

**SHGs as Catalysts of Rural Empowerment:  
A Case of SKDRDP**

**B. Venkatraja**

Assistant Professor - Economics  
venkatraja@sdmimd.ac.in

(C) Applied Research Series 2018, SDM RCMS, SDMIMD, Mysuru

---

ISBN : 978-93-83302-31-4

**Note :**

All views expressed in this work are that of the author(s). SDM RCMS does not take any responsibility for the views expressed herein by the author(s).

No part of this publication can be reproduced or transmitted in any form or by any means, without prior permission of the publisher.

## **Preface**

SDM Research Center for Management Studies (RCMS), since inception, has endeavored to promote research in the field of management education, in various ways. In this direction, in order to promote applied research, the Research Center has taken a unique initiative to encourage the faculty members to carry out various projects in the areas of management.

After completion of the projects, based on the peer review, reports are published with an ISBN number, by the Institute. The projects help the faculty members, and the students, who assist the faculty members for these projects, in various aspects, to gain practical knowledge, in the field of management.

The institute takes into account the time and resources required by the faculty members to carry out such projects, and, fully sponsors them to cover the various costs of the project work (for data collection, travel, etc).

From the academic viewpoint, these projects provide a unique opportunity to the faculty members and the students to get a first-hand experience, in investigating issues and concerns of targeted organizations or sectors, on a face to face basis, thereby, helping in knowledge creation and its transfer.

**Mousumi Sengupta**

Chairperson – SDM RCSHG as Catalysts of Rural Empowerment: A Case of SKDRDPMS



## **Acknowledgement**

I extend my sincere gratitude to Shri.Dr.D.Veerendra Heggade, Dharamdhikari of Dharmasthala who encourages researches particularly those which study the social impacts.

I am grateful to Dr.N.R.Parasuraman, Director, SDMIMD who has been a great intellectual support and real source of motivation. His advices and instructions at different stages of the research were very useful in shaping the project to the right and appropriate direction. His special interest, focus and monitoring of the project contributed immensely to the academic richness of the project.

Dr. Srilakshminarayana.G, Assistant Professor- Quantitative Methods, SDMIMD was very kind enough to extend his expertise in the primary data analysis for this study. The author is heavily indebted to his services.

I acknowledge the support of Dr L.H Manjunath- Executive Director of SKDRDP. Shri. Manoj Menzes, Director- Agriculture, SKDRDP-Ujire, Sri. Vijay Kumar, Director- SKDRDP, Mysore district and Sri. Sathish Shetty, Director-SKDRDP, Chamarajanagara district assisted this study. Smt.Jayanti, Project Officer, SKDRDP, Ujire guided the team which took up field work for data collection. Hearty regards to all field officers and supervisors of various villages of SKDRDP for very cordial support extended during the field survey for this research.

Mr.Athul Kashyap. T, Mr. Mayur Hegde.K, Mr. Roydon D'souza, Ms.Vaishnavi.U and Ms.Varshitha.T.R- PGDM students of 2017-19 batch of SDMIMD assisted as Research Assistants. Their efforts in primary data collection through field work in many villages of Dakshina Kannada and Madikeri districts are greatly appreciated and without their support the project would not have taken this shape.

Regards to SDM Research Center for Management Studies for timely assistance and the entire SDMIMD team for support.

**B. Venkatraja**



## Table of Contents

Executive summary .....	I
Section I : Introduction .....	1
Section II : SKDRDP initiatives for rural development .....	5
Section III : Self-help group model of SKDRDP .....	18
Section IV : SKDRDP SHGs in rural empowerment: impact analysis .....	29
Section V : Inferences .....	55
Section VII : References .....	58





## **Executive summary**

The present study is carried out to examine empirically the impact level of Shri Kshetra Dharmasthala Rural Development Project (SKDRDP) promoted Self Help Groups (SHGs) on the empowerment of rural poor. The study is based on secondary and primary data. A sample survey of 419 SKDRDP promoted SHG members was conducted in the villages of Dakshina Kannada and Madikeri districts. The data analysis is facilitated by the employment of factor analysis. The factor analysis is applied at two stages: exploratory factor analysis and confirmatory factor analysis. The results indicate that SKDRDP promoted SHGs contribute significantly to the capability enhancement of the rural poor, contribute to social reforms, lead to economic well-being and facilitate financial inclusion of the poor people who are socially, economically and financially excluded. Thus it contributes to the rural empowerment. However, there is also a growing threat on the sustainability of the SHGs which is due to changing socio-economic structure, political environment and government policies etc.

**Keywords:** SKDRDP, SHGs, rural empowerment, rural development, microfinance

## Section I - Introduction

### Introduction

India is basically made up of villages with agriculture and allied activities as the predominant occupation. According to the census estimation (GOI, 2011) the country has 640,867 villages. These villages are inhabited by nearly 833.1 million which occupies 68.84 percent of the country's population. Despite housing the largest population of the country, rural India is economically much poorer than urban India. This gives rise to the debate on the existence of dualistic economy in India. The percapita income in rural India was Rs.40,772 against Rs. 1,01,313 in urban India (GOI, 2016). The growth of the nation is affected by the underdevelopment of large number of villages. Due to the backwardness of rural India, youth migrate to the cities and urban areas. Educational institutions, better medical facilities, employment opportunities, superior infrastructure among others attract people to cities. This might create demographic imbalance in the long run and is a potential factor to affect sustainable development.

To sustain the macro development of the country it is imperative to achieve rapid rural development. The balanced growth of the economy could be attained only when the rural-urban divide is bridged. This needs more economic activities, social enterprises, infrastructure, employment generation in rural economy. Despite the rural development mission of the successive national and state governments, nothing drastic has been achieved in the past decades.

The policy makers have realised that government agencies alone cannot meet the growth requirements at the grassroots level. It is at this backdrop that the government realised the significance of mobilising the people's participation in government schemes. In order to attract the support and participation of rural population, the Government started working with Voluntary Agencies (VAs) and Non-Government Organisations

(NGOs) which connect with the grassroots level. Upon realising the significant role these voluntary agencies could play, the policy makers made first official attempt to collaborate with the NGOs in 1986 by setting up the Council for the Advancement of People's Action and Rural Technology (CAPART). With setting up of CAPART, funds were granted to NGOs for their rural initiatives and Government schemes and programs were implemented through NGOs. Since then NGOs were involved in designing and implementing the successive Five Year Plans.

The core of NGOs is their ability to play multiple roles as the bridge between the Government Organisations (GOs) and the grass root population. As NGOs work with the grass roots, it is believed that they accurately map up the expectations of the people and understand the local realities. This special characteristic feature of NGOs makes the Government to increasingly rely on these organisations in reaching many of the rural development schemes and financial inclusion drive at the village level. Shri KshetraDharmasthala Rural Development Project (SKDRDP) is one such leading NGO which strives towards transforming the lives of rural people through several rural intervention programs. Dr. D. Veerendra Heggade, Chairman of SKDRDP envisioned that through SKDRDP all sections of rural society integrate and become partners in collective sustainable development. The SKDRDP floats all its rural development projects through a medium of institutional network called Self Help Groups (SHGs). Started in 1992, SKDRDP has its SHG network expanded to entire Karnataka with the objectives of integrated rural development and empowerment of poor people.

## Study objectives

The present study has been initiated with the main objective of testing the impact of SKDRDP promoted SHGs on empowerment of rural people. The specific objectives are:

- To examine the strategic dimensions of SHGs
- To analyse the intervention programs of SKDRDP through SHGs
- To study the impact of interventions through the network of SHGs on the primary stakeholder i.e. rural mass

## Research methodology

**Nature of the Study:** The present study is descriptive and empirical in nature. The descriptive study on the contribution of SHGs to the rural development has been pursued in arriving at appropriate research hypotheses and such hypotheses are tested with empirical approach.

**Data Collection:** Essential data required for the study are procured from both secondary and primary sources.

**Secondary Data:** The secondary data and information which were very crucial for the descriptive analysis upon which the hypotheses were developed are collected from annual reports and other publications of SKDRDP.

**Primary Data:** To test the hypotheses and arrive at the inference on the role being played by SHGs in the well-being of beneficiary population, the present study adopts a two-level primary data collection.

At Level-I, data are collected on the organisational perspectives (SKDRDP) from the authorities of SKDRDP through direct personal interview method. The focus of the interviews was to understand the organisational structure of SKDRDP, the various rural development initiatives of SKDRDP, the rural intervention strategies, practices of financial

management, strategic planning for SHGs, implementation of strategic plans, the expected results and the achieved results of different strategies. This enabled in gathering organiser's perspective on the impact of SHGs on the well-being of rural people.

At Level-II, a household survey through random sampling is carried out. The target population are the members of SHGs promoted by SKDRDP. The primary investigation has been carried out at Madikeri and Dakshina Kannada districts of Karnataka state. The villages of these two districts are selected for sampling purposes for reasons like: Firstly, in both the districts SHGs are present in large scale and these two districts are basically agrarian districts. Hence it would meet the requirements of interacting with the rural population. Secondly, SKDRDP promoted SHGs operate in both the districts for more than a decade. Longer the presence bigger the impact. Since most of the SHGs are operating for long, they would be representative of the impact. Only those members who have completed at least three years with the SHG are considered for data collection. The study has collected sample data using a questionnaire from 419 SHG members from different villages the two districts.

**Tools for analysis:** The study has employed descriptive statistical tools leading to the formation of hypotheses. While, in the later stage, empirical analysis is deployed for analytical testing through Exploratory Factor Analysis (EFA) and Confirmatory Factor Analysis (CFA). The detailed methodological description has been provided along with the result analysis in Section-IV of this report.

## Review of literature

Joshi (2012) has analysed the role of management and leadership of the NGOs in rural development. This study was carried out with special reference to SKDRDP. The author arrives at the inference that the practical wisdom and leadership of the Chairman Dr.D.Veerendra -Heggade and the professional management of the SKDRDP are the major

contributing factors to success. Joshi makes a very interesting observation in his study referring to Harper- "In SKDRDP, Harper noticed a unique combination of development, divinity and dharma which became possible on account of inspiring leadership qualities of Veerendra Heggade." In the words of Harper as quoted in Joshi (2012), "SKDRDP is essentially a traditional community-based institution, inspired by a local God, and relying on a local institution and locally recruited staff, to serve local people. Its competence is homegrown rather than professionals, and Dr.Heggade has whenever possible resisted the employment of development professionals." This study has managerial and leadership perspectives of SKDRDP and no empirical study was taken up to examine the effectiveness of its extensive SHG network in bringing integrated growth of rural poor.

An in-depth descriptive study was made by Shylendra et.al. (2012) on SKDRDP and arrives at the conclusion that it is the model with certain positive lessons worthy of replication in microfinance. The authors attribute the success of SKDRDP to various factors such as: committed leadership of the NGO, values of its spiritual moorings and altruistic principles, thrust on not-for-profit approach and adoption of integrated approach to livelihood by combining interrelated developmental inputs. The focus of this paper was limited to examining the strengths and abilities of SKDRDP in reaching the microfinance to the rural people. Hence, no comprehensive study was carried out on the SHG model of SKDRDP.

Another study by D'souza et.al. (2013) analysed the effectiveness of SKDRDP's Business Correspondent (BC) Model for the inclusive growth. The study concludes that the BC Model is the best tool to attain sustainable development of the country. Again, the focus of the study was laid down prominently on the credit delivery and financial inclusion and the study was descriptive. The study resulted mainly in opinion formation and such opinions are not tested

for validity by the authors. Further, there was no study on SKDRDP's SHG model.

A study was conducted by Akshatha and Akash (2014) to evaluate the relevance of rural development programs of SKDRDP in rural areas of Shivamogga district. Similar to the findings of other studies, this paper also observes that the rural intervention strategies of SKDRDP were very effective in transforming the lives of the people benefited. The training and activities toward entrepreneurial skills were the prominent factors leading to success. This apart, as the author says "spirituality and devotion to god makes people to work with faith and belief, which is the reason for its rapid growth in all rural areas." There are certain gaps in this study. Firstly, study has arrived towards conclusion based on descriptive study without empirical testing. Secondly, even this paper did not pay attention to study the relevance and impact of SHGs.

Belli and Raghvendra (2014) analysed the role played by SKDRDP in sustainable rural development through microfinance. The report of the study reflects that the formation of self-help groups (SHGs) by SKDRDP and linking such SHGs to banks for microfinance accelerates the process of financial inclusion of rural population. The study outcome also exhibits that SKDRDP plays limited role in marketing the products of SHGs. However, SKDRDP's SIRI Gramodaya Yojana provides ample marketing opportunities to the products produced by the SHG members. Further, this paper has not made any study of the primary clients to examine the impact of SHGs on their living standards. Thus, the study of Belli & Raghvendra (2014) are ambiguous and demands a fresh investigation on the subject matter.

A paper by Priyakumari (2015) shows that the SKDRDP initiatives have transformed lives of women. The study reveals that the standard of living of the participatory women has improved drastically since their joining of SKDRDP. The income of women has risen, savings increased and their purchasing power has improved. In addition to economic

development, the study observed an improved capabilities of women under SKDRDP. They have gained self-confidence, can speak freely in front of large group of people, and they enjoy better status in the society. They are capable enough to play a greater role in household decision making. However, the study is descriptive and the conclusions are hypotheses and they are not tested analytically. Further, the study has not brought out whether SHGs played role in empowering women.

Shetty and Pinto (2015) have examined the success rate of financial inclusion adopting SHG-BLP model by SKDRDP. It is evident that both the studies emphasise mainly on the financial inclusion and hence these studies are partial. As human development is a comprehensive concept, well-being cannot be measured only through credit availability rather multi-dimensions of well-being such as social well-being, empowerment, safety and security, organisational participation etc. needs to be incorporated. This creates scope for examining whether SKDRDP's interventions lead to comprehensive development. Further the SHG model needs to be studied beyond bank linkage.

An intensive study on the mechanisms of SHG – bank linkage program of SKDRDP was conducted by Honnappa and Basupattad (2016). The study reveals that apart from provision of rural credit, other philanthropic initiatives of SKDRDP build up the confidence and skills required to start business ventures leading to a sustainable livelihood. The study seems to be partial as it talks about only financial inclusion without studying the role of SHGs in multidimensional development wherein financial inclusion could be one among the several aspects.

### Research gap

The review of limited available literature on SKDRDP helps in arriving at the following inferences.

1. The past studies on SKDRDP are only peripheral and not empirical in nature.

The results of these studies could not be reliable.

2. There was no empirical study carried out on testing the effectiveness of SKDRDP's SHG model in empowering its rural clients.

This necessitates a comprehensive empirical study which would examine how effective SKDRDP promoted SHGs are to empower rural poor people. The study is an attempt in filling this vacuum.

### Study coverage

Section-II of this report analyses the major intervention programs of SKDRDP toward rural development. The descriptive analysis presents the varied strategic approaches adopted by the SKDRDP through different programs.

Section-III analyses the SHG model through which SKDRDP floats all its rural intervention programs. Efforts are made to map up strategic perspectives of SHGs and their contribution to the capability building of rural population. The descriptive approach to the issue reviews the feedbacks of the beneficiary population.

Section-IV has an empirical approach to the research issue. Through the application of exploratory factor analysis and confirmatory factor analysis, efforts are made to evaluate the impact of various interventions of SKDRDP through SHGs on the well-being of the beneficiary population.

Section-V summarises the results derived from the primary and secondary studies and presents certain recommendations.

## Section II - SKDRDP initiatives for rural development

### Rise of SKDRDP

Shri KshetraDharmasthala Rural Development Project (SKDRDP) is a registered NGO working towards rural development was founded in 1982 at Dharmasthala, a village of Belthangady taluk in Dakshina Kannada district of Karnataka state in India. SKDRDP was founded by a charitable trust Chaired by Dr. D. Veerendra Heggade, a Padma Vibhooshan awardee, the Dharmadhikari of the Shri Kshetra Dharmasthala, a pilgrim centre in South India. SKDRDP launched several participative rural development programs since its inception in 1982. The programmes were initially launched on experiment basis covering 18,000 families in Belthangady taluk but gradually was extended to other taluks of Dakshina Kannada district. With the resounding success and overwhelming participation to its participatory programs, SKDRDP has stretched its rural development activities to entire Karnataka state and Kasaragod district of Kerala state and today it has 38.23 lakh clients.

In the early years of establishment, SKDRDP started with distribution of free rice as incentive for families to work on their own fields as a concept of 'food for work'. On realization that mere charity was not producing the desired results, SKDRDP has initiated self-help group (SHG) model for sustained inclusive growth. Gradually, to enable financial inclusion at the grass root level, Banking Correspondent (BC) and Business Facilitator (BF) model has also been adopted.

SKDRDP has grown to the ranks of a leading NGO in the field of rural development working with disadvantaged group to enhance their capabilities. SKDRDP has now emerged as the third largest Micro Finance Institution (MFI) in India on the basis of the client base (India Microfinance, 2015). Further, based on outstanding credit, SKDRDP is the fourth largest lender in MFI sector (India Microfinance, 2015). It has the pride of winning several awards for its effective rural interventions. The Ashden Foundation, an international organisation from London which works in the field of renewable

energy honoured SKDRDP with prestigious Ashden Gold Award in 2012. SKDRDP was awarded for the efforts invested in providing informed choices to the poor in the selection and adoption of renewable energy. SKDRDP was also felicitated with Financial Inclusion and Deepening Award in 2014 by Scoch Foundation.

### Objective of SKDRDP: inclusive rural development

The major objective of SKDRDP is to achieve rural development. SKDRDP visualises rural development holistically. The focus of this NGO is not only on betterment of financial status of the rural poor people but also improve social and cultural dimensions of living. SKDRDP strives towards enhancing the capability of the rural people, improve their 'doings and beings' and enable them to lead the kind of life of their choice with dignity. The target population of the SKDRDP interventions is women and under privileged sections of the society. Thus the objective of SKDRDP is to alleviate poverty, attain self-reliance and lead to empowerment of those rural dwellers who are economically and socially marginalised in this market driven economy.

### Mapping the strategic interventions of SKDRDP

In pursuit of the objective of inclusive rural development which is multi-dimensional in nature, the SKDRDP intervenes in the lives of the target population with strategically designed programs. The intended outcome of the various programs could be identified as: agricultural development, community development, social and cultural development, economic development, sustainable development and skill development. Some of the major programs and their intervention strategies are mapped up and reviewed as under.

#### 1. Agricultural development interventions

Agriculture being the predominant occupation in the rural areas, SKDRDP intervenes with several programs to develop agriculture. The farmers and farm labourers, specially of medium and small holdings are targeted. Holistically, agricultural interventions of SKDRDP have three strategic



perspectives. Firstly, enhancing farming knowledge and capacity building of farmers and labourers. Specific and targeted training programs are launched to meet the requirement. Secondly, provide financial support. This is essential as farmers are poor. SKDRDP links farmers to the banks for microfinance to facilitate farm credit. Thirdly, provide social support. For which pragathibandhu self-help groups are formed, krishimelas are being organised at regular interval and established farmers' club.

### **Training, upskilling and awareness creation**

SKDRDP is engaged in training and farming awareness creation events on a regular and continuous basis. Agricultural families and labourers are trained and upskilled on scientific agricultural practices, use of technologies in cultivating various crops, mechanised agriculture, irrigation practices, horticulture, floriculture, dry land farming, dairying and organic farming etc. Field level workers are continuously trained in simple cropping techniques for regenerative and sustainable agriculture. Through the experts/specialists, lectures are given to groups of 40 to 50 farmers on government policies, horticulture and subjects related to agriculture. SKDRDP also motivates farmers by taking them on study tours to showcase what other progressive farmers have achieved. This also includes visits to research stations within or outside the district. Such tours expose farmers to the possibilities of technological adoption and replication for their own farms. Special trainings are also given to the farmers from scientists of the department of agriculture. 'Field schools' is an innovative concept under which SKDRDP provides farmers with practical training on art of cultivation, use of machines and technology, methods of cultivation, fertilisation etc. on their fields. Krishiutsavs, seminars, workshop and camps and demonstrations are organised regularly to raise the awareness of the farmers. The SKDRDP has organised 1,712 KrishiUtsavs, 3653 seminars and 36461 workshops and training to farmers across the state.

### **Farm credit**

SKDRDP caters financial requirements of the farmers. Through linking farmers to the banks, SKDRDP provides much needed finance to poor farmers without collateral. During 2015-16, 3,95,313 farmers across the state have benefited from the agri-finance and various agricultural programs (SKDRDP, 2016). There are three prominent reasons for which farm credit of SKDRDP is significant. Firstly, this provides farmers with much needed credit from organised banking without collateral. Secondly, this enables farmers to adopt modern, scientific and sustainable farming methods and practices. Thirdly, farmers are relieved from the clutches of money lenders and traders who are exploitative through exorbitant interest rates and harsh terms of loan.

### **Social networking**

SKDRDP has made efforts in building up social networking of the farmers for their mutual benefit. This social networking is facilitated by establishing "PragathiBandhu" self-help groups of men, organising KisanMelas and setting up of farmers' club.

To perform routine agricultural operations, large amount of labour is required. As labour is becoming expensive, hiring labour cannot be affordable to the poor farmers. To relieve farmers from this major problem, SKDRDP has been forming 'pragathibandhu' self-help groups. These are small groups of five neighbouring farmers. They involve in labour exchange. Under this, all the members of the group work in the field of one of the members of the group one day of each week on rotation. As on 31st March 2016, 76,712 'pragathibandhu' groups actively function throughout the state.

To fulfil the objective of attaining inclusive sustainable rural development, SKDRDP has some extension techniques. One of the prominent extension technique of SKDRDP is krishimela or Agricultural Fair. SKDRDP took up the challenge of integrating all sections of rural society and make them partners in collective development and launched krishimela beginning from 1984 in a series at different levels in different project locations

across Karnataka. Among various methods, krishimelas have become giant event which perhaps been unique interventions ever adopted by an NGO in such a gigantic scale integrating diverse rural developmental objectives (SKDRDP, 2002). The krishimelas provide platform for exhibition and sale of farm machines and products, demonstration of new farm equipment, livestock show, consultancy centres for farmers, farmers interactions with scientists and farmers interactions with policy makers. Krishimelas arrange for knowledge sessions by experts on various issues such as dairy farming, working with nature, seed protection and development, flood irrigation, soil protection, small irrigation projects, deciding crops, use of technology, government schemes, mechanisation, water bodies, financing agriculture, educating with banking transactions, avenues of self-employment, de-addiction. It enables networking through organising cultural events, native games and sports etc. Krishimelas identify and recognise the efforts of progressive farmers through honouring them. This way, SKDRDP removes the social barrier such as cast, gender, religion etc. and tries to unite people towards developmental issues. SKDRDP has, so far, organised 37 state level krishimelas at different localities, mainly backward regions, apart from several village level, cluster level, taluk level and district level kisanmelas. Through krishimelas farmers gain immense social support.

These farmer networking platforms created by SKDRDP brings out following benefits to the farmers: This instils confidence in them, develop organisational skills and leadership qualities, provides opportunities for learning and knowledge, develop financial and day-to-day business skills, removes social barrier and imbibe co-operative principle among others.

### **Argi-facility**

Apart from these, in collaboration with Government of Karnataka, SKDRDP has opened 164 agricultural machinery hiring centres during 2015-16 investing Rs.75 lakh per centre. Each center provides tractors, tillers, harvesters, cultivators, dusters, sprayers etc. to the poor registered farmers at nominal rent. It

was expected that the farmers would be benefited with lower working capital requirement, large scale farming, regular farming, time utilisation and improved quality of the crops. Thus the focus seems to be on improving the capabilities of the farmers and sustain agriculture.

## **2. Community development interventions**

Since 1990 SKDRDP focusses on community development projects to build up rural assets. The aim is to provide rural infrastructure through local participation in the form of finance and labour. The SKDRDP supports such initiatives by lending its goodwill and grants up to 50 percent of project cost. It also extends technical guidance, review and monitoring of the project progress. The projects are concentrated in the field of education, health, creation of community assets, rural infrastructure and community welfare.

SKDRDP invests heavily on the capital assets building programs. Rural infrastructure constructions convert the 'functioning' (potential capability) into 'capability' (actual capability/achieved functioning). Since rural areas lack infrastructure, development slows down. SKDRDP enables members through micro credit to construct, repair, renovate and electrify houses. Necessary support and grants are provided. Since its inception, SKDRDP has assisted 6,87,785 families to have their own safe dwelling unit and adding electrification the number of beneficiaries increases to 10,56,700 (SKDRDP, 2016). SKDRDP believes that sanitation and hygiene are social capital and investment thereon develops the community towards sustainability. In view of this, 4,33,367 sanitation (toilet) units are constructed through micro credit. SKDRDP also launched cleanliness drive in all religious and pilgrimage centres.

To develop rural infrastructure which converts functioning of people into capability, the SKDRDP has disbursed sizable amount of grants, which is taken care of by Community Development Department of SKDRDP. Infrastructure in the areas like education, Milk Co-operative Societies, crematoriums, pure drinking water and community sanitation units etc. receive supplementary grants



and support from SKDRDP. The organisation has incredible achievements in these areas during the last two decades. According SKDRDP Report (2016), it has constructed/granted buildings for 2,802 Milk Co-operative Societies, 5,813 rural projects on minor irrigation projects, rural roads, play grounds and cattle sheds among others. With local support, SKDRDP constructs, repairs, upgrades crematorium in villages, towns and cities. Since the beginning of the project, 477 crematoriums are developed covering almost all districts of Karnataka.

To build human capital, SKDRDP has granted Rs. 35.15 crore for 8,548 education related programs in the project area. Construction of school buildings, compound walls, grant to special schools, provision of comfortable furniture are among them. Construction of hospital buildings, veterinary hospitals, anganwadi buildings, drinking water project, rural connecting roads, and youth organization building etc. are among others. On mission mode, tanks and lakes in different parts of the state, particularly districts with water scarcity are being rejuvenated at an estimated cost of Rs. 20 crores. The project covers lifting the silt, recharging the water bodies, rain water harvesting, repairing the surrounding land, road, canals etc. The project cost would be shared 50:50 between SKDRDP and the villagers.

One of the major problems in Karnataka is non accessibility to pure drinking water in many places. If the surface water is often contaminated, the ground water has high fluoride and dissolved solvent causing from various ailments. A study of SKDRDP estimates that nearly 90 percent of the villages suffer from drinking water problems, ranging from supply chains to quality issues. SKDRDP has launched a project called 'shuddhaganga' with the support of community to provide pure drinking water. Under the project SKDRDP so far has established 202 water purification plants in 16 districts of the state which are prone to water problems with an investment of Rs.10.10 crore. Nearly one lakh families are benefited from the project.

SKDRDP's community development project also provides scholarships to student of poor families, monthly pension to lessincome families, emergency hospital expenses to poor, payment of insurance premium on their behalf etc. During the last one decade 19,275 students are provided with Rs.24.17 crore of scholarship and 40 special schools received grant of Rs.43 lakh (SKDRDP, 2016). A sum of Rs. 1.02 crore has been spent during last one decade towards cattle shed development. The various infrastructure programs and budget allocation towards them reflect the real intents of upbringing of the project area by building up the capabilities.

### **3. Women empowerment interventions**

SKDRDP endeavours to overcome the suppression of women in the society by providing them opportunities of education, knowledge expansion and by imparting vocational skills in handicrafts, tailoring, doll making etc. As a part of the initiative, SKDRDP has established Knowledge Expansion Centers(KEC) in the existing SKDRDP talukoffice. Currently each taluk where the SKDRDP operates has 23-25 KECs, each having 50-60 women members.

The KECs participate and assist in this initiative with the objective of overall development of women in their captive area. The motto of the KECs in this programme is 'Woman is the Eye of the Society'. It is significant to note that most of the women who joined this program are illiterate. The KECs run vocational training for such women. The knowledge sharing and the process of learning in KECs takes place through various activities such as display of documentary films, debates, discussions, lectures, games and contests. Periodically, events are being organised to showcase and display the talents of the members. Each KEC focuses on local issues which need attention and bring them to the fore such that solutions are found through discussions. Societal problems such as consumption of tobacco, superstition, child marriage, child labour and cleanliness of surroundings are few common issues most of the KECs focus on. The KECs specifically target children who are school drop outs and bring them back into the school system. The KEC staffs

are highly trained and the processes are result oriented. The KEC activities focus on six areas as under.

### **Harmony in the family**

KECs concentrate on the issues such as family relationships, importance of harmonious existence, relationship between the mother-in-law and daughter-in-law, managing the household, household finances, cultural activities, celebration of festivals and their meaning, avoiding unnecessary expenditures, addiction, substance abuse, events to celebrate and problem solving.

### **Advice by the 'friend of the family'**

An appointed, experienced woman member performs the role of the friendly family advisor and assists women who are going through emotional trauma, difficult phases in family life. The problems may be related to an addicted husband, domestic violence, sickness, conflicts between husband and wife etc. The friend of the family is well aware of basic legal procedures and communicates with the local police administration, hospitals, de-addiction centers, the office bearers of the Department of Women and Family Welfare as well as the SKDRDP officials.

### **Health and cleanliness**

Health and cleanliness are complementary. Awareness about the importance of cleanliness is the first step towards leading a healthy life. SKDRDP organizes events for disseminating information on the available government schemes on health and cleanliness issues. These include, healthcare during pregnancy, vaccination programmes for children, awareness about prevention and cure of HIV, AIDS, H1N1 and other prevailing health issues which are local in nature. The initiative also concentrates on the health of the girl children and adolescents. Events organized by the KECs focus on- maintaining cleanliness with minimal expenditure, daily activities for women for a healthy life and identification of health disorder and the indicators for illness. The SKDRDP, through their KEC also organizes camps for health check-up, vaccinations, blood donation, free medical

treatment, medical tips for a healthy living and yoga. In collaboration with the International Micro Credit Summit and 'Freedom from Hunger' organizations, SKDRDP organizes programmes on Food and Nutrition, Safe Childbirth, Geriatric Care, Adult Education through group discussions, demonstration and games.

### **Nutritious food**

SKDRDP promotes imparting knowledge to women on maintaining kitchen garden, achieving balance of proteins, carbohydrates, fat and vitamins in food consumption as a routine. They also provide information on food items which enable to achieve balanced food consumption, timings for consumption and related issues through events, demonstration and conducting discussions in the KECs.

### **Education**

Even today, there are instances in rural India of children not being sent to the school. The reasons may be their inability to afford school education or superstition or by considering school education as unimportant. This takes place despite the Government provides free school education, mid-day meal, stationary, books and school uniform to the children. To promote and encourage school education for rural children, SKDRDP hosts events in co-ordination with the local education department officials. In such events, the KEC members reach out to parents and children to ensure their inclusion to the mainstream and the school education system. The KECs implement different strategic interventions to reach out to the parents successfully which include movie documentaries, excursion tours to historical places, street plays and debates.

### **'Skill day' competition**

The KECs of SKDRDP conduct events to exhibit the skills of the beneficiary women members. KECs hold exhibition and sale of the product produced by the women using the skills learnt and training undergone at KEC. They are arranged at chosen locations, establishing stalls, displaying the items of handicrafts, tailoring, doll making etc. The event

also includes a cultural programme presented by the beneficiaries and their family members.

It has been found that KECs are drastically successful in capacity building of rural women. The beneficiary women have become net contributors to their home and the society. Some among them are participating in the development of their villages as elected office bearers of Gram Panchayat (Village Council) while others play their role in their chosen fields or in various organisational activities through SKDRDP. The KECs seem to be enhancing the capabilities of rural women, building up their confidences, make them employable and instil cultural and social values in their families and society.

#### **4. Interventions for upskilling and self-employment**

SKDRDP encourages agricultural and non-agriculture families to diversify their sources of income and be self-dependent by taking up animal husbandry, fish farming, beehive farming, contract agricultural farming, tailoring and equipment repair work etc. Vocational training on all such activities are being imparted to the target population, build up confidence to start self-income generation activity. Rural Development and Self Employment Training Institute(RUDSETI), a sister organisation of SKDRDP provides institutional vocational training and vocational skills. Trained rural youths are assisted with credit to start self-venture and on a regular basis arranges for upskilling programs and sustained monitoring of the progress. SKDRDP also offers platform to marketing their products through the sales window of SKDRDP – SIRI gramodayajana.

#### **5. Corresponding interventions**

The SKDRDP corresponds effectively between various government and semi-government agencies on the one hand and the rural people on the other. This role of SKDRDP enables rural people to avail the benefits of several other agencies such as the central government, the state government, local administration, banks, insurance companies etc.

#### **Government schemes**

Government has accorded higher importance to job creation in the rural areas in the last few years. SKDRDP, in co-ordination with various government departments organizes events to disseminate information on various government schemes, funds available for the initiatives and grants and the processes and procedure to be followed to apply for the assistance to the local populace. In doing so, the SKDRDP utilizes its extensive permanent organizational apparatus in the local area. The information thus given may pertain to facilities at the local level, district level, grants and aid for constructing toilets, legal provisions for women and children welfare, free legal aid, child care centers, and the forthcoming government schemes including the eligibility criteria and personal documentation needed for registering for the schemes.

The SKDRDP has been appointed by the Government of India as the aggregator of National Pension Scheme (NPS). As of March 31, 2016, 3,40,000 rural people were brought under this pension program (SKDRDP, 2016). Similarly, Government of Karnataka has collaborated with SKDRDP to rent out farming machineries through Customer Hire Service Centres. SKDRDP has started 164 such centres during 2015-16 investing Rs.75 lakh per centre on tractors, tillers, harvesters, cultivators, dusters, sprayers etc. The centres rent out these farming machineries to the poor registered farmers at nominal rent. This greatly enables farmers to produce in bulk at lower working capital.

#### **Corporate agent to LIC**

SKDRDP is the designated corporate agent of Life Insurance Corporation. This enables SKDRDP to cover rural poor under insurance. In this capacity the SKDRDP has sold 11,32,587 JeevanMadhura policies to the rural poor people to provide financial security. During 2015-16, 2,699 families gained benefit of Rs.4.09 crore from this insurance coverage. Currently SKDRDP is authorised to renew the expired policies.

## Banking Correspondent (BC) and Business Facilitator (BF)

Since January 2009 SKDRDP acts as Banking Correspondent (BC) and Business Facilitator (BF) for several public sector and private banks across several districts of Karnataka State. In 2006 the RBI initiated the BC and BF model for financial inclusion and stretching the outreach of banking operations. The model as envisaged by the RBI aimed at apart from financial inclusion, avoiding the interference of middlemen, agents and intermediaries who may exploit rural people. As Facilitator, the SKDRDP does the following functions:

- Identification of borrowers
- Collection and preliminary processing of loan application
- Submission of application to banks
- Creating awareness about savings and advice on managing money and debt counselling
- Promotion, nurturing and monitoring of self-help groups/joint liability groups
- Post sanction monitoring
- Follow up for recovery

As BC, SKDRDP also undertakes the following, in addition to the above mentioned role of BF:

- Disbursal of small value credit
- Recovery of principal/collection of interest
- Collection of small value deposits
- Sale of micro insurance and pension products
- Receipt and delivery of small value remittances

As Banking Correspondent, SKDRDP has covered more than 17,500 villages under financial inclusion. SKDRDP enables rural poor living in far away, remote areas to avail banking services at their own door steps. To materialise financial inclusion, SKDRDP as BC has opened up Customer Service Points (CSPs) at village level. These CSPs are engaged in delivering banking products to the target population.

## 6. Promotion of social entrepreneurship

SKDRDP promotes social entrepreneurship by setting up SIRI in 2004. The prime objective of SIRI was to encourage skill based economic activities at the village level. The SIRI was funded by SKDRDP, the Ministry of Rural Development of Government of India and the Government of Karnataka. Broadly, SIRI offers two major facilities to rural people, mainly to women. Firstly, encourages production of a range of products such as varieties of readymade garments, confectionaries, agarbathi, travel bags, cleaning agents, areca leaf cups and plates, pickle, papad, handicrafts among many. To facilitate this, SIRI has set up production centers in 295 villages in remote and backward areas of Karnataka, providing direct employment to more than 4,500 rural women. The recruited women to work for SIRI are provided with relevant training in the area of their work. The SIRI has installed modern machinery and equipment for its production processes. It encourages SHG members to take up these as self-employment. During 2015-16, the different centers of SIRI collectively produced products worth Rs.20.41 crore.

Secondly, SIRI also offers platform to market such products produced by SHG members under SIRI brand. To push the products to the market, SIRI has initiated several strategies including opening its retail outlets in malls and other shopping complexes apart from having SIRI shelves in many retail shops. SIRI has opened several display cum sales centers during all major events of SKDRDP all over the state. Events like KrishiMela provide platform display, exhibit and sell SIRI products.

SIRI initiative of SKDRDP has two major direct benefits. Firstly, it provides employment opportunities to rural women, otherwise are locked up to the four walls of the house. Secondly, this enables them to be economically self-dependent.

## 6. Awareness creation and de-addiction

SKDRDP has established All Karnataka Public Awareness Forum with the objective of creating clean and healthy society which is free from the menace of alcohol and drugs. The Forum organises several events and programs to reach the goal of alcohol and drug free society. These programs of the Forum take place at four stages.

Stage-1. Awareness and mass movement

Stage-2. Collection of public opinion

Stage-3. Community health camps

Stage-4. New life committee and welfare meetings

### Stage-1. Awareness and mass movement

SKDRDP believes that creating awareness among society on the evils of alcoholism, smoking, substance abuse was a crucial functioning in improving the capabilities of rural population which enables in supplying healthy rural human capital to achieve sustainable rural development. The Public Awareness Forum of SKDRDP fights against these social evils through organising various public awareness programs. The events include door to door visits, taking out group marches, arranging congregation of victimised women due to their husbands' addiction, special programmes for students, training programmes, and documentary film shows.

Aiming at high school and college students, the Public Awareness Forum of SKDRDP has launched a special program with the tag 'Aspiration for Good Health'. Under this programme, awareness is being created about the benefits of maintaining good health among the school and college going adolescents and budding adults. Matters of discussion include the adverse effect of addictions, channelizing their energy towards productive activities and ways of making them agents of change in the society. The Forum educates over 45,000 students every year. The Forum has organised 4,526 programs for children' awareness (SKDRDP, 2016). The programs seem to be largely accepted by the public. This inference could be made on the ground

of increasing people participation, which is turning out to be more voluntary.

### Stage-2. Collection of public opinion

The Forum acts as an engine for change in collecting public opinion. It gathers the opinion of the people addicted and brings the same to the attention of the government officials and office bearers concerned. The Forum also ensures that only legally viable measures are being taken. The Forum collects information from the public on various issues of illegal and anti-social activities such as brewing country liquor, trading in it and gambling. This creates public pressure on the authorities to act. The Forum also assists officials in drafting applications, documentation and filing of official reports such that legal procedures are followed. The Forum has attracted a high level of public appreciation from both the people and government agencies.

### Stage-3. Health/de-addiction camps

The Forum conducts community health camps at different regions with the objectives of transforming hard core alcoholics into sober individuals and bringing them into the mainstream society. The camps also aim at making a positive difference to the family of the addicts and also to the community by bringing physical, spiritual and social changes in them. The model followed by the Forum for de-addiction programmes are different from that of the clinical model where compensatory medicines and medical preparations are administered to wean away the addicts.

The de-addictions camps of the Forum under SKDRDP adopts behavioural procedures in the treatment programmes which include relaxation, aversion therapies, covert sensitization, self-control training, social skills and assertiveness training and contingency management. This model seems to be similar to one of the techniques applied by National Institute of Mental Health and Neurosciences (NIMHANS), Bangalore (Rao and Mishra, 1994). NIMHANS also has a second model, the Medical Model essentially involves taking alcoholics as inpatients in the de-addiction hospital and enforcing



detoxification through medical treatment with a strict regime (Murthy and Janakiramaiah, 1996). The TTK Model (Cherian, 1986) developed by the TTK hospital, Chennai is a pioneer in the treatment model. The Vellore Model (Manickam and Kuruvilla, 1990) also adopts hospital based treatment with a multimodal approach.

SKDRDP emphasises on the behavioural model over other models and its 8 – day de-addiction camps which attempt at convincing the alcoholics of the economic, social and spiritual benefits of being free of addiction, with minimal use of medicines and medical aid. Most of the de-addicted people become volunteers to encourage other addicts to quit drinking. Women of the family also play very supporting role by reporting addicted people to the camps. This model seems to be more effective and sustaining as it treats the behavioural attitude of the people. The success and the acceptability of the model is reflected from the fact that during the last two decades the Forum has organised 1021 de-addiction camps and more than 78,500 people are treated successfully (SKDRDP, 2016).

#### **Stage-4. New Life Committee and wellness planning process**

This initiative of the Forum is the follow up of the de-addicted people from the camps. It functions with two major objectives. Firstly, sustaining the learnings of the camps and focus that following to the camps people do not get into addiction. Secondly, the de-addicted people from the camps will be supported in finding out avenues of leading life with dignity. Under this initiative to achieve these twin objectives, the Forum organises several events and discussions. The de-addicted rural people join the Committee as members to start a new life. As on 31<sup>st</sup> March 2016, 3,132 committees are operating towards empowering the de-addicted. Over the last two decades the Committee has organised 12,409 awareness creation programs.

For the profound social influence, the Forum has won the 'Empathy Prize' for 1999-2000 and 'Self Control Award' by the Karnataka Alcohol Moderation

Board in 2011-12. Owing to the pressure of the Forum, the Government of Karnataka banned sale of alcohol at several identified locations across the state.

#### **7. Financial intervention**

SKDRDP provides microfinance to the people at the grassroots. It is the third largest Micro Finance Institution (MFI) in India. This ranking is on the basis of the client base (India Microfinance, 2015), which was then estimated at 33 lakhs for SKDRDP. Since capital assets of rural poor is very low, SKDRDP provides micro rural credit. SKDRDP adopts SHG method to deliver micro credit. Members of SHGs are eligible for micro loans. The finance could be borrowed for any purposes without collateral. Generally, SHG members borrow micro credit for purposes such as self-employment, agricultural operations, construction/repair of housing, sanitation units, education of children, medical treatment, family functions, to install renewable energy plants like gohar gas, solar etc. The SKDRDP scrutinises the loan application considering the credit worthiness of the SHG and the member and also the potential of the member to repay. The outstanding micro credit disbursed by SKDRDP was Rs.35.70 billion in 2015 and SKDRDP was the fourth largest lender in MFI sector (India Microfinance, 2015). According to the latest release of SKDRDP the outstanding credit disbursed reached to Rs. 54.35 billion as on November 30, 2016 (SKDRDP, 2017)

One of the critical problems current banking system encounters is the increasing Non-Performing Assets. The stressed assets constitute about 11 percent of the loans. In contrast, SKDRDP records more than 99 percent recovery of loans (SKDRDP, 2016). Despite large voluminous collateral free loans, SKDRDP has clinical record in recovery. The interactions with the officials of SKDRDP and the SHG members bring out three major factors contributing to this success.

Firstly, the SKDRDP provides micro credit to members of SHGs and follows a model of Joint Liability. Under which, all the members of the SHG are liable for the loan granted to one of the fellow members. Failure to repay the loan by a member may lead to black listing of the group and other

members of the group become ineligible to claim future credits. This creates constant pressure on the borrower member to repay regularly.

Secondly, the SKDRDP officials follow up borrowed members, guide them towards investing productively, assist in engaging in income generating activities and help them plan the repayment. This is the major differentiating factor between SKDRDP and the public sector banks.

Thirdly, a significant factor appears to be the ethical and moral values imbibed by the members from the organisation and its leader. The members of SHGs are devotees of Lord Manjunatha, the deity of Dharmasthala and have faith and fear of the religion. The profound respect of the public to the Dharmadhikari of Dharmasthala Dr.D.Veerendra Heggade is also profusely instrumental to develop guilt of non-repayment of loan. The religious faith and the charismatic leadership of the organisation are to be factored for record credit recovery.

## 8. Environmental interventions

SKDRDP lays special emphasis on environmental protection and conservation. In this regard, the several programs aimed at rural environmental sustainability have been launched. The SKDRDP has organised 1,31,531 programs on environment protection and water conservation across the state during the last three decades. During 2015-16, it has organised 10,319 events which was participated by 3,74,364 people. This includes 1,572 environmental protection awareness camps and 1,214 water

conservation programs. The SKDRDP takes out rural awareness camps, afforestation and emphasises on eco-friendly practices in agriculture and other economic activities.

SKDRDP has launched a movement towards clean and renewable energy which would sustain the environment and build up the capabilities of people with access to energy and lower incidence of pollution-borne diseases. To reduce burning of firewood, coal and kerosene which cause serious damage to health as well as to the environment, SKDRDP assists rural poor to install gohar gas plant and solar units for household energy. With the financial and technical support of SKDRDP, 26,434 families in Karnataka have constructed gohar gas plants in the last three decades. During the same period, 44,354 families have installed solar energy (SKDRDP, 2016).

Usage of endosulfan, a chemical pesticide, caused serious health diseases such as mental disorder and physical disorder among many people and new born children of Kokkada, Patrame, Nidle villages of Belthangady taluk and Aalankar village of Puttur taluk of Dakshina Kannada district. SKDRDP in association with the Government of Karnataka has opened two rehabilitation center with needful infrastructure for affected people. In addition, SKDRDP has launched campaigns to create awareness on the horrors of chemical pesticides. The Project induces and facilitates farmers to adopt organic farming. This gains more prominence in their KrishiMela discussions.

**Table No-2.1. A Summary of Projects: SKDRDP as on 30 Nov 2016.**

<b>Self Help Group Activities</b>	
Number of active Self Help Groups (SHGs)	3,68,000
Number of active SHG members	3,724,000
Savings by SHG @INR 10 per week	INR 1.1860 billion
<b>Loans</b>	
Progressive total of loans disbursed since 1995	INR 16.854 billion
Loan outstanding at the present (30 Nov 2016)	INR 54.35 billion
Overdue loan amount (defaulted)	1% of disbursal
<b>SHG members for Farm Development Programmes from Borrowings</b>	
Number of days of labour sharing by PragathiBandhu SHG members	744 million man days
Labour sharing value @ INR 150 per day	INR 1.1160 billion
Area of land brought under cultivation	840,000 acres
Number of wells constructed by borrowing loan from SKDRDP	67,000
Number of pumpsets/irrigation systems purchased by members	345,000
<b>Investments by SHG members in Infrastructure Development</b>	
New houses, repair and electrification	1,056,700
Toilets constructed	269,000
Installation of solar lighting equipment	44,354
Installation of gobar gas system	26,434
Number of houses constructed in flood affected areas	2891
<b>De-addiction Programmes</b>	
Number of de-addiction camps conducted	1021
Number of people de-addicted and successfully integrated to mainstream	78,500
<b>Number of Insurance Policies sold</b>	1,132,587
<b>Number of people included in the National Pension Scheme by SKDRDP by promoting and encouraging participation</b>	340,000
<b>SIRI Employment Scheme</b>	
Number of people employed	4500
Number of manufacturing units	200
Total turnover for 2016	INR 129.2 million

Source: SKDRDP Report (2017)



## Strategic approaches of SKDRDP interventions

As discussed, SKDRDP has initiated several programs for rural development. Each of the programs is driven by specific objective and target. Every program under SKDRDP appears to be successful in reaching out to the lives of the rural poor. This is because SKDRDP does not merely focus on launching the programs, it implements and executes the programs with strategic approaches.

### 1. Participatory approach

An intensive study of SKDRDP programs enables to identify its participatory approach. SKDRDP designs programs such a way that target population would actively participate at every stage of the program. As Mayo et.al. (2013) rightly stated, the research on community development ignore the individual role in a complex social and cultural framework of responsibility and dependency. To comprehend their apprehensions, involvement of community in the path to develop those research projects was missing. At times, the researchers, without the first-hand experience of community living or without any efforts to understand the ground realities take control of the projects. While in the case of SKDRDP, the community is involved in every stage of the intervention programs starting from planning to execution. Seeking people participation seems to be the key strategy of SKDRDP to succeed rural interventions. People are involved in the projects by making them to contribute their share to the project cost, lend labour and manage the project operations for successful results.

### 2. Decentralised organisation

The SKDRDP has a strategically designed organisational structure through which the projects are being managed and operated. The organisational structure of SKDRDP (Refer Annexure-1.) is highly decentralised with an Executive Director in consultation with the Board makes the policy decisions. The entire project area of SKDRDP is divided into eight project regions which is the cluster of few districts for easy administration and execution which is headed by Regional Director. Further, each district has a Director to execute the

programs of SKDRDP in the district. Under the Director, every taluk has a Project Officer to implement and execute the programs. A cluster of villages in the taluk has a Manager who works closely with the SHGs of his project area. He is supported by a Sevapratidinidhi (Field Officer) in each village. Sevapratidinidhis are the designated officials of SKDRDP at the grass root level taking all the programs to the SHG members, educate and encourage them to participate effectively. This strategy of decentralisation of SKDRDP program execution from state unit to the village makes the interventions effective.

### 3. Collaborative approach

SKDRDP has engaged with implementation of several development schemes of Central Government, State Government and local bodies as well as autonomous agencies and banks. This arrangement enables SKDRDP to provide diversified social goods to rural poor with the support of policy makers. This proximity of SKDRDP, on the other hand, also creates avenue to put pressure on the policy makers for the sustainable development oriented policies. SKDRDP provides platform to policy makers to interact with rural people and understand their real living standards and socio-economic problems they encounter. This collaborative approach strengthens the bond of SKDRDP with rural poor and the policy makers.

### 4. Integrated Development approach

Since rural development is interwoven with multi factors, SKDRDP has adopted an integrated growth approach wherein, all aspects of wellbeing could be taken care off. The villages which are backward, weak in agricultural practices and capital formation are being covered by SKDRDP under its growth ambit. Small and marginal farmers, agricultural labourers, rural women, rural artisans and people engaged in rural industries constitute the primary stakeholders of SKDRDP. The targeted population are disadvantaged groups and attaining their development is very complex. A mere rise in income and economic well-being may not improve their capabilities and does not assure them of free choices. Horizontal integration of social, cultural and

economic aspects of well-being has made SKDRDP to adopt a multi-dimensional rural development strategy.

SKDRDP, through strategic interventions, also adopts vertical integration for rural development. In this case rural dwellers are integrated with the various government welfare schemes. Being a development partner and integrator, SKDRDP works as the Banking Correspondent (BC) and Business Facilitator (BF) to many nationalised banks connecting rural people with the banking products, works as corporate agent of Life Insurance Corporation (LIC) India Ltd., aggregator for National Pension Scheme (NPS) under central government and Customer Hire Service Centre to rent out farming machineries in collaboration with Government of Karnataka. Hence the relationship between the Government Organisations (GOs) and the SKDRDP is very co-operative, complimentary and supplementary in certain cases. This strategic approach of SKDRDP has enabled it to adopt integrated rural development model which results in holistic development, not mere income growth. As SKDRDP believes in the interwoven relationship between social, cultural

and economic dimensions of rural living, it interferes in several areas to enable its development partners to raise up their capabilities to lead the life as they want to lead with dignity.

## 5. SHG linkage

Another major strategic route of SKDRDP is linking all rural interventions through SHGs. As on February 27, 2018 SKDRDP has a very large network of 4,11,000 SHGs operating throughout the state of Karnataka and Kasaragod district of Kerala with 38,27,000 people involved directly as their members. SKDRDP floats all its programs through SHGs, and this makes delivery of programmes effective, comprehensive and mass accepted. SHGs are owned and managed by people themselves and people voluntarily participate in all the programs of SKDRDP. For instance, the 'pragathibandhu' groups of rural men which are mainly designed for labour sharing or SHG of women for empowerment are being used by SKDRDP for all other interventions like micro credit lending, de-addiction programs, community development programs, awareness creation, krishimelas etc.

## Section III -

### Self-help group model of SKDRDP

#### Introduction

Self Help Groups (SHGs) are small economical homogenous affinity groups of rural poor, voluntarily formed to save and mutually contribute a common fund to be lent to its members as per group decisions (NABARD, 1997). SHGs are generally groups of 10-20 people of the same locality who come together to achieve economic wellbeing. All the members of the SHG hail from a homogenous strata of society. The strength of the SHG is its solidarity as its members start thinking as members of the same family. The SHGs meet frequently and the group records the minutes of the meetings and all other activities undertaken. SHGs encourage members to be judicious in their spending and develop the habit of savings. SHGs are derived from the principle of self-help and help others. SHGs are promoted by the government and Non-Government Organisations. SHGs still have significant role to play as poverty, unemployment and such other economic problems persist in the Asian and African economies. SHGs have the strength and potential to address these issues at the grass roots and this has been proved.

#### Evolution of SHGs

##### Farmers' Associations in the early ages

Aristotle said that man is a social animal, and this feature makes man to live in groups. The groups may be social, political or economic in nature. This very characteristic feature makes people to join together for a cause and address common problems led to the formation of SHGs. Hence SHGs are not newly innovated institution. In the early ages, farmers across the world were found gathering in groups for the purpose of cultivation of farm land. *Nbimbe* and *jananoin* Zimbabwe and *nnoboa* in South Eastern Ghana were the popular farmer groups. These groups were mainly towards pooling the work for co-operative farming. In the later years, more groups of rural people emerged in Asia and Sub Saharan Africa. According to UNDP Report (1993), *Susu* in Ghana, *ibimina* in Northern Rawanda,

*njangis* in Cameroon, *cheetu* in Sri Lanka and *sambaya* in Bangladesh were some such farmers' associations. These groups, in addition to labour pooling and sharing, also worked together to obtain credit, buy needful goods in bulk and develop sustainable agricultural practices. They were further, functioning as informal finance system. Such groups were identified with different names known as Rotating Savings and Credit Associations (ROSCAs) and Accumulating Savings and Credit Associations (ASCRA). These farmers' associations and their functionings in the olden days provide evidences that SHGs have not emerged abruptly and they have their roots in early ages.

#### Group movement in Bangladesh

##### Bangladesh Rural Advancement Committee (BRAC)

The Bangladesh Rural Advancement Committee (BRAC), an NGO was established in 1972 in Bangladesh. It provides a wide range of finance, non-finance and social products to the deprived sections. It provides services in areas such as health, sanitation, hygiene, nutrition, education, agriculture, food security, women empowerment, gender justice, human rights, skill development among many. Formation of this organisation was a milestone in Bangladesh because these services were provided at the time when Bangladesh economy and society was in dire need of finance and non-finance support. This was the beginning of sensitising the society about how working together in a group would benefit mutually.

##### Grameen model

A terrible famine struck to Bangladesh in 1974 causing death in lakhs. Prof. Muhammad Yunus, Professor of Economics, Chittagong university then realised that economic theories were inadequate and failed to meet emergencies. The formal commercial banks were reluctant to disburse credit to people suffering from hunger on account of lack of collateral. This caused money lenders exploiting the poor people with exploitative loan terms. At this back drop, Muhammad Yunus started a microfinance institution (MFI) in 1976 in Jobra and

latter in 1983 the same was converted into a new bank named as Grameen Bank.

Under the Grameen model, five members in the village form a group and five to seven such groups are organised into Centres. The members of the group save on a regular interval with the Grameen Bank. The members are granted with collateral free loans with the limit. The Groups and the Centres are formed to facilitate the financial intermediation. At Grameen Bank, credit is a cost effective weapon to fight poverty and it serves as a catalyst in the overall development of socio-economic conditions of the poor who have been kept outside the banking orbit on the ground that they are poor and hence not bankable(<http://www.grameen-info.org/>).

Grameen Bank became a government-regulated bank through a special government ordinance in 1984. The micro loan products of Grameen Bank are: basic loans, microenterprise credit, loans to beggar members and educational loans. As on September, 2017 Grameen Bank operates with 2,568 branches in 81,399 villages covering more than 97 percent of the villages of Bangladesh. The Grameen Bank currently reaches out to 89,18,801 members through 13,77,849 groups which are organised into 1,41,019 Centres (<http://www.grameen-info.org/>). It is significant that more than 98 percent of the members are women and this provides evidences to their commitment towards empowering women. The cumulative credit disbursed to the group members by the Grameen Bank since inception is US \$ 22,775.58 million. It is noteworthy that the recovery rate of these collateral free loans is 99.12 percent. Justifying the collateral free and easy terms of loans Muhammad Yunus says “these millions of small people with their millions of small pursuits can add up to create the biggest development wonder” (<http://www.grameen-info.org/>).

### **Proshika**

Proshika Manobik Unnayan Kendra (Proshika centre for human development) is a Bangladesh-based organization founded in 1976, that promotes self-reliance among the poor. Its objectives are: poverty alleviation, environmental protection and regeneration, improve status of women, increase

people’s participation in public institutions, and increase people’s capacity to gain and exercise democratic and human rights. Proshika achieves these broad objectives through a wide range of interventions in the areas such as agriculture, forestry, health, education, disaster preparedness, advocacy, and literacy. To facilitate the delivery of its services, Proshika forms primary groups with around 20 members at village level. The major beneficiaries of Proshika are rural men and women who are landless labourers and marginal peasants and members of some rural professional groups such as fisher folk, weavers, potters, etc.

Proshika has extended the presence in more than 4,100 villages. Proshika trains and upskills members of groups and extends credit and technical assistance to the groups to take up income and employment generating projects in various fields such as agriculture, irrigation, pond fishery and open water fishing, sericulture, bee keeping, cattle and poultry rearing, homestead gardening, social forestry, handicrafts and cottage industry, etc. In the initial years Proshika engaged in development of group consciousness to restore natural resources and their protection and launched social forestry. In the gradual phase Proshika moved from social intermediation to financial intermediation as well. It started microfinance programmes in the 1990s. It encourages member savings to match with their credits.

### **Association for Social Advancement (ASA)**

The Association for Social Advancement (ASA) was established in Bangladesh in 1978 as an NGO. The major focus of ASA was on consciousness raising among the rural poor and their training. To materialise the objective ASA also adopted group development approach. In 1991 ASA started its microfinance operations and restructured itself as a Micro Finance Institution (MFI). Currently, its core is microfinance and it is the third largest MFI in Bangladesh with more than 8 million members in Bangladesh, and offers a range of savings, credit and insurance facilities. Its non-financial activities include provision of education, healthcare, sanitation, and agriculture. It also provides capacity

development programs to small Bangladeshi NGOs and MFIs worldwide. Since its inception, ASA has been striving for assisting the underprivileged groups in attaining better livelihood and acquiring means to escape poverty trap.

It is imperative that the modern 'group' approach towards grassroots development began in Bangladesh in 1970s and they were promoted by NGOs. They strived towards raising the standard of living of the rural people through social and financial intermediation by forming groups of local people. The success of NGO interventions through the groups drew the attention of the world and many countries of Asia and Africa found a model of growth through them.

### Rise of SHGs in India

With the success of Bangladesh Grameen Bank and similar organisations in Bangladesh and elsewhere, similar models started gaining momentum in India. Many NGOs in our country are deeply involved in forming and promoting Self Help Groups. Technically, even before the start of Bangladesh Grameen Bank, in India Self Employed Women's Association (SEWA) was established in 1972. This organisation lays foundation to the group approach to the growth. SEWA started as a trade union of poor women working in unorganised sector. Recognising the need for supportive services to women working in unorganised sectors, SEWA intervenes in the lives through services in health care, child care, insurance, legal aid, capacity building and communication. In the later years SEWA ventured into microfinance mainly to cater the credit requirements of poor women. The SEWA Bank, the first women bank, provides microcredit. It also promotes the habit of thrift and savings among its members. The objective is to achieve self-reliance of women in villages. However, it is to be noted that SEWA started working more like a trade union.

It was by 70s that the co-operatives were on decline in India and the formal financial institutions were reluctant to provide credit to poor. It was at this backdrop, aiming to promote financial inclusion of rural poor in India the Government established

National Bank for Agriculture and Rural Development (NABARD) as an apex in rural credit in 1982. This marked the real transformation in the lives of rural people. In fact, Mysore Resettlement and Development Agency (MYRADA), an NGO working for the cause of rural development since 1968, formed about 300 SHGs which it called 'Credit Management Groups' by 1986 and ensured independence to the groups over their own decisionmaking.

NABARD, in its search for alternative channels to reach the unreachable, found SHGs an interesting and effective means to provide banking services to 'so called' 'unbankable' people and as a result, initiated an experiment with MYRADA on SHG lending. Having been encouraged by the results, NABARD initiated a pilot-project of SHG bank linkage and thus NABARD became a patron of SHGs (SHG Federation in India, 2007). NABARD strengthened SHG system by creating and promoting SHGs. Founded in 1987, Professional Assistance for Development Action (PRADAN), an NGO, also joined the movement towards community development through group approach. The government sought the support of reliable NGOs in developing and implementing programs such as Integrated Rural Development Program (IRDP), Swarnajayanti Gram Swarozgar Yojana (SGSY) and the National Rural Livelihood Mission.

The SHG institution further got strengthened when they were linked with the banks for institutional credit. The SHG– Bank Linkage Programme was started as an Action Research Project in 1989 through sanctioning Rs. 10 lakh to MYRADA as seed money assistance for experimenting Credit Management Groups. In the same year the Ministry of Rural Development provided PRADAN with support to establish self-help groups in Rajasthan. The experiences of these early efforts led to the approval of a pilot project by NABARD in 1992. The pilot project was designed as a partnership model between three agencies, viz., the SHGs, banks and NGOs. This was reviewed by a working group in 1995 that led to the evolution of a streamlined set of RBI approved guidelines to banks to enable SHGs to open bank accounts, based on a simple "inter se"



agreement. This was coupled with a commitment by NABARD to provide refinance and promotional support to banks for the SHG- Bank Linkage Programme. Initially, there was a slow progress in the programme up to 1999 as only 32,995 groups were credit linked during the period 1992 to 1999. Since then the programme is growing rapidly.

In 1990s many NGOs and voluntary organisations and 2000s several MFIs engaged in delivering finance and non-finance products and services to the poor and vulnerable sections of the society through SHGs. Realising that SHGs are effective medium in reaching the last mile, the government frames policies to strengthen the grass root level groups. The government policies are co-operative and

complementary. The rural development programs and poverty alleviation schemes of the government are now being primarily channelized towards SHGs.

Table-3.1 throws light on the fact that the banks are increasingly opening to the SHGs. If 255 SHGs were linked with the banks in 1992-93, the same has risen to 19 lakh SHGs in the year 2016-17. The openness policy of the banks is also visible from the sharp rise in advances it has made since 1992-93. In the year 2016-17 the total amount disbursed from the banks directly to the SHGs was all-time high and it was almost Rs. 388 billion. The banks also refinance the financial institutions which lend through SHGs. The rural financing approach of the banks is also indicated by the rising trend in the SHG refinancing.

**Table-3.1 SHG-Bank Linkage in India**

Year	No. of SHGs	Bank Loan during the year (Rs. Billion)	Refinance during the year (Rs. Billion)
1992-93	255	0.0029	0.0027
1993-94	365	0.0036	0.0019
1994-95	1502	0.0179	0.0167
1995-96	2635	0.0362	0.0353
1996-97	3841	0.0578	0.0499
1997-98	5719	0.1192	0.1074
1998-99	18678	0.3331	0.307
1999-00	81780	1.3591	0.9804
2000-01	149050	2.8789	2.5061
2001-02	197653	5.4547	3.9576
2002-03	255882	10.223	6.223
2003-04	361731	18.555	7.054
2004-05	539365	29.943	9.678
2005-06	620109	44.99	10.677
2006-07	1105749	65.7	12.93
2007-08	1227770	88.49	16.16
2008-09	1609586	122.54	26.2
2009-10	1586822	144.53	31.74
2010-11	1196134	145.48	31.74
2011-12	1147878	165.35	30.73

2012-13	1219821	205.85	39.17
2013-14	1366421	240.17	37.46
2014-15	1626238	275.82	44.93
2015-16	1832323	372.87	69.06
2016-17	1898120	387.81	56.6

Note: Data relate to Commercial Banks, RRBs and Co-operative Banks.

Source: RBI Handbook of Statistics on Indian Economy

### SKDRDP model of SHGs

SKDRDP, initially, when it was founded was more like a charity organisation. Later, the organisation realised that mere charity does not provide sustainable solution to the social and economic problems of the grassroots population. The strategic perspective of rural intermediation of SKDRDP shifted from charity to self-help to hasten the process of empowerment. It was at this backdrop, the SKDRDP evolved the group concept from the Bangladesh Grameen Bank model and NABARD model. SKDRDP initiated SHGs for men in 1992 and women SHGs in 1993. The SKDRDP SHGs are unique and different from other models from the group formation to the utilisation of the groups.

### SHG models

Striving towards rural self-reliance, SKDRDP has adopted different models of SHGs in its field operations. The basic uniqueness of SKDRDP is that it promotes different models of SHGs for men and women. This seems to be very effective in meeting the varied requirements of rural men and women. The Men SHGs are named as 'PragathiBandhu' (meaning partner of progress) Groups. While, for women SKDRDP has developed three different SHG models, viz., Jnanavikasa SHGs, Group Enterprise SHGs and Simple SHGs.

#### Pragathibandhu SHG model

These are the SHGs of rural men consisting of 5-7 members with small holdings. The speciality of these groups is that they share labour. That is each member works for all other members of the group. One day a week all the members pool up their labour in the field of one among them and this labour sharing happens in the fields of all members on

rotation basis. As on 31<sup>st</sup> March 2016, 76,712 'pragathibandhu groups were functioning actively in the project area of Karnataka. The labour sharing under pragathibandhu SHGs protects small farmers from the problem of hiring workers for whom heavy wages to be paid.

#### Jnanavikasa SHGmodel

These are the women SHGs. The prime objective of this model is to improve the knowledge and awareness of the women members. Under this model, 10 to 15 SHGs group up every week for learnings. Educative workshops, lectures, interactive sessions are conducted for the these SHG members to create awareness on health and hygiene, education, child care, family matters, home management, nutritious food preparation etc. The members of such SHGs also participate in promoting cultural and theatre events such as skits, dramas, singing, etc. This apart, members of these SHGs could avail micro credit for general purposes. These groups are working mainly towards community development.

#### Group enterprise SHGmodel

These are the SHGs which support entrepreneurial activities of the women members of the SHGs. Under this model, SHG members engage in the production of items such as phenoil, soap, detergent powder, washing powder, pickle, squashes, condiments, textiles, and many more. SKDRDP and its sub-organisation SIRI Gramodaya Institution provides needful backward and forward linkages such as training, marketing etc. SKDRDP also provides credit to run own enterprise to those SHGs which are operating under this model. This model promotes micro social enterprises in rural areas.

### Simple SHG model

Again these are women SHGs. Most of the members of the group are daily labourers. The activities of these SHGs are limited to weekly meeting and micro savings. They can avail credit for general purposes such as housing, sanitation unit, or other infrastructure, to purchase consumer durables, for agricultural purposes, dairy, floriculture, horticulture etc. The SKDRDP promotes these kinds of SHGs for the individual development of members.

The different SHG models address the varied growth requirements of grassroots population with different socio-economic background.

### Measuring the success

The SKDRDP SHG Models appear to be unique and differ from SHG model of other organisations. And the growth of SKDRDP SHGs over the period since its launch defines its reception among the grassroots population. Table-3.2 shows the regional distribution of SKDRDP's women SHGs and men's prathibandhu SHGs.

**Table- 3.2 SKDRDP SHGs- district wise (as on 31<sup>st</sup> March, 2016)**

Sl.No	District	Women SHGs	Men SHGs	Total SHGs	Members
1	Dakshina Kannada	12793	3612	16405	154354
2	Udupi	10705	2458	13163	139807
3	Uttara Kannada	10688	4206	14894	139747
4	Shivamogga	14355	6769	21124	199537
5	Ckikkamagaluru	1301	3448	4749	105764
6	Kodagu	3767	693	4460	45834
7	Kasaragod	2067	570	2637	32438
8	Tumkur	17270	8867	26137	262221
9	Mysore	16979	3311	20290	223842
10	Chamarajanagar	8254	1890	10144	111625
11	Mandya	13753	2838	16591	173041
12	Hassan	9265	3853	13118	104020
13	Dharwad	7665	586	8251	104081
14	Haveri	9707	549	10256	126364
15	Belgaum	22574	9858	32432	315954
16	Davanagere	12704	3427	16131	160949
17	Chitradurga	12203	2603	14806	151876
18	Gadag	7094	513	7607	80832
19	Koppal	8791	2122	10913	106276
20	Bagalkot	7220	1952	9172	90027



21	Raichur	6123	2921	9044	79432
22	Ballary	10977	3350	14327	148876
23	Bengaluru (Rural)	6934	1443	8377	81170
24	Chikkaballapur	6301	2694	8995	100475
25	Kolar	8070	1318	9388	102792
26	Ramanagar	6327	861	7188	80819
<b>Total</b>	<b>253887</b>	<b>76712</b>	<b>330599</b>	<b>3422153</b>	

Source: SKDRDP Annual Report-2016

It could be noted from Table-3.2 that SKDRDP has made its presence in almost all the districts of Karnataka which are predominately agricultural and backward. The active participation of rural people in different parts of Karnataka in SKDRDP promoted SHGs could be observed from the membership it has all over. This overwhelming response to SKDRDP SHGs and their success could be attributed to certain strategic dimensions with which SKDRDP approaches its SHG models.

### Strategic aspects of SHGs

#### *Formation of SHGs*

SKDRDP takes special care while forming the SHGs. In every village of its project area SKDRDP appoints field workers (sevanirathas). The field workers liaison with the gramasabha (local government organisation) authorities for the data. They also interact with leaders of the village on the village profile, brief SKDRDP's proposed projects and seek their support. The field workers facilitate the formation of the groups of the neighbouring families. While forming the groups, care would be taken to ensure that all members have common social and economic deprivation. Depending on requirements of the household, they would be admitted to either jnanavikasa SHG or enterprise SHG or simple SHG. Upon forming the SHG, depending on their SHG model, groups would be trained on SHG concept, book keeping, record documentation, and savings and credit process. For pragathibandhu SHGs, the agricultural officers of SKDRDP provide training, lectures, demonstrations and field displays on agricultural operations. While

for enterprise SHGs, training will be provided on selected self-employment ventures. The training would be provided by the SKDRDP and its training cell i.e. RUDSETI. The entire process has special care in forming the groups and latter train them strategically. This aims at having good quality SHGs.

#### *Linking SHGs to banks*

After forming and training the newly established SHGs, SKDRDP links them with the bank for financial inclusion. The savings of the group and borrowings from the group happen through a joint savings bank account in a nearby bank branch. SKDRDP used to provide credit under pragathinidhi corpus. The SHG-Bank linkage became even more stronger since 2006 when SKDRDP received the licence from the RBI to be the Business Correspondent (BC). Currently SKDRDP works as Business Correspondent for State Bank of India, Union Bank of India, Canara Bank, Corporation bank, IDBI bank, Pragathi Krishna Grameen Bank, Vijaya Bank and Syndicate Bank. Under this BC model, SKDRDP works as financial intermediary between the bank and SHGs. SKDRDP introduces SHGs to the banks, open a joint account and weekly savings are mobilised in the account held in the bank. The banks disburse collateral free loans to the SHG members after the loan applications are scrutinised and approved by the SKDRDP. The disbursed loans are credited to the accounts of the SHG members. SKDRDP, mediating between the banks and the SHG members provides institutional credit to the poor people without collateral.

### ***Auditing and grading of SHGs***

Every SHG has to maintain books of account of their transactions. SKDRDP has a professional team to audit such records. The audit team, in addition to assessing the prudence in the financial transactions of the group, regularity of the meetings, compliances to the guidelines, perfection in maintaining attendance record, co-ordination among the members within the group, regularity in savings and loan repayments are also investigated. Based on audit on these criterion, the audit team grades the SHGs on a 4-scale letter grade – A, B, C or D.

The groups with excellent management with no irregularities are graded 'A'. These groups have greater autonomy in handling the internal lending and bank transactions. They are also eligible for higher ratio of loans. The groups with minor irregularities in financial handling, inaccuracies in documentations or minor dues in the loan repayment are graded with 'B'. These SHGs immediately correct and rectify their minor irregularities or loan dues. However, these groups do not enjoy the autonomy to manage their finances and internal credit activities. The field worker of SKDRDP monitors and authorises their finances. Again, they are eligible for smaller amount of loans (credit-savings ratio) than 'A' graded groups. The groups though managed well, have issues of loan

recovery and other irregularities are graded 'C'. The groups and the individual members of such groups would be instructed by the auditors to comply with regulations, rectify the errors and pay the due. If the group responds positively with corrections, the subsequent audit would promote the group to the higher grade. If the group is very poorly managed, in the sense, irregular labour exchange, chronic default in loan repayment, inaccuracies in documentation, such groups would be awarded with grade 'D'. The audit team will call for meeting with such groups, counsel them and discuss with them the ways of managing the group with diligence and recovery of loans. It is pertinent to note that SHGs with 'C' and 'D' grading are not eligible for loans. It could be noted from Table- 3.3. that 84 percent of the audited SHGs promoted by SKDRDP are graded either A or B. Remaining 16 percent become ineligible for credit until they improve the quality of their SHG and move up to either A or B. Again the quality of SHGs is not uniform across the state. Haveri district has more than 50 percent of SHGs graded with either C or D category.

The grading on the basis of group performance motivates the SHGs to compete among themselves. The autonomy and higher loan eligibility to the high performers improves the quality of the groups. The performance audit and grading of SHGs would be one of the reasons for the excellent loan recovery record SKDRDP has.

**Table-3.3. Graded SHGs of SKDRDP**

Sl.No	District SHGs	Total SHGs	Audited	A & B Graded SHGs	C & D Graded SHGs
1	Dakshina Kannada	16405	8065	7707	358
2	Udupi	13163	12745	12442	303
3	Uttara Kannada	14894	13974	13083	891
4	Shimoga	21124	20327	17782	2596
5	Ckikkamagaluru	4749	11258	9676	1582
6	Kodagu	4460	13801	13718	83
7	Kasaragod	2637	1801	1070	731
8	Tumkur	26137	23109	16141	6968
9	Mysore	20290	18760	15140	3620
10	Chamarajanagar	10144	9122	7882	1240
11	Mandya	16591	13337	13328	9
12	Hassan	13118	10878	10348	530
13	Dharwad	8251	7223	5249	1974
14	Haveri	10256	8379	4053	4326
15	Belgaum	32432	28529	25201	3369
16	Davanagere	16131	14476	13962	5014
17	Chitradurga	14806	13663	12421	1242
18	Gadag	7607	6794	2867	3927
19	Koppal	10913	9607	9332	275
20	Bagalkot	9172	7846	7825	21
21	Raichur	9044	6701	6433	268
22	Ballary	14327	10738	9838	900
23	Bengaluru (Rural)	8377	6234	5644	590
24	Chikkaballapur	8995	5925	5444	481
25	Kolar	9388	5907	5751	156
26	Ramanagar	7188	5234	5145	89
<b>Total</b>		<b>330599</b>	<b>294473</b>	<b>257482</b>	<b>37043</b>

Source: SKDRDP Annual Report-2016

## **SHGs as intermediary of project implementation**

The SHGs of SKDRDP are not yet another scheme. Rather this network has been used by SKDRDP in implementing all its projects. Since SHG covers all intended beneficiaries and has wide network across villages of Karnataka, strategically SKDRDP floats its schemes via SHGs to reach the poor. The benefits of microfinance, health insurance and life insurance are available only to the SHG members. The training, self-employment opportunity, social entrepreneurship are also open to SHG members. The benefits of SKDRDP's projects on social awareness, environmental protection, de-addiction, health and sanitation are targeted to SHG members. Agriculture development activities such as krishimelas, workshops, field displays, tours are also organised for SHG members. Hence, SHG becomes a platform for the introduction and effective implementation of all projects of SKDRDP. Thus the reach of the project would be to the needy person and facilitates to reach the last mile.

### **Managerial aspects of SHGs**

SKDRDP is founded on the principle of people participation. And this requires SHG members participate in every stage of the project from planning to implementation. The active participation of the members in the SHG activities infuses certain managerial qualities to them.

#### ***Planning and decision making***

Participation of members in the group activities make them plan a lot of things in the life starting from planning household affairs, work life, SHG activities, the economic activities he/she could be ventured into, etc. This also guides them to take decisions in SHG activities. This trend percolates down to the family related decisions as well.

#### ***Financial management***

As SHG member ought to save money every week with the bank account of the group, they are made to manage their finances. They are also made to work on the purpose for which they are borrowing, and amount to borrow, how to invest borrowed money,

plan returns on investment and also manage their resources such a way that they would meet domestic requirements as well as be able to pay loan instalments. This is the learning for the SHG members on managing personal finances, family finances and group finances.

#### ***Human resource management***

SKDRDP offers members of SHG to opportunity to excel their managerial and organisational abilities. Since the SHGs are voluntary organisations of the people, and they are graded based on the performance, each member of the SHG is made to exhibit organisational skills. They develop their leadership qualities, improve communication skills and learn to manage the ups and downs of their group. On rotation, each of them will be managing the organisational activities of their respective group. Harmonious relations among the members of the group is very essential for the successful group and this requires exhibition of good management. There are also opportunities to be trained and upskilling.

#### ***Resource management***

Self-employed SHG members are taught the ways of optimum utilisation of the resources, energy conservation and zero wastage of inputs. The SKDRDP's drive towards water conservation, recharging the water bodies, harnessing solar energy etc. through participation of SHG members emphasise on the need of effective and efficient management of resources.

#### ***Event management***

The SHG members have to fulfil the protocols of organising the weekly meetings. This apart, SHG members involve in organising the bigger events of SKDRDP from village level to the state level like krishimelas, de-addiction camps, workshops, cultural events, sports events, etc. Their active backward and forward support in planning the event, publicise the event, organise events, managing the crowd, managing logistics, etc. are value addition.

***Marketing management***

SKDRDP runs social entrepreneurship by establishing SIRI Gramodhaya Institution. It provides platform to the SHG members not only to produce the products but also an avenue to market the products. The self-employed learn the different marketing strategies which could be deployed in their business. The quality aspects of the product, hygienic level of the product, promotion measures for sales and attractive, safe packaging, exploration of new market, re-designing the product to meet the customer preferences etc. are the some of the techniques SHG members gain from SKDRDP. This apart, SKDRDP also encourages SHG members with finance and needful information to open their retail outlet or venture into rural business.

**Uniqueness - single window solution**

SKDRDP's SHG window offers a bunch programs to the members who hail from poor rural background. It has programs towards education, health, sanitation, de-addiction, agriculture, horticulture, floriculture, cultural promotion, environmental protection, energy solutions, training and support for self-employment, microfinance etc. The benefits of all these programs are available through SHGs. Becoming a member of SKDRDP SHG provides access to several schemes aimed at empowerment of men and women. As this motivates people to engage in diversified economic activities, their financial risks are also diversified and minimised. Further, SKDRDP interventions with several intermediaries which address multi dimensions of living via SHGs have the potential to create a society with empowerment.

## Section IV - SKDRDP SHGs in rural empowerment: impact analysis

### Introduction

This chapter provides detailed empirical solution to the research question of this study – what is the magnitude of impact of SKDRDP’s SHGs on empowering rural poor. The analysis and interpretation of this chapter are derived from the findings of the primary research. The interpretations and analysis in the previous chapters based on secondary data lead to assumptions and hypotheses. They require validation since conclusions based on assumptions would mislead. The present chapter attempts in testing the assumptions developed from the available data and literature. The initial part of this section provides account on study methodology and brief socio-economic profile of the informants of the study. The later part of the section gives empirical explanations on the role of SHGs in empowering rural people in the study area.

### Proposed model

Based on the objectives of the study, this study proposes to build a model that identifies the level of impact that SKDRDP SHGs have on each of the factors of rural development. The model also identifies the impact of each of the factors on the observed aspects related to the empowerment of rural people in different dimensions of their life. The model tests the impact of SHGs on empowerment of rural people at two levels. At first level, the model proposes to identify the level of impact of SHG activities on growth factors such as financial inclusion, their economic well-being, reforms in the society and capability enhancement of the rural poor. In the second level the model identifies the impact of these factors (which are the outcome of SHG activities) on the observed aspects of empowerment of rural people. The model is built for the study area and it is based on the opinions given by the SHG members on transformations that have taken place on various aspects relating to their life following to participation in SKDRDP SHGs.

### Study methodology

#### Population

To study the impact of SHG activities on the empowerment of rural people, a survey has been carried out at different villages of Belthangady and Puttur taluks of Dakshina Kannada district and Kushalanagara taluk of Madikeri district. The selection of these two districts for the purpose of study were guided by a rationale i.e. these are the two districts wherein SKDRDP SHGs have made early entry. It is appropriate to test the model on the project which has spent sufficient years towards achieving their objectives. The study covers population who are the members of SKDRDP SHGs. It was also ensured purposefully that the sample population would be the members of those SHGs which are at least three years old.

#### Sampling method and sample size

The data have been collected by non-probability sampling technique using a questionnaire. For the purpose of this study, data has been collected from 419 rural respondents who are SKDRDP SHG members.

#### Questionnaire and scaling

The perception of the informants is measured through direct personal interview method using a structured questionnaire. The first part of the questionnaire consists of demographic aspects of the respondents and the second part consists of the questions which could assess the magnitude of impact of SHG activities on various aspects of living such as agriculture, social security, empowerment, economic and financial status, etc. Each of the questions in the second part is considered as observed variables and they are measured on a 3-point Likert scale.

#### Testing reliability of the questionnaire

In many studies related to understanding the perception of the individuals, it is a regular practice to build a questionnaire containing the variables on which responses are collected. Sometimes, a set of variables together are expected to measure a latent construct and in such cases it is important to have



internal consistency among the variables in measuring the construct. The responses taken on the variables are used to measure the internal consistency and this is termed as reliability of the questionnaire. To achieve this, it is a regular practice to use Cronbach alpha proposed by Cronbach (1970) to measure the degree of reliability of the questionnaire considered in the current study. Table-4.1 gives the cut-off points for Cronbach alpha. This is to be noted that a value of alpha close to one is considered to be excellent and a value less than 0.50 is not desirable.

In the current study, Cronbach alpha is used to check for the consistency of the questionnaire in examining the impact of SHGs on the wellbeing of rural people. The details of the same are given in the later sections of this discussion.

**Table-4.1.Cronbach alpha to measure consistency of questionnaire**

Cronbach's alpha	Internal consistency
$0.9 \leq \alpha$	Excellent
$0.8 \leq \alpha < 0.9$	Good
$0.7 \leq \alpha < 0.8$	Acceptable
$0.6 \leq \alpha < 0.7$	Questionable
$0.5 \leq \alpha < 0.6$	Poor
$\alpha < 0.5$	Unacceptable

Source: Wikipedia-retrieved on 25.10.2017

### Socio-economic profile of the respondents

Table-4.2 provides detailed account on the demographic, social and economic characteristic features of respondent population for this study.

One of the main objectives of SKDRDP is to achieve women empowerment. Most of the projects are dedicated towards empowering women socially and economically. One of the strategies of SKDRDP seemingly targeting rural women. The active participation of women in SKDRDP activities is evident from a very large proportion of women over men responding to the survey queries. It is

interesting to note that of the aggregate survey population more than 73 percent are women.

The development projects succeed only when youth participate in the implementation of such projects. In case of SKDRDP, youth are its strength and it was visible during the survey. Among the total population surveyed, 32 percent are in the young age group of 20 to 39 years, while others are in the age group of 40 to 60 years. The large involvement of rural youth with SKDRDP makes SKDRDP projects being executed with their support. This also ensures that the project benefits are delivered to the intended population and that will have positive multiplier effect on the outcome.

The SKDRDP operates its projects in backward and underdeveloped areas. Financially weaker rural population are the targeted beneficiaries of SKDRDP. Among the people responded to the sample survey meetings, 68.5 percent are belonged to Below Poverty Line (BPL) families with annual income less than Rs.27,000. The participation of large number of BPL families in the sample survey meetings also indicate that true to its objectives, SKDRDP tries to integrate rural people who are mainly poor. Only when the project benefits reach to the poor the inclusive growth could be reality. Though the rest 31.5 percent respondents who are Above Poverty Line (APL) as per official classification, they are also living with very meagre income and most of their income is less than a lakh.

The failure of the government initiatives toward literacy is shown from the fact that 61 percent of the aggregate respondents are either illiterates or studied up to class 9. This failure of the government justifies the need for NGOs and voluntary organisations to fill the void. The SKDRDP's projects are target oriented and illiterates and less educated rural people are majorly assisted. Efforts are being made by the SKDRDP towards adult literacy, campaign for children education by providing needful physical and qualitative education infrastructure.

The occupational structure of the respondent population is concerned, nearly 14 percent are farmers and cultivators. While, 86 percent are non-

farmers engaged with closely related occupations such as horticulture, floriculture, dairy farming, micro business, cottage industries, and many other forms of self-employment and also as farm labourers. Decomposition of the data reflect that 43 percent each are self-employed and labourers. Again SKDRDP targets the right group of population and members are genuinely needy community of the society.

All the respondents are the members of SKDRDP SHG. Of the respondents, 26 percent are the members of pragathibandhu SHGs of men promoting labour sharing. Remaining 74 percent are members of Jnanavikasa SHGs which are designed exclusively for women empowerment.

Based on the socio-economic and demographic features of the respondent population, it could be interpreted that SKDRDP works on a larger scale with rural women, youth, poor, illiterates, and farmers and rural occupants through its network of SHG.

**Table -4.2. Socio-economic features of respondents**

Characteristics	Classification	Respondents		Total
		Number	%	
Gender	Male	111	26.49	419 (100%)
	Female	308	73.51	
Age	20-39 years	134	31.98	419 (100%)
	Above 40 years	285	68.02	
Income	BPL	287	68.5	419 (100%)
	APL	132	31.5	
Education	0-9th std.	257	61.34	419 (100%)
	SSLC & above	162	38.66	
Occupation	Farmers	57	13.6	419 (100%)
	Labourers	181	43.2	
	Self Emp/Business	181	43.2	
Type of SHG	PragathiBandhu	111	26.49	419 (100%)
	Women SHG	308	73.51	

Source: Primary data analysis



## Factor analysis

The present study has applied factor analysis technique and through which SHG Growth Model has been developed. The model is built in two stages. In the first stage, Exploratory Factor Analysis (EFA) has been used and in the second stage Confirmatory Factor Analysis (CFA) has been applied. EFA is used to find the latent factors, which are the resultants of observed variable-grouping. Formation of factors is based on the concept of correlation. That is, observed variables that have high correlations with a factor will be listed under that factor and the process is iteratively used till all the factors are identified. The set of variables collectively are expected to measure the latent factors and also the factors are expected to contain the essence of the set of variables. Finally, EFA gives a variable-factor structure which can be used for model building. The method is exploratory in nature because, the researcher explores the variable-factor structure through the analysis.

In the current study, EFA is used to find the factors related to SHG driven empowerment. The process has considered the observed variables and based on the correlations between the variables, they have been combined to form factors. The correlations between the variables are computed based on responses of the informants and the significant correlations between set of variables are reflections of the viewpoints of rural people related to the closeness of the variables to each of the factors. After the variable-factor structure is identified, a model is built to study the impact of

SHGs on the holistic empowerment of rural people. The entire process of EFA is explained in the next section under 'results of EFA'.

To test the model built, Confirmatory Factor Analysis (CFA) is used. While EFA gives the factors to build the model, CFA helps to test the model built. In the current study, CFA is used to test the model proposed to study the impact of SHGs on the multi-dimensional development of rural people.

## Data analysis and results

In this section, the results of the data analysis and the related discussions are presented. The process of model building has been presented sequentially.

### Cronbach alpha

The Table-4.5. gives the Cronbach alpha values for the current study and it is observed that the questionnaire considered has the desired level of reliability in understanding the impact of SHG interventions on rural development. Since the values are more than 0.87, the questionnaire falls into excellent category and we have considered the same without any changes for the final survey. The questionnaire probes into the impact of SHGs on 20 observed variables which are divided broadly into four factors based on the nature of impact. The four growth factors of SHG intermediation are financial inclusion, economic wellbeing, social reforms and level of capability of the people. The Cronbach Alpha test confirms the reliability of this questionnaire in measuring growth factors proposed in the model.

**Table-4.5. Reliability statistics**

Cronbach's Alpha	Cronbach's Alpha Based on Standardised Items	No. of Items
0.815	0.874	20

Source: Source: Primary data analysis

### Exploratory factor analysis (EFA)

In this study, EFA has been applied to find the variable-factors structure to understand the impact of SHG interventions on the empowerment of rural people. The variables are the questions listed in the questionnaire and are measured using a 3-point Likert scale. The variables are related to opinions of the informants on development owing to SHGs, related to various dimensions of living including financial, economic, social, and empowerment. Based on the analysis, the factors related to the mentioned aspects of development are obtained. The EFA examines whether the observed variables proposed in the model have required association levels with their related factors. Based on the strength of association between observed variables and factors through EFA, finalisation of variables under the factors is made. Variables with weak association with the factor are dropped to develop model for advanced test. The following section analyses the results of association of variables with the factors through EFA. The results are presented for each factor separately.

### Financial inclusion

The study has an objective of testing whether SKDRDP SHG intermediaries contribute to the financial inclusion of the economically excluded people in the rural areas. The study proposes to observe SHG driven financial inclusion through four variables, viz., access to credit, credit access during emergency, digital financial literacy, financial guidance and promotion of savings. EFA has been administered for the purpose and the results are presented below. EFA analyses the correlation/association of variables individually and collectively with the factor component. This facilitates in variable-factor grouping.

In the process of finalising the variable-factor structure, verifying the cut-off points for few indices, test the hypothesis and check the total variance explained are given due significance.

The first index that one has to look at is the Kaiser-Meyer-Olkin (KMO) index. Kaiser-Meyer-Olkin (KMO) index is a measure of support the sample provides to the Factor Analysis. It measures the

sampling adequacy for each variable in the model and for the complete model. It measures the proportion of variance among variables that might be common variance. The lower the proportion, the more suited your data is to Factor Analysis. That is, it checks whether the partial correlation is higher or the multiple correlation is higher. It was proposed by Kaiser (1970) to check whether the sample is adequate/supports the conduct of factor analysis. This can be computed for individual variables as well as for the overall model. The following formula is used to compute the KMO/MSA Index for the individual variables.

$$MSA = \frac{\sum_{i \neq k} r_{ik}^2}{\sum_{i \neq k} r_{ik}^2 + \sum_{i \neq k} q_{ik}^2}$$

The formula for individual variables is

$$MSA(J) = \frac{\sum_k r_{ik}^2}{\sum_{k \neq j} r_{ik}^2 + \sum_{k \neq j} q_{ik}^2}$$

Here,  $r_{ik}$  indicates the original correlation and  $q_{ik}$  indicates the anti-image correlation matrix. Table-4.6. gives the cut-off values for the KMO Index. The current study administers KMO test to detect the association of individual variables with the proposed factors.

Table-4.7 gives the KMO index for the variables of financial inclusion factor. It could be noted from the results that, the sample considered for the study supports the conduct of factor analysis.

**Table-4.6. KMO index cut-off points**

Sl.No	Cut-Off point	Level of Acceptance
1	In the 0.90s	Marvellous
2	In the 0.80s	Meritorious
3	In the 0.70s	Middling
4	In the 0.60s	Mediocre
5	In the 0.50s	Miserable
6	Below 0.50	Unacceptable

Source: Kaiser and John, 1974

**Table-4.7. KMO index for variables under financial inclusion**

Particular	Index
KMO measure of sampling adequacy	0.657

Source: Primary data analysis

The next step in the process is to test the significance of correlation matrix. For this, Bartlett test for Sphericity is used. This test is used to check the significance of the correlation matrix. The basic principle on which the factor analysis is constructed is, the correlations between the variables. If the correlations between the variables are not significant, one cannot use the factor analysis and the testing has to be done for all the pairs of correlations. For this, one has to test whether the population correlation matrix (that contains all pairs

of correlation) is equal to Identity matrix and this is the null hypothesis. If the null hypothesis is rejected, then one can proceed to construct the factor analysis. Bartlett test for Sphericity (1937) is the test used for this purpose.

It could be noted that, for the variables under financial inclusion factor, the test rejects null hypothesis and hence we conclude that the correlation matrix is significant and factor analysis can be used. Table-4.8. gives the details of the same.

**Table- 4.8. Bartlett test for Sphericity**

Factor	Approx. Chi-square value	Df	Sig.
Financial Inclusion	179.834	6	0.0001

Source: Primary data analysis

From KMO index and Bartlett-Test, it is decided that, for variables under financial inclusion factor component, factor analysis could be administered and the following sections give the results of the same.

The next step involved in the process is to test how much financial inclusion factor is explained individually and collectively by the observed

variables. For this purpose, communalities test has been administered. Communalities have similar interpretation as R-square in regression analysis. Communalities are computed for each of the variables and interpreted as "the proportion of variance, in that variable, explained by the factors extracted. The strength of the factor analysis can be assessed by the communalities. If for any variable,

the communalities are less than 0.5, then it is hence have to be excluded. Table-4.9. gives the advised to exclude those variables. It is because, communalities for the variables under financial they cannot be explained better by the factors and inclusion factor.

**Table- 4.9. Communalities**

Factor	Variables	Initial	Extraction
Financial Inclusion	Q1.Credit Access	1.000	.712
	Q3. Digital Financial Literacy	1.000	.853
	Q4.Financial Guidance	1.000	.633
	Q5.Savings	1.000	.597

Source: Primary data analysis

From Table-4.9. it could be noted that, for all the variables, the communalities are more than the required cut-off. This makes data eligible for running the factor analysis. It is to be noted that Q2 variable i.e. emergency loan has been excluded as variable of financial inclusion since its communalities found less than the required 0.5 cut off.

In order to replace the variables with the factors extracted, it is important to find the total variance explained by the variables. For the current study, Table-4.10. gives the total variance explained for the variables under financial inclusion factor. A 65 percent of variance caused would guarantee the reliability of the results.

**Table-4.10. Total variance explained**

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	1.795	44.879	44.879	1.795	44.879	44.879
2	1.000	24.991	69.870	1.000	24.991	69.870
3	.642	16.038	85.908			
4	.564	14.092	100.000			

Source: Primary data analysis

It could be observed that four variables under financial inclusion collectively explain 45 percent of the variance in financial inclusion of the rural poor due to the SKDRDP SHG interventions. Hence the variables collectively explain a medium scale of variance in financial inclusion.

Upon the total variance explained meets the required cut-off, the next consideration has to be on the factor loadings. Factor loadings are the correlations between the variables and the factors. The minimum cut-off for a variable to be associated with a factor is 0.4 and above. Tables-4.11 gives the factor loadings for the all the variables under financial inclusion variable.

**Table-4.11. Rotated component matrix**

Factor	Variables	Component	
		1	2
Financial Inclusion	Q1.Credit Access	.786	-.307
	Q3. Digital Financial Literacy	.101	.918
	Q4.Financial Guidance	.724	.331
	Q5.Savings	.727	.261

Source: Primary data analysis

From Table-4.11 one can note the variable-factor combination. The association of all the four variables with the factor is above the minimum cut off. The digital financial literacy gained by the SHG members from the SKDRDP has very high association with the financial inclusion of the rural poor. Similarly, other variables such as access to institutional credit facility, promotion of household savings and financial guidance received for being the member of SKDRDP SHG are also strongly associated with the financial inclusion.

### Economic wellbeing

The study has economic wellbeing as the second major component of empowerment driven by SHG activities. In this study, economic wellbeing of the rural people due to participation in SHG is observed through a set of four variables, viz., income level, possession of durable assets, availability of

domestic infrastructure and employment support. EFA has been administered to study this and the results are presented below. EFA analyses the correlation/association of variables individually and collectively with the factor component. This facilitates in variable-factor grouping.

One of the pre-requisites to run EFA is that the sampling should be adequate enough. Kaiser-Meyer-Olkin (KMO) index measures the sampling adequacy. KMO has been calculated to test adequacy of the sampling for each variable under the economic wellbeing factor component and the factor component i.e. economic wellbeing as a whole as well. Table-4.12 gives the KMO index for the variables under economic wellbeing factor component. It could be noted from the result that, the samples considered for the study supports the conduct of factor analysis to the variables under economic wellbeing.

**Table-4.12.KMO index for variables under economic wellbeing**

Particular	Index
KMO measure of sampling adequacy	0.657

Source: Primary data analysis

Testing the significance of correlation matrix is another pre-requisite to be full filled before administering EFA. Bartlett test for Sphericity has been used to test the significance of correlation among the observed variables under economic

wellbeing factor component. The result, as presented in Table 4.13 shows that for the variables under economic wellbeing factor the correlation matrix is significant and factor analysis can be used.

**Table- 4.13.Bartlett test for Sphericity**

Factor square value	Approx. Chi-	Df	Sig.
Economic Wellbeing	195.401	3	0.000

Source: Primary data analysis

From KMO index and Bartlett-Test, it is decided that, for variables under economic wellbeing factor component, factor analysis is administered and the following sections give the results of the same.

In the first stage of EFA, the communalities test has been conducted to test how much economic wellbeing factor component is explained individually and collectively by the proposed observed variables. Table-4.14. gives the communalities for the variables under economic wellbeing factor component.

**Table- 4.14. Communalities**

Factor	Variables	Initial	Extraction
Economic Wellbeing	Q7. Possession of Assets	1.000	.660
	Q8. Domestic Infrastructure	1.000	.569
	Q9. Employment Support	1.000	.595

Source: Primary data analysis

From Table-4.14. it could be noted that, for all the variables, the communalities are more than the required cut-off. This makes data eligible for running the factor analysis. It is to be noted that Q6. variable i.e. change in income level due to participation in SKDRDP SHG activities is not found to be significantly explaining the economic wellbeing. Hence it has

been excluded as a variable under economic wellbeing factor component.

Table-4.15. gives the total variance explained by each variable under economic wellbeing and it also provides cumulative variance caused by the set of variables on economic wellbeing.

**Table-4.15. Total variance explained**

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	1.823	60.778	60.778	1.823	60.778	60.778
2	.645	21.495	82.272			
3	.532	17.728	100.000			

Source: Primary data analysis

It could be observed that three variables related to economic wellbeing factor component cumulatively explain 60.7 percent of the variance in economic wellbeing of the rural poor caused by the SKDRDP SHG interventions.

Since it has been confirmed that the observed variables have sufficient abilities to explain the variations in the economic wellbeing due to SHG interventions, the component matrix or factor loadings are identified. Tables-4.16 gives the factor loadings for the all the variables under economic wellbeing component.

**Table-4.16. Rotated component matrix**

Factor	Variables	Component
Economic Wellbeing	Q7. Physical Assets	.812
	Q8. Domestic Infrastructure	.754
	Q9. Employment Support	.771

Source: Primary data analysis

From Table-4.16 one can note the variable-factor combination. The association of all the three variables with the economic wellbeing factor is above the minimum cut off. Accumulation of physical household assets such as television, mixer,

mobile, bikes, jewels etc., since the joining of the poor rural people to the SHG has very high association with their economic wellbeing. Other variables such as domestic infrastructure like houses, sanitation unit, road connectivity to home etc. and

employment support to the members of the SHG by the SKDRDP also define strongly the economic wellbeing of the participating members.

### Social reforms

Rural empowerment is possible only with reforms and development in Indian society. Social reforms is, hence, becomes another component to define rural empowerment because of interventions of SKDRDP SHGs. It is assumed that active participation in SHG may create health related awareness, SHG guides on hygiene, motivates to educate children, inspires towards de-addiction, makes SHG member more responsible towards family/society, improvement in social status and improved/happy atmosphere in the family. These variables are

expected to bring positive changes in the society. EFA analyses the correlation/association of these variables individually and collectively with its factor component i.e., social reforms. This helps in variables-factor component grouping based on their level of association.

Prior to running the EFA, it is pertinent to test the sampling adequacy. Kaiser-Meyer-Olkin (KMO) index has been used to measures the sampling adequacy. Table-4.17 gives the KMO index for the variables under social reforms factor component. The obtained KMO index is far greater than the required level and this shows that the samples considered for the study supports the conduct of factor analysis to the variables under social reforms.

**Table-4.17.KMO index for variables under social reforms.**

Particular	Index
KMO measure of sampling adequacy	.779

Source: Primary data analysis

It is also required to test the significance of correlation matrix and fulfil the requirement before administering EFA. Bartlett test for Sphericity has been used to test the significance of correlation

among the observed variables under social reforms factor component. The result, as presented in Table 4.18 shows that for the variables under social reforms the correlation matrix is significant and factor analysis can be used.

**Table- 4.18.Bartlett test for Sphericity**

Factor	Approx. Chi-square value	Df	Sig.
Economic Wellbeing	195.401	3	0.000

Source: Primary data analysis

Since the KMO index and Bartlett-Test supported for variables under social reforms factor component to administer exploratory factor analysis, the same exercise has been carried out and its results of communalities, variance explained and factor loading tests have been presented.

The communalities test has been conducted to test how much social reforms factor component is explained individually and collectively by the proposed observed variables. Table-4.19. gives the communalities for the variables under social reforms factor component.

**Table- 4.19. Communalities**

Factor	Variables	Initial	Extraction
Social Reforms	Q 11. Hygiene	1.000	.584
	Q 12. Education	1.000	.626
	Q 13. De-addiction	1.000	.652
	Q 14. Social Responsibility	1.000	.552

Source: Primary data analysis



From Table-4.19. it could be noted that, for all the variables presented, the communalities are more than the required cut-off. This makes these variables eligible for running the factor analysis. Among the variables, SKDRDP SHGs' de-addiction programs has the largest association explained with the changes in the society. Education, hygiene and social responsibility defined by the participation in SHGs also have association above the required limit with the social reforms. It is also to be noted that

communalities could not explain their role of the three variables in reforms in the society - Q 10. health awareness, Q.15 social status and Q.16 creation of happy family since joining the SKDRDP SHG. Hence, they are excluded from factor analysis.

Table-4.20. gives the total variance explained by each variable under social reforms and it also provides cumulative variance caused by the set of variables on social reforms factor component.

**Table-4.20. Total variance explained**

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.415	60.364	60.364	2.415	60.364	60.364
2	.595	14.873	75.237			
3	.551	13.776	89.013			
4	.439	10.987	100.000			

Source: Primary data analysis

It could be observed that four variables related to social reforms factor component cumulatively explain 60.3 percent of the variance in social reforms of the rural poor caused by the SKDRDP SHG interventions.

Subsequent to confirming from the results that the observed variables have sufficient abilities to explain the variations in the social development due to SHG interventions, the component matrix or factor loadings are identified. Tables-4.21 gives the factor loadings for the all the variables under social reforms factor.

**Table-4.21. Rotated component matrix**

Factor	Variables	Component
Social Reforms	Q 11. Hygiene	.764
	Q 12. Education	.791
	Q 13. De-addiction	.808
	Q 14. Social Responsibility	.743

Source: Primary data analysis

From Table-4.21 the variable-factor combination structure has been laid down for factor component on social reforms. The association of all the four variables under social development factor is above the minimum cut off. Among the variables, efforts of SKDRDP through SHGs towards de-addiction appears to have the highest association with social

reforms. Other variables such as SKDRDP SHGs' motivation towards education of children, maintenance of hygiene and responsibility of the SHG member towards family and society also have strong association with the social reforms factor component.

### Capability enhancement

‘Empowerment’ in this context is defined in a more holistic version. It also includes those aspects of living which cannot be quantified. Participation in SKDRDP’s SHG is expected to making the SHG member realise the meaning and value of one’s own life, make them capable of leading the life of choice, empowering poor people with decision making ability and build up confidence to lead safe and secured life. These qualitative variables have the potential to enhance the capability of rural poor. EFA has been applied to test the correlation/ association of these variables individually and

collectively with capability enhancement factor component. This provides clear picture on the variables-factor component structure based on their level of association.

Kaiser-Meyer-Olkin (KMO) index has been used to measure the sampling adequacy before taking up the data for EFA. Table-4.22 gives the KMO index for the variables under capability enhancement factor component. The obtained KMO index is far greater than the required level and this shows that the samples considered for the study supports the conduct of factor analysis to the variables under capability enhancement.

**Table-4.22.KMO index for variables under capability enhancement**

Particular	Index
KMO measure of sampling adequacy	.785

Source: Primary data analysis

It is also required to test the significance of correlation matrix and fulfil the requirement before administering EFA. Bartlett test for Sphericity has been used to test the significance of correlation

among the observed variables under capability enhancement factor component. The result, as presented in Table 4.23 shows that for the variables under capability enhancement factor the correlation matrix is significant and factor analysis can be used.

**Table- 4.23.Bartlett test for Sphericity**

Factor	Approx. Chi-square value	Df	Sig.
Economic Wellbeing	477.101	6	0.000

Source: Primary data analysis

Since the KMO index and Bartlett-Test supported for variables under capability enhancement factor component to administer exploratory factor analysis, the same exercise has been carried out and results of testing communalities, variance explained and factor loading have been presented.

The communalities test has been conducted to test how much enhancement in capability of rural poor is explained individually and collectively by the proposed observed variables. Table-4.24. gives the communalities for the variables under capability enhancement factor component.

**Table- 4.24. Communalities**

Factor	Variables	Initial	Extraction
Capability Enhancement	Q17. Meaning and Value	1.000	.540
	Q18. Degree of Freedom	1.000	.678
	Q19. Decision Making	1.000	.614
	Q20. Confidence	1.000	.638

Source: Primary data analysis

The result shows that for all the variables proposed under capability enhancement, the communalities are more than the required cut-off (0.50). This makes these variables eligible for running the factor analysis. Among the variables, larger degree of freedom being enjoyed by the rural poor particularly women since joining the SKDRDP SHG activities has the largest association with the changes in their

capability enhancement. Due to which, none of the variables has been dropped from the proposed model.

Table-4.25. gives the total variance explained by each variable under capability enhancement and it also provides cumulative variance caused by the set of variables on capability enhancement factor component.

**Table-4.25. Total Variance Explained**

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.470	61.747	61.747	2.470	61.747	61.747
2	.611	15.279	77.026			
3	.488	12.194	89.220			
4	.431	10.780	100.000			

Source: Primary data analysis

A substantial part in improvement (61%) in the capability of the rural poor who are the members of SKDRDP SHGs is explained by variables which reflect qualitative aspects of living impacted by the interventions of SKDRDP.

Subsequent to confirming from the results that the observed variables have sufficient abilities to

explain the variations in the capability enhancement due to SHG interventions, the component matrix or factor loadings are identified. Tables-4.26 gives the factor loadings for all the variables under capability enhancement factor component.

**Table-4.26. Rotated componentmatrix**

Factor	Variables	Component
Capability Enhancement	Q17. Meaning and Value	.735
	Q18. Degree of Freedom	.823
	Q19. Decision Making	.783
	Q20. Confidence	.799

Source: Primary data analysis

Table-4.26 provides variable-factor combination structure for factor component on capability enhancement. The association of all the four variables under capability enhancement factor is far above the minimum cut off. It is found that among the variables, degree of freedom SHG members enjoy since joining SKDRDP has the highest

association with social reforms. Because of SKDRDP's intensive SHG movement, members of SHG, build up to lead own life, capable of making decisions of life and realise that their life has meaning and value and these qualitative aspects enhance the capability of the deprived sections of the society.

### Reliability of the questionnaire in measuring the factors

The reliability of the questionnaire in measuring the factor components has been tested using Cronbach

Alpha. The results are presented in Table-4.27. The alpha values for different factors show that the questionnaire has the required levels of consistency in measuring all the factors proposed.

**Table-4.27. Reliability of the Questionnaire in measuring the factors**

Sl.No.	Factor	No. of items	Alpha Value
1	Financial Inclusion	4	0.658
2	Economic Well-being	3	0.677
3	Social Reforms	4	0.823
4	Capability Enhancement	4	0.793

Source: Primary data analysis

### Confirmatory factor analysis (CFA)

The exploratory factor analysis results provide four factors as probable factors contributing to rural empowerment in the study area due to interventions of SKDRDP SHGs. The factors for building the model as identified by EFA are financial inclusion, economic wellbeing, social reforms and capability enhancement. The results of EFA help us in hypothesising the growth model. Based on such hypothesis developed using EFA, an initial model is constructed and the same is tested using

confirmatory factor analysis. Further, the model is strengthened and final model is generated.

#### Initial SHG growth model

#### Testing the good fit of the model

In order to identify the model, we look at the model fit indices. Theoretically, it was proven that these indices have to meet certain cut-off values.

**Table-4.28. CMIN**

Model	NPAR	CMIN	DF	P	CMIN/DF
Default model	34	178.984	86	.000	2.081
Saturated model	120	.000	0		
Independence model	15	1922.345	105	.000	18.308

Source: Primary data analysis

The first of the fit statistics that a researcher has to consider is the CMIN/DF. This gives an indication of whether the fit of the data to the proposed model is good or not-good. The hypothesis tested here is - the proposed model is close to the actual model- and the values of CMIN/DF are looked at to test this hypothesis. Values between 2 and 3 indicates that the fit is a good fit (refer to Ullman, 2001, Schumacker & Lomax, 2004). From Table-4.28, it could

be noted that the value is 2 and we conclude that the fit is a good fit. This indicates that the covariance structure proposed is supported by the sample drawn. Other model fit indices to evaluate the model are Root Mean square Residual (RMR), Goodness-of fit index (GFI) and Adjusted Goodness-of-Fit Index (AGFI). They are tested and results are presented in Table-4.29.

**Table- 4.29. RMR, GFI**

Model	RMR	GFI	AGFI	PGFI
Default model	.020	.947	.926	.679
Saturated model	.000	1.000		
Independence model	.101	.412	.329	.361

Source: Primary data analysis

Table-4.29 gives the indices relating to Root Mean square Residual (RMR), Goodness-of Fit Index (GFI) and Adjusted Goodness-of-Fit Index (AGFI). A value of RMR close to zero is considered to be a good fit

(Hu and Bentler (1999)) and for the current model the value of 0.020 indicates that the model is a good fit. Also, the values of GFI and AGFI (see Hu and Bentler (1995) indicate that the model is a good fit.

**Table-4.30 Baseline comparisons**

Model	NFI Delta1	RFI rho1	IFI Delta2	TLI rho2	CFI
Default model	.907	.886	.949	.938	.949
Saturated model	1.000	1.000	1.000		
Independence model	.000	.000	.000	.000	.000

Source: Primary data analysis

The next set of indices that one has to look at are Comparative Fit Index (CFI), proposed by Bentler (1990) and Tucker-Lewis Index (TLI), proposed by Tucker and Lewis (1973). In both the cases, a value

close to 1 is considered as a good fit. From the Table-4.30, one can note that the values for the model fit are close to the required cut-off and hence the model has a good fit.

**Table-4.31. RMSEA**

Model	RMSEA	LO 90	HI 90	PCLOSE
Default model	.051	.040	.061	.431
Independence model	.203	.196	.212	.000

Source: Primary data analysis

Root Mean Square Error of Approximation (RMSEA) was proposed by Steiger and Lind (1980) and a value of 0.0001 (see, Hu and Bentler (1999), Browne and Cudeck (1993)) indicates a good fit between the hypothesized model and the observed data. In addition to this, the PCLOSE value as suggested by Jöreskog and Sörbom (1996a) has to be >0.50, for a model to be a good fit. For the proposed model, from Table-4.31, one can see that the RMSEA value is 0.051 and the PCLOSE value is 0.431 which are very close to the requirements. These values indicate that the model is a good fit.

### Regression paths and the standardized regression weights

Based on the above analysis, we conclude that the model built is a good fit and also that the model built will give an opportunity to understand the factors associated with SHGs. This is to note that each directed line into either the factors or the variables are the regression paths and testing for their significance will give one the right paths. These paths will help one to focus on the significant factors with respect to the variables and the significant variables with respect to the well-being. Tables 4.32 and 4.33 give the same.

**Table-4.32. Regression weights: (default model)**

Factors/Variables	Path		Estimate	S.E.	C.R.	P
Financial Inclusion	<---	SHGs	1.000			
Economic Well-being	<---	SHGs	1.753	.241	7.268	***
Social Reforms	<---	SHGs	1.664	.223	7.445	***
Capability Enhancement	<---	SHGs	1.135	.150	7.549	***
Q9. Employment Support	<---	Economic Well-being	1.000			
Q8. Domestic Infrastructure	<---	Economic Well-being	.745	.082	9.139	***
Q7. Household Assets	<---	Economic Well-being	.974	.094	10.345	***
Q20. Confidence	<---	Capability	1.000			
Q19. Decision Making	<---	Capability	1.129	.092	12.212	***
Q18. Degree of Freedom	<---	Capability	1.413	.107	13.243	***
Q17. Meaning & Value	<---	Capability	1.204	.104	11.544	***
Q5. Savings	<---	Financial Inclusion	.968	.116	8.317	***
Q1. Access to Credit	<---	Financial Inclusion	.654	.096	6.825	***
Q3. Digital Transactions	<---	Financial Inclusion	.857	.151	5.672	***
Q4. Financial Guidance	<---	Financial Inclusion	1.000			
Q14. Responsibility	<---	Social Reforms	.904	.078	11.631	***
Q13. De-addiction	<---	Social Reforms	1.167	.099	11.729	***
Q12. Support to Education	<---	Social Reforms	1.000			
Q11. Hygiene	<---	Social Reforms	.993	.087	11.350	***

Source: Primary data analysis

From Table 4.32, it could be observed that all the regression paths from SHG to factor components and from factor components to observed variables are significant. Table 4.33 presents the standardized

regression weights of each of the regression paths. Based on the weights, the sub-components and the observed variables are ranked.

**Table-4.33. Loadings of factors and related variables  
standardized regression weights: (default model)**

Factors/Variables	Path		Reg. Weight/ Coefficient	Rank
Financial Inclusion	<---	SHGs	.637	4
Economic Well-being	<---	SHGs	.801	3
Social Reforms	<---	SHGs	.916	1
Capability Enhancement	<---	SHGs	.867	2
Q9. Employment Support	<---	Economic Well-being	.692	5
Q8. Domestic Infrastructure	<---	Economic Well-being	.560	13
Q7. Household Assets	<---	Economic Well-being	.667	8
Q20. Confidence	<---	Economic Well-being	.690	6
Q19. Decision Making	<---	Capability Enhancement	.694	4
Q18. Degree of Freedom	<---	Capability Enhancement	.769	1
Q17. Meaning & Value	<---	Capability Enhancement	.650	11
Q5. Savings	<---	Financial Inclusion	.631	12
Q1. Access to Credit	<---	Financial Inclusion	.450	14
Q3. Digital Transactions	<---	Financial Inclusion	.358	15
Q4. Financial Guidance	<---	Financial Inclusion	.655	9
Q14. Responsibility	<---	Social Reforms	.701	3
Q13. De-addiction	<---	Social Reforms	.709	2
Q12. Support to Education	<---	Social Reforms	.651	10
Q11. Hygiene	<---	Social Reforms	.679	7

Source: Primary data analysis

The results show that all the four factor components of rural empowerment have significant impact of SHG activities on empowerment of rural poor in the study area. Among the factors, social reforms has derived the highest impact from the SHGs. The analysis reflects that 91 percent of improvement in social aspects of living of rural poor is defined collectively by the various activities under SHGs. Enhancement of capability and economic well-being have also been greatly impacted by SKDRDP through channelizing various developmental programs via SHGs. Financial inclusion seems to be relatively least benefited from SKDRDP SHG activities. The various drives by SKDRDP SHGs in the form of timely financial advices,

provision of microcredit and persuasion towards more digital financial transactions collectively define 63 percent of progress made in financial inclusion.

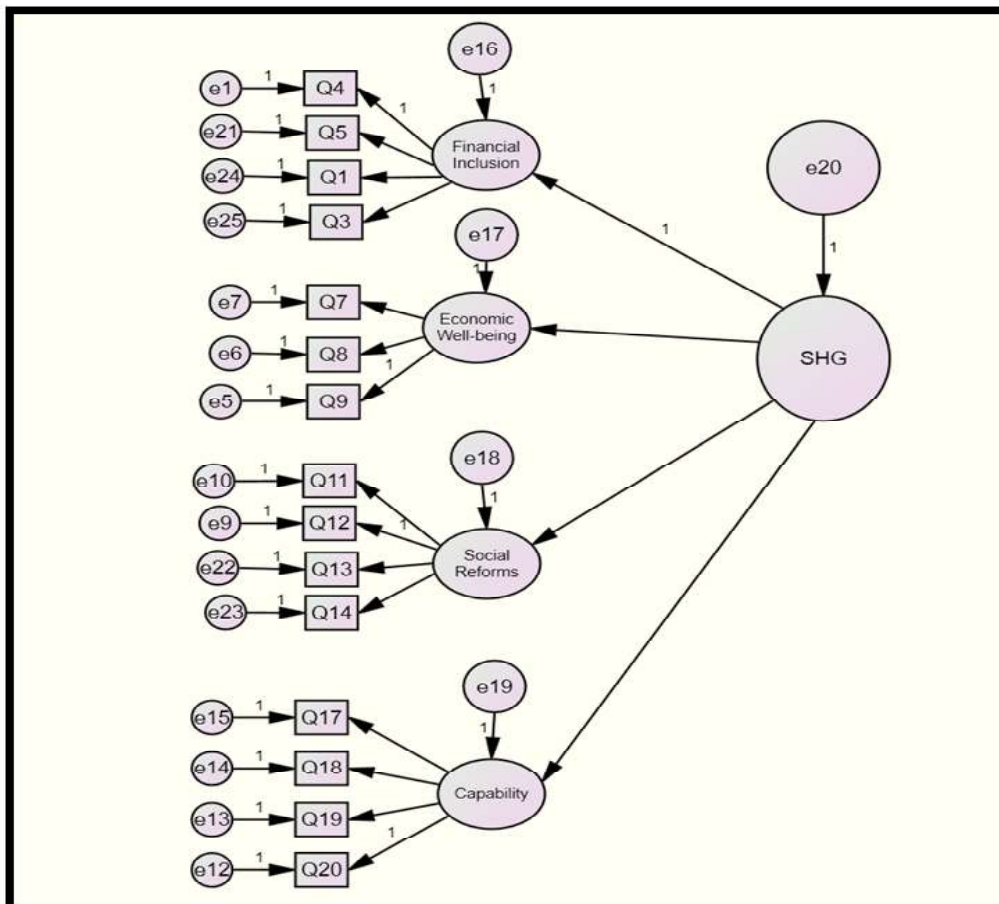
Looking from the perspective of flow of regression path from factor components to observed variables, the degree of freedom being enjoyed by the rural people since becoming the SHG members which is relating to capability enhancement is the largest benefited variable from SHG activities. It is also found that motivation of SKDRDP towards de-addiction and becoming more responsible towards family and society are largely defined by social reforms. The SHGs have improved the capability of rural people and this is reflected by improved



decision making capacity of such people. The various programs of SKDRDP and SIRI to provide employment support for SHG members reflect the financial inclusion which is taking place through such process. On a comparative note, observed variables such as access to easy credit and digital financial transactions relating to financial inclusion

factor are the least defined/impacted (but significant) from SHG activities. Since the regression estimate of digital financial transaction is very low, meaning, it has very low impact from the SHG activities, this variable has to be dropped from the final model.

**Figure-4.1. Initial SKDRDP SGH growth model- second orderCFA.**



Source: Extracted from CFA analysis

Note: Find below description to variable numbers displayed in the figure.

**Financial inclusion:** Q4. Financial guidance, Q5. Savings, Q1. Access to credit, Q3. Digital Financial Transaction

**Economic well-being:** Q7. Household assets, Q8. Domestic infrastructure, Q9. Employment support

**Social reforms:** Q11. Hygiene, Q12. Support to education, Q13. De-addiction, Q14. Responsibility towards family and society

**Capability enhancement:** Q17. Meaning and value in life, Q18. Degree of freedom, Q19. Decision making and Q20. Confidence.

The initial model of growth through SHGs of SKDRDP is presented in the Figure-4.1. The bouquet of programmes organised under SHG network by SKDRDP seems to behaving profound positive impact on its drive towards financial inclusion, economic well-being, social reforms and capability enhancement of rural poor. The direction of the regression paths indicates that due to SHGs many

socio-economic variables relating to the four factors are strongly and positively impacted.

### Final model

Using CFA, the initial model has been tested and developed a revised model of growth through SHGs.

### Testing the good fit of the model

The good fit of the model developed is tested by developing relevant and acceptable indices. From Table-4.34 it could be noted that CMIN value (1.532) is less than 2 and hence the fit is a good fit. This is the indication that the covariance structure proposed is supported by the sample drawn. The

Root Mean Square Residual (RMR), Goodness-of Fit Index (GFI) and Adjusted Goodness-of-Fit Index (AGFI) as presented in Table-4.35, meet the statistical requirement and thereby reaffirm that the proposed model is a good fit. Referring to Table-4.36, Comparative Fit Index (CFI) and Tucker-Lewis index (TLI) have index values close to 1 which is considered as a good fit. Root Mean Square Error of Approximation (RMSEA) has a value of 0.036 which indicates a good fit between the hypothesized model and the observed data. The PCLOSE value for the proposed model, as shown in Table-4.37 is 0.968 which fulfils the requirement of a good fit model. Hence, it could be concluded that the model has a good fit and further results are reliable.

**Table-4.34. CMIN**

Model	NPAR	CMIN	DF	P	CMIN/DF
Default model	33	110.314	72	.002	1.532
Saturated model	105	.000	0		
Independence model	14	1836.334	91	.000	20.179

Source: Primary data analysis

**Table-4.35. RMR, GFI**

Model	RMR	GFI	AGFI	PGFI
Default model	.012	.964	.947	.661
Saturated model	.000	1.000		
Independence model	.101	.411	.320	.356

Source: Primary data analysis

**Table-4.36. Baseline comparisons**

Model	NFI Delta1	RFI rho1	IFI Delta2	TLI rho2	CFI
Default model	.940	.924	.978	.972	.978
Saturated model	1.000		1.000		1.000
Independence model	.000	.000	.000	.000	.000

Source: Primary data analysis

**Table 4.37. RMSEA**

Model	RMSEA	LO 90	HI 90	PCLOSE
Default model	.036	.021	.048	.968
Independence model	.214	.206	.223	.000

Source: Primary data analysis

## Regression paths and the standardized regression weights

The direction of the regression paths as shown in Table 4.38 and 4.39 indicate the cause and effect relationship between SHGs and factor components and also between observed variables and factor components. The impact flows, in the initial stage, from SHGs to various constructs/factors and in the later stage from the factors/constructs to various growth variables.

For the overall data analysis, it is found from the results as presented in Table 4.38 and 4.39 that SHGs have significant positive impact on the empowerment of rural population in the study area. This is attributed to the fact that SHG activities have profound and significant impact on the various factor component of living in rural areas such as their financial inclusion, economic wellbeing, social reforms and capability enhancement. Among these four different dimensions of wellbeing of rural population, SHGs cause the largest variation in bringing reforms in society. It is found from the results that 96 percent changes in the social structure is defined collectively by SKDRDP SHG activities. The capability enhancement of the rural people is also made possible through SHGs. Results indicate that 85 percent of improvement in the capabilities of the people is since their joining to SHGs and SHGs have contributed significantly towards this. SHGs have also significantly contributed to the economic well-being of the people. It is found that 80 percent of wellbeing in the economic domain of the surveyed population is attributed to their participation in various SHG activities. The role of SHGs in their financial inclusion is relatively lesser but still contributes significantly. It is to be noted that 58 percent of the total progress in financial inclusion of the rural poor is owing to the participation in and motivation of SKDRDP SHGs.

The regression results provide a disaggregated analysis with reference to the impact of SHGs on

the different variables relating to the growth factors. It could be noted that SHGs have the highest positive impact on degree of freedom being enjoyed by the rural poor, especially women. SKDRDP's programs such as provision for self-employment, provision of loans, public gatherings, frequent meetings, active participation in several social, religious and cultural events made women come out of home and develop the freedom of taking decisions on own for self and family. This is a welcome revolutionary shift in the Indian society which is male dominated.

It is also found from the results that the SHG members have become more responsible towards their family and society. Participation in various SKDRDP activities appears to be causing a significant improvement in the level of confidence of the rural people which reflects enhanced capability. They are prepared to take the challenges of life with more confidence, can transact with banks and officials in government offices, and freely express opinions in public forums. It is also pertinent to note that SKDRDP SHGs are a powerful impact factor on economic wellbeing of the rural poor by providing employment support. SKDRDP and its subsidiary SIRI GramodhayaYojane provides training to people to take up self-employment or wage employment. SKDRDP also provides needful financial support to take up such ventures. Members are also supported to start microenterprises. In addition, a few among them work either on part time or full time basis to SKDRDP as *sevapratidinidhi* (field worker) or *melvicharkha* (supervisor). This way, SKDRDP contributes to employment generation among its SHG members.

All other observed variables in the model are also significantly impacted by the activities of SKDRDP SHGs. This is indicated by the weight of regression estimate of each variable which is more than 0.5. SHGs role in providing access to easy credit to the members has been found the lowest on a relative scale but the same is statistically significant.

**Table-4.38. Regression weights:( default model)**

Factors/Variables	Path		Estimate	S.E.	C.R.	P
Financial Inclusion	<---	SHG	1.000			
Economic Well-being	<---	SHG	1.926	.282	6.826	***
Social Reforms	<---	SHG	1.754	.259	6.765	***
Capability Enhancement	<---	SHG	1.233	.175	7.042	***
Q4. Financial Guidance	<---	Financial Inclusion	1.000			
Q9. Employment Support	<---	Economic Well-being	1.000			
Q8. Infrastructure	<---	Economic Well-being	.742	.081	9.143	***
Q7. Household Assets	<---	Economic Well-being	.977	.094	10.419	***
Q12. Education	<---	Social Reforms	1.000			
Q11. Hygiene	<---	Social Reforms	1.080	.105	10.313	***
Q20. Confidence	<---	Capability Enhancement	1.000			
Q19. Decision Making	<---	Capability Enhancement	1.122	.092	12.202	***
Q18. Degree of Freedom	<---	Capability Enhancement	1.410	.106	13.278	***
Q17. Meaning & Value	<---	Capability Enhancement	1.202	.104	11.576	***
Q5. Savings	<---	Financial Inclusion	.994	.126	7.893	***
Q13. De-addiction	<---	Social Reforms	1.189	.099	11.997	***
Q14. Responsibility	<---	Social Reforms	1.008	.094	10.680	***
Q1. Access to Credit	<---	Financial Inclusion	.716	.102	7.040	***

Source: Primary data analysis

**Table 4.39. Standardized regression weights: (default model)**

Factors/Variables	Path		Estimate	Rank
Financial Inclusion	<---	SHG	.585	4
Economic Well-being	<---	SHG	.803	3
Social Reforms	<---	SHG	.963	1
Capability Enhancement	<---	SHG	.858	2
Q4. Financial Guidance	<---	Financial Inclusion	.651	9
Q9. Employment Support	<---	Economic Well-being	.692	3
Q8. Infrastructure	<---	Economic Well-being	.558	13
Q7. Household Assets	<---	Economic Well-being	.669	7
Q12. Education	<---	Social Reforms	.596	12
Q11. Hygiene	<---	Social Reforms	.676	6

Q20. Confidence	<---	Capability	.692	3
Q19. Decision Making	<---	Capability	.691	5
Q18. Degree of Freedom	<---	Capability	.769	1
Q17. Meaning & Value	<---	Capability	.650	10
Q5. Savings	<---	Financial Inclusion	.644	11
Q13. De-addiction	<---	Social Reforms	.662	8
Q14. Responsibility	<---	Social Reforms	.716	2
Q1. Access to Credit	<---	Financial Inclusion	.490	14

Source: Primary data analysis

The final growth model of SHGs is presented in Figure 4.2. The model exhibits that SHGs have caused positively to the empowerment of rural people in the study area by facilitating their financial inclusion, raising the level of economic well-being, bringing social reforms and enhancing their capabilities. The SHG activities contributed to financial empowerment of rural people especially women through timely and regular guidance of SKDRDP to rural poor through SHGs on handling finances, encouragement to weekly savings of SHG members and providing easy access to micro credit. It is also found that joining SHG contributed the members to achieve economic empowerment.

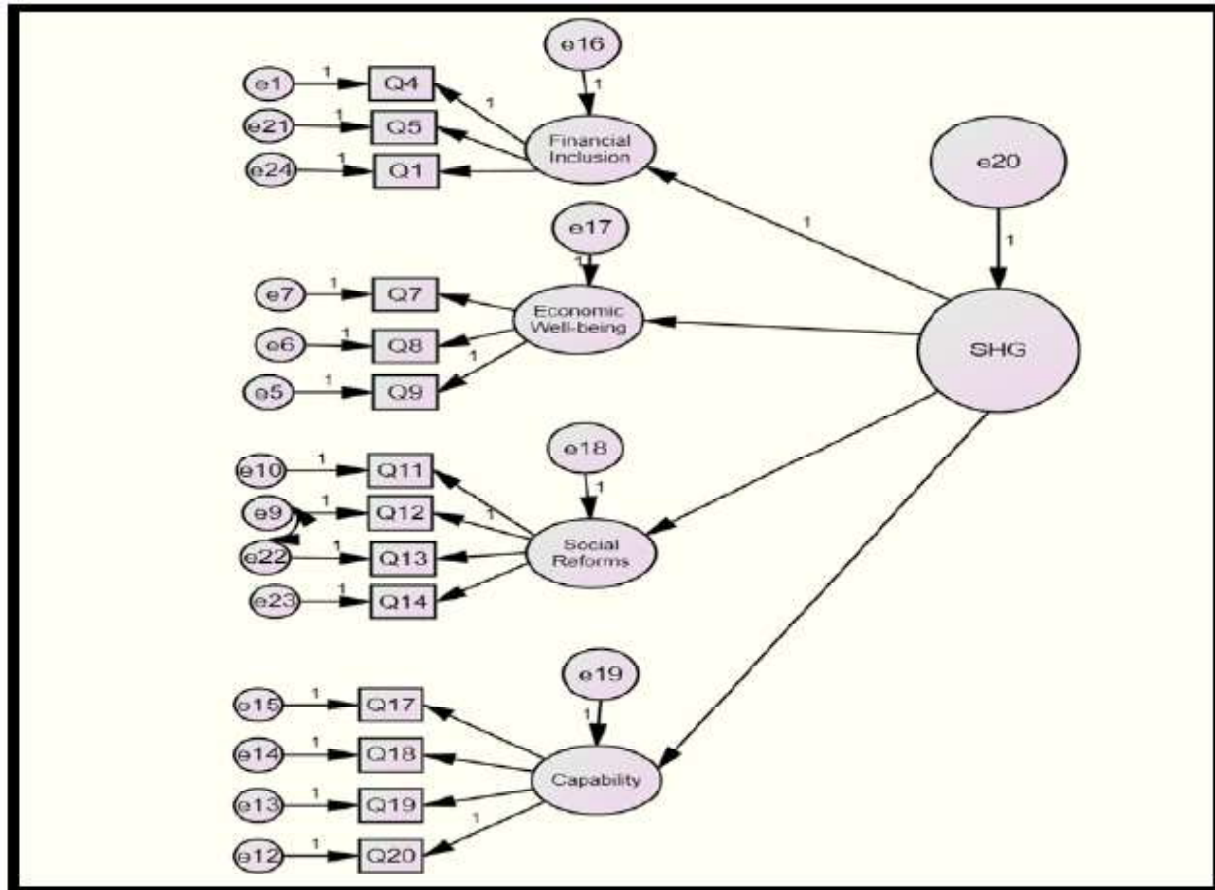
This helped members to own many needy durable assets such as television, mobile, refrigerator, mixer, grinder, pump sets, two-wheeler vehicle, for the household. Due to financial support of SKDRDP, SHG members are able to construct/repair houses and sanitation units. The employment support provided by SKDRDP to SHG members has contributed to a very large extent to the economic empowerment.

It is also found from the model that there is a significant impact of SHG activities on social empowerment by bringing in certain needy changes. SKDRDP provides huge financial and infrastructure support towards education which has visible contribution in raising literacy level. It is very

pertinent to note that Dakshina Kannada district where SKDRDP has extensive SHG network, the literacy rate is 100 percent. SHG movements and awareness creation is one of the factors leading to complete literacy. The talks, campaigns, counselling etc. organised by SKDRDP to SHG members have created awareness on personal and environmental hygiene and the impact is very positive towards improving health. SKDRDP organises de-addiction camps and this has benefited lakhs of rural people. Joining SKDRDP's SHG makes them take up certain responsibilities in organising the group, which in turn have made them more responsible towards their family and society at large.

It is found that by virtue of the membership of SHG, capabilities of the people have improved. They, now, start realising the meaning and value of their own life, capable to lead the life of their choice with freedom, take decisions of their life and they feel more safe, secured and confident. The continuous support of SKDRDP to the members has contributed to the capability enhancement at the grassroots level. Thus, from the final model, it could be observed that SHGs promoted by SKDRDP are successful in reaching the last mile by influencing the living standard of poor people and making them more empowered.

Figure-4.2. SKDRDP SHG growth model - final



Note: Find below description to variable numbers displayed in the figure.

**Financial inclusion:** Q4. Financial guidance, Q5. Savings, Q1. Access to credit

**Economic well-being:** Q7. Household assets, Q8. Domestic infrastructure, Q9. Employment support

**Social reforms:** Q11. Hygiene, Q12. Support to education, Q13. De-addiction, Q14. Responsibility towards family and society

**Capability enhancement:** Q17. Meaning and value in life, Q18. Degree of freedom, Q19. Decision making and Q20. Confidence.

#### Validity and reliability testing of the model

The validity and reliability of the model is tested based on the standard testing tools available. In order to test the convergent validity, there are three common approaches (Hair *et al.*, 2010). Firstly, standardized factor loading. The required size of factor loading is 0.5 or greater; secondly, average variance explained with 0.5 or higher; and thirdly, composite reliability with 0.7 or above. As shown in Table-4.40, all standardized factor loadings of variables with factor components range from 0.724 to 0.918, which reflect adequate convergent validity. The values of average value explained (AVE) and construct reliability (composite reliability) are also more than the required minimum cut-off level of 0.5 and 0.7 respectively. Therefore, these measures exhibit adequate convergent validity.



**Table-4.40. Results of validation and reliability of the model**

Construct	No. of items	Item	$\bar{e}$	SMC	Error	Alpha	AVE	Sqrt(AVE)	CR
Financial Inclusion	4	Q1	0.786	0.618	0.382	0.670	0.628	0.793	0.870
		Q3	0.918	0.843	0.157				
		Q4	0.724	0.524	0.476				
		Q5	0.727	0.529	0.471				
Economic Well-being	3	Q7	0.812	0.659	0.341	0.660	0.607	0.779	0.823
		Q8	0.754	0.569	0.431				
		Q9	0.771	0.594	0.406				
Social Reforms	4	Q11	0.764	0.584	0.416	0.600	0.604	0.777	0.859
		Q12	0.791	0.626	0.374				
		Q13	0.808	0.653	0.347				
		Q14	0.743	0.552	0.448				
Capability Enhancement	4	Q17	0.735	0.540	0.460	0.660	0.617	0.786	0.866
		Q18	0.823	0.677	0.323				
		Q19	0.783	0.613	0.387				
		Q20	0.799	0.638	0.362				

Source: Primary data analysis

Note:  $\bar{e}$ : Standardized factor loading, SMC: Squared multiple correlation ( $\lambda^2$ ), CR: Composite reliability, Alpha: Cronbach alpha, AVE: Average variance explained.

### Hypotheses testing

To arrive at reliable conclusion on the impact of SHGs on the rural development, the study has developed

several hypotheses and sub-hypotheses and later they are tested using p-values of the regression coefficient. The summary of the results of testing of hypotheses are presented in Table 4.41 and 4.42. The results indicate that SHGs have significant impact on multi-dimensions of wellbeing of poor people which in aggregate contributed to their empowerment.

**Table-4.41. Results of testing of primary hypotheses**

No.	Description of Hypotheses	p-value	Decision	Result
H1	SHGs do not have significant impact impacted on financial inclusion	0.0001	Reject	SHGs have significantly on financial inclusion
H2	SHGs do not significantly influence economic well-being of rural people	0.0001	Reject	SHGs significantly influence economic well-being of rural people
H3	SHGs do not have significant contribution to social reforms	0.0001	Reject	SHGs significantly contribute to social reforms
H4	SHGs do not significantly contribute to capability enhancement	0.0001	Reject	SHGs significantly contribute to capability enhancement



**Table-4.42. Results of testing of sub- hypotheses**

Construct/ Factor	No.	Description of Sub- Hypotheses	p-value	Decision	Inference
Financial inclusion	H1	Joining SHG does not provide access to easy micro credit	0.0001	Reject	Joining SHG provide access to easy micro credit
	H2	Financial guidance through SHGs does not contribute to financial inclusion	0.0001	Reject	Financial guidance through SHGs significantly contribute to financial inclusion
	H3	SHGs do not encourage members to save income	0.0001	Reject	SHGs encourage members significantly to save income
Economic well-being	H4	Participation in SHG does to possession of household economic assets	0.0001	Reject	Participation in SHGs not lead significantly lead to possession of household economic assets
	H5	Membership of SHG does contribute to build domestic infrastructure	0.0001	Reject	Membership of SHG not significantly contribute to build domestic infrastructure
	H6	SKDRDP promoted SHG members do not get support for employment	0.0001	Reject	SKDRDP promoted SHG members are significantly supported for employment
Social reforms	H7	Learnings from SKDRDP programs do not have significant impact on hygienic sense of the people	0.0001	Reject	Learnings from SKDRDP programs have significant impact on hygienic sense of the people
	H8	Participation in SKDRDP SHG events does not motivate members towards education	0.0001	Reject	Participation in SKDRDP SHG events significantly motivates members towards education
	H9	SHGs do not guide members on de-addiction	0.0001	Reject	SHGs guide members significantly on de-addiction
	H10	Participation in SHGs does not make members more responsible towards family and society	0.0001	Reject	Participation in SHGs contribute significantly towards making members more responsible to the family and society
Capability Enhancement	H11	SHGs do not make members to realise the meaning and value of their life	0.0001	Reject	SHG activities significantly contribute to the members to realise the meaning and value of their life
	H12	Participation in SHG activities do not improve their capability to enjoy higher freedom to lead the life of their choice	0.0001	Reject	Participation in SHG activities significantly improve their capability to enjoy higher freedom to lead the life of their choice

	H13	Participation in SHG does not help the member to make decisions for self/family	0.0001	Reject	Participation in SHG significantly assist the member to make decisions for self/family
	H14	SHGs do not groom members to be more safe, confident and secured	0.0001	Reject	SHGs play significant role in grooming members as confident citizen

## Section V - Inferences

### SWOT analysis of SKDRDP promoted SHGs

As it has been found from the previous section that SKDRDP's SHGs contribute immensely to the rural empowerment. The sustainability of intervention impact is critical. A SWOT analysis of SKDRDP SHG

model will provide clear picture on the sustainability of benefits derived from the SHGs. This analysis is facilitated by the interactions and discussions with the SHG members and SKDRDP functionaries.

**Figure-5.1. SWOT analysis for SKDRDP SHGs.**

<b>Strength</b> <ul style="list-style-type: none"> <li>• Benevolent leadership of Dr.D.VeerendraHeggade</li> <li>• Mass acceptance of the model</li> <li>• Very large client base</li> <li>• Effective cost management</li> </ul>	<b>Weakness</b> <ul style="list-style-type: none"> <li>• Relatively higher lending rate</li> <li>• High risk but relatively lower emoluments to field workers/supervisors</li> </ul>
<b>Opportunities</b> <ul style="list-style-type: none"> <li>• New markets</li> <li>• New products</li> <li>• More collaborations with government agencies</li> </ul>	<b>Threats</b> <ul style="list-style-type: none"> <li>• Government policies</li> <li>• Political interferences</li> <li>• Sustainability of SHGs</li> </ul>

Source: Author's analysis

It could be noted that the strengths and weaknesses of SKDRDP SHGs are mainly contributed by internal factors, while opportunities and threats are factored externally. The major strength of SKDRDP SHG is the leadership of Dr.D.VeerendraHeggade, whose presence instils confidence in the entire system. The charismatic leadership and philanthropic background of the organisation led to acceptance of SKDRDP by people of all religion and caste. The large number of members in SHGs supply manpower to run multiple events successfully. SKDRDP primarily hires and trains people locally for the different positions in managing the operations of SHGs. This is the major route through which it could manage cost of operations effectively. Compared to many of its competitors, SKDRDP has the lowest cost towards payment of salaries. Having so many strengths, SKDRDP has the potential to serve society for a long run on a sustained scale.

Amidst advantages, two areas of concerns could also be identified. Firstly, higher interest rate and secondly, emoluments to last mile employees. Most of the informants, who are the SHG members, felt that interest rate charged on the loans granted to them was higher. From the perspective of SKDRDP, though it is justified on the ground of risk of lending loans without collateral from banks and cost involved in loan collections, the people at grassroots level have additional financial burden. It is also a cause of concern that the field workers and the field supervisors are the very important link between SKDRDP and grassroots population. They build up groups, implement all SKDRDP programs at villages, face/solve problems during loan collections and improve the quality of the group. But it appears that they are relatively underpaid.

The SKDRDP SHG with spectacular success record in rural empowerment, also has certain opportunities for long run sustainability. It may expand operations

to the new areas like north-east India which requires organisations like SKDRDP for reviving development of the region. SHGs can also engage with new schemes/programs to meet changing socio-economic structure of the economy. Having an extensive SHG network and deep connection with the poorest of the poor, most of the government schemes on rural empowerment could be implemented through SKDRDP's SHGs.

The sustainability of SHG networks appears to be encountering with two major external threats which are beyond the jurisdiction of SKDRDP. Firstly, some of the policies of the government are detrimental to the growth of SHGs. For instance, farm loan waiver. This causes growing expectations of illiterate rural farmers getting loans waived off from SKDRDP linked bank loans as well. This raises the loan defaults and reduces the quality of the groups. Secondly, dissidence of local political leaders and obstructions they cause is also another potential threat in the sustainability of SHGs.

### Summary of the findings

The main objective of this study was to identify whether SKDRDP SHGs contribute to the empowerment of rural poor. It also aimed at identifying the different aspects of living of such people which are impacted due to their active participation in SHG activities. In order to identify the factors and related variables of rural living of the households which are influenced by SHGs, exploratory and empirical tools are applied in this study. The study is based on primary data collected from the 419 SHG members in different villages of Dakshina Kannada district and Madikeri district of Karnataka state. For data analysis, Exploratory factor analysis and confirmatory factor analysis approaches have been adopted. Following are the major results derived from this study.

- The results provide sufficient evidences to conclude that SKDRDP promoted SHGs significantly contribute to the empowerment of rural households in the study area. This is essential to note that the development derived from SHG participation are multi-dimensional and the

benefits procured are not mere economic in nature. They have enabled holistic empowerment of rural people especially women. More than 73 percent of the informants for this study were women and hence the results are representative of the status of women participating in SKDRDP SHGs. It is found from the study that SHGs have contributed significantly to the financial inclusion, economic well-being, social reforms and capability enhancement of the people at the grassroots level. The size of impact of SHGs differ from factor to factor.

- It is found from the study that the progress made in rural areas could be substantially attributed to the impact of SKDRDP promoted SHGs on the following aspects of living: Since joining SKDRDP SHG, people enjoy higher degree of freedom in their life, they have become more responsible towards family and society, their confidence level has raised to a greater extent, find increased support for employment and ability to make decisions for self and family. The multiple programs of SKDRDP which are floated through the platform of SHG network which comprise members who belong to poor sections of the society. The SHG provides direct access to the target population. This accessibility of SHG, makes its intervention programs highly impactful.
- The SHGs also contributed on a moderate scale in improving the living standards of rural people by benefiting the other aspects of living such as: improved hygienic sense, possession of more economic assets since joining SHG, raising economic and social status since de-addiction of the rural people, timely guidance on financial handling of the poor members of SHGs by SKDRDP helps planning savings and credit payments and SKDRDP SHGs made them realise the meaning and value of their life.

- The benefits of SHGs in the fields of education of children, access to household infrastructure and access to timely credit facilities though are significant, impact of SKDRDP SHG on them is relatively lower than other aspects of life.
- It was presumed that SHG participation would contribute to digital financial transactions. However, it was found that still there was no significant impact on digitisation efforts. This could be due to lack of financial literacy, lack of digital literacy, internet non-connectivity in rural areas, habituation to cash transactions etc.
- There is a growing threat on the quality of the SHGs owing to various government policies, political interferences and the changing socio-economic structure. This raises doubt over the sustainability of SHGs.

On the whole, the interventions of SKDRDP through its extension technique of SHGs are very impactful in enhancing the wellbeing of rural mass in general and women in particular. Following are the factors contributing to the success of SHG network.

- The benevolent leadership of Dharmadhikari Dr. D. VeerandraHeggade
- Transparent administration of the organisation at every level
- Appropriate strategic approaches to the entire project
- Thrust on social values and ethics of the organisation
- The faith and trust factor of public towards organisation

The outcome of the study reflects the potential of SHGs in influencing the well-being of the grassroots population. They have emerged as a powerful socio-economic movement in the state. They are potential platforms to reduce gender gaps, income gaps, status gaps etc. and thereby empower the society.

### Suggestions

**Digitisation:** The results show that though SKDRDP has made efforts in digital financial transactions by issuing Rupay cards to SHG members, people lack awareness and knowledge on its usage. On priority basis, SHG members may be trained on digital financial transaction which will support immensely Digital India scheme of Government of India.

**Extension and collaborations:** SKDRDP may extend its successful SHG model to other parts of the country, especially to north and north eastern states which are predominantly agrarian, rural economies and backward as well. SKDRDP may initiate standalone projects in such region. Otherwise, it may also collaborate with local organisations/NGOs and implement the projects through them. The extension can also be in the form of SKDRDP mentoring NGOs/local organisations of on rural interventions.

**Strengthening of men's SHGs:** Pragathibandhu SHGs of rural men is a very powerful model as it involves weekly labour sharing which creates lot of economic activities without labour cost. Among the total members of SHG, only 10 percent are men. Widening the pragathibandhu network would contribute substantially to the economic wellbeing of the rural men.

### Implications

**Implications to government:** As derived from the results that SKDRDP SHG model is a successful model for rural empowerment. The government also sponsors SHGs but their success rate is very low in terms of empowering people. The government may re-design its SHGs on the model of SKDRDP and float rural development schemes through SHGs as it connects to the needy people at the grass roots level. This would make government funding being used effectively for development. It is also possible that village panchayats may use SHG networks for implementing government schemes.

**Implications to voluntary organisations:** Emergence of SKDRDP SHG as a very powerful network has certain business implications to other voluntary organisations operating in the same market and also which are in different market. This is a model to adopt for other competing NGOs and voluntary

organisations. When SKDRDP runs a successful SHG network with large programs being floated through this channel, it becomes imperative for other organisations to raise up to this model as people expectations are bench marked. The alternatives available are negotiating with SKDRDP for collaboration, mentoring, consulting etc. They may also join SKDRDP as local partners to implement the SKDRDP projects.

### Direction for further study

The present study has attempted at testing empirically the effectiveness of SKDRDP SHG network in empowering rural people. This research provides foundation to other studies in SKDRDP SHGs. This study could be taken forward with four dimensions:

1. Increase the size of sample population
2. Extend the study area to entire Karnataka where SKDRDP has presence. A district-wise analysis would be useful in identifying deferential impacts and their governing factors.
3. Incorporate more qualitative aspects of living to the model to test whether they are impacted by SHGs. Qualitative factors such as culture, tradition, native entrepreneurship, native art, native sports and games etc. have important role to play in empowering people and a future study may consider to study whether SKDRDP has impact on them and whether joining SKDRDP SHG contribute to these aspects of living.
4. Studying the viability and feasibility of SKDRDP SHGs taking up outreach activities or extending network outside the state.

### References

- Akshatha B.G. and Akash S.B (2014). *Evaluating the Relevance of Shri kshethra Dharmasthala Gramabhivruddhi Yojana in Rural Upliftment (A Case Study of Shivamogga District)*, Integral Review- A Journal of Management, Vol.7 (2), pp.32-46.
- APMAS (2007). SHG Federation in India.
- Belli.S, Eswarkumar&Raghvendra.T.S (2014). *Role of Shri Kshetra Dharmasthala Rural Development Project (SKDRDP) in Micro Finance Through SHGs –A Study in Shimoga District of Karnataka*, IOSR Journal of Economics and Finance, Vol.3(2), pp.53-59
- Bentler, P.M. (1990). *Comparative fit indexes in structural models. Psychological Bulletin*, Vol.107, pp.238–246.
- Browne, M.W. &Cudeck, R. (1993). *Alternative ways of assessing model fit. In Bollen,* K.A. & Long, J.S. [Editors.] *Testing structural equation models*. Newbury Park, CA: Sage, pp.136–162.
- Cherian, R.R. (1986). *Emergence of a Day-care Centre for Alcoholics in India- Its Referral System and Public Response*. British Journal of Addiction, 8, 119-122.
- Cronbach, L. J. (1970). *Essentials of Psychological Testing*. New York: Harper & Row.
- D’souza, Sunil; Chidananda H L; Udayachandra. P.N.; Devaraja.T.S (2013). *BC Model for Inclusive Growth – Study on Performance of SKDRDP*, International Journal of Social Science & Interdisciplinary Research, Vol.1(10), pp.254-262.
- GOI (2011), *Population Census*, Office of the Registrar General & Census Commissioner, India Ministry of Home Affairs, <http://censusindia.gov.in/>
- GOI (2016). Written Statement Issued by the Government of India in the Parliament on May 10. Accessed from: <http://timesofindia.indiatimes.com/city/delhi/Big-gap-in-per-capita-income-in-urban-and-rural-areas/articleshow/52207415.cms>



- Hair, J.F., Black, W.C., Babin, B.J., & Anderson, R.E. (2010). *Multivariate Data Analysis*. Seventh Edition. Prentice Hall, Upper Saddle River, New Jersey.
- Honnappa. S. & Basupattad, Vinod (2016). *Financial inclusion through SHG-BLP: A study of SKDRDP SHGs in selected districts in Hubli region*, International Journal of Commerce and Management Research Vol2(9), pp.104-109.
- Hu L T and Bentler P M. (1995). Evaluating model fit. In R. H. Hoyle (Editor), *Structural Equation Modeling. Concepts, Issues, and Applications*. London: Sage, pp. 76-99.
- Hu, L., & Bentler, P. M. (2009). *Cut-off criteria for fit indexes in covariance structure analysis: Conventional criteria versus new alternatives*. *Structural Equation Modeling*, Retrieved, Nov 2016, from Taylor & Francis Online, 6, 1-55. <http://dx.doi.org/10.1080/10705519909540118>
- India Microfinance (2015), Report on Microfinance by Association of Community Development Finance Institutions and NABARD, retrieved from: <http://indiamicrofinance.com>
- Jackson, L. Dennis; J. Arthur Gillaspay, Jr. & Rebecca Purc-Stephenson. (2009). *Reporting Practices in Confirmatory Factor Analysis: An Overview and Some Recommendations*, Psychological Methods, Vol. 14(1), pp.6–23.
- Jöreskog, K.G. & Sörbom, D. (1996). *LISREL 8 User's reference guide*. Chicago:
- Scientific Software. Retrieved (Jan 2016) [https://books.google.co.in/books?id=9ACs50RjacC&printsec=frontcover&redir\\_esc=y#v=onepage&q&f=false](https://books.google.co.in/books?id=9ACs50RjacC&printsec=frontcover&redir_esc=y#v=onepage&q&f=false)
- Joshi.G.V. (2012). *Management and Leadership in Rural Development: The Case of SKDRDP*, NITTE Management Review, pp.51-72.
- Kaiser, H.F., (1970). *A second generation little jiffy*. Psychometrika, Vol.35, pp. 401-416.
- Kline, R. B. (2016). *Principles and practice of structural equation modeling* (4th ed.). New York: Book © Guilford Press
- NABARD (1997) Published Report.
- Manickam, L.S.S. & Kuruvilla, K. (1990). *Multimodal Approach to the Treatment of Alcoholism*, Social Defence, Vol.30, pp.20-27.
- Mayo, Marjorie and Mendiwelso-Bendek, Zoraida and Packham, Carol (2013). *Community research for community development*. Palgrave Macmillan, London
- Murthy, P. & Janakiramaiah, N. (1996). *Alcoholism Counselling*, De-Addiction Quarterly, Vol.1(3), pp. 1-5.
- Murthy, R. S. (1992). *Prevention and control of Alcohol and Drug Addiction-Community Mental Health Perspective*, in K. A. Kumar (ed.), Facets of Substance Abuse-An Update. Thiruvananthapuram: Proceedings of the National C. M. E. Conference on Drug Abuse and Dependence.
- Priyakumari.S.V. (2015). *A Comparative Study of SHG Organised and Promoted by SKDRDP and Kudumbashree in Dakshina Kannada District and Kollam District, Towards Empowerment of Rural Women*, A minor research project submitted to UGC, retrieved from: [http://www.sdmcujiire.in/userfiles/MPR/MPR\\_priya%20kumari.pdf](http://www.sdmcujiire.in/userfiles/MPR/MPR_priya%20kumari.pdf)
- Rao Prasada P. S. D. V. & Mishra, H. (1994). *Behavioural Approach to Alcohol Dependence: Towards Multidimensional Model*, NIMHANS Journal, Vol.12, pp.53-61.
- Reserve Bank of India. (2017). *RBI Handbook of Statistics on Indian Economy*, <https://www.rbi.org.in/scripts/annualPublications.aspx?head=Handbook%20of%20Statistics%20on%20Indian%20Economy>
- Schumacker, Randall E. & Lomax, Richard G. (2004). *A Beginner's Guide to Structural Equation Modeling*, 3rd edition, Lawrence Erlbaum Associates Inc. publishers, New Jersey.
- Shetty Niranjana and Pinto Prakash. (2015). *Financial Inclusion through SHG-BLP: A Case Study of SKDRDP and NGVCT in India*, World Review of Business Research, Vol. 5(3), pp. 91-107.



Shylendra. H.S., Mukul Kumar & Girish Agrawal. (2012). *Enabling Models of Microfinance and Building Social Capital*, A report submitted to INAFI-India by Institute of Rural Management Anand (IRMA).

SKDRDP. (2002). *Participatory Rural Development & SKDRDP*, Newsletter article.

SKDRDP. (2013) Annual Report 2012-13.

SKDRDP. (2014). Annual Report 2013-14.

SKDRDP. (2015). Annual Report 2014-15

SKDRDP. (2016). Annual Report 2015-16

SKDRDP. (2017). Report covering data up to November 30, 2016.

SKDRDP. (2017). Newsletter, May, retrieved from: <https://skdrdpindia.org/blogs/news-letter/>

Steiger, J.H. & Lind, J.C. (1980). *Statistically-based tests for the number of common factors*. Paper presented at the Annual Spring Meeting of the Psychometric Society, Iowa City, May 30.

Tucker, L.R & Lewis, C. (1973). *A reliability coefficient for maximum likelihood factor*

*analysis*. *Psychometrika*, Vol.38, pp.1–10

Ullman, J. B. (2001). *Structural equation modeling*. In B. G. Tabachnick & L. S. Fidell

(Editors.), *Using Multivariate Statistics* (4th ed.). Needham Heights, MA: Allyn & Bacon, pp. 653-771.

UNDP (1993). *Human Development Report 1993*, Oxford University Press, Oxford, pp. 85.

#### **Websites:**

Association for Social Advancement webpage: <http://www.asa.org.bd/>

Grameen Bank webpage: <http://www.grameen-info.org/>

Essay U.K webpage: <http://www.essay.uk.com/essays/geography/essay-bangladesh-microfinance-self-help-groups/>

Proshika webpage: <http://www.proshika.org>

SKDRDP webpage: <https://skdrdpindia.org>

Wikipedia [https://en.wikipedia.org/wiki/Cronbach%27s\\_alpha](https://en.wikipedia.org/wiki/Cronbach%27s_alpha)

**Annexure-1. Questionnaire for data collection from primary stakeholders.****SHGs as Catalysts of Rural Empowerment: A Case of SKDRDP****Gender:****Age:****Annual Income:****Education:****Occupation:****Type of SHG: PragatiBandu/ Women SHG**

Sl.No	Statement/Question	Degree of Acceptance		
		Low (1)	Somewhat (2)	High (3)
<b>Financial Inclusion</b>				
1.	Joining SHG provide access to easy finance (loans)			
2.	The microfinance (SHG loan) help in meeting emergencies			
3.	Are you aware of usage of Rupay card?			
4.	Does SKDRDP guide you on loan usage and repayment?			
5.	Are you encouraged to save income regularly after joining SHG?			
<b>Economic Well-being</b>				
6.	Since joining SHG, the standard of living of the family in terms economic status (income level) has improved			
7.	Have you/your family bought economic assets (TV, mixer, jewels, mobile, bike etc.) which you owe to SHG?			
8.	SHG helped in constructing/repairing house/ toilet for the family			
9.	SHG helped/supported in our occupation (farming/self-employment) or find a new opportunity			
<b>Social Reforms</b>				
10.	SKDRDP SHG created health related awareness			
11.	It guided us on hygiene (personal, house & surroundings)			
12.	SKDRDP SHG motivated us to send children to schools/colleges			
13.	SHG guided us on de-addiction (drinking, smoking)			
14.	Since joining SHG, I am made more responsible towards family & society			
15.	Since joining SHG, your status in the society has improved.			
16.	The family atmosphere has changed since my joining to SHG			
<b>Holistic Empowerment</b>				
17.	SHG made me to realise the meaning and value of my life.			
18.	Now we are capable to lead the life of our choice (degree of freedom)			
19.	Due to SHG participation, I can take decisions of my life/ family independently			
20.	With SHG, we feel more safe, confident and secured			

