

SHG-BANK LINKAGE PROGRAMME-A BLESSING FOR THE WEAKER SECTION: A CASE STUDY OF WEST SINGHBHUM DISTRICT OF JHARKHAND

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ABSTRACT

The findings of the present study show that SHGs have the potential to tackle poverty and can be an important weapon for poverty alleviation in West Singhbhum district of Jharkhand. SHG-Bank Linkage Program is making head way in its efforts to reduce poverty and empowering the underprivileged tribes especially in the study area. Microfinance through the networks of cooperatives, commercials, regional rural banks, NABARD and NGOs has also been largely supply-driven and credit approach-oriented. Microfinance institutions other than banks are engaged in the provision of financial services to the poor. The impact of Self-Help Groups Banking Linkage Programme has been effective in making positive social changes to the members irrespective of the direct borrowers of the micro credit institutions. SHG-BLP provides considerable social protection and income in maximizing social and financial returns. The promotion of micro generation activities for poor tribes are perceived as a powerful medium to resolve several socio-economic problems such as reduction in poverty, provision of goods and services appropriate to local needs, assets creation, redistribution of income and opportunities in the community etc.

Keywords: *Microfinance, SHGs, NGOs, SHG-BLP, Poverty Alleviation.*

Introduction

Microfinance through Self Help Groups is an alternative system of credit delivery for the poorest of the poor groups. The experiment of micro finance in India through the conduit of SHGs has demonstrated considerable democratic functioning and group dynamism. Their adroitness in assessing and appraising the credit needs of members , their business like functioning and efficiency in recycling the funds often with repayment rates nearing cent per cent have proved that this is among the best alternatives in improving the credit delivery to the poor. Recognizing their importance, both the Reserve Bank and NABARD have been spearheading the promotion and linkage of SHGs to the banking system through refinance support and initiating other proactive policies and systems. The programme of micro finance has made rapid strides in India.

It would help in improving the quality of life of tribal. The government of India and the state government can play a vital role in encouraging SHGs. In order to solve the problems relating to marketing of SHGs, the state level organizations and NGOs should come forward and extend facilities specially in empowering tribal women by providing education, motivation, training, financial help so on and so forth. SHGs bring unity and integrity among their members. It improves general welfare of family and community. SHGs assist the women to perform traditional roles better and to take up micro entrepreneurship. With a view to evolve supplementary credit strategies for reaching the unreached tribal poor in the tribal areas, micro finance innovations are yielding results and giving hope to the millions of the poor by providing credit. There is need to evolve an informal credit system with assistance from formal financial institution. Though the size of credit is very small for target areas i.e. micro entrepreneurs and low income households to utilize the fund for income generation and enterprise development but its mission and vision are future-oriented. So that we can set tangible results with the help of SHG and supporting banks.

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Review of Literature

M.S. GUPTA (2008) described that the SHG-Bank Linkages programme is a mainstream programme for banking and emerged as the need-based policies and programmes to provide the neglected groups of society such as women poor and deprived section of the society. **Manas Pandey (2008)** concluded that with a view to growing complementary credit strategies for reaching the unreached rural poor in the rural areas. Microfinance innovations are soft results and give hope to the millions of poor from beginning to end as long as credit. **Dr Mehboob Ahmad and Khalid Zaman (2009)** found in their research that microfinance is far from its original goal. Micro finance could not achieve the noble cause of helping the poor by providing increased economic opportunity to them. **Kaliappa Kalirajan and Kanhaiya Singh (2012)** found that the Self-Help Group-Bank-linkage SHG movement in Uttarakhand is weakly associated with targeting the poor; instead, it is a general trend of rising income in the rural areas. Its achievement is also linked to the social framework, where the trend to assist and work in a group for a common cause is more important.

Objective

The objective of this research is to test the impact of the SHG-BLP (Self Help Group-Bank Linkage Program) on income generation and poverty alleviation.

Hypotheses

In order to fulfil the objective following hypotheses are considered

H_{o1}: SHG-BLP (Self Help Group-Bank Linkage Programme) does not ensure the income generation activities.

H_{o2}: SHG-BLP (Self Help Group-Bank Linkage Programme) does not facilitate poverty alleviation.

H_{o3}: SHG-BLP (Self Help Group-Bank Linkage Programme) does not achieve satisfactory level.

Feasibility Constraints

Considering time, the study is restricted to three blocks of West Singhbhum districts namely Sadar Chaibasa, Goikera and Chakradharpur. Due to time constraint three NGOs have been selected namely PRADAN, Singhbhum Gramodoyog Vikas Sansthan and Tribal Research Training Centre in three blocks of Sadar Chaibasa, Chakardharpur and Goikera respectively. Total 90 SHGs samples 30 from each block are taken. In total the study covered 90 SHGs with 1413 respondents.

Sampling Procedure

Finally 232 numbers of households have been surveyed and analyses of 215 households. Density of tribal population was the primary criterion of selection. Therefore the West Singhbhum district was chosen due to the concentration of tribal population. Blocks have been selected keeping in mind the overall representation of the tribal. Similarly 6 villages from each block are selected in such a way that these villages represent the tribal population systematically of the block. Altogether 90 SHGs with 1413 members have been canvassed with scientifically structured questionnaires.

Table 1: Sampling Frame of the Study Area

| Sl. No | Name of Block | Number of Villages | Number of Households Survey | Number of Households Analysis |
|--------|----------------|--------------------|-----------------------------|-------------------------------|
| 1 | Sadar chaibasa | 6 | 82 | 75 |
| 2 | Goikera | 6 | 74 | 68 |
| 3 | Chakadharpur | 6 | 76 | 72 |
| | Total | 18 | 232 | 215 |

6 villages from each block i.e. total 18 villages under 3 blocks and 232 numbers of households were surveyed and finally analysed 215 numbers of households.

Research Methodology

Present study is empirical in nature and mainly based on primary data. Besides, collection and analysis of primary data, secondary data and pertinent literature have been compiled, analyzed and reviewed accordingly. Questionnaires and interview Schedules have been used with relevant set of questions for SHG members and authorities of NGOs and Banks. The work also utilizes the available plenty of secondary sources of data and information through Bank Reports; SHG proceedings Register; Annual Reports of NABARD issues, Union Budget and Newsletters of Government of India; Professional Magazines; News Papers; Authorized websites, Reference Books

In order to collect and gather primary data field observation and structured questionnaires survey and methods were employed. In addition to above mentioned ways and means information was also collected through discussions and interviews at level of NGOs and Government's grass root level workers. Secondary data gathered for the records of SHGs and NGOs and Government offices were supplemented by the primary data collected from the group. A wide range of information such as, composition of membership, savings mobilized, and loans disbursed, interest rates recovery procedures assets created external assistance received etc were ascertained from the SHGs and their members. The data collected from each block regarding the structure and profile of SHGs member's savings and loans of SHGs economic and social benefits derived by SHGs members etc have been processed separately. The analysis obtained from different blocks are compiled and compared to draw the inferences and actual performance of the SHGs in the study area.

Test of Goodness of Fit (χ^2 Test)

The quantity χ^2 describes the magnitude of the discrepancy between theory and observation. From this, we can find out whether two or more attributes are associated or not. While comparing the calculated value of χ^2 with the table value we have to determine the degrees of freedom. If the calculated value of χ^2 is less than the table value at a certain level of significance, we can say that the results of experiment provide no evidence for doubting the hypothesis or the hypothesis attributes are not associated holds good. On the other hand, if the calculated value is more than the table value, we can say that the results of experiment do not support the hypothesis or the hypothesis attributes are associated. When the computed χ^2 value is too close to zero, we should suspect the possibility that sets of frequencies have been manipulated in order to agree and therefore, the design of our experiment should be thoroughly checked.

Table 2: Demographic Profile

| | Name of Block | | | | | | | |
|---|----------------|-------|---------------|-------|---------|-------|-------|-------|
| | Sadar Chaibasa | | Chakardharpur | | Goikera | | Total | |
| | N | % | N | % | N | % | N | % |
| Education Level | | | | | | | | |
| Illiterate | 221 | 55.6 | 320 | 67.51 | 252 | 57.40 | 793 | 60.53 |
| Primary | 141 | 35.52 | 125 | 26.37 | 171 | 38.95 | 437 | 33.36 |
| Matric | 30 | 7.56 | 24 | 5.07 | 14 | 3.19 | 68 | 4.96 |
| Intermediate | 04 | 1.00 | 5 | 1.05 | 2 | 0.46 | 11 | 1.07 |
| Graduation | 01 | 0.25 | -- | -- | -- | -- | 01 | 0.08 |
| Total | 397 | 100 | 474 | 100 | 439 | 100 | 1310 | 100 |
| Economic status before Joining SHGs | | | | | | | | |
| AAY | 49 | 12.34 | 83 | 17.51 | 85 | 19.36 | 217 | 16.56 |
| BPL | 318 | 80.10 | 340 | 71.73 | 323 | 73.57 | 981 | 74.85 |
| APL | 30 | 7.56 | 51 | 10.76 | 31 | 7.07 | 112 | 8.55 |
| Total | 397 | 100 | 474 | 100 | 439 | 100 | 1310 | 100 |
| Economic Status(after joining SHGs) | | | | | | | | |
| AAY | 12 | 3.63 | 43 | 9.07 | 71 | 16.17 | 126 | 9.62 |
| BPL | 183 | 96.09 | 148 | 31.23 | 195 | 44.42 | 526 | 40.35 |
| APL | 202 | 50.88 | 283 | 59.70 | 173 | 39.41 | 658 | 50.23 |
| Total | 397 | 100 | 474 | 100 | 439 | 100 | 1310 | 100 |

Source: Field Survey

Self- help group members constitute a minimum of 10 and maximum of 20 members. They are usually women from similar social and economic backgrounds 60.53 % recipients were reportedly illiterate while only 39.47% were reportedly primary and above. After joining SHGs AAY (Antyodaya Anna Yojana) and BPL (Below Poverty Line) were reduced by 6.94% and 34.5% respectively while APL (Above Poverty Line) was increased by 41.6%

Table 3: Income Generating Activities

| | Employed | Non- Employed | Total |
|-----------------------------|----------|---------------|---------|
| Before SBLP | 106 | 170 | 276 |
| After SBLP | 942 | 92 | 1034 |
| Total | 1048 | 262 | 1310 |
| Expected Frequencies | | | |
| Before SBLP | 220.80 | 55.20 | 276.00 |
| After SBLP | 827.20 | 206.80 | 1034.00 |
| Total | 1048.00 | 262.00 | 1310.00 |

Expectation AB = (A*B)/N

(1048x276)/1310 = 220.80

Table 4: Chi-square Test

| Observed Frequency (O) | Expected Frequency (E) | (O-E) | (O-E) ² | (O-E) ² /E |
|-------------------------------|--------------------------|-------|--------------------|-----------------------|
| 106 | 220.8 | 114.8 | 13179.04 | 59.69 |
| 942 | 827.2 | 114.8 | 13179.04 | 15.93 |
| 170 | 55.2 | 114.8 | 13179.04 | 238.75 |
| 92 | 206.8 | 114.8 | 13179.04 | 63.72 |
| $\Sigma [(O-E)^2/E] = 378.09$ | | | | |

Table 5: Poverty Alleviation

| Poverty Alleviation | | | |
|---------------------|--------|--------|-------|
| | Before | After | Total |
| SBLP | 82 | 831 | 913 |
| Non SBLP | 186 | 211 | 397 |
| Total | 268 | 1042 | 1310 |
| Expected Frequency | | | |
| SBLP | 186.78 | 726.22 | 913 |
| Non SBLP | 81.22 | 325.78 | 397 |
| Total | 268 | 1042 | 1310 |

Expectation of AB = (A* B)/N = (268x913)/1310= 186.78

Table 6: Chi- Square Test

| Observed Frequency (O) | Expected Frequency (E) | (O-E) | (O-E) ² | (O-E) ² /E |
|------------------------------|--------------------------|--------|--------------------|-----------------------|
| 82 | 186.78 | 104.78 | 10978.84 | 58.78 |
| 186 | 81.22 | 104.78 | 10978.84 | 135.17 |
| 831 | 726.22 | 104.78 | 10978.84 | 15.12 |
| 211 | 315.78 | 104.78 | 10978.84 | 34.77 |
| $\Sigma[(O-E)^2/E] = 243.84$ | | | | |

Table 7: Achievement

| | Employed | Non- Employed | Total |
|--------------------|----------|---------------|-------|
| Before SBLP | 112 | 164 | 276 |
| After SBLP | 886 | 148 | 1034 |
| Total | 998 | 312 | 1310 |
| Expected Frequency | | | |
| Before SBLP | 210.27 | 65.73 | 276 |
| After SBLP | 787.73 | 246.27 | 1034 |
| Total | 998.00 | 312 | 1310 |

Expectation AB = (AxB)/N
(998 x 276)/1310 = 210.27

Table 8: Chi- Square Test

| Observed Frequency (O) | Expected Frequency (E) | (O-E) | (O-E) ² | (O-E) ² /E |
|-------------------------------|--------------------------|-------|--------------------|-----------------------|
| 112 | 210.27 | 98.27 | 9657 | 45.93 |
| 886 | 87.73 | 98.27 | 9657 | 12.26 |
| 164 | 55.2 | 98.27 | 9657 | 146.92 |
| 148 | 246.27 | 98.27 | 9657 | 39.27 |
| $\Sigma [(O-E)^2/E] = 244.38$ | | | | |

Result and Discussion

- Income Generating Activities**

$$\chi^2 = \Sigma[(O-E)^2/E] = 378.09$$

$$U = (r-1) (C-1) = (2-1) (2-1) = 1 \text{ For } V=1, \chi^2 \text{ at } 0.05 = 3.84$$

The χ^2_{cal} 378.09 is more than the table value at 5% level of significance 3.84. Therefore Null hypothesis is rejected. It means SBLP (Self Help Group-Bank Linkage Programme) ensure the income generation activities.

- **Poverty Alleviation**

$$\chi^2 = \Sigma[(O-E)^2/E] = 243.84$$

$$U = (r-1)(C-1) = (2-1)(2-1) = 1 \quad \text{For } V=1, \chi^2 \text{ at } 0.05 = 3.84$$

The χ^2_{cal} 243.84 is more than the table value at 5% level of significance 3.84. Therefore, Null hypothesis is rejected. It means SBLP (Self Help Group-Bank Linkage Programme) facilitate poverty alleviation.

- **Achievement**

$$\chi^2 = \Sigma[(O-E)^2/E] = 244.38$$

$$U = (r-1)(C-1) = (2-1)(2-1) = 1 \quad \text{For } V=1, \chi^2 \text{ at } 0.05 = 3.84$$

The χ^2_{cal} 244.38 is more than the table value at 5% level of significance 3.84. Therefore, Null hypothesis is rejected. It means SBLP (Self Help Group-Bank Linkage Programme) achieve satisfactory level.

Conclusion

Poor Tribal once engaged only in household work are now generating income for their families with the help of the SHGs. Tribals in villages are discussing themselves regarding the day- today development in social, political, economical, cultural and spiritual fields. They also discuss their personal and family problems and find a way for solution to their impediments through SHGs. They are successfully performing their role in Participating the process of development and welfare of their villages. Poor Tribal once engage only in household work are now generating income for their family with the help of the SHGs in social, political, economical, cultural and spiritual fields. It can be concluded from the results of the present study that SHGs have better outreach and positive impact on poverty alleviation. Thus, we can say that SHG-Bank Linkage Programme is a blessing for the weaker section.

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