

ORIGINAL RESEARCH:

Poverty reduction through women's entrepreneurial activities in rural Andhra Pradesh, India

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Abstract

In India, ensuring sustainable livelihoods and alleviating rural poverty remain serious challenges for policy makers. There are many problems including a lack of access to institutional/farm credit, lack of innovative approach for agricultural development, steep increases in the prices of fertilizer, high indebtedness, and imperfect market conditions. The lack of institutional support often traps the poor into a cycle of perpetual debt and poverty, and in extreme conditions, they may not even have access to food. In these circumstances, ensuring livelihood security for the poor through the promotion of various small-scale entrepreneurial activities has received critical attention. Rural banks have been entrusted with the responsibility to provide adequate and affordable credits to rural people to improve their livelihood opportunities. Self-Help Groups (SHGs) have become instrumental in delivering tiny loans to the poor women through banks to promote various entrepreneurial activities. Particularly in Andhra Pradesh, a southern state, the SHG movement has been playing a pivotal role by bringing a radical change in the position of women from daily-wage laborer to self-employed entrepreneur. As an empirical analysis, this paper critically examines the potentials of SHGs to emerge as institutions of rural entrepreneurship, and of running various small-scale business ventures by poor women in Andhra Pradesh. Besides, the paper attempts to highlight the major operational challenges in the functioning of SHGs.

Keywords: Andhra Pradesh, India, Poverty reduction, Rural poverty, Self-Help Groups (SHG), Women entrepreneurs.

Introduction

The discourse on poverty has been a central issue for academicians and policy makers across the globe. Especially, it assumed critical importance with the debate on the new goal for global poverty reduction, “*to reach zero extreme poverty by 2030*” (The Chronic Poverty Report, 2014-2015), though the third Chronic Poverty Report proposes a new framing for a post-2015 goal to eradicate extreme poverty, tackling chronic poverty, stooping impoverishment, and supporting sustained escapes from poverty. In spite of implementing various anti-poverty measures and welfare policies by the governments and International agencies, many people in Asia, Africa and Latin American countries remain poor. According to the Global Multidimensional Poverty Index (MPI) (2014), up to June 2014, a total of 1.6 billion people were living in multidimensional poverty, out of which 52% live in South Asia, and 29% in Sub-Saharan Africa. Additionally, of the said 1.6 billion, 85% live in rural areas (Alkire et al., 2014:1). The Global Multidimensional Poverty Index (MPI) is an index of acute multidimensional poverty, developed in 2010 by the Oxford Poverty and Human Development Initiative (OPHI) and the United Nations Development Program (UNDP). It assesses the nature and intensity of poverty at the individual level, and directly measures the nature and magnitude of overlapping derivations in health, education and living standard at the household level.

In India, poverty alleviation has consistently been one of the important challenges since its independence. The Government of India has implemented various developmental strategies, and welfare

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policies from time to time to help reduce poverty. However, India still has a long way to go in alleviating poverty (Goshal 2012). Poverty in India is largely rural in character, where landless laborers and casual workers are the worst off economic group. In particular, Scheduled Castes and Tribes, women and female headed families and old people face more deprivation than others. They have been suffering more from poverty due to landlessness, unemployment, inaccessibility of resources, primary healthcare and education, transportation, market etc. (Dev 2007; Haughton & Khandker 2009; Sukumar 2010). The Rangarajan Committee report on *Measurement of Poverty* (2014) estimated that the 30.9% of the rural population and 26.4% of the urban population were below the poverty line in 2011-12, and the poverty ratio in all India in 2011-12 was 29.5%. In other words, 260.5 million individuals in rural areas and 102.5 million in urban areas with a grand total of 363 million were under the poverty line in India. This means that three out of every ten Indians are poor (ibid, p.5).

Some scholars have looked at poverty from a gender perspective as well. Nussbaum (2000) elucidated the feeble conditions of women in most of the developing countries, and argued that women are less nourished than men, less healthy, more vulnerable to physical violence, sexual abuse, and are treated as “*second class citizens*”. In a similar vein, Upalankar (2005) stated that women are among the poorest of the poor and still suffer from malnourishment. The poor woman’s voice does not carry any weight in the family, particularly in rural India. This situation is primarily due to the lack of economic independence and being neglected as contributors to development. These social and economic inequalities relegate women to a lower status and make them less important, less capable, less central, and less valuable than men. Unfortunately, poverty has increasingly becoming feminized, meaning that an increasing proportion of the world’s poor are female (Moghadam 2005).

However, scholars offer some strategies to alleviate feminization of poverty and bring gender equality. Nayyar (2005) argues that reduction of gender inequality in access to resources and opportunities may lead to an increase in the rate of economic growth and in turn reduce the poverty level, because gender equality enables women to take up income-earning opportunities, and participate in the growth process. The author correlates reduction of gender inequality by providing economic opportunities, and emphasizes for creating various self-employment activities for women so that they can become financially stable on their own. Morrison et al. (2007) in their working paper on ‘Gender Equality, Poverty and Economic Growth’ are of the view that economic empowerment is one of the important ingredients in the process of women’s empowerment. They also add that women’s access to market and their decision-making power within households not only leads to reduction of poverty but also increases their productivity at the individual and household level. Indeed, they stress the need for providing credit to women that allows them to take up small-scale self-employment activities. This in turn, would enhance their capabilities in decision-making within and outside the family.

Amartya Sen (2000) observes that poverty is “*not simply a state of low income or consumption but as the lack of freedom of a person to choose and live the life he has reasons to value*”. He characterizes poverty as one of the “*deprivations of the basic capabilities rather than merely as lowness of incomes*”. In other words, he believes poverty is the absence of a wide range of capabilities, including security and ability to participate in economic and political systems (1999: 87). A person’s well-being depends on his/her capabilities or freedom to achieve certain valuable “doings and beings”, called ‘functioning’. Therefore, expanding people’s capabilities should be the prime objective of development. While income is important, it is not an end itself, but it is the means through which an individual gains “*command over resources*” that

can be converted into capabilities and 'functioning' (Anand & Sen 2000). Interestingly in recent times, particularly in the state of Andhra Pradesh, the SHGs function as an institution for the reduction of feminization of poverty. Sen highlights the significance of the expansion of the capabilities of all human beings, and emphasizes that it is one of the vital components to achieve the goal of development. Sen also mentions the importance of providing education to women (p.192).

By adopting the core elements from Sen's theory, the SHG Bank Linkage Program (SBLP) model through Self Help Groups (SHGs) provide one of the important banking strategies to promote self-employment opportunities for rural women. SHGs help women to develop their capabilities and their rational thinking power. This can reduce the socio-economic inequalities by promoting self-employment opportunities. Sen's capability approach provides an analytical framework to understand how women attain capabilities to develop a voice in decision-making, and reduce inequalities in the society. This research takes insights from Sen's approach in order to understand how SBLP model provide self-employment opportunities, improve the awareness levels of women and their economic opportunities.

Self-Help Groups (SHGs) are now recognized as one of the alternative sources to address the unemployment of rural women. The basic purpose of the SHGs is to improve the conditions of the poor and marginalized sections, particularly those who are unable to obtain credit from money-lenders (Puhazhendhi et al. 2000; Rao 2002; Ramalakxmi 2003). Nawaz (2009) suggests that the involvement of rural women in various entrepreneurial activities through SHGs enables them to empower themselves in different fields. SHG as an institution of entrepreneurship, not only develops women's entrepreneurial capacity but also is a form of collective action (team work & collective decision-making), striving for each and every individual's empowerment by extending loans to the poorer sections in rural areas through the formal banking system, that is, by the SHG-Bank linkage Program model. The promotion of SHGs formally began in 1992 by National Bank for Agricultural and Rural Development (NABARD) as a part of SHG-Bank Linkage Program. One of the main aims of NABARD's SHG-Bank Linkage Program was to provide sustainable access to financial services to the rural poor, with a focus on those who had remained uncovered by the banking system (Seibel 2000:1). In scripting the success of SHG movement, the case of Andhra Pradesh is noteworthy. The state has been at the forefront of microfinance intervention through Self Help Group-Bank Linkage Program (SBLP) in India since the late 1990s. According to the Society for Elimination of Rural Poverty, Government of Andhra Pradesh report (2013), as of 31st March 2013, there were 10,59,101 SHGs with more than 1,15,00,000 SHG members. The objectives of this study are to examine the role of Self-Help Groups in creating entrepreneurial activities to the women in rural areas, to assess the impact of SHGs on the rural poor women with reference to income, employment, asset creation and women empowerment in the selected three villages of Andhra Pradesh, and to critically look for the structural constraints in the successful functioning of the SHGs.

Methodology

The study is confined to the assessment of the impact of SBLP model on poverty reduction through promoting various small-scale entrepreneurial activities among the poor women. Considering the time and resource availability, the study is limited to the three districts of undivided Andhra Pradesh. The present study was mainly carried out prior to the division of the state into Andhra Pradesh and Telangana in June, 2014. Though the study is limited to only three districts, it represents all the three regions of undivided

Andhra Pradesh i.e. the East Godavari district from Andhra region, Chittoor from Rayalaseema region and Karimnagar district from Telangana region.

Sampling procedures and sample size: Each district in the sample was represented by a village located within the selected district. After consultations with the concerned Mandal Revenue Officers, Chinabonala village of Siricilla Mandal in Karimnagar district, Deevanchervu village in Rajanagaram Mandal in East Godavari district and Taduku village in Puttur Mandal in Chittoor district were selected. From each of these three villages, 50 respondents, that is, a total of 150 respondents were selected from SBLP model by using simple random or probability sampling. Probability sampling provides an equal chance to each item in the target population to get included in the final sample. In other words, each one of the possible samples has the same probability of being selected (Kothari 2010). Since all members of the SBLP model were women, the researcher adopted simple random sampling. The researcher visited SHG Village Samakhya Office and approached Assistant Project Manager (APM) in order to select the sample size. On average, each village consisted of 30-40 SHGs. Among them the researcher visited 10 SHGs randomly and approached all the members of the each group and finally selected 5 respondents from each group according to their willingness to respond to the questionnaire. Therefore, the final sample size is 50 from each village.

Data Collection: The study employed different methods to collect both primary and secondary data. Questionnaires were administered to SHG members to collect the primary data. In the process of data collection, the researcher used different tools such as interviews with the SHG members and bank managers by using standard-structured questionnaires and Focus Group Discussion (FGD) to elicit the needed information.

Data Analysis: After the data collection, the completed questionnaires were scrutinized and edited in order to elicit accurate data. The study used Excel sheets in order to transform the variables into a format suitable for analysis. The data have been analyzed and then presented in the form of tables, charts and diagrams. The data analysis was carried out using Statistical Package for Social Science (SPSS version 20). Descriptive statistical tools such as frequency distribution and cross tabulation have been used to describe the socio-economic and demographic profiles of the respondents.

Findings and Discussion

In recent times, SHGs are seen as instrumental in both women's empowerment and poverty eradication by creating various entrepreneurial opportunities with the help of micro-finance. In the field study, it was observed that most of the rural women on an average borrowed Rs. 50,000-60,000 from SHGs. Before joining SHGs, most of these women were coolies and daily laborers or housewives. They did not have access to capital to start a small business ventures. If they got money from money-lenders, the interest rate used to be very high and they were unable to repay the money within the time-frame. That is the reason most of the women from poor households worked as coolies and daily wage laborer. With the instigation of SHGs and with the financial assistance from the SHG-Bank linkage, the scenario changed and led to a significant improvement in the economic conditions of the rural poor. Table 1 demonstrates the purpose of receiving loans from SBLP model by the SHG women.

Table.1: Purpose of receiving loans from SHG-Bank Linkage in the three villages: Cross Tabulation

Purpose of Loan	Total respondents	Type of Utilization	Chinabonala	Diwancheruvu	Taduku
Daily Consumption	31	Non-productive purpose	14	8	9
Ceremonies	6		2	3	1
Emergencies	17		8	4	5
Agriculture/Agri equip	26	Productive purpose (Self-employment)	7	14	5
Livestock rearing	22		5	6	11
Photostat center	2		1	1	-
Tailoring	5		1	2	2
Weaving	7		7	-	-
Kirana Store	5		2	2	1
Bangle store	6		1	1	4
Chat Bandar	3		-	2	1
Vegetable/fruit shop	6		-	3	3
Basket/Broom Making	6		-	4	2
Beedi -making	8		2	-	6
Total	150		50	50	50

Source: Field Survey, January-March 2013.

The purpose of receiving loans under SHG, was divided into two categories of 'productive' and 'non-productive'. Of the 150 respondents, 96 (64%) got a bank loan and utilized it for productive purposes. The productive purpose category included 11 sub-categories. Of the 96 respondents in this category, 26 (17%) utilized their loan to purchase agriculture related equipment and supplies such as seeds, fertilizers, and pesticides. Livestock management is also a valuable source of livelihood in the rural areas of Andhra Pradesh. They may purchase cows and buffaloes and sell milk in nearby dairy centers. The remaining 48 respondents (32%) in the productive category utilized their loan for various self-employment activities.

The remaining 54 respondents, in the non-productive category, used the loan in neither off-farm nor on-farm activities; 31 respondents (21%) used their loan for daily consumption, 6 (4%) for various social ceremonies, and 17 (11%) for emergency (medical) purposes. Geographically, Chittoor district in Rayalaseema region is largely drought prone and most of the rural population depends on single crop cultivation. As a result, their incomes are meager. During off seasons, the tenant farmers and seasoned laborers of this district are left with no secure income source. The situation is worse for women; left without any option, these women are compelled to depend upon the SHG loan to meet their basic daily necessities and other material needs such as building houses, performing social ceremonies and meeting medical and other emergencies. It is noteworthy to mention that the dependency on these loans is particularly high in case of women from Schedule Caste (SC) and Schedule Tribe (ST) background. A respondent in the SC category from Taduku village in Chittoor district expressed her agony as:

"Because of poverty, I was forced to use the borrowed amount for my daughter's marriage. Since the money was already spent on her marriage, we are now not in a position to start any income-generating activity. In fact, the loan amount is not sufficient to start any business. My husband and I work as a daily wage laborers in agriculture and allied activities. Through the money we earn, I repay the amount borrowed."

Interestingly, another SC respondent from the same village feels that:

“If we did not have access to loan under SBLP model, we would have had to depend upon private microfinance companies or conventional moneylenders in the villages to meet the financial needs, who invariably charge high interest rates.”

As seen in these examples, although the basic purpose of loans under SBLP model is to encourage rural women to start a self-employment activity to help them come out of the vicious circle of poverty, many women use their loan on non-productive purposes to meet their daily requirements. Considering the exploitation in the hands of conventional moneylenders and other informal lending sources, it is comparatively safe for the (poor) women to meet their financial needs with the help of SBLP loan rather than through informal credit facilitators. Such examples underline the need of subsidized credit for poor women to meet their financial needs as well as for self-employment generation.

Although 96 respondents are involved in various self-employment activities, none of them are involved in any group business ventures, which can provide employment opportunities not only to the investor but also to other unemployed women. For instance, *papad* making, handloom weaving, toy making and other such small-scale business enterprises require a fair share of labor power, thereby opening up new employment avenues. During the focus group discussions, these respondents were asked to explain their lack of engagement in innovative business ventures. Most of the respondents mentioned that the amount of loans they received were small, they did not have the necessary entrepreneurial and management skills, and were unable to engage in meaningful business projects.

Table.2: Improved income levels of the respondents before and after joining SHGs (income per month)

Purpose of Loan	Total respondents	Period of using SHG (years)	Before Joining SHG	After joining SHG	Change in income levels
Daily Consumption	31	54	2-3 years	1500-2000	---
Ceremonies	6		2-3 years	---	---
Emergencies	17		1-2 years	1000-2000	---
Agriculture/agri equip	26	96	4-5 years	1000-1500	2000-3000
Livestock rearing	22		6-7 years	1000-1500	2500-3000
Photostat center	2		1-2 years	---	2500-3000
Tailoring	5		3-4 years	1000-2000	3000-4000
Weaving	8		5-6 years	1000-1500	2000-2500
Kirana Store	5		5-6 years	---	2500-3000
Bangle store	6		3-4 years	1000-2000	3000-3500
Chat Bandar	3		2-4 years	1500-2000	2500-3000
Vegitable/fruit shop	4		5-6 years	1000-1500	1500-2500
Basket & Broom making	6		5-6 years	---	1500-2000
Beedi –making	9		3-4 years	1000-1500	2000-2500
Total	150	---	---	---	---

Source: Field Survey, January-March 2013.

Table 2 shows the income levels of the surveyed respondents before and after joining SHG, and accordingly identifies the improved income level. It is observed that the years of connection to a SHG and number of times loan received by a member correlate with the nature of occupation and income levels of the respondent. Most of the respondents who remained homemakers and worked as wage laborers in agricultural

and allied services utilized their loan for non-productive purposes such as daily consumption, performing social ceremonies and meeting emergencies. These respondents did not show any progress in their income levels even after joining SHGs. However, the respondents using their loan for productive purposes such as agriculture related activities, livestock rearing, and various self-employment activities show a steady progress in their income earnings after joining SHGs. An OC respondent from Diwancheruvu village in East Godavari district said:

“I borrowed Rs. 10000 from the SHG Bank linkage and added another Rs. 10000 with which I purchased an iron plough. We offer that equipment on rent for two or three days to other farmers who do not have the similar equipment for which we charge Rs. 150-200 per day depending upon the demand. On an average, we earn Rs. 1500-2000 per month as rent during the work seasons. However, this income drastically falls during off-season.”

Of the various self-employment activities, tailoring seemed to be the most rewarding income generating business scheme, as the respondents showed progress in their income levels after joining SHG. By joining SHGs and opening tailoring outlets, they were in a position to earn Rs. 3000-4000 per month, compared with only Rs. 1000-2000 before. Interestingly, they joined SHGs some 5-6 years ago, which indicates that they have received loans for at least three-four times. The second most preferable option under self-employment activities was *chat bandars*. On an average, they earn Rs. 2500-3000 per month. The owner of a *chat Bandar*, a widow from Diwancheruvu village proclaimed:

“I borrowed Rs. 20000 from Village Organization (VO) two years ago, added my own personal savings of Rs. 10000, and started a chat Bandar in my village. On an average, I earn Rs. 2500-3000 per month. I have repaid the borrowed amount recently.”

The same respondent was quick to point out the difficulties in running her *chat Bandar*. She had to work from 3 to 8 in the evening and sometimes even till 9 in the night as the business runs only in the evening or night time. Working in such odd hours is a daunting task for women as it has safety and security issues. Besides, they had to take care of their daily chores and other household responsibilities as well. Some of the women are involved in handloom weaving, basket making, *beedi*-rolling and running vegetable/fruit shops. These categories of income-generating ventures also show progress in income levels. These observations could imply that the increased income levels of the respondents have a considerable impact on living standards and household income. Table 3 explains the contribution of their income to family expenditure.

Table 3: Contributions to family expenditure

<i>Contribution to family expenditure</i>	<i>No. of respondents utilizing credit for productive purpose (Total =96)</i>
Basic Food	31
Children's Education	20
Buying electronic goods	15
Health Care	12
Constructing house	7
Repaying old debts	11

Source: Field Survey, January-March 2013.

Of the 96 respondents, 31 members (32%) contributed from their income for purchasing food items, 20 members (21%) contributed to children's education, members (15.5%) contributed to purchase of electronic goods, 12 respondents contributed to healthcare expenditures, 7 to building houses and 11 members used it for repaying old debts. One respondent, Padmavathi, aged 36 years, from Sai Laxmi SHG of Deecvan Chervu village in the East Godavari district said:

"We have one acre of land and we have added another 2 acres on tenant basis. In addition, we have also bought two buffalos. We have borrowed Rs. 30000 from SHG federation and Rs. 20000 from SHG under 3 percent interest rates. Now we are able to do farming as well as cattle rearing. I sell three liters of milk every day and earn Rs. 2500-3000 per month. Gradually, I am also repaying the debt amount of Rs. 50000. With the savings, my children are able to study in English."

Another respondent from Jagruthi SHG of Taduku village in Chittoor district, said:

"I have borrowed Rs. 25000 from VO and used the loan for constructing the house. My husband and I work as a daily wage laborers. With the income, I used to save Rs. 500-700 per month and repay the loan installment. Though we have constructed house with the help of loan amount and other sources, without regular income source, I have been facing difficulty in repaying the borrowed amount in regular installments."

Repaying old debts appeared as a common issue in most of the households. In this study, 11 respondents used their surplus income to repay their old debts. The respondents who borrowed loans from private microfinance sources were often unable to repay their weekly installments. In order to repay these installments, they were compelled to depend on other financial sources, which is the basic cause for the alleged microfinance crisis in Andhra Pradesh. Various studies point out that most of the MFI borrowers often used their loan to buy luxurious and other electronic goods rather than utilizing it on some productive purpose. At the time of repayment, they were left with no income and were unable to repay the loan, which entrapped them in debt (Nair 2011; SERP report 2013).

Table.4: Respondents' perception of a change in socioeconomic condition after joining in SHG in three villages

<i>Indicators of socioeconomic change</i>	<i>High, very good</i>	<i>Good</i>	<i>Small</i>	<i>No change</i>	<i>N=150 (100%)</i>
<i>Social mobility</i>	31 (20.6)	75 (50)	24 (16)	20 (13.3)	150 (100)
<i>Recognition in the family</i>	36 (24)	69 (46)	28 (19)	17 (11)	150 (100)
<i>Building house through Indiramma loan</i>	15 (10)	57 (38)	42 (28)	36 (24)	150 (100)
<i>Access to health services</i>	18 (12)	50 (32)	66 (44)	16 (10.6)	150 (100)
<i>Access to credit sources</i>	35 (23.3)	81 (54)	23 (15)	11 (7)	150 (100)
<i>Increase in income levels</i>	24 (19)	75 (50)	31 (20.6)	20 (13.3)	150 (100)
<i>Financial awareness</i>	16 (10.6)	41 (27.3)	79 (52.6)	14 (9)	150 (100)
<i>Awareness levels on markets</i>	22 (14.6)	69 (46)	40 (26.6)	19 (12.6)	150 (100)
<i>Awareness/participation in developmental & political activities at gram panchayat</i>	16 (10.6)	77 (51.3)	42 (23)	17 (11)	150 (100)
<i>Encouraging children's education</i>	21 (14)	82 (54.6)	37 (24.6)	10 (7)	150 (100)
<i>Cumulative percentage</i>	15.6%	45%	27.4%	12%	100%

Source: Field Survey, January-March 2013. Note: Figures in parentheses represent the number of respondents in percentage.

Table 4 demonstrates the respondents' progress on various social and economic matrices in post-SHG stage. It reveals the perceptions of the selected 150 SHG members in the three villages. Ten indicators were taken into consideration to analyze the improvement in socio-economic conditions. These ten indicators attempt to encapsulate and address Amartya Sen's five basic freedoms, which serve as a benchmark for determining a decent living in a variety of areas. Sen in his work, *Development as Freedom* (1999) defined capability as a substantial freedom for achieving a specific purpose and proposed five basic human freedoms that people require to accomplish their functions: political freedom, economic facilities, social opportunities, transparency guarantees, and educational attainment.

A respondent working as president of Sai Krupa SHG of Diwancheruvu village in East Godavari district said:

"Some of the women health workers of Primary Healthcare centers from Mandal (block) come once a week to our village. They primarily promote health awareness and disseminate health message at the gram panchayat office, particularly related to pregnant women, lactating women and children of 1-5 years age. We take the initiative to disseminate the information further to the women of our village. In fact, during the SHG meetings, we formulate health agenda (necessary health precautions), and disseminate health information and promote awareness on effective utilization of primarily healthcare services."

As far as the economic indicators are concerned, SHG women lagged behind on financial awareness. Of the 150 respondents, 79 showed a low interest in various financial matters. In fact, financial awareness of the rural poor has become a critical issue in ensuring financial inclusion. 81 respondents, however, expressed their satisfaction in accessing credit from banks, while 75 showed progress in income levels. They largely utilized their loans for productive purposes. A respondent from Diwancheruvu village, Rukkamma, a widow woman, aged 54 years from Vigneshwara SHG, expressed her improved economic status:

"I have two daughters and both are married. I stay alone in my home. I borrowed Rs. 20000 from my SHG two years ago and bought one buffalo. I sell 2 liters of milk every day and earn Rs. 1500-2000 per month. I have repaid the borrowed amount. I am now planning to borrow some amount and buy one more buffalo to expand my business."

Only 69 respondents expressed their satisfaction on awareness of market conditions, while as many as 40 respondents showed a low interest in market conditions and 19 respondents were not at all aware of markets. This may be one of the reasons for respondents' unwillingness to invest in opening a new business venture, as they would have to cope-up with recent market trends.

As far as participation of the SHG respondents in various developmental programs and other political activities at the gram panchayat level, Amartya Sen's theory of development is applicable. According to Sen, 'political freedom' is the opportunity of people, particularly women to participate in various political affairs and developmental programs, and to cast vote of their own choice to ensure accountability in the political system. During the field survey, it was found that of the 150 respondents, 77 expressed an interest in participating in various developmental activities organized at the village level. The participation of women, even at the *mandal* level is one of the encouraging trends in the panchayat meetings. A respondent from Vanaja, aged 28 years from Suryateja SHG of Diwancheruvu said:

“Recently the government of Andhra Pradesh conducted ‘Rachha Banda program’² in our mandal of Rajanagaram. The SHG members along with our village sarpanch (village head) participated in the program and submitted a list of demands to the chief minister. We do not know, however, when the demands will be addressed. We did our job by participating at the ‘Rachha Banda program’. We usually participate in ‘prajavani meetings’³ conducted at the mandal level every Monday from 10:00 a.m. to 1:00 p.m. Mandal Thasildar Officer conducts and oversee the meetings. This initiative primarily aims at resolving various socio-economic problems such as delay in distributing ration cards, aadhar cards, sanctioning of Indiramma housing loan, old age pensions, among others.”

Such examples show that given the opportunity, women are capable of participating in various political matters at different levels. In fact, when women participate in meetings as a group, it improves their confidence and encourages them to participate in a full-fledged manner.

Respondent’s perceptions on drawbacks of SBLP model and SHG functioning: Despite its potential contributions, the SHG-Bank Linkage Program suffers from certain limitations. Of the 150 respondents surveyed, 141 expressed their dissatisfaction in the functioning of SHG. 43 respondents (29%) complained that there was no mutual understanding within the group, and 19 (13%) were unhappy at the behavior of their president. For some in this group, the president was “not so cooperative” in providing information regarding loan and other necessary financial services. 22 (15%) respondents complained about the distribution of the loan, saying that the loan distribution was not transparent. The participation of some respondents was in some cases completely lacking. Interestingly, in some SHGs, the group president’s spouse or any other male member of her family was involved in the process of receiving the loan from the bank and disbursing it to the group members. Such intrusion severely hinders the functioning of the SHGs and the relations among the group members, and leaves a scope for engaging in fraudulent ways in loan disbursement. These problems regarding the functioning of SHG point to the poor governance of the group meetings and lack of effective leadership which negatively impact on the functioning and sustenance of the group. One of the serious impediments in the functioning of the SHGs is the apparent lack of ownership and dynamism of the members because of the stagnant leadership in the SHGs and VOs. Such trends severely hamper the performance of SHG.

The second problem relates to disbursement of loans. It was found, during the course of study, that some of the SHG women were gravely dissatisfied with the mechanism of loan disbursal. Around 19 respondents (13%) complained about the untimely disbursal of loan, while 11 (7%) from SC and ST communities alleged that bank officials often gave preference to the SHGs of the predominant castes in disbursing loans rather than the maturity of the group. The third problem relates to SHG vis-à-vis entrepreneurship development. The literature on this subject claims that SHGs are promoted as a platform

² ‘Rachhabanda’ program is a people’s participatory initiative, launched by the government of Andhra Pradesh in January 2011, aiming to redress public grievances at the gram panchayat level. The areas of this program are sanctioning of BPL cards, pensions, housing loan, MGNREGS and SHG-Bank Linkage loans to women in rural and urban areas. Under this program, the EPRs and officials visit all the gram panchayat and interact directly with the people (source: www.ap.gov.in)

³ ‘Prajavani’ initiative primarily is a web based grievance system, which monitors public grievances at the District level and Mandal Revenue Office at the block level. The literary meaning of ‘Prajavani’ is ‘voice of the people’. It facilitates any citizen to file a grievance at the Kiosk at the village or *mandal* and get the response back in the Kiosk in a stipulated time. It removes the need for physical presence of individual for submitting petitions. (source: <http://prajavani.ap.nic.in>)

for the development of entrepreneurship qualities, and further to start various innovative small-scale business ventures (Nawaz 2009). The findings from the field, however, negate this claim, and in fact, point to the negative results in relation to entrepreneurship development. Based on field observations, the major problem of the SHG borrowers was not only small and untimely loans but also a lack of entrepreneurial and management skills to initiate and sustain various business undertakings. It could be argued that just providing subsidized credit is not sufficient to bring the desired change. There must also be effective training programs on entrepreneurial skills and business management.

The fourth problem relates to the viability of on-farm goods and its purchasing value in the market. It was observed that of the 150 respondents only 32 women utilized their loans for producing non-farm goods. They include basket making, broom making, mat weaving, *beedi* rolling, bangle store and others. However, the question is how far these non-farm goods have a reasonable purchasing value in the market, and whether these good would sustain in the longer run, especially if they can compete with plastic goods, which are available in low prices.

Conclusion

Despite the above said drawbacks, as a whole, the idea of alleviating poverty through various microfinance models and banking initiatives is a big step and deserves much appreciation. From the field-surveyed observation, it can be inferred that the delivering tiny loans, particularly through SHG-Bank Linkage Program (SBLP) has a positive impact on the creation of various livelihood opportunities vis-a-vis reducing poverty of rural women. Particularly, some of the women members of SHGs engaged in various productive activities like buying agricultural equipment, livestock rearing and self-employment activities resulting in a considerable progress in their income levels. The contribution of their income to family expenditure like purchasing food items and electronic goods, children's education, healthcare, house construction and repaying old debts significant reduced their vulnerability to poverty. The entrepreneurial activities enable the rural mass to have an opportunity to transform from a daily wage earner to a self-employed entrepreneur, if only the SHGs lend money to them with subsidized interest rates and simple procedures. It may be time to look at the concept of SHGs in a long term perspective because of the potential to create various entrepreneurial activities for the rural unemployed poor women. This may not only increase their empowerment but also may reduce the feminization of poverty.

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