

Impact of Self-Help Groups on Generation of Income and Employment

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ABSTRACT

Keeping in view the impact of SHGs on generating of additional income and employment opportunities, a micro level field study in Mahewa and Chakarnagar blocks of Etawah district was conducted during the year 2005-06 by personal visits to SHGs and the selected members. For assessing the impact of SHGs on income and employment generation, saving mobilization, internal loaning, use of loan and rate of interest 21 linked SHGs and 33 non linked SHGs thus total 54 SHGs were studied. The savings of SHG per month per member were ₹ 32.00 and ₹ 17.00 in case of Linked SHGs and Non-linked SHGs, respectively. The loans provided by SHGs had a favorable impact on generation of income in case of linked SHGs in the area under study. On an average, each selected member could get an income of ₹ 28359.00 per year at post-SHG stage, which is sufficient to bring the poor families above the poverty line. At post stage of linked SHG, the highest amount of income was generated from dairying, followed by agriculture. In case of non-linked SHGs, per household per annum income generated at post SHG stage was ₹ 5145 (Agriculture) and ₹ 3695 (Dairying). The percentage increase in income from pre to post SHG stages in case of linked SHG was quite high. The total employment per household per annum in case of linked SHGs at post SHG stage was 567 man days, significantly increased from 215 in pre SHG stage. In case of non-linked SHG, the employment generated at post stage per household per annum were 256 man days which has marginally increased from 214 man days generated at pre SHG stage.

Keywords: Self-Help Group, income, employment, linked and non-linked SHGs

The role of self-help groups (SHGs) in the fight against rural poverty through ensuring credit to group members by linking the groups with banks and giving technical support for economic development is now recognized not only in the state of Uttar Pradesh but in the country as a whole (Ojha, 2001; Singh, 2002; Singh, 2003; Rai *et al.* 2012; Sinha *et al.* 2012 and Shelke *et al.* 2017). The basic theme of SHG programme is to provide an opportunity for self-employment in addition to increase the income

of the SHG members for improving their standard of life style. Keeping in view the impact of SHGs on generating of additional income and employment opportunities, a micro level field study in Mahewa and Chakarnagar blocks of Etawah district was conducted during the year 2005-06 by personal visits to SHGs and the selected members. The present study was conducted to assess the impact of SHGs on income and employment generation.

MATERIALS AND METHODS

To study the impact of SHGs on generating of additional income and employment opportunities, a micro level field study in Mahewa and Chakarnagar blocks of Etawah district, Uttar Pradesh was conducted during the year 2005-06 by personal visits to SHGs and the selected members. For assessing the impact of SHGs on income and employment generation, 37 households from linked SHGs and 58 households from non linked SHGs, thus total 95 SHGs were accumulated under the study.

RESULTS AND DISCUSSION

Socio-economic characteristics of SHGs

The number of households (members) under study at pre and post stages of SHG creation and their size of holdings are presented in Table 1. The number of households was equal at pre and post stages of SHGs in both linked and non-linked SHGs categories. The member households of linked and non-linked SHGs possess, on an average, 0.58 and 0.59 hectare of land, respectively.

The total land holding was equal i.e., 214.60 hectares at pre and post stages in case of linked SHGs and 342.20 hectares at both stages in case of non-linked SHGs. There was no change, either in total land holding or in average size of holding from pre stage to post stage of SHGs. The land was the primary asset for the livelihood of the rural population.

Table 1: Socio-economic characteristics of SHGs

Particulars	Linked SHGs		Non-Linked SHGs	
	Pre-SHG stage	Pre-SHG stage	Pre-SHG stage	Post-SHG stage
No. of households	37	37	58	58
Total land holding in hectare	214.60	214.60	342.20	342.20
Average size of holding in hectare	0.58	0.58	0.59	0.59

Generation of income

There is a symbolic relationship between generation of income and employment opportunities. The potential of employment of any activity can be judged by the amount of income generated by any particular activity. No doubt, the income generation varies from activity to activity and each activity has its own capacity to generate income. The generation of income through provision of loans is presented in Table 2. The loan provided by SHGs had a favorable impact on generation of income in case of linked SHGs. On an average, each selected member obtained an income of ₹ 28359.00 per year at post-SHG stage, which was sufficient to bring poor families above the poverty line.

Linked SHG generated highest amount of income from dairying (₹ 13560), followed by crops (₹ 6078), local village sale/shop (₹ 3156), goat rearing (₹ 2859) and other small scale business & trading (₹ 1315), tailoring (₹ 1119) and labour (₹ 272). In case of non-linked SHGs, per household per annum income generated at post SHG stage was ₹ 5145, ₹ 3695, ₹ 1580, ₹ 635, ₹ 1228 and ₹ 522 from crops, dairy, goat rearing, local shop, small business and trading and labour, respectively.

Some of the income generated activities such as tailoring, general merchant shop, other small business and trading were not undertaken at pre stage of SHG in case of both linked and non-linked SHGs. Tailoring activity was not taken by any member even at post stage of SHG in case of non-linked category. Income generated through labour was reduced from pre to post SHG stage in both linked and non-linked SHG. It was reduced from ₹ 665 to 272 in linked SHG and from ₹ 696 to ₹ 522 in non-linked SHG. The percentage increase in income from pre to post SHG stages in case of linked SHG was 17.97 per cent, 73.15 per cent and 48.58 per cent from agriculture, dairying and goat rearing, respectively. The percent increase in income from pre to post SHG stages in case of non-linked SHGs was very low, as compared to the linked SHG i.e. 4.08 per cent in agriculture, 3.17 per cent in dairying and 7.47 per cent in goat rearing. This was due to the fact that SHGs of non-linked category could not avail credit facilities from banks. The increase in income in case of member of non-linked SHGs was due to interloaning (Table 2).

Table 2: Source wise income generation by linked and non-linked SHGs

Source of income	Per household per annum income in Rupees					
	Linked SHG			Non-linked SHG		
	Pre SHG stage	Post SHG stage	% increase	Pre SHG stage	Post SHG stage	% increase
Agriculture	4986 (46.33)	6078 (21.43)	17.97	4935 (46.25)	5145 (40.18)	4.08
Dairying	3642 (33.84)	13560 (47.82)	73.15	3578 (33.53)	3695 (28.86)	3.17
Goat rearing	1470 (13.65)	2859 (10.08)	48.58	1462 (13.70)	1580 (12.34)	7.47
Tailoring	—	1119 (3.94)	—	—	—	—
Gen. Merchant Shop	—	3156 (11.13)	—	—	635 (4.96)	—
Other, Small scale business and Trading	—	1315 (4.64)	—	—	1228 (9.59)	—
Labour	665 (6.18)	272 (0.96)	-59.09	696 (6.52)	522 (4.07)	-25.00
Total	10763 (100.00)	28359 (100.00)	—	10671 (100.00)	12805 (100.00)	—

Figures in parentheses indicate percentage.

Table 3: Activity wise employment generated by SHGs

Activities	Man days employment per household			
	Linked SHGs		Non-linked SHGs	
	Pre SHG stage	Post SHG stage	Pre SHG stage	Post SHG stage
Agriculture	100	122	99	103
Dairying	73	271	72	74
Goat rearing	29	57	29	31
Tailoring	—	22	—	—
Gen. Merchant shop	—	63	—	13
Other small scale business and trading	—	26	—	25
Labour	13	6	14	10
Total	215	567	214	256

Employment Generation

Any financial assistance, if utilized properly, generates gainful employment opportunities in the rural economy. In case of linked SHGs at post SHG stage, per household per annum employment was 567 man days. Out of this, dairying provided highest man days i.e., 271, followed by agriculture (122 man days), general merchant shop (63 man days), goat rearing (57 man days), other small business and trading (26 man days), tailoring (22 man days) and labour (6 man days).

In case of non-linked SHG, the employment generated at post stage per household per annum was 256 man days, which has marginally increased

from 214 man days generated at pre SHG stage. The increase in man-days employment under linked category was the effect of micro finance received by members through SHGs.

CONCLUSION

Loans provided by SHGs had a favorable impact on generation of income in case of linked SHGs. The percentage increase in income from pre to post SHG stage in case of linked SHG was quite high as compared to non-linked SHGs in both pre and post SHG stage. The employment in man days generated at post SHG stage accounted more than double in case of linked SHG, as compared to non-linked SHG category.

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