

# ROLE OF SELF HELP GROUPS IN SOCIO-ECONOMIC CHANGE OF VULNERABLE POOR IN PRAKASAM REGION, ANDHRA PRADESH

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**Abstract:** This study deals with the understanding of role of Self Help Group (SHG) in socio-economic development of rural women of Prakasam district of Andhra Pradesh. Social and economic developments were evaluated on the basis of community and individual indicators. The study was conducted in three villages of Prakasam District. For the study, six self help groups and fifty members of SHG and fifty non members were selected as respondents. The findings indicated that majority SHGs were of medium size and linked with banks. Economic security and inculcating savings habit were the major motivating factors for joining SHG. Membership in SHG aided in generating income, facilitated loaning and increased social contact, opened up training avenues thus leading enhancement in the socio-economic status of rural women was reflected through the study. Propensity Score Matching Technique was used to study the socio-economic change of selected SHGs.

**Key words:** Self Help Groups (SHG), Socio-economic status, Rural Women

## I.INTRODUCTION

India has long taken efforts to expand credit availability to rural areas. Early programs, which often yielded disappointing results, were gradually replaced by efforts to establish self-help groups (SHGs) and link them to banks. In 1992, India's National Bank for Agricultural and Rural Development (NABARD) piloted the concept with 500 groups. Since then, the SHG movement has witnessed tremendous growth that brought about one of the world's largest and fastest-growing networks for micro-finance.

The SHG-led approach differs from traditional micro-finance in a number of ways. First, it does not exclusively focus on credit or savings but also includes emphasis on social empowerment, outreach, and capacity building. Recognizing that households' lack of human and social capital may prevent them from making good use of financial resources even if they had access to them, program organizers put a strong focus on encouraging the groups to establish regular meetings among group members and group savings. There is also an emphasis on outreach whereby existing groups are encouraged to help the "leftover poor" in their village to form SHGs. Second, the goal is not to

**Objectives:** The main objectives of the study are mentioned below:

- ✚ To study the socio economic background of the members of Self Help Groups of Prakasam District
- ✚ To examine the activities of Self Help Groups in the study area.
- ✚ To evaluate the Socio-economic empowerment of SHG members in the study area

**Methodology:** The present study has covered three villages from Prakasam District viz, Davaguduru, Chirrikurapadu and Kamepalli. These three villages were selected for this because of the SHGs in these villages is functioning in a

Self help groups are voluntary gatherings of persons who share needs or problems that are not being addressed by existing organizations, institutions, or other types of groups. The broad goals of a self – help group are to bring about personal and social – economic change for its members and society. Self help groups (SHGs) have appeared as popular method of working in the company of people in recent years. This movement comes from the people's desires to meet their needs and determine their own destinies through the principle "by the people, for the people and of the people".

establish a separate micro-finance institution but to use the group to intermediate in dealings with the formal sector and help households to create a "credit history" that will eventually allow them to access regular sources of finance. Finally, federation of SHGs is a central element not only with respect to peer monitoring and diversification of risks on the financial side but federations at village and higher levels are also used to assist in implementation of government programs, help SHGs provide other services - from technical assistance to marketing- and allow members' participation in local government.

very successful manner. This study is compiled with the help of the primary data covered in three month period (2016). The primary data collected with the help of specially prepared interview schedule. Totally 100 respondents were selected from 6 SHGs of three villages by using simple random sampling method. The sample size was 1/2 of the total members of the SHGs. This is purely a descriptive study. In addition to Propensity Score Matching Technique to analyse the data, Percentage analysis, averages, standard deviation, variance, chi-square tests, Cramer's V and probability analysis were also used for the analysis.

**Roles of SHGs**

- ✓ To alleviate poverty
- ✓ To accelerate economic growth is the prime reason of the respondents in the SHG
- ✓ To raise social status of the respondents joining the SHG
- ✓ To increase employment opportunity
- ✓ To promote income generating activities

**Functions of SHGs:** In order to achieve the main objective, it is observed that the SHGs undertake various activities. These activities are:

**Mobilization of Small Savings:** The idea of the respondents is to achieve Small Savings and generate the habit of saving from whatever income is earned in the household.

**Arrangement of funds:** As a micro-finance institution the SHG should be able to provide credit to the members though in smaller quantities but in time. It is also expected that the members return the money borrowed in time, in full, and with interest so that other members also benefit.

**Records and Accounts:** is the most crucial aspect of management of the SHG as well as of confidence building among the members. The SHG has to ensure that all accounts and the books of account must be up to date and maintained to ensure transparency and accuracy.

**Training and Development Activities:** Self-Help Groups need constant support, assistance, guidance and advice from

**Gender Classification:** About 59 percent of the sample beneficiaries are observed to be women.

**Caste of the SHG Members:** Caste is an important social factor in our society, which has a lot of socio-economic and political implications. Hence, caste-wise distribution of SHG members was considered important for this study. For

**Caste-wise Distribution of SHG Members**

Caste	Men	Women	Total
SC	5	18	23
ST	3	9	12
Backward	2	7	9
Forward	1	2	3
Minorities	2	1	3
<b>Total</b>	13	37	50

**Propensity Score Matching Technique:** The basic idea behind propensity score matching (PSM) is to match each participant with an identical nonparticipant and then measure the average difference in the outcome variable between the participants and the nonparticipants.

The first step in PSM is to determine the propensity score and satisfy the balancing property. It is done using the “pscore” command in Stata. Use the SHG data, non\_SHG.dta. Start with the male program participation variable “dmmfd” as the treatment variable. The following command shows the application of the “pscore” command:

the promoters and other development agencies. They need constant monitoring, training and education support in order to help them improve their working capacities and capabilities.

**Members-oriented Action approaches:** Members-oriented action approaches are conceived and implemented which are recommended and demanded by the members. Most of these programmes are social and economic and even cultural. Such programmes are also usually the agenda of the development projects which promote SHGs.

**Socio- Economic Profile of SHGs:** The strata of rural families, handled through Self-Help Groups, are capital scarce, labour surplus, and, by and large, bereft of proper knowledge as well as management skill. At the same time, it also remains a fact that barring certain location limitations, rural areas do throw ample opportunities for installation of micro enterprises by making use of untapped manpower resources, available raw material of various forms, and existing market channels. Given the financial support, together with appropriate knowledge and skill input, the poor people, in general, have the propensity to make better use of labour and capital. Thus, installation of income-generation activities and micro enterprises in the rural areas, in a way, helps promote first-generation micro entrepreneurs with resource mobilization on their own through their SHGs.

this, well-recognized caste groups like Scheduled Caste, Scheduled Tribe, other backward caste, forward caste and religious minority groups were taken into account. The caste-wise distribution of SHG members was worked out which is presented in Table below.

```
pscore dmmfd sexhead social head economic head inland
vaccess pcirr rice wheat milk education communication
[pw=weight], pscore (ps98) blockid(blockf1) comsup
level(0.001);
```

Ran the following command in Stata data set:

```
use http://ssc.wisc.edu/sscc/pubs/files/psm
```

Study consisted of four variables: a treatment indicator t, covariates x1 and x2, and an outcome y. This is constructed data, and the effect of the treatment is in fact a one unit increase in y. However, the probability of treatment is positively correlated with x1 and x2, and both x1 and x2 are

positively correlated with y. Thus simply comparing the mean value of y for the treated and untreated groups badly overestimated the effect of treatment

Ttest y, by(t)

Psmatch2 t x1 x2, out(y)

Variable	Sample	Treated	Controls	Difference	S.E.	T-stat
y	Unmatched	1.8910736	-0.423243358	2.31431696	0.109094342	21.21
	ATT	1.8910736	0.871388246	1.01968536	0.173034999	5.89

**Analysis**

**Social Impact:** Communication Level of Members above Table presents the changes that occurred in the communication level of the members SHG against that of non SHG respondents. It is found that there has been 48 per cent increase in SHG members, who can now freely talk in the meetings while there has been a decrease of 17 per cent and 31 per cent members, who sometimes talks or hesitates to talk. It can be concluded that Microfinance movement is having a good impact on members, in their ability to express Status of Access to Amenities for the sample member is relatively high when compared non SHG members.

**Economic Impact:** Table presents the changes that occurred in the saving pattern of the SHG members as against non SHG members. It is found that there has been almost 80 per cent and 15 per cent increase in SHG members, who are now saving their money in Bank & Post Offices and SHGs. It can be concluded that SHG is having a good impact on members, in their ability to save their hard earned money.

It is found that there has been 74 per cent increase in SHG members who are saving more than Rs. 2000 per month as against non member of SHG. It can be concluded that SHG is having a good impact on the saving of the members.

It can be seen that 14 SHG members (28 per cent) have not taken loan till now from SHG, 25 members (50 per cent) have taken once, 9 members (18 per cent) have taken twice, 2 members (4 per cent) have taken thrice. So it can be concluded that the majority of sample SHG.

**Conclusion:** In sum, it could be concluded that the rural people have been vastly benefited by SHGs. It has helped them in their socio-economic upliftment. The rural poor now feel that they can also be partners in the process of rural development by joining the SHG movement. This study has also indicated that even though the members have joined the SHGs for various reasons, all of them have one common

Regressing y on t, x1, and x2 gave a pretty good picture of the situation.

The psmatch2 command gave a much better estimate of the treatment effect:

their feelings and has made people more confident to express themselves.

The group formation brought out the hidden talent, Self Confidence among SHG Members and leadership qualities among the members.

The changes that occurred in the frequency of interaction with outsiders between SHG members and others members generally, other members got lesser opportunity to interact with bankers, Government officials, NGOs and others in the when compared to SHG members.

goal, which is seeking a better standard of living. The SHG can contribute to changes in economic conditions, social status, decision making and increases women in outdoor activities. These SHGs play a very important role in social change. SHG not only changes the outer form of a community or a society but also the social institutions as well as ideas of the people living in the society. In other words it also applies to change the material aspects of life as well as in the ideas, values and attitudes of the people.

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