

CHAPTER 1

THE PROBLEM

1.1 INTRODUCTION

1.1.1 The development planning in India is usually marked by the dichotomy between the main investment plan and the supplementary anti-poverty programmes. There is no denying that during the Plan Periods, India has appeared as or has thrown off portents to appear as one of the major agricultural powers of the world. But unfortunately, due to ad-hocism pursued so far by the Statesmen of the Republic, the bulk of the agricultural production has been raised from some specially selected regions deliberately denying the demand for other regions of our national economy even in spite of vast production possibility. Similarly, in case of industrial development planning during the plan periods, we see that the colossal investments that took place in the public sector industries, in public utilities and in defense industries in a very centralized manner deliberately denying the demands of the other regions of the country. The very silly argument of availability of raw materials had been put forwarded by the planners at the initial stages of our national planning. Obviously, a vast region of our Republic remained out of the proximity of both of the Green Revolution and as well as of Industrial Revolution. Further, the agricultural development so far that has been achieved during the plan periods was also partial in nature. We have launched more or less successfully a Green Revolution during the late 60's and in the early 70's of the last century in some selected regions only with the subsidy and minimum support price policies on the part of the Government due to heavy political pressure cropped-up by the strong farmer lobby of north and north-western region of our country dominated in the then national politics.

1.1.2 Further, development so far had been done in some regions of our national economy either in respect of agriculture or in respect of industry is half-hearted in nature. In case of agriculture we had tried to make a plan to raise final production only completely denying the development of the input and output markets. The results of this lopsided agricultural planning have been reflected either in print media or in electronic media in the form of death-tale of the farmers. Despite of six decades planning exercise and in spite of positive attitude within the limited periphery till the agricultural input and output markets of our country have been molded by many

factors which are still non-economic in nature. Perhaps, we rather failed to develop the input and output markets evenly even in that selected regions in such a fashion where the farmer could be in a position to be able to buy any amount of reproducible capital that they require at the time of their crop production from the input market at fair and reasonable prices and none of our farmer would be left alone in the output market by not selling his produce at fair and reasonable price after the end of the day. These failures on the part of the Republic are not only being cause of the lower value of intensity of use of land and labour (Kar, 2009) but are also developing huge frustration among the farmers of the lower land echelon and among the agricultural labourers of the lower income echelon.

1.1.3 In case of growth of industrial sector, we see more or less the same picture. Here also the strong western lobby in politics cornered a major percentage of public investment in industrial sector in their preferred regions. Industrial development, so far has been made in the eastern sector of our national economy has been very much confined in the mining based industrial development. Not only that the nasty politics and political regionalism have also been demolished the strong industry base of Bengal during the planning era. It will be not exaggerated if we mention about the glorious golden past of Bengal's Jute industry, textile factories and hosiery workshops. All these units are more or less knocking on the door of destruction. Although the growth of modern IT sector in Bengal has given the birth of good hope in front of the modern job seekers, but too much global dependency of this sector keep it on the wave of depression and recession since its inception. Another important point we like to mention here is that so far our national planners have been expressing their eagerness for the benefit of the producers either in the form of export-import policies or in the form of tax relief policies or bank loan exemption policies, one-tenth of that is not reflected for the betterment of the consumers of the industrial products.

1.1.4 Again, India's effort to eradicate poverty has a long history. We have taken various anti-poverty programmes (APPs) since the inception of our planning to bring out the poverty trodden population from the fold of the poverty. We mention here the names of some of the APPs. They are the Drought Prone Area Programme, Food for Work Programme, A Minimum Need Programme, Small Farmer's Development Agencies, Comprehensive Area Development Programme, National Rural Employment Programme, Command Area Development

Programme, Development of Women and Children in Rural Areas, Supply of Improved Toolkits to Rural Artisans, Training for Rural Youth for Self Employment, Special Employment Programme of some States, Rural Landless Employment Guarantee Programme. The main objective of these programmes is to supply some sort of pecuniary help directly or indirectly to the poverty-trodden people to cope with the threat of poverty. These APPs may be termed as the first generation APPs.

1.1.5 The basic drawback of the first generation APPs was that these programmes were designed and implemented targeting only the men folk of the population fold keeping the women of the same fold out of the proximity of these programmes. Another drawback of these APPs is that despite the long effort on the part of the Republic these programmes have failed to increase the intensity of use of labour power of employed male adults among the poor people (Kar, 2009). On the other hand, as the female folk remained out of the safety umbrella of APPs, the extent of employment enjoyed by the female adults of down-trodden families was also very poor.

1.1.6 These short comings of the first generation APPs, as pointed out by the academic community of our country, have compelled our Planners and Policy makers to rethink and redesign the anti-poverty programmes in a more effective and sustainable manner during the latter half of the last decade of the last century. As an outcome of these efforts, we have undertaken some new and redesigned APPS. They are the Swarnjayanti Gram Swarogar Yojana (SGSY), Jawahar Gram Samridhi Yojana (JGSY), Employment Assurance Scheme (EAS), National Social Assistance Programme (NSAP), Annapurna etc. These may be termed as the second generation APPs.

1.1.7 We see, very interestingly, a fundamental difference between these two generation APPs. The first generation APPs has covered the below poverty line households by giving extra importance to male adults, deliberately denying the existence of the female adults. Though there were some schemes in the first generation APPs meant especially for the women but proper attention was not given to fulfill the target of that programmes. On the other hand, the second generation APPs was designed and implemented keeping in mind the existence of huge number of unemployed female adults of the families who lie below the poverty line. Thus we see that the second generation APPs was launched in a very methodical way keeping in mind the short comings of

the first generation APPs. What is most important in case of the second generation APPs is that the second generation APPs targets the group rather than individual to open its safety umbrella. As a result, we have seen that the SHGs are direct outcome of the second generation APPs.

1.2 THE BASIC PROBLEMS

1.2.1 The basic problem of our country is the incidence of severe poverty among the people who are in lower income and land echelon. As we have stated in the preceding paragraphs that in spite of taking up various anti-poverty programmes during the various planning periods of our national planning, most of the rural households of lower echelons in respect income or land holdings are by and large living in absolute poverty. In the course of time, a new and compact programme to provide tiny financial help to the targeted groups rather than individuals has been launched by the government with the help of the Non- Government organizations (NGOs). These targeted groups are very much known as the self-help groups (SHGs).

1.2.2 At present there are more or less 7 lakhs of such groups are working in West Bengal. The State Government has also created a separate ministry to look after these SHGs. Again on reviewing the performance of various SHGs that are working across the world through the literary works of the academicians, we have obtained a paradoxical view of different scholars who have researched on this line. The views that follow from these reviews, on the one hand, increase the hope about the reduction of poverty and increase in empowerment of women in our globe and on the other hand, they apprehended the possibility of vicious cycle of debt or even deaths through multiple loaning.

1.2.3 Further, we see the political synergy in the formation of SHGs along with the activities of the NGOs. This type of formation procedure of the SHGs will go and also continue without creating any problem so long as the NGOs show no political loyalty to any particular political party. Conflict will arise when NGOs identify with political loyalty. Another problem also hints that the managers of rural development schemes are very much keen only about the increase in the number of the SHGs rather than their sustainability. Most of the resource persons (RPs) at the grass-root levels have rather failed to exhibit their efficiency in nourishing the SHGs. There is no question, as many may believe, about the efficacy of the functioning of the SHGs in reducing

the vulnerability of the rural poor particularly among the women and children. But what remains is to make an enquiry about the facts that we have highlighted here on SHGs in the light of the case studies. On our part, it is the main problem of this research problem. Thus it has become the basic objective of this research study to test whether these SHGs have become dynamic growth engines for the expansion of employment and income in the households of the below poverty line of the grass root areas and thus helping to eradicate poverty? At the same time it is also very important to find out the impact of the micro finance on women empowerment.

1.3 OBJECTIVES OF THE STUDY

1.3.1 The objectives of this research study are as follows:

- 1) To find out the workability of the microfinance and SHG in the present socio-economic scenario in the proposed areas.
- 2) To find out the homogeneous and heterogeneous characteristics of the SHGs in the proposed areas.
- 3) To find out the nature of borrowing and credit worthiness of the SHG members.
- 4) To find out the saving potentiality and saving habits of the SHGs members.
- 5) To find out the gradation patterns of the SHGs in proposed areas.
- 6) To find out whether there is any improvement in the quality of life of the SHG members.
- 7) To find out the livelihoods opportunities as created by the SHGs.
- 8) To examine whether the parameters caste, religion, education and sex have any impact on the performance of SHGs with respect to women empowerment and poverty alleviation.
- 9) To find out the kinds of empowerment (economic, social, political and awareness) those have been achieved by the SHGs members.
- 10) To find out the various educational indicators which are being operated among the SHGs members as a result of the working of the micro finance in comparison to that of the Non-SHG members.

11) To find out the socio-economic status of the other poor families in the proposed areas who are not yet been come under in the microfinance network.

12) To find out the difference in performance of SHGs in two sub samples.

1.4 HYPOTHESES

1.4.1 We have tested the following hypotheses in this research study:

- 1) That the workings of the SGH activities increase the number of occupational opportunities and the number of employment days.
- 2) That the SHG activities have a significant impact in raising the level of income and reducing income inequality.
- 3) That the SHG activities have a significant impact in raising the level of household consumption expenditure of the members.
- 4) That the SHG activities have been able to reduce the level of poverty among the SHG household members.
- 5) That there is a significance difference in the level of poverty among the different categories of SHGs.
- 6) That there is a significant difference in income and expenditure among the different categories of SHGs.
- 7) That the working of the SHG helps to improve the educational awareness among the SHG members.
- 8) That the working of the SHG empowered the women economically, socially and politically.

1.5 THE METHODOLOGY

1.5.1 Our research study is mainly based on the primary data. Thus a fieldwork was necessary to collect information for this research work. Side by side, the theoretical portion of this dissertation is based on the secondary data and on relevant literature related to this topic and for this we have used the information collected from the various developmental agencies, NGOs and government officials. We have also used different libraries national as well as local to search the previous works of various scholars in this field.

- 1.5.2 For the purpose of the present study we purposively selected two districts of West Bengal. These two districts are respectively Cooch Behar and Bankura. We have selected these two districts because of the fact that these two districts are backward districts as per our census definition. Another reason is the geographical location of these two districts. The district Cooch Behar is located at the northern portion of our state and the other district Bankura is situated in the southern portion of the state of West Bengal. We have selected 15 SHGs and its 154 SHG households from Cooch Behar and 15 SHG and its 165 SHG households from Bankura and 50 Non-SHG households from each districts for the purpose of the present study. All these self- help groups were being formed under the Swarnjayanti Gram Swarozgar Yojana scheme of the government. Here, we have restricted the number of Non-SHG households in 50 for each district since it is very difficult to find out such households who are BPL but does not belong to any SHG. Thus 30 SHGs, 319 SHG households and 100 Non-SHG households form the universe of this study.
- 1.5.3 We have used purposive sampling method for the selection of the districts due to their backwardness and geographical location. For the selection of two blocks we have used purposive sampling method due to their better performance compared to other blocks in the respective districts. Finally, we have used stratified sampling for the selection of the SHGs. For the selection of the Non-SHG households we have used the random sampling method.
- 1.5.4 For the selection of the SHGs we have used four parameters namely, education, religion, caste and sex. On the basis of this stratification we have selected 15 SHGs from each study area. Out of these 15 groups 3 belong to the educated group, 3 belong to the mixed group and the rest 9 belongs to the religion & caste group. We have also divided the rest 9 SHGs equally in three categories. They are SC/ST group, general caste group and Muslims. We cover all the member households belonging to these SHGs and the number of these households is 319. Thus we have followed the complete enumeration method for the selection of the member households. For the selection of the Non-SHG households we have used the random sampling technique. All the SHG member households and Non-SHG member households are belonging to the category of below poverty line households.

- 1.5.5 The sample SHGs, the households belonging to those SHGs and the households who lie out of the periphery of the SHGs are the units of observations of this study. It is in order to make an interaction with the officials of the various development agencies related to the working of the SHGs. So they are also being the units of observation of this study. We have covered 30 SHGs, 319 SHG member households 100 Non-SHG households in our enumeration process in this study. Thus accordingly our sample size comprises of 30 SHGs and 419 households.
- 1.5.6 Our study is primarily based on the data collected by the present researcher and the period for survey for collections of primary data is 2012-13. To substantiate our findings we have also used a little bit of secondary data mainly to provide information about the study districts and about the numerical existence of the SHGs in the sample areas. For the collection of the relevant data we have used two types of specially prepared schedules. One is the schedule used to collect detail information about the working of the SHGs and we named this schedule as SHG-schedule. The other one is the household schedule. We used this schedule to collect information from the 419 households of the sample.
- 1.5.7 The researcher himself has visited all the SHGs and all the households personally to gather the relevant information for this study. The secondary data have also been collected by the researcher himself. This has not only controlled the quality of data but has also helped the investigator to have an in depth practical knowledge about the working of the SHGs at the grass-root level.
- 1.5.8 We have used both the conventional and modern techniques for the processing of data. After processing of the data we have presented them in tabular form in the array of our presentation. We have also used some simple graphs to present the data. Simple statistical tools and testing have been used to prove the consistency of the results obtained from this study.