

SOCIAL MOBILISATION, SAVINGS HABIT AND ACCESS TO CREDIT FOR THE POOR THROUGH SHGs IN ODISHA

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ABSTRACT

The study examines the extent of social mobilisation and access to financial services to the poor through Self-Help Groups (SHGs) in Odisha. The study covered a total of 15,339 SHGs in Ganjam, Gajapati and Puri districts of Odisha. It reveals that SHG movement in the State has gained momentum with the introduction of the Mission Shakti programme. A large number of SHGs have been formed in the study districts by mobilisation of women belonging to Below Poverty Line (BPL) households. SHGs were instrumental in developing savings habit and gaining access to credit from formal financial institutions. However, the extent of savings and credit is still at very low level. The study concludes that in order to make the movement a sustainable impact on its members the SHGs in the State require handholding support to strengthen their internal system and make them self-sustainable.

Introduction

The Indian Self-Help Group (SHG) movement is one of the largest SHG movements in the world with more than 3.5 million SHGs helping nearly 49 million poor households to access sustainable financial services (microfinance) from the formal banking system in the country (Srinivasan, 2008). Recent years have witnessed a marked shift in the growth of SHG movement in the country with emphasis on consolidation of the movement. Gaining strength from the southern region, the SHG movement is rapidly spreading towards the central, eastern and north-eastern regions of the country as reflected in the microfinance penetration index (MPI) which shows the share of microfinance clients with that of population

of the State. This shift in focus of SHG movement in the country has greater significance, since a large number of poor are concentrated in the central, eastern and north-eastern regions of the country. The SHG movement in this region is expected to contribute to the socio-economic development of a large number of poor. Recent data show that Odisha, one of the states in eastern region has become one among the top five states in India in terms of progress of SHG-Bank linkage programme with MPI of 2.0. The studies examining the SHG movement in the eastern region, especially with a focus on Odisha are very limited. Perhaps, this may be due to the fact that SHG movement in this State is only of recent origin. In this context, it is important to understand the progress and quality of the

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SHG movement in this region. While most of the studies on SHG movement in the country focused on the southern region, the present study tries to fill this gap in the literature and examines the extent of social mobilisation, savings habit and accessibility to credit through SHGs in three districts of Odisha.

Background

Odisha, on the eastern coast of India, has a population of 36.71 million. The scheduled tribe (ST) and scheduled caste (SC) population constitute 22.13 and 16.53 per cent, respectively of the total State population; together they constitute 38.66 per cent of the State population. This is comparatively higher than the all India figures of SC (16.20 per cent) and ST (8.19 per cent) population. There are over 62 tribal groups living in the State including 13 primitive tribal groups. Considering the heavy concentration of ST and SC population, 44.70 per cent of the total area has been declared as Scheduled Area that grants special constitutional provisions for protection, development and governance of tribal communities. Despite being endowed with vast natural resources : 11 per cent of the country's mineral deposits, forest cover, total cultivable land of 65.59 lakh hectares; Odisha remains the poorest of 14 major Indian states with 47 per cent of its population living below the poverty line. Often referred to as a land of plenty with poor outcomes, it is seen that the rich resources in the State have not yet been properly harnessed to ensure rapid and sustained economic development.

A World Bank study conducted in 2006 analyses the economic growth in Odisha stating that, being the poorest State in 1990's, Odisha is now a State on the move (World Bank, 2006). Public expenditure on infrastructure and private industrial investment has increased primarily with mega foreign and Indian investments in the steel

and power sector. While the report observes that though the State finances and per capita income have improved remarkably, there is still a great deal to be done. Between 1999/00 and 2004/05, based on NSS data estimates using 'mixed reference period', the proportion of people in poverty in rural Odisha declined by 8 percentage points compared to 5 percentage points in rural India as a whole. Despite this progress, however, the level of poverty in Odisha remains significantly higher than the rest of India.

It is paradoxical that despite this impressive growth trajectory in the areas of infrastructural development and private investment, Odisha continues to be a State with the lowest rate of urbanisation at 14.97 per cent. This is only higher than Assam and Bihar among the major States. Rural electrification in the State is the lowest in the country. More than 47 per cent of its population still live below the poverty line. In terms of its workforce, of the total population; 38.79 per cent constitute of workers of whom 67.2 per cent constitute of main workers and 32.8 per cent are marginal workers. Women lag behind their male counterparts in respect of working population. The proportion of male workers was 53 per cent and female workers were 25 per cent. Out of them, 24.1 per cent are cultivators, 14.7 per cent are agricultural labourers and 25.6 per cent other workers. Majority of the workforce are still dependent upon the agricultural sector for employment and poverty is starker in the face of the women. The State has been behind the rest of the country on most indicators of human development as well. Its performance is similar to that of some of the poorest countries in the world. Amongst the 15 major states of India, the HDI for Odisha was the fifth lowest in 1981, fourth lowest in 1991, and again the fifth lowest in 2001, even

though the absolute value of the index has increased between 1981 and 2001 by 51.3 per cent, albeit from a rather low level (Government of Odisha, 2004).

Being one of the poorest states in the country, the State government has initiated a unique programme called *Mission Shakthi* in the year 2001. The programme aims at empowering the poor women by mobilising them into small groups consisting of 10-20 members, developing savings habit and providing access to credit through linking these groups with formal financial institutions and helping them to start income generating activities. Under the *Mission Shakthi* programme, 387325 SHGs were formed with a total of 46.4 million women from poor families. The programme is functional in all 30 districts of the State. The SHGs under the *Mission Shakthi programme* had mobilised a savings of ₹ 2710 million and disbursed credit to the extent of ₹ 13678 million (Government of Odisha, 2008). This paper is prepared based on the data collected for a study on 'status of self-help groups in Odisha' supported by the department of women and child development, government of Odisha in the year 2008. The present study examines the social mobilisation of the poor, especially women through SHGs and their access to savings and credit from formal financial institutions.

Review of Literature

The concept of SHGs, SHG Bank Linkage programme, SHG performance and sustainability have been extensively studied (APMAS 2007; Bhatia, 2007; Harper, 2002, Harper 2007; Harper, 1998; Reji, 2009, Sinha 2007; Wilson 2003,). The Self-Help Group (SHG) comprises people living in proximity, operating by sharing their own resources and combined leverage for improving their living condition (Nath 1999). The formation of small groups consisting of 5-20 members is an

important element in the SHG process. The size of the group is restricted to small to ensure group solidarity. Homogeneity in terms of socio-economic conditions and levels of living form the basis for group formation. Periodical meetings on a weekly or fortnightly basis, inculcating the habit of thrift, creating common fund through contributing regular savings from the members, on-lending to its members, availing of credit support from financial institutions, etc. are some of the aspects of the SHG's functioning. The group formation differs with respect to context, promoting agencies. Harper (2002,) describes and compares the two major group-based systems of microfinance; the solidarity groups as pioneered by the Grameen Bank in Bangladesh and the self-help groups popularised by NABARD in India. The two methods are compared in terms of their outreach, the costs and the institutional implications and arrived at a conclusion that neither of the system is 'better' than the other, but they are very different. It is important to appreciate the differences and to choose the system which is appropriate for local client and institutional realities. A national level study conducted by NIRD (2004) observed that SHG-system is designed in ways conducive to members' active participation, shared interest, responsibility and economic potential. The SHGs were instrumental for mobilisation of large number of poor into self-selected and cohesive groups. The study reports that majority (72 per cent) of SHG members belong to poor socio-economic status from marginalised communities – Scheduled Caste (SC), Other Backward Caste (OBC) and Scheduled Tribe (ST). The SHGs create a community structure that builds mutual support and trust (Martin et al 2007). Once a group has been formed, the credit link is established and the group meets on a regular basis, gradually the groups tend to take on a much wider social role. Gradually,

SHGs act as a tool for mobilising the poor to effect wider social change. More precisely, the SHGs provide a forum in which people can meet on a regular basis, discuss and share various issues that the members face in their day-to-day life, and finding solution to these issues.

A variety of institutions involving NGOs, Commercial Banks, Cooperative Banks, Regional Rural Banks (RRBs) take active role in SHG formation and facilitating linkage banking in the country. Members are encouraged to make voluntary savings on a regular basis. The savings are pooled in a group fund that is used to make interest bearing loans to the SHG members. Through the process, members learn financial discipline and build a track record of financial prudence and credit history, as they handle amounts much beyond their individual capacities. Access to credit through the process of group intermediation can be seen as the motivational factor behind the formation of large number of SHGs. It is well established that the group approach equips the poor to access financial services from the formal banking system on easy terms and conditions (Choudhary et al 2003; Ghate 2006; Hossain 1988; Jackelen and Rhyne 2003; Narender and Vasimalai 2007; Reji, 2009; Srinivasan 2008, Swaminathan 2007).

Several studies reveal that SHGs have the potential that goes beyond mere economics of access to credit. The SHGs are recognised as an effective tool for empowerment of poor, especially women. Evidence suggests that SHGs and related group process create an enabling environment for women's empowerment (Chen, 1992; Khandkar and Pitt, 1996; Hashemi, 1996; Schuller, 1996; Shylendra, 1999; Swain and Wallentin, 2009).

The literature examined consists of SHG movement, SHG performance, role of SHGs

in social and financial intermediation and its impact on SHG members. The literature reviewed suggests that SHGs are instrumental for large scale mobilisation of the poor (NIRD, 2004; Sinha, 2007) and helping them to develop savings habit and also to access credit from formal financial institutions (Choudhary et al 2003; Ghate 2006; Hossain 1988; Jackelen and Rhyne, 2003; Narender and Vasimalai, 2007; Srinivasan 2008, Swaminathan, 2007). SHGs are also instrumental for bringing large scale impact in society through empowerment of the poor (Schuller, 1996; Shylendra, 1999). Most of the literature on SHG movement in the country (Narender and Vasimalai, 2007; Choudhary et al 2003; Swaminathan 2007, Reji, 2009; Shylendra, 1999) is based on the experience of the movement in the southern region. This is due to the fact that SHG movement in the country has first initiated from the southern region and gained its strength from the experience of more than two decades. The high level of literacy coupled with higher mobility of the people especially women in the southern region also might have helped the movement to gain its strength in this region. It is to be noted that, in recent years, the SHG movement is rapidly spreading to the central, eastern and north-eastern regions of the country. The eastern region and the central region have a microfinance penetration index (MPI) of 0.67 and 0.4 respectively as against 2.44 for southern region (Srinivasan, 2010). It is important to note that Odisha, one of the states in the eastern region has become one among the top five states in SHG bank linkage. Odisha stood third in the top five states in terms of microfinance penetration (Srinivasan, 2010). However, studies on SHG movement with a focus on eastern region; especially covering Odisha are very limited. Even though some of the studies (APMAS, 2007; Basu, 2006; NIRD, 2004; NCAER, 2008; Sinha, 2007) had included

SHGs from the eastern region including the State of Odisha, the coverage is inadequate.

and access to credit from formal financial institutions.

Research Questions and Objectives

As evidenced from the literature, the SHG movement in the country is gradually spreading to the central and eastern regions. This shift in the spread of the SHG movement has greater significance since a large number of the poor are concentrated in the central and north-eastern region of the country. This shift in focus is triggered by the intense competition among self-help promoting institutions as a result of entry of MFIs and the focus of government policies regarding promotion of self-help groups in the country. Recently, NABARD had identified 13 priority states and north-eastern region for giving a fillip to microfinance activities. It is important to note that the SHG movement in the central and north-eastern region is still in its initial stages as revealed by the low level of microfinance penetration index (MPI). The SHG movement in this region is expected to contribute to the socio-economic development of the poor. It is important to understand the context of evolution of SHGs in the State, the categories of population covered under the SHGs and the role of SHGs in social and financial mobilisation. It is in this context, a study on SHG movement in Odisha, where close to half of the population belongs to below poverty line (BPL) become relevant. The research questions addressed in the present study comprise i) *How far the SHG movement had helped in mobilisation of the poor in the State of Odisha?* ii) *How far SHGs facilitated access to financial services for the poor?* Based on the research questions as mentioned above, the present study seeks to i) understand the context of evolution and the current status of SHGs in the State of Odisha, ii) study the socio-economic condition of the SHG members and iii) understand the extent to which the SHGs helped its members to develop savings habit

Methodology

The study covered three districts of the State of Odisha. The districts under study comprise Puri, Ganjam and Gajapati, purposively selected considering high concentration of SHGs. The three districts together have 30337 SHGs with 204404 members. The study covered 15,339 SHGs which constitute half of the total SHGs in these three districts. In each district, all the block panchayats and Gram Panchayats are covered under the study. The Puri district consists of 11 block panchayats, 230 Gram Panchayats and 1714 villages. Of the 9000 SHGs in Puri district, 5337 SHGs are included in the study covering all the blocks, 216 Gram Panchayats and 1576 villages. Similarly, 7300 SHGs out of 17000 SHGs from Ganjam district are included in the study covering all the blocks, 383 Gram Panchayats and 1019 villages. A total of 2762 SHGs out of 4337 SHGs from Gajapati district are included in the study covering all the blocks and 125 Gram Panchayats and 997 villages. Data were collected from SHGs using a structured interview schedule. The interview schedule contained details of SHGs, socio-economic details of members, savings mobilisation, access to credit and details of SHG bank linkage. Data were collected with the help of enumerators. Anganwadi workers in each village were recruited as enumerators for the study. Enumerators were given three days training in order to familiarise them with data collection. Enumerators visited the respective SHGs in their villages and collected required information with the help of schedule for data collection. Either the secretary or the president of the SHG was interviewed to collect the data. The collected data were verified and entered in worksheet for compilation and further analysis to draw meaningful conclusions.

Social Mobilisation Through SHGs

The SHG movement in Odisha is a direct result of the vibrant NGO sector in the State. The NGO sector in Odisha that gained momentum during the early 1980s, took a proactive role in promoting people's organisations and community centred development activities such as grain banks, seed banks, community fund, establishment of village health committees and joint forest management committees etc. NGOs played a major role in addressing women issues through mobilising them into Mahila Mandals and facilitating savings in the form of kind and cash. Gradually, the SHGs movement has become more popular during 1990 with the initiative of National Bank for Agriculture and Rural Development (NABARD) through its SHG-Bank linkage programme. The entry of NABARD in Odisha to support SHG activities in mid-nineties did encourage the bankers and NGOs to strengthen their SHG programmes. Soon after, the SHGs became popular in the State as a cost-effective credit delivery system to the poor. Inspired by the SHG initiatives by the NABARD, a variety of institutions involving Commercial Banks (CBs), Cooperatives, Regional Rural Banks (RRBs) and NGOs took initiatives for SHG formation, training and capacity building and linking them with formal financial institutions in the State. SHGs emerged as a viable means for socio-economic development of the rural poor, especially the women. Some of the notable NGOs, like Adhikar in Khurda, Darbar Sahitya Sansad in Puri, Antyodaya and Parivartan in Kalahandi, Vikalpa in Bolangir, Sundargarh Zilla Mahila Parishad in Sundargarh; MASS (Manav Adhikar Seva Samiti) in Sambalpur, Dhakota Yubak Sangha in Keonjhar, Samuha Vikash and Gania Sishu Raija in Nayagarh took up SHG promotion seriously and linked them with banks. Apart from that, major donor agencies like United Nations Development Programme (UNDP),

Department of International Development (DFID), World Food Programme (WFP) and International Non-Government Organisations like CARE, IGSSS (Indo German Social Service Society), Action-Aid etc. are implementing projects through the support of the local NGOs for promotion and strengthening of SHGs.

One of the early efforts in large scale mobilisation of poor women into self-help groups in the State was initiated by Centre for Development Research and Training (CENDERET), Bhubaneswar in the year 2000. The intervention was based on a study carried out by CENDERET in the year 1997 on status of women in Odisha to identify and understand the problems of women in the State. The study revealed that about 67 per cent women depend on their family members for livelihood, only 17 per cent women own land and 32 per cent have control over land; around 74 per cent women do not get wages at par with males; 83 per cent were deprived of getting education; 83 per cent women do not have freedom to go outside without the permission of male family members; about 42 per cent of the married women are tortured by their in-laws' family because of not fulfilling the demand of dowry etc. (CENDERET, 2004). The findings of the study are the key issues for empowerment of women in the State, which drew CENDERET into some strategic plan of action for bringing perceptible changes in the living style and thinking process of women in Odisha through an intervention '*Women Empowerment through Self Help*'. The programme covered 12 districts and formed 2949 SHGs with a membership of 39245 women from poor families.

Till recently, the SHG movement in the State remained only as part of the NGO initiatives. However, the SHG movement in the State gathered momentum during early

2000 under the initiatives of Women and Child Development (WCD) Department, the largest promoter of programmes for women empowerment in the State. Two main programmes, being run by the WCD Department are the Integrated Child Development Scheme (ICDS) and Women Development Programme (WDP). ICDS is being run in all the 314 blocks in all the 30 districts of the State addressing issues of child survival and safe motherhood, implemented through 'Anganwadi Centres' at the village level.

With the introduction of Mission Shakti programme in 2001, a structured approach to mobilisation of women has been initiated in the State. Since then SHG approach remained the front runner in carrying forward the WCD Department's vision and mission to take the services to the rural women. The programme involves identification of poor families through a state-wide survey, organising women from each identified family into small groups consisting of 15-20 members, facilitating savings habit through regular weekly savings, providing access to members by linking the groups with formal financial institutions. SHG federations are formed at village, block and district levels across all districts in the State. Under the three-tier federal structure, the village level SHGs are federated into Gram Panchayat (GP) level federations, the GP level federations into block level federations and finally, the block level federations into district level federations. These federations play a critical role in mobilisation, linking of SHGs with financial institutions and sustainability of SHGs. The primary purpose of federation of SHGs is to ensure the sustainability of SHGs. The federations help the SHGs internalise all operational costs and reduce cost of promoting new SHGs. Federations also build solidarity among SHG members by helping them see SHGs a part of larger organisation. Federations also help to resolve conflicts

between SHG members, between SHGs, between SHGs and banks.

WCD Department, with its massive reach and infrastructure in the State play a significant role in the SHG movement in the State. Through Mission Shakti, it works in the areas of promotion, capacity building and enhancing marketing opportunities for women entrepreneurs so that they would be able to enhance their income generation opportunities. The Mission has an objective of empowering women through formation and promotion of over two lakh women SHGs and strengthening the already existing ones by providing capacity building support and facilitating credit linkages for income generation. One of the objectives of forming women self-help groups is to create an enabling environment for easy access to credit for the poor people. The SHG federations in the State have emerged as a strong link with commercial banks to channel financial services to the poor. The State Level Bankers' Committee has chosen the Mission Shakti as one of their valuable partners in channelling microfinance in the State. It has fixed Tuesday of every week as SHG transaction day for banks where the SHGs have the privilege to make banking transactions. As on 2008-09, a total of 387327 SHGs were formed with approximately 47 million members. SHGs together have mobilised savings to the tune of ₹ 27, 106 lakh. Out of the total groups, 275270 groups, nearly one-third have been credit linked and an amount of ₹ 12690 million has been disbursed under the bank linkage programme (Government of Odisha, 2008).

Status of SHGs in the Study Area

There are 30337 SHGs in the three districts under study with a membership of 2,04,404 (Table 1). A large number of SHGs (17000) are located in Ganjam district followed by Puri (9000) and Gajapati (4337)

Table 1 : Details of SHGs in the Study Area

Particulars	Puri No. of SHGs	Ganjam No. of SHGs	Gajapati No. of SHGs	Total No. of SHGs
Number of SHGs	9000	17000	4337	30337
Number of Members	79109	90192	35103	204404
Average Groups per GP	24.7	17.13	22.09	21.31
Average Groups per Villages	3.39	4.01	2.33	3.24
SHGs covered in the study	5337	7300	2762	15399

Source : Field survey, 2008.

district. SHGs were promoted in all villages; on an average each village has three SHGs. The number of members in SHG varies from 04-20 members with an average of 13 per group (Table 2). Half of the SHGs have a group size between 11-15 members. The remaining (each one-quarter of total groups) have a group size of 4-10 members and 16-20 members, respectively. Variation in group size is observed across the districts. As compared to Puri district, the size of the group is relatively small in Ganjam and Gajapati districts. Nearly one-third (30 per cent) of the groups in Ganjam and Gajapati districts have group size of 4-10 members

and nearly one-fifth (15- 20 per cent) of the groups in these districts have the group size of 16-20 members; and close to half of the groups with a group size of 11-15 members. While in Puri district only one-tenth (10 per cent) of the groups have a group size of 4-10 members. Close to half the groups have 11-15 members and the remaining 40 per cent of the groups have 16-20 members. SHGs with more than 20 members is very negligible (<1 per cent) in each of the districts. This difference in group size is observed on account of scattered distribution of villages in Ganjam and Gajapati districts. Data reveal that a large number of SHGs were

Table 2 : Group Size

	No. of SHGs	%	No. of SHGs	%	No. of SHGs	%	No. of SHGs	%
4-10	587	11	2263	31	856	31	3706	24
11-15	2722	51	3942	54	1215	44	7879	51
16-20	1975	37	1095	15	552	20	3622	24
>20	53	01	0	00	138	05	191	01
Total	5337	100	7300	100	2762	100	15399	100

Source : Field survey, 2008.

formed in recent years between 2004 and 2007, especially after the launch of the Mission Shakti programme. These SHGs were promoted by various organisations including Government agencies, NGOs and others.

Nearly half the SHGs (42 per cent) were formed by Government agencies especially District Rural Development Agency (DRDA) and Department of Women and Child Development (DWCD) (Table 3).

Table 3 : SHG Promoting Institutions

Promoting Agencies	No. of SHGs	%	No. of SHGs	%	No. of SHGs	%	No. of SHGs	%
Government Agencies	961	18	3650	50	1906	69	6517	42
NGOs	3095	58	1168	16	690	25	4953	32
Others	1281	24	2482	34	166	6	3929	26
Total	5337	100	7300	100	2762	100	15399	100

Source : Field survey, 2008.

Socio-economic Profile of SHG Members

The SHGs under study constitute women members only. Table 4 provides details of the socio-economic condition of the members.

Age Category of Members : Majority of the members (46 per cent) belong to the age group of 30-39 years, followed by the age groups of 40-49 years (26 per cent). SHGs put some restriction in membership to those who are above 50 years of age. Members aged above 50 years constitute very less, only 6 per cent of the total members. Members in the age group of 50 - 60 are mainly widows and separated women. Age composition of SHG members is almost same with only little variation across the districts.

Caste Categories : Caste composition of SHG members shows that more than one-third of the members (44 per cent) belong to general category; one-fifth (21 per cent) belong to Other Backward Castes (OBCs). The Scheduled Caste (SC) and Scheduled Tribe (ST) members constitute 22 and 14 per cent,

respectively. Caste composition of the members varies across the districts; in Gajapati district, nearly 63 per cent of the members belong to STs; whereas in Ganjam and Puri majority of the members belong to OBCs and General category, reflecting the general caste composition of the districts. In Gajapati nearly 60 per cent of the population belong to SC and STs.

Marital Status : Marital status of members reveals that a great majority (84 per cent) of the members are married; unmarried and widows each constitute 7 per cent of the members.

Level of Education : Education level of the members is very low reflecting the general literacy and education level of the State. About 60 per cent of the SHG members are illiterate; members with primary and secondary education constitute 23 and 12 per cent, respectively. Only few, 5 per cent of members received higher education. Education level of members varies across districts; the level of education is fairly better in Puri district with almost 56 per cent of the

Table 4 : Socio-economic Profile of SHG Members

Particulars	Puri		Ganjam		Gajapati		Total	
	No. of Members	%	No. of Members	%	No. of Members	%	No. of Members	%
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
I Age composition of members								
15-19	1585	02	2705	03	1065	03	5355	03
20-29	11888	15	18031	20	11007	31	40926	20
30-39	35664	45	41471	46	16332	46	93468	46
40-49	23776	30	23440	26	6391	18	53607	26
>50	6340	08	4508	05	710	02	11558	06
Total	79254	100	90155	100	35505	100	204914	100
II Marital Status								
Unmarried	4755	06	7212	08	2485	07	14453	07
Married	69744	88	73927	82	29469	83	173140	84
Widow	3963	05	8114	09	3195	09	15272	07
Divorcee	793	01	902	01	355	01	2049	01
Total	79254	100	90155	100	35505	100	204914	100
III Caste Categories								
SC	18228	23	22539	25	3551	10	44318	22
ST	793	01	4508	05	22368	63	27668	14
OBC	25361	32	15326	17	2840	08	43528	21
General	34872	44	47782	53	6746	19	89400	44
Total	79254	100	90155	100	35505	100	204914	100
IV Level of Education								
Primary	25361	32	14425	16	7456	21	47242	23
Secondary	14266	18	8114	09	1775	05	24155	12
High School	6340	08	2705	03	710	02	9755	05
Illiterate	33287	42	64912	72	25564	72	123762	60
Total	79254	100	90155	100	35505	100	204914	100

(Contd.)

Table 4 : (Contd.)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
V Monthly Household Income								
BPL Family	49930	63	60404	67	28049	79	138383	68
15000-25000	15058	19	22539	25	5681	16	43278	21
25000-35000	3170	04	4508	05	1065	03	8743	04
35000-50000	793	01	1803	02	355	01	2951	01
> 50000	10303	13	902	01	355	01	11560	06
Total	79254	100	90155	100	35505	100	204914	100
VI Occupation								
Agriculture	34872	44	27047	30	13847	39	75765	37
Agriculture Labour	21399	27	29751	33	11007	31	62156	30
Construction Labour	11096	14	20736	23	8166	23	39997	20
Business	7925	10	9917	11	1775	05	19618	10
Service	2378	03	1803	02	710	02	4891	02
Others	1585	02	902	01	0	00	2487	01
Total	79254	100	90155	100	35505	100	204914	100

Source : Field survey, 2008.

members literate; while in Ganjam and Gajapati districts almost 70 per cent of the members are illiterate.

Occupation : A major share of the SHG members, 37 per cent are engaged in agriculture; and nearly 30 per cent are agriculture labourers. Construction labourers constitute 20 per cent; the rest are engaged in micro-enterprises (10 per cent), service (2 per cent) and other occupation (1 per cent). Distribution of members based on occupation is almost similar in all districts with little variation.

Income : The income level of the SHG members shows that a majority of the SHG members (68 per cent) belong to BPL family with monthly income less than ₹15000,

followed by the income category of ₹15000-25000 (21 per cent) and 25001-3500 (4 per cent). Data reveal that nearly 80 per cent of the SHG members in Gajapati district belong to BPL families. Based on monthly family income, members in Ganjam district are better off compared to Gajapati and Puri districts, with nearly 25 per cent belonging to a monthly income bracket of ₹15000-25000. Data reveal that SHGs in the districts largely covered the poorest of the poor. It is also found that non-poor are also included in the groups but in less proportion, less than 6 per cent of the total members.

Savings Mobilisation Through SHGs

One of the characteristic features of the SHG movement in the country is the

emphasis attached to developing savings habit among its members. It is a condition that all members of the SHGs need to save regularly with the group. Data reveal that SHGs are instrumental in developing savings habit among its members (Table 5). The SHGs facilitate regular savings either weekly or monthly savings. The savings amount is collected at the time of group meetings. All the SHGs in the study area have opened savings bank account with commercial bank or cooperative bank operating in their area. A portion of the members' savings are deposited in the bank. At the time of data collection, the SHGs in the three districts together have a cumulative savings of ₹ 108 million. The average yearly savings per SHGs varies from ₹ 14200 in Gajapati district to ₹ 24300 in Puri district. Among the districts, Ganjam had the highest savings mobilisation at ₹ 154.83 million followed by Puri district at ₹ 129.95 million and Gajapati district at ₹ 39.26 million. The average savings per SHG is highest in Puri district at ₹ 24348 followed by Ganjam district at ₹ 21209, while it is the lowest in Gajapati district (₹ 14214). It is to be noted that data on average savings per SHG presented are confined to the outstanding savings amount placed with the commercial banks only. A portion of the

savings is used for on-lending to the members. Since data are not collected, it is difficult to precisely state the total amount of savings of the members. The actual savings of the groups would be higher since the amount saved with the banks does not take into account savings used for internal lending. Data with regard to savings reveal that the overall savings mobilisation by SHGs in the the three districts under the study is comparable with other states. The average savings per group among mainstream states (with atleast 25000 SHGs) was the highest in Gujarat at ₹ 19410 followed by Uttarakhand, Bihar, Karnataka and Tamil Nadu (Srinivasan, 2008).

Credit Status of SHGs and Members' Access to Credit

The major source of fund of the SHGs is its member's savings, grants and revolving fund assistance received and loan under SHG-Bank linkage programme (Table 6).

Internal Lending : SHGs provide small loans to its members using savings amount collected from members. SHGs in the three districts together provided an amount of ₹ 296.6 million as internal loans to its

Table 5 : Savings Mobilisation

S.No. District	No. of SHGs	Total Members	Cumulative Group Savings (₹ Million)	Average Savings Amount per Group (₹)
1 Puri	5337	79254	129.95	24348.89
2 Ganjam	7300	90155	154.83	21209.59
3 Gajapati	2762	35505	39.26	14214.34
Overall	15399	204914	108.01	17014.09

Source : Field survey, 2008.

members. SHGs in Puri district have the highest amount of internal lending at ₹ 123.06 million followed by Ganjam district at ₹ 113.37 million and Gajapati district at ₹ 60.17 million. The cumulative internal loan amount per member ranges from ₹ 1257 in Ganjam to ₹ 1714 in Gajapati district. Members reported that small savings

accumulated over the years helps them to access small amount of loan from the groups to meet urgent family requirements involving purchase of cloths, food items, treating illness etc. Almost all the members have taken loans (internal lending based on amount of savings) for meeting consumption requirements.

Table 6 : Credit Access Through SHGs

S.No. District	Cumulative Amount of Bank Loan Received by SHGs (₹ In Million)	Cumulative Amount of Internal Loan of SHGs (₹ In Million)	Average Bank Loan Amount per SHG (₹)	Average Bank Loan Amount per Member (₹)	Average Internal Loan Amount Per Member (₹)
1 Puri	154.76	123.06	29000	1956	1556
2 Ganjam	177.42	113.37	24305	1967	1257
3 Gajapati	105.01	60.17	38021	4807	1714
Overall	437.19	296.60	30442	2910	1509

Source : Field survey, 2008.

Bank- Linkage : SHGs also mobilise resources under SHG Bank linkage programme. Under the SHG bank linkage programme the SHGs are eligible to avail of bank loan from commercial/ cooperative banks subject to satisfactory performance in terms of internal resources, quality of internal lending, and the overall performance of the groups as revealed by the SHG grading process. Data regarding status of SHG- Bank linkage reveals that nearly one-third of the SHGs (30 per cent) are linked to the banks and received loan under the bank linkage programme. The cumulative bank loan amount received by the SHGs in the districts stood at ₹ 437.19 million. The loan amount under the bank linkage programme is the highest in Ganjam district at ₹ 177.42 million followed by the groups in Puri district at ₹ 154.76 million and Gajapati district at

₹ 105.01 million. While the average bank loan per SHG is highest in Gajapati district at ₹ 38021 followed by Puri district at ₹ 29000 and Ganjam district at ₹ 24305. A comparison of the loan amount per SHG reveals that the loan amount per SHG (under SHG Bank Linkage programmes) in the districts is lower than the national average of ₹ 44000 per group under normal SHGs and ₹ 48000 for SGSY groups (Srinivasan, 2008). The average bank loan per SHG member is only ₹ 2910. It is also found that the average loan amount per member is highest in Gajapati district at ₹ 4807 followed by Ganjam district at ₹ 1967 and Puri district at ₹ 1956. The members shared that in the case of bank loan, the amount is divided among the members based on the requirement of the loan and is used for starting income generating activities (IGAs). The most common IGAs started by the

members constitute dairying, purchase of goat, leaf plate making, petty shops, selling firewoods, brooms and bamboo works. SHGs charge an interest of ₹ 2-3 for every ₹ 100 translating an interest rate of 24-36 per cent per year. In general these loans are provided for a period of one year with repayment in monthly/weekly instalments.

Data with regard to credit access show that, nearly 30-40 per cent of SHG members have not yet received any loan from the groups. The SHG's ability to provide credit to its members is constrained by the availability of resources with them. The Bank-Linkage is limited to only few SHGs. It is found that only 30 per cent of the SHGs have received loans from banks under SHG-Bank Linkage programme. One major difficulty with bank linkage is that SHGs have to qualify for Bank linkage through a grading process. Many, especially recently formed SHGs were not able to attain the satisfactory grades; and some of the SHG that obtained the satisfactory grades are not yet linked to the banks. A major constraint under bank linkage is that the absence of guidance and handholding required for nurturing the SHGs in its initial stages. It is to be noted that most of the SHGs linked with the banks were facilitated by promoting NGOs confirming that the effective social/financial intermediation is attained only through proper handholding of the SHGs in its initial stages. It is also observed that a number of SHGs in the districts are in its initial years of formation, requiring handholding support from a facilitating agency. Considering the general low level of literacy and education of the SHG members, they require the help of a facilitating agency to develop the internal system and making the groups stable. At present, the amount of credit received by SHG members is very less. The average loan amount per SHG under internal lending using group fund constitutes only ₹ 20125, showing an average yearly loan per member of ₹ 1509.

Conclusion

The SHG movement in Odisha has gained momentum with the introduction of Mission Shakti programme, in the year 2001. A major share of SHGs was formed by Government agencies. At the same time various Non-Governmental Organisations also took a lead role in facilitating the formation of SHGs as part of their programme. SHGs are instrumental in mobilising women from poor families and bringing them under an organisational fold. A major share of SHG members belong to BPL families. More than one-third of the members belong to STs and SCs. In general the groups maintained their homogeneity in terms of occupation, income, caste, level of education etc. SHGs were instrumental in developing savings habit among the members. The cumulative savings amount of the SHGs in three districts together stood at ₹ 108 million. The average yearly savings per SHG varies from ₹ 14200 in Gajapati district to ₹ 24300 in Puri district. It is worth noting that the savings performance of the groups is comparable with other states where SHG movement is very strong. The members of the SHGs were able to avail of small loans from the groups for meeting their immediate consumption loans. These loans were provided by using a portion of the savings of the members. The SHGs in the three districts have together provided an amount of ₹ 296.6 million as internal loans to its members showing their ability to provide credit access to its members. Data reveal that about one-third of the groups were linked with banks under SHG-Bank linkage programme and availed of loans to the tune of ₹ 437.19 million. Although the average bank loan per SHG is highest in Gajapati district at ₹ 38021 followed by Puri district at ₹ 29000 and Ganjam district at ₹ 24305, a comparison of the loan amount per SHG reveals that the loan amount per SHG (under SHG Bank Linkage programmes)

in the districts is lower than the national average of ₹ 44000 per group under normal SHGs and ₹ 48000 for SGSY groups (Srinivasan, 2008).

The foregoing discussion reveals that the SHGs were instrumental for mobilising a large number of poor into groups and developing savings habit and gaining access to credit from financial institutions including commercial banks and cooperatives. A large number of members (nearly 30-40 per cent) were yet to receive any loan except the small loans from their group savings. SHGs' ability to provide credit access to its members is constrained by its ability to mobilise resources. Even though the groups are instrumental in bringing credit access to members, the quantum of credit is very low compared to the requirements of the poor. The cumulative per capita availability of credit is very low at the level of ₹ 500-1500 which is insufficient to bring any significant change

in their family. Majority of the groups were constrained by the lack of availability of financial resources required for on-lending among the members. Bank linkage is of crucial importance to mobilise financial resources. At present the bank linkage in majority of SHGs is limited only to the opening of the bank account in the name of the group and depositing the member's savings with the bank. Over the years, only one-third of the groups were linked to banks. The bank linkage needs to be graduated to a higher level, where the banks provide credit to these groups in multiples of the group's savings with the bank. One of the limitations in the bank linkage is the weak internal system of the groups. Even though a fair share of SHGs in the districts had overcome the initial difficulties and survived over the years attaining some level of stability, these SHGs need further support for strengthening their internal system.

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