.93 and 2.89 per cent of the total income in the pre- and post-SHG situation, respectively. The 2<sup>nd</sup> decile of the SHG households share 4.44 and 4.85 per cent of the total income in the pre- and post-SHG situation respectively. But the top 10 per cent (last decile) of the SHG households share 31.42 and 30.11 per cent of the total income of the SHG households in pre- and post-SHG respectively. The table also represents the calculated values of Gini coefficient, which are 0.3704 and 0.3511 for the SHG households in their pre- and post- SHG situation respectively.

The distribution of income and values of Gini coefficient of the Chintalapudi mandal SHG households in their pre- and post-SHG situation. the bottom 10 per cent of the SHG households share 2.45 and 2.85 per cent of the total income in the pre- and post-SHG situation respectively. The share of top 10 per cent of the SHG households is 28.25 and 28.50 per cent of the total income of the SHG households in pre- and post-SHG respectively. The table represents the calculated values of Gini coefficient also. The value of Gini coefficient for the SHG households in their pre-SHG situation was 0.4017. This value reduced to 0.3848 after getting the benefits of microfinance programme. This reduction in value of Gini coefficient represents that microfinance has reduced the inequality in income distribution.

The values of Gini coefficient show that the distribution of household income among the Chintalapudi SHG households is more unequal as compared to the Pedavegi SHG households. The reduction in value of Gini coefficient in

post-SHG situation indicates that the programme participation has led to reduction in the inequality in income distribution. In this way, it can be concluded that microfinance programme contributes not only in raising the level of income of the Pedavegi SHG households, but also helps in bridging the gap in income distribution. In sum, it can be said that there are inequalities in income distribution among Pedavegi SHG households and Chintalapudi SHG households.

The major reasons of the economic crisis are illness, marriage of daughter, repair of house etc. 38.82 per cent of the Pedavegi SHG households and 23.33 per cent of the Chintalapudi SHG households have borrowed money for the medical treatment of their own or other members of the family who face health related serious problems. 29.41 per cent each of the Pedavegi SHG households and 30.00 per cent Chintalapudi SHG households borrowed money to perform marriage of their daughter. 17.65 per cent of the Pedavegi SHG households and 20.00 per cent of the Chintalapudi SHG households borrowed money for the urgently required repair and renovation of their house. 12.22 per cent of the Chintalapudi SHG households borrowed money for routine household needs, while none of the Pedavegi SHG households borrowed money for this purpose. 4.71 per cent of the Pedavegi SHG households and 7.78 per cent of the Chintalapudi SHG households faced economic crisis due to the death of an earning family member. 3.53 per cent of the Pedavegi SHG households faced business failure and 2 per cent of both the Pedavegi SHG households and Chintalapudi SHG households faced such crisis due to loss of property. More than 50 per cent of the Chintalapudi SHG households and only 27 per cent of the Pedavegi SHG households borrow from money-lenders at exorbitant rates of interest ranging from 36 to 120 per cent per annum.

The sample study shows that number of BPL families provided with microfinance in the study area is just 18 and 27 per cent in Pedavegi and Chintalapudi mandal, respectively. Since this programme is target driven, therefore, implementing agencies of the government are including general poor

people also. Moreover, it is not mandatory to include only BPL families in the programme.

The pre- and post-SHG analysis of SHG members shows that 23 per cent of the SHG households were BPL in Overall before joining the microfinance programme but after getting the benefits of the scheme their financial position improved and the number of BPL households was reduced to 12 per cent. So, on an average there is 46 per cent reduction in the number of BPL households. After joining their programme, 44 per cent and 47 percent of the BPL participant households from Pedavegi SHG households and Chintalapudi SHG households' mandals crossed the poverty line respectively.

The impact of microfinance programme on the level of income of SHG households in pre- and post-SHG situation. It is found that ten per cent BPL households in Pedavegi mandal, eleven per cent in Chintalapudi mandal SHG households and ten per cent of the total households surveyed in Overall remained BPL even after getting the benefits of the microfinance programme. It is also found that these BPL families were relatively poorer at the time of joining the programme and their household incomes were just Rs. 1,822, 1,563 and Rs. 1,693 per month for Pedavegi, Chintalapudi and Overall in their pre-SHG situation respectively. These people who were extremely poor could not cross the poverty line.

Large number of the SHG members was APL at the time of joining the programme. The percentage of these APL SHG households is 82 and 78 in Pedavegi and Chintalapudi mandals with the monthly income of Rs. 6,383 and Rs. 6,517 in pre-SHG respectively. However, after joining the microfinance programme there was an increase in their income of 15 and 19 per cent respectively. Thus, in Overall the average number of APL participant households is 80.30 per cent. The monthly income of these APL SHG households is Rs. 6,450 which increased by 17 per cent to reach at Rs. 7,519 after getting the benefits of microfinance programme.

The value of poverty gap is Rs. 9,900 for the SHG households in post-SHG as compared to Rs. 18,050 before joining the microfinance programme.

This shows that microfinance programme has resulted in reducing the depth of poverty among the SHG households. Among the SHG households, the value of poverty gap was 0.039 in their pre-SHG situation as compared to 0.020 in the post-SHG situation. Therefore, the microfinance programme SHG households led to the reduction in the value of poverty gap index. The difference in the values of poverty gap index in pre- and post-SHG situation is 0.018 and 0.019 for the members of Pedavegi and Chintalapudi mandals respectively.

The difference in the values of poverty severity among SHG households in their pre- and post-SHG situation is 0.002 and 0.017 for the SHG households of Pedavegi and Chintalapudi mandals respectively. The table also shows that the problem of poverty is more severe among the Chintalapudi SHG households. Thus, the sum of scores of these 10 indicators ranges between 0-40. The Pedavegi and Chintalapudi SHG households who scored between 0-10 are classified as extreme poor. Similarly, the scores between 11-20, 21-30 and 31-40 are classified as moderate poor, threshold non-poor and non-poor respectively. A negligible percentage of both Pedavegi and Chintalapudi SHG households is in the extreme poor category. Thirty-two per cent of the Pedavegi and 45 per cent of the Chintalapudi SHG households are moderate poor and 47 percent of the Pedavegi and 42 per cent of the Chintalapudi SHG households are threshold non-poor. 20 per cent of the Pedavegi and 12 per cent of the Chintalapudi SHG households are non-poor.

The coefficient of household members is negatively related with the value of poverty index. This explains that higher number of family members reduce the score of poverty index, which indicated a greater incidence of poverty. The levels of education and household income are very significantly influencing the poverty level of the SHG households. This shows that higher level of education leads to lower level of poverty, and the SHG households with higher level of household income can afford better living standards. The coefficient of determination ( $R^2$ ) shows the goodness of fit. It represents the proportion of variance in the dependent variable explained by the linear combination of the independent variables in the model. The magnitude of  $R^2$  is

0.628 for Overall, which shows that the regression equation explains about 63 per cent of the total variations.

### **8.6 Major Conclusion:**

The major findings emerged from this study ultimately confirms the hypothesis formulated that the Micro-Finance provided through SHGs has positive impact on the socio-demographic conditions as well as employment patterns and poverty levels of rural women households in the West Godavari district of Andhra Pradesh. The empirical analysis undertaken about the determinants of employment patterns and poverty levels analyzed that these determinants are essential for the socio-economic empowerment of the poor women in the rural areas of the West Godavari district of Andhra Pradesh.

### **8.7 Policy Suggestions:**

On the basis of the major findings of the study, the following policy suggestions can be drawn:

- SHG programme is meant to reach the poor people, who actually are considered non-bankable by the formal institutions due to their irregular income and lack of collateral. There should be clear framework of guidelines to include households from Below Poverty Line at the time of forming SHGs. There is need to eliminate the reasons which hinder the inclusion of bottom poor in the SHG Programme.
- Poor people are more vulnerable to financial exigencies like sudden death of an earning member, sudden health and other problems. So a provision of insurance under the micro finance programme is quite essential to help the poor to cross the poverty line.
- The innovative forms of financing is imperative to supplement credit strategies for meeting the needs of the poor by combining the flexibility, sensitivity and responsiveness of the informal credit system with the technical and administrative capabilities financial resources of formal financial institutions and also to built material trust and confidence between bankers and the rural poor and to encourage banking in a

segment of population that formal financial institutions usually find difficult to reach.

- In order to encourage more women towards SHG activities, the subsidy amount should be increased and the same time the subsidy should linked to the promptness of the repayment. The state government should give necessary instructions to the developmental agencies to co-operate with the financial institutions in conducting recovery drives.
- The study indicates that occupational training contributes positively to the employment and income generation. But there are limited efforts made to provide such training to the SHG members. Therefore there is need to make occupational training an integral part of micro finance programme.
- The present study points out that the SHG members could not able to start nontraditional profitable activities due to lack of product marketing facilities. In the interaction more number of SHG members stated that they can start such profitable activities if they are provided some surety for the sale of their products. Hence it can be stated that the provision of product marketing facilities may boost the productivity of micro-loans, which may further enhance the impact of SHG activities.
- The study reveals that loans used for productive purposes directly influence the level of income and employment conditions of the SHG members. Therefore SHG members has to be motivated to utilize the group loans for productive purposes only. Some supervision on the loan utilization pattern of the programme participants may also be introduced. This will make the impact of SHG activities more effective.
- The study also explains that the maturity of the SHGs is quite significantly contributing to the reduction of poverty, generating employment and income levels of the members. The members of the matured SHG s are able to get more yields when compared to young SHGs members . Therefore, keeping the long term objectives in mind, efforts should be made for stabilization and sustainability of the group

members. There are number of groups which more than six years of experience. The government departments and banks should encourage them and sensitize to increase the scale of those SHGs activities.

- The study suggests that, banks and IKP functionaries at the field level need to synergize their efforts that will strengthen the SHG program and the branch officials should make effective use of tools. A portion of the income generated out of the SHGs activities should be used for the further development of the income generating activities.