

CHAPTER I

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1.1 Introduction :

The problem of poverty has been tightly stuck to Indian economy. In spite of obnoxious number of efforts being performed on various front to tackle the problem of poverty, after the 60 years of independence, India is still a home for as many as 260 million poor people, largest number in any single country in the world. The incidence and distribution perspectives of people living Below Poverty Line(BPL) is being experienced in larger scale in rural and remote area in India. These BPL families and also families living Above Poverty Line(APL) are being trapped in vicious circle of low income level. The rapidly developing country like India, has two way importance in solving this problem. In the first instance, as emergence of one of the major world economic power, it would be disgrace full to India, marching pompously in a global world, with pocketing itself largest number of lower income group people in the world. Secondly, the general and hardcore lower income group people in rural area have impacted into limiting it's economic strength in utilisation of local resources along with raising the employment and earning opportunities which are highly remunerative to globalized world, helping in hunting toward faster growth momentum in India.

Hence, in the present context, Indian economy needs to concentrate on searching into the problem systematically, and designed prospective remedial policy measures for raising the income level of lower income group families covered under BPL and APL norms in rural Indian economy.

Sincere efforts in that direction began with historical decision of nationalisation of Banks in 1969 and afterwards. But some of the research studies conducted by National Bank for Agricultural and Rural Development (NABARD) during the early eighties showed that, in spite of having an extremely wide network of

rural banks branches (kurukshetra, A Gupta), a very large number of poor and lower income group families continued to remain outside the stream of formal banking system. The some of research revealed that upto 1980, and even 1990s, banking system substantially failed in providing easy and better access to BPL and APL families pertaining to credit facilities and in generating enthusiasm in them, in making small savings out of their small income earnings.

Hence, strategically designed policy measures for poverty alleviation, augmenting small saving and strengthening empowerment of BPL and lower income group. families were highly needed. That phenomenal perspectives led to NABARD in designing a new policy programme. NABARD started limited scale pilot project with a support of Reserve Bank of India (RBI) in 1992, that aimed at promoting and Financing 500 Self Help Group (SHGs) across the entire country. That was entitled as “SHGs-Bank Linkage strategy” for upliftment and empowerment of lower income group families belonging to BPL and APL families in rural as well as urban area. The pilot project was designed as a partnership model between three agencies, viz, the SHGs, Banks and Non-Government Organisations (NGOs). This was reviewed by working group set by RBI in 1995, for recommendations for further extension of SHGs-Bank Linkage programme. After accepting majority of recommendations of working group, RBI approved guidelines to banks to enable SHGs to open bank accounts, based on a simple ‘interse’ agreement. This was coupled with a commitment by NABARD to provide refinance and promotional support to banks for the SHGs-Bank Linkage Programme in India. Since then the SHGs- Bank Linkage programme has captured the good deal of momentum in India.

The Maharashtra has good deal of historical background of SHGs movement. The beginning with the tiny amount of only 25 paise, the women of Maharashtra from

Amarawati District had established one SHG long back in 1947. Further in 1988, Chaitanya Mahila Bal Yuvak Sanstha started promoting SHGs in Pune District, informally. Thus in Maharashtra state, SHGs movement has remarkable historical background and it has achieved good deal of progress since then. Hon. Supriya Sule, the seating Member of Parliament (MP) in India has taken the mireculeous outstanding efforts in enlarging the SHGs movement for empowering the women society in Maharashtra. Due to her sincere and devoted active role in organising rural women in Maharashtra and motivating them for formation of SHGs, the women SHGs movement has enlarged from one lakh in number in 2006/07 to 4.25 lakh in the year 2010. But there are some of the problems in establishing SHGs-Bank linkage programme in rural area. Still SHGs-Bank linkage programme has revealed its utility in eradicating poverty, augmenting small saving and empowering rural masses in capturing sources of income and also strengthening their finance condition. In today's phenomenal perspective of functioning mode of SHGs movement is being experienced in Maharashtra since 1970, when Elaben Bhat had submitted her views on women empowerment and micro-finance. Then in Vadasa taluka of Gadachiroli district SHGs were established in formal ways in 1984. It is seen that since then SHGs movement has gained good deal of momentum in Maharashtra.

By taking into consideration, the importance of SHGs- Bank Linkage programme in. varied perspectives, present minor research project is undertaken to reveal some of the major problems and remedial policy measures in SHGs-Bank linkage programme in Khatav taluka. It would help strengthening and enlarging SHGs-Bank linkage network and forming more SHGs in rural area for upliftment of lower income group families.

1.2 Objectives

The present minor research project aims at fulfilling the following objectives.

- 1) To focus on a phenomenal perspectives of the SHGs-Bank linkage programme in Khatav taluka.
- 2) To explain the major problems in SHGs-Bank linkage programme in Khatav Taluka.
- 3) To suggest the remedial policy prescriptions for strengthening the SHGs-Bank linkage programme and SHGs movement with generating healthy relations in the SHGs and banking sector.

1.3 A Profile of Khatav Taluka

After restructuring of then Sangli district, separate Satara district in Western Maharashtra was established in 1st August 1949. There are 11 Taluka in Satara district. Khatav Taluka is one of them. Khatav Taluka came into existence in the year 1951. It is located at south-east direction in Satara district, and is being recognized as one of severe drought prone area in Satara district. The region of Taluka almost posses poor brown soil, which are deficient in various nutrients. The topography of region is characterised by the presence of rugged hill ranges on the eastern and western borders of Taluka. In all the Taluka in Satara district, lowest rain fall is being observed in Khatav Taluka, which is less than 460 m.m. in a overall year.

Being location in rainshado belt and poor realibility of rain fall has impacted into keeping agriculture always in risk. Though Khatav Taluka has registered as most drought prone area in Satara district and even in Western Maharashtra, since the inception of economic planning, not a single medium or large scale dam has been constructed for storage of water for agricultural and drinking water purpose. Now a

days mostly discussed 'rainwater harvesting measures' have been not sincerely implemented by either Government or Non-Government organisation in Khatav Taluka. It has impacted into severe shortage of irrigation facilities to agricultural activities and even for drinking water. Out of it's total geographical land area of 1,36,457 hectares, only 3,378 hectares of land has permanent irrigation facilities, which are constructed in British rule. Thus most of the agricultural activities mostly depends upon Monsoon rain water. It has impacted into lowest yield and lower income earning through agricultural activities.

On the industrial front, the phenomenal development perspective are chronically gloomy darkling. After the 63 years of independence there has not established any single medium or large scale industrial unit enable to generate one stroke employment for 60 to 100 employed youth in Khatav Taluka. Even the small scale and tiny industrial units are very rarely seen in the Khatav Taluka. The ratio of industrial workers to per 1000 working population is far below (0.5 :1000) compared to the state and national level average.

Thus Khatav Taluka is being experiencing heavy regional backlog of agriculture and industrial development comparing with Satara district and rest of the Maharashtra state. The per capita income of Khatav Taluka is less than Rs. 18,000, while it is Rs. 23,661 of Satara district and Rs. 43,540 for overall Maharashtra state.

The demographic profile of Khatav Taluka reveals that, out of the 52,622 (2002-03 estimates) total number of the households, 9,041 households have registered as below poverty line households. According to the census of population 2001, total population of Khatav is 2,60,951 and all these population resides in rural area. On the basis of below poverty line household data, 46,000 people are registered as below poverty line i.e. 18 per cent of population is below poverty line population in Khatav

Taluka. But rest of bulk of households, though technically not included in BPL households are being observed as lower income group families in Khatav taluka. Due to the seasonal agricultural activities and least industrial development, the households registered as above poverty line households mostly includes low income group households in Khatav Taluka.

1.4 Methodology

After recognising the area and pattern of minor research project, the data was compiled by applying primary as well as secondary sources of data collection. The primary data mainly belongs to the total number of Self-Help Groups .Number of total households covered in Self-Help Groups, their savings and credit entitlement and other phenomenal perspectives in Khatav Taluka. The data pertaining to banking sector network was compiled by applying primary as well as secondary sources of data collection. The questionnaire method was applied to collect the data pertaining to number of phenomenal issues relevant to SHGs-Bank Linkage Programme in Khatav Taluka.

For this, separate questionnaires were structured for SHGs and bank officers to obtain the data, pertaining to reveal the major problems in SHGs – bank Linkage programme and for recognising and prescribing remedial policy measures, needs to be implemented for strengthening SHGs-bank linkage programme in Khatav taluka.

The primary data was supported by some of the secondary sources of data. The secondary data was mainly concerned to economic and demographic profile of Khatav Taluka. The data pertaining to SHGs growth in Khatav Taluka was obtained from the office of the Panchayat Samitee Vaduj and from branches of nationalised

and regional development officer of Satara District Central co-operative Bank, Khatav region.

Some of the statistical data relevant to the minor research project was gathered from the officer of District Statistical Department of Zilla Parishad, Satara as well as by referring number of books and research articles published in various books and reputed journals.

The application of primary and secondary sources of data collection has helped in gathering relevant information required for entitled minor research project. Then statistical data was processed by applying certain techniques of statistical methods.

1.5 Research Design

The minor project entitled “Problems and Prospects in SHGs-Bank Linkage Programme for Upliftment of Lower Income Group families in Rural Area : Micro-Level study in Khatav Taluka, aims as studies in the phenomenal issues relevant to the objective of minor research project considered important. By utilising primary as well as secondary sources of data collection, study was conducted to reveal and explain the major problems along with suggesting crucial remedial policy measures in need of strengthening SHGs-Bank Linkage Programme.

In the first phase of the study reference literature available in respect of the minor research project entitled was gathered. Next to it after structuring the questionnaires for presidents/secretaries of Self-Help Groups (SHGs) and bank officer, relevant to the study area were collected. The minor project availed an opportunity of communicating with members, president and secretaries of SHGs registered and bank officers. After collecting the phenomenal number of SHGs

registered, 10 per cent sample SHGs were selected by applying stratified random sampling method. As the bank branches of nationalised and Satara District Central co-operative Banks was found limited in numbers, all the bank branches were covered for questionnaire and for gathering information relevant to study area of minor research project entitled.

Thus by applying stratified random sampling method for selection of SHGs to be covered in studies and universe method for banking sector network studies, relevant to minor research project, statistical data was collected. It was further classified into different categories as per the requirement of the study area. Then processed data was analysed in a manner that it will help revealing phenomenal nature of targeted objectives set in the minor research project.

1.6 Chapters in Brief

The present minor research project has organised into four chapters. First chapter deals with the major objectives, importance of study area, methodology applied and design of research project. In the second chapter of the project, an attempt has made to take review of SHGs formation profile and banking sector network in Khatav Taluka. In this chapter phenomenal growth perspective of SHGs formation and registration are analysed. Along with it, review of banking sector profile in Khatav taluka has taken into consideration for focusing its role in launching the SHGs-bank linkage programme in khatav taluka. Next to it, in the chapter III, some of the major problems revealed in the SHGs-bank linkage programme are being reviewed to focus on scope of and limitations in applying the SHGs –bank linkage model for spreading the SHGs movements in rural area. The chapter IV deals with suggesting remedial policy prescriptions may be designed and implemented, for

strengthening the SHGs-bank relations and creating favourable environment for enlarging the scope of SHGs-bank linkage programme for upliftment of lower income group families in rural area.