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Micro credit for empowerment of micro people: A study of SHGs in Paderu Integrated Tribal Development Agency (ITDA), Andhra Pradesh

Susanta Kumar Barik

Vice President (Agri Division), Agrigold Group of Industries, India, A.P.

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ABSTRACT

SHG is the best-root for triggering IGPs in rural and tribal areas and especially areas not properly connected to mainstream living. Coined with the multi-pronged objectives of development and empowerment of weaker section of the society, the strategy and methodology adopted to address the issues are taking care of the need of the marginalized at different economic strata's through creating enabling environment for addressing the issues. The study is broadly measuring the level and impact of micro credit interventions, functionality and viability of institutions to management the credit, Micro Credit Plans for Self-help Groups as well as the sustainability of the initiatives following a peoples approach.

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Introduction

Micro-Finance has, in recent times, come to be recognized and accepted as one of the new development paradigms for alleviating poverty through social and economic empowerment of the poor, with focus on empowering women (Puhazhendi & Badatya, 2002). National and state government initiatives, as well as NGO efforts, have used SHGs to empower weaker section of society through execution of livelihood programmes, and Income Generation Activities in Andhra Pradesh since 1979. Across the state, there are more than 4.8 million women are mobilized into SHGs (Deshmukh.J, 2004). As a matter of practice, Homogenous groups of women collectively undertaking economic activities suited to their skills and resources are supplemented by state matching grants over the years (Reddy.A.R, 2008). The formal banking institutions are extending micro credit support to almost all self-help groups to pursue IGPs throughout the state of Andhra Pradesh (Rao, Ramkrishnan and Barik, 2012)

Following on successes in earlier programs, the state has promoted SHGs using a social mobilization approach. The state-sponsored *Velugu* program working in over 860 Mandals (sub-district geographical unit) in 22 districts (Velugu Report, 2005). In the pursuit of development, Self-managed grassroots institutions have been federated into village level and sub-district level groups to address the issues of rural poor. These groups provide an organizational identity to help SHGs realize the benefits of a larger organization without losing the advantages of small organization. Federations of SHGs are fast becoming powerful voices expressing the social and economic needs of the poor in Indian Villages (IKP,2007).

Study objectives:

Coined with the multi-pronged objectives of development and empowerment of weaker section of the society, the strategy and methodology adopted to address the issues are fully taking

care of the need of the marginalized at different economic strata's through creating enabling environment for addressing the issues. This being the mandate of the institution, the study broadly aims at observing and measuring the level and impact of each intervention. In specific, the study will deal with the following objectives.

1. Institutions formed at habitation level effectively adopt inclusion of marginalized on priority
2. Micro Credit Plans closely taking care of economic requirements of Household and community at large
3. Increased income experienced at household level brings in overall empowerment and sustainability

Methodology:

Micro Credit interventions of the state, particularly in agency areas are interwoven with many institutions already in position in these areas. The study is carried out in one of the most typical agency area i.e. Paderu, which constitute more than 56.38% of the Visakapatnam District of Andhra Pradesh, is a unique place with fully tribal entity-Primitive Tribal Groups do constitutes almost 16% of the total population.

The study has adopted both qualitative and quantitative measures to gather information on the micro credit programmes and its effectiveness to address economic issues of the micro people at habitation level. The study has mostly exercised Participatory Research Appraisal tools to collect and collate information on well-being of the people. Quantitative information on income generation and economically gainful employments are being collected through use of questionnaire. The study has collected information from various schemes and programmes executed in the agency area of Paderu to augment income and livelihood of tribals i.e. the World Bank supported Indira Kranthi Pratham (IKP) programme, EU supported Sustainable Tribal Empowerment Project, NGOs working with Self-help Groups.

By and large, the study has used purposive samples for making purposive choice to assess the contribution of different micro credit interventions to the tribal as well as primitive tribal groups and its desired level of impact on the tribal community. However, the study is limiting its analysis to the social, institutional and economic contribution of the interventions in the agency area.

Study Findings:

Micro credit in the agency areas are being injected to address the micro nutrition, micro income, micro employment as well micro education and health requirement of the 'Poorest-of-Poor', marginalized as well as tribal nearing the poverty line and thereby directly as well as indirectly drag the families to have a normal life i.e. with assured two squares meals a day, sending children to schools, good health, house to live in and self-esteem. Micro credit is liquidated through creation of institutions at habitation level and with exclusive participation of tribal women.

Institution formation and Community Participation

In a state like Andhra Pradesh, there is 9-10 different village level statutory institutions have been promoted following the Panchayat Raj principles as well as the state Government Directives. All these institutions are assigned with some roles and responsibilities, either to serve the fellow community members directly or enabling Government machinery/departments to execute the specific project and programmes planned for the targeted community.

The institutional upload has further been aggravated with formation of new sets of institutions by the voluntary sectors. Hence, there are broadly 'Three Major Sets of Institutions' found in each habitations i.e. Institutions promoted by Government, Institutions Promoted by Voluntary Organizations and the traditional Village level Institutions. The study, in fact, captured the diversified roles played by the different level institutions and their contribution to the social and economic life of people.

Baring a few, women participation in village level institutions is ensured because of the statutory law of the state where the participation is purely confined to putting a thumb impression and/or showing the presence on paper. However, institutions promoted exclusively with women are of paramount importance to the economic and social life of the tribal women, as evidenced from the table below.

Economic contribution is only visible with the Self-help Groups (SHGs), which has been ranked 1 across the Mandals of the agency area.

Following the community mode of education development, enrollment and retention, Committees formed to encourage parents to send children to school regularly stands second in rank in comparison to the other committees, as education is of vital importance to future life of the children. Then follows the Mother Committee and Village Health and Sanitation Committee with rank of Three.

Almost four committees like Panchayat Raj Institutions, FPC, VDP and CAG are ranked Four on the basis of their contribution to the life and livelihood of tribal communities. Subsequently following the criteria adopted, Agriculture Development Committee and Land and NR Management Committee are ranked five and six respectably.

Table-1: Institutions and people's involvement

Sl No	Institutions	Peoples Participation	Contribution	Ranking
1	Panchayat Raj Institutions	Men and specified percentage of Women	Participation for the sake of formality	4
2	Forest Protection Committee (FPC)	Arbitrarily decided the membership	No visible contribution	4
3	Village Development Committee-VDP	Men and specified percentage of Women	Nothing to share	4
4	Mother Committee	Only Women	Looking after pregnant ladies and lactating mother for accessing Anganwadi services	3
5	Village Health and Sanitation Committee	Men and specified percentage of Women	Rainy season village cleanliness activities	3
6	Education Committee	Men and specified percentage of Women	Monitoring students attendance in schools	2
7	Self-help Groups	Exclusively women with focus on POP	Regular monthly meeting for Income Generation Programme, MCP, Food Security (Grain Bank management) and other village development issues	1
8	Agriculture Development Committee	Men and specified percentage of Women	No contribution	5
9	Land and NR Management Committee	Men and specified percentage of Women	No contribution	6
10	Community Action Group-CAG	Men and Women	Overall Village Development	4

Source: *Participatory Research Appraisal (Institutional Ranking, across all Mandals of ITDA, Paderu, Visakhaatnam District)*

It is worth mentioning that almost 48.49 per cent tribal households in the Paderu Agency Area falls under the category of 'Poorest of the Poor' and similarly 45.23 per cent household are Poor, and a just 6.27 per cent household are 'Above the Poverty Line' (see table-2).

With the objective of ensuring micro income, employment and food, it has been attempted to ensure 100 per cent coverage of POP household as well as poor under the SHG led institutional coverage.

The study also reveals that there are some Mandals having less POP families are supported with more number of Self-help Groups and vice-versa. Interestingly, Mandal like Paderu, which is the ITDA head quarter and is home to many 'APL House hold', is provided with a significant number of Self-help group coverage in comparison to the most interior Mandals like Munchingput. In deed, all POP household in the agency are given with Self-help group coverage.

Table-2: Mandal-wise HHs, POPs, SHG Particulars

Sl No	Name of the Mandal	PoP	Poor	APL	Total	No of SHGs formed
1	Anathagiri	5722	4305	478	10505	623
2	Arakuvalley	4460	4698	653	9811	687
3	Dumbriguda	3867	5015	699	9581	639
4	Hukumpeta	5307	6373	633	12313	858
5	Pedabayalu	8478	2804	592	11874	813
6	Munchingput	5812	4423	419	10654	717
7	Paderu	4570	5747	1581	11898	749
8	G.Madugula	6277	5374	640	12291	820
9	Chintapalli	6496	7250	481	14227	915
10	G.K.Veedhi	5513	5824	973	12310	775
11	Koyyure	5475	6000	873	12348	729
	Total	61977	57813	8022	127812	8325

Source: Indira Kranthi Patham, TPMU, ITDA, Paderu, Visakhapatnam, A.P

Note: PoP: Poorest of the Poor

APL: Above Poverty Line

SHG: Self-help Groups

Micro Credit Plan and Community: An Interface

The study reveals that micro credit coverage to all POP as well as the poor is extended following the Self-help Group mode of credit disbursement. Self-help Group are assisted to come out with a 'blue print business plan' to access the credit support as well as tying up with the formal lending institutions for further Income Generation Programme (IGPs) scale up. As against the Micro Credit Plans, almost rupees 559.7 lakhs have been injected to the tribal economy through 'Bridge Loan', rupees 825 lakhs following 'General Linkage' and rupees 287.13 lakhs through 'Total Financial Inclusion'. All Self-help groups are managing the total amount of rupees 1671.83 lakhs following the hierarchy of SHG-VO-MMS-GMS.

Interior Mandals like Koyyure and Munching have come out with more number of MCPs and thereby have comparative advantage of having access to finance from all mode of micro credit support (see table-4). Chintapalli and G.K.Veedhi are devoid of access to 'Bridge Loans', while SHGs are supported under the General Linkage and is very minimal amount is extended.

Table-3: Mandal-Wise status of Micro Credit Plans till Oct 2008

Sl No	Mandal	No of SHGs	MCPs till Oct 2008			
			Bridge Loan	General Linkage	TFI	Total
1	Anathagiri	623	76	52	0	110
2	Arakuvalley	687	24	34	0	58
3	Dumbriguda	639	54	72	0	126
4	Hukumpeta	858	56	0	0	56
5	Pedabayalu	813	57	159	0	216
6	Munchingput	717	100	216	12	328
7	Paderu	749	56	53	13	122
8	G.Madugula	820	32	316	0	348
9	Chintapalli	915	0	237	0	237
10	G.K.Veedhi	775	0	79	0	79
11	Koyyure	729	164	121	46	331
	Total	8325	619	1339	71	2011

Source: Indira Kranthi Patham, TPMU, ITDA, Paderu, Visakhapatnam, A.P

The study also reveals that there are only three Mandals like Munchingput, Paderu and Koyyure do have access to the financial support through 'Total Financial Inclusion'. In fact, the financial coverage under the bridge loan, general linkage and total financial inclusion is pro-interior Mandal bias, which, in deed, is adhering to the principle of equity in fund distribution and ensures priority development for the POPs in these Mandals. The un-reached and excluded regions are given focus and within

the Mandals the POP households to have access to the finance support for business promotion and well-being.

Table-4: Status of Mandal-Wise Bank Linkage under multiple initiatives

Sl No	Mandal	Bridge loan (Rs in Lakhs)	General Linkage (Rs in Lakhs)	TFI (Rs in Lakhs)	Total (Rs in Lakhs)
1	Anathagiri	86.60	38.00	0	124.6
2	Arakuvalley	18.60	17.50	0	36.1
3	Dumbriguda	51.10	38.55	0	89.65
4	Hukumpeta	58.20	0.00	0	58.2
5	Pedabayalu	31.05	123.50	0	154.55
6	Munchingput	45.00	108.00	36.00	189
7	Paderu	107.85	27.05	47.50	182.4
8	G.Madugula	22.40	181.20	0	203.6
9	Chintapalli	0	150.70	0	150.7
10	G.K.Veedhi	0	48.00	0	48
11	Koyyure	138.90	92.50	203.63	435.03
	Total	559.7	825	287.13	1671.83

Source: Indira Kranthi Pratham, TPMU, ITDA, Paderu, Visakhapatnam, A.P

As a matter of fact, the meager financial support extended through the internal financial linkage is minimal to cater to the increasing felt need of the community over the time. However, this is an amount supported as a start up capital and there are many public sector banks coming forward to extend financial support to the vibrant Self-help Groups.

Household Income: Trends and Prospects

The study further went ahead to explore the financial viability and liquidation as well as the return to the income kitty of the poor tribal. Interaction with 75 Self-help group members spread across eight Mandals reveals that an amount of Rupees 8, 32,450 have been extended as revolving support to 1025 members of 75 Self-help groups. It is worth reporting that a minimum of 21 percent to a maximum of 60 percent members are accessing the revolving support.

All Self-help groups studied reported of an increased income of 12 percent to 23 percent over period of three years. Self-help Groups of Mandals like G.Madula have experienced a minimum of 12 percent growth in income to a maximum income of 23 percent by the Self-help Group of Arakuvalley Mandal. In fact, the Self-help group under study experienced an overall increase in income to the tune of Rupees 70, 1425, is a good/handful income to address the bare minimum requirement of the tribal at village level.

Table-5: SHG and Increased Household Income of Tribal

Sl No	Mandal	No of SHG	Percentage of member Availing RF	RF Support Extended	Income Earned	% increase in income
1	Paderu	10	33.78	185000	277500	15
2	G.Madugula	2	40.00	30000	36000	12
3	Chinthapalli	21	52.73	142500	228000	16
4	Koyyure	11	59.28	69700	139400	20
5	Dumbriguda	9	32.84	139000	291900	21
6	Araku Valley	12	30.64	152250	350175	23
7	Hukumpeta	3	21.95	28500	57000	20
8	Anathagiri	7	31.11	85500	153900	18
	Total	75	41.46	832450	1533875	

Source: Sample SHG Survey, Paderu Agency Area, Visakhapatnam District, A.P

The village level statistics on the income is further corroborated through the district level statistics. Over the last

three years the Self-help group in the Paderu Agency area has reached the height and managed to provide financial leverage of Rupees 102707220 to the tribal for further investment (see table-6). All institutions in the agency area across the Mandals has experienced enhanced income and more fund for further investment and broadening the income generation programmes.

Table-6: Community Investment Fund and Financial Leverage in Agency Area

Sl. No	Mandal	2005	2006	2007	Total
1	Anathagiri	2517658	4440000	2194444	9152102
2	Arakuvalley	952918	4440000	3909184	9302102
3	Dumbriguda	2080254	4440000	2781848	9302102
4	Hukumpeta	1252263	4440000	3609839	9302102
5	Pedabayalu	3585516	4440000	1276586	9302102
6	Munchingput	2235546	4440000	2626556	9302102
7	Paderu	3257178	4440000	1754924	9452102
8	G.Madugula	3343281	4440000	1518821	9302102
9	Chintapalli	4815064	4440000	47038	9302102
10	G.K.Veedhi	4385933	4440000	860267	9686200
11	Koyyure	2493612	4440000	2368490	9302102
	Total	30919223	48840000	22947997	102707220

Source: Indira Kranthi Pratham, TPMU, ITDA, Paderu, Visakhapatnam, A.P

Empowerment and Sustainability: The Antithetical Issues

In the tryst to understand sustainability of the interventions and thereby ensure long term empowerment through the Self-help group led economic activities management, the nitty-gritty of investment and activities are understood. All Self-help groups, as understood from the interaction with the groups, are engaged with some short-term and seasonal business as well as value addition activities.

The geographic location and climatic condition is quite favourable to the activities decided and taken up by the tribal Self-help Groups. Petty-Business in weekly Shandies is serving as the next best avenues of income. Quite a few groups do specialize in value addition of seasonal Non-Timber Forest Products like Adda leaf (leaf-plate making-using machine as well as hand-stitching), Tamarind cake making as well as processing of Turmeric.

It is worth mentioning that procurement of Rajma and other medicinal products in the agency area do fetch good income to the Self-help groups in business. Statistics reveals that almost 614.08 tons of Rajma, 449 tons of Turmeric as well as 412.88 tons of Tamarind has been procured and sold by the Self-help groups during the year 2005-2007.

Table-7: Revolving Fund Rotation and IGPs in Agency Areas

Sl No	Mandal	No of SHG	Range of Rotation	IGPs taken up by SHGs
1	Paderu	10	3 to 10	Sheep Unit, Adda Leaf business, Redgram Business, Veg.Vending
2	G.Madugula	2	1 to 5	Sheep Unit, Adda Leaf business, Redgram Business, Veg.Vending
3	Chinthapalli	21	5 to 10	Leaf Plate Making, Shandy business, NTFP trading
4	Koyyure	11	5 to 11	Leaf Plate Making, Shandy business, NTFP trading
5	Dumbriguda	9	3 to 7	Shandy Business, Seasonal NTFP procurement
6	Araku Valley	12	4 to 9	Shandy Business, Seasonal NTFP procurement
7	Hukkumpeta	3	3 to 6	Seasonal Petty Business
8	Anathagiri	7	4 times	Adda Leaf, Tamarind Processing, Seasonal NTFP Procurement

Source: Sample SHG Survey, Paderu Agency Area, Visakhapatnam District, A.P

As evident from the above table that the revolving support extended is rotated at least a minimum of once to a maximum of 11 times. All SHGs have experienced the benefit of revolving support and are determined to circulate the fund within the members as many times as possible, so as to ensure economic benefit to all members while giving preference to the needy first.

Conclusion and suggestion:

Micro credit through Self-help group is effectively taking care of the present need and requirement of the people in the study area. Not only increased income at household level is experienced and ensured, but also the micro credit intervention provided platform and courage to participate in public meeting, contest in elections and exhibit leadership. Therefore, overall contribution is noteworthy and is a step forward to the Endeavour of 'Empowerment of Tribal'.

Challenges ahead:

A number of social issues including gender and family, child labor, disability and health Related to poverty alleviation need to be addressed in the context of SHGs. SHG formations largely take place around women since women are seen as more credit-worthy than men. But the process of empowerment and poverty alleviation can be more sustainable when all the members of the family are involved. Hence women's groups are taken as an entry point for the formation of men's groups, youth groups, children groups, and groups for the physically challenged.

The study also visualized the higher level challenges and higher order issues likely to come up in the near future. These are

1. When the natural resources is depleting persistently over the years, the IGPs taken up around natural resources may face the challenge to diversify but diversification to which activity, when geographic location has closed all possibilities of connectivity to nearest market and especially in the agency areas like Paderu ?
2. Can the illiterate and semi-literate do manage a huge amount of corpus when the business saturated?
3. What are the next level of activities to be taken up, when the community will end up with addressing all basic necessities?
4. Are we not creating another level of middle-man to do business with fellow community members?

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