

Some issues of Self-Help Group approach to rural development

A study with reference to the Drought-Prone Districts of West Bengal

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Synopsis

Rural development has emerged as a separate discipline in the event of non-percolation of benefits of economic growth to the unprivileged sections of the society and persistence of poverty, hunger, malnutrition and inequality in the rural areas. Rationale for rural development has emerged out of non-applicability of the percolation theory of economic development, urban bias of development and the consequent spectre of unemployment in rural areas.

Among the approaches to rural development like general economic development approach, target group approach, structural approach, system approach, decentralized planning and participatory rural development approach and micro-finance approach, the self help group (SHG) approach is of great importance in the recent development literature. The literature on micro-finance approach with reference to drought prone area being deficient, the study on this subject has acquired immense importance.

Our study on different issues of SHG approach to rural development with reference to drought prone (DP) districts of West Bengal reveals that most of the SHGs in DP four districts and West Bengal as a whole were formed by women folk. Annual growth rates of SHGs qualified for Grade I for DP districts and West Bengal as a whole fluctuated during 2004-05 to 2011-12. Compound annual growth rates of the number of SHGs formed by women and qualified for Grade I in Paschim Medinipur were higher than those of other three sample DP districts but these were not statistically significant.

A significant proportion of SHGs formed by women were defunct. Jamboni and Binpur II blocks of Paschim Medinipur district showed higher progress in respect of Grade I passed. The growth of economic activities undertaken by the members of SHGs after qualifying for Grade I showed a positive trend.

The variation in proportion of SHGs qualified for Grade II was significantly explained by those in percentage of agricultural labourers and cropping intensity in the DPAs.

Jhargram block of Paschim Medinipur district witnessed the lowest compound annual growth rate of Grade I passed SHGs and it was statistically significant at 5% level. Among the sample DP blocks of Bankura, Saltora block showed the highest compound annual growth rate but other blocks showed negative growth rates.

The field level survey during 2011-12 revealed that most of the SHGs in the DPAs have passed Grade 1 and received revolving fund. However, only one third groups were credit-linked out of those which were qualified for Grade II.

The percentage of members who attended the meetings and participated in training was more in non-DPAs than that in DPAs. However, some of them utilized the skill or knowledge for their SHG activities.

The coefficients of training, credit utilization and repayment rate are seen to have significant impact on performance of SHGs qualified for Grade II. The percentage of illiterate members in both DPAs and non-DPAs was seen to have decreased after the formation of SHGs. A sizeable percentage of women members have learned how to sign or how to read and write only after joining their respective SHGs. In respect of decision making the t-values concerning the mean differences between male and female were seen to be significant at 1 per cent level in DPAs. However, the t-values were seen to be insignificant in non-DPAs.

The formation and promotion of SHGs have contributed to the changes in the livelihood pattern of the sample member households. After group formation the percentage of members having operational land holding have recorded an increase. The percentage of members of sample SHGs involved in principal activities had decreased but that had increased in subsidiary economic activities.

In the DPAs the percentage of income from group activities to total family income was substantial though it was higher in the non-DPAs. The overall mean monthly per capita income of the SHG households in the non-DPAs was also higher than that in the DPAs. For the sample SHG households of the non-DPAs overall mean monthly per capita saving was higher than that for SHG households in the DPAs. Saving ratio of SHG member households was higher in the non-DPAs than that in the DPAs. A sizeable percentage of SHG members invested on education of their children and on family health after group formation.

In respect of eradicating poverty of the members of SHGs ownership of land holding, involvement in NREGA scheme are important but credit is more important for that purpose. Within each block some sample groups have been found to spend relatively high share of their expenditure on non-food items while most of the sample groups used to spend greater part of their income on food items.

Gini coefficients measuring inequalities among DP blocks are found to remain higher for sample DP blocks like Jamboni, Khatra, Indpur and Jhargram while these values are found to remain lower in DP Blocks like Binpur II, Gopibhllavpur II and Saltora. The same for non-DP Blocks are found to remain higher for sample non-DP blocks like Kharagpur II, Binpur I and Kotolpur.

The variation in Gini in respect of per capita monthly income is significantly explained by variation in percentage of SHGs passed Grade II and per capita credit while that in per capita monthly total expenditure is significantly explained by the variation in percentage of SHGs passed Grade II and the educational level. The variation in Gini in respect of per capita monthly food expenditure is significantly explained by the variation in percentage of SHGs passed Grade II and the year of functioning across the sample DP blocks.