

ASSESSMENT AND EVALUATION OF INCOME & SAVINGS: A PERSPECTIVE OF POOR FAMILIES IN KUMAON REGION (UTTARA KHAND)

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ABSTRACT

One of the greatest challenges before Indian sub-continent which accommodates more than one-third of its population living below poverty line. This paper examines the impact of microfinance on income and employment on socially disadvantage group in particular. The study primarily based on the field survey conducted by the author in various district of Kumaon Region (Uttarakhand). Both participants and non-participants are taken into consideration for better understanding of the impact of microfinance. Comparison of member and non-members socio-economic condition is reported and it was found that non-participants are the most vulnerable and are at a disadvantage position than their counterparts. Probit-model is applied to examine the household specific factors explaining participation in the program.

KEYWORDS: *Below-Poverty Line, Socio-Economic, Probit-Model.*

Introduction

Poverty is not new word to Indian ears. Indian literature of all genres is full of plots woven around the dehumanizing existence and misery of the poor.

- The problem of poverty and unemployment is considered as the biggest challenge to development planning in India. High poverty levels are synonymous with poor quality of life, deprivation, malnutrition, illiteracy and low human resource development.
- Poverty is a stark reality in India, and therefore poverty reduction was always given a top priority by the Government right from the beginning of the plan period.
- The Present paper is related with Poverty. It elaborates the concept of Poverty and Poverty line. It also explains Absolute and Relative Poverty. Rural and Urban Poverty is explained in this paper. This paper also focuses on various Programmes on Poverty Alleviation.

Meaning of Poverty

Poverty, like beauty, is easier to recognize than to define and compare. Some social workers and economists, nevertheless, define poverty with reference to certain basic amenities such as food, floor space per person and medical care, etc. When a family lacks a certain proportion of basic amenities it is considered poor, regardless of income.

Poverty in India

Poverty is a social-economic phenomenon in which a section of society is unable to fulfill even its basic necessities of life. The minimum needs are food, clothing, housing, employment, education and other basic minimum human needs. Humanity faces pains and miseries if it does not attain a subsistence level of such needs. It is generally agreed in this country that only they who fail to reach a certain minimum consumption standard should be regarded as poor. No society can surely be flourishing and happy, of which the far greater part of the members are poor and miserable. Poverty is about denial of opportunities and fulfillment of human potential.

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Employment

Concept of unemployment is very complex and has been defined in different economists from time to time. Unemployment means a state of affairs when in a country there are a large number of able persons of working age who are willing to work but cannot find work at the current wage levels. Most people leave the labor force when they retire, go to school, have a disability that keeps them from working, or have family responsibilities. Others may feel they can't get work, and so stop looking. The BLS calls them discouraged workers. The BLS removes them from both the unemployment statistics and the labor force. However, they are separately reported in the Employment Report.

Reviews of Literature

Bangoura Lansana (2012) The present paper tried to understand the role of micro- finance in the developing countries. The authors found that no developing country can develop, by ignoring the rural mass so the importance of the micro-finance is also being felt by the policy makers and now it is an integral part of development policies in the developing and poor countries.

Bateman M and Chang H (2012) In this paper the authors tried to understand whether the concept of MFIs is accepted by the political parties? It was found that as the core objective is to reduce the poverty keeping in mind the concept of inclusive growth, so this model is highly appreciated by the all political parties and accepted by all.

Beg. Masroor Ahmad (2012) This paper made a study to evaluate the factors which act as barriers in accessing the banking services, level of penetration of bank services in deepening the outreach and impact on poverty and employment. The study has revealed that financial inclusion and the extent of poverty and unemployment is still positively correlated using the Karl Pearson's method of correlation. Karl Pearson's correlation technique was applied to establish relationship between two variables first is: Composite Index of Financial Inclusion and the second is: Poverty and Unemployment. The negative correlation between financial inclusion and the poverty ratio as well as unemployment was observed which indicates that there is significant impact of financial inclusion and the poverty/employment levels. However, the benefits of banking products should be brought into the knowledge of the low income people at the bottom of the pyramid. And large majority of vulnerable section of society excluded should be brought to the fold of financial inclusion.

Dr. Beena George (2015) revealed from the survey of the empirical literature that most of the studies deal with either the role or the impact of governmental organisations and NGOs, donor agencies, and self help groups in empowering women through micro financing in different parts of the world. While some have labelled this as revolutionary and new paradigm for development, others ponder over the real impacts of micro credit. The evidence with respect to the impact on women's status and well-being is mixed. Most of all the works reflect on the positive impact of micro credit on rural women. They also reveal how the goal of women empowerment can be achieved, and suggest some corrective measures to overcome the problems in this regard.

Latish Mukesh (2018) Social entrepreneurship is considered an important tool in enabling the nation development and poverty alleviation. The main purpose of this paper is to justify the linkage between social entrepreneurship development and poverty alleviation based on empirical reviews. In this study, We found that social entrepreneurship development is a key tool for poverty reduction; stimulating employment as well as fast-tracking realization of universal prime education and promoting gender equality. It is hoped that it would be useful to fellow researchers who are undertaking studies in this area. In the light of recent world events, this has become a crucial area to study and understand.

Chikara Komal (2019) The growing volumes of international trade and lowering of tariff barriers have triggered continuing debate and analysis on the impact of international trade on poverty. The United Nations has identified eradication of poverty-especially of extreme poverty-as its number one Millennium Development Goal (MDG). Through a review of the literature on this topic, the author finds that there is strong empirical evidence in favour of the growth enhancing effects of exports and trade in general. Furthermore, a number of detailed studies using firm-level and household data show that exporting can lead to productivity, growth and directly reduce poverty through wage and employment effects.

Objective

To assess the changes in the quality of life, economic development and livelihood security among poor families in Kumaon Rgion of Uttarakhand.

Research Methodology

According to the Websiter's international dictionary research is "A careful enquiry or examination in seeking facts or principles diligent investigation in order to a certain something." Research, in general is taken as search of knowledge.

Research Methods

A descriptive research aimed at empirical examinations and analysis of the stated problem. It will use mainly two methods:

- **The Survey Method:** A survey of a selected sample groups of microfinance organizations in Kumaun.
- **Content Analysis:** Secondary data will be collected with the help of related government and non-government organizations and publications, journals and website etc.

The study will also involve comparative studies of the selected sample groups with other groups.

Sample

The scope of proposed research work is very wide. It covers the three districts of Kumaun, , Pithoragarh, Udham Singh Nagar and Bagheshwar I would take a selected sample of approximately forty individuals in respective districts of Kumaun. Total members of sample taken by me in three districts would be as following:

$$40 \times 2 = 80$$

$$80 + 47 = 127$$

Methods of Data Collection

This study will involve both qualitative and quantitative analysis of collected data. Quantitative analysis will involve statistical analysis, especially descriptive statistics. Beginning with tabulation of data and grouping into class-intervals, measurement of central tendency; it will also involve cross-tabulation.

Microfinance in India

The program of linkage of banking Self-Help Groups (SHGs) of the rural poor with the banking system was launched as a pilot project in 1992. Over the year the SHG-Bank linkage program in the country 560 banks including 48 commercial banks, 196 RRBs, and 316 cooperative banks are now actively involved in the operation of this program. The program has been providing the rural poor access to the formal banking system and has achieved several milestones in terms of gender sensitization and empowerment and poverty lessening.

Data Analysis and Interpretation

As per the data analysis, it is found that all three hypotheses have been rejected. After the intervention of the microfinance significant positive changes have been noticed in the areas of economic development (1.6 per cent to 24.4 per cent), livelihood security (1.6 per cent to 27.6 per cent), and quality of life (1.6 per cent to 21.3 per cent) in the high category. Therefore, we can say that our study works in all the segments and it improves the economic development, livelihood security and quality of life. These changes can be understood as indicative of positive development in human development.

Areas		Very low		Low		Moderate		High		Very High		Total	
		N	%	N	%	N	%	N	%	N	%	N	%
Economic Development	Pre	14	11.0	77	60.6	34	26.8	2	1.6	0	0.0	127	100.0
	Post	1	0.8	29	22.8	66	52.0	31	24.4	0	0.0	127	100.0
Livelihood Security	Pre	7	5.5	76	59.8	41	32.3	2	1.6	1	0.8	127	100.0
	Post	0	0.0	27	21.3	65	51.2	35	27.6	0	0.0	127	100.0
Quality of Life	Pre	6	4.7	88	69.3	31	24.4	2	1.6	0	0.0	127	100.0
	Post	0	0.0	30	23.6	70	55.1	27	21.3	0	0.0	127	100.0

Source: Field Survey, 2019

Hypothesis

- **Economic Development**

H₀ There is no difference between the economic development of the poor family pre intervention of microfinance and the economic development of the poor family after the intervention of microfinance.

Economic Development = ED;

$$H_0: Mdn_{Post}^{ED} = Mdn_{Pre}^{ED}$$

$$Or, H_0: Mdn_{Post}^{ED} - Mdn_{Pre}^{ED} = 0$$

$$Thus, H_1: Mdn_{Post}^{ED} \neq Mdn_{Pre}^{ED}$$

$$Or, H_1: Mdn_{Post}^{ED} - Mdn_{Pre}^{ED} \neq 0$$

Area	Median		Test Statistic	Standardized Test Statistic	p	r	Decision
	Pre	Post					
Economic Development	8.00	12.00	7592.500	9.298	0.000	0.82	Reject

Source: Field Survey, 2019

Economic Development is significantly better post intervention of microfinance (Mdn = 12.00) than it was pre intervention of microfinance (Mdn = 8.00), $z = 9.298$, $p < 0.05$, $r = 0.82$.

- **Livelihood Security**

H_0 There is no difference between the livelihood security of the poor family pre intervention of microfinance and the livelihood security of the poor family after the intervention of microfinance.

Livelihood Security = LS

$$H_0: Mdn_{Post}^{LS} = Mdn_{Pre}^{LS}$$

$$Or, H_0: Mdn_{Post}^{LS} - Mdn_{Pre}^{LS} = 0$$

$$Thus, H_1: Mdn_{Post}^{LS} \neq Mdn_{Pre}^{LS}$$

$$Or, H_1: Mdn_{Post}^{LS} - Mdn_{Pre}^{LS} \neq 0$$

Area	Median		Test Statistic	Standardized Test Statistic	p	r	Decision
	Pre	Post					
Livelihood Security	8.00	13.00	6602.500	8.860	0.000	0.85	Reject

Source: Field Survey, 2019

Livelihood Security is significantly better post intervention of microfinance (Mdn = 13.00) than it was pre intervention of microfinance (Mdn = 8.00), $z = 8.860$, $p < 0.0$, $r = 0.85$.

- **Quality of Life**

H_0 There is no difference between the quality of life of the poor family pre intervention of microfinance and the quality of life of the poor family after the intervention of microfinance.

Quality of Life = QL.

$$H_0: Mdn_{Post}^{QL} = Mdn_{Pre}^{QL}$$

$$Or, H_0: Mdn_{Post}^{QL} - Mdn_{Pre}^{QL} = 0$$

$$Thus, H_1: Mdn_{Post}^{QL} \neq Mdn_{Pre}^{QL}$$

$$Or, H_1: Mdn_{Post}^{QL} - Mdn_{Pre}^{QL} \neq 0$$

Area	Median		Test Statistic	Standardized Test Statistic	p	r	Decision
	Pre	Post					
Quality of Life	9.00	14.00	7884.000	9.456	0.000	0.84	Reject

Source: Field Survey, 2019

Quality of Life is significantly better post intervention of microfinance (Mdn = 14.00) than it was pre intervention of microfinance (Mdn = 9.00), $z = 9.456$, $p < 0.0$, $r = 0.84$.

Conclusion

In recent years, the development community comes to view micro credit as an important tool for poverty alleviation and economic empowerment. In Kumaun region, micro finance developed rapidly in numbers and size. Micro-finance is a difficult mode of financial services. Micro finance provides different financial services in a sustainable way. Micro financial services are the hopes for sustainable finance, employment generation and poverty alleviation for poor people.

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