CHAPTER-VII

IMPACT OF SELF-HELP GROUP PROGRAMME ON ERADICATION OF RURAL POVERTY
The Self-Help Group (SHG) approach is a new paradigm into the field of rural development with its main objectives-- to increase the well-being of the poor people, provide access to resources and credit, increase self-confidence, self-esteem and increase their creditability in all aspects of lives. Self-Help Group is a voluntary and self-managed group of women, belonging to similar socio-economic characteristics, who come together to promote savings among themselves. The poverty alleviation intervention of the SHG is in the form of undertaking economic programmes to provide employment, giving micro finance\(^1\) services to the poor so that they get themselves acquainted with skills and occupational diversification. The present chapter made an attempt to assess the impact of SHG programme on eradication of rural women’s poverty. To assess the impact of SHG programme on eradication of rural poverty, the “Poverty Eradication Index (PEI)” is considered with emphasis on two causal factors namely-- employment generation and income generation and three impact factors namely-- consumption pattern, skill and knowledge level and health care.

To estimate the eradication of rural poverty, the primary data collected pertaining to the above five variables namely, employment generation, income generation, consumption pattern, skill and knowledge level and health care. The position of women before joining in SHG and after joining in SHG with respect to these five variables are compared, indices are calculated to measure the impact. On the basis of the indices the total poverty eradication index is calculated for the three districts and the Andhra Pradesh as a whole.

### 7.1 The Poverty Eradication Index (PEI)

The Poverty Eradication Index has been measured with the help of the following equation:

\[
PEI = \frac{(E+Y+C+K+H)}{W}
\]

Where:
- \(PEI\) = Poverty Eradication Index
- \(E\) = Employment generation
- \(Y\) = Income generation
- \(C\) = Consumption pattern
- \(K\) = skill and Knowledge level
- \(H\) = Health care
- \(W\) = Sum of total points of all the five variables

\(^1\) Micro finance is the providing small amount of loan that are repaid within short period of time and essentially used by low income individuals and households.
7.2 Methods and Factors used in describing the Five Variables

All the five variables, employment generation and income generation, consumption pattern, skill and knowledge level and health care have been considered based on some basic principles which are described in the following--

7.2.1 Employment Generation (E)

The SHG Programme generates the self employment opportunities through providing credit support to the SHG members. The economic activity which generates employment above or equal to 182 working days to a woman member in a year is considered as gainful employment. For the purpose of estimation of the poverty eradication this study considered only the gainful employment as an indicator.

7.2.2 Income Generation (Y)

Income generation of the sample respondents is another indicator of eradication of rural poverty. Annual income of Rs. 24000 is drawn as poverty line by Planning Commission of India. If the annual income is less than 24000, such are under below poverty line. If the annual income is above 24000, such are above the poverty line. Accordingly, this study considered only the gainful income includes the respondents on the poverty line and above the poverty line.

7.2.3 Consumption Pattern (C)

The movement of the respondents who are moving from necessaries to comforts and luxurious items is considered as improvement in their consumption pattern. It indicates change in their life style. In this consumption pattern eight factors mixer and grinder, fan, cycle, L.P.G. gas connection, T.V, cell phone, V.C.D and motor cycle have considered as comforts and luxurious items. Out of this eight items one who has at least four or above items is considered as improvement in consumption pattern of that particular respondent. It means who are having 50 per cent of goods is taking as consideration to the improvement in consumption pattern.

7.2.4 Knowledge (K)

Knowledge indicates literacy, education and skill of the respondents. Providing training improves the skill of the trainee. SHGs conduct training
programmes to their members to impart them the knowledge of different economic activities and other skills. SHGs are also providing awareness programmes to the women to improve their knowledge for leading a better life in the society. The effective poverty reduction requires not only employment and income growth but also improved human capabilities and efficient use of resources. In the case of skill and knowledge variable, eight types of skills have taken to estimate the knowledge improvement of the respondent. The eight skills are literacy level, ability of reading newspapers, technical usage, watching television, technical skills, knowledge about women rights, women reservation and Schedule Caste and Schedule Tribe reservation. Out of which who have minimum 50 per cent or any four skills among eight factors have considered as an improvement in knowledge of that respondent.

7.2.5 Health Care (H)

Health care indicates the women’s access to health care and nutritional levels. The improvement in economic conditions of the women respondent leads them to improve their spending on health care and nutrition. To measure the improvement in the health care of the respondent on eight factors are considered. Out of which at least who accessed at least 50 per cent or any four health indicators have considered as improvement in health care of that respondent. The eight indicators are cleanliness of home and surroundings, vaccination, sanitary facilities, taking nutritious food, knowing or following the family planning, access to health services, having access to qualified doctor and health insurance.

7.2.6 Methods

Generally in recent days the changes in life style may occur in a person’s life with the timely interventions through the surroundings. As a result, to avoid calculating the general improvements in the life styles of the respondents the study considered only the gainful employment and gainful income and put cut-off of 50 per cent in the cases of consumption pattern, knowledge and health care variables to measure the accurate improvement in their standard of living conditions and to estimate the actual eradication of poverty in their life.
Hence each variable index is constructed by using the following index number formula.

\[ I = \frac{a_1-a_0}{s-a_0} \times W \]

Where:
- \( I \) = Index Number
- \( a_0 \) = Number of respondents before joining SHG
- \( a_1 \) = Number of respondents after joining SHG
- \( S \) = Total respondents
- \( W \) = Points Assigned

### 7.2.6.1 Scale

100 point scale has been considered and assigned 20 points to each variable to find-out Poverty Eradication Index.

### 7.2.6.2 Scale of PEI Analysis

If PEI is equal to 1, it indicates that 100 per cent of eradication of poverty or if PEI is zero, it indicates that the poverty eradication is zero. If the value of PEI is greater than zero, it indicates that the certain percentage of people is lifted above the poverty line through joining in SHG programme.

### 7.3 PEI Estimation based on the Comparison between Before and After joining in SHG

The primary data collected for all the above five variables, the data collected before and after joining in SHGs of women respondents in Andhra Pradesh is used to estimate PEI. In this section PEI constructed separately to each sample district and as well as to Andhra Pradesh as a whole. A sample of size of 100 respondents is interviewed for each district and totally 300 sample respondents are interviewed in all the three districts.

#### 7.3.1 PEI in Srikakulam District

Based on the primary data regarding to the five variables of Srikakulam district each variable index has been constructed and based upon that each variable
index the PEI is estimated. The details pertaining to the impact of SHGs in Srikakulam district is given in the following table 7.1.

Table-7.1

<table>
<thead>
<tr>
<th>Variable Name</th>
<th>Before Joining SHG (a₀)</th>
<th>After Joining SHG (a₁)</th>
<th>Variable Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment (E)</td>
<td>25</td>
<td>33</td>
<td>2.13</td>
</tr>
<tr>
<td>Income (Y)</td>
<td>1</td>
<td>24</td>
<td>4.65</td>
</tr>
<tr>
<td>Consumption (C)</td>
<td>1</td>
<td>34</td>
<td>6.67</td>
</tr>
<tr>
<td>Skill and Knowledge (K)</td>
<td>4</td>
<td>31</td>
<td>5.63</td>
</tr>
<tr>
<td>Health Care (H)</td>
<td>3</td>
<td>80</td>
<td>15.88</td>
</tr>
<tr>
<td>Poverty Eradication Index (PEI): (E+Y+C+K+H) / W</td>
<td>-</td>
<td>-</td>
<td>0.349</td>
</tr>
</tbody>
</table>

Note: (i) ‘s’ indicates total respondents (100) and ‘w’ indicates points (20) assigned to each variable.
(ii) W = Sum of total points (100) of all the five variables.
Source: Primary Data.

Table 7.1 reveals that in Srikakulam district out of 100 women respondents 25 have gainful employment before joining SHG. After joining SHG the number is increased to 33 respondents. In income generation only one respondent crossed the poverty line before joining SHG but it is increased to 24 respondents after joining SHG. The number of respondents improved their consumption pattern has increased from 1 to 34 respondents after joining in SHG programme. The number of respondents gained Skill and knowledge is increased from 4 to 31 respondents after joining in SHG. The number of respondents improved their health care increased from 3 to 80 after joining in SHG.

According to the table 7.1 the variable index of each variable shown that there is 2.13 per cent poverty has been eradicated by employment and 4.65 per cent by income variable. Consumption pattern eradicated 6.67 per cent of poverty. Skill and Knowledge variable constitutes 5.63 per cent and health care constitutes major share of 15.88 per cent in poverty eradication.

Further, it is observed that the Srikakulam PEI is 0.349. It indicates that 34.9 per cent poverty is eradicated in Srikakulam district out of 100 women respondents after joining in SHG programme.
7.3.2 PEI in Mahabubnagar District

Before and after joining in SHG information related to the five variables, each variable index and the PEI of Mahabubnagar district is presented in the following table 7.2.

Table 7.2 reveals that in Mahabubnagar district out of 100 women respondents 20 have gainful employment before joining SHG but their number increased to 25 after joining SHG. In income generation 6 respondents have crossed the poverty line before joining SHG but it has increased to 25 respondents who crossed the poverty line after joining SHG. The number of respondents who improved their consumption pattern is 40 respondents after joining SHG. But before SHG there is no improvement in their consumption pattern of the total respondents. The number of respondents gained Skill and knowledge is increased from 3 to 45 respondents after joining SHG. The number of respondents improved their health care is increased from 22 to 88 after joining SHG.

Table-7.2
Impact of SHGs on Poverty Eradication in Mahabubnagar District

<table>
<thead>
<tr>
<th>Variable Name</th>
<th>Before Joining SHG (a₀)</th>
<th>After Joining SHG (a₁)</th>
<th>Variable Index [(a₁) - (a₀) / s-(a₀) x w]</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment (E)</td>
<td>20</td>
<td>25</td>
<td>1.25</td>
</tr>
<tr>
<td>Income (Y)</td>
<td>6</td>
<td>25</td>
<td>4.04</td>
</tr>
<tr>
<td>Consumption (C)</td>
<td>0</td>
<td>40</td>
<td>8.00</td>
</tr>
<tr>
<td>Skill and Knowledge (K)</td>
<td>3</td>
<td>45</td>
<td>8.66</td>
</tr>
<tr>
<td>Health Care (H)</td>
<td>22</td>
<td>88</td>
<td>16.92</td>
</tr>
<tr>
<td>Poverty Eradication Index (PEI): (E+Y+C+K+H) / W</td>
<td>-</td>
<td>-</td>
<td>0.389</td>
</tr>
</tbody>
</table>

Note: (i) ‘s’ indicates total respondents (100) and ‘w’ indicates points (20) assigned to each variable.

(ii) W = Sum of total points (100) of all the five variables.

Source: Primary Data.

Further, it is revealed that according to the variable index there is only 1.25 per cent eradication of poverty done by gainful employment in Mahabubnagar. Income index constitutes 4.04 per cent and consumption pattern shares 8 per cent in poverty eradication. Skill and Knowledge variable eradicated 8.66 per cent of poverty.
Health care play a vital role in poverty eradication with 16.92 per cent out of 38.9 per cent of total eradication of poverty in Mahabubnagar.

On the basis of this each variable index PEI is estimated. The Mahabubnagar PEI value is 0.389 which indicates that 38.9 per cent of poverty has been eradicated due to joining in SHG programme of rural women in Mahabubnagar district.

7.3.3 PEI in Ananthapur District

Before going to estimate the PEI of the respondents of Ananthapur district each variable index is constructed based on the primary data. On the basis of the before and after joining SHG information of each variable, the index number of each variable is measured and based on variable index the PEI is estimated. Impact of SHG on selected five variables in Ananthapur district is presented in Table 7.3.

Table-7.3

<table>
<thead>
<tr>
<th>Variable Name</th>
<th>Before Joining SHG (a₀)</th>
<th>After Joining SHG (a₁)</th>
<th>Variable Index ( \frac{(a₁) - (a₀)}{s-(a₀) x w} )</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment (E)</td>
<td>6</td>
<td>46</td>
<td>8.51</td>
</tr>
<tr>
<td>Income (Y)</td>
<td>3</td>
<td>32</td>
<td>5.98</td>
</tr>
<tr>
<td>Consumption (C)</td>
<td>0</td>
<td>58</td>
<td>11.60</td>
</tr>
<tr>
<td>Skill and Knowledge (K)</td>
<td>3</td>
<td>57</td>
<td>11.13</td>
</tr>
<tr>
<td>Health Care (H)</td>
<td>21</td>
<td>92</td>
<td>17.97</td>
</tr>
<tr>
<td>Poverty Eradication Index (PEI): (E+Y+C+K+H) / W</td>
<td>-</td>
<td>-</td>
<td>0.552</td>
</tr>
</tbody>
</table>

Note:  
(i) ‘s’ indicates total respondents (100) and ‘w’ indicates points (20) assigned to each variable.  
(ii) \( W = \text{Sum of total points (100) of all the five variables.} \)

Source: Primary Data.

Table 7.3 shows that in Ananthapur district out of 100 women respondents only 6 respondents have gainful employment before joining SHG but their number is increased to 46 respondents after joining SHG. In income generation only 3 respondents are crossed poverty line before joining SHG but it is increased from 3 to 32 respondents are crossed the poverty line after joining in SHG. The number of respondents who have improved in their consumption pattern or standard of living is increased from zero to 58 women respondents after joining SHG. The number of
respondents who gained skills and knowledge is increased from 3 to 57 after joining SHG. The number of respondents who have conscious about improvement in their health care increased from 21 to 92 after joining SHG.

Further, it observed that 17.97 per cent of poverty has been eradicated by health care measurement in the total PEI. Income eradicates the poverty only 5.98 per cent. Gainful employment eradicates 8.51 per cent poverty and consumption pattern constitutes 11.60 per cent in poverty eradication. Finally, the knowledge variable eradicates 11.13 per cent of poverty in Ananthapur district out of 55.2 per cent poverty eradication.

The PEI value of Ananthapur is 0.552 which indicates that 55.2 per cent of the poverty has been eradicated through joining in SHG programme in rural women of Ananthapur district. It reveals that above half of the women respondents lifted up their lives from below the poverty line after joining SHG.

7.3.4 PEI in Andhra Pradesh

To calculate the eradication of poverty through SHG programme in Andhra Pradesh the variable index is measuring based on each variable according to the before and after joining SHG information of the 300 women respondents. The details about the impact of SHGs in Andhra Pradesh are given in the following table 7.4.

Table 7.4 reveals that In Andhra Pradesh out of 300 women respondents 51 respondents have gainful employment before joining SHG but it is increase to 104 respondents after joining in SHG. In income generation through the employment is only 10 before joining SHG and it is increased to 81 respondents who gained income generation after joining SHG. The number of respondent women improved their consumption pattern increased from 1 to 132 after joining in SHG programme. The number of respondents gained knowledge has been increased from 10 to 133 after joining SHG. The number of women respondents has improved their health care increased from 46 to 260 after joining in SHG programme.
Table-7.4

Impact of SHGs on Poverty Eradication in Selected Districts of Andhra Pradesh

<table>
<thead>
<tr>
<th>Variable Name</th>
<th>Before Joining SHG ((a_0))</th>
<th>After joining SHG ((a_1))</th>
<th>Variable Index (\frac{(a_1)-(a_0)}{s-(a_0) \times w})</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment ((E))</td>
<td>51</td>
<td>104</td>
<td>4.26</td>
</tr>
<tr>
<td>Income ((Y))</td>
<td>10</td>
<td>81</td>
<td>4.90</td>
</tr>
<tr>
<td>Consumption ((C))</td>
<td>1</td>
<td>132</td>
<td>8.76</td>
</tr>
<tr>
<td>Skill and Knowledge ((K))</td>
<td>10</td>
<td>133</td>
<td>8.48</td>
</tr>
<tr>
<td>Health Care ((H))</td>
<td>46</td>
<td>260</td>
<td>16.85</td>
</tr>
<tr>
<td>Poverty Eradication Index ((PEI)): ((E+Y+C+K+H)/W)</td>
<td>-</td>
<td>-</td>
<td>0.432</td>
</tr>
</tbody>
</table>

Note: (i) ‘s’ indicates total respondents (300) and ‘w’ indicates points (20) assigned to each variable.
(ii) \(W = \text{Sum of total points (100) of all the five variables.}\)

Source: Primary Data.

Further, it is observed that out of total poverty eradication of 43.2 per cent among the five variables in Andhra Pradesh employment variable has been eradicated 4.26 per cent of poverty. Income contributes 4.90 per cent share in poverty eradication. Consumption stands for 8.76 per cent of poverty eradication. Skill and Knowledge variable has been eradicated 8.48 per cent of poverty and finally the major share of rural poverty eradication is 16.85 per cent by health care variable.

Andhra Pradesh PEI value is 0.432. The PEI indicates that 43.2 per cent of poverty has eradicated through SHG programme in rural areas of selected respondents of Andhra Pradesh.

Conclusion

Among the three districts Anantapur district is in the first place in poverty eradication through SHG programme than Mahabubnagar and Srikakulam districts. Srikakulam is found to be third place in eradication of poverty. In Anantapur 55.2 per cent of poverty has been eradicated but in Mahabubnagar 38.9 per cent of poverty has been eradicated and in Srikakulam there is only 34.9 per cent poverty has been eradicated by the SHG programme. In all districts health care index has contributed more in poverty eradication. The less contribution is by the employment index except Anantapur district where the lowest share is contributed by income index. It shows
that on an average SHG programme eradicated 55.2 per cent of the poverty in Ananthapur district while for the state of Andhra Pradesh it is 43.2 per cent. Even though it shows that the SHGs have provided a good environment for the upliftment of the rural poor women in the study area. But it is also observed that poverty still persists among the rural poor women since some of their average annual per capita income is not able to cross completely the below poverty line mark.

To sum up, the formation of SHG has created opportunities for the poor to participate into the various income earning activities for the women respondents in the region. Therefore, it can be concluded that the SHG programme can be taken as resource mobilization support for the rural poor women since the self-help approach give a sense of achieving collective strength by generating their income as well. Thus SHG provides a motivation for the building up capabilities on the part of their members in the sample area through providing various capacity building processes.