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PARTICIPATORY POVERTY ALLEVIATION AND EMPOWERMENT THROUGH WOMEN’S SELF HELP GROUPS (LESSONS FROM ANDHRA PRADESH EXPERIENCE)

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ABSTRACT

Andhra Pradesh has used SHGs extensively has a primary tool of poverty alleviation and empowerment. A SHG is small group of persons who come together with the intention of finding a solution to a common problem such as medical issues, livelihood generation with a degree of self-sufficiency. Early programs sought to provide self-employment, empower, and incorporate rural poor women into the development process. Following on successes in earlier programs, which were modified to make them more meaningful, the state has promoted significant increases in SHGs using a social mobilization approach. The state-sponsored Velugu program working in over 860 mandals in 22 districts, aims to reach 2.9 million of the poorest of rural poor. Both the number and structure of self-help groups in Andhra Pradesh has been scaled up. Capacity building is an important component in the scaling up of Andhra Pradesh’s poverty alleviation initiatives. Training includes participatory training methods, SHG formation and strengthening, book keeping and financial management and also helps members and leaders develop linkages with banks and other institutions. The primary aim of the SHG-Bank linkage program is to integrate informal savings and credit groups with mainstream banking by providing them with credit to enhance their fund base. Once an SHG has demonstrated its capacity to sustain and to absorb outside credit, loans are extended to it from the formal banking structure. Using existing financial infrastructure to meet the needs of micro credit initiatives has saved on duplication and transaction costs and has also been instrumental in changing perceptions about the credit worthiness of the poor.

1. INTRODUCTION

Andhra Pradesh has used Self Help Groups (SHGs) extensively as a primary tool of poverty alleviation and empowerment. A SHG is small group of persons who come together with the intention of finding a solution to a common problem such as medical issues, livelihood generation with a degree of self-sufficiency. Early programs sought to provide self-employment, empowerment, and incorporate rural poor women into the development process. Following on successes in earlier programs, which were modified to make them
more meaningful, the state has promoted significant increases in SHGs using a social mobilization approach. The state-sponsored Velugu program working in over 860 mandals in 22 districts, aims to reach 2.9 million of the poorest of rural poor. Both the number and structure of SHGs in Andhra Pradesh has been scaled up. Capacity building is an important component in the scaling up of Andhra Pradesh’s poverty alleviation initiatives. Training includes participatory training methods, SHG formation and strengthening, book keeping and financial management and also helps members and leaders develop linkages with banks and other institutions.

The primary aim of the SHG-Bank linkage program is to integrate informal savings and credit groups with mainstream banking by providing them with credit to enhance their fund base. Once an SHG has demonstrated its capacity to sustain and to absorb outside credit, loans are extended to it from the formal banking structure. Using existing financial infrastructure to meet the needs of micro credit initiatives has saved on duplication and transaction costs and has also been instrumental in changing perceptions about the credit worthiness of the poor.

Andhra Pradesh has chosen social mobilization and inclusiveness as methods of addressing poverty alleviation. The process uses social mobilization as an institutional mechanism to help the poor interact with government machinery so that public resources and services are better accessed. Besides group mobilization, the programs focus on expanding the assets of the poor and creating economic opportunities connected with people’s livelihoods.

2. Impact Analysis

The impact of SHGs can be seen in two dimensions. The first is in poverty alleviation. This impact cannot be captured at one point of time in a conclusive manner. There has to be a sustained upward trend in moving away from poverty for the families of SHG members and the process of poverty alleviation should be studied. The second dimension of the impact of SHGs, is the empowerment of the poor and of women in particular. An increase in incomes, livelihoods or assets does not necessarily lead to ‘empowerment’ in the true sense. Any intervention, such as participation in a SHG and access to micro credit, will shift five spaces in a person’s life- economic, physical, socio-cultural, political and mental. Impact will lead to empowerment if the non-mental spaces are instrumental in increasing mental spaces in such a way that action and voice are generated to improve the quality of life. There is absolutely no doubt that SHGs have lead to an expansion in the economic spaces of members (Mayoux, L 1997, 2001; Ramakrishna, R 2004, 2005; Ramakrishna, R. and Tata Rao, D 2008;
Puhazhendi, V. and Satyasai, K.J.S., 2000, 2001). Empowerment can be reached through social inclusion (Ramakrishna et.al, 2008) and therefore, Social inclusion, information and people’s participation are significant catalysts that empower people through positive shifts in spaces.

3. Learning, Experimentation and External Catalysts

In Andhra Pradesh, one noteworthy observation relates to the linkages between different approaches towards development, poverty alleviation and empowerment. While incomes have to be augmented through livelihood generation interventions, for which credit is an important component, attention also has to be paid to the determinants of human poverty in terms of health and education requirements. When one talks of interventions involving the government, NGOS and the poor, the first significant external catalyst that facilitated positive change in the case of Andhra Pradesh, is the funding agency. It is evident that the SHG route to development and empowerment is seen as worthwhile to invest large amounts of money and efforts into. The timely assistance offered to programs has given the impetus to extend and deepen intervention. The second catalyst can be identified in the context of the initiative the government officials have taken which are outside their job requirements of implementing projects. The capacity to have a vision, to place it before the government and find ways to translate thought into action are ‘external’ to the given understanding of the role of the administrative services. These have proved critical in the progression of Andhra Pradesh towards pro-poor strategies. The third one can be seen in the contribution of organizations from the private and NGO sector. These have proved significant to the up scaling of SHGs. The opening of markets of SHGs by the private sector, training and capacity building inputs by organizations make for significant external catalysts.

4. Lessons from Andhra Experience:

The primary lesson learned from the Andhra experience is that there is value in using SHGs as a conduit for poverty alleviation initiatives. However one has to understand the limitations of this use and gauge the ways in which these can be surpassed to get more out of such an approach. The need for small homogenous groups to be formed is simultaneously the strength and the weakness of SHGs. It is critical to choose wisely the common denominator that brings people together in a group. When this common feature is poverty, the identification of the poor as also the understanding of poverty is the most important exercise. Second, when micro credit is the pivot around which organization takes place, its ability to alleviate poverty/empower is limited. In Andhra Pradesh however, these limitations have
been overcome by integrating micro credit with a powerful ‘plus’ component of social and economic infrastructure. The danger here lies in that while it seems almost Utopian on paper, during implementation, community institutions like SHGs may not be equipped to take on such complex tasks.

Third, SHGs should not be seen only in their capacity to route micro credit. Their political potential is powerful. SHGs and federations form the training ground to make leaders and potential political aspirants. This critical mass has tremendous potential to work for the betterment of the regions they represent. Andhra Pradesh has unleashed an extensive wave of mobilization and sharp attention has to be paid to the danger of other vested interests co-opting such a critical mass. Fourth, the potential of women SHGs for women’s empowerment depends upon several other supportive measures like education, health, housing and infrastructure. While all five spaces may expand positively, there is a limit to the capacity for credit based SHGs to empower women. Further since gender related discrimination requires interventions that will not alienate men and forming only women groups may well do just that unless other methods of awareness building are used.

Fifth, partnerships are fundamental for development. This kind of inclusiveness where institutions and actors both public and private, work in synergy, has considerable potential for poverty alleviation. It can bear positive results if care is taken to protect the interests of all the participants. Sixth, the Andhra experience has shown how the linkage between the national, regional and local environment can be made with political will. The political economy within which the up scaling has taken place is a democracy there is a trade-off between the state acting in the interest of the people so as to maintain their own position and protecting their vested interest at the cost of the people. Monitoring and evaluation should be conducted with indicators that are able to capture the complex matrix of socio-cultural, economic and political variables that influence empowerment.

Seventh, the Andhra experience has brought to the fore the close nexus between accountability and people’s participation. Involving people at every level of decision making within the program transforms ‘beneficiaries’ into participants and ultimately everyone benefits. Such channels of communication can be opened by the political state as has been done in Andhra Pradesh. Finally, Andhra Pradesh has shown that, to approach a complicated problem such as poverty, a complex mix of methods is required. At one level, use has to be made of existing structures and at the same time new edifices have to be created. What is important however is that these two should somewhere be able to synchronize.
5. Summary and Conclusions

There is absolutely no doubt that SHGs have lead to an expansion in the economic spaces of members. However the composition of the members reveals that the coverage of the poorest-of-the-poor is low, while the coverage of non-poor is considerable. The financial status of households and savings capacities has improved due to improvement in access to formal credit institutions, since SHGs are linked with banks. However one has to understand the limitations of this use and gauge the ways in which these can be surpassed to get more out of such an approach.

- SHGs political potential is powerful. Federations form the training ground to make leaders and potential political aspirants;
- The potential of women-SHG for women’s empowerment depends upon several other supportive measures like education, health, housing and infrastructure;
- Partnerships are fundamental for development. This kind of inclusiveness where institutions work in synergy, has considerable potential for poverty alleviation.
- The linkage between the national, regional and local environment can be made with political will.
- Involving people at every level of decision making within the program transforms ‘beneficiaries’ into participants and ultimately everyone benefits.
- A complex mix of methods is needed to solve complicated problems such as poverty.

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