



# Role of Bihar Rural Livelihood Mission (BRLM) for Strengthening of Self Help Groups-A Case of Danapur Sub Division of Patna District

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## Abstract

National rural livelihoods mission (NRLM) scheme was launched by the ministry of rural development government of India (GOI) in June 2011 through the investment support by the World Bank. It is a poverty alleviation programme which provide sustainable livelihood to rural poor. Self-Help groups (SHGs) are small groups of poor people. SHGs of women are depend on the concept of small savings, mutual help and their support. In the present study we analyse the role of SHGs for development of microfinance and agriculture business. The study was based on both the primary and secondary data. Primary data are collected from 185 beneficiaries of SHGs through a semi-structured questionnaire from Bihta, Naubatpur and Danapur blocks of Patna district of Bihar by contacting SHGs formed under NRLM. The survey results reveal that the majority (33%) of the loans taken is related with the health, commercial activities (18.51%) and asset creation (17.77%). SHGs are helpful even for the other missions, especially Swachh Bharat Mission as under the heading of asset creation majority (62%) of loans was taken to build toilets. SHGs group under JEEVIKA is performing very well in providing a financial security net to the needy one, especially in the case of health; the loans are not being utilized for developing the skills of poor, helping the poor in developing livelihoods. As we can see that the loans taken for the business or commercial purposes appears in very late phases. One of the reason behind this can be the lack of confidence and training among the members who still find that they cannot successfully run a commercial enterprise i.e. lack of entrepreneurship in the women due to the traditions and customs.

**Keywords:** Bihar rural livelihoods mission (BRLM), Self-Help Groups (SHGs), Micro-finance, Women Empowerment, Poverty Alleviation.

## 1. Introduction

India is a country of villages. At the time of independence around 83% of populations were living in rural areas. According to 2011<sup>th</sup> census report 68.84% of huge populations are in rural India in compare to 31.16 % from urban areas. Rural sectors are contributing about 29 % of Indian Gross Domestic Products (GDP) (India, 2021). Our planning strategy emphasized rural development since very beginning of independent India with the objective of same quality of life in rural areas as in sub urban and urban areas. With this mission the programs are running for rural development.

As per details from census 2011, Bihar has 88.7% population in rural area and remaining 11.29% in urban area (India, 2021). Women constitute almost half of the population in rural Bihar but they are not enjoying their freedom, equalities, Privilege at par with their male counterparts. Both Government of Bihar and NGO's sector were taking development approaches to change the position and status of women. With same objective the government of Bihar has initiated a project on rural livelihood promotion with support from World Bank. This initiative is implemented through a society registered with government of Bihar by the name of Bihar rural livelihoods project (BRLP) or JEEVIKA. BRLPS

aims to improve rural livelihood options and works towards social and economic empowerment of the rural poor and women.

Self-Help groups (SHGs) are small groups of poor people. SHGs of women are depending on the concept of small savings, mutual help and their support. SHG is an important institution which improves the life of women on various social components. SHG acts as a platform for members to provide space and support to each other. It offers the responsive environment for the members to learn and cooperate to each other. SHG are formed and supported by non-governmental organizations by government agencies. A large number of Self-Help Groups have been added to livelihood related activities like agriculture, non-agriculture, animal husbandry etc. and the availability of the market has been ensured by providing technology to these Beneficiaries or Didis. As a result of this, these didis are becoming financially empowered. Bihar becomes first state to have 10 lakhs self-help groups run by women and according to official said that these Self Help Groups under Jeevika programme.

Micro finance is a concept that is helping the poor to avail of and create opportunities for economic growth. In India micro finance has fuelled the efforts of rural development, women

empowerment and wealth generation by providing small-scale savings, credit, insurance and other financial services to poor and low-income households. The micro finance sector went on to evolve in the 1980s around the concept of SHGs, informal bodies that would provide their clients with much-needed saving and credit services. Micro-finance is emerging as a powerful tool for poverty alleviation in the new economy. In India, microfinance sector is dominated by SHGs-bank linkage programme, aimed at providing a cost effective mechanism for providing financial services to the “unbanked poor”. Based on the philosophy of peer pressure and group savings as collateral substitute, the SHG programme has been successful not only in meeting peculiar needs of the rural poor, but also in strengthening collective self-help capacities of the poor at the community level, leading to their empowerment.

## 2. Objectives

To study the role of SHGs for development of micro finance and agriculture business.

## 3. Methodology

The study will be based on both Primary & secondary Data. The present study was conducted in Bihta, Naubatpur and Danapur blocks in Danapur sub division of Patna district in Bihar District. The surveyed SHGs of Bihta were of first phase whereas that of Danapur were of second phase and of Naubatpur were of third phase. We used secondary data for understanding the socio-economic background of the areas covered whereas for the information about the SHGs direct interview was done with the help of a semi-structured questionnaire which included question about the financial transactions of the SHGs. The questions were both close-ended as well as open ended. For the quantitative part the questions were close-ended where for the qualitative part there were open ended questions. The sample for the survey will cover appropriate number of respondents using Random/Convenience Sampling Method. 15 SHGs were selected randomly and out of 185 women beneficiaries were selected. The data will be reviewed using Microsoft Excel.

## 4. Result and Discussion

Out of 185 members surveyed only 22.70% members (42) had bank accounts prior to joining the SHG. The percentage of people having an account prior to joining SHG decreases in the SHGs of earlier phases and rural areas. As, in the SHGs of first phase, who were surveyed, only one person had a bank account prior to joining the SHG even while all of them were located in Bihta. Lots of account was the result of the PMJDY. The exact number can't be said as in many cases the respondents were neither knowing about scheme nor they were able to bring pass-books. But the year of opening of the accounts it seems that they opened it under Jan-Dhan Yojna. Most of the accounts were non-operational and some of the members told that they have joint accounts. Very few members were able to tell the exact name of the bank in which they had their accounts. In most of the cases what we get is a paper on which the name of bank and account number was written. So, quantitatively it can be 42 but qualitatively it is well below it. When asked that do you know about ATM machine and can you operate that they were almost clueless. For almost all of the members the corpus fund of the group remains the main source of credit. In order to understand the reason for the loans being taken and how well they utilized we decided to go through the Len-Den Pustika (LDP). In our

survey we covered altogether 135 loans. Which were divided under six different heads i.e., personal, agricultural, health, asset creation, business/commercial and other (Table1). Now what comes out is that 33% of the loans taken are related with the health followed by 18.51 % loans taken for business or commercial activities and 17.77% for the asset creation, 16% for other, 8% for agriculture and 6% for the personal.

**Table 1:** Descriptions of loan taken in all three block of Patna district

Sr. No.	Purpose	Frequency
1	Personal	08
2	Agricultural	11
3	Health	45
4	Asset creation	24
5	Business/commercial	25
6	Other	22

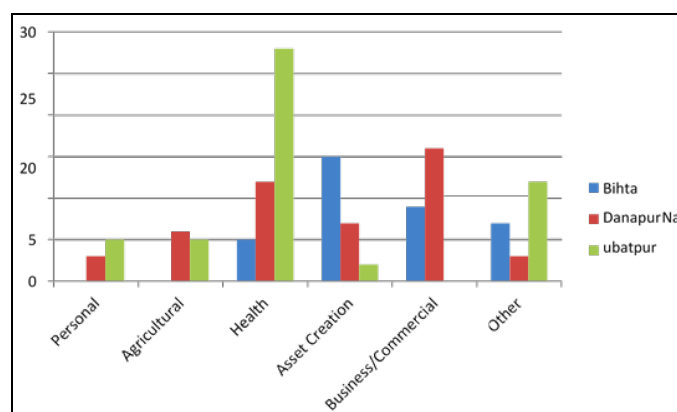
In block-wise break-up, it comes out that in Bihta, out of 36 loans which we resurveyed, 42% were for asset creation, 25% were for the business purpose, 19% were other and 14% were for the health. It worth mentioning here that all the SHGs surveyed in Bihta were of the first phase. So, here what we are getting is an analysis of only the last seven loans taken or the loans taken after July 2020 (Table2).

In Danapur, out of 47 loans which were surveyed, 36% were for the business purpose, 27% were for the health, 16% were for asset creation, 14% for the agriculture and 7% were other (Table2).

In Naubatpur, out of 52 loans which were surveyed, 54% were for the health, 23% other, 10% for agriculture, 9% for personal and only 4% were for the asset creation. Here no one took loan for business or commercial purpose (Table 2). These findings clearly tell us that in the relatively older SHGs the share of the loans taken for the health purposes is less in comparison of the relatively younger SHGs of Naubatpur.

**Table 2:** Descriptions of loan taken in Bihta, Danapur and Naubatpur

Sr. No.	Purpose	Frequency in Bihta	Frequency in Danapur	Frequency in Naubatpur
1	Personal	00	03	05
2	Agricultural	00	06	05
3	Health	05	12	28
4	Asset creation	15	07	02
5	Business/commercial	09	16	00
6	Other	07	03	12



**Fig 1:** Figure of loan taken in Each Block in Patna District

### Loans Taken for the Health

Out of total 45 loans for health, 28 (62.22%) were taken in Naubatpur, 12 (26.66%) in Danapur and only 5 (11.11%) in Bihta. Other than it what need to be observed is the average amount of the loan taken in each district. Overall average of the loans taken for the health is 7285.70, but among the district wise 857.10 for Naubatpur, 2,000 for Danapur and 19,000 for Bihta. So, what comes out here that in Naubatpur women are taking small amount of loans but frequently whereas in Bihta loans are being taken only when there are some serious conditions. In Naubatpur women were happy with the SHGs because now they can have easy and quick loan when needed whereas in Bihta women were happier about the savings which they are having. One woman from Naubatpur told me that earlier they used to go here and there but now they have an option which is not only always available but dignified. They told that in sudden circumstances it was not easy to get the small amounts, even if you have money in the banks it is not possible to withdraw at the time of need but now they say that they just contact the treasurer of their SHG and use to get it.

### Business/Commercial Loans

In the case of business and commercial loans we observe an opposite trend. Here as the SHG becomes older the number of loans taken for business and commerce rise. Out of total 25 loans which were taken for the business or commercial purposes, 09 happened only in Bihta, 16 in Danapur and none in Naubatpur. Here we need to note down another very interesting phenomenon that is the impact of business opportunities already present. As both, Bihta and Danapur are the town areas so in both the places there was not much difference in the overall opportunities available, other than it the SHGs of Bihta were relatively older and had trained members also. But Danapur takes the lead, because in Danapur there is well-developed market of vegetables in which traditionally women used to participate. Here out of the total 16 loans taken for the business 9 (56.25%) were for the business of vegetable, 3 (18.75%) were to buy cow and sell the milk. So, what is happening here is synergy between the financial support of JEEVIKA and prevailing social and market conditions?

### Loans Taken for the Asset Creations

A large percentage of loans were taken for the asset creation. Under this head we included construction of house, repair, purchasing of livestock (if the milk is not being sold), construction of toilets, purchase of consumer durables and other similar activities. If we divide these loans district-wise out of total 24 loans taken for the asset creation, 02 (8.33%) were taken in Naubatpur, 07 (29.16%) in Danapur and 15 (62.5%) in Bihta. Here the most important point to be noted is that 15 (62%) loans were taken for the construction of toilets. This tells us that even in the government's attempt to eradicate open defecation, with the schemes like Swachh Bharat Mission on all-India level and Lohia Swachh Bihar Mission-State-sponsored scheme of Bihar-SHG's are playing an important role by not only motivating the women to have a toilet but also by providing them finance for having.

### Loans Taken for the Agriculture

It was very surprising that the percentage of loans taken for the agriculture is very low. Only eleven loans, six in Danapur and five in Naubatpur and no loan in Bihta, were taken for the agricultural purpose. When asked them why they are not

taking loans for the agriculture the common answer was that first of all they don't have much land and second, agriculture is a men's affair so they usually don't interfere. The second part is very important because it tells us that bringing change is not only about providing financial help but it also about giving financial help in a way in which society wants it to be. Here what we can see that highest number of loans for agriculture was taken in Danapur. This can be understood easily, as we have already seen that in Danapur we have a well-developed vegetable production and market. Women have good say in it so automatically it gets transferred to the agricultural fields.

### Loans Taken for the Personal Use

Under this title we have included the loans taken for the home expenses, personal expenses like buying small things, to go to some other places etc. There were 8 loans taken under this head, here Naubatpur tops in the list with five loans followed by Danapur with rest of three loans and Bihta's core zero.

### Other

Whatever is not included anywhere is included here. It is last but not the least, because it includes one very important thing that is loan repayment. In each and every block women take a large sum from the SHGs to repay their outstanding loans. They told me that if you have any loan which is not from the group it directly mean that you are paying a huge interest without any reason. There were total 22 loans taken under this head. Naubatpur top share with total 12 loans (54.54%) followed by Bihta with seven. There were only three loans made under this head in Danapur.

### Impact on the Money-lending Business

One of the major impacts of SHGs can be seen on the local money-lending business. Because in the pre-JEEVIKA days the only source of finance for the poor were the personal contacts and local money lenders whose to enjoy monopolistic powers so they use to charge interest rates ranging between 5-10% monthly, depending upon the severity of the situations and the duration in which it was agreed to pay back. Only in Danapur, some of the members told us about the micro-finance institutions. But once again when asked that whether they took loans or not they said that because it was difficult to understand the rules and regulations they never tried to approach them. All the women interviewed told that the interest rate use to be highest in the case of medical emergency and marriage, in some of the situation you may be forced to pay an interest rate as high as 20% per month. In some of the cases they use to charge weekly interest which use to vary in between 2-5%. This means that the loans use to be double in less than six months. Now in most of the villages this business is going down. Many women from each block said that the easy and cheaper loan as the most attractive aspect of JEEVIKA.

### 5. Conclusion

JEEVIKA is quite successful in bringing financial inclusion, developing a habit of saving, providing poor the reach to financial institutions, protecting the poor from the exploitations of money-lenders, enhancing the confidence of financial institutions in the poor, providing financial protection to the poor in the case of needs e.g. health problems, accidents etc. and enhancing self-confidence of the poor and help them in developing decision-making capacities. In other words fulfilling the objectives of microfinance. It is

not only bringing the inclusion in quantitative terms but also in qualitative terms. Women are not only coming to the bank but coming with a purpose as they are getting their initial training of saving and investment in the respective SHGs. Based on the above data it can be said that JEEVIKA is performing satisfactorily on the parameters like helping poor households in their development by delivering financial services to them, developing good financial practices among poor, in JEEVIKA. They are putting a pressure on the banks-who still shy away in disbursing loans to these individual women-by proving their creditworthiness. Inside the house, the JEEVIKA women are handling the money and playing a role of leadership in dealing with the banks. For those members who already had accounts in the bank, earlier they used to think that handling the accounts is the job of male members and were doing whatever dictated to them, but now they are taking interest in understanding the banking process. And even the banking staff behaves differently when they go in a number.

Other than bringing the poor to the banks, the SHGs performs tremendously well in providing timely and swift help in the case of emergency, through the corpus funds. As the findings suggest that the majority (33%) of the loans taken is related with the health and it is more in the relatively younger SHGs. in overall survey it comes out that what follows the loans taken for the health are the loans taken for commercial activities (18.51%) and asset creation (17.77%). SHGs are helpful even for the other missions, especially Swachh Bharat Mission as under the heading of asset creation majority (62%) of loans was taken to build toilets. The proportion of loans taken for agriculture activities depends on the location of the SHGs. But, while JEEVIKA is performing extremely well in providing a financial security-net to the needy one, especially in the case of health, the loans are not being utilized for developing the skills of poor, helping the poor in developing livelihoods. As we can see that the loans taken for the business or commercial purposes appears in very late phases. One of the reason behind this can be the lack of confidence and training among the members who still find that they cannot successfully run a commercial enterprise i.e. lack of entrepreneurship in the women due to the traditions and customs. As we have seen that in the case of Patna where social situations are favorable we have seen that JEEVIKA is having a good amount of success. Other than it, what is more important here to note that in the older SHGs there are some women who are coming forward to undertake business and commercial enterprises. So, it can be said that in the short run livelihood development depends largely on the relations developing between the prevailing socio-politico situation of the area concerned and the financial practices promoted by JEEVIKA. In order to make the model more effective we need to take further studies highlighting the relationship between socio-politico situation of the area concerned and the financial practices promoted for the promotion of sustainable livelihood and resource creations.

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