CHAPTER – 1
INTRODUCTION

Empowerment of Women is a prerequisite for creating an egalitarian society to facilitate sustainable socio-economic development of a nation. The obligation of women’s development in India’s post independent era is rooted in our constitution. Despite formulation and implementation of plans and polices on the basis of constitutional objectives, the process of women empowerment is now in a ‘Kick Starting’ stage. There is overwhelming evidence of violence, deprivation, discrimination, exploitation of women in home as well as in the public arena. There is increasing evidence that women are lagging behind a great deal in availing the benefits of development due to several socio-economic maladies.

In the early years of planning the concern for gender took a ‘welfare’ perspective, which manifested itself in the forms of grants, subsidies and free studentships for girls and women in some of the anti-poverty and welfare oriented programmes. But these concessions did not elicit the required level of women’s participation. In the latter half of the 1970s the focus shifted from merely welfare to development and greater emphasis was laid to integrate them in the mainstream of social and economic development. The benefits of these programmes had to be sustained and this was posing a challenge. These programmes failed to give ‘Women a voice’ in the decision that so directly affect their lives. The early 1990s saw the reshaping of strategies of socio-economic development and the emphasis shifted from ‘development’ to ‘empowerment’. There was a realization that women have limited access to capital market, education, skill training, extension advice and participation in the decision making process. There still remains a need for growing concern for gender issues in development planning and recognizing women’s economic role and contribution to national development.

In the past, poverty alleviation programmes were seen as the main strategies of women development. However such programmes went against the interest of the poor
women and made them less productive (Sahaya 1998). Transplanting alien activities which do not have the long term generative and self-sustaining potential does not lead to empowerment. For women, in every field economic independence is of paramount importance than economic development. Thus, the social work intervention is posited not only for participation and confidence building to control over their own lives and resources but also to achieve sustainability in their empowerment process.

It is in this context of empowerment and given the vulnerability and powerlessness of the individual women in the existing socio-economic set up that ‘Group’ strategies acquire greater relevance. The formation of small informal functional groups of women would give them ‘visibility’ and create micro level power pockets. Further the grouping approach would initiate a learning process through sharing of ideas, skills and will foster interactive capacity. In course of time women would learn to articulate their needs resulting in more appropriate participatory and grassroots level plans for their progress. Some social barriers would also be broken in the process. Many groups in recent years have started overcoming barriers of religion and caste and working together harmoniously for economic betterment.

In this direction government and NGOs have initiated tremendous efforts. The government programme, DWCRA (Development of Women and Children in Rural Areas) introduced in 1982-83 in a sub-scheme of Integrated Rural Development Programme (IRDP) at the District level. The primary objective of the scheme is to focus attention on the women members of rural families below the poverty line to provide them the opportunities of self-employment on a sustained basis. However, due to improper implementation the programmes could not fully achieve the targeted end.  


2 Development of Women and Children in Rural Areas (DWCRA) introduced in 1982-83 in a sub-scheme of Integrated Rural Development Programme (IRDP) at the District level. The primary objective of the scheme is to focus attention on the women members of rural families below the poverty line to provide them the opportunities of self-employment on a sustained basis.

3 Rashtriya Mahila Kosh is a Society under the Department of Women and Child Development to assist the banking needs and development of welfare activities.
NGOs took the place of Government and started organizing SHGs independently. Many NGOs also worked in collaboration with government. Some NGOs started engaging Professional Social Workers in the field of promotion of SHGs with the idea to add some professional and rational touch within the process.

Grouping of women has increased their awareness and eliminated exploitation by the middlemen in the case of active groups. But it again differs on the basis of region and social system. In the tribal areas, as the women workforce has gained their recognition for economic contribution the group venture is very interesting for them. Thousands of women have taken up this model of grouping for their socio-economic and political empowerment. Many women have started entrepreneurship for sustainable means of livelihood. Overcoming the social barriers, they have started joining in community development activities. They can now access the information, awareness and opportunities for their own, family and for community development.

1.1 Statement of the Problem

The women of Orissa are struggling within the viscous cycle of many socio economic maladies. Most of them do not have access to avenues of education, information, primary health care and nutrition. A major section of the women, particularly in the costal districts of Orissa are dependent economically on the male members of their family. These factors have never allowed them to take active part in decision making process inside or outside of their house. Also the interventions of externals such as businessman, govt. officials, in tribal area have increased exploitation and indebtedness. Hence sufferings of women have increased. Lack of sustainable source of economic means compels a bulk of tribal women to work in the unrecognized sector, which is said to be the exploitative ground. Again the male dominated society in the coastal area with its conservative and orthodox ideas has kept the women backward confining them to domestic chores. Besides their age old socio-economic dependency, the repeated floods and natural calamities have put a very adverse effect on their economic condition. All these compel the women to lead a very miserable life under insufficient and scanty economic condition. Their deteriorating socio-economic conditions make them unable to oppose the exploitation and oppression.
Under the prevailing circumstances the helpless women in the tribal and non-tribal areas could expect to be empowered socially and economically if the SHGs could be strengthened and activated. Both in tribal and non-tribal areas the credit needs of women have been the major force behind the genesis of SHGs. Given the fact that formalized institutional credit has not been able to reach the millions of people, especially the women living below poverty line, Shelf Help Groups (SHGs) have been first emerging as a powerful and feasible alternative to banking structure to cater to the needs of women. In India, the efforts are being made to promote micro finance in a suitable manner through the vehicle of SHGs. Since 1992 NABARD is a pioneer in conceptualizing and implementing the concept of SHG through the SHG-Bank linkage programme. On the recommendations of the Narasimham Committee, the Govt. of India therefore restructured all the poverty alleviation programmes under one umbrella scheme—“Swarnajayanti Grams Swarojgar Yojana” (SJSY) from April 1999. The focus of the scheme among the other themes is on group approach and organizing the poor into Self-Help Groups.

In Orissa many of the NGOs are working directly in the line of SHG promotion with the state and foreign funds. Funding agencies like CRS, UNDP, WFP, and CARE India are providing assistance to the NGOs in the formation and inter lending process of SHGs. The “Mission Shakti” a state body of Orissa serves as an umbrella organization with the wider coverage of SHGs both formed by NGOs and government. Now the significance of SHGs has been recognized as the means to achieve women empowerment. Against this background, the present study intends to examine the context in which the SHGs are introduced, the factors facilitating or inhibiting formation of SHGs and their functioning as an instrument of women empowerment. The study also explores the similarities and differences between SHGs operating in tribal and non-tribal districts in Orissa.

1.2 Poverty in India and Conditions of the Poor

According to World Bank, Poverty is pronounced deprivation in well-being, and comprises many dimensions. It includes low incomes and the inability to acquire the basic goods and services necessary for survival with dignity. Poverty also encompasses low levels of health and education, poor access to clean water and
sanitation, inadequate physical security, lack of voice, and insufficient capacity and opportunity to better one’s life.

Fundamentally, poverty is a refutation of choices and opportunities, a violation of human dignity. It means lack of basic capacity and skill to participate effectively in the societal issue. It means not having enough to feed and clothe a family, not having a school or clinic to go to; not having the land on which to grow one’s food or a job to earn one’s living, not having access to credit. It means insecurity, powerlessness and exclusion of individuals, households and communities. It means susceptibility to violence, and it often implies living in marginal or fragile environments, without access to clean water or sanitation (United Nations). It is the inability to satisfy one's basic needs because one lacks income to buy services or from lack of access to services.

Poverty may be referred as an aspect of unequal social status which results in social exclusion, dependency, and diminished capacity to participate, or to develop meaningful inter relation with other people in society. Such social exclusion can be minimized through strengthened connections with the mainstream, such as through the provision of relational care to those who are experiencing poverty.

Poverty is usually measured as either absolute or relative poverty. According to Copenhagen Declaration: Absolute poverty is a condition characterized by severe deprivation of basic human needs, including food, safe drinking water, sanitation facilities, health, shelter, education and information. It depends not only on income but also on access to social services. The term 'absolute poverty' is sometimes synonymously referred to as ‘extreme poverty’. Relative refers to as being below some relative income threshold, where this threshold differs for each society or country. One may be relatively poor, without being in the state of absolute poverty; relative poverty is often considered as an indirect measure of income inequality. Relative poverty is said to be socially and economically defined and dependent on different socio cultural context and income inequality. Usually, relative poverty is measured as the percentage of population with income less than some fixed proportion of median income.
A study by the **Oxford Poverty and Human Development Initiative** using a Multi-dimensional Poverty Index (MPI) found that there were 650 million people (53.7% of population) living in poverty in India, of which 340 million people (28.6% of the population) were living in severe poverty, and that a further 198 million people (16.4% of the population) were vulnerable to poverty. 421 million of the poor are concentrated in eight North Indian and East Indian states of Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh, Odisha, Rajasthan, Uttar Pradesh and West Bengal.

India remains the epicentre of poverty, both within South Asia and in the world, with as many as 259 million people below the national poverty line. In terms of the international poverty line of USD 1 per day (measured at 1993 purchasing power parity exchange rates), there are 358 million poor in India⁴. If instead the norm of USD 2 per day is used, almost 80 percent of India’s vast population is below poverty line⁵. In 2011, **World Bank** stated, 32.7% of the total Indian people fall below the international poverty line of US$ 1.25 per day while 68.7% live on less than US$ 2 per day. These figures are enough to take the wind out of any governmental effort to target the poor and the financially excluded. However, the country has been successful in reducing the proportion of poor people from about 55 per cent in 1973 to about 27 per cent in 2004(IFAD).

Poverty has many dimensions changing from place to place and across time. There are two inter-related aspects of poverty - Urban and rural poverty. The main causes of urban poverty are associated with high level of migration to the urban centres. When they come to the cities, they get access to some food though other sanitary facilities including clean water supply still elude them and they have to stay in the urban slums that place them under sub-human conditions.

Rural poverty is largely a result of ignorance, low productivity and unemployment. The causes of rural poverty are manifold including inadequate and ineffective implementation of anti-poverty programmes. The overdependence on monsoon with non-availability of irrigational facilities often results in crop-failure and low agricultural productivity forcing farmers in the debt-traps. The rural communities tend

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⁵ World Bank (2003).Supporting sound policies with adequate and appropriate financing. Paper prepared for the Development Committee of IMF and World Bank
to spend a large percentage of annual earnings on social ceremonies like marriage; feast etc. and become poorer.

According to IFAD report almost one third of the country’s population of more than 1.1 billion continues to live below the poverty line, and a large proportion of poor people live in rural areas. Poverty remains a chronic condition for almost 30 per cent of India’s rural population. The incidence of rural poverty has declined somewhat over the past three decades as a result of rural to urban migration (IFAD). The 61st round of National Sample Survey Organisation’s (NSSO) survey also estimates that poor people constitute 27.5 per cent of the country’s population. Poverty levels were higher in rural areas at 28.5 per cent compared to 25.7 per cent in urban areas.

Table No: 1.1 Estimates of Incidence of Poverty in India

<table>
<thead>
<tr>
<th>Year</th>
<th>Poverty Ratio (%)</th>
<th>No. of Poor (Million)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rural</td>
<td>Urban</td>
</tr>
<tr>
<td>1973-74</td>
<td>56.4</td>
<td>49</td>
</tr>
<tr>
<td>1977-78</td>
<td>53.1</td>
<td>45.2</td>
</tr>
<tr>
<td>1983</td>
<td>45.7</td>
<td>40.8</td>
</tr>
<tr>
<td>1987-88</td>
<td>39.1</td>
<td>38.2</td>
</tr>
<tr>
<td>1993-94</td>
<td>37.3</td>
<td>32.4</td>
</tr>
<tr>
<td>1999-00</td>
<td>27.1</td>
<td>23.6</td>
</tr>
<tr>
<td>2006-07*</td>
<td>21.1</td>
<td>15.1</td>
</tr>
</tbody>
</table>

*Projection of 10th Plan

Source: 10th Five Year Plan (Volume I)

As shown in Table No. 1.1 the poverty ratios (percentage of persons living below the poverty line) for India has been progressively changing. It is clearly highlighted from these figures that a good trend in poverty ratios is seen in both in rural and urban areas. It is probably because of the positive impact of reforms of the government and its efforts to alleviate poverty. However, on the contrary, Sen (2004) using NSSO data has come to the conclusion that the reforms have only benefited the elite and affluent classes. Other researchers also support this view. There are even those who are marginally above the poverty line and their condition is similar to those nearer to the poverty line.

Poverty is deepest among members of scheduled castes and tribes in the country's rural areas. In 2005 these groups accounted for 80 per cent of poor rural people, although their share in the total rural population is much smaller. Poverty affects tribal people in forest areas, where loss of entitlement to resources has made them even poorer. In coastal fishing communities' people's living conditions are deteriorating because of environmental degradation, stock depletion and vulnerability to natural disasters.

As discussed, poverty in India is overwhelmingly rural, with more than 70 per cent of the poor live in rural areas. Poverty is also disproportionately higher in population groups belonging to Scheduled Tribes (STs) and Scheduled Castes (SCs) in terms of sources of earning. As shown below in Table No: 1.2 small and marginal farmers and landless rural labour constitute the major chunk in aggregate poverty.

**Table No: 1.2 Characteristics of the poor**
(\%age of rural households below the poverty line, 1983, 1987-88, 1993-94)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Self-employed: Agriculture</td>
<td>38.99</td>
<td>35.88</td>
<td>27.11</td>
</tr>
<tr>
<td>2</td>
<td>Self-employed: non-Agriculture</td>
<td>42.89</td>
<td>36.11</td>
<td>29.13</td>
</tr>
<tr>
<td>3</td>
<td>Rural labor: Agriculture</td>
<td>63.2</td>
<td>59.63</td>
<td>50.56</td>
</tr>
<tr>
<td>4</td>
<td>Rural labor: non-Agriculture</td>
<td>44.13</td>
<td>43.66</td>
<td>34.62</td>
</tr>
<tr>
<td></td>
<td><strong>Average</strong></td>
<td><strong>47.30</strong></td>
<td><strong>43.82</strong></td>
<td><strong>35.36</strong></td>
</tr>
<tr>
<td>5</td>
<td>Others</td>
<td>29.8</td>
<td>25.4</td>
<td>23.27</td>
</tr>
<tr>
<td>6</td>
<td>All households</td>
<td>46.8</td>
<td>42.25</td>
<td>34.7</td>
</tr>
<tr>
<td>7</td>
<td>Female-headed households</td>
<td>--</td>
<td>41.1</td>
<td>32.7</td>
</tr>
</tbody>
</table>

*Source: Long and Srivastava (2002)*

Large numbers of India's poorest people live in the country's semi-arid tropical region. In this area shortages of water and recurrent droughts obstruct mainly the agriculture. There is also a high incidence of poverty in flood-prone areas such as those extending from eastern Uttar Pradesh to the Assam plains, and especially in northern Bihar.

High levels of illiteracy, inadequate health care and extremely limited access to social services are common among poor rural people which lead them into extreme poverty. Microenterprise development, which could generate income and enable poor people...

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to improve their living conditions, has only recently become a focus of the government.

**Table No: 1.3 MDG related Human Development Indicators in India**

<table>
<thead>
<tr>
<th>MDG-1</th>
<th>Goal 1: Eradicate extreme poverty and hunger</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Population living below $1 a day (%), 1990-2001</td>
</tr>
<tr>
<td>2</td>
<td>Share of poorest 20% in national income or consumption (%), 1990-2001</td>
</tr>
<tr>
<td>3</td>
<td>Children underweight for age (% under age 5), 1995-2001</td>
</tr>
<tr>
<td>4</td>
<td>Undernourished people (as % of total population)</td>
</tr>
<tr>
<td></td>
<td>1990-1992</td>
</tr>
<tr>
<td></td>
<td>1998-2000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>MDG-3</th>
<th>Goal 4: Reduce child mortality; Goal 5: Improve maternal health</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Under-five mortality rate (per 1,000 live births)</td>
</tr>
<tr>
<td></td>
<td>1990</td>
</tr>
<tr>
<td></td>
<td>2001</td>
</tr>
<tr>
<td>2</td>
<td>Infant mortality rate (per 1,000 live births)</td>
</tr>
<tr>
<td></td>
<td>1990</td>
</tr>
<tr>
<td></td>
<td>2001</td>
</tr>
<tr>
<td>3</td>
<td>Maternal mortality ratio (per 100,000 live births)</td>
</tr>
<tr>
<td></td>
<td>1995</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>MDG 6.</th>
<th>Goal 7. Ensure environmental sustainability; water and sanitation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Population with sustainable access to an improved water source, rural (%)</td>
</tr>
<tr>
<td></td>
<td>1990</td>
</tr>
<tr>
<td></td>
<td>2000</td>
</tr>
</tbody>
</table>

Source: UNDP 2003

The data presented in table no.1.3 also discuss about the vulnerable conditions of the people. The table show that the poor people have to encounter with various health and health care issues that cause infant and maternal mortality. Lack of access to safe drinking water is of a serious concern as it leads to various diseases. poor and the very poor came become indebtedness. Due to unavailability of easy formal credit they often fall in the clutches of money landers.

Women in general are the most disadvantaged people in Indian society, though their status varies significantly according to their social and ethnic backgrounds. The face of Indian poverty is seen feminine. The women as because is from the poor family
and being a woman has low status in society’s power structure which makes her doubly vulnerable.

On the other hand, as current indications of the economy of India is concerned, the country’s economy performed creditably with 8.7 per cent gross domestic product (GDP) growth during 2007–08 on the top of 9.6 per cent growth rate during the previous year. The agricultural GDP grew by 2.6 per cent, which was lower than the growth rate of 3.8 per cent that was achieved during the previous year. The poverty levels, however, have been declining gradually. The human development index (HDI) of the country has improved from 0.577 in 2000 to 0.619 in 2005, reflecting improvements in quality of life. Food insecurity continued to haunt, but in comparison to 4.2% five years back, a lower proportion i.e., 1.9% of population at present are facing food insecurity as per the latest NSSO survey.

Long and Srivastava (2002) have very succinctly described the condition of the poor in India: “Although the poor may have a small plot and hut to live in, they do not have basic amenities and physical assets. The very poor… are those who do not have more than one source of income, however irregular that income might be.” The very poor are frequently engaged in casual [daily wage labour] jobs which do not yield a stable income. The very poor also include those who might have lost everything on account of [floods, tsunami,] fire or other disasters. This type of poverty could be a temporary state, provided the victim has 'social capital' to leverage government and community resources to rebuild their lives. The majority of these communities [poorest] belong to various tribes who live in remote forest areas or the scheduled castes and other low-caste groups. Families where the head of household is either mentally or physically challenged, or too old or chronically sick to work would fall into the category of the poorest. There are some women-headed households where the dual task of earning a livelihood and managing the family erodes the earning capacity of women. Then we have beggars who are totally destitute and are categorized as the Poorest.” (Adapted from Long and Srivastava, 2002). However, the poor and the poorest people are

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10 ibid
unaware about their rights, benefits and various information. Lack of voice, power, and independence subject them to exploitation. Poor people also speak about the pain brought about by their unavoidable violation of social norms and their inability to maintain cultural identity through participating in traditions, festivals, and rituals. Their inability to fully participate in community life leads to a breakdown of social relations. The absence of basic infrastructure particularly roads, transport, water, and health facilities emerged as critical which threatens their survival.

1.3 Women, Poverty and Vulnerability

Women make up half of the world's population and yet represent a staggering 70% of the world's poor. For the millions of women living in poverty, their lives are a litany of injustice, discrimination and obstacles that get in the way of achieving their basic needs of good health, safe childbirth, education and employment. “Vulnerability is not the same as poverty. It means not lack of want, but defenselessness, insecurity, and exposure to risk, shocks and stress”. Vulnerability here refers to exposure to contingencies and stress, and difficulty in coping with them. Vulnerability has thus two sides: an external side of risks, shocks, and stress to which an individual or household is subjected to; and an internal side which is defenselessness, meaning a lack of means to cope without damaging loss”. (Chambers,1989:1-7)\(^\text{11}\)

“Vulnerability, more than poverty, is linked with net assets. Poverty, in the sense of low income, can reduce by borrowing and investing: but such debt makes households more vulnerable”.

Moreover, it is the ‘feminisation of poverty’ which is another issue that needs to be duly addressed by the development community. It is likely that poverty experienced by women as a result of discrimination against them within their households is under-recognised to a large extent. Though women are not always poorer than men, socio-cultural practices and situations generally make them more vulnerable and, once poor, they may have fewer options in terms of escape because of the weaker basis of their entitlements' (Baden and Milward, quoted in Cheston & Kuhn 2002:8)\(^\text{12}\). A lack of


capability to cope with poverty and contingencies, leads to a feeling of powerlessness. Therefore in this context, poverty is almost synonymous to powerlessness. Powerlessness exhibits itself in a lower level of satisfaction of basic needs and more importantly in lack of access to and control over capital - physical, financial, human and social. Since well-being is an ideal that is to be achieved by any form of ‘State’, vulnerability refers to the likelihood of a shock or threat that may result in a decrease in well-being which is a key area of concern. Being a woman, while placed in a bottom ladder in the Social structure, she inevitably mislays her hold in the power structure as well. Hence, she cannot voice against oppression and a culture of silence overrules her life.

Women constitute fifty percent of the population and have an enormous impact on the well-being of their families and societies – yet their potential is not realized because of discriminatory social norms, incentives, and legal institutions. While their status has improved in recent decades, gender inequalities remain pervasive. Despite the considerable progress achieved and increasing participation of women in all spheres of life and society, there are still overwhelming obstacles to the advancement of women caused by varying combination of political and economic as well as social and cultural factors. These obstacles have myriad manifestations on women as a group. The persistence of hunger and abject poverty in many parts of the world is due in large measure to the subjugation, marginalization and disempowerment of women. Women suffer from hunger and poverty in greater numbers and to a great degree than men. At the same time, it is women who bear the primary responsibility for actions needed to end hunger: education, nutrition, health and family income\(^{13}\).

Taking queue of Swift’s (1989)\(^{14}\) views on vulnerability it can be said that rural populations, the poor, and women especially because of multiple deprivations, face perpetual conditions of risks and uncertainty and a relative inability to mitigate these risks. Risks faced should be understood are in the form of lack of substantial productive assets and human capital that would have normally made them able to cope with contingencies and risks. In such a theoretical framework it is worth

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understanding how micro-finance institutions can significantly reduce poor peoples and especially women’s vulnerability to poverty. A reduction in women’s vulnerability can sometimes also translate into empowerment if greater financial security allows the women to have more control and say in the affairs of the household and community. Many studies note that women assume a major share of the burden in relation to coping the crisis and household management. In this perspective most of the development programmes has been initiated targeting the women. This is evident through the presence of SHG component in various government programmes. In this direction NGOs are being encouraged for formation of more and more SHGs of the poor women and to intermediate for micro-finance activities. Studies have shown that these women targeted approach has helped reduce the vulnerability risk of the poor women and their families.

1.4 Deprivation and Social Exclusion

Deprivation is the state of extreme poverty where the poor are denied to basic rights, resources and facilities which are of their due. The chronic poor experience severe deprivation(s) for extended periods of their lives or throughout the entire course of their lives. Commonly they are victims of inter-generational poverty, since they are born to poor households and their children consequently grow up in poverty. In other cases their persistent poverty is associated with some catastrophic and non-recoverable collapse in livelihood which may be idiosyncratic (e.g. prolonged illness of the head of household) or covariant (e.g. a region faced by concurrent recurrence of drought, floods or other natural disasters). While much of the mainstream traditional interpretations view chronic poverty in terms of income poverty or consumption poverty it is rather multi-dimensional and include deprivations related to health, education, isolation, ‘voice’ and security (Hulme, Moore and Shepherd 2001)15.

Deprivation is a state of extreme poverty where the poor people were denied of their basic rights, facilities and resources. Deprivations in terms of adequate income and capabilities expose the poor and rural people to contingencies and stress. As a consequence the rural poor find themselves defenseless against the inflationary

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market trends and fluctuations in prices of essential commodities which they find it
difficult to cope because of inadequate income and mostly due the lack of substantial
assets and other sources of income (Pradhan 2010).16

The state of deprivation leads a process which ends in exclusion of people who are
poor and denied of basic socio-economic and other services. The concept of social
exclusion essentially refers to the processes through which groups are wholly or
partially excluded from full participation in the society in which they live. Social
exclusion is the denial of equal opportunities imposed by certain groups of society
upon others which leads to inability of an individual to participate in the basic
political, economic and social functioning of society (Thorat, 2007)17. Social exclusion
is related to lack of access to services and goods offered by societies. Social and
religious groups appear to accentuate social exclusion by denying certain
opportunities pertaining to social and religious practices and access to services and
resources. Caste base exclusion percolates through various opportunities for
enhancing access to resources- education, health care and work. Thus social exclusion
can be understood through three basic tenets of complete and partial exclusion; and
unfavorable inclusion. De Haan (1999)18 makes another observation that social
exclusion may be caused due to ‘vulnerability’ since those who are less capable and
powerless wouldn’t have the ends and means to cope with or fight exclusion. This
concern was also highlighted by Paugam’s (1996)19 focus on precarity and spirals of
precariousness or the frequent exposure to risks and shocks without the ability to
prevent or absorb them.

Broadly defined, social exclusion refers to the societal and institutional processes that
exclude certain groups from full participation in the social, economic, cultural and
political life of societies. The concept goes beyond the focus on income deprivation as
a cause for marginalization of individuals or social groups (Gore and Figueiredo, 2009).

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1997). Since people can be socially excluded for variety of reasons without being poor. Social exclusion reflects the idea that some groups in society are persistently deprived of the benefits that the rest enjoy, for a variety of reasons. The three most obvious are unemployment, poverty and disability/ill health. Mayes, et. al. (2001) define social exclusion as a blend of multidimensional and mutually reinforcing processes of deprivation, associated with a progressive dissociation from social milieu, resulting in the isolation of individuals and groups from the mainstream of opportunities society has to offer.

The social exclusion discourse emerged as an important policy dimension in response to the growing social divides in society and the inadequacy of the existing social welfare provisions to meet the changing needs of more diverse populations. However, social inclusion is not just a response to exclusion; it has value on its own as both a process and a goal. Social inclusion reflects a proactive, human development approach to social well-being that calls for more than removal of barriers or risks. (Mitchell & Shillington 2002) It requires investments and action to bring about the conditions for inclusion, as the microcredit movements initiated by NGOs for example have taught us as to how people initiated and people centric participatory SHG models can help tackle poverty issues at the household and state/national levels.

In this study an attempt is also being made to propose a multi-dimensional model that will address not only vulnerability and deprivation issues but will also locate them from a local, regional and national perspective. An attempt has also been made to suggest people centric and sustainable alternatives that go beyond the bureaucratic confines of government led solutions to tackle poverty, deprivation, vulnerability and social exclusion. This does not necessarily mean that the government or its various agencies do not have any role to play in this movement towards financial and social inclusion.

In this context social inclusion logically would indicate to the providing of opportunities to the poor and the deprived and in such ways that they not only have universal access to opportunities and development benefits but that too in a more

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dignified way than that conceived by the residual welfare model. Further, as Crawford (2003:5)\textsuperscript{23} opines: social inclusion in the true sense can take place in a social environment that creates or provides scope for the participation of excluded groups and communities “as valued, appreciated equals in the social, economic, political and cultural life of the community (i.e. in valued societal situations); and to be involved in mutually trusting, appreciative and respectful interpersonal relationships at the family, peer and community levels”.

Recently, however, the concept of social inclusion is related to Amartya Sen’s (2000)\textsuperscript{24} notion of poverty as ‘capability deprivation’, which is not determined by what people possess, but by what they are enabled to do. Others suggest for the ‘universal accesses of programs that promote social inclusion.

1.5 Self-Help Groups as Measures of Poverty Eradication

Empowerment of the poor encompasses three basic dimensions-reduction of poverty, creation of employment, and erasing inequality. Since the magnitude of poverty challenges the very basis of State as an independent economic and political unit, it has been realized by the policy planners that development, needs to be people centered and participation oriented across various interfaces.

Due to inadequacy of financial resources and lack of easy access to credit, indebtedness has made conditions even more difficult for the poor to come out of poverty. Poverty Alleviation has thus assumed a new thinking and new practices have emerged through integrated community participation of the poor. Various experiments have been made with launching of numbers of development programmes under the ageis of public and private departments, either separately or in partnership to alleviate poverty. But these efforts could not yield very progressive result. It was realized that the poverty alleviation programmes must contain gender component. As the poor women are doubly vulnerable in their family and society but if given chances they can be the sole manager of their family. In case of tribal women, the family economy and management completely rest on them. It is proved that women irrespective of any


caste or society are the better manager of their family economy and other affairs of the household. Therefore the women as an individual were given more focus in the initiatives to target poverty since last decade.

Later, the group strategy assumed greater relevance as women in collective gain more strength. Financing in a group results in high recovery rate. Small groups (10-12 members) of women voluntarily come together to form Self Help groups with common interest of reaping some socio-economic benefit through regular saving and interloaning among members. Micro finance is disbursed to these groups to encourage for some individual or group Income Generating Programmes to raise the income. The women members get a platform to discuss and share various issues which affect them. Through this process the women get confidence and gain group strength to fight against their oppression.

Inspired by the success of the Bangladesh Grameen experiment, the self-help group approach in India has taken strong roots as an effective and viable channel to take the poor to a new domain of economic empowerment and social upliftment. Self-help groups (SHGs) play today a major role in poverty alleviation in rural India. A growing number of poor people (mostly women) in various parts of India are members of SHGs and are actively engaged in savings (in actual term Thrift) and credit, as well as in other activities (income generation, natural resources management, literacy, child care and nutrition, etc.). The saving and credit focus in the SHG is the most prominent element and offers a chance to create some control over capital. Robert Putnam’ has associated higher levels of social capital with increased socioeconomic development. Social capital has been explored in terms of its potential to reduce poverty and vulnerability among the poor and the powerless. There are several reasons for the positive effects that social capital exhibits on growth and development. Social capital in the form of trust reduces transaction costs and increases accountability. It reduces the need of formal mechanisms that involves cost. Social capital has been shown to increase the economic opportunities of the poor with a resultant increase in their participation in more wider social and economic spheres.
Hannover (2005)\textsuperscript{25} on the impact of microfinance linkage banking in India reveals that self-help groups which are effectively linked to banks with at least one basic saving and lending product helps in substantially increasing the SHG members saving rates and savings habit. A shift is also observed over time in the use of loans from consumption to income generating purposes. Increased savings and asset creation improve the self-financing capacities and even out the household’s cash flow. As a result people risk absorption capacities increases and vulnerability decreases. The access to semi-formal and formal financial services, from MFI$s and banks, also contributes to a reduced dependency on informal money lenders.

The SHG system has proven to be very relevant and effective in offering women the possibility to break gradually away from exploitation and isolation. Almost all major donor agencies support SHGs in India in one way or another and many success stories are available, describing how membership in a SHG changed the life of a particular individual or group for the better.

The success of small-scale lending programmes of the Grameen Bank of Bangladesh, SEWA, Ahmedabad, MYRADA, Bangalore, etc. have raised hopes for people-initiated and participatory approaches in the reduction of poverty, at least the absolute poverty. In many countries microcredit programmes have proved to be an effective tool in freeing people from poverty and has helped to increase their participation in the economic and political domains. However, as per the words of Elizabeth Rhyne (1994)\textsuperscript{26}, “Financial services do not create economic opportunities directly. Rather, they help people and enterprises position themselves to take advantage of opportunities.” Many NGOs are promoting the SHG mechanism and linking it to various other development interventions. Whereas there is ample evidence that the SHG approach is a very effective, efficient and relevant tool for organizing and empowering the poor, do arise with design, development and introduction of

\textsuperscript{25} Hannover, W. (2005). Impact of Microfinance Linkage Banking in India

programmes to promote income generating activities (IGAs) that will generate sufficient, sustainable and regular income (Bandopadhyay, 2007).

The microfinance linkage-banking-programme (LBP) launched in India by NABARD at the national level in 1996 (in 1992, started on pilot basis) to link SHGs with financial institutions to provide poor people in rural areas with improved access to financial services is expanding rapidly and has grown into the largest such microfinance programme in the world. During various five year plans special programmes were lunched with SHG as a major component. SGSY (Swarn Jayanti Swarojgar Yojana) a national programme with SHG as a major component emphasized on interactive group process and collective decision making leading to “strengthening and socio-economic empowerment of the rural poor as well as improve their collective bargaining power”.

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