MICROFINANCE AS A TOOL TO EMPOWER WOMEN AND ALLEVIATE POVERTY

(A Study of Selected Mandals in Guntur District, A.P.)

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7.1 INTRODUCTION

According to a new UN Millennium Development Goals Report, as many as 320 million people in India and China are expected to come out of extreme poverty in the next four years, while India's poverty rate is projected to drop to 22 per cent in 2015. The report also indicates that in Southern Asia, however, only India, where the poverty rate is projected to fall from 51 per cent in 1990 to about 22 per cent in 2015, is on track to cut poverty in half by the 2015 target date.

There has been no uniform measure of poverty in India. The Planning Commission of India has accepted the Tendulkar Committee report which says that 37 per cent of people in India live below the poverty line (BPL). The Arjun Sengupta Report (from National Commission for Enterprises in the Unorganised Sector) states that 77 per cent of Indians live on less than ₹20 a day (about $0.50 per day). The N.C. Saxena Committee report states that 50 per cent of Indians live below the poverty line.

Since the 1950s, the Indian government and non-governmental organizations have initiated several programs to alleviate poverty, including subsidizing food and other necessities, increased access to loans, improving agricultural techniques and price supports, and promoting education and family planning. These measures have helped eliminate famines, cut absolute poverty levels by more than half, and reduced illiteracy and malnutrition.

Poverty alleviation or poverty reduction is a process which seeks to reduce the level of poverty in a community, or amongst a group of people or countries. Poverty reduction programs may be aimed at economic or non-economic poverty. Some of the popular methods used are education, economic development, and

income redistribution. Poverty reduction efforts may also be aimed at removing social and legal barriers to income growth among the poor.

The Andhra Pradesh District Poverty Initiatives Project (APDPIP), popularly known as VELUGU (meaning light) is a Rs. 600 crore World Bank supported 5-year poverty elimination project. In keeping with the development commitment, and as boldly envisaged in the vision 2020 document, the Government of Andhra Pradesh (GOAP) has initiated the 'Rural Poverty Elimination Programme' under the project 'VELUGU'. The project planning and implementation takes into consideration the opportunity, empowerment and security framework for poverty alleviation of the World Bank. Through grassroot level organisations called Self help Groups (SHGs) the Velugu project has been implemented to achieve the above said objectives.

Andhra Pradesh has a long history of women's SHGs. The District Poverty Initiatives Project (DPIP) explicitly aims at utilizing the existing SHG base, rather than starting up completely a new and building on it in a number of ways. The formation of self-help groups (SHGs) and their federations at the village and mandal levels meant for generating micro processes to influence the institutions, formal and informal, and policies for improving the livelihoods of the poor, is central to DPIP. This project aims at enhancing assets, capabilities and the ability of the poor to deal with shocks and risks. It recognizes that the livelihood strategies and income levels of the poor are inadequate not only due to lack of financial capital but also due to low/lack of physical and human capabilities. It assumes that empowerment of poor women should come prior to the access to financial capital for the better utilization of existing resources and expanding the resource base.

Empowerment is the process of enabling or authorising an individual to think, behave, and take action and scheming in a self-governing way.

Empowerment in its broadest sense considered as the “expansion of freedom of choice and action” (Narayan, 2002). United Nations defines empowerment as the processes by which women take control and ownership of their lives through expansion of their choices (UNDP, 2001).

Women Empowerment is a global issue. The concept of women empowerment was introduced at the international women conference at NAIROBI in 1985. According to the Country Report of the Government of India, “Empowerment means moving from a weak position to execute a power.”

Micro Finance allows social development of unprivileged people by protecting, diversifying, and increasing their sources for income by bringing them out of hunger and poverty. For the last few decades, microfinance is a very efficient tool for the provision of financial services to the poor. SHGs intermediated by microcredit have been shown to have positive effects on women, through asset creation, income, consumption, smoothing, provision of emergency assistance, empowering and embodying women by giving them control over assets and increased self esteem and knowledge (Goetz and Sengupta,1996).

Microfinance acts as a catalyst to organise the unorganised for social change. Groups are generally formed with the members of their own choice having common interest to fight with poverty and to carry out some income generating activities. The microcredit revolutions for the past few decades have proved that it is possible to deliver financial services to the poor women at a large scale.

7.2 NEED FOR THE STUDY

Although many provisions are enacted for the economic development to alleviate poverty by the government still there are some lacunae in implementation of the programmes and in reaching the poor. The effectiveness of the any poverty alleviation programme depends on its context or circumstances that prevail in the society, which play important role in implementation. Hence, the government may be experiencing only partial achievement rather than complete success of the programmes.

The need of the study is mainly to know the levels of poverty in study area to know whether the expectation of Velugu Project in selected Mandal, Pedanandipadu of Guntur district in Andhra Pradesh was achieved or not. It is the endeavour of the Researcher to study how far the micro finance provided through SHGs promoting the objectives of empowering the women and alleviating poverty in the study area.

Hence, the study is to examine the various poverty alleviation programmes in the country in general. In particular, the study attempts to measure the levels of empowerment of women and levels of poverty in study area, making a comparative analysis between Velugu Mandal and Non - Velugu mandals. Empowerment in all respects, namely, economic, social and political empowerment has been measured.

7.3 OBJECTIVES

1. To enlist the poverty alleviation programmes taken up by Government of India as well as Andhra Pradesh.
2. To study the economic, social and political impact of SHG programs in empowering women among the Velugu and Non-Velugu SHGs households.

3. To identify the factors influencing income, expenditure and empowerment of the households in the study area.

4. To examine the effect of SHG program on income, expenditure and poverty among the Velugu and Non-Velugu SHGs households in the study area.

7.4 METHODOLOGY

To find out whether the microfinance programme participation has led to empower the members, Chi-square test is used and the empowerment is measured with indices. A multiple linear regression is used to statistically measure the impact of determinants on the level of Empowerment. To judge the income variation among the households, Co-efficient of Quartile Deviation, Co-efficient of Variation and Gini-coefficient are calculated. Multiple regression analysis is used to identify the factors that determine the level of expenditure of poor households. To examine the poverty levels, the Head Count Ratio (HCR) is used. Since all the sample households are poor, to measure shortfall and severity of poverty, PGR, Sen's Index and Modified Sen's Index of Poverty are used (Detailed methodology presented in respective Chapters).

7.5 PLAN OF THE STUDY

The present study is divided into Seven Chapters. Introduction Chapter-I deals with need of the study, methodology and plan of the study. Second Chapter deals with the literature review. Poverty Alleviation Programmes in India are studied in Chapter Three. Fourth Chapter presents the Profile of the study area. Chapter five gives the details of indicators and determinants of women empowerment in study area. Determinants of income, expenditure and estimation of poverty in the study area, finally summary and conclusions along with policy suggestions will be presented in the last Chapter.

7.6 MAJOR FINDINGS OF THE STUDY

The profile of the sample households reveals that the dependent ratio is lesser in Non-Velugu mandal than Velugu mandal. The productive age group of head of the household is high in both mandals. Very small proportion (8.13 per cent) of the families is having five or more members in their families among the total sample households. Though the government of India and Andhra Pradesh striving hard to enhance the levels of literacy among the rural poor, in the sample mandals literacy level are very low. The proportion of Velugu mandal members is higher than Non-Velugu mandal members at all levels of education, except in Secondary education.

In Velugu mandal after SC community BCs are higher than other communities, whereas in Non- Velugu mandal OC community is higher than other communities. Among earners the proportion of male earners is higher than female earners in both the mandals of the selected sample households. Among non-earners the proportion of male members is higher, whereas the proportion of children is higher in Non-Velugu mandal than Velugu Mandal. Cultivation followed by livestock as their main occupation. Small proportions of workers are seeking their occupation through self employment, professional jobs, trade and commerce and others.

7.6.1 Measuring women empowerment

An index is used for measuring women empowerment. The index comprises of various indicators which determine women empowerment. These indicators were given values and based on those values the level of empowerment classified as no change, little empowered, moderate empowerment and good empowerment by the researcher. The present study takes into consideration 18 indicators to measure economic, social and political empowerment and each dimension of empowerment carry six indicators equally.

7.6.2 Indicators of Economic, Social and Political Empowerment

While calculating economic empowerment, among all six indicators except in case of purchasing the household durable goods, in all other indicators viz., making financial decisions in the family, improvement in the economic status of the family, control over resources, self employment potential and minimising the expenditure the sample household women in both Velugu and Non-Velugu SHGs attained moderate empowerment. There is significant difference between two categories of sample households which is significant at five per cent level in all indicators, except in case of reduction in expenditure it is 10 per cent level of significance. In case of purchasing the household durable goods they attained good empowerment.

While considering the social empowerment education and training programme and communication skills women in sample households attained moderate empowerment, whereas the difference between Velugu and Non - Velugu SHGs is significant at one per cent level in case of education and training and at 10 per cent significant level in case of communication skills. Little improvement attained in enhancing ability of women SHG member to whom to approach during times of problem and receiving respect from family members and relatives. The difference between two categories of SHGs is significant at five per cent significant level in case of whom to approach during times of problem and there is no difference in case of receiving respect from family members and relatives. Finally there is no improvement in case of access to health facilities and literacy levels.

When examining the political empowerment except in case of access to political power and voting in all other indicators (mentioned in Table 5.1) no improvement attained but the difference between two categories of SHGs is significant at five per cent significant level. In case of access to political power

and voting they attained moderate empowerment the difference in voting is significant at one per cent level and access to political power is significant at five per cent level.

7.6.3 Indices of Economic, Social and Political Empowerment

While constructing the index of empowerment separately for economic, social and political empowerment, the overall economic empowerment index also constructed. That shows less empowered occupied first position in both Velugu SHGs and Non-Velugu SHGs and accounted 33.1 per cent and 38.1 per cent respectively. High and very high empowerment together attained the percentage of more than 42 and there is significant difference between Velugu and Non-Velugu SHGs. The overall social empowerment attained by majority of the respondents i.e., high and very high together accounted 46 per cent. whereas, less and medium empowerment accounted 54 per cent in economics sphere. The Chi-square value is significant at one per cent level which shows that the distribution of respondents according to social empowerment by level of empowerment is statistically significant.

When considering the overall Social Empowerment Index, high and very high empowerment accounted 57.2 per cent. Observing the analysis separately for Velugu and Non-Velugu Mandals, the index of Velugu mandal is more than 60 per cent belongs to high and very high empowered category and whereas in Non-Velugu mandal it is 50 per cent.

Construction of political empowerment index (PEI)to the respondents belong to Non-Velugu category is very highly empowered (36.2 per cent) when compared to Velugu category (13.8 per cent). The Chi-square value is 53.919 significant at one per cent level. PEI of total 320 respondents gives the following picture. First position occupied by Less empowered group (28.8 per cent),

followed by Very High empowered (25.0 per cent), High empowered (23.7 per cent) and Medium empowered (22.5 per cent).

When observing the overall empowerment levels, Velugu mandal attained high empowerment to the level of 33.1 per cent, whereas Non-Velugu Mandal attained very high empowerment to the level of 32.5 per cent. Less empowered group (28.1) per cent occupied first position with respect to respondents' overall empowerment index followed by high empowered (25.0) per cent, very high empowered (24.4) per cent and Medium Empowered (22.5) in All SHGs category.

7.6.4 Descriptive Statistics of Indices

The measure of standard deviation is used to observe the homogeneity of the sample respondents of the Velugu and Non-Velugu categories of SHGs. The lower the value of standard deviation indicates the higher homogeneity and vice versa. In the case of above mentioned economic, political empowerment and overall empowerment indices of Velugu category respondents have lower standard deviation when compared to Non-Velugu respondents, thus shows that Velugu category respondents are having higher homogeneity than Non-Velugu respondents. In the case of social empowerment index of Non-Velugu category, lower standard deviation, when compared to Velugu respondents, thus shows that Non-Velugu category respondents are having higher homogeneity.

The median of four indices of Non-Velugu category respondent's higher than the median of Velugu category. The median values have differences between the Velugu and Non-Velugu SHG respondents. The results pertaining from descriptive statistics shows differences between Velugu and Non-Velugu SHG respondent's mean and median values of economic, social and political empowerment indices.

7.6.5 Hypothesis Testing of Empowerment

The study reveals that there are mean differences and variation in distribution between Velugu SHG respondents and Non-Velugu SHG respondents regarding economic empowerment index, social empowerment index, political empowerment index and overall index.

7.6.6 Determinants of Women's Empowerment

The study examines the factors that might affect women's empowerment at the household level. A multiple linear regression analysis was carried out to determine the factors that significantly effects on the women's empowerment. This study constructed indices with indicators of economic, social and political empowerment and these indices are used to study economic, social and political impact of women's empowerment as dependent variables.

The selected independent variables were Age, Family size, Education, Working status, Income, Expenditure, Assets Productive loan amount, Position held in organizations and Mobility.

7.6.7 Economic Empowerment – Regressions Result

The results of multiple regression analysis shows that in Velugu category among explanatory variables, two variables i.e. education and mobility had significant influence on women's economic empowerment with p - values 0.094 and 0.000 respectively while all remaining variables had no significant influence on women's economic empowerment. Age, working status, expenditure, Productive loan amount, and position held were having positive influence on economic empowerment and family size, income and assets were observed negative influence. The regression coefficient (R^2) value was found to be 0.383 which indicates about 38.3 per cent of the independent variables were validated in

the model. The analysis of variance from the linear multiple regression indicated the overall significant of the model by the F - value which was 9.267 ($P < 0.001$).

For the Non-Velugu category, among ten independent variables four items were significant ($p < 0.05$) namely education, assets, expenditure and mobility. These variables significantly affected the variation on the level of economic empowerment. Remaining variable were insignificant. Age was found positive effect and family size, working status, income, productive purpose loan and position held were observed negative effect on economic empowerment. Value of $R^2 = 0.325$, for this model indicated that model was explaining 32.5 per cent variation in dependent variable. Highly significant value of F - value 7.162 ($P < 0.01$) indicated that variables included in the model had significant influence on dependent variable.

In total SHGs category, except age, family size and working status variables all the other were significant explaining variation in economic empowerment. Education, expenditure, assets and mobility were significant at one per cent ($p < 0.01$) and income and position held were significant at five percent ($p < 0.05$) having positive influence and loan amount was significant ($p < 0.01$) found negative sign. The $R^2 = 0.561$ value reveals that the model was succeeded in explaining the 56 per cent of variation in the dependent variable was explained by all the variables taken together. For overall significance of the model, analysis of variance approach was used and F - value was 39.546 ($p < 0.01$) significant indicating that overall model was statistically significant.

7.6.8 Social Empowerment – Regressions Result

The results of multiple linear regression analysis shows that for Velugu category, among explanatory variables, five variables i.e. age, education, expenditure, assets and mobility had significant influence while all remaining variables had no significant influence on women's social empowerment.

Education, mobility and age were significant with p - values ($p < 0.01$) and ($p < 0.05$) respectively and playing a significant positive role in social empowerment. Expenditure and assets were significant with p-values ($p < 0.05$) and ($p < 0.1$) having negative impact. The $R^2 = 0.443$ value reveals that the model was succeeded in explaining the 44.3 per cent of variation in the dependent variable was explained by all the variables taken together. For overall significance of the model, analysis of variance approach was used and F - value was 11.872 ($p < 0.01$) significant indicating that overall model was statistically significant.

For the Non - Velugu category, among ten independent variables three items were significant viz., age, expenditure and mobility. These variables significantly affected the variation on the level of social empowerment. Remaining variable were in significant because t-values and p-values of these variables were shown in the higher level. Age and expenditure were found having positive effect and significant with p-values ($p < 0.05$) and ($p < 0.1$) respectively. Mobility was found to be significant in the regression model at ($p < 0.001$) and has a great negative influence. Value of $R^2 = 0.340$, for this model indicated that model was explaining 34 per cent variation in dependent variable. Highly significant value of F value 7.661 ($P < 0.001$) indicated that variables included in the model had significant influence on dependent variable.

In all SHGs category, the variables age, assets, position held and mobility were statistically significant at all levels and have positive impact reaming variables were not significant impact on social empowerment. Assets and mobility were significant with p-value ($p < 0.01$), age was significant with p - value ($p < 0.05$) and position held was also significant ($p < 0.1$) having positive impact.

The regression coefficient (R^2) value was found to be 0.165 which indicates about 16.5 per cent of the independent variables were validated in the model. The analysis of variance from the linear multiple regression indicated the overall

significant of the model by the F - value which was 6.091 ($P < 0.001$) depicts the better fit.

7.6.9 Political Empowerment – Regressions Result

The results of multiple linear regression analysis shows that in Velugu category among explanatory variables, only one i.e. expenditure had significant positive influence on women's political empowerment with p-values ($p < 0.05$) while all remaining variables had no significant influence on women's political empowerment. Family size, education, working status and mobility were having positive influence and age, income, assets, loan amount and position held were observed negative influence on political empowerment. The regression coefficient (R^2) value was found to be 0.221which indicates about 22 percent of the independent variables were validated in the model. The analysis of variance from the linear multiple regression indicated the overall significant of the model by the F - value which was 4.230 ($P < 0.001$).

For the Non-Velugu category, among ten independent variables four items were significant viz., expenditure, assets, loam amount and mobility. These variables significantly affected the variation on the level of political empowerment. Remaining variable were insignificant because p - values of these variables were shown in the higher level. Expenditure and mobility were significant with p - value ($p < 0.1$) found positive effect. Assets and loan amount were significant at five per cent ($p < 0.05$) and one per cent ($p < 0.01$) level respectively observed negative effect on political empowerment. Value of $R^2 = 0.243$ for this model indicated that model was explaining 24.3 per cent variation in dependent variable. Highly significant value ($p < 0.01$) of F statistic 4.789 indicated that variables included in the model had significant influence on dependent variable.

In all SHGs category, education, expenditure, assets, loan amount and mobility were significantly explaining variation in political empowerment while remaining variables were found had not significant. Expenditure, mobility and education were significant at one per cent ($p < 0.01$) and five per cent ($p < 0.05$) respectively having positive effect, and loan amount significant at one per cent ($p < 0.01$) and assets significant 10 per cent ($p < 0.1$) were having negative influence. The $R^2 = 0.345$ value reveals that the model was succeeded in explaining the 34.5 per cent of variation in the dependent variable was explained by all the variables taken together. For overall significance of the model, analysis of variance approach was used and F - value was 16.302 ($p < 0.01$) significant indicating that overall model was statistically significant.

7.6.10 Overall Empowerment – Regressions Result

The results of multiple linear regression analysis shows that for Velugu category, among explanatory variables, four variables i.e. education, income, assets and mobility had significant influence while all remaining variables had no significant influence on women's overall empowerment. Education having negative sign and mobility positive sign were significant with p - values ($p < 0.01$) playing a significant role in overall empowerment. Income and assets were significant with p-values ($p < 0.1$) and ($p < 0.05$) having negative impact. The $R^2 = 0.518$ value reveals that the model was succeeded in explaining the 51.8 per cent of variation in the dependent variable was explained by all the variables taken together. For overall significance of the model, analysis of variance approach was used and F- value was 15.998 ($p < 0.01$) significant indicating that overall model was statistically significant.

For the Non - Velugu category, among ten independent variables four items were significant viz., age, expenditure, loan amount and mobility. These variables significantly affected the variation on the level of overall empowerment.

Remaining variable were insignificant because p-values of these variables were shown in the higher level. Age and expenditure were found having positive effect and significant with p-values ($p < 0.1$) and ($p < 0.05$) respectively. Loan amount and mobility was found to be significant in the regression model at ($p < 0.001$) and has a great negative influence. Value of $R^2 = 0.237$, for this model indicated that model was explaining 24 per cent variation in dependent variable. Highly significant value of F statistic indicated that variables included in the model had significant influence on dependent variable.

In all SHGs category education, expenditure, assets, loan amount and mobility were significantly explaining variation in overall women's empowerment while remaining variables were found had not significant. Education, assets and mobility were significant at one per cent ($p < 0.01$) respectively having positive effect and loan amount significant at one per cent ($p < 0.01$) was having negative influence. The overall empowerment explaining by expenditure positive impact had significant at 10 per cent level ($p < 0.1$). The $R^2 = 0.427$ value reveals that the model was succeeded in explaining the 43 per cent of variation in the dependent variable was explained by all the variables taken together for overall significance of the model. The analysis of variance from the linear multiple regression indicated the overall significant of the model by the F-value which was 23.008 ($P < 0.001$) depicts the better fit.

7.7.1 Income Distribution of the Households by Different Social Groups

An attempt has been made to examine the determinants of income among self help groups at the household level. In order to arrive at the total annual income, income from wage and income from agriculture are considered.

The determinants of income among self help groups at the household level indicate the economic status of household. 66 per cent of the Velugu households and 58 per cent of the Non-Velugu households are in the income above

Rs.1,00,000 per year indicating that the microfinance has marginal impact on their income levels. The distribution of income by source shows that income from wage and cultivation income are the major sources in both the households. The per capita income of the households is estimated separately for the Velugu and Non Velugu households. There are marginal differences observed in the income from main sources between these households. Non Velugu households are noticed better economic situation relative to Velugu SHG households.

The distribution of income by social communities shows that highest mean income groups are SCs and BCs in velugu and in non-velugu category OCs and BCs. 41 per cent of the Velugu households belongs to SC community and are in the above Rs.1,00,000 per year income group and 38 percent of Non-Velugu house households belongs to OC community and are in the above Rs. 2,00,000 per year income group, indicating that the microfinance has marginal impact on their income levels.

The per capita income of the households is estimated separately for the Velugu and Non Velugu households. There are significant differences observed in the mean income among these social groups in Non Velugu SHGs whereas in Velugu SHGs marginal differences noticed among the social groups. There are marginal differences observed in the mean income of social groups between Velugu and Non-Velugu households.

7.7.2 The pattern of income distribution

The study analysed income variations and the relationship of Velugu and Non-Velugu with household income and per capita income. Co-efficient of Quartile deviation, Standard Deviation, Co-efficient of Variation and Gini coefficient are calculated. The pattern of income distribution among the sample households is studied by using the quartile deviation method. Co-efficient of variation is calculated to examine the degree of variation around the mean in the

incomes and is also used to compare variations between two groups of households. In order to analyse inequality in income the study used Gini – coefficient.

The household income of the first and third quartiles ranged from Rs. 110000/-to Rs. 140000/- for Velugu SHG households. Whereas in case of Non - Velugu SHG households the range is from Rs. 111000/- to Rs. 150000/-. To know the extent of income variation between the Velugu and Non-Velugu households, the Co-efficient of Quartile Deviation and the Co-efficient of Variation are calculated.

The Co-efficient of Quartile Deviation of Velugu households (11.58) is lower than that of Non-Velugu households (14.84). The value of Co-efficient of Variation for Non-Velugu households is (100.07) as against (52.82) for Velugu households. It implies that the Velugu households are homogeneously distributed than Non-Velugu households.

The same analysis is carried out for per capita income of these two categories of households. The differences in the values of Co-efficient of Quartile Deviation (15.12 and 20.50 for Velugu and Non-Velugu respectively) and Co-efficient of Variation (60.02 and 106.07 for Velugu and Non-Velugu respectively) contrast more in terms of per capita income. The value of Gini coefficient for Non-Velugu households is (0.233) as against (0.156) for Velugu households. It implies that the Velugu households are homogeneously distributed than Non-Velugu households. It indicates that the Non-Velugu households are observed greater inequality in income distribution than Velugu households. The same results from Gini coefficient noticed for per capita income of these two categories of households.

7.7.3 Hypothesis Testing of income distribution

The study reveals that there are no differences in mean income and variation in distribution between Velugu SHG respondents and Non-Velugu SHG respondent's household income and per capita income.

7.7.4 Determinants of income

With the help of regression analysis, an attempt is made to identify the determinants of income of the households. The crucial variables that influence the income generally are: (i) Age, (ii) Age square, (iii) Family size, (iv) Education, (v) Working status, (vi) Expenditure, (vii) Assets and (viii) Dependency ratio.

The results of multiple linear regression analysis shows that in Velugu category among explanatory variables, the variables i.e. family size, assets and Dependency ratio had significant influence on per capita income with p-values > 0.05 while all remaining variables had no significant influence on per capita income. Age square, assets and dependency ratio having positive influence on per capita income and age, family size, education, working status and expenditure were observed negative influence. The regression coefficient (R^2) value was found to be 0.224 which indicates about 22.4 percent of the independent variables were validated in the model. The analysis of variance from the linear multiple regression indicated the overall significant of the model by the F-value which was 5.437 ($P < 0.001$).

For the Non-Velugu category, among eight independent variables three items were significant ($p < 0.05$) namely family size, education and expenditure. These variables significantly affected the variation on the level of per capita income. Remaining variable were insignificant because t - values and p - values of these variables were shown in the higher level. Age, expenditure and assets were found positive effect and age square, family size, education and working status were observed negative effect on per capital income of household. Value of R^2 =

0.705, for this model indicated that model was succeeded explaining 70 per cent variation in dependent variable. Highly significant value 45.209 of F statistic indicated that variables included in the model had significant influence on dependent variable.

In total SHGs category, among explanatory variables, three variables i.e. family size, expenditure and assets had significant influence while all remaining variables had no significant influence on per capita income of households. Family size having negative sign and significant with p - values ($p < 0.01$) playing a significant negative role in determining per capita income of family. Expenditure and assets were significant with p - values ($p < 0.1$) having positive impact. The $R^2 = 0.450$ value reveals that the model was succeeded in explaining the 45 per cent of variation in the dependent variable was explained by all the variables taken together. For overall significance of the model, analysis of variance approach was used and F- value was 31.772 ($p < 0.01$) significant indicating that overall model was statistically significant.

7.8.1 Expenditure Pattern

The average consumption expenditure for Velugu households is greater than Non-Velugu households. Same distribution noticed in the case of monthly per capita consumption expenditure. This indicates that the household consumption expenditure patterns are noticed better in Non-Velugu households relatively.

7.8.2 Income and expenditure relationship

It could be observed from the Table 6.9 that 62 percent of monthly per capita consumption expenditure (MPCE) (3128.06) of the Velugu households and 64 per cent of MPCE (3363.97) of the Non-Velugu households are under 1,50,000/- to 200,000/- income group. Coming to all category the same state observed, 62.62 per cent of MPCE (3243.53) of all SHG household under 1,50,000/- to 200,000/- income group.

7.8.3 Testing of Hypothesis -variation in expenditure

The study reveals that there is no significant difference in the monthly per capita consumption expenditure, household consumption expenditure and in total expenditure among the velugu and non-velugu SHG members.

7.8.4 Determinants of consumption expenditure

This study calculated per capita consumption expenditure and considered it as dependent variables. The selected independent variables were Age, age square, Family size, Education, Working status, Income, Assets and dependency ratio.

The results of multiple linear regression shows that in Velugu category among explanatory variables, the variables i.e. family size, age square and assets had significant influence on per capita consumption expenditure, while all remaining variables had no significant influence on per capita consumption expenditure. Age square, education working status, income and assets having positive influence and age, family size, and dependency ratio were observed negative influence. The regression coefficient (R^2) value was found to be 0.414 which indicates about 41 per cent of the independent variables were validated in the model. The analysis of variance from the linear multiple regression indicated the overall significant of the model by the F-value which was 13.326 ($P < 0.001$).

For the Non-Velugu category, among eight independent variables two items were significant namely family size and assets. These variables significantly affected the variation on the level of per capita consumption expenditure. Remaining variable were not significant because t-values and p-values of these variables were shown in the higher level. Age, education, working status, income and assets were found positive effect and age square, family size and dependency ratio were observed negative effect on dependent variable. Value of $R^2 = 0.347$, for this model indicated that model was explaining 35 per cent variation in dependent variable. Highly significant value 10.010 of F statistic indicated

that variables included in the model had significant influence on dependent variable.

In all SHGs category, among explanatory variables, three variables i.e. family size, income and assets had significant influence while all remaining variables had no significant influence on per capita income of households . Family size having negative sign and significant with p-values ($p < 0.01$) playing a significant negative role in determining per capita consumption expenditure of family. Income and assets were significant with p-values ($p<0.1$) having positive impact. The $R^2 = 0.352$ value reveals that the model was succeeded in explaining the 35 per cent of variation in the dependent variable was explained by all the variables taken together. For overall significance of the model, analysis of variance approach was used and F- value was 22.683 ($p < 0.01$) significant indicating that overall model was statistically significant.

7.8.5 Income expenditure gap

Among the Velugu households 68 per cent of households are with deficit and 72.5 in the Non-Velugu households. Further, the proportion of Non-Velugu households in deficit is comparatively higher than Velugu households.

7.9 Incidence of poverty in sample area

Incidence of poverty generally varies across different social groups. Incidence of poverty is comparatively higher among OC households in Velugu category (36.84 per cent) followed by (32.79 per cent) percent among SC households. Among Non-Velugu households it is higher in SCs (32.26 per cent) followed by BCs (30.43 per cent). In all SHGs, among SC households (32.53 per cent) per cent of families are under poverty followed by BC households. Poverty among scheduled caste households comparatively higher and there is marginal difference observed between Velugu and Non-Velugu households regarding to Incidence of poverty.

Incidence of poverty also varies with family size. Incidence of poverty is comparatively higher among small households in Velugu category (44.44 per cent) followed by (19.05 per cent) percent among medium households and in Non-Velugu higher in small households (28.97 per cent) followed by medium households (22.73 per cent). In All categories, among small households (35.64 per cent) per cent of families are under poverty followed by medium size of households. Poverty among small households comparatively higher and there is significant differences observed between Velugu and Non-Velugu households regarding to Incidence of poverty.

The extent of poverty based on the headcount ratio (HCR) in Velugu category 0.37 for OC households is highest. It implies that 37 per cent of OC households are below poverty line. The headcount ratio in Non-Velugu category 0.32 is highest for SC social group indicating 32 per cent of SC households are poverty pressure. Together Velugu and Non-Velugu, the headcount ration 0.33 for SC households and there is no significant deference between Velugu and Non-Velugu households. The same results followed by BC and ST households. A comparison of inter-category variation in the headcount ratio for social groups indicates that the incidence of poverty more or less same, but among the social groups incidence of poverty is highest in SC households. However, no much variation has been noticed among the social groups of Velugu and Non-Velugu households.

The ratio of average income poverty gap index (PGI), which measures the proportion of average income or expenditure shortfall from the poverty line, is 0.23 in Velugu category, 0.10 in Non-Velugu category and 0.17 in the whole sample. The highest value for Velugu category of PGI is BC (0.27) social group, for Non-Velugu category is ST (0.22) social group and 0.23 in BC social groups in the total sample. The intensity of poverty is measured by income poverty gap (PGI) comparatively more in Velugu category. The results is showing maximum

gap in BC households of Velugu category, in ST households of Non-Velugu category and as whole sample in BC households. There is significant difference between Velugu and Non-Velugu categories regarding Poverty Gap Index.

The inequality in income distribution of below poverty line households calculated with Gini Coefficient (GP). The coefficient values are 0.20 in Velugu category, 0.28 in Non-Velugu category and 0.24 in the whole sample and inequality in income comparatively more in Non-Velugu households. The grater inequalities are noticed in SC households of Velugu category and in OC households of Non-Velugu category.

Sen Index (SP) is a composite index that measures simultaneously the incidence and intensity of poverty as well as inequalities in income distribution of below poverty line households. Following Sen Index, poverty for Velugu category worked out to 0.12 and the poverty for non-velugu category to 0.09 in OC households. Thus poverty is severe comparatively in OC social group and lowest Sen Index values are observed in ST households is showing better against to poverty.

Poverty measured by Sen-Shorrocks-Thon Index (TP) points out higher incidence of poverty in BC and OC households of Velugu category, in ST and BC households of Non-Velugu category. For whole sample BC households are observed higher incidence of poverty. There are significant differences among the social groups regarding Sen-Shorrocks-Thon Index (TP).

Regarding all poverty measures, it is observed that there are significant differences among the social groups and between Velugu and Non-Velugu categories.

7.10 POLICY RECOMMENDATIONS

1. As the study reveals that there are differences existing among social as well as income groups, who are below the poverty line. Hence, the government should brought distinguish between poor and ultra-poor (poor faraway from BPL) and introduce the poverty eradication programme to address particularly the ultra- poor and help them to get substantial increment in their income to overcome the poverty.

2. Among the sample households, while examining the indicators of empowerment, women attained moderate empowerment in economic indicators, except in one or two indicators of social and political empowerment, there is no change in social and political spheres of the sample household women. Therefore, it is suggested to create awareness regarding accessibility to health facilities, to inculcate the habit of reading and writing, to participation in political meetings and campaigns, contesting in elections and so on.

3. The levels of empowerment attained in economic, social and political are very low in the study area i.e, 56 per cent, 16.5 per cent and 34.5 per cent respectively. Overall empowerment attained in the study area is 43 per cent. Hence, there is every need to enhance the proportion of empowerment levels in both categories of SHGs i.e., facilitated by Government and NGOs. By emphasizing on capacity building programmes, health awareness programmes, education development programmes enhancement of empowerment levels may be possible.

4. The study reveals that microfinance has marginal impact on income generation of the SHG members. Therefore, microfinance provided through SHGs must concentrate on the programmes of income generation by giving training to SHG members in economic activities which help to generate

income and see that all the members should undertake one or the other economic activity. Economic activities such as waste management, bio- gas, distribution of electricity, recycling the garbage and transport of products particularly milk/vegetables from rural to urban areas can also be undertaken.

5. It is also found that income expenditure gap is very wide in the study area. Where expenditure is more prominent and it indicates probability of future indebtedness. Hence to reduce the gap emphasis should be given to increase the income sources.

6. It is recommended that SHGs should be given more support in the form of training, marketing and infrastructure development so as to enhance their empowerment level.