

ORISSA ECONOMIC JOURNAL

Vol. XXXX No. 1 & 2

Jan.-June & July-Dec. 2008



**ORISSA ECONOMICS ASSOCIATION
BHUBANESWAR**

Orissa Economic Journal

Vol. XXXX No. 1 & 2

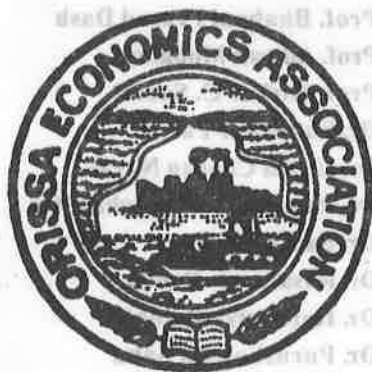
Jan.-June & July-Dec. 2008

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EDITORIAL

Market Economy Vs Command Economy

Professor Baidyanath Misra

The controversy between market economy and command economy is a perpetual one – while some times Marx wins, at another time Edmund Spencer pins down Marx even though their graves are not far apart from each other – only at a distance of 10 ft. in London's Highgate cemetery. And the never ending combat continues for centuries. The graves have not yet silenced them. It is said that once a king asked all the wise men in his kingdom to travel around the world and discover the eternal truth. Many years later they returned and told the king that they had found it 'And this too shall pass'. So the raging controversy does not cease among the economists even though the role of value judgments can never be usurped by so called neutral science.

Marx overruled Spencer with the support of communists in Soviet Russia, China, Vietnam and many other western countries and partly in India in the initial stages of development with the help of Planning Commission. But in the regime of Reagan – Thatcher, market's triumph was so formidable that Thatcher had the courage to announce that there was no such thing as society, only families and households mattered. At the same time, USA's progress was so spectacular and Soviet Russia's set back was so great that Francis Fukuyama in his 'end of history' announced that liberal capitalism has beaten communism and now the way for ever.

In the mean time liberal capitalism not only accentuated the process of economic growth, but also made some effort in improving the economic and social well-being of the people. In Japan, for example, the producers had a deep concern for employees, respect for customers and gave high priority for innovation with a view to increasing the scope of creativity. In addition, the capitalist economy also gave some emphasis on empowering people. In Sweden and more or less in most of the Scandinavian countries, sustainability in business was emphasized along with a social responsibility to improve the well-being of the people rather than the usual external face for an otherwise self-service business prices. Even in the USA the capitalist economy had to usher in a number of

changes due to pressure of democratic forces, extension of the non-profit and government sector, integration between labour and capital and importance of vast army of consumers who maintain and sustain the capitalist economy. And most important of all, Keynes, by his theory of 'Effective Demand' changed the fundamental nature of capitalism and managed to overcome the general crisis of capitalism and of stabilizing the capitalist system. Keynes theory of 'Employment, Interest and Money' (1936) had so much of validity that even almost at the end of 2008, Joseph E. Stiglitz a nobel laureate recommended Keynesian prescriptions to meet the present economic crisis (Economic Times 22.12.08). And John Stratchey, an eminent socialist of G.B. in his monumental book 'Contemporary Capitalism' shows how capitalism has changed to meet the economic and social needs of the people.

Keynesian economics had such a great influence even in the USA that the state kept the market in its place by placing society in front. FDR, JFK and LBJ, all adhered to Keynesian economy and increased public spending in education and health as well as fiscal control. It became almost a welfare state. As Galbraith has pointed out in his 'American Capitalism', in the process of development of American economy, the creation of countervailing power of major groups such as unions, large scale producers and chain distributors, whose massive pressures are balanced against one another, changed the nature of the economy and reduced the preponderance of capital both in the economic and political sphere.

However, capitalism which started with competition ultimately culminated in the creation of giant monopolies which controlled production and prices in the market. This was the beginning of distortion in capitalism. The race for increased efficiency required that the loser should lose, any attempt to mitigate the risks would undermine the system itself. Again, the monopolistic model had no consideration for age, infirmity, industrial injury or congenital incompetence, etc. Galbraith who had emphasized social interest of the capitalistic system had to admit in his 'Affluent Society' that the economic system pictured as the central tradition was a thing of peril for those who participated in it and so, protanto, was economic life at large.

Michael Smith in his book 'Beyond the Bottom Line' writes that at the turn of the century 51 out of the hundred highest revenue generating institutions in the world were business corporations, not nation states. In the next three years 51 became seventy four. The wealth of some

businesses exceeded the GDP of nations and virtually put all its faith in the business corporations and market institutions to deliver well-being. But the working of the economy has shown that this enormous business power has served only a minuscule number of people excluding most from the growth process. Smith sadly observes, the worldly three richest people had personal wealth more than the combined GDP of over 30 poor nations. How can one believe that capitalism can become compassionate. In the USA which is a leading power of capitalism, almost 20% of its population or about 25 million households live within \$20,000 per annum.

What is more, the race for acquiring profit changed the social environment so much so that parents had to work hard to earn money leaving children with baby sitters. Michael Moore's documentary 'Bowling for Columbine' shows two incidents of shooting in USA, one is a school massacre in Columbine and second how a six-year old boy shot dead a little girl just because he had a gun and nothing better to do. There are several instances where we find white working class women in America hold two jobs, often travel over a 100 miles a day, sleep in motels and dine in cafeteria in order to earn substantial money to raise their families and their children under the care of baby sitters play with guns and kill class mates for the shake of fun.

And surprisingly India, a newly developing country with a rich ancient culture is making strides in imitating newly fanged globalised disease of social and economic vices. The marathon race in money making business condones all kinds of social evils like rape, murder and neglect of parents as depicted in Bagban. Even young kids play with guns and shoot classmates for the sake of fun. At the same time, poverty is rising in India, about 456 million or 41.6 per cent according to World Bank and 622 million which is 54.8 per cent of the population according to ADB. It may be mentioned here that the World Bank has calculated poverty ratio at \$1.25 per person per day and that the ADB at \$1.35 per person per day. While poverty is so colossal, income of 36 big industrial houses amounted to an estimated Rs.8,66,000 crores compared to net tax revenue of the Central Government at Rs.473,512 crore in the year 2006-07. And what is still more intriguing is that billionaires and millionaires are increasing in India. Data in 2007 show that there are one lakh millionaires in India. The four richest Indians are collectively worth \$180 billion, greater than the GDP of a majority of member states of the U.N. and more than that of Japan. Human

Development Report of 2004 points out that 20 per cent richest people in India are getting 42 per cent of the total national income while 20 per cent poorest people getting only 9 per cent. And when we come to wellness, ADB study shows that inspite of 9 per cent of GDP growth per year. India is ranked 17 among 23 when economies are compared based on a measure of people's economic well-being.

The question which is upper most now what is more relevant, wholesale state intervention or market economy to channelise the economy to promote economic and social well-being. We have seen in India how state regulation in the first three decades of planning subjected private organized sector to investment licensing and various direct discretionary controls involving case by case disposal. These controls constricted the flexibility of the private organized sector in responding to changes in preference and technology in a functioning market economy. They also induced directly unproductive rent-seeking activities at the cost of productive investment. And in respect of income distribution, the regime tended to accentuate inequitable urban-rural, or organized-unorganized duality in the Indian economy (Tendulkar and Sundaram, 1995).

No doubt there has been a great deal of increase in GDP and per capita income in India during the period of liberalization and globalization. But what is more important is GWI (Growth Welfare Index) where India lags far behind. India can be a mine of human capital provided we can improve the quality of people which depends to a considerable extent on the development of social sector. There is almost a paradox in the field of education and health in India. While we have the second largest pool of trained scientists and engineers, many flourishing in Silicon valley, almost 40 per cent of people in India are illiterate. UNESCO's just releasing Global Monitoring Report which evaluates 127 countries in the field of education places India in the bottom rung of 15 countries with a low Education for All Development Index. Moreover, India's fight against illiteracy ranking has slipped from 100 last year to 105 in 2007. India has many outstanding physicians and is world's leading manufactures of generic medicine for illness such as aids, but about 3 million patients have no access to such medicine, 2 million with TB and tens of millions with no health clinic within 10 kms of their places of residence. According to WHO, 2.8 m people die in India annually because of poor sanitation alone. Its nutrition levels are below some sub-Saharan African countries. That is why India has a shocking 2.1 million infant deaths per annum.

The world hunts for Indian talent. A new World Bank study estimates that India's GDP could go up five times and the growth process would become more inclusive if it could stimulate innovation in its economy. As Bill Gates says never before in history has innovation offered promise of so much to so many in so short a time. In India there are some islands of excellence which demonstrates potential for creativity. But shoddy governance and poor infrastructure continue to retard its prospects for all-round development including business destination. India is no where near setting up institutions that are essential for an efficient market economy. Liberalization may have happened in India. In order to ensure mobility of capital and efficient utilization of resources, it should be easy to start a business or quit it. In India, it can take six to ten years to shut down a business, against the OECD level of less than two years. You do not know how many years it takes to start a business in India. Many of the surveys indicate that many of the business centers in India are losing their lustre as India's commercial capital. As Samuelson observes how fast is fast enough. How fast is too first?

One of the greatest handicaps for development in India is colossal corruption in different fields of social and economic activity. India's rank is 72 in 180 countries in a study of 2006. In a 10 scale, India's position is 3.5 compared to 9.4 in Denmark Finland and Newzland. Transparency International defines corruption as the abuse of public office for private gain. There are thousand and one illustrations to show how public office is misutilized in India. Recently a raid on the deputy commissioner of Commercial Taxes in Bangalore revealed that he is the owner of 102 cars (Times of India, 05.07.08). This confirms the common perception that corruption is an intrinsic part of Indian public life. What is still worse is that the Transparency International report on India found that about Rs.9000 crore had been paid as bribes by the poor. Indeed, the poor are disproportionately affected by corruption since they depend more on public services. According to the report, one out of every three people living below the poverty line in India paid bribes to access basic public services such as education, health care and water. Leakages in government spending programmes mean that very little is actually reaching the poor.

All this raises unanswerable questions concerning the rates of improvement in the system. Pandit Jawaharlal Nehru in his tryst with destiny had a vision for India – an India which is ethically acceptable

and politically sustainable. And the pattern of development which he envisaged was one which provides capabilities, opportunities and rights to people, ordinary people, so that they can exercise their choices for a decent life. But what has been done during the last 60 years, 30 years of command economy and another 30 years of mixed economy? Neither the command economy nor the mixed economy has fulfilled the major objectives of development planning. All this implies that the quest for development does not depend on any dogma, it depends on good governance. We certainly require more government to meet the basic needs of people. But the governance must be people oriented.

It is well known that poor governance imposes a huge cost on the economy and society. For the poor, the price is disproportionately heavy. Since they depend mostly on public goods, not only they are compelled to pay a bribe (as already noted) to get such services but also face humiliation from an insensitive civil service since service providers do not see citizens as their clients but rather supplicants. And politicians use their influence with bureaucrats to reinforce clientilism, seeking special favours for their chosen clients who assist in the election. All this means more government should not destroy the credibility and legitimacy of the state in the eyes of its citizens. This is something which India can ill afford (K.Sarwar Lateef in 'Tomorrow India' edited by B.G. Verghese).

We can conclude this brief note with what Sukhamoy Chakravarty, one of the most eminent economists of India has said in his path breaking book on 'Development Planning, the Indian Experience'. As he says, 'if Indian society values growth with equity, neither the recently discussed virtues of the free market mechanism nor the earlier panacea of central planning would appear to carry much conviction today. Societies grow in historical time characterized by irreversibilities, and history does not perform controlled experiments for our benefit. Hence, the task for perspective planning remains to minimize avoidable social costs. However, the need for flexible adaptable operating mechanisms is very much there. Above all, there has to be a much greater degree of political consensus on what is attempted. India benefited from this in the first decade of planning. It is still greatly needed in the coming years. No facile conclusion is warranted.'

SECRETARY'S REPORT

40th Annual Conference - 2008 Orissa Economics Association

Mr. President Professor Samal, Honourable Chief Guest Srijukta Agarwal, Revered Guest of Honour His Holiness Paramahansa Prajnananandaji Maharaj , Respected Professor Baidyanath Misra, Chairman Reception Committee and Principal Kendrapara Autonomous College Dr. Nath Sharma, Organising Secretary Sri Rabindra Dash, Local Secretary Sri Gyanindra Dash, Esteemed Former Presidents of the Association, Members of the Organizing Committee of the Conference, Distinguished Invitees, Members of the Media, Fellow Delegates, Ladies and Gentlemen.

As the Secretary, Orissa Economics Association, I deem it an honour to extend you all a warm welcome to the 40th Annual Conference of the Association. We feel uniquely privileged to have with us here Hon'ble Deputy Chairman State Planning Board' Sd. Bed Prakash Agarwal to inaugurate this Conference. We are extremely grateful to you Sir, for your kind gesture. We are singularly fortunate to have in our midst a former teacher in Economics, an internationally acclaimed Kriyajogi. His Holiness Paramahansa Prajnananandaji Maharaj as our Guest of Honour for this Inaugural Session of the Conference. We are really grateful to your Holiness, for your august presence. We also have with us our revered teacher, the sit anchor of the Association and an economist par excellence on the dais. We are thankful to you Sir, for your generous presence.

I take this opportunity to present before you a brief profile of activities of our Association. The Orissa Economics Association was founded in 1969 with the noble objectives of promoting teaching in economics and stimulating research on the contemporary economic issues of the Indian economy at large and of the state of Orissa in particular. It was accorded the status of a learned Registered Society by the Government of Orissa the same year and enjoys the unique distinction of being one of the oldest registered regional academic

associations in the country. The Association started its operations with only 40 teachers in Economics from different Colleges and Universities of Orissa as its members. In course of time, the membership of the Association was made open to persons of different walks of life with interest in economic issues. At present the Association has 03 Institutional Members, 323 Life Members and 17 Annual Members which include a galaxy of economists of repute, executives, administrators, professionals & statesmen, besides teachers and researchers in Economics.

The Association endeavours to achieve its objectives by organizing Annual Conferences, Symposia and Workshops. The first Annual Conference of the Association was held on January 27, 1968 in the historic Ravenshaw College Hall (which originally housed the Orissa Legislative Assembly) with late lamented Professor Sadasiv Misra as its President who later became the President of the Indian Economic Association in its Delhi Session in 1971.

The Association has the distinct honour of organizing a two-day Annual Conference regularly since inception in which the members present their original research papers on the selected themes. The Association maintains the healthy tradition of selecting two topics of contemporary interest for deliberations in the Conference each year of which one is theoretical or in the context of the Indian Economy at large and the other concerns with the state economy of Orissa. The two themes selected for this year's Conference are

1. Development, Displacement and Rehabilitation

2. Role of Micro Finance in the Rural Development of Orissa

Since 1987 the Association has been organizing an endowment lecture in memory of Bhubaneswar Mangaraj, an illustrious teacher of Banki. Paramahansa Prajnananandaji Maharaj will deliver this year's Mangaraj Memorial Lecture.

The Association has been publishing its mouthpiece "Orissa Economic Journal" regularly since 1968 containing the Presidential Address, the memorial lecture, the keynote papers and the research papers presented in the Conference and selected for publication. Edited by Professor Baidyanath Misra, the Journal finds place in some of the reputed libraries of the country and has earned appreciation and applause from the teachers and researchers in the subject.

It gives me immense pleasure to express my heartfelt gratitude to our Hon'ble Chief Guest S.J. Agarwal for inaugurating the Conference. I am equally grateful to our Guest of Honour, His Holiness Paramahansa Prajnananandaji Maharaj whose presence has greatly increased the glamour of the Conference. I am specially thankful to Professor Bajdyanath Misra for the immense pains he has been taking in editing the papers for the Journal and for his keen interest in promoting the activities of the Association. I am proud enough to express my indebtedness to the Principal, Organising Secretary, Local Secretary, Members of the Organizing Committee of Kendrapara Autonomous College for their tireless efforts in organizing this Conference. I find no words to express my gratitude to my esteemed teacher Prof. B.P. Dash for his sincere guidance in nurturing the Association. I am extremely grateful to the former Presidents and Secretaries of the Association, the members of the executive body and especially to our President Prof. Samal for their unstinted support. I really owe a great deal to the dignitaries, paper writers, media persons and to you all ladies and gentlemen of having given me a patient hearing.

Thank you all once again.

Dr. Rabi N. Patra

Secretary

Orissa Economics Association



PRESIDENTIAL ADDRESS

**Orissa in the Post-Reform Era :
A "Resource Curse" State**

Orissa, despite her vast natural capital, abundant minerals and industrial raw materials, continues to be a backward state in India, recording the highest incidence of poverty. Industrialization in Orissa before 1951 was mainly confined to industries like rice milling, textiles and bidi-making on a cottage industry basis. Since the inception of Five Year Plans, **mineral-based industries** constitute the major component of the industrial development in Orissa.

There was no industrial policy worth the name up to 1980 in the state. In the 1960s, a scheme of setting up **panchayat level industries** was introduced in the state for dispersed industrial development over all areas; and another scheme, the **Pilot Project** (units in joint sector with government and private partnership), also came out. But due to marketing problems, lack of infrastructure and entrepreneurship, the units set up under the two schemes could not thrive.

PRE-REFORM :

The coming up of a number of industries in the state since 1980s is partly due to the announcement of various **Industrial Policies in different stages; in 1980, 1986, 1989, 1992, 1996, and 2001**. Thus, industrial backwardness of Orissa is hardly attributable to the absence of industrial policies of the state particularly since 1980.

Nor is the dearth of **promotional network** in the state responsible for the industrial backwardness.

Moreover, for industrial development of a state, there is need of both **forward and backward linkages** between agriculture and industry, and inter-unit and inter-industry linkages in the latter. But in all these fronts, the progress is also dismal. The progress of Ancillary Development Programme in the state is not satisfactory though there is ample scope for development of ancillary industries.

Presidential address of **Kishor C Samal** in 40th Annual Conference of OEA, 16th Feb'08, Kendrapada..

POST-REFORM :**Industry :**

In the post-reform period, there is a process of **de-industrialization** in the state since 1991.

- (i) The large- and medium-scale **private sector units in manufacturing are either closing down or sick**, which are the cases with paper mills, spinning mills, refractory and ferrochrome units.
- (ii) Some of the **state sector units** are also closed or sick.
- (iii) Large number of **SSI units**, even in the Industrial Estates, are closed. Employment generation in SSIs per year is not increasing since existing units are capital-intensive.
- (iv) Employment generation in **cottage industries** where large number of women, SC and ST are engaged, has been declining. This is due to de-reservation of items earlier manufactured by SSIs and cottage industry. Certain trends are also observed since 1991 due to entry of multinationals owing to privatization, and liberalization of international trade. As a consequence, there is availability of cheap, similar and substitute manufactured goods from foreign countries and multinationals; and changes in taste and fashion of the people through greater exposure to new products and services along with aggressive advertisement in print and electronic media.
- (v) Implementation of **Industrial Entrepreneurship Memoranda** is lowest in Orissa. During 1991-2007, around 4241 memoranda was implemented in India, out of which 583 was in Gujrat and only 37 in Orissa.
- (vi) Whatever proposed capital investment is in Orissa (due to
 - (a) privatization and liberalization,
 - (b) devaluation of Rupee in 1991, and continuing depreciation up to 2003, and
 - (c) abolition of Freight Equalization Policy in 1994), it is for **mineral processing**, by big business houses and multinationals. Since, these investments are not on value-added items, or for downstream production, there is little scope for reasonable employment generation.

On the other hand, the adverse impacts of mineral processing units in the state are:

- (a) environmental destruction and pollution, and
- (b) displacement of marginalized sections particularly tribal.

Agriculture :

- (a) There is also drastic **fall in food-grains production** from 72 lakh tones in 1991 to 36 lakh tones in 2002 in the agricultural sector. It is claimed that this is due to frequent natural disasters such as drought, Hood and cyclone (an impact of liberalization and privatization) and conversion of agricultural land for other purposes.

- (b) The **land used for cultivation has declined** from 63 lakh hectares in 1991 to 57 lakh hectares in 2005 and gochar from eight lakh to four lakh hectares.
- (c) There is **decline in public investment** in agriculture in the state.
- (d) **Number of cultivators is declining** but that of agricultural workers is rising.

Thus, in spite of **1996 Agricultural Policy** of government of Orissa, there is pauperization of farmers and all-round decline in agriculture in the state.

Macro-Economy :

All these have also their impact on the macro-economy of Orissa.

- (a) The annual growth **rate of real net state domestic product** of Orissa has decelerated from five per cent in 1980s to around two per cent in 1990s; and
- (b) **the share of the state in aggregate SDP** of major states in India is falling from 2.33 per cent in 1992 to 1.9 per cent in 2003.
- (c) The percentage of total **population under poverty line** at around 47 per cent in the state is the highest in India.

But this type of all-round decline in Orissa economy particularly in industrial sector, as mentioned earlier, is not due to absence of Industrial Policies of the state or promotional agencies. *This is mainly owing to the process of liberalization and privatization in the country leading to globalization since 1991, and consequent decline in public investment in industry, agriculture and related infrastructure.*

Conclusion :

Thus, in this post-reform era, **poor states like Orissa are becoming poorer, rich states** (viz. Gujrat, Maharastra, Tamilnadu, Punjab, and Haryana) **are becoming richer** in India.

- (a) Since 1991, the growth in India is leaving poorer states (viz., Orissa, UP, MP, Bihar, and Rajasthan) behind, and increasing the proportion of their population living below **poverty line**.
- (b) There is evidence of **rising income inequality** in India between poor states and rich states.
- (c) The pace of **job creation** in richer states has far outstripped that in poorer states of India. India's poorest and most populous states capture only one-fourth of jobs in organized sector, though account for about 40 per cent of the population.
- (d) Around half of the **foreign direct investment** has gone to rich states.

Thus, in the post-liberalization era, rich states are becoming richer, and poor states like Orissa poorer. Orissa is turned to a "resource curse" state-the state with abundant natural resources often have lower economic growth than states without comparable resource endowments.

**ROLE OF MICRO FINANCE IN THE
RURAL DEVELOPMENT OF ORISSA**

**ROLE OF MICRO FINANCE IN THE
RURAL DEVELOPMENT OF ORISSA**

Micro-finance & Self-employment Activities towards Income Generation and Poverty Alleviation in Rural Areas under SGSY: An Empirical Investigation in Haryana and Orissa.

**K.K. Tripathy
& Dr. Sudhir K. Jain***

I. INTRODUCTION :

Targeted anti-poverty programmes constitute a major effort in tackling poverty in India. Among these, self-employment programmes are considered as the main vehicles of poverty eradication. During the 1980s, with a view to generating sustainable employment and income in rural areas, India implemented an innovative and integrated development approach through a self-employment programme called Integrated Rural Development Programme (IRDP). Over the years, India has witnessed a number of such programmes. Consequent on the recommendations of a high powered committee¹ of Planning Commission, Government of India, the IRDP and its allied programmes were restructured and redesigned into a single and holistic programme called Swarnajayanti Gram Swarozgar Yojana (SGSY) that was implemented throughout India with effect from 01.04.1999.

SGSY is a mechanism through which physical and financial resources are mobilised in rural areas and public resources are transferred to identified groups of poor who are willing to constitute a small informal group from the same socio-economic status to evade chronic case of socio-economic crisis and vulnerability of one kind or the other. Being a holistic programme of self-employment, SGSY tries to bring in all the components needed for successful implementation of micro-enterprises like organisation of poor into self-help groups, provision

* K.K. Tripathy, a member of Indian Economic Service, is a research scholar and Sudhir K. Jain is an associate professor in Indian Institute of Technology, Delhi. Views are personal.

of timely and adequate credit improvement of training, technology and marketing. The micro-finance component of the programme is referred to as a small-scale financial intermediation inclusive of savings, credit, insurance, business services and technical support.

The objective SGSY is to bring the assisted poor families (*Swarozgaris*) above the poverty line by ensuring an appreciable level of income sustainable over a period of time. This objective is proposed to be achieved by *inter alia* organising the rural poor into SHGs through the process of social mobilisation, training, capacity building and provision of income-generating assets. This process aims at building the poor's self-confidence through community action, collective decision-making, prioritisation of their needs and resources so as to improve their collective bargaining power and empower them socially and economically. The *modus operandi* of SGSY works through the integration of various agencies like District Rural Development Agencies (DRDAs), banks, line departments, Panchayat Raj Institutions² (PRIs), non-governmental organisations (NGOs) and other semi-government organisations.

The above objective of the programme is supposed to be achieved through :

- Selecting a few key economic activities and identifying clusters for taking up the same so as to maximise backward and forward linkages.
- Identifying the activities based on the local resources, marketability and the aptitude, skill of the people.
- Ensuring convergence between NABARD, local Khadi & Village Industry offices, District Industry Centres etc..
- Preparing project report (investment proposal) for each key activity indicating various elements such as members to be covered, need for training, credit, technology, infrastructure and marketing.
- Implementing the activities, repaying the amount of loans taken for the activities concerned.

Drawing upon the results of a field study conducted in two districts each of Haryana and Orissa, this paper, analyses the income impact of the programme on the targeted beneficiaries. The following section (Section II) highlights the nature and functions of the SHGs and their

importance in the provision of livelihood support to the identified poor under the SGSY. In Section III, in addition to some data analysis, a logit regression model has been built to examine the impact of SGSY on the programme beneficiaries by studying the results of a primary survey conducted in Kamal and Mahendergarh districts of Haryana and Jagatsingpur and Nuapara districts of Orissa. Section IV deals with some policy prescriptions and concludes with the optimism that effective co-ordination amongst field level agencies, appropriate selection of economic activities and effective monitoring would pave the way for the successful implementation of the world's largest micro-finance driven rural self-employment programme.

II. SHG AND MICRO-FINANCE UNDER SGSY :

The Micro-finance programmes envisage increasing outreach of small financial services through Self-Help Groups (SHGs) in general and women groups in particular. Since the SHG is a small and informal group of 10 to 20 persons drawn from relatively homogenous backgrounds, the members, who join the group, know what benefit they would attain from the group through micro-finance. Micro-finance has to be utilised in such a way that it benefits the SHGs to improve the quality of life of their members and if properly implemented would lead to the increment in income by enhancing members' productivity and ensuring timely repayments and adequate peer or social monitoring (Guha & Gupta, 2005). The SHGs need to firm up their financial and economic norms meant for selection of appropriate beneficiary and subsequent disbursement of credit to the needy.

The borrowing member chooses economic activities for income-generation purposes and knows clearly the goals or objectives he has to attain for his own sustenance and stability of the group which he/she belongs to. Here, the members through participative decision-making process prioritise their goals in terms of their urgency. All the members are aware of their individual needs so as to converge their needs with the group objective. They can utilise the team effort in addressing their problems and issues while approaching their target. Unity, group effort and team-work help them in achieving their goals. This repackaged and revamped micro-finance driven self-employment programme is expected to help in beneficiary identification through participatory methods (Sriram, 2005). An effective social mobilisation leads to the successful and hassle-free operation of self-employment activities (Ojha, 2001).

The regular savings of the members comprise Group Corpus³, which is used to meet the credit needs of the members, through a common management process.

2.1 SHGs under SGSY :

The emphasis of SGSY is on SHG formation, social mobilisation and economic activation through the SHG-Bank linkage which is quite unique to India. Micro-credit programmes through their inherent and inbuilt developmental approach contribute to socio-economic welfare and empowerment of members (Jayaraman, 2005). The approach of SGSY rests on the basic premise that there is a tremendous potential within the poor to help themselves and this potential can be harnessed by organising them into groups with a given amount of physical, financial and human resources. Exhibit-1 summarises the most popular reasons why people join SHGs.

Exhibit-1 : Why do people join SHGs?

Reason	Benefit from Self-Help
Security	Reduction of insecurity of 'standing alone'. Feeling of strength, fewer self-doubt, more resistance to threats.
Status	Provision of recognition and status to the members.
Self-esteem	Feelings of self-worth .
Affiliation	Fulfillment of social needs through regular interaction.
Power	Power of unity and numbers.
Goal achievement	Talents are pooled, knowledge and awareness are available for accomplishment of group task .

2.2 Nature and Functions of SHGs under SGSY :

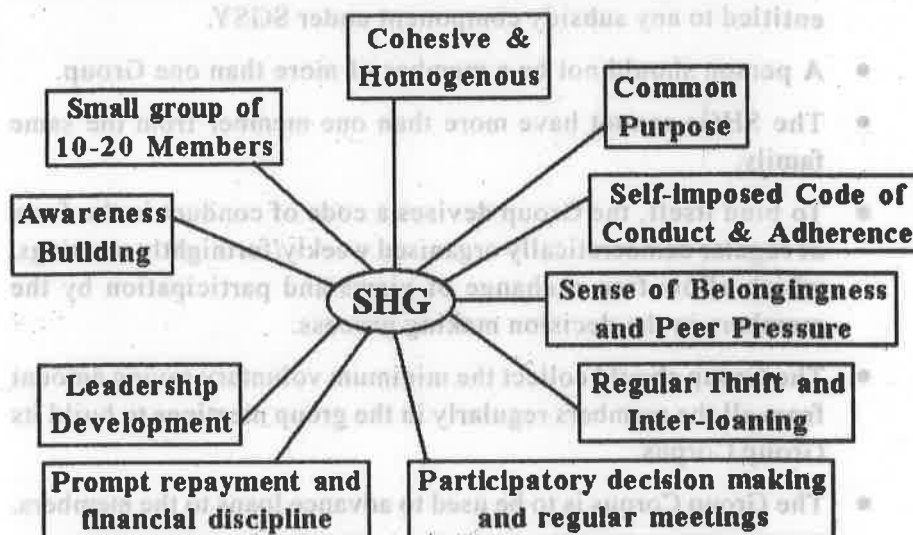
SHG formation keeps in view the following broad guidelines :

- Unlike the usual 10 to 20 members each, SHGs in areas with scattered and sparse population like deserts and hills and in cases of minor irrigation and disabled persons, may have 5-20 members.

- The members are drawn from below the poverty line (BPL) families. Up to 20 per cent of membership in a group is open to people living above the poverty line. But these members are not entitled to any subsidy component under SGSY.
- A person should not be a member of more than one Group.
- The SHGs cannot have more than one member from the same family.
- To bind itself, the Group devises a code of conduct in the form of regular democratically organised weekly/fortnightly meetings, which allow free exchange of views and participation by the members in the decision making process.
- The Group should collect the minimum voluntary saving amount from all the members regularly in the group meetings to build its Group Corpus.
- The Group Corpus is to be used to advance loans to the members.
- The loaning decisions should be through a participatory decision-making process.
- The Group should develop financial management norms covering the loan sanction procedure, viz. prioritise the loan applications, fix repayment schedule and fix appropriate rates of interest and closely monitor the repayment of the loan.
- The Group should operate a Group account preferably in their service area bank branch.
- Simple basic records such as Minutes book, Attendance register, Loan ledger, General ledger, Cash book, Bank passbook and individual passbooks have to be maintained by the Group.
- Fifty per cent of the Groups formed in each block should be exclusively for women.
- In the case of disabled persons, the Groups formed should ideally be disability specific wherever possible. However, Groups may comprise persons with diverse disabilities or may comprise both disabled and non-disabled BPL persons.

Exhibit 2 summarises the nature and functions of SHGs operating in India.

Exhibit-2 : Nature and Functions of SHGs operating in India



2.3 Stages of SHG Evolution under SGSY

SHGs go through the following stages of evolution :

- i) **Group formation** : Initially, Groups are formed, developed and strengthened to evolve into self-managed people's organisations at grassroot level.
- ii) **Group stabilisation** : Through thrift and credit activity the members build up their Group Corpus from where internal loaning facilities are extended. The members acquire skills to prioritise scarce resources, to assess the strength of each member, to time the loans, fix schedule of repayments and interest rates and introduce sanctions for deviant behaviour.
- iii) **Micro-finance** : The Group Corpus is supplemented with Revolving Fund sanctioned as cash credit limit by the Banks.
- iv) **Micro-enterprise development** : SHGs take up economic activity, of their choice for income-generation. This phase includes entrepreneurship development and skill development training of the members of the Group to enable them to successfully implement the chosen activity. Every group might

not graduate to the stage of Micro-enterprise within the time frame indicated in the Guidelines of SGSY. Some groups may require intensive training and capacity building inputs to enable them to reach higher levels of income generation.

Exhibit-3 indicates that the credit linkage criteria for an SHG depend on the group's relative maturity.

Exhibit-3

4. Micro-enterprise where group takes up economic activities of their own choice, with higher investment (time > a year in Stage 1, 2 & 3)

3. Micro-credit where group is linked to loan and subsidy for increasing corpus and availability of loan per capita (time > 6 months in Stage 1 & 2)

2. Group Stabilisation through regular meetings, thrift, handling repayments, record keeping, assessment of credit needs and management (time 0-3 months in Stage 1)

1. Stage of Group Formation - norms, procedures are developed and activities performed

Micro-finance initiative ensures empowerment amongst women within informal and small cohesive groups as they ensure consistent promptness and reliability of repayment of credit (Mwenda & Muuka, 2004). SHG is a movement for women empowerment and ensures self development and social, political and economic participation of women and work for the success of women entrepreneurs (Mohammed, 2004). SHGs exert strong influence on their members where the norms of the groups become the basis of the determination of appropriate behaviour of the members. SHGs can be best judged through the characteristics of a small group which are enlisted in Exhibit-4.

Exhibit 4 : Characteristics of SHG as a Small Group

Characteristics	Activities within SHG
Group interaction	The SHG members' face-to-face contact with each other ensures flexibility to communicate freely among themselves.
Perception and cognition group members	Members engaged in interaction with one of another help in forming impression perception about each other.
Group cohesiveness	Members are attracted towards the group which increases task based cohesiveness.
Group goals	The members of SHGs set common goal or goals and each of them contributes to achieve the goal.
Group problem solving	Strong interpersonal interaction and participative decision-making process leads to effective problem solving.
Motivation and need satisfaction	The members are motivated towards achieving the common group goal or goals to satisfy their immediate and future needs.
Group organisation	Setting group norms and developing interpersonal relationships contributes to the effective functioning of the group.

SGSY encourages constitution of SHGs in rural areas to channel credit and subsidy components in an effective manner since the commitment in task accomplishment is high in small and cohesive group members. Further, team goal commitment in small groups is positively related to team effectiveness through group performance, quality of group experience and team viability (Aube et al., 2005).

2.4 Micro-Financing – the Prime SHG Activities :

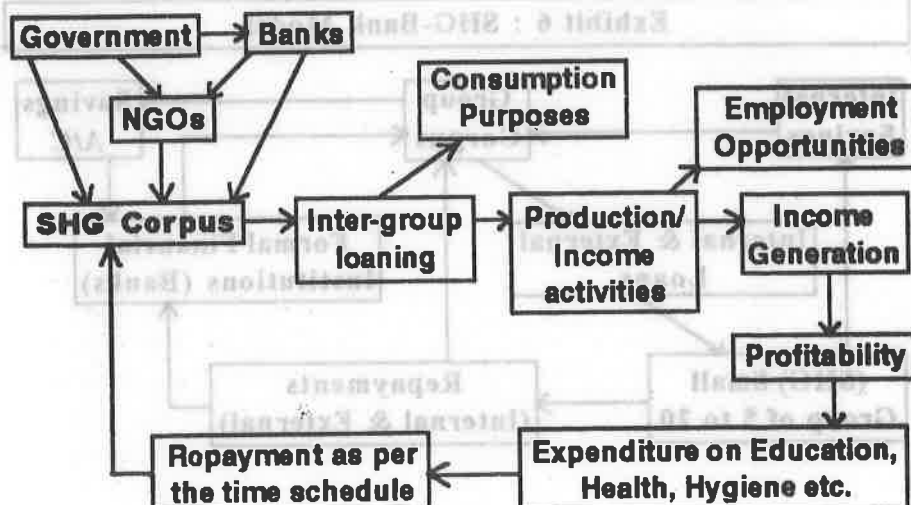
The SHGs collect savings from the members and advance credit to the members out of their pooled group corpus. This is also supplemented by micro-finance which incorporates government subsidy⁴, bank loans and other financial services like insurance. Micro-finance is the credit and repeated credit provided in small measures to suit the

recipients' (i.e. SHG members') requirements, with a comfortable pace of repayment and an appropriate rate of interest, which ensures other financial services like savings and insurance of the assets acquired with micro-credit. The members being economically downtrodden and poor want rapid, reliable, continuous and hassle-free financial services. They borrow small amounts on the basis of the absorption capacity assessed by themselves.

Considering a positive impact on the poor's livelihood and income, micro-finance has assumed that (a) poor are bankable; (b) lending to the poor is not only sustainable but also profitable; (c) the programme is highly replicable; (d) it ensures effective employment opportunities to the poor and helps them to come out of the poverty trap; (e) the solidarity groups formed for the channelisation of credit become vehicles for a variety of desirable developments of health, hygiene, nutrition, sanitation, education, etc.

Exhibit-5 indicates that micro-finance adds to the Group Corpus and is sourced from government, NGOs, banks etc. While funds from the Government enrich the group corpus by way of subsidy, the NGOs and banks supply credit as per the needs of the group. The group is then involved in inter-lending activities for consumption and production purposes. By pursuing productive economic activities, the group repays the loan amount to the bank.

Exhibit 5 : Role of Group Corpus

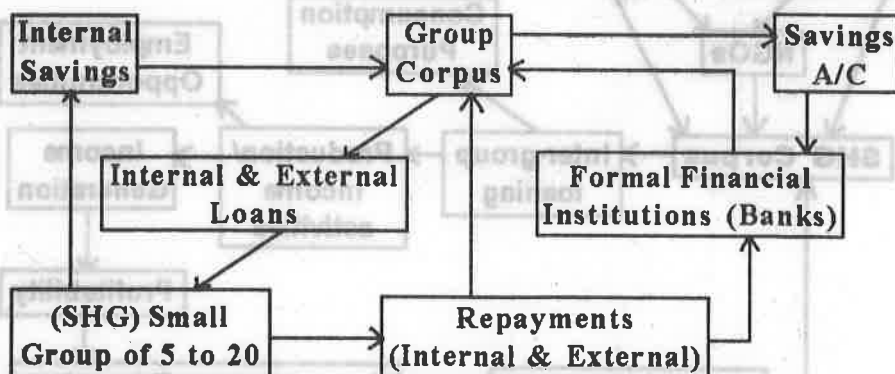


2.5 Models of Micro-finance and SGSY :

Various traditional as well as innovative approaches under the micro-finance programmes have been adopted for increasing the credit flow to the rural and unorganised sector of the economy. There are several models of micro-finance prevalent in India. Out of these, the most important ones are - Model I where SHGs are financed directly without the intervention/facilitation of any NGO; Model II, wherein SHGs are financed directly with the facilitation extended by formal or informal agencies Self-Help Promoting Institutions⁵ (SHPIs) viz., Government, Commercial Banks and Micro Finance Institutions (MFIs) like NGGs, Non Bank Financial Intermediaries (NBFIs) and Cooperative Societies; in Model III financing takes place through NGGs and MFIs as facilitators and financing agencies and Model IV is the Grameen Bank Model, similar to the model followed in Bangladesh.

In India, Model II of micro-finance constitutes as much as three-fourths of the total micro-financing where SHGs are formed and nurtured by facilitating agencies like the Government and NGOs and are linked directly with banks for the purpose of receiving credit. The SGSY model of delivering micro-finance is based on this linkage approach which is quite unique to India. The linkage is vital for securing the SHGs timely micro-finance. SGSY beneficiaries are covered under this model which is indicated as per the following Exhibit 6.

Exhibit 6 : SHG-Bank Model



It is evident from Exhibit 6 that a group of people after forming an SHG on their own go to the bank to get their SHG linked with credit. Here, the urge to get linked is spontaneous. Since there is hardly any facilitation involved in forming or nurturing the group in a particular social set-up, the formal financing institutions are always sceptical about the creditworthiness of the group borrowers. The reluctance to render credit services to the SHGs is high and credit supply is not free from unnecessary hassles like excessive documentation, legal formalities and insistence on collaterals. Once the banks feel that the necessary banking habits have been instilled in the group members through their internal loaning and saving activities, they are no longer reluctant to link the SHGs with credit facilities.

III. EVALUATION OF MICRO-FINANCE INTERVENTION :

NABARD has estimated (Table 1) that as on 31.03.2007, there were around 29.25 lakh SHGs linked to banks under various micro-finance programmes and credit disbursed to them. Out of the total groups linked to banks, 90 per cent were exclusively women groups. Out of the total 498 participating banks in this endeavour, 50 were from commercial banks, 96 RRBs and 352 were Cooperative Banks. This programme is spread over 31 States and Union Territories in India covering 587 districts. As many as 40.95 million poor households have been assisted with a bank loan of Rs.180.41 billion where average new loan size per SHG is Rs.44,342. However, the average loan per family is as low as Rs.3,167. Out of the total of 29.25 lakh SHGs linked to banks or formal financial institutions, 75 per cent have been exclusively groups constituted as per SHG-Bank linkage model.

Table-1 :

**Performance under SHG Bank Linkage Programme in India
(As on 31 March 2007)**

Sl. No.	Particulars	Cumulative Progress
1	2	3
1.	No. of SHGs linked	29,24,973
2.	% of women groups	90

3.	No. of participating banks	498
	(i) Commercial Banks	50
	(ii) Regional Rural Banks (RRBs)	96
	(iii) Cooperative Banks	352
4.	No. of States/UTs	31
5.	No. of districts covered	587
6.	Bank Loan (Rs. billion)	180.41
7.	Refinance (Rs. billion)	54.59
8.	No. of poor households assisted (million)	40.95
9.	Average Loan/SHG (Rs.)	
	(i) New	44,342
	(ii) Repeat	78,693
10.	Average Loan/Family (Rs.)	
	(i) New	3,167
	(ii) Repeat	5,621
11.	Model Wise Linkage (Cumulative Percentage)	
	(i) SHGs formed and financed by Banks	17
	(ii) SHGs formed by other agencies but directly financed by banks	75
	(iii) SHGs financed by banks using financial intermediaries (including Grameen Bank)	8

Source : NABARD, 2007

As far as the regional spread of SHG-Bank linkage programme in India is concerned Table 2 indicates that out of the total 29.24 lakh SHGs linked, 52 per cent were from the Southern Region of the country. The linkage in northern, north-eastern and western regions was low at 6.2, 3.1 and 9.2 per cent respectively. While 18 per cent SHGs were linked in Eastern region the same was 11.4 per cent in the Central region. There was also a vast mismatch in the credit flow to the SHGs situated in various regions. The Southern Region alone obtained 75 per cent of bank loan through this programme whereas the rest was divided amongst other 5 regions of the country.

Table-2 : Regional Spread of Progress under SHG-Bank Linkage Programme (As on 31.03.2007)

Sl. No.	Region	SHGs Provided Credit (No. Cumulative) Total	Per cent SHG Credit Linked to Cumulative)	Bank Loan Provided to SHGs (Rs. Million to total	Per cent Loan Distribution
1	2	3	4	5	6
1	Northern	1,82,018	6.2	6,175.47	3.4
2	North-Eastern	91,754	3.1	2,638.90	1.5
3	Eastern	5,25,881	18.0	16,045.91	8.9
4	Central	3,32,729	11.4	10,928.91	6.1
5	Western	2,70,447	9.2	9,148.99	5.1
6	Southern	15,22,144	52.0	1,35,469.24	75.1
	All India	29,24,973	100.0	1,80,407.42	100.0

Source: NABARD, 2007

Impact studies on the implementation of various grass-root level self-employment ventures have not been able to resolve the issues relating to the successful and sustainable income impact of such programmes on the intended beneficiaries. In an eagerness to address the problem of financial access to the poor, the government, often sets ambitious targets through nationalisation of banks and extension of directed credit, provides subsidies and launches welfare schemes like loan waivers. The scene has changed recently after the discovery and success of SHGs. Many governments of developing and underdeveloped nations treat SHGs as the panacea of the problem of credit inaccessibility in rural areas and advocate extension of credit through SHG-Bank route to the poor. However, pushing the public sector banks and other government departments to form and link groups at break-neck speed has been at the root of the failure to achieve real progress in solving the problems of the rural credit supply (Mor, 2005). Further, there have not been adequate field studies drawing a positive inference on the impact of the external intervention on the economic status of the beneficiaries concerned. This limited study and research has prompted us to review and examine the successful implementation of the world's largest government-run rural micro-finance programme in India.

A field study was conducted in two districts each of Haryana (of Northern Region) and Orissa (of Eastern Region) to have a comparative review of the implementation of the programme. While the State of Orissa is the country's most economically backward State, the State of Haryana registered a sharp decline in the rural poverty rates over the years (1983-84 to 2004-05). The present evaluation study aims at probing the apparent difference in performance and implementation of SGSY in the two regions which are very diverse from each other. The empirical part of this paper is based on the data collected during this evaluation study.

3.1 Methodology for Sample Selection, Data. Collection and Analysis :

The data used in this section was collected from primary sources based on the field survey conducted during October 2006-June 2007. The study covered four districts of the states of Haryana and Orissa. In the first stage, two districts each of the two states were identified on the basis of the SHG penetration into their respective rural blocks. The districts were selected through purposive sampling to ensure that these districts would adequately represent the State with respect to geographical distribution and special socio-economic conditions of the State. Out of the 4 districts, a total of 8 blocks were chosen for conduction of the field survey. From each of the selected blocks four gram panchayats⁶ were chosen using convenience sampling. The selection of villages/gram panchayats was done carefully so that these would properly represent the implementation of the SGSY programme in the blocks. Individual members and leaders within the SHGs were the final sampling units. The SGSY beneficiaries are generally drawn from the Government of India enumerated BPL Census⁷. From the SGSY programme beneficiary list, four SHGs each were chosen from a gram panchayat. Out of the four SHGs two were matured groups constituted during 2000-2004 and the other two constituted after 2005. Four beneficiaries (two leaders and two members) each were selected randomly as beneficiary respondents in each SHGs. The schedules for beneficiaries were administered on each of them. A total of 640 beneficiary respondents were covered in this study. However, missing data in some of the schedules compelled us to restrict the number of respondents to 615.

The distribution of sample SHGs and members were proportionate to the number of SHGs linked as at the end of March 2005 (Table 3).

Table-3 : Distribution of Sample SHGs & Members Across Haryana & Orissa

MF Categories	Selected States	Selected Districts	No. of SHGs linked to Bank (as on March 2005)	SHGs Selected	SHG Members Covered	Complete Responses Received
1	2	3	4	5	6	7
SGSY	Haryana	Mahindergarh	113	32 (28.3)	128	126
		Karnal	230	32 (13.9)	128	119
	Orissa	Nuapara	213	32 (15.0)	128	126
		Jagatsingpur	296	32 (10.8)	128	122
		Sub Total	852	128(15.0)	512	493
NGO	Orissa	Nuapara	100	32 (32.0)	128	122
		Grand Total	952	160(16.8)	640	615

Figures in parentheses indicate percentage to total.

The distribution of SHG beneficiaries under various social groups is indicated in Table 4.

Table-4 : Micro-finance Beneficiaries under Different Social Groups

Sl. No.	District/State	Total No. of Sample Beneficiaries	Percentage of Sample Beneficiaries		
			SC	ST	Others
1	2	3	4	5	6
1	Mahindergarh	126	72.2	0.00	27.8
2	Karnal	119	90.8	0.00	9.2
	Haryana	245	81.2	0.00	18.8
3	Jagatsingpur	122	46.7	0.00	53.3
4	Nuapara	248	11.3	49.2	39.5
	Orissa	370	23.0	33.0	44.1
	All Four Districts	615	46.2	19.8	34.0

Source: Survey Data

From Table 4 it is evident that the percentage of beneficiaries under Scheduled Caste (SC) category dominates the total sample with 46.2 per cent followed by the other caste beneficiaries (34.0 per cent) and Scheduled Tribe (ST) category with 19.8 per cent. This trend, however, varies substantially across the districts under study. There were no respondent from the ST category in three of the four districts viz., Mahindergarh, Karnal and Jagatsingpur. The SC category respondents varied from 90.8 per cent in Kamal to 11.3 per cent in Nuapara.

Table 5 reveals the shift in the occupation due to the micro-finance intervention under SGSY. In the pre-SHG stage 40 per cent of respondents were living on agriculture and 26.6 per cent on forestry and livestock. In the post-SHG period while the former occupation marked a reduction of 3.09 per cent, the latter registered an increase of 13.5 per cent. While trade and commerce registered a negative shift by 16.58 per cent during the same period, there was a positive shift of 4.39 per cent in case of household industry category. Transport and communication and other occupations recorded a marginal but positive shift.

Table-5 : Cross Classification of Respondents by Present and Past Occupations

Present Occupation	Past Occupation						Total
	Agriculture & Allied	Forestry & Livestock	Household Industry	Trade & Commerce	Transport & Commn.	Others	
1	2	3	4	5	6	7	8
Agriculture & Allied	154 (67.84)	38 (16.74)	16 (7.04)	19 (8.37)	0 (0.00)	0 (0.00)	227 (36.91)
Forestry & Livestock	58 (23.48)	108 (43.72)	19 (7.69)	52 (21.05)	10 (4.04)	0 (0.00)	247 (40.16)
Household Industry	24 (31.57)	14 (18.42)	4 (5.26)	34 (44.73)	0 (0.00)	0 (0.00)	76 (12.35)
Trade & Commerce	8 (25.80)	2 (6.45)	1 (3.22)	17 (54.83)	1 (3.22)	2 (6.45)	31 (5.04)
Transport & Commn.	1 (4.00)	2 (8.00)	9 (36.00)	3 (12.00)	10 (40.00)	0 (0.00)	25 (4.06)

Others	1 (11.11)	0 (0.00)	0 (0.00)	8 (88.88)	0 (0.00)	0 (0.00)	9 (1.46)
Total	246 (40.00)	164 (26.66)	49 (7.96)	133 (21.62)	21 (3.41)	2 (0.32)	615 (100.00)

Notes : Figures in the parentheses for columns no. 2-6 are row-wise percentages to total and for columns no. 8 is column-wise percentage to total.

Source : Survey Data

Table-6 highlights the respondent beneficiaries' ownership of land property. As is evident from the above table, 36.1 per cent of the total respondents in Haryana and Orissa were landless. There were only 20.3 per cent of beneficiary who had land upto 1 acres. 61.6 per cent of beneficiaries had land upto 3 acres. There were only 2.3 per cent of respondents who had land more than 3 acres.

Table-6 : Respondent Beneficiaries' ownership of land property

Sl. No.	District / State	Land Property (in Acres)				
		0-1	1-2	2-3	>3	Landless
1	2	3	4	5	6	7
1.	Mahindergarh	06.3	15.9	3.2	—	74.6
2.	Karnal	16.8	1.7	4.2	5.9	71.4
	Haryana	11.4	9.0	3.7	2.9	73.1
3.	Jagatsingpur	26.2	57.4	6.6	1.6	8.2
4.	Nuapara	26.2	51.2	7.3	2.0	13.3
	Orissa	26.2	53.2	7.0	1.9	11.6
	All Four Districts	20.3	35.6	5.7	2.3	36.1

Source : Survey Data

Table 7 reveals that the average land holding of the beneficiaries was only 1.69 acres. While on an average a beneficiary member saves Rs 40.50 per month, an average amount of individual loan was as high as Rs.7,104/-. It is estimated that the average group corpus was Rs.36,199/- and average group loan was Rs.1,53,984/- thereby taking the debt-equity ratio to a peak of 4.25: 1. This high ratio clearly puts a big question mark on the sustainability of the economic units as the

usual conventional norm for debt-equity ratio of an economic unit is only 2: 1. The corresponding figures for matured groups and newly constituted groups are 4.73:1 and 3.43:1 respectively.

The figures relating to the average interest charged to members of the SHGs by various credit suppliers indicates that the bank interest rate per month is the lowest (i.e., 0.68 %) followed by SHGs (2.49%) and the rural money lenders (5.39%). This clearly shows that other things being equal, the interest cost of the credit extended to the rural people have reduced significantly giving the advantage to the rural borrowers.

Table-7 : Statistical Characteristics (Mean) of the Total Sample of Haryana & Orissa

Sl. No.	Variables	Total Sample of Haryana & Orissa	Total Sample of SHGs formed between 2000 & 2004	Total Sample of SHGs formed 2005 onwards
		Mean		
		N=615	N=306	N=309
1	2	3	4	5
1.	Average Monthly Savings (Rs.)	40.48	37.42	43.51
2.	Average Size of Land possessed (Acre)	1.69	1.70	1.67
3.	Average Market Value of House Owned (Rs.)	26,870	27,533	26,214
4.	Average Amount of Individual Loan (Rs.)	7,014	9,454	4,597
5.	SHG Investment (Rs.)	1,54,715	2,16,748	93,285
6.	Average Value of Group Corpus (Rs.)	36,199	45,792	26,699
7.	Average Size of Group Loan (Rs.)	1,53,984	2,16,871	91,707
8.	Average Rate of Interest Charged by SHG per month (%)	2.49	2.47	2.51
9.	Average Rate of Interest Charged by Banks per month (%)	0.68	0.68	0.67
10.	Average Rate of Interest Charged by Money-lenders per month (%)	5.39	5.24	3.56

Source : Survey Data

From Table 8, it is seen that the maximum respondents (65.52%) daily per capita income was upto Rs.50/- which was well below the poverty line income (Rs.67.75 per day) as set by the Ministry of Rural Development for designating BPL people in their five yearly BPL censuses. In Haryana and Orissa, 40.5 and 82 per cent of the total respondents of the respective States earn a daily income in the range of Rs.0-50.

Table-8 : Distribution of Respondents by Group Maturity and Per Capita Daily Income Class

Income Class (Rs./ Day)	Maturity Status of SHG								
	Haryana (N=245)			Orissa (N=370)			Total (N=615)		
	New	Old Total	Sub	New Total	Old Total	Sub	New	Old	Grand
1	2	3	4	5	6	7	8	9	10
0-25	0 (0.00)	2 (100.00)	2 (0.81)	39 (50.65)	38 (49.35)	77 (20.81)	39 (49.37)	40 (50.63)	79 (12.84)
26-50	51 (52.58)	46 (47.42)	97 (39.59)	116 (51.10)	111 (48.90)	227 (61.35)	167 (51.54)	157 (48.46)	324 (52.68)
51-100	32 (44.44)	40 (55.56)	72 (29.38)	29 (47.54)	32 (52.46)	61 (16.48)	61 (45.86)	72 (54.14)	133 (21.62)
100-150	15 (25.00)	45 (75.00)	60 (24.49)	2 (40.00)	3 (60.00)	5 (1.35)	17 (26.15)	48 (73.85)	65 (10.56)
above 150	5 (35.71)	9 (64.29)	14 (5.71)	0 (0.00)	0 (0.00)	0 (0.00)	5 (35.71)	9 (64.29)	14 (2.27)
Total	103 (42.04)	142 (57.96)	245 (100.00)	186 (50.27)	184 (49.73)	370 (100.00)	289 (46.99)	326 (53.01)	615 (100.00)

Notes : Figures in the parentheses for columns no. 2,3,5,6,8 and 9 are row-wise percentages to total and for columns no. 4, 7 and 10 are column-wise percentage to total.

Source : Survey Data

Distribution of respondent beneficiaries by education and investment size has been shown in Table 9. This table reveals that out of the total 615 respondents, 46.18 % were illiterate and 29.43 % were educated up to primary level. This points out that the respondent

beneficiaries lack basic skill and awareness in running diverse and innovative activities involving greater risks and higher profits than the conventional agriculture and allied activities.

Table-9 : No. & Percentage Distribution of Respondents by Education and Investment Size

Educational Qualification	Haryana & Orissa (N = 615)				
	Investment Size (Rs. Thousand)				
	0-25	25-50	50-100	100-500	Total
1	2	3	4	5	6
Illiterate	65 (22.88)	53 (18.66)	33 (11.61)	133 (46.83)	284 (46.18)
Primary	23 (12.70)	44 (24.30)	36 (19.88)	78 (43.09)	181 (29.43)
Secondary	9 (9.18)	26 (26.53)	24 (24.48)	39 (39.79)	98 (15.93)
Higher Secondary	6 (12.00)	11 (22.00)	14 (28.00)	19 (38.00)	50 (8.13)
Graduation & Above	0 (0.00)	1 (50.00)	1 (50.00)	0 (0.00)	2 (0.32)
Total	103 (16.74)	135 (21.95)	108 (17.56)	269 (43.73)	615 (100.00)

Notes : Figures in the parentheses for columns no. 2, 3, 4 and 5 are row-wise percentages to total and for columns no. 6 is column-wise percentage to total.

Source : Survey Data

It was presumed that with an average experience of 4.2 years (Table 10), the respondents of relatively older SHGs would increase their income. Table 10 reveals that there has been an increase in the respondents' income and assets during the pre and post SHG period. However, a review of the annual incremental income in Haryana and Orissa taking into consideration the duration of existence of group and the price factor indicate that, the annual growth of income was 9.6 per cent. While for older SHG members it was 6.4 per cent, the same was high at 21.9 per cent for newer group members. For younger SHG

members, the annual increment in asset was 18.4 per cent whereas the same for older SHG members was 18.8 per cent.

Table-10 : Total Sample of Haryana & Orissa by Average Income and Asset Value

Sl. No.	Variables	Haryana & Orissa N=615	SHGs Formed Between 1999 & 2004 N=306	SHGs Formed 2005 Onwards N=309
1	2	3	4	5
Pre-SHG				
1.	Average Income of the Respondent Family (Rs.)	30.0	29.5	30.6
2.	Adjusted Family Income (Rs.)	5.9	5.8	6.0
3.	Average Value of Assets Possessed (Rs.)	21,731.7	21,470.6	21,990.3
4.	Adjusted Value of Assets Possessed (Rs.)	4,261.1	4,209.9	4,311.8
Post-SHG				
5.	Average Income of the Respondent Family (Rs.)	46.4	46.3	46.6
6.	Adjusted Family Income (Rs.)	7.4	7.3	7.4
7.	Average Value of Assets Possessed (Rs.)	39,975.6	47,549.0	32,475.7
8.	Adjusted Value of Assets Possessed (Rs.)	6,345.3	7,547.5	5,154.9
9.	Increment in Adjusted Income (%)	25.2	27.2	23.2
10.	Increment in Value of Assets Possessed (%)	48.9	79.3	19.6
11.	Average Duration of the SHGs (Year)	2.6	4.2	1.1
12.	Yearly Increment in Adjusted Income (%)	9.6	6.4	21.9

13.	Yearly Increment in Value of Assets Possessed (%)	18.6	18.8	18.4
<i>Note : The income and asset values are deflated taking into consideration the CPI-IW price index for 2001-02 (5.1) and 2006-07 (6.3) with a base of 1986-87 prices</i>				
<i>Source : Survey Data</i>				

Table-11 reveals that 16.1 per cent of beneficiaries experiences no change in their income and 46 per cent in their asset value during the pre and post-SHG periods. However, there were 83.9 per cent and 54.0 per cent beneficiaries who experienced a positive change in their income and asset values respectively. It is also evident from the table that as high as 21.6 per cent beneficiaries in Orissa did not experience a change in their income. Similarly, in Haryana as many as 47.3 per cent of respondents did not add any value to their total asset during the intervening period. It is important to mention here that as many as 45.1 per cent of respondents in Orissa did not experience any increment in their asset value.

Table-11 : Respondent Beneficiaries' Income and Asset Position

Sl. No.	District / State	Change of Income & Asset Between Pre & Post SHG Period			
		Change of Income		Change of Asset	
		Positive	No Change	Positive	No Change
1	2	3	4	5	6
1.	Mahindergarh	96.0	4.0	74.6	25.4
2.	Karnal	88.2	11.8	29.4	70.6
	Haryana	92.2	7.8	52.7	47.3
3.	Jagatsingpur	77.0	23.0	51.6	48.4
4.	Nuapara	79.0	21.0	56.5	43.5
	Orissa	78.4	21.6	54.9	45.1
	All Four Districts	83.9	16.1	54.0	46.0
<i>Source : Survey Data</i>					

3.2 Econometric Model :

A probabilistic econometric model has been attempted where we have used binomial logit regression approach. The dependent variable here is a binary variable that measures whether there has been an increase in income or not. The probability of the event relating to the occurrence of increment income (Y) under the programme can be determined by :

$$\text{Prob}(Y_i = 1) = f(\alpha + \beta X_i)$$

$$\frac{\text{Exp}(\alpha + \beta X_i)}{1 + \text{Exp}(\alpha + \beta X_i)}$$

Now, if P_i is the probability that $Y_i = 1$ (that is the event occurs) and $(1-P_i)$ is the probability that $Y_i = 0$ (that is the event does not occur), the variable Y_i has the following probability distribution :

$$\log_e [\text{prob.}(Y_i = 1) / (1 - \text{prob.}(Y_i = 1))] = (\alpha + \beta X_i)$$

The effect of a unit change in X on the log odds ratio of the event (Y) occurring is given by the corresponding P coefficient. Log odds ratio is useful in the immediate interpretation of the coefficients. Further, the logit models are not linear in their parameters and are generally estimated by using maximum likelihood estimation techniques.

Table 12 describes the variables taken in the model. The dependent variable YEFF is binary with Y_i having a value 1 (if the beneficiary member has had an increase in income and 0 otherwise. The independent variable LPROPD indicates whether the respondents possessed any land property or not. GCORLN refers to the ratio of the group loan to the total corpus of the group. BFWD reveals whether the districts are socioeconomically forward or backward. In the present study Kamal and Jagatsingpur are the forward districts of Haryana and Orissa respectively. While COCCUD captures the current occupation of the respondents, CASTED, DURTND, CHASSET, VGCORP, LITYD, SAVM, SHGINVD indicate caste category, maturity in existence, asset change, corpus value of the group, literacy status, monthly savings and investment made in the group.

Table-12 : Variables used in the Logit model and their definition

Variable	Definition
Dependent Variable	= 1, if income from self-employment activities after getting linked to bank is greater than the corresponding income before coming to the SHG fold = 0, otherwise
YEFF: Income effect on beneficiary member's income from Micro-finance activities.	
Independent Variables	
LPROPD(Land Property Possessed)	= 1, if own some land = 0, otherwise
GCORLN: Ratio of group corpus to total group loan availed	= Total value of Group Corpus of an SHG/ total loan availed by that Group
BFWD: Backwardness	= 1, if the district is backward in the State concerned = 0, otherwise
COCCUD: Present occupation of respondent the	= 1, if present occupation of the respondent is either agriculture or forestry or livestock = 0, otherwise
CASTED: Caste category of the beneficiaries	= 1, if the respondent is from SC or ST category = 0, otherwise
DURTND: Duration of the loan taken by the respondents	= 1, if the member has taken loan prior to 2005 = 0, otherwise
CHASSET: Change in the asset value of the beneficiary	= 1, if the asset of the respondent registers a positive change during the post-SHG period. = 0, otherwise
VGCORP: Value of Group Corpus	= 1, if corpus is upto Rs.25,000 = 2, if corpus is between Rs.25001-50000 = 3, if corpus is between Rs.50001-1 lac = 4, if corpus is between Rs.1,0001-5 lacs = 5, if corpus is above Rs.5 lacs.

LITYD: Literacy Status	= 1, if literate = 0, otherwise
SAVM: Saving per month	= 1, if saving is upto Rs.30 = 2, if saving is between Rs.31-60 = 3, if saving is between Rs.61-100 = 4, if saving is above Rs.100
SHGINVD : SHG Investment	= 1, if the investment size in the SHG is above Rs.1 lac = 0, otherwise

Results and Analysis :

The above table represents the parameter estimates of the logit regression of the binary dependent variable (YEFF) on a selection of 11 explanatory variables as detailed above. The estimation using SPSS software package was made on the total dataset consisting 615 observations (beneficiary members of various SHGs).

Table-13 : Logit Estimates of Respondent Beneficiary SHG Members' Increase in Daily Per capita Income from Group Activities on Selected Variables in Haryana & Orissa

Variable	B	S.E.	Exp(B) ^s
1	2	3	4
LPROPD	1.10 (198.37)***	0.25	2.99
GCORLN	-0.43 (1.11)	0.41	0.65
BFWD	-0.85 (7.77)***	0.30	1.43
COCCUD	0.38 (1.96)	0.27	1.47
CASTED	0.17 (0.48)	0.25	1.19
DURTND	0.22 (0.51)	0.31	1.25
CHASSET	0.64 (4.55)**	0.30	1.90
VGCORP	0.49 (3.31)*	0.27	1.63
LITYD	0.93 (10.54)***	0.29	2.55
SAVM	0.66 (14.70)***	0.17	1.93
SHGINVD	-1.22 (10.17)***	0.38	0.30
Constant	1.03 (4.10)**	0.51	0.36

Total No. of Observations (A)	640.00
No. of Observations rejected owing to missing data	25.00
No. of cases included in the analysis (B)	615.00
%B/A	96.09
Log Likelihood for the Logistic	462.90
Chi Square Value	79.89***
<p><i>Note : (a) Figures in the parentheses are Wald Statistics for testing significance' of parameter estimates. (b) *, **, *** refers to the significance level at 10, 5 and 1 per cent level respectively (c) \$ refers to the e (2.718) raised to the value of the regression coefficient and indicates the value by which the odds of the event change with a change of i^{th} independent variable.</i></p>	

LPROPD and CHASSET represent the asset holding of the beneficiary members. These may be treated as a proxy of other factors of production like land and capital. These showed significant, strong and positive coefficients indicating that ownerships of, more and more assets and land property are more likely to experience an increase in income. This significant finding negates the basic objective of SGSY that envisages increment of income of the landless, disadvantaged and deprived people those are living below the government designated poverty line. Insufficient capital asset perpetuates the poor's poverty. This finding indicates that the creamy layer of the SGSY beneficiaries (having a sizable property and other capital asset) would garner benefits under the programme. Further, this also shows that more underprivileged, deprived and disadvantaged member would end up losing more from the facility provided through this self-employment venture under SGSY.

The GCORLN variable, a proxy of debt-equity ratio, was not statistically significant. The sign of the coefficient was not as per our *a priori* expectation. The negative β coefficient indicated a reverse relationship between the equity and income increase. This may have been due to non utilisation or under-utilisation of equity amount already within the SHGs. If the savings are collected and deposited to the group corpus without being ploughed back through the route of internal credit extension amongst the members, the same may not necessarily increase the desired return so as to impact on the income of the beneficiary members.

BFWD variable that captures backwardness and forwardness of a district under our study has a negative, strong and statistically significant relationship with the dependent variable. We find that, the less backward the region is, the greater the income increase. This may be due to the forward areas have relatively better infrastructure like credit supply, technology, innovation, marketing and skill availability for implementation of self-employment ventures than that of the backward regions.

The current occupation variable 'COCCUD' has a positive and strong relationship with the likelihood of income increases. But this was not statistically significant indicating that the returns obtained from such occupation (agriculture, forestry and livestock) have not been sufficient enough to impact on the income increase.

The estimated coefficient for CASTED 'Social Group' (SC, ST and others) is positive implying that with everything remaining the same, poor SHG members from backward social groups are more likely to increase their income from SGSY by using the facilities given under the programme. However, the impact was not found to be statistically significant.

DURTND has a strong, positive but insignificant relationship with the dependent variable. We have used this variable as a proxy of a variable that represents experience in implementing self-employment initiatives under SGSY. This means that other things being equal, an older SHG member will be more enterprising and more prone to use innovative skills and technology so as to maximise profits from his/her economic unit. However, this impact was not statistically significant.

The variables VGCORP and SA VM that represent individual and group saving behaviour registered a positive, strong and statistically significant relationship with the dependent variable indicating that higher the individual savings and group corpus, the more frequent would be the inter-lending activities. This in turn would enrich the group corpus by adding the interest earnings from the beneficiaries. This also can be further ploughed back giving rise to the loan size and enhancing per capita availability of loan. Further, loans taken from own corpus would have less interest burden and negligent processing cost with higher peer pressure in terms of social monitoring of economic activities.

The literacy status of the beneficiary respondents 'LITYD' reveals a strong, positive and statistically significant relationship with the income. Higher educational status of the beneficiary is more likely to contribute to income increase as an educated entrepreneur is more likely to have better knowledge and awareness to run an enterprise more profitably than an illiterate counterpart.

Both the literacy and duration variables have positive and strong log odds ratio stating that there exists a strong relationship with the dependent variable. This may be due to the reason that the educated and matured SHG members would make every possible attempt to resolve their day to day problems on smooth and profitable operation of respective employment ventures by adopting or imparting innovative technology. The greater the experience and education, the greater will be the desire to take advantage of newer, cost-effective and innovative technology and the greater will be the likelihood of income Increase.

It was expected that the investment made in SHGs towards implementation of self-employment ventures would step up the expenses on productive economic activities thereby giving rise to income of the beneficiary entrepreneurs via enhancement of productive capacity. In under developed nations there is no involuntary unemployment but disguised unemployment (Keynes, 1936). This led us to think that with the micro-finance intervention in rural India, the disguised unemployment would have come down by ensuring employment and income to the beneficiaries. However, we find that the variable SHGINVD representing the investment of more than Rs.1 lakh made in SHG units have a negative and statistically significant relationship with the dependent variable. This may have been due to the following :

- (a) There may have been a huge transaction cost like processing cost, costs incurred on visits of loanees to the banks, interest costs etc. On an average the interest rate charged at the group level was 2.49% per month (or 29.88% per annum). The sharp increase in the cost of the loanable funds with the SHGs may have handicapped the beneficiaries to register an increase in their Income.
- (b) The ingestible fund may have been invested in a less productive and less profitable ventures like agriculture, forestry and livestock activities. Since 77% of the total respondents involved in either

agriculture or forestry and livestock, it is quite possible that the return on these occupational activities had not been sufficient to register an impact on the dependent variable.

- (c) Keeping in view the marginal propensity to consume of the rural poor, the money meant for investment in economic units might have been diverted towards meeting beneficiaries' emergency needs having no or negligent productive capacities.

IV. CONCLUDING REMARKS :

Literature dedicated to the understanding of the impact and consequences of micro-finance on the client beneficiaries in poverty stricken regions has not been completely conclusive. While a lot of documents has emphasised on the socio-economic empowerment of the beneficiary clients under various micro-finance programmes, the present study heavily depended on the field data to examine some of the selected income effect of rural poor those are living below a particular benchmarked poverty line income and have been persuaded to constitute SHGs for removing bottlenecks in the generation of income and employment in rural areas.

The study indicated that micro-finance has a negligible income impact on assetless rural poor and indicated that under-privileged, deprived and disadvantaged members would in every possibility end up losing more from the facility provided through this self-employment venture under SGSY. It was also found that there is a relatively higher income impact of the programme in the forward regions compared to the backward regions of the country.

A strong, positive and statistically significant relationship of literacy status with the dependent variable clearly points out that to successfully and sustainably implement micro-finance programmes like SGSY the government need to step up education, awareness and skill amongst the client beneficiaries.

The saving behaviour of the members found to be significantly impacting the income of the beneficiaries. However, the insignificant and negative relationship between the investment under the programme and the dependent variable indicated the possible presence of high transaction costs, improper utilisation of investible resources and/or respondents' high marginal propensity to consumption over savings.

The study clearly highlights the policy implications like enhancement of necessary infrastructure in the backward regions, enhancement of education, capacity building and skill up-gradation, effective monitoring of investment activities by both the government and bank officials are the need of the hour. Thus, the immediate and imminent policy implication is to identify and narrow down problem areas under the programme, target the identified regions, ensure proper coordination amongst field level agencies to enhance the income and employment opportunities for the disadvantaged and deprived people in rural India.

Notes :

1. GoI had initiated various rural development programmes between 1980-1999 like Development of Women and Children in Rural Areas (DWCRA), Training of Rural Youth for Self-Employment (TRYSEM), Supply of Improved Tool-kits to Rural Artisans (SITRA), Ganga Kalyan Yojana (GKY) and Million Wells Scheme (MWS). All these programmes were executed by Ministry of Rural Development, GoI, in consultation with federal States. In February 1997, the Planning Commission, GoI set up a Committee to review and rationalise schemes for poverty alleviation and employment generation under the chairmanship of S. R. Hashim. A detailed report of the committee was submitted to the Government in April 1997.
2. Through the 73rd Amendment Act, the Indian Constitution envisages a three-tier system of grass-root level democratic institutions called Panchayats, at the a) village level, b) district level, and c) intermediate Panchayat between the village and district Panchayats in States where the population is above 2 million.
3. The corpus of a group is initially constituted of the monthly/ weekly contribution of savings by members and subsequently enriched by the grant received from the government under government-operated micro-finance programme. This corpus, however, represented by cash and bank balances and all outstanding loans (extended out of the corpus) due from the group members.

4. Subsidy under the programme is back-ended, i.e., subsidy amount or a portion thereof cannot be adjusted towards the installments and can only be passed on to the beneficiaries after the loan amount is fully repaid. Each loan has a minimum prescribed lock-in-period and full payment of loans before the prescribed lock-in-period will result in getting no subsidy. The full repayment of loans after the lock-in-period and within the loan period would result in the entitlement for subsidy on pro-rata basis based on the year in which the last instalment has been paid.
5. Facilitating agencies or catalysts working closely with the poor at the grass-root level who can sensitise and motivate the poor about the advantages of organising themselves into groups for their socio-economic progress. The SHPI spectrum includes NGOs and other community based organisations, various government rural development institutes, Panchayati Raj Institutions, Rural Branches of Commercial Banks, Regional Rural Banks and Co-operatives, Corporate bodies and private sector companies, individuals like school teachers, retired government employees, health workers, village development workers and even unemployed educated youth.
6. A gram panchayat is the lowest administrative unit in India. In some cases the gram panchayat may consist of only one village, while in others it may have a number of villages, hamlets or *padas*.
7. Below Poverty Line (BPL) census indicates the Households those are reeling under a benchmarked poverty line income which is a must for their daily sustenance. As per the current methodology adopted by the government, a person is said to be living below poverty line if he has an annual income earnings of less than Rs.24,000/- (i.e. Rs.65.75 a day). To bring the poor and marginalized sections of the rural society into the fold of government supported antipoverty and employment generation programmes, the Ministry of Rural Development, Government of India conducts a household survey called BPL Census, once in each Five Year Plan Period, to identify the poor and vulnerable and take appropriate action in regard to their all round development.

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Micro Finance : A Strategy for Alleviation of Poverty

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&

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I. INTRODUCTION :

Rural Finance is a matter of great concern in an agrarian economy like India where more than 70 per cent of the population lives in rural areas and depends mostly on agriculture for their livelihood. 40 percent of our GDP is contributed by the rural sector. Rural Development of our country can be achieved only with upliftment of the rural folk consisting of poor farmers, agricultural labourers, artisans etc. Since agriculture is over crowded and little hope of absorbing burgeoning population they are to be engaged either in industrial or in other commercial activities which warrants financial investment. Finance being the lifeblood of any commercial venture, availability of adequate funds at reasonable terms is a must to ensure rapid rural economic development. It is now realized that Micro Finance plays a significant role in financing the target group members which are living below poverty line.

Micro Finance is a new invention and is of recent origin. Though there is no statutory definition for micro finance. The Task force on supportive policy and Regulatory Frame work for Micro Finance has defined Micro Finance as under :

“Provision of thrift, credit and other financial services and product of very small amounts to, the poor in rural, semi-urban or urban areas for enabling them to raise their income levels and improve living standards”.

The term ‘Micro’ literally means ‘small’. But the task force has not defined any amount. However, as per the micro credit special cell of the Reserve Bank of India, the borrowal accounts up to the limit of Rs.25,000/- could be considered as micro credit products and this

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amount could be gradually increased upto Rs.40,000/- over a period of time which roughly equals to US \$ 500 a standard for South Asia as per international perceptions.

The term Micro Finance and micro credit are often used interchangeably, but it is important to highlight the differences between both terms. Micro credit as defined by the Grameen Bank, symbolizes small loans extended to the poor for undertaking the self-employment projects that would generate income and enable them to provide employment for themselves and their families. The defining criteria used are thus the size of loans and the targeted population comprising Micro-entrepreneurs particularly Women Micro-entrepreneurs from low income households. These loans are generally offered without any collateral security.

On the other hand, Micro Finance is a financial service of small quantity provided by entrepreneurs, particularly women Micro-entrepreneurs, from low income households. These financial services may include saving, credit, insurance, leasing, money transfer, equity transfer etc. i.e. any type of financial services provided to customers to meet their financial needs with the only requirement that transaction value is less and customers belong to the poor strata of the society.

After the great success of Grameen Bank of our neighbouring country Bangladesh, the concept of Micro Finance has gained momentum. Micro Credit / Micro Finance has been defined by the 1997 Micro Credit summit as "Programmes that provide credit and other financial and business services (including savings and technical assistance) to very poor persons". Micro Finance has emerged as a powerful tool to provide micro funds to very poor people for poverty alleviation in the economy.

Micro Finance is a provision of thrift, credit and other financial services and product of very small amount to the poor in rural, semi urban and urban areas for enabling them to raise their income levels and improve the living standards. According to the United Nations, in 2002 almost one fifth of the world population (i.e. 1.3 billion people) was living in extreme poverty, earning less than one dollar per day.

Micro Finance is being considered as an important poverty alleviation tool all over the world. In many developing economics, especially during the past 10 years, Micro Finance has been introduced

and the concept is gaining momentum. The attention of Micro Finance and its role in reducing poverty was further increased when Mohammad Yunus received the Nobel Prize for Peace in 2006. According to him the poor themselves can create a poverty free world..... and credit can create self-employment instantaneously.

In India, Micro-credit programmes are implemented through group structures; which are known as Self Help Groups. A Self Help Group has been defined as a small and informal association of poor having preferably similar socio-economic background and who have come together to realize some common goals based on the principles of self-help and collective responsibility. SHGs become relevant because of the following reasons. First, an SHG working on the principle of solidarity helps the poor to come together to pool their savings and access of credit facilities. An SHG by tapping social capital like trust and reciprocation helps in replacing physical collateral, a major hurdle faced by the poor in obtaining formal credit. Then through the principles of joint liability and peer pressure, an SHG ensures prompt loan recovery from the members. In the process, an SHG helps the poor, especially women, to establish their credit worthiness.

II. OBJECTIVES :

With this background the present paper is a modest attempt to study the impact of Micro Finance on alleviation of poverty with the following objectives

1. To assess impact of Micro Finance on generation of income and employment.
2. To investigate the problems associated with the implementation of Micro Finance related schemes.
3. To suggest measures to overcome the problems for its successful implementation.

III. MATERIALS & METHODS :

The present work makes use of primary data. Information relating to economic activities, amount of loan, mandays created, Income etc. were collected through structured schedules from 202 members spreading over 16 SHGs in Satyabadi Block of Puri district. The information collected refers to a period of 12 months i.e. from January 2007 to December 2007. The members were selected on the basis of a simple random sampling method.

Simple statistical tools have been used for comparative analysis and interpretation of the results.

IV. RESULTS & DISCUSSION :

- a) **Purpose-wise Finance** : Table-1 shows that out of 202 members 79 members are engaged in agriculture which is 39.11% in Diary, 72 persons are engaged which is 35.64%. So in agriculture and Diary, most of the people are engaged. Thereafter, 20 members are engaged in Rope making which is 9.9%, 15 members are engaged in Business, 14 members are engaged in Tailoring and only 2 members are engaged ,in flower vending activity. But in agriculture the average loan amount per member is Rs.7,000/-. Further, these members have received loan for allied activities like dairying and flower vending to the average amount of Rs.13,500/- and Rs.4,500/- respectively. It is also found that the members have received loans for non-farm activities like tailoring and business where the average loan amount per member is Rs.6,000/- and Rs.8,500/- respectively. But in general the average loan amount is Rs.8938.12.

Table-1

DISTRIBUTION OF MEMBERS ACCORDING TO PURPOSE WISE FINANCE AVERAGE LOAN AMOUNT

Sl. No.	Purpose	No. of Members	Average Loan amount per Member in Rs.
1.	Agriculture	79 (39.11)	7,000
2.	Dairying	72 (35.64)	13,500
3.	Tailoring	14 (6.93)	6,000
4.	Rope Making	20 (9.9)	3,000
5.	Flower Vending	2 (0.99)	4,500
6.	Business	15 (7.43)	8,500
	TOTAL	202 (100%)	8,938.12

Source : Primary data

- b) **Employment Generation** : No doubt, any financial assistance if utilized properly, generates gainful employment opportunities in the rural economy. It was observed in the field survey that

the sampled members also got gainful employment opportunities as shown in Table-2.

Table-2 shows that the average employment before membership of SHGs was 111 days and after membership and getting finance, the average employment is 154 days making a growth of 38.74%. But the growth percentage differs from activity to activity. Although in flower vending activity the growth rate is 100.

Table-2

IMPACT ON EMPLOYMENT GENERATION IN PERSON DAYS

Sl. No.	Financing Activity	Average Employment Before Membership	Average Employment Generated After Financing	% Growth
1.	Agriculture	122	150	22.95
2.	Dairying	105	160	52.38
3.	Tailoring	95	125	31.58
4.	Rope Making	100	140	30.00
5.	Flower Vending	125	250	100.00
6.	Business	115	180	56.52
	Average	111	154	38.74

Source: Primary data

Percent which is provided different yet, the number of members engaged in that activity is very negligible. In dairying and business activity the growth rate is 52.38% and 56.52% respectively. Then in Tailoring and rope making the growth rate is 31.58% and 30% respectively. Lastly, in agriculture the growth rate is 22.95%, which is lowest. But agriculture cannot be neglected because maximum number of individuals are engaged in it.

- c) **Income Generation** : There is a symbolic relationship between generation of income and employment opportunities. It seems the loans provided by SHGs had a favourable impact on generation of income in the sample selected. Table-3 makes an attempt to explain the impact of loans provided on generation of Income. In Table-3 , the average income before membership

was Rs.8,108.42 and after membership the average income is Rs.12,274.75 making a growth of 51.38%. So on an average each selected member could get an income of Rs.12,274.75 which can bring the poor people above poverty line though it is not sufficient. Although the growth percentage differs from activity to activity in flower vending, Business and dairying the growth percentage is 90.48%, 64.28% and 63.64% respectively which is more than the average growth rate of 51.38%. In Tailoring and rope making the growth rate is 50% and 42.86% respectively. Lastly, in agriculture the growth rate is 33.33% which is lowest.

Table-3**IMPACT ON GENERATION OF INCOME**

Sl. No.	Financing Activity	Average Income Before Membership	Average Income Generated After Financing	% Growth
1.	Agriculture	7500	10000	33.33
2.	Dairying	11000	18000	63.64
3.	Tailoring	5000	7500	50.00
4.	Rope Making	3500	5000	42.86
5.	Flower Vending	4200	8000	90.48
6.	Business	7000	11500	64.28
	Average	8108.42	12274.75	51.38

Source: Primary data

d) Findings : The findings that emerged from the present study are as follows :

1. Maximum percentage of members have taken loan for agriculture and allied activities.
2. In floriculture and business activity, the elasticity of employment generation is greater compared to those in other activities.
3. The prospect of floriculture, dairy and business activity in generation of income is observed to be more promising than other activities in the study area.

4. It is found that though there is increased in income and employment, it has helped to reduce the intensity of poverty but not has been able to alleviate poverty .

V. CONCLUSION :

Micro credit is emerging as a powerful instrument for poverty alleviation. It has not only increased the saving habit but also helped reducing intensity of poverty. The SHG - Bank linkage programme has offered greater opportunity for closer interaction between bank and group members. As a result, the SHG has helped the poor masses in earning their living, generating self-employment and maintaining their living standards. No doubt, the State Govt., Banks and NGOs have helped a lot in promoting SHGs. But to make the SHGs movement really meaningful and successful, the governments at different levels have to intervene in a large scale not as financier or provider of other inputs but as facilitator and promoter. Unless and until these functionaries serve the rural poor with urge and devotion, these institutions may fail to achieve the success which they are desired for.

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Reducing Poverty through Micro Finance : A Perspective on Self Help Groups in Orissa

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&

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I. Introduction :

The major thrust of poverty alleviation is more or less common for many developing countries. One of the objectives of economic development planning is to reduce poverty in the economy through providing employment opportunities and raising the income of the population. Side by side, it is also a fact that slow economic growth is generally associated with low impact on poverty alleviation. However, faster economic growth by itself does not guarantee a significant impact on poverty alleviation. A high level of economic growth cannot by itself enable people to cross the poverty line unless it is accompanied by policies and programmes, that are specifically targeted for the poor. Countries like Korea, Singapore, Malaysia, Thailand and Philippines, Bangladesh witnessed substantial reductions in poverty during the last three decades. India has adopted integrated Rural Development Programme with varying degree of success in alleviating poverty.

In the context of designing programmes for the poor, micro-finance has been recognised and accepted as one of the development paradigms for alleviating poverty through social and economic empowerment of the poor, with special emphasis on empowering Women. The concept or micro-finance¹ essentially rests on the premise that (a) self-employment / enterprise formation is a viable alternative means of alleviating poverty, (b) lack of access to capital assets / credit acts as constraint to existing and potential micro enterprises and (c) the ability

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¹ Micro-Finance, by definition, refers to the entire range of financial services rendered to the poor and includes skill upgradation, entrepreneurial development that would enable them to overcome poverty. In the literature on the subject, the terms micro-finance, micro-credit and micro-enterprises are interchangeably used.

of the poor to save despite their low level of income. Micro-finance could be referred to as providing credit support, along with, other components such as training and other related services to the people with poor resources. This paper addresses various MF programmes taken up in India and also highlights the findings from the studies in Kalahandi district of the state.

II. Micro-finance Initiatives in India : A Historical Perspective :

Viewed from a historical perspective, the origin of micro finance could be traced to the beginning of the co-operative movement through enactment of the Co-operative Credit Societies Act in 1904. The co-operative credit system was established primarily to combat the problems of usury and indebtedness among the farmers by the moneylenders and to bring together people of small means for promoting thrift and mutual help for development. However, the concern for providing access to credit to the weaker sections of the society was expressed first by the All India Rural Credit Review Committee (1966).

Alleviating Poverty through Bank Credit :

After the nationalisation of commercial banks in 1969, the country witnessed not only rapid expansion of the banking network in the rural and semi-urban areas but also an increased flow of credit to the priority sectors like agriculture, small scale, tiny, cottage and village industries, etc. The induction of the commercial banks into the realm of rural credit also ensured that a larger proportion of the rural poor, especially marginal and small farmers had access to banking facilities. Regional Rural Banks (RRBs) came into existence in 1976 with the sole objective of developing the rural economy by providing credit and other facilities to agriculture, trade, industry and other productive activities in the rural areas, particularly to the small and marginal farmers, agricultural labourers, artisans and small entrepreneurs.

Direct attack on Poverty through IRDP :

However, the focus of the direct attack on poverty got an impetus when the GOI combined the Command Area Development Programme (CADP), Drought Prone Areas Programme (OPAP), Small Farmers Development Agency (SFDA) and Marginal Farmers and Agricultural Labourers (MF AL) programmes into a new programme called the Integrated Rural Development Programme (IRDP) in 1978-79. The programme aimed at providing income generating assets and self-

employment opportunities to the target group through providing financial assistance in the form of subsidy by the Government and credit by banks. In order to provide basic technical and managerial skills to the rural youth (in the age group 18-35) from families below the poverty line and to facilitate them to take up self-employment activities, the scheme of Training Rural Youth for Self Employment (TRYSEM) was started in 1979 as part of the IRDP. The role of women and the need to empower are central to the human development programmes, including poverty alleviation. In spite of safeguards provided in many of the poverty alleviation programmes, it was observed that many of the women in rural areas, especially from poor families could not benefit from the fruits of development. Recognizing this, an exclusive programme for women, viz., Development of Women and Children in Rural Areas (DWCRA), was launched in 1982-83 as a sub-component of the IRDP in 50 selected districts, which was subsequently extended in 1994-95 to cover all the districts in the country. The scheme aimed at economic empowerment of women in rural areas through providing training in management skills and funds in the form of working capital and investment credit. Such interventions not only raised the incomes of rural women of poor households but also facilitated organised participation of women, who could not take up economic activities individually on their own but in groups.

Integration of Self-Employment Schemes :

Past experiences show that due to the multiplicity of programmes the emphasis was on achieving the targets of the individual programmes rather than on focussing on the substantive issue of achieving sustainable income generation for the poor. Lack of co-ordination among the implementing agencies also diluted the 'efficacy of the programmes. The Hashim Committee recommended the integration of all the self-employment schemes and strengthening of the DRDAs after which Government of India decided to restructure all the poverty alleviation programmes under one umbrella scheme called "Swarnjayanti Gram Swarozgar Yojana" (SGSY) from 1 April 1999. The objective of the SGSY is to bring the assisted poor families above the poverty line in three years, by providing them with income generating assets through a mix of bank credit and government subsidy to ensure that the family has a monthly income of at least Rs.2,000. The focus of the scheme is on group approach and organising the poor into SHGs.

Credit being a critical component of the SGSY, banks have a greater role to play under the programme as they are expected to establish linkages with the targeted groups on a permanent basis and involve themselves in all stages of SGSY, i.e., planning and preparation of projects, identification of activity clusters, infrastructure planning, selection of families for assistance, capacity building of the assisted families, choice of activity and post credit monitoring including recovery of loans, to ensure proper end-use of credit.

Interventions through VAs/NGOs :

Development interventions in the rural areas by Voluntary Agencies (VAs) / Non-Governmental Organisations (NGOs) emanated from the prevailing situation of mass poverty, due to high levels of illiteracy, social discrimination and the inability of the official delivery mechanism to reach the benefits of social and economic development to the weaker sections of the society. The role of VAs / NGOs, which was initially confined to the social aspects of development, was enlarged to help the poor and weaker sections of the rural society in their economic pursuits. This foray by the VAs / NGOs into the economic development could also be attributed to the inability of the formal credit institutions to cover a larger section of the rural poor, despite the expansion in the network of the bank branches in the rural areas.

It is this inability of credit institutions to cover a sizeable segment of the rural poor, due to high cost of administering such large number of small loans as also perceived lending risks in the absence of any collateral, which prompted a number of VAs / NGOs to enter the rural credit scene for organising the poor into informal groups for mutual help and benefit. Many of these groups have provided credit support through their credit institutions. These agencies were instrumental in promoting informal structures of the poor to help them save and promote self-reliance in financing their needs through the concept of Self-Help Groups (SHGs).

III. Reaching the Unreached: Evolution and Progress of SHGs in Orissa :

Such experiments or innovations in micro-finance were not just confined to any particular country or region but could be seen as a peoples' movement in many parts of the world. The "Grameen Bank" model of Bangladesh, micro credit programme through the Unit Desas

(Village units) by the Bank Rakyat Indonesia (BRI), credit outreach through farmers' groups by the Bank for Agriculture and Agriculture Co-operatives (BAAC) of Thailand, the experiment of micro credit for micro-enterprises by Bolivia through BancoSol, etc. were a few early examples on micro credit experiments.

In India, the promotion of MF through the concept of Self Help Groups (SHGs) started in 1987 by NABARD through MYRADA. Later it was complemented by launching a pilot project in 1992 for linking 500 SHGs with the banks to facilitate relationship banking (NABARD, 1995). In 1996, RBI classified loans to SHGs as a mainstream activity of banks under their priority sector lending. The GoI bestowed national priority to the programme through its recognition in the Union Budget 1999.

NABARD's efforts at improving the access of the informal delivery strategy through SHGs has expanded into the largest micro finance programme in the world, in terms of its outreach. The programme registered a significant growth both in terms of coverage and the outreach of credit to the poor. Beginning with a modest number of 255 SHGs during 1992-93, a cumulative total of 16,18,456 SHGs were linked with banks by March 2005. The cumulative disbursement of bank loans was Rs.68,985 million by March 2005. Over the eight years period (1997-05), the SHGs linked grew at a compound annual growth rate (CAGR) of 102.46 per cent. Families assisted grew by 73.15 per cent. The average loan per SHG and per family increased by 8.8 per cent (Table-1).

Table-1

GROWTH INDICATORS OF SBLP IN INDIA

No.	Particulars / Year	1997-98	2004-05	CAGR(%)
1.	SHGs Linked (No.)	5,719	797457	102.46
2.	Families Assisted (No. in million)	0.24	II	73.15
3.	Bank Loan (Rs. In million)	119	29942	120.27
4.	Refinance Assistance (Rs. million)	107	19678	90.32
5.	Average Loan/SHG (Rs.)	2081	37547	8.80
6.	Average Loan/Family (Rs.)	203	2673	8.75
7.	Participating Banks (No.)	150	573	21.10
8.	Partner NGDs (No.)	291	4323	47.03

Source : Progress of SHG-Bank Linkage in India, various issues

Growth of SHGs in Orissa :

The beginning for linking of banks with SHGs in the State was made with the launching of SBL programme in the country by NABARD in 1992. During the initial periods, NABARD supported NGOs for formation, nurturing and credit linkage of SHGs. Of the 22.38 lakh SHGs provided with bank loan upto 31 March 2006 in the country, 181 lakh SHGs were in Orissa forming 8.1 per cent of the total number of SHGs in the country. The progress in cumulative number of SHGs credit linked in Orissa as a percentage of SHGs credit linked in all India has improved from 3.4 per cent in 2001 to 8.1 per cent in 2006 (Table-2).

Table-2

CUMULATIVE GROWTH OF SHGs LINKED TO BANKS IN ORISSA VIS-A-VIS INDIA

Region	2001	2002	2003	2004	2005	2006
Orissa	8888	20553	42272	77588	123256	180896
All India	263825	461478	717360	1079091	1618456	2238565
Per cent	3.4	4.5	5.9	7.2	7.6	8.1

Source : Progress of SHG-Bank Linkage in India, various issues

Even though the SHG bank linkage programme was launched by NABARD in 1992, its progress became significant only when RBI classified loans to SHGs as a mainstream activity of banks under their priority sector lending in 1996 and the GoI bestowed national priority to the programme through its recognition in the Union Budget 1999. Till 2001, Orissa had credit linked only a cumulative total of 8,888 SHGs with a cumulative bank loan of Rs.807 lakh. Between 2002 and 2006 the linkage of SHGs with the formal banking system has grown at a compound annual growth rate (CAGR) of 49.1 per cent in Orissa as compared to 33.1 per cent in all-India level. Similarly, bank loan issued to SHGs increased at a CAGR of 105.3 per cent in Orissa as compared to 69.5 per cent at all-India level (Table-3).

Table-3

**GROWTH IN SHG BANK LINKAGE PROGRAMME
IN
ORISSA VIS-A-VIS ALL INDIA
(2001-2006)**

Years	Orissa		India	
	SHGs linked	Bank Loan	SHGs linked	Bank Loan
2001-02	11665	126	197653	5454
2002-03	21719	304	255882	10224
2003-04	35316	764	361731	18555
2004-05	45668	1243	539365	29943
2005-06	57640	2237	620109	44991
CAGR(%)	49.1	105.3	33.1	69.5

Source: Progress of SHG-Bank Linkage in India, various issues

Participation by Banking Agencies :

Commercial banks and RRBs have been the major players in the SBL programme in the State. As at the end 2005-06, the share of commercial banks in the SHG-Bank linkage programme has been reported at 43 per cent in terms of number of SHGs and 45% in terms of bank loan disbursed to SHGs. Whereas the share of RRBs has been reported a little higher than commercial banks both in terms of number of SHGs (48%) and bank loan (47%). The cooperatives have a very minimum share of 9% in terms of number of SHGs and 8% in terms of bank loan (Table-4). At all India level as well, commercial banks have a major share both in number of SHGs credit linked and bank loan issued followed by RRBs and Cooperatives.

Table-4

**PERFORMANCE OF BANKS IN SHG-BANK LINKAGE
PROGRAMME IN ORISSA AS AT END 2005-06**

Agencies	Orissa				India			
	No. of SHGs	Per cent	Bank Loan	Per cent	No. of SHGs	Per cent	Bank Loan	Per cent
CBs	77859	43.0	2140.1	45.0	1188040	53.1	69874.5	61.3
RRBs	86256	47.7	2216.9	46.6	740024	33.1	33221.5	29.1
Coops	16781	9.3	397.7	8.4	310501	13.9	10879.5	9.5
Total	180896	100.0	4754.7	100.0	2238565	100.0	113976	100.0

Source : Progress of SHG-Bank Linkage in India, various issues

Government support for the SHG movement in Orissa :

i) Mission Shakti

The Government of Orissa (GoO) launched the Mission Shakti programme in 2001 with a mission mode for empowering women through promotion of one lakh women SHGs by 2005. Under Mission Shakti, GoO used the Anganawadi Workers (AWW) worked at the village level guided by the Supervisors. The Child Development Programme Officers (CDPOs) have been monitoring the programme at the block level.

ii) Grain Banks

NABARD launched a pilot project on Grain Bank-SHG linkage programme in two inaccessible and poverty stricken Gram Panchayats of Thuamul Rampur block of Kalahandi district. The RRB operating in Kalahandi district, Kalahandi Anchalika Gramya Bank (KAOB), at present renamed as Utkal Gramya Bank (UGB) agreed in principle to extend linkage against savings in the form of grains. This experiment went a long way in motivating the savings in kind, building synergy between SHG and Grain Bank, economic empowerment and food security of the poor tribal people on a sustainable basis.

iii) Initiatives of NABARD in Orissa

NABARD has created a favourable policy climate for the healthy growth of the micro finance in the country. The following initiatives

were taken by NABARD in Orissa for the growth of SHG-Bank Linkage Programme in the State :

- *Critical Rating Index* for rating SHGs has been designed by NABARD and it is being used by all SHPIs, including Banks, NGOs and other partners.
- *Appraisal Format* developed by NABARD for use by bank branches, has been operationalised by many banks in the state.
- *Micro Credit Plan for SHGs* suggested by NABARD, forms basis for credit assessment by banks for financing SHGs. *Loan Monitoring formats* devised by NABARD for review and monitoring of SHG portfolio at branch and controlling office level have been adopted by the Banks in the State.
- *Capacity building of stakeholders* : From District Collectors to the Village level workers, Project Directors to the members of Self Help Groups and master book keepers: CEOs of the Banks to the managers and clerical staff of the banks have been provided training for propagation of SHG concept in the State. As at the end of March 2006, around 71,300 people were trained by NABARD.
- *Enhancing Ground Level Credit flow to the SHGs* : Refinance support is provided to the banks at concessional interest rates to enable them to enhance ground level credit to the SHGs. The banks are provided 100% refinance against the loans extended by them to the SHGs. NABARD also provides 100% of the bank loan as refinance to the advances extended by the banks to the micro finance institutions for meeting requirements of the rural poor towards consumption and production purposes.

IV. Reducing Poverty through SHGs: A case of Kalahandi District

The Kalahandi district implemented the SHG bank linkage programme in 1994-95 with 29 SHGs with a bank loan of Rs.0.30 lakh. The programme gathered momentum only after 1997-98 and significant growth was achieved only after 2001-02 when the year was declared as the 'year of women empowerment' and GoO launched 'Mission Shakti' for strengthening the SHG movement in the State. As at end 2006, a cumulative total of 13,758 SHGs have been credit linked with a

cumulative bank loan amounting to Rs.319 million. Between 2001-02 and 2005-06 the linkage of SHGs with banks and bank loan issued has grown at a CAGR of 32.1 per cent and 93.4 per cent, respectively (Table-5).

Table-5

**GROWTH IN SHG-BANK LINKAGE PROGRAMME IN
KALAHANDI DISTRICT OF ORISSA (2001-2006)**

Years	SHGs linked	Bank Loan
2001-02	1538	11
2002-03	2208	32
2003-04	2137	45
2004-05	3195	77
2005-06	4680	154
CAGR (%)	32.1	93.4
Cumulative Total	13758	319

Source : Progress of SHG-Bank Linkage in India, various issues

Research Findings from Two Micro level studies by NABARD :

The government undertakes several self-employment as well as wage employment programmes to eradicate poverty from among the masses. The micro-finance through SHGs is one such programme, which has its impact on poverty alleviation through group effort, which emanates from their own savings and timely credit from various institutional agencies. NABARD had conducted two important studies in Kalahandi districts in 2002² and 2005³, which showed that income of SHG members have improved significantly as a result of micro-financing through SHGs. Study in 2002 conducted in Kalahandi district computed poverty level Income of the households as a product of the cut off levels of monthly per capita consumption expenditure and the number

2 Puhazhendhi, V. & Badatya, K c., (2002), "Self Help Group Bank Linkage Programme for Rural Poor in India: An Impact Assessment", NABARD, Mumbai-400051.

3 NABARD (2005), "Evaluation Study of Self Help Group Bank Linkage Programme in KBK Region in Orissa". NABARD, Bhubaneswar (Orissa).

of consumption units in the households. A total of 47 households out of a sample of 57 households, i.e., 82.5 per cent were below poverty line in the pre-SHG situation compared to 35 households, i.e., 61.4 per cent in the post-SHG situation. Out of those below poverty line in the pre-SHG situation, 21 per cent have moved above poverty line. Age-wise, 2 year old groups showed relatively poor performance (16%) compared to the 5 years and above SHGs (22%).

The decline in poverty was the result of the impact of the micro-finance through SHGs, which with better access to credit brought in its income to the SHG members. The average net income in pre-SHG and post-SHG situations was reported at Rs.12,319 and Rs.15184, respectively (Table-6). The incremental net income was reported at Rs.2,865, which accounted for 23 per cent increase of the net income between pre and post SHG situations. The age of SHGs had a positive impact on the incremental net income. The average incremental net income increased from Rs.1,739 in respect of SHGs of 2 years to Rs.2,098 for 3-4 years old SHGs and further to Rs.6,769 for SHGs of 5 years and above. In terms of percentage, the increase was 14 per cent, 19 per cent and 46 per cent for all the three categories of SHGs, respectively.

Table-6

INCREMENTAL INCOME BY SHG MEMBERS-SHG AGE WISE

Category	Pre-SHG	Post-SHG	Incremental Income	% Increase
Up to 2 Years	12420	14159	1739	14.0
3-4 years	10950	13048	2098	19.2
5 Years & above	14780	21549	6769	45.8
Overall	12319	15184	2865	23.3

Source : Puhazhendhi & Badatya

Distribution of Income :

The frequency distribution of annual average income of sample SHG households revealed that about 28 per cent households were having income in the range of Rs.7,500-Rs.10,000 during the pre SHG situations

followed by 22 per cent in the range of income up to Rs.7,500 (Table-7). About 70 per cent of the households were having an income less than Rs.12,500 in the pre-SHG situation. This proportion had declined to 49 per cent in the post-SHG situations indicating shift in the income distribution to higher slabs.

Table-7

**DISTRIBUTION OF SHG MEMBERS ACCORDING TO
LEVEL OF INCOME**

Income Range (Rs.)	Households (%)		
	Pre-SHG	Post-SHG	Difference
Up to 7500	21.7	13.9	1.8
7500-10000	27.8	19.1	8.1
10000-12500	20.0	15.7	4.3
Sub Total	69.5	48.7	20.8
12500-15000	12.2	16.5	4.3
15000-17500	8.7	13.9	5.2
17500-20000	3.5	1.0	3.5
20000-22500	1.8	3.5	1.1
22500 & above	4.3	10.4	6.1
Sub Total	30.5	51.3	20.8
Total	100.0	100.0	

Source: Puhazhendhi & Badatya

The sample SHG members undertake various types of activities such as farm and non-farm and off-farm activities, wage earning and other miscellaneous activities. About 54 per cent of the incremental income generated was from farm sector activities (Table-8). This was the result of increased use of loans (29%) for productive purposes in the post-SHG situation compared to the pre SHG situations (17%). Most SHG loans by members for cultivation purposes were utilized for applying fertilizer, pesticides to the standing crops. Investments in terms of

installing lift irrigation points, digging of land were also reported. The non-farm sector activities generated about 36 per cent of the incremental income in the post-SHG situations followed by off-farm (10%) activities. Lowest incremental income generated was from agricultural labours (3%) followed by miscellaneous activities (4%).

Table-8

ACTIVITY-WISE DISTRIBUTIONS OF NET INCOME & INCREMENTAL NET INCOME

Activity	Net Income of SHG Households		Incremental
	Pre-SHG	Post-SHG	Income
Agriculture Labour	40.6	32.3	3.2
Farm sector activities	27.5	32.4	53.5
Off farm activities	15.7	14.8	10.2
Non-Farm Sector Activities	13.7	17.8	35.7
Miscellaneous Activities	2.5	2.7	3.7
Total	100	100	100.0

Source: Puhazhendhi & Badatya

Another study conducted by NABARD in 2005 revealed that about 83 per cent of sample SHG members studied could generate additional income with the support of SHG bank linkage programme. The incomes were generated from their individual business activities, increase in yield due to application of agri-inputs, taking up of various other income generating activities (IGAs). The average annual incremental income per member family was worked out to Rs.5,248. While 32 per cent of members were generating an additional income up to Rs.4,000 another 26 per cent members could earn between Rs.4,001 and Rs.8,000 in a year more than their pre-SHG situation (Table-9).

Table-9

**DISTRIBUTION OF ADDITIONAL INCOME GENERATED
BY SHG MEMBERS**

Income Range (Rs.)	Households (%)		
	Pre-SHG	Post-SHG	Difference
Up to 7500	21.7	13.9	7.8
7500-10000	27.8	19.1	8.7
10000-12500	20.0	15.7	4.3
Sub Total	69.5	48.7	20.8
12500-15000	12.2	16.5	4.3
15000-17500	8.7	13.9	5.2
17500-20000	3.5	7.0	3.5
20000-22500	1.8	3.5	1.7
22500 & above	4.3	10.4	6.1
Sub Total	30.5	51.3	20.8
Total	100.0	100.0	

Source : NABARD (2005)

V. Conclusion :

A multitude of policies/programmes were taken up for poverty alleviation since independence. However, the main focus of all these steps was sector oriented rather than people centered possibly because of the then prevalent view that the development of the agricultural and rural sectors was closely inter-linked with the goals of poverty eradication and reduction in social and economic inequalities. Since early Nineties, micro-finance has been recognised world over as one of the potent development paradigms for alleviating poverty. With special emphasis on social as well as economic empowerment of the poorest, especially women, micro finance initiative through SHGs launched by NABARD has been recognized as the largest micro finance programme in the world. Experience of financing through SHGs conveys the message that the key to success lies in the evolution and participation

of community based organisations at the grassroot level. People's participation in credit delivery and recovery and outreach of the formal credit institutions to borrowers through group approach, i.e., SHGs, have become vehicles for the success in purveying credit to the rural poor. Though the growth of the micro finance in the form of SHG Bank Linkage programme was intended to provide sustainable access to the unbanked poor, such positive developments in the group dynamics helped SHGs to graduate themselves towards undertaking different sustainable income generating activities (IGAs). Studies have revealed that a large number of members of SHGs are availing loans for income generating activities once their consumption needs are addressed.

However, as more than one and a half decade has already been passed since the programme is launched, now the priority lies in scaling up of SHGs to taking up individual micro enterprises through individual loaning. With amounts of linkage loans increasing over a period of time, time has come instead of increasing group loans, an option that needs attention is to introduce a graduation strategy for individual lending, providing bank loans directly to women with the credit potential.

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Micro Finance & Poverty Alleviation

Dr. Satyabrata Mishra*

Introduction :

Micro Finance has been buzzword for the vulnerable section of the society with the dream that it would serve as the panacea for poverty alleviation on the pan of abysmally destitute stricken I population. Micro finance implies banking for the poor by means of purveying small amount of money to the under privileged people who can utilize the sum as the most effective device of elevating their standard of living. The idea of micro finance emanates from the Grameen Bank founder Dr. Mohammad Yunus, the Bangladesh Economist, the recipient of Nobel peace prize in 2006. The concept of micro finance relates to metamorphosis of orthodox collateral based credit disbursement by lucrative oriented commercial banks to non-collateral or social collateral based micro credit to poverty stricken people. Previously banks were reluctant to disburse credit to high risk loan recovery in respect of BPL population. But in recent times the evolution of MFIs and SHGs – Bank linkage has transformed the aptitude of banks to purvey micro credit with greater magnitude of loan recovery.

The present paper makes an ingenious endeavour at defining micro credit, why micro finance ? Methods of reducing transaction cost, analyzing repayment and overdue loans, impact of micro finance on poverty alleviation and critical evaluation.

The entire paper has been schematized into four sections. Section-I deals with definition of micro finance and its economic rationale. Section-II delineates methods of reducing transaction cost and making diagnosis of loan recovery. Section-III enumerates impact of micro finance on poverty alleviation and Section IV makes a critical appraisal of micro finance relating to Its scope for stimulating financial sustainability of vulnerable section of the society.

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SECTION-I

The term micro-finance refers to a particular sub-set of financial services which provides small loans to very poor families, most often without any collateral. The loan can be for consumption, production activities or for small enterprises. The declaration of the micro credit summit held in Washington DC in 1997 defined micro credit programmes as those, "extending small loans to poor people for self-employment projects that generate income, allowing them to care for themselves and their families". NABARD defined micro finance as the provision of thrift, credit and other financial services and products of very small amount to the poor in rural, semi-urban or urban areas enabling them to raise their income level and improve living standard.

The characteristic features of micro credit operations are small loans to poor households in rural and urban areas for income generation through self-employment. MFIs provide facilities for savings and other financial services. The empirical features of micro credit are—

One; Micro credit involves loans without collateral. In the absence of specific policy intervention, landless and asset poor households are deemed to be net credit worthy by formal sector lending institutions since they can not provide collateral i.e. deemed to be appropriate.

Two; NGO controlled micro credit loans are generally advanced to individuals who are members of groups. SHGs represent social collateral. SHGs formation has the dual advantage of lowering transaction cost and improving repayment.

Three; Micro credit is viewed as a way of promoting market led growth that intends to privatize the economy. It has brought the vibrancy of the market economy to the poorest villages and people of the world.

Four; the scale of smallness of loans varies which can be identified empirically. NABARD Task Force estimated the credit requirement per family as Rs.6,000/- in rural areas and Rs.9,000/- in urban areas but recommended that the average loan given to members of SGHs be around Rs.1,000/-. The micro credit cell of RBI proposed a ceiling of Rs.25,000/- for micro finance and suggests that the ceiling may be raised to Rs.40,000/- for borrowers with a track record of regular repayment over two to three years.

Five; it is an alternative institutional mechanism for the delivery of micro credit. Considering high-transaction cost and poor recovery of commercial banks, NGOs, have widespread appeal as micro finance delivery vehicles. Thus micro credit movement is directed mainly towards private sector including NGOs where the private sector not only controls disbursement but also determines the terms and conditions attached to each loan.

Economic Rationale :

The preponderance of micro finance lies in the fact that the formal or institutional banking sector has not catered to its social responsibility of fulfilling the financial needs of the poor due to various reasons viz. (a) lack of adequate branch network in the rural areas, (b) the inability of the poor to offer satisfactory collaterals for the loans and (c) lack of education and awareness among the poor. The credit requirement of the poor in India has been estimated to be around Rs.50,000 cr. per annum but to the contrary credit outstanding of the poor with the formal banking sector is stated to be Rs.5000 crore or 10% of the total demand. According to a sample survey conducted by the World Bank and NCAER in 2003 that in AP and UP around 87% of marginal farmers do not access credit from the formal banking sector. Benefits of extensive banking infrastructure have gone to the relatively better off people i.e. around 66% of large farmers have a deposit account and 44% have access to credit.

The reforms in the financial sector in India were meant to meet two major objectives i.e. profitability of the financial institutions as business entities and serving the needs of the real economy with due consideration for the principle of equity. In the race of profitability there is an obvious 'need to reduce operational cost. In the process there is a natural exclusion of several sections of the society from the financial net. Reducing the adverse consequences of such exclusion and bringing the maximum number of people under banking net is the key concern of financial institutions throughout the world. In India MFIs intends to free the marginal farmers from the clutches of expropriating money lenders. Considering viability level old generation banks were forced to compete with new generation banks. The pendulum moved from economies of scale to unit level efficiency. The emphasis on cost efficiency naturally led to the elimination of several unviable accounts, caught in the cobweb of profitability versus viability the banking system was forced to take

new initiatives (a) to franchise out all operations that are unviable to a third party i.e. MFIs (b) thrust on financial inclusion.

The country has contemplated a mini revolution in formation of SHGs in recent times. There are approximately 2.3 lakh SHGs in the country covering about 35 million BPL households in the country. On an average one SHG will have 15-20 members. It has been demonstrated that group lending rather than individual lending ensures high rate of repayment as the other members of the group act as catalysts for repayment of loans. SHGs also act as a form of social collateral. Linkage of SHGs to the banks has been innovative means of channelising micro credit to the poor. According to RBI guidelines banks can lend up to Rs.5 lakh to SHGs without insisting on any collateral. This model will also help in enhancing the savings among the members of SHGs.

As per agency model of MFI, Micro Finance Institutions work as bank correspondents or business facilitators on behalf of commercial banks and facilitate credit delivery identifying the borrowers processing and submitting the applications to the banks. The loan account will be managed by the bank. MFIs provide a first loan default guarantee equal to 8-15% of the credit limit.

As per the bulk lending model some of the larger MFIs adopt this for access of funds in the form of cheaper loans, subordinated debuts, equity from agencies such as Rashtriya Mahila Kosh, SIDBI foundation for Micro Finance Development and Equity Fund under NABARD and relend those funds in small amount to borrowers.

SECTION-II

Transaction Costs :

According to RBI Governor the main advantage to the banks of their links with SHGs and NGOs is the externalization of a part of work item of the credit cycle viz. assessment of credit needs, appraisal, disbursal, supervision and repayment, reduction in the former paper work involved and a consequent reduction in the transaction cost. Micro credit is the favoured alternative to the present system because it is assumed that the transaction cost of banks and 'Other financial institutions can be lowered significantly if these costs are passed on to NGOs or SHGs and because NGOs are expected to perform better than formal sector credit institutions in respect of recovery of loans.

Transaction cost include the cost of information collection, screening of borrowers and projects, monitoring and supervision, coordination and enforcement of contracts and collection of dues. The administrative costs of NGOs, the major component of total transaction costs are relatively higher than those of commercial banks. NGOs can not match the economies of scale of comprehensive system of banking. An important finding of Hulme and Mosley in a cross country study of rural credit institutions, is that the RRBs in India incur the lowest cost of administration (8.1% of the total portfolio).

The cost of administration of NGO controlled micro credit have actually escalated when NGO activity is scaled up. As the Grameen Bank expanded its activities, administrative costs escalated from 8.6% of liabilities in 1988 to 18.1% of liabilities in 1992.

Repayment rates in NGO controlled micro credit projects are directly related to the level of administrative cost and mobilization efforts. As noted by Mahabub Hossain in the case of Grameen Bank, the paper work and the staff time for servicing a given amount of loan are higher than that for a normal rural credit programme need to be evaluated against the high cost of operation. As observed by Mahabub Hossain, the credit operations of the bank involve losses that are compensated by profit from deposits in other banks of a substantial amount from the low cost funds available from international donors.

Repayments and Overdue Loans :

A record of about 100% repayment is a major success of NGO controlled micro credit. Repayment rates are reported to be over 95% in many micro credit programmes. A system based on quick repayment of very small loans does not allow for funds to go into income bearing activities that have gestation period of any significance. Only projects with very quick and high rate of return relative to tiny investment can meet existing repayment schedules. The first payment on a micro credit loan can be made in a very short time. This can place the poorest out of the bulk of micro credit, since the ability to pay the first few installments depends on the initial resource base of the borrower. The repayment record of NGO controlled micro credit products slackens as the size of the loan increases and as the frequency of borrowing rises. In case of Grameen Bank the default rate was 0.4% among first time borrowers, 1.2% among second time borrowers; 6.6% among third time borrowers and 9.5% among fourth time borrowers. Further when the pressure to

repay is as over bearing as it is often borrowers have had to borrow from money lenders in order to repay NGO advanced loans. NGOs invest heavily in supervising, monitoring and enforcing loan repayment. When the activities of NGO controlled micro credit projects are scaled up, the relative burden of administrative cost tends to increase.

The proportion of over dues to total advances of an independent micro credit oriented bank was actually marginally higher than the corresponding ratio for public sector banks. Through greater supervision and monitoring the problem of over dues can be minimised.

SECTION-III

Impact of Micro Finance on Poverty Alleviation :

The advocates of micro credit argue that micro credit can help to substantially reduce poverty. Access to credit can contribute to a long lasting increase in income by means of a rise in investment in income generating activities and to a possible diversification of source of income. It can contribute to a better education, health and housing of the borrower. It can have positive spill over effects such that its impact surpasses the economic and social improvement of the borrower.

Several authors doubt that micro finance does not reach the poorest of the poor or the poorest are deliberately excluded from micro finance programmes. Firstly the extreme poor often decided not to participate in micro finance programmes since they lack confidence or consider the loans to be too risky. The poorest of the poor are averse to borrow far investment in the future.

They seldom appropriate gains from micro finance. Secondly the core people are often not accepted in group lending programmes by other group members because they are observed as bad credit risk holders. Thirdly the staff members of micro finance institutions may prefer to exclude the core poor since lending to them is considered to be extremely risky. Fourthly the micro finance programmes are organized and set up may lead to the exclusion of the core poor e.g. requirement to save before a loan can be granted, minimum amount of loan that needs to be accepted and the requirement that a firm is registered before the loan can be granted.

Several critics also argue that group loans lead to high transaction cost. The main advantage of group loan is that group loans drastically

reduce monitoring cost since group members live in the same village and know each other well, Hence they are able to "assess the riskiness of a project against low cost. Besides group members can prevent any moral hazard without cost by using social sanctions. Most micro finance schemes have regular group meetings during which information about the projects is exchanged and repayment problems are discussed.

Poverty is a well known problem in most developing countries, It is imperative to develop mechanisms that ensures poverty which must not be exacerbated by lack of access to financial services. People need information and advice when they are indebted, such information and guidance can best be delivered by appropriate mechanism like MFIs, Thus the attempt to reach the excluded sections through MFIs is a laudable initiative. There is high degree of skewedness in financial assets in favour of urban house holds. RBI figures also indicate that 85 commercial banks concentrated in urban centers account for 78% of India's financial assets while cooperative and RRBs account for only 9% and 3% respectively, This reveals rural retrogression which has its social reflections in phenomena such as farmers suicide.

A foremost impact discernible is the reduced dependence of SHG households on informal sources of credit. The members of SHGs have been able to reduce their dependence on money lender very significantly. A study on SHGs reported a decline in the share of moneylender's loan from 66 to 15% for the members. About 51% of the members closed their old debt with the money lenders using SHG loans. The members have been able to generate a substantial surplus for themselves due to cheaper interest paid on loans. Through credit obtained from SHGs the members have made efforts both to protect their families from various vulnerabilities. Yet the economic impact of SHGs on them has been more protectional rather than promotional. This is attributed to exclusion of very poor and the general constraints faced by poor in channelising loan for productive investment. Though SHGs have started contributing to improve the economic conditions of the poor households the impact does not seem to be a uniform phenomenon. There is no evidence to establish the fact that the positive impact are attributable to women's involvement.

The theoretical discussion about the impact of micro finance or poverty reduction calls for thorough empirical research. A major problem is how to measure the contribution of micro credit. Three issues are of

relevance, firstly which contribution is significant considering improvement of income, accumulation of assets, empowerment of women etc. secondly does the micro credit reach the core of the poor ? or does it predominately improve income of the better off poor ? Thirdly do the benefits outweigh the cost of micro finance schemes ? The later issue deals with the question of the extent to which subsidies to micro finance organizations are justified.

Most of the studies measure the impact of micro credit by comparing recipients of micro finance with a control group, that has no access to micro credit. This approach involves problems such as firstly changes in the social or economic situation of recipient of micro credit may not be the result of micro finance. For instance relatively rich agents are less risk averse than relatively poor agents. This may induce rich agents to apply for micro credit where as poor agents do not apply. In this context an expert comparison of income of two groups may lead to incorrect conclusion. Secondly to improve the probability of micro finance as successful micro finance organizations may decide to develop their activities in relatively more wealthy regions. These problems create anomaly in comparing the recipients of micro credit with the control group.

Most of the studies conclude that micro credit positively contributes to poverty reduction. To what extent micro credit reaches the core poor is relevant. A new measurement problem arises i.e. how to identify the core poor. Khandker (2005) and Eda Rural system (2004) observed that the extremely poor benefit more from micro finance than moderately poor. On the other hand several other studies indicate that it is the better off poor rather than the, core poor who stand to benefit most. Evidence has been provided by Hulme and Mosley (1996) and Copestake et al (2005). It is relevant to know what costs are involved in making micro finance a successful instrument to combat poverty. Even if micro credit positively contributes to reduction in poverty, it is unclear to what extent these results can not be reached by other more cost efficient instrument. Providing micro finance is a costly business due to high transaction and information cost. Recent research reveals that most micro finance programmes are still depending on donor subsidies to meet the high costs i.e. they are not financially sustainable. A controversial question is whether these subsidies are justified ? The solution is cumbersome due to lack of solid empirical research, it is not

clear whether micro finance substantially contributes to a reduction of poverty or whether micro finance is the most efficient method to reduce poverty. The outreach of micro credit is still small despite the enormous increase in micro credit to poor borrowers. In 2004 only 6% of borrowers with an income below \$ 365 were able to borrow from MFIs as stated by Delay-Harris 2006. The recent trend is further commercialization of micro finance sector. This has led MFIs to decide on providing a wider range of financial services. There has been a move from traditional group lending to individual loans. This move has been detrimental to the core poor since the fraction of poor borrowers and female borrowers in the loan portfolio of individual based institutions is lower than group based institutions. At the same time individual based institutions seemed to perform better in terms of profitability as revealed by a study conducted by Cull et. Al (2007). Due to the trend of commercialisation of the sector, financial sustainability of micro finance institutions is becoming more and more important at the expense of using credit to combat poverty. To some extent the trend towards financial sustainability is counteracted by establishing special programmes for the core poor. The involvement of traditional commercial banks in micro finance is growing rapidly around the world. In several developing countries large scale banks have started to, provide micro finance services. NABARD has recently initiated a programme to involve private banks into micro finance.

SECTION-IV

A possible advantage of the move of commercial banks into micro finance may be that these banks can provide credit to the poor without being dependent on donor subsidies. Commercial banks have diversified portfolios and are able to use profit from lending to wealthy clients to finance subsidized loans to the poor i.e. cross subsidization would take place. Commercial banks will try to use subsidized loans to the poor as an instrument to enlarge their future profit making portfolio based on the assumption that lending to them will make them wealthy clients in future, who can afford to pay market based interest rates.

A potential disadvantage of the increased involvement of commercial banks is that traditional MFIs are confronted with increased competition in the market for micro loans. While increased competition

may lead to increased efficiency and stimulate financial sustainability. It may reduce the scope for lending to the core people. More over increased competition and increased supply of loans may result in higher level of indebtedness of the client as they may take up multiple loans from different sources at the same time as stated by Ciravegna in 2005. This may lead to lower repayment rates, endangering the long term sustainability of the programme as stated by Vogelgesang in 2003. Lower repayment rates in turn may lead to less favourable credit contracts for the poorest borrowers. Rise in interest rate may result in declining loan portfolio of MFIs. Studies reveal that wealthier borrowers are likely to benefit from increasing competition among MFIs. It also leads to lower level of welfare for the poorer borrowers.

The trend of commercial banks entering the market for micro finance appears to be one of the most important challenges for the micro finance business in the near future. The potential of this trend in terms of reducing poverty is still unclear.

Grameen Bank of Bangladesh experience reveals successful operation of MFIs. In the Indian context micro lending of different social agencies suggest that poor people are more prompt in repaying debts. The repayment rate for Grameen bank is 98%, SEWA 92%. The repayment rate is as high for almost all micro lending institutions as the default rate hovers around a maximum of 10% only. However the default rate for banks in the same segment is as high as 40%. That is why the banks feel a bit hesitant in providing micro credit, to poor people. Banks and other formal credit disbursement institutions are exposed to the various risks and impediments in the area such as credit risk, high transaction and service cost, absence of land tenure for financing housing, irregular flow of income due to seasonality lack of tangible proof for assessment of income, unacceptable collaterals.

The barriers to the banks are mainly regulatory, policy related and operational. Micro finance is still an evolving sector in a country like India. In many developed countries it is highly commercialized. Partnerships are being created, public and private sector assets are being leveraged and know how is being shared. The lessons from some of the best managed MFIs around the world show that use of certain methods like group lending peer guarantees, step – ladder lending, matching repayment terms with borrower cash flows etc. have contributed largely to their success. They have competently used

information technologies and performance linked incentives for their staff.

The micro finance portfolio would enable commercial banks to diversify their operations considerably. However the coordinated and collaborative approach alone would be the right solution to bring marginalized communities into the main-stream of the national economy. The continuous flow of innovations in designing new products and services would produce the desired results on a sustainable basis. Customer satisfaction audits in micro finance operations may also be conducted by independent agencies from time to time for improving governance and transparency. The strong and firm commitment of the top management of the bank to micro finance operations is the essential precondition for the sustainability of this business by MFIs.

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Role of SHGs in Women Empowerment A Study of Two SHGs in Kendrapara Block

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India lives in villages. Majority of the population still live in rural areas. Among them the rural women in India constitute nearly 77% of the total female population. According to our Ex-president A.P.J. Abdul Kalam, "When women are empowered, society with stability is assured." Now the question is what does the word empowerment of women actually mean?

Empowerment seems to have a different meaning for different groups of women: for middle and upper-class women empowerment may indicate building up one's career, articulate one's views and preferences, readiness to enter into new areas of work. For poor women, empowerment may mean expressing their needs, asserting their identities by not submitting to the dictates of the husband, or employer. This, can be possible by enhancing women's economic productivity. Estimated 60 million Indian households which are still below the poverty line will be the beneficiaries. Thus the most feasible option to generate their own income is through self-employment. They face in gaining access to assets and resources.

There are local, informal credit structures set up and controlled by the women. They are known in various names such as "Chit funds", "Committees" etc. Many of them are organized by women and most of the clients are women. Though they were successful in many respects, but the concept of empowerment of women goes beyond simple cash transactions. This is the area where micro credit system has relevance and significance. In this regard, a global movement has been launched towards the end of 1996 to reach 100mn world's poorest families, especially the women of those families with credit for self-employment. This movement is called micro credit.

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I express my sincere thanks to Prof. S.N. Mishra for giving me the necessary guidance.

The term micro credit has been defined as the extension of small loans to be given in multiple doses based on the absorption capacity of the needy beneficiaries, who are too poor to qualify for formal bank loans as they have no assets to offer as collateral security against loans. The micro credit programme initiated with the objective of providing loans to poor families with credit removed collaterals.

The micro credit system has now been taken up on a large scale by various organizations and institutions. Micro-credit system through SHGs is now well recognized and accepted. This system is now practised in 17 countries through 41 micro-finance programmes including Grameen Bank in Bangladesh. This programme is in operation since 1980. In traditional Indian families the women face relatively more difficulties in managing their household with a low level of income. For these poor women given credit through the formation of SHGs is very much helpful. The programme's main aim is to improve rural poor's access to formal credit system in a cost-effective and sustainable manner through the SHGs. The major role of SHGs is to empower the women members.

Orissa is one of the backward states of the country. The state has a total population of 3.68 crs. Of this people living in rural areas constitute 3.13 crs i.e. – 85 percent of the total. According to the census 2001 the female population constitute 48.3% of the total population. Several programmes have been undertaken by the State Govt. as well as other organizations like NGOs, banks, regional Rural Banks etc. to dispense credit to the rural women with a view to empowering them. The micro-credit programme through SHGs have been launched in the state to alleviate poverty, to promote employment and empower the women section of the society. The available data reveal that by 2000-01, the state has a total number of 3850 SHGs, which is 2.7% of the total at the all India level. It is further noticed that a sum of Rs.2518 million has been dispensed with banks through SHGs, for several micro-credit activities in rural areas.

Kendrapara district came into existence in the year 1993. The total population of the district is 13.02 lakh. Of this, people living in rural areas constitute 12.28 lakh. That is 94.3% of the total. The sex-ratio of the district is 1014 which indicates that females are more in number

than the males. The female poor is 50.4% the total population of the district. There are 9 blocks in Kendrapara district. Between these Kendrapara block has 137 revenue villages and 129 villages are inhabited. The female population is more than 50% of the total population of the block. It has 832 women SHGs in the block. These women SHGs are doing a lot of activities in the block to raise the living condition of women. On this backdrop the present study is undertaken with the following objectives :

- i) To study the formation, organization and operation of SHGs in the study area.
- ii) To study the saving and investment activities of SHGs in the study area.
- iii) To examine as to what extent the SHGs have empowered women in respect of the generation of income, employment and marketing achievement in the study area.
- iv) To identify the problem associated with the functioning of SHGs and to suggest remedial measures to overcome the bottlenecks.

METHODOLOGY OF THE STUDY :

The study is undertaken both by secondary and primary data and information. For the secondary sources reliance is placed upon available standard literature, govt. publications and reports, standard literature, govt publications and reports etc. However, more reliance is placed upon the collection of primary sources of data & information. The study has followed two-stage of sampling design. In the first stage the list of SHGs operating in Kendrapara block is prepared. Kendrapara block has a total number of 832 SHGs as on Dec, 2007 Out of these total number of SHGs as on Dec, 2007, while the well-performing SHGs are 540 the not so well performing SHGs are 290 in number. This classification is done on the basis of annual income earned by the SHGs. In the second stage of sampling design, the selection of SHGs in the study area is made. Here simple random sampling method is adopted. One SHG from among the well performing SHGs and another from not so well performing SHGs are selected for the study. While selecting the two SHGs distance from the block headquarter and time consumed for the collection of data are taken care of. After selecting the SHGs, a well structured questionnaire is prepared to elicit information from each of the SHGs considered for the study. The data so collected have been

tabulated and incorporated in the study. Besides, information from the officials of the block and other organization involved in the promotion of SHGs is also collected.

LIMITATIONS OF THE STUDY:

- i) The field study is confined to only two SHGs - One well performing and the other not so well performing.
- ii) While selecting SHGs for the study purpose, only those SHGs who have completed 3 years of existence are taken into consideration.
- iii) The compact study has two reference years; first year (the beginning year) and the third year (final study year).
- iv) Period of study refers to 2004-05, 2005-06 and 2006-07.

ANALYSIS OF TWO SAMPLE SELECTED SHGs :

Case Study-I

Deypur is a small village of 966 people living in and is situated at 10 kms. away from the district headquarter. It belongs to the Kendrapara block. The number of women living in the village is 496. The male members of the families in the village work in the farms. Some work in other's farms. 35% of the families in the village are Below Poverty Line (BPL). The condition of the female members of the families is not so good. They help their husbands in the field work. They didn't have any chance to earn money on their own.

In Feb, 2004, a Self Help Group named Palliprava Maa Barunei SHG was formed with 15 members. It is a well performing group in Kendrapara block. It is registered under the block. All the members of this group are women. Among them 12 belong to BPL category and other 3 are in APL category Mrs. Basanti Samal is the President and Mrs. Sabita Das is the Secretary of the group. They are elected by the members. In the group there are four SC members and eleven General Caste members. All the members are literate. Most of them are undermatric. They had their first meeting in Feb, 2004. They agreed to save Rs.50/- each per month. They usually have their meeting on every 7th, 15th and 25th day of each month. Earlier they used keep their savings money i.e. Rs.750/- per month in a savings bank account of SBI, Kendrapara for safe keeping and getting some interest income.

After three months of its establishment, the SHG got an assistance of Rs.25,000/- from NABARD through a refinance scheme by SBI. They started giving small loans to their group members at the time of their need with a minimal rate of interest of 2%. In the year 2005, they got a loan of Rs.2,64,000/- for three years from the SBI, Kendrapara. They started trading in dairy product with this loan amount. The bank sanctioned Rs.50,000/- to the group in the first phase for the purpose of constructing cow-sheds. They are now getting more than 100 lits. of milk per day. In order to sale their product, they consulted the OMFED staff. Now the OMFED Van comes to the village everyday and collects the milk and pays Rs.10/- per litre of milk. The payment is made after a gap of 10 days. Now the cattle feed is also provided by the OMFED at a comparatively cheaper rate.

Table-1

GENERATION OF INCOME BY MAA BARUNEI SHG

Years	Total Income (in Rs.)
2004-05	72,000
2005-06	86,000
2006-07	1,08,000

Table-1 shows that the income of the SHG has increased all through. It indicates that the group's earning increased about 50% from the first year of establishment. The group earns mainly from two sources. One is by selling the milk and the other is by disbursing small loans to the members as well as the non-members of the group at a minimal rate of interest. The loan amount is subjected to a maximum of Rs.5,000/- per member. The non-members of the group are being charged a 3% rate of interest for the loans. Most of the members are in a position to repay the loan in time. Their expenditure is for purchasing the cattlefeed from OMFED or for veterinary expenses and for purchasing other assets necessary in the trade. Their net income per month is worked out to Rs.9,000/- during 2006-07. At present the group operates a revolving fund of Rs.1.5 lakh.

Table-2**GENERATION OF EMPLOYMENT BY MAA BARUNEI SHG**

Years	Total Employment Generated (No. of Persons)	Mandays of Employment (one manday = 8 hrs. of work)
2004-05	15	540
2005-06	22	600
2006-07	30	1100

The data shown in the above table depicts that days of employment of the group has increased by more then 100 percent in the year 2006-07 over 2004-05.

The group members have employed workers for taking proper care of their cows so that the quantity of output can be increased.

Table-3**MARKETING OF PRODUCTS BY MAA BARUNEI SHG**

Year	Quantity of Products (in Lt./Kg.)
2004-05	25,000
2005-06	30,000
2006-07	36,000

The above picture explains that the output produced by the group has increased each year. There is 44% increase in the generation of output in 2006-07 over the beginning year (2004-05). That means the group is well performing and generating output.

Case Study-II

The second SHG named Maa Durga Self Help Group which belongs to Ostapur is about 5 kms away from the block head quarters. This group also works in the Kendrapara block. It is not a so well performing group.

The Maa Durga SHG started in October, 2004. The first meeting was held in Oct, 04. The group consists of 10 members. All of them belong to General category. Among them 5 members are BPL and 5

are APL members. Initially their savings was Rs.25/- per head per month. After five months of formation of the group the SBI decided to give a loan of Rs.20,000/- at an interest rate of 11 %. They used this loan amount of making Agarbatis and also providing small loans to the members to the members of the group. At the end of the year 2006, they fully repaid their loan amount. After repayment they had an amount of Rs.30,000/- in their State Bank savings account. Therefore they have decided to increase their contribution to savings to Rs.50/- per month per member. From January, 2007 they started saving more. They are now getting another bank loan of Rs.50,000/- in order to increase their business and to make the women self-sufficient.

Table-4**GENERATION OF INCOME BY MAA DURGA SHG**

Years	Total Income (in Rs.)
2004-05	16,300
2005-06	18,500
2006-07	21,600

Table-4 shows that the group's annual income has been increasing since the formation. The group has been successful in getting a margin income of Rs.1,800/- per month by selling the product in the local market. Now the group has a revolving fund of Rs.70,000/-

Table-5**GENERATION OF EMPLOYMENT BY MAA DURGA SHG**

Years	Total Employment Generated (No. of Persons)	Mandays of Employment (one manday = 8 hrs. of work)
2004-05	5	180
2005-06	7	180
2006-07	10	270

Table-5 depicts the employment generation of Maa Durga SHG. As it is seen the mandays of employment for the members of group has increased over the three years.

Table-6

MARKETING OF PRODUCTS BY MAA DURGA SHG

Years	Quantity of Products (in Packets)
2004-05	3,800
2005-06	4,000
2006-07	4,500

Table-6 shows that the quantity of products marketed each year is increasing since 2004, its year of formation. This means that the group has been successful in generating additional output every year.

Benefits :

Successful working of the SHGs has given the following benefits.

- 1) The income status of the rural women have increased after the formation of SHGs.
- 2) Organized working of the women through these SHGs have increased the income of the families involved.
- 3) Successful operation of these SHGs has improved the economic as well as the social status of the women members.
- 4) These women have now a better say in their family.
- 5) The confidence of the women has increased.

Future :

Maa Barunei SHG is trying to enter into new business like making masala powders, pickles. The women members have the confidence that they will do the new business successfully.

Maa Durga SHG is also planning to do the sunflower cultivation. It seems that after some time these SHGs will be able to generate sufficient money and acquire expertise in doing their present work independently.

PROBLEMS ENCOUNTERED :

The Palliprava Maa Barunei SHG is comparatively a stronger group than the Maa Durga SHG in terms of number of members, the size of their revolving fund, their annual income and the sphere of their trade.

One of the problems facing the group is lack of proper co-ordination among the members. There are some members in the group who do not have faith on the office bearers of the group. If this continues, it will be a hurdle in the path of success of the group in future.

Another problem is lack of proper guidance and training. Officials from OMFED, Bank and NGOs should come forward to give frequent, effective and proper training to members to raise the level of output and profit.

The next problem is regarding the availability of raw materials. In Dairy trade, the raw materials like cattlefeed etc. are provided by OMFED at the rate of Rs.380/- for a 50 kg. packet. The members have to depend upon OMFED for cattlefeed. Sometimes OMFED employees cannot come to the village and it creates a great problem. In case of Agarbati trade, the agarbati mixture and essence are the raw materials. The group members have to go to Cuttack for these raw materials which creates problems for them.

In case of Maa Barunei SHG, the OMFED gives Rs.10/- per litre of milk which is comparatively lower than the present market rate. The group may earn a higher profit by selling its product in the open market.

The Maa Durga SHG sells Agarbatis in the local market. The packets and the essence used are not so attractive. This is a problem for the sale of their products in the other market.

There is no veterinary hospital in the nearby area of the village. The members are facing problems in the treatment of their cows.

Another problems is the women members are not properly aware about the different rules and regulations of the banks regarding their savings and loans. The bank staff, NGOs and other micro-finance institutions should arrange awareness and training programmes.

SUGGESTIONS :

- 1) The banks shall provide loans to the SHGs at a lower rate of interest than the prevailing rate so that the group can work more effectively and successfully.
- 2) There must be a provision of subsidy in the bank loan It will make the loan less burdensome on the members.
- 3) Family support and co-operation should be given to the members of the group.
- 4) No doubt, the SHGs have helped themselves in improving their standard of living in terms of income, household management etc. In this context the Maa Barunei SHG has been proved to be more successful than that of the Maa Durga SHG.

Micro-credit and Self Help Groups in Orissa : An Analysis

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&

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&

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INTRODUCTION :

Micro-credit as a vital tool for financially empowering the poor in India and Orissa has evoked considerable interest both from the government and the private sector. The UN year of Micro-credit in 2005 further strengthened the concept, as conventional financial institutions seldom lend money to the resource-poor without collateral security. The success of Grameen Bank in Bangladesh has established the fact that poor are bankable in terms of capacity to save and repay the loans provided the same are collected at the doorsteps in small amounts. This is the cardinal principle of micro-finance which suits the mindset and capacity of the poor. Poverty reduction is one of the major goals of, development in Orissa, since the advent of planning. To contain poverty, micro-credit as one development approach can contribute a lot for providing a minimum standard of living for all within a reasonable period. There are two major models under micro-finance i.e. self-help group-bank linkages and micro-finance institutions (MFI). It seems, that SHGs are the real grass root set-ups for micro-credit growth. It needs recognition that, financial services enable the rural poor to leverage their initiative, accelerating economic activities and generating income.

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In Orissa, 48 percent people suffer from material deprivation, social deprivation, political deprivation and intellectual deprivation, and the state has poor banking facility, inadequate spread of infrastructure and poor health facilities. There is an urgent need for credit to people in the least urbanized state of the country, because, according to R.B.I., over 40% of Indians and also Orissa do not have bank accounts. The estimates of N.S.S. 59th round (2003) reveal that, only 27% of farmers of the country have received credit from formal sources and 22% from informal sources. The remaining 51% mostly marginal farmers have virtually no access to credit. A more or less similar situation exists in Orissa.

The state of Orissa has 34 scheduled commercial banks, 9 regional rural banks with 800 branches and 316 branches of state cooperative banks on March, 2004. The Banking sector, despite its vast expansion in coverage has not lived up to its social responsibility of meeting the financial needs of the resource poor due to inability of the poor to offer adequate collaterals, high transaction costs and absence of linkages between infrastructure, skill and marketing (Maria Dooner and Santosh Srinivasan 2008).

MICRO CREDIT CONCEPT AND FEATURES :

Micro credit in the words of Prof. Mohammad Yunus “refers to the kinds of collateral free loans for income generating activities of people”. Over the years micro-finance adapted a credit plus approach to include a broad range of services, credit, saving, insurance etc. The noble laureate and professor of Economics Prof. Mohammad Yunus started lending 42 people in a village Jobra near Chittagong University, where he was teaching. “People suffer because people could not find tiny amounts of money to carry on with their livelihood activities. Money lenders turned them into slaves”.

Micro-credit has gathered momentum after the creation of Comillia Cooperative Pilot Project by Dr. Akhtar Hammed in 1950 and the birth of Grameen Bank in 1976 in Bangladesh under the leadership of Prof. Mohammad Yunus. Micro-credit initiative operates in a variety of structures— institutional suppliers NGOs, trusts, various non-banking finances, corporations, banks and financial companies. The formal banking sector comprises the formal micro-finance suppliers in Orissa.

The semi-formal category of micro-finance suppliers covers SHGs and micro finance institutions. Moneylenders and a variety of social networks are included in semi-formal lenders. The credits needs of the extremely poor (Rs.9 per capita per day consumption), poor (Rs.10 per day per capita expenditure), the marginal (Rs.15 per capita per day expenditure) are catered by the National Bank of Agriculture and Rural Development, the Rashtriya Mahila Kosha (RMK) and the Small Industries Development Bank, (SIDBI).

With a view to providing a regulatory framework for the operations of micro-finance, the central government has formulated the micro-finance bill in 2007, which permits Micro Finance Organizations (MFOs) to accept savings from members, provide for mandatory registration and periodic reports by all MFOs seeking to accept deposits and provides for inspection of MFOs by regulator bodies, in case of complaints of malpractices.

SHGS :

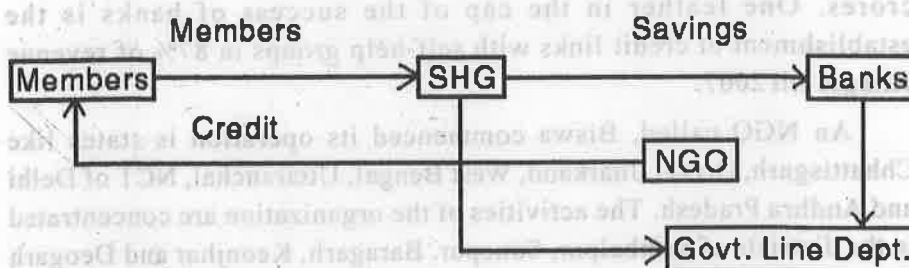
The micro credit activity in India is the result of NABARD's work in 1992, through a pilot project for promoting 500 self-help groups in the country. Following the success of the project, the Reserve Bank of India has issued directives to banks in 1996 to cover SHGS as a mainstream activity, under priority sector lending portfolios.

CONCEPT OF SELF-HELP GROUPS :

The self-help group is a small economically homogeneous and affinity group of rural poor, generally not exceeding 20 members, voluntarily coming together to save small amounts regularly, to mutually agree to contribute to a common fund, to have collective decision making to resolve conflicts through collective leadership and mutual discussions and provide collateral free loans at terms decided by the group at market-driven rates (Dr. K. Revati, 2007).

LINKAGE MODEL OF MICRO-CREDIT :

The system of financial delivery to SHGS involves players like banks, NGOs, Government Agencies. Linkage model of SHGS in Orissa is of two types direct linkage and indirect linkages, as depicted in the following diagram. The linkage concept is based on savings linked with credit.

DIRECT LINKAGE**INDIRECT LINKAGE****FUNCTIONING PATTERN OF SHGS :**

SHGs generate a common fund, for which each member contributes his saving on a regular basis. The group conducts meetings regularly. The meeting involves collection of savings by members and lending money to needy members for production and consumption purposes. Members of SHGs secure small amounts of loan at a low rate of interest for a short period. The meeting decides borrowers by consensus. The loan procedure is simple and flexible. SHGs borrow from banks or NGOs to lend money to members. NGOs may help SHGs in procuring raw materials and marketing of the produce.

SELF-HELP GROUPS IN ORISSA AND IMPACT STUDIES.**POLICY INITIATIVE OF STATE GOVERNMENT:**

The government of Orissa is committed to provide credit link plan for SHG in every village, extend quality micro finance to over 45 lakh rural women for poor families by 2008 and provide a minimum loan

amount of Rs.40,000 per group (vision document prepared under Mission Sakti, New Indian Express 2007 October, 25). It is apparent from data furnished by state level banking committee sources (SLBC) that, the total amount of credit provided to 84,000 SHGs is reckoned at Rs.284 crores. One feather in the cap of the success of banks is the establishment of credit links with self-help groups in 87% of revenue villages till 2007.

An NGO called, Biswa commenced its operation in states like Chhattisgarh, Orissa, Jharkand, West Bengal, Uttaranchal, NCT of Delhi and Andhra Pradesh. The activities of the organization are concentrated in the districts of Sambalpur, Sonepur, Baragarh, Keonjhar and Deogarh districts Orissa. Biswa strives hard to encourage SHGS to take up production / processing activities, employment generating activities, innovating projects, rejuvenation of a sick unit of district administration, expansion of the customer base for the products and saving members groups from the additional expenses of marketing.

SHGS IN KORAPUT :

The last decade has witnessed the formation of 12000 SHGS in Koraput region, out of which 300 SHGs were asked to buy paddy directly from villages and pay immediately as per Government support prices. Of late, the district civil supplies department has directed WSHGS to buy paddy from local mandis. The initiative has resulted in curbing distress of sales of paddy and keeping middlemen at bay. The SHGS members take money from their own sources, to buy paddy and sell it to district civil supplies department. The department has fixed Rs.100/- as commission per quintal of paddy purchased by SHGs. Till date, the SHGs have procured about 15000 quintals of paddy transitioning Rs.1 crore (Indian Express 13.01.2008).

In past studies of SHGs conducted by WSHGS in Bangladesh have suggested that the groups have enabled members to come out of poverty, improved nutrition, facilitated in better sanitation, lower birth rate, lower child mortality rate and better access to education including greater employment of women and participating of women in social and political activities.

Prof. Jnanendu Kumar Mohapatro's study of self-help groups in Rourkela and Jajpur regions are noteworthy-one self help group named

Ma Swayam Sahayak Gosthi commenced its operation with 12 members in Gangadhar Palli area near Rourkela. The unit began functioning with an initial capital of Rs.25,000 meant for production of phenyl to the tune of 150-200 bottles per day for door delivery. NGOs and banks were suppliers of credit to the SHG.

The Rourkela region is served by 54 SHGs, bulk of which have focused on activities, like poultry farming, fast food, mushroom cultivation and other I.T.D.A. approved projects. What is stinking is the operation of these projects with an initial capital of Rs.10000.

Another SHG named Jeevan Marg Swayam Sahayak Gosthi, located in Rourkela had a membership of 13 persons, has' concentrated on production of candles for local market. Each member of the group subscribed a sum of Rs.100 per month. The mission of the group is to kindle confidence among members, thus auguring for capability building among members of the group. The Rourkela region had the benefit of another SHG named Indradhanu Swayam Sahayak Gosthi, the activities of which are directed to provide safe drinking water to the people of the region affected by water scarcity.

Sarjan, another SHG located in Dandagadi area of Jajpur region initially started its operation with 20 members. The group has provided patronage in the form of technical and professional guidance and financial support from Tata companies and deals in processing and preparation of handkerchief, mats, Mali, candles and masina. One such group is provided with sewing machine by Tata Company.

One self-help group named "Mahila Sasaktikaran", located in Gobar Ghati colony in Jajpur, was patronized by Tata company, NGOs and Government agencies to specialize in production / trade of agricultural products, like brinjal and chilly in local markets. Two such groups specialize in preparation, packing and marketing of rice crisps, groundnuts and packed grams.

SUGGESTIONS AND POLICY PRESCRIPTIONS :

The SHG movement has added a significant dimension to micro-credit system in the country. To improve the micro-finance system some vigorous steps need to be taken like, cheap and timely credit, easy accessibility to credit, reduction in rural-urban migration and better cohesion among members of SHGs (Mona Khare). A vast segment of

rural population are outside the ambit of formal banking and SHGs and this broadened the scope for the working of MFIs and SHGs in Orissa. Mission Sakti (2001) has 133302 WSHGS in its fold and it is doing a splendid job in Orissa by encouraging SHGs in horticulture, goatery, and Piggery. Swayam Siddha (2001-02) also working to build up human capital in Orissa in activities like, education, nutrition, health and hygiene. However these agencies should improve their functioning to better serve the poor. For the policy makers and banks in India, it is instructive to remember Prof. Yunus's welcome suggestion that, poor people always pay back. Poverty is not created by the poor but institutions and policies, which surround them. So, appropriate changes may be made in the institutions contain poverty. Grameen banks experiment on lending to WSHGS has challenged conventional banking philosophy that more you have more you can get.

CONCLUSION :

The study reveals that micro-finance institutions have provided funds and opportunities to the rural poor to have a better life. The Mahila Vikas Sanabayanigan the nodal agency which is empowering women by undertaking various entrepreneurship development programmes and training has recognized that, credit to mothers and women brings greater benefits to family. In this context, banks should provide services at the doorsteps of the poor, based on the principle that people should not go to the bank, bank should go to people.

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OBJECTIVES :

Realising the importance of Micro Credit in improving the economic condition of the poor people the study is planned with the following objective

- * To study the provision of Micro Credit by the MPF towards the poor of different categories.

Micro Finance Institutions in Economic Empowerment of the Poor

Dr. Rajan Kumar Sahoo*

INTRODUCTION :

Our country has commitment towards the welfare of the poor and the weak, which is well reflected in the constitution of India. On account of various historical and social factors poor people and persons belonging to various weaker communities especially. Scheduled Castes, Scheduled Tribes and Other Backward Classes have limited access to assets and opportunities. This has affected adversely their socio-economic status enhanced level of poverty in the society. With a view to overcome the constraints and to achieve the desired objectives, several specific provisions have been made, special legislations have been enacted and numbers of plans and programmes have been launched from time to time by the Governments both at Central and State levels but the achievement is not remarkable. In view of the large population and limited financial resources available with a developing country credit plays a critical role in economic empowerment of the poor. With this understanding after independence, provision of credit under various credit linked poverty alleviation programmes have been taken up through Co-operatives, Commercial Banks and Regional Rural Banks from time to time. Not withstanding these measures, access of the weaker section to institutional credit continues to be much below the desired level For providing adequate credit to the poor through simple procedures the concept of Micro finance was introduced by NABARD in India during 1992-93.

OBJECTIVES :

Realising the importance of Micro Credit in improving the economic condition of the poor people the study is planned with the following objective.

- To study the provision of Micro Credit by the MFIs towards the poor of different categories.

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- To find out the steps undertaken by such institutions for facilitating provision of micro finance.
- To examine the problems faced by the beneficiaries of Micro finance.

METHODOLOGY :

The paper is prepared on secondary as well as primary data. Various books, journals research reports both of Government and Non-Government organizations have been studied. Besides, this the observations of the researcher while collecting data from Self Help Groups in Athagarh Block of Cuttack District have been incorporated to prepare the paper.

BACKGROUND OF THE STUDY :

Meaning of Micro-finance :

Micro credit is distinctly different from other poverty alleviation schemes. Loans under micro credit programmes are very small, on 'an average less than \$ 100 by world standards and in hundred of rupees by Indian standards. Micro-credit continues to target the rural and urban households with emphasis on women borrowers, provision of finance for creation of income generating assets and their maintenance and bringing greater quality of services. The beneficiaries are identified by micro credit providers independently or through NGOs / Self-Help Groups. The repayment period is generally very short. The amount is increased based on the borrower's repayment history.

NEED OF MICRO CREDIT :

The cumbersome procedure, insistence on collaterals/guarantee, mobilization of promoter's contribution etc. are some of the major factors affecting provision of adequate credit to the poor in general and weaker section in particular. The need for micro finance arises for overcoming the existing inadequacy of credit to the poor by following simple procedure. It envisages mobilizing thrift and supplementing it with loan from the financial institutions.

HISTORICAL PERSPECTIVE OF MICRO CREDIT :

Micro finance, as a tool for empowerment of the poor has been adopted in other developing countries. Grameen Bank experiment of

Bangladesh indicates that by adopting certain innovative practices it has been possible to target the beneficiaries to a fair extent. Linking the banking institutions with the Self-Help Groups (SHGs) in mobilizing rural saving for meeting the credit needs of the rural areas was recommended in 1986 in the 6th General Assembly of Asia and Pacific Regional Agricultural Credit Association held at Kathamandu, Nepal.

Subsequently in 1988-89, the National Bank for agriculture and Rural Development (NABARD) conducted a study of non-government organizations and based on findings, launched a pilot project in 1992 for assisting 500 Self Help Groups through Commercial banks, 225 Self-Help Groups were linked with banks during 1992-93 which indicated a modest beginning of Micro-Finance in India. By the end of March 2001, about 2.63 lakh groups have been covered under this programme. It has been found that this system has several merits namely near cent percent recovery, low transaction cost, monitoring being easy and less time consuming. This has also strengthened saving habits among the group members.

Rashtriya Mahila Kosh (RMK) was set up under the aegis of the Department of Women and Child Development in March, 1993, to take up provision of Micro finance with particular focus on the women groups. The Kosh has assisted 939 Self-Help Groups covering over 9.13 lakh women and provided Rs.106.05 crores as loan so far.

ANALYSIS OF THE STUDY :

Many Government institutions like NABARD, Commercial Banks, Regional Rural Banks, Co-operatives, Small Industries Development Bank of India, (SIDBI) Rashtriya Mahila Kosh (RMK), Semi Government Organizations like various corporations and non-government organizations like NGOs and SHGs are providing micro finance for the empowerment of the poor.

With a view to overcome the difficulties faced by the Scheduled Castes (SCs) and Scheduled Tribes (STs) in getting institutional finance, National SC & ST Finance and Development Corporation (NSFDC) was set up in 1989 as a national level financing organization under the aegis of the erstwhile Ministry of Welfare. Main mandate of this corporation was to provide adequate loan to the target group at a lower rate of interest than that charged by the banks. Subsequently national

level corporations were set up for providing similar facilities to persons belonging to other Backward Classes, Minorities and Safai Karmacharies. Those corporations are provided funds by the government which is used for giving loan to the target groups. Initially these corporations were providing loan indirectly through the State Level Channelising Agencies (SCA). Persons belonging to the target groups and having income below the poverty line are assisted for taking up economically viable activities.

Based on the experience of NABARD and Rashtriya Mahila Kosh, these National Corporations took up provision of micro finance with the help of Non-government Organizations for meeting the smaller loan requirements and covering larger number of beneficiaries in 1989-99.

An account of loan provided by these corporations under the normal programmes through the State Level Channelising Agencies during 2000-01 and 2001-02 are given in Table No. I, II, III and IV. From the data it is clear that coverage of beneficiaries by these corporations has seen a quantum jump following adoption of micro finance.

Year	Term Loan disbursed through SCAs	Micro Finance Disbursed	Total
2000-01	117.48	15.03	132.51
2001-02	149.61	24.19	173.80

Table - I

**PROVISION OF LOAN BY
NATIONAL SCHEDULED CASTE FINANCE AND
DEVELOPMENT CORPORATION (NSFDC)**

(Amount in Crore of Rupees)

Year	Term Loan disbursed through SCAs		Micro Finance Disbursed		Total	
	Amount	Bene-ficiaries	Amount	Bene-ficiaries	Amount	Bene-ficiaries
2000-01	117.48	25,581	15.03	27,280	132.51	52,861
2001-02	149.61	39,509	24.19	36,786	173.80	76,295

Table - II**PROVISION OF LOAN BY NATIONAL SAFAI-KARMACHARIS
FINANCE AND DEVELOPMENT CORPORATION (NSKFDC)**

(Amount in Crore of Rupees)

Year	Term Loan disbursed through SCAs		Micro Finance Disbursed		Total	
	Amount	Bene- ficiaries	Amount	Bene- ficiaries	Amount	Bene- ficiaries
2000-01	16.62	2,661	12.50	17,828	29.12	20,489
2001-02	24.80	3,284	5.25	3,005	NA	9,249

Table - III**PROVISION OF LOAN BY NATIONAL BACKWARD CLASSES
FINANCE AND DEVELOPMENT CORPORATION (NBCFDC)**

(Amount in Crore of Rupees)

Year	Term Loan disbursed through SCAs		Micro Finance Disbursed		Total	
	Amount	Bene- ficiaries	Amount	Bene- ficiaries	Amount	Bene- ficiaries
2000-01	85.72	18,870	1.29	2,648	87.01	21,518
2001-02	106.77	32,985	12.49	12,842	119.26	45,827

Table - IV**PROVISION OF LOAN BY NATIONAL MINORITIES
FINANCE AND DEVELOPMENT CORPORATION (NMFDC)**

(Amount in Crore of Rupees)

Year	Term Loan disbursed through SCAs		Micro Finance Disbursed		Total	
	Amount	Bene- ficiaries	Amount	Bene- ficiaries	Amount	Bene- ficiaries
2000-01	72.37	19,960	0.81	1,743	73.18	21,703
2001-02	92.06	21,489	4.77	24,529	96.83	46,018

The corporations took several specific steps for facilitating provision of micro finance such as (i) liberalization of procedures for sanctioning the loan initially and repeating it subsequently (ii) delegation of power to the Managing Director for sanctioning loan (iii) introducing provision of Revolving Fund (upto Rs.25 lakhs) for assisting reputed Non-Government Organizations, having previous experience in the field of micro finance (iv) Liberalizing rate of interest (at rate not exceeding 1'0% from the beneficial)', of which 6% is passed on to the NGO and Self Help Groups (v) Support for capacity building measures like organization of training workshop and (vi) for marketing their products by participating in fairs etc.

Despite of the facilitating provisions undertaken by Corporations and, financing agencies through micro finance the researcher while collecting information from the members of SHGS in Dhurusia G.P. of Athagarh Block in Cuttack District, Orissa has come across the problems of beneficiaries. They are as follows :

- i) The credit provided by the institutions are not adequate.
- ii) Provision of marketing by the institutions for their products is not up to the mark.
- iii) They need up-gradation of their skill through training and continuous follow up.
- iv) They require necessary guidance from time to time.

The problems of the beneficiaries need immediate" redressal by the financing institutions.

Besides the above measures the National Backward Classes Finance & Development Corporation is taking steps for provision of micro finance for promotion of dairy and handloom activities. In this area covered under operation Flood, district level milk producers' co-operatives are being pursued for financing individuals for purchase of cattle. Similarly viable primary weavers co-operatives are being pursued for availing of micro finance for purchase of raw material. It is expected that this sort of tie- ups will help in meeting the credit needs of the small households and ensure provision or required forward and backward linkages as well.

CONCLUSION :

As a developing country, India faces constraint of resources for rapid socio-economic development. While there may be limitation of

financial resources, available human resources are a huge and yet to be fully utilised. Thus the major challenge before the nation today is to evolve appropriate strategy for mobilizing the human resources for optimizing use of the available financial resources. Micro finance provides a medium for ensuring this by optimizing use of the financial resources. The task force on employment opportunities while referring to the limitation of the formal financial system in meeting the credit needs of the informal sector has underlined the importance of micro finance through Self-Help Groups as a potentially useful channel for generation of employment in the coming years.

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Micro Credit And Self Help Groups in Rural Development

Santanu Kumar Nayak*

INTRODUCTION :

In the third world countries, including India with a high degree of rural population an institution is necessary at the central level for looking into the financial needs of the poor at the grassroot level, both belonging to urban and rural areas. A large proportion of rural population is socio-economically backward who want to take up productive activities, lack of resources and adequate credit affect their economic activities. So there is need of credit.

The Micro Credit refers to the provision of financial services to lower income groups in rural, semi urban and Urban areas for enabling them to raise their income levels and improve living standards. Micro Credit Institutions provide loans for consumption, production activities or for small businesses. Of late, a range of financial services other than Credit such as savings, Micro insurance etc., also included under Micro Finance. The characteristics of Micro finance are that the financial services is small in magnitude and those who avail the services are poor and very poor.

Need of Micro Finance :

The importance of Micro Finance lies in the fact that the formal institutional banking sector has not lived up to its social responsibility of meeting the financial needs of the poor due to various reasons such as (i) lack of adequate branch network in rural areas, (ii) the inability of the poor to offer satisfactory collaterals for the loans and (iii) Lack of education and awareness among the poor. This is inspite of the fact that India today has an extensive banking infrastructure, The credit requirement of the poor in India has been estimated to be around

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Rs.50,000 crore per annum. Against this requirement the credit outstanding of the poor with the formal banking sector i.e. stated to be Rs.5000 crores or ten percent of the total demand. According to the sample survey conducted by world bank and NCAER in 2003, in Andhra Pradesh and Uttar Pradesh around 87 percent of marginal farmers don't access credit from the formal banking sector. Most of the benefits of the so called extensive banking infrastructure have to gone to relatively better off people, around 66 percent of large farmers have a deposit account and 40 percent have access credit.

Micro Finance Institutions :

The last 15 years saw the entry of various types of Micro Finance Institutions in the Rural credit sector. Most of these are based in the Grameen Bank Model of Bangladesh. This Model has the solidarity groups at the base, each of which comprising five borrowers. Eight solidary groups constitute a "Centre". Ten Centres a "Cluster" and seven clusters a branch. Several such branches constitute an Micro Financial Institutions. Micro Financial Institutions in India register themselves either as Societies, Trusts, Non-banking financial companies or local area banks and are governed by their respective rules and regulations. In India. Micro credit programme are implemented through group structures, which are known as Self Help Group.

SELF HELPS GROUPS :

A Self Help Group (SHG) is a registered or unregistered group of Micro entrepreneurs having homogenous social and economic background I voluntary coming together to save small amounts regularly. They mutually agree to contribute to a common fund and to meet their emergency needs on mutual help basis. The group members use collective wisdom and peer pressure to ensure proper end use of credit and timely repayment . In fact, peer pressure has been recognized as an effective substitute for collaterals.

An economically poor individual gains strength as part of group. Besides financing through SHGs reduces transaction costs for both lenders and borrowers. While lenders have to handle only a single SHG account instead of a large number of small sized individual accounts, borrowers as part of a SHG cut down expenses or travel to & from the branch and other places for completing paper work and on the loss of work days in canvassing for loans.

Role of SHGs :

There has been rapid growth of Self Help Groups in the last one decade. The self help groups play an important role in Rural development. The S.H.G. growth which has almost assured the form of movement represent a massive grassroot level mobilisation of poor rural women in small informal associations capable of forging links with formal systems to help access financial and other services needed for their socio-economic development. Basically SHGs are being promoted as a part of the micro-finance interventions aimed at helping the poor to obtain easily financial services like saving, credit and insurance.

The promotion of SHGs in India began more formally, in 1992 with launch of the SHG Bank Linkage programme by National Bank for Agriculture and Rural Development (NABARD). The aim of the Programme was to improve rural poor's access to formal credit system in the cost effective and sustainable manner by making use of SHGs.

A Self Help Group is a small and informal association of poor having perfectly similar socio-economic background and come together to realize some common goals based on principle of self help and collective responsibility. SHGs helps the poor to come together to pool their savings and access credit facilities. A SHG by tapping socio capital like trust and reciprocation helps in replacing physical collateral, a major hurdle faced by the poor in obtaining formal credit. Then through the principles of Joint Liability and peer pressure, a SHG ensures prompt loan recovery from the members. In the process, a SHG helps the poor, especially Women to establish their credit worthiness.

The major role of SHGs is seen in terms of their potential to empower the women members. The participation in SHG and the access obtained to savings and credit can play a transformational role for women, socially and economically. The access to saving and credit helps a women member to contribute to her family's financial needs for consumption and production purpose. The ability to meet such needs of the family would enhance the standing of the women in the family leading to better gender relations. The continued participation in SHG is further likely to enhance the awareness skills and other abilities of the women resulting in building of individual self esteem and in getting due social recognition.

The Social help group programme is now more than a decade old. There is a need to explore (i) the extent the SHGs have helped poor women to get access to saving and credit, (ii) to what extent the improved access to financial capital has contributed towards attending goals like poverty alleviation and women's empowerment ? and (iii) what are the challenges and constraints faced by SHGs in playing their expected role ?

According to some available studies it is indicated that as a result of participation in SHGs, members have been able to accumulate significant savings. In states like Andhra Pradesh an average SHG member has accumulated individual savings worth upto Rs.1800. In mature SHGs the average individual savings have been as high as Rs.10,000. Though in absolute amount the savings is small, it becomes significant when seen from the angle that bulk of the SHG members hail from poorer communities unable to save conveniently and safely earlier. Own savings can be handy and useful in many ways. Many SHGs members even consider development of the habit of savings as the major impact of their participation in SHGs. There are evidence to indicate that using the opportunity of savings provided by the SHGs, women are able to meet various socio-economic needs like housing, education and marriage.

In the recent past in Nagaland, some women managing a group responded to their own Self Help Group, which was registered on 20th April, 2006. Soon their group become active. They started holding meetings at least once in two weeks. They would all attend these meetings as the absentee would have to pay a fine of five rupees. Cooperative Education project officials helped them to learn more about income generating activities that they could undertake. They were trained in making woolen shoes. The training programme was conducted in collaboration with the Nagaland State Industries Department.

The group then not only started making woolen shoes and earned a steady income but also go beyond. Later the group was also trained in woolen carpet making. The other achievements of SHG was in making of banana chips, potato chips, preparing papads from sticky rice and making pickles. They have also mastered the art of stitching jute bags and other handicrafts.

This SHG now has a steady income of their own. Now they have no difficulty in contributing Rs.50 per month to their fund as each

member's monthly income at present ranges from Rs.500 to 600. Their total savings have accumulated to over Rs.40000, not a mean considering that these very women at one time were in awe of talking to any official for help.

Impact on poverty :

A foremost discernible is the reduced dependence of SHG house holds on informal sources of credit. The members of the SHGs have been above to reduce their dependence on money-lender very significantly. A study of SHGs reported a decline in the share of money lenders loan from 66 to 15 percent for the members. In another study, nearly 51 percent of the members closed their old debt with the money lenders using SHG loans. The members at the same time have been able to generate a substantial surplus for themselves due to cheaper interest paid on loans.

Through credit obtained from SHGs, the members have made efforts both to protect their families from various vulnerabilities as well as build their economic base to escape from poverty. This is evident from the fact that members are making use of SHG loans for diverse purposes. While use of loan for consumption purpose still remains a major item of utilisation, members are increasingly using the SHG loans for social and productive needs. Health, education and housing are some of the areas members have begun to increasingly channelise their loans. In Tamilnadu it was found that nearly 14 percent loan has been used for housing purpose. In Andhra Pradesh it was found that nearly 6 percent of members had utilised their loans for children education.

SHG members are also using quite significantly SHG loans for regular economic activities like animal husbandry I agriculture and petty business. This is evident from the fact that nearly 74 percent of SHG members in Tamilnadu have invested in creating various assets like land, livestock and household durables after joining SHGs. A study concluded that micro finance seems to have played a more critical role in facilitating clients to cope with situations rather than deal with life cycle events in sustainable manner.

Though SHGs have begun to contribute in improving the economic conditions of the poor households, the impact does not seem to be a uniform phenomenon throughout. At the same time, there is no evident to establish the fact that the positive impact noticed in some instances.

are attributable to women's involvement. A study found that women have certainly become more visible as micro finance clients, but being a client does not translate automatically in empowerment. The study found only mixed evidence about the role of micro finance in either increasing women's awareness, mobility and skill development or enhance women's status in the household as income contributors and decision makers.

SOCIAL HELP GROUP-BANK CUMULATIVE :

Micro Credit is a novel approach to banking with the poor. This approach in Bangladesh, bank credit is extended to the poor through Self Help Groups, Non-govt. organisations, credit unions etc. Micro Credit attempts to combine lower transaction costs and high degree of repayments. This is essentially because of the involvement of potential benefactrices of rural credit in the credit delivery system. The SHG bank linkage programme, introduced and encouraged by NABARD in India, is now being implemented vigorously by more than 30,000 branches of Commercial Banks, RRBS and Co-operative Banks in over 520 districts in 30 states and Union Territories has given in the table.

SHG - BANK LINKAGE CUMULATIVE PROGRESS

Year	No. of SHGs	No. of SHGs	Bank Loan Financed by disbursed Banks (Cumulative) Rs. Crores
1999	33,000	33,000	57
2001	2,63,830	1,49,000	480
2003	7,17,360	2,55,000	2,050
2004	10,79,090	3,61,730	3,900

At the end of March, 2004 as many as 10.8 lakh SHGs are now linked with banks and 28,00 with NGOs. It is estimated that at the end of March 2004.

17 million very poor families will be brought within the fold of formal banking services, with 90 percent women groups, having 95 percent repayment performance with average loan. As per SHG and

per family coming to Rs.30,000 and Rs.1770/- respectively. The cumulative loan disbursement towards SHG will come to Rs.3,900 crore.

CONCLUSION :

Micro-finance is the key mantra for a sustained and long term economic growth for India. It is a sharper focus today with the Government taking keen interest to ensure a comprehensive and visible uplift of rural people through effective implementation of various schemes. It is clear that micro finance is most important factor to attain sustainable rural development. There is a massive mobilization of women taking part in the SHG movement. The SHG movement has a good potential to help develop the socio-economic status of the rural poor and contribute towards women's emancipation.

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Problems And Prospects of Women Empowerment Through SHGs : A Case Study

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Since independence, efforts are made to remove poverty, but rural poverty in India continues to be significant. While the anti-poverty programmes have been strengthened in successive years & in percentage terms, poverty levels are reduced from 56.44% of India's population in 1973-74 to 37.27 in 1993-94 & 27.11 in 1999-2000, the number of rural poor has remained static and is estimated to be 244 million people (in 2003). Again rural poverty in India is not only an economic problem but also a social one, which is due to lack of income & unequal distribution of resources. Paucity of funds is not the only cause but it is also linked with caste, religion & gender. Communities related to particular castes are poorer, and women are mostly resource less. The Indian family & property system neither provide women share from parental wealth (resources are transferred from her father to brother) nor from their in-laws (from father-in-law to husband and then to her son). Women constitute almost half of the population, perform nearly two third of the work hours, receive one tenth of the world's income & own less than one hundredth of world property. In recent years the themes of 'Gender Justice' & 'Women Empowerment' have received adequate attention. It is one of the eight Millennium Development Goals to which world leaders agreed at the Millennium Summit held in New York in 2000. In 1945 Charter of the UN signed has proclaimed gender equality as a fundamental right. Ever since there had been many conventions, programmes & goals to help mankind by conferring on them human rights which are 'Universal, indivisible, interdependent & interrelated. In order to promote development of women & protect their rights the UN adopted 'Convention on the elimination of all forms of discrimination against women on 18 December 1979 which came into force on 3rd September 1981.

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Despite many conventions & time bound measurable goals women are in a miserable & deplorable state with high gender gap in literacy at all levels, sharp decline in juvenile sex ratio, high maternal mortality & infant mortality, higher dropout among girl students & increasing incidence of crime against women. It is evident that women are lagging behind a great deal in both availing the benefits of development as well as participating in the process of development. The contribution of a majority of rural women in the domestic as well as agriculture & allied activities is hardly recognized. The effect of such a large percentage of population on country's development may be perilous. Quick redressal of the situation is essential. India's development planning has always aimed at removing inequalities in society & to ensure that the benefits of development reach to all and also accessible to all equally. In India allocation & formulation of policies for the empowerment of women is made continuously, but the existing political, social & economic forces resist their rights (rights means not only voting rights & civil rights but also human rights). They are dominated in the name of religious, cultural & ethnic traditions, and ultimately these factors contributed to marginalization & oppression of women. The condition is still worse for Orissa & worst for KBK districts where female literacy, women participation in the work force, status in the family, society & decision making process, etc. are quite disheartening. Here micro-finance could play a very important role.

Micro-finance refers to a sub-set of financial services which produces small loans to very poor families, most often without any collateral. The loan can be for consumption, production activities or for small business. Of late, a range of financial services other than credit such as savings, micro-insurance, etc. are also included under micro-finance (George, 2008). The objective being to organize rural poor through a process of social mobilization, their training & capacity building, and finally to generate income on a sustainable basis. A number of financial institutions starting from national & international banks to micro-finance institutions are venturing in this area with interest.

Basically SHGs are promoted as a part of the micro-finance interventions aiming at helping the poor to obtain easily financial services like savings, credit & insurance. SHGs are considered as one of the most significant tools to adopt participatory approach for economic empowerment of women. It has the potentiality to act as the forum for

members to provide space & support to each other. Ever since founder of the Grameen Bank & Nobel Prize winner, Muhammad Yunus of Bangladesh proved with his pioneering work that micro-finance is beneficial for both borrower & lender alike, micro-finance has got worldwide popularity and in India micro-credit programmes are implemented through group structures called SHGs. In India the SHG movement has become the basis for promoting empowerment & overall improvement of the status of women in society (World Bank Report, 2008). A Self Help Group is a registered or unregistered group of micro-entrepreneurs having homogeneous social & economic background; voluntarily coming together to save small amounts regularly. They mutually agree to contribute to a common fund & meet their emergency needs on mutual help basis. The group members use collective wisdom & peer pressure to ensure proper end-use of credit & timely repayment thereof. Peer pressure is recognized as an effective substitute for collaterals. Economically poor people get strength as part of a group. It is advantageous for both lender & the borrower as it reduces transaction costs & saves time. The poor downtrodden person after organized into a group gets assistance regarding credit, skill, technology, infrastructure & even marketing. On the other hand the MFIs prefer to provide small loans to women as women are laborious (first to rise & last to go to bed), more disciplined, more responsible, more reliable & committed to repayment. The fear of being addicted to bad habits like alcohol, smoking, gambling, etc. is less though they are the least calorie in takers in the house.

This paper aims at finding out the problems & prospects of women empowerment through SHGs in Titilagarh Block of Bolangir Revenue District, one of the KBK districts of Orissa. A set of primary & secondary data are taken into consideration.

Titilagarh Block is located at latitude 20 degree 17 N & longitude 85 degree 10 E. Its climate is hot, moist & sub-humid. Its broad soil groups are: red & yellow, red & black brown forests & lateritic. It covers a geographical area of 36,638.86 ha. It has a forest coverage of 1508.08 ha. It has permanent pastures & other grazing land of 2019.57 ha. It has culturable waste land of 451.38 ha. 887.66 ha. of barren & unculturable land & 393.15 ha. other fallow land. Agriculture is the main occupation of the masses. 3310 are big farmers (SC-641 & ST-724), 5291 are small farmers (SC-1005 & ST-1118), 8688 marginal

farmers (SC-1712 & ST-1816) & 7595 agricultural laborers (SC-1920 & ST-2274). Net area sown is 25,825 ha: high land 10,857 ha, medium land 8,190 ha & low land 6,778 ha. Paddy is the main crop here. Paddy area is 1, 16,390 ha. Normal yield of paddy is 12.47 Qntl/ha which is 14.94 for the revenue district. It has total irrigation potential of 4,449 ha (kharif-2005) i.e. 17% & 1,939 ha. (Rabi 2005-06) i.e. 7%. Average rainfall of the block is 1175.5 mm which varies from year to year.

The Block consists of 22 Gram Panchayats & 137 villages. 11 Panchayats have women Sarpanchs. It has a population of 1, 23,644: 61814 male & 61830 female. Out of these 12363 are SC male, 11837 SC female, 10073 ST male & 9540 ST female.

609 SHGs are formed in the Block & all are women SHGs. 204 SHGs have credit linkage with Banks & 31 are already financed by the Government Programme SGSY Swarnajayanti Gram Swarozgar Yojana, which was launched in April 1999. The SHGs are formed either by the NGOs or the Bank, DRDA & Block. SGSY is a holistic Programme covering all aspects of self-employment such as organization of the poor into SHGs, training, credit, technology, infrastructure & marketing. Some of the NGOs working in this field are ARAM, CAS Foundation, Sabuja Viplava, V.S.S., WYS, Sampark, Mahila Vikash, etc. After 1st April 2001 Mission Shakti started working in this area.

Some SHGs work in groups while others work individually. Some SHGs have distributed the loan among themselves & spent in their own traditional activities. Some common activities undertaken are Mid Day Meal (in villages like Turla, Bhatipara, Darlo, Udepur, etc.), Kerosene dealership (in Turla), rice processing (Antarla, Bijepur, Sihini, etc.), production of paper plates, goatery, diary, vegetable production & selling, fishery, etc. 149 SHGs are successful in grading. 24 SHGs are defunct. After grading 31 are working successfully.

After the formation of SHGs Women Empowerment has taken place. Most of the women in this area are illiterates, even they were not in a position to put their signature. Now they are putting their signature. In the Mahima SHG of Rundi mahul village, out of 15 members only 5 used to write their names, now all are in a position to write their names.

Secondly most of the women were remaining inside the four walls. Now they are going to the banks, offices, etc. They are doing social

work in the village like cleaning the road, pond, etc. They are organizing meetings. They are maintaining records. Thirdly, saving habit is developing. Fourthly they are learning to work in groups. This is a step towards unity in diversity. Fifthly some assets are formed which remain with them even after the repayment of the loan. They also get training for skill up-gradation & capacity building. This gives women an opportunity to know themselves, identify their hidden skill, quality & potentialities, provide them income to share the financial burdens of their male counterparts, ensure livelihood security through income generation & make them self-reliant. As most of rural people are small & marginal farmers & agricultural laborers in such a rain fed dry area people used to **migrate** generally to Rajkote, Raipur, Hyderabad, Surat, Mumbai, etc. deserting their family & property. In some villages migration has fallen (in Kumbhipara and Darlo area about 30%). Other factors like Government programmes have led to reduction migration, employment generation yet the role of SHGs cannot be ignored.

Women have also started their voice against **alcohol**. In the Barbhata village they have totally stopped it. Increase in **living standards** is noticed in some places. Pattern of consumption has shown improving. Dependence on the moneylenders for financial assistance has come down. The members through internal lending make **self help** & share each others difficulties. Attitude towards **education** has also changed. **Dropouts** among their children have fallen. People are becoming **health conscious**. Many are in favor of small family. On 25th Jan. 2008, 25 women were taken for tubectomy by the NGO Mahila Vikas. **Awareness** regarding health, education, gender discrimination, etc. has also increased among the women.

Though women empowerment has taken place, a number of **problems** also exist. Women are made responsible to repay the loan, while the loan amount is used for the entire family.

Now the working hours of women have increased. In the male dominated society, without the reduction of the traditional household responsibilities new responsibilities are added. Domination of male members on their female counterparts is also found.

Illiteracy & unawareness being more in India & worst for women; proper skill formation capacity, building, decision making, micro-enterprise management is doubtful.

Many MFIs work on commercial basis & charge higher rate of interest. If capacity building will not take place on a sustainable basis, then failure in income generation may throw the poor member into the whirlpool of loans. The vicious circle of taking fresh loans to repay earlier loans will begin. Thereafter this program will work as 'poverty promoting' rather than 'poverty eradicating'.

Due to lack of consciousness regarding human rights the programmes of women empowerment have not achieved much success.

To form a SHG it is necessary that the members have to save first, which deprives a number of poor people to reap its benefits. 'Saving first, credit later' model may look ideal, but impractical as most of them are already indebted.

Paying bribes to the officers involved in the process is also burdensome for the poor members. It is also noticed that the NGOs are competing with Govt. Agencies in forming SHGs and there is an overlapping of members in SHGs.

SUGGESTIONS :

As a majority of the rural poor are associated with agriculture & allied activities they should be provided with credit & region specific technology in an integrated way; so that risk could be mitigated.

MFIs should provide **timely and required advise** and education while financing and allocating funds. They should also enter into **building rural technology**.

To provide support to the members the MFIs should give a **time rebate** and allow the borrower to repay loans after **obtaining a sustainable income**. Hence they should encourage the programmes and trades which are highly location specific.

There is a robust need for **micro-insurance** in India's as poverty reduction strategy. With insurance the vulnerable can prepare for an adverse event before it occurs. This would increase their morale to take up higher responsibility.

There is a need for and **integrated approach** which is **affordable i.e. cost effective** so that it could be accessible to the poor. This will help ensuring livelihood and social security by reducing forced migration, reducing dependence on agriculture, improving standard of living and putting positive impact on health and nutrition.

The MFIs should work **complementary to each other** rather than competing among themselves and also cooperate in the implementation of the Govt. programmes. Rather than working on a commercial basis they should work for social welfare.

A professional regulatory structure is expected from the MFIs to instill confidence in this sector's stakeholders so that it is able to play the goals of financial inclusion.

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Role of NGO in Micro Credit : A Case Study of A Nuagaon Panchayat of Ganjam District

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&

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ABSTRACT :

Over the last two decades, micro credit has become one of the most discussed subject. Today micro finance programmes and institutions have become important strategies to reduce rural poverty through development of micro enterprises by rural poor. The focus of Swarnajayanti Gram Swarozgar Yojana (SGSY) that started in April 1999 was to mobilise the community into self-help groups in which the poor participate fully and directly and take decisions on all issues concerning poverty eradication. SHG, the organisation of poor at the grass roots level, is a new and innovative idea of NABARD. This idea influenced NGOs to take the SHGs as their delivery outlet. At present the NGOs are performing the role of on-lenders to SHGs. The United Artists Association (UAA), a development leading NGO in the state of Orissa headquartered at Ganjam, since its inception in the year 1964 is actively working in all the six coastal districts to provide support services to the different Self Help Groups (SHGs). One of such State Level Federation of Women Fish Worker's Organisations viz. SAMUDRAM to which UAA provides support services is the focus of this study.

In the present paper, two fishing villages with 20 SHGs of the coastal areas of Ganjam district have been taken as sample which are under close supervision of SAMUDRAM. Primary data collected

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through personal interviews with the inhabitants of two villages consisting 550 fishing families with 13 SHGs and 220 fishing families with 7 SHGs. The objective of the paper is to study the impact of micro finance intervention through NGO linked SHGs on the socio-economic development of sample families, their banking habits, etc. among the marine women.

It is observed that the SHGs run by fisher women in the sample villages supported by SAMUDRAM function favourably during the last couple of years. The study shows that NGO-SHG linkage programmes have improved the economic and social conditions of members in sample villages through positive impact on the level of income, savings, access to credit etc. The UAA and its supporting agency SAMUDRAM are playing a pioneering role for the development of marine fishing community with greater efficiency, zeal and skill. However, the sample villages lack adequate social infrastructural facilities which is a matter of concern that must be taken care of.

Introduction :

Poverty eradication and development of rural areas has been an important goal of development policy since the inception of planning commission in the country. This requires provision of employment opportunity, access to health, education, drinking water, sanitation and other facilities to rural people that would enable to realise their full potential. The Govt. of India has initiated different programmes for the rural people in rural areas, In April 1999 a self-employment programme namely "Swarna Jayanti Gram Swarozgar Yojana" (SGSY) started by amalgamating the programmes like IRDP, TRYSEM, DWACRA, MWS for assisting BPL families in the rural areas to eradicate their poverty. The focus of this self-employment scheme is mobilisation of community into Self-Help Groups (SHGs), train them and provide a package of assistance including bank credit, Govt. subsidy, marketing etc. so as to enable them to be self-employed by accepting to any trade or occupation. As per the guidelines of the programme 50% of the benefits be reserved for SCs and STs and at least 50% of the groups formed in each Block have to be exclusively amongst the women. The Govt. of India highlighted the role of micro-finance in generation of self-employment through the self-help movement.

Self Help Groups (SHGs) is a homogenous group of rural poor voluntarily formed to save whatever amount they can conveniently save out of their earning and mutually agree to contribute to a common fund of the Group to be lent to the members for meeting their production and emergent credit needs. All members of the group belong to families below poverty line. The group operates an account so as to deposit the balance amount left out after disbursing loans to its members. The group can register itself under the society registration act, the state co-operative act or as a partnership firm. SHG are the own organisation of the poor in which they participate fully and directly and take decisions in all issues concerning poverty eradication.

United Artists' Association (UAA) : The Growth Agent :

Micro credit institutions operate in a variety of institutional structures-NGOs, trusts, non-bank financial corporations, banks, financial companies and so on. However, delivering micro credit to the poor still is primarily an NGO activity. The SHG - Bank linkage model of NABARD has influenced most of the NGOs to take of the SHGs as their delivery model. Initially a large number of NGOs performed the role of a facilitator but later on they started to perform the role of lending agency because their experience at work at the grassroot level suggested that there is immense potential in taking up micro credit operation. In our present study of NGO linked SHG micro-finance, we have taken the case study of Agasti Nuagaon Panchayat where a leading NGO of the district of Ganjam, namely United Artists' Association (UAA) is deeply engrossed in all issues concerning poverty eradication and rural development.

UAA is a development organisation devoted for empowerment of the poor. It was established in 1964. Its headquarters is at GANJAM, Orissa. Since its inception, it has been working for the downtrodden sections of the society with focus on women and children. The organisation works with fisher folk, tribal households, dalits (SCs) and other backward castes in Ganjam, Puri, Jagatsingpur, Kendrapada, Bhadrak and Balasore districts of Orissa. UAA provides support services to many village level, Block level and district level organisations. These are like Ganjam Zilla Adivasi Manch, SWOSTI & ANWESA, Rushikulya Rayat Mahasabha, Orissa Traditional Fish Workers Union, District NGO Network and SAMUDRAM.

Objectives of the Study :

The present paper seeks to study the issues like—

- Whether the micro credit SHG of NGO has had impact on the living conditions of the rural poor.
- Whether the dependence, of the poor people on village money lenders and formal banking sector has been reduced.
- Whether the banking habits of the poor people have been improved.
- Whether the fisher folk being modernised have adopted to diversified value added fish product.
- Whether the basic social infrastructure in the fishing communities adequate.
- Whether SHG-NGO linkage programme is more appropriate for rural development.

Methodology and Scope of the Study :

The study is limited to only two villages of fishing community of Ganjam District. The SHGs of other districts like PURI, KENDRAPADA, BHADRAK, BALASORE in which the network functions are out of the scope of the present study. Both the sample villages belong to the same Gram Panchayat (GP) i.e. A. Nuagaon. The study is on a state level federation of women fish workers organisations named "SAMUDRAM" working in the state of ORISSA with 247 women SHGs coming within its purview. However, the present study is on 13 SHGs of S. Nuagaon and 7 SHGs of B. Nuagaon in order to assess the working of Micro Finance under NGO linked SHG district. The support services provided by UAA to other organisations like Ganjam Zilla Adivasi Manch, SWOSTI & ANWESA, Rushikulya Rayat Mahasabha, Orissa Traditional Fish Workers Union, District NGO Network etc. are out of the scope of the present study.

Both primary and secondary data have been collected for the present study. The secondary data is collected from the Headquarters of UAA and SAMUDRAM. Information is also collected from the SHGs of both the sample villages – S. Nuagaon & B. Nuagaon through direct personal interview. The relevant data for the work are presented in tabular form for better analysis and understanding of the functioning of SHGs in the sample villages. The sample villages are selected

purposely partly because of our convenience and mostly because, SAMUDRAM took birth in one of these two villages.

Features of Micro Finance SHG in S. Nuagaon & B. Nuagaon :

A comparative profiled between S. Nuagaon and B. Nuagaon is presented in Table-I. It shows that the number of fishing families in S. Nuagaon is 550 while it is only 220 in B. Nuagaon. Number of fishing population in the former village is 2200 while in the later it is 1000. The figure shows that average number of persons per family is comparatively larger in Nuagaon is compared to S. Nuagaon. The number of SHG promoted among women by SAMUDRAM in S. Nuagaon is 13 while it is 7 in B. Nuagaon. Both the villages are located in rural areas and they all belong to OBC. In the said villages SHG existed since 1995. The Rushikulya Gramya Bank at Chhatrapur has adopted the SHGs of both the villages. It is observed that only 20% members in the groups in S. Nuagaon and 15% in B. Nuagaon are literate. Being very poor, members contribute minimum amount of Rs.30/- only per month towards the group fund. A fine for non-payment of monthly contribution has also been introduced among the groups. A very nominal amount of fine is charged from the members remaining absent in the meeting or making default in payment of the contribution. It is observed that they rarely pay fine because of absence in the meeting and non-repayment of membership fees. The interest earnings on the savings amount is kept in the bank. The groups meet at least once in a month. As all the members belong to the same fishing community, it is convenient for them to have meeting during late in the evening when the fisher women return home after their work. It is observed that all the groups maintain their minutes book regularly. Active participation of all the members is not noticed since majority of them are illiterate. The literate members are found to be selected as the leaders of the group – as the President and the Secretary. However, all the members contribute to the decision making process of the group. Hence, the SHGs in the sample villages are functioning democratically. The leading NGO named UAA is actively involved in promoting and nurturing the groups at different points of time. The Rushikulya Gramya Bank, Chhatrapur, therefore, finds it very easy to lend to the groups through UAA. The operational features of micro finance SHG is shown in Table-II. The table clearly indicates that the clients in all the 20 SHGs of both the villages are women. The number of members of groups varies between minimum of 13 and

maximum of 22. The groups are mainly involved in savings and credit services. UAA works as a guide, facilitator and financier to the group. Being poor, the members contribute between Rs.10/- to Rs.30/- (the minimum and maximum amount) per month to the group fund. The initial loan taken by members varies from Rs.500/- to Rs.800/-. The interest fixed for the credit is relatively higher, i.e. 22% to 24%. The high interest rate charged helps the group funds to accumulate. As observed from the table, total savings of the groups vary from the minimum of Rs.210/- to the maximum of Rs.27,805/- and the total outstanding loan varies from Rs.11,840 to Rs.91,242/-.

Outstanding loans and savings of sample Self Help Groups :

Table-III exhibits total loan outstanding and total savings of different SHGs with the number of members constituting the groups in both the sample villages. 7 groups for ERNAMMA Nari Shakti Sangha (NSS) of B. Nuagaon, and 13 groups of BUDHIMAA NSS of S. Nuagaon have been formed by SAMUDRAM. The fishing families and fishing population of S. Nuagaon are more than double of B. Nuagaon. The table further shows that the number of members joining the groups in S. Nuagaon (271) is more than double the members joining SHGs of B. Nuagaon (131). As observed from the table, BHAGABATI is a group of B. Nuagaon that has comparatively less number of members (13) and less amount of loan outstanding against it (11,840) among all the groups of both the villages. The highest loan outstanding among all the groups is noticed for LAXMI NRUSHINGA SHG of B. Nuagaon (91,242). This SHG consists of maximum number of members (23) in the village. Thus, so far as outstanding of loan is concerned, it is observed that higher the members of SHG, larger the outstanding loan in case of B. Nuagaon. But such a correlation does not exist between number of SHG members and loan outstanding in case of S. Nuagaon. In the later village comparatively less amount of loan is outstanding in the name of MAA SANTOSHI SHG, (Rs.17,875/-), while maximum of Rs.87,558/- is the outstanding loan against JAI MAA BHABANI SHG, though the number of SHG members is same in both the groups (20). As number of SHGs in S. Nuagaon is double the number in B. Nuagaon, it is therefore natural that the total loan outstanding must be more in case of BUDHIMAA NSS of S. Nuagaon than ERNAMMA NSS of B. Nuagaon. So far as total savings are concerned, it is Rs.79,929/- for the ERNAMMA NSS and Rs.1,61,710/- for

BUDHIMAA NSS. The savings per SHG, on the average, in case of former NSS is Rs.11,418/-, while loan outstanding for the same NSS per SHG is Rs.53,350/-. Similarly in the later NSS, the savings per SHG comes to Rs.12,439/-, while loan outstanding per group stands at Rs.42,554/-. Thus, the study indicates that the sample village where number of SHG formation is comparatively less, savings per SHG is also less, but loan outstanding per SHG is comparatively more compared to the sample village where number of SHG formation is comparatively higher.

Impact of Micro Credit SHG on the fishing community :

As noticed from the above analysis the micro financing programme through SHG as introduced in the sample villages by the state level federation of women, namely SAMUDRAM, has financially helped the members of different groups. The groups though not potentially rich, depend less on the formal banking sector for the credit. The funding agency UAA is fulfilling the credit needs of the members through SAMUDRAM. The programmes have influenced the savings of the groups. The SHGs have, at least, inculcated savings habits among them, though it is not upto the mark. However, the deposits in the common fund have increased as shown in the Table V. The availability of micro credit to the poor fisher women through micro finance SHGs has enabled the fisher folks to depend less on money lenders. Thus, the borrowing capacity of the fisher women has increased and at the same time saving habits of the members have also developed. All the SHGs of both the villages have opened the accounts in Rushikulya Gramya Bank, Chhatrapur just after the formation of the groups. Hence, banking habits among the fisher folks have improved in the said villages, where SAMUDRAM is actively operating. The SHGs of fisher women supported by SAMUDRAM in the sample villages of S. Nuagaon and B. Nuagaon are found to be functioning well during the last couple of years. In both the sample villages cent percent of the SHG members have opened their accounts only after joining the SHG. It is, further noticed that no member has its own individual bank account. It shows that, the fishing women have not fully realised the usefulness of banking in their day to day life. All the SHG members of both the villages have come in relation with the banks directly only for their group interest.

In the sample villages the members are solely engaged in fish business. They catch sea fishes, 70% of which consists of low priced

fishes. These fishes include crackers, ribbon fishes, lesser sardines, lizard fishes, pink perch etc. The substance of these fishes is nutritionally and chemically equal to the commercially important fish species. Therefore, there is immense potential for development of diversified value-added fish products from these low priced fishes, as well as preparation of by-products from their wastes. SAMUDRAM is taking initiative for preparation of these products with the help of these groups. The products under purview are surumi based product, i.e. fish cutlet, fish pakoda, fish ball, fish paneer, fish pickle and hygienically prepared dry fishes. The steps taken by SAMUDRAM and the know-how provided by it would definitely help a lot to the fishing women Self Help Groups.

However, the basic services available in the micro finance SHG villages of fishing communities of the entire district of Ganjam are in a sordid state. The mal-nutrition of fisher children, the rate of literacy, number of educational institutions, health institutions and health services etc. are very much deplorable in the said villages as is noticed from Table-IV. The table exhibits that out of 3574 number of total Nolia children in 2005, 754 were mal nutrients. Thus, about 21 percent of children among the fishing community suffer from mal nutrition. In the district, the level of literacy is observed to be only 9 percent. Female literacy is much less than the male literacy. It is a matter of great pity that in the coastal villages of Ganjam district, there are only four schools of all types like primary, UP and Anganwadi centres for the nolia children. Only three schools are found in the 23 rural villages. In other words, 20 rural villages do not have any school for their children. It indicates high incidence of illiteracy in the villages of Nolia communities, as 80 percent of rural villages do not have any primary or U.P. school. The availability of health institutes and health services in fisher villages as noticed from the table, is also very much deplorable. Only 2 health workers are found to be appointed in the only remote coastal village. Neither trained TBA nor health worker nor any quack is appointed in the said remote village. In 23 rural villages, 15 health workers, 21 trained TBAs, 12 untrained TBAs, 18 quacks are noticed to have been appointed. On the average, at least 1 from each health service is not available to any village of fishing community. The lack of basic social infrastructure like nutrition, education, health and medical services, as observed among the fishing community, in fact, is a matter of great concern which must be taken into account before taking any economic measure for the upliftment of SHG members.

Conclusion and Suggestions :

The above study of NGO promoted SHG in the rural areas of Agasti Nuagaon Panchayat reveals that all the groups in the sample villages as promoted, nurtured, guided, facilitated and financed by the NGO, namely UAA and its supporting agency SAMUDRAM are functioning quite satisfactorily towards amelioration of rural poverty. Since majority are illiterate, active participation of all the members in group meetings is not noticed, though their attendance is regular. However, they all contribute to the decision making process of the groups. The study discloses that the saving habits and deposits to the common fund are increasing. The dependence of members on village money lenders and formal banking sector has been showing a downward trend. The capacity of members to borrow and repay has improved, though not substantially. The members of the groups are solely engaged in fish business. Now they are also preparing diversified value-added fish product and fast food of fish. The NGO namely UAA may be credited for such achievement in the sample villages.

In an educationally and socially backward district like Ganjam where number of poverty stricken people is quite visible, it is the NGO-promoted SHGs which are more relevant than the Government promoted SHGs in order to eradicate rural poverty. Under government- promoted SHGs there is need of many paper works, plan & estimate of the project, margin money requirements etc. which the poor and illiterate community can never satisfy at all. But under NGO-promoted SHGs, there is no paper work, no plan & estimate, no need of margin or mortgage. The NGOs, on the other hand, provide any time service and for any purpose, of course for the trade related activities of members. The intention is livelihood development. The banks do not have schemes to provide finance for the different trade related activities of the fishing community but the community finds it very easy to obtain the necessary finance for the all round development of their trade from the NGOs.

Under such circumstances the NGOs like UAA and its supporting agency SAMUDRAM which are already playing a pioneering role for the development of the marine fishing community of coastal district of Orissa should continue to provide their support services to the fishing community with greater efficiency, zeal and skill. The NGO like UAA should take leading role to promote more and more groups among the fishing community to mobilise more of thrift and help the fishing women

of the district by making available sufficient credit facilities for their socio-economic upliftment.

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Table-I

A PROFILE OF S. NUAGAON AND B. NUAGAON

S.N.	Subjects	S. NUAGAON	B. NUAGAON
1.	No. of fishing families	550	220
2.	No. of fishing population	2200	1000
3.	No. fishing families under BPL list	336	100
4.	No. of SHG formed	13	7
5.	Maximum number of female members in SHG	23	23
6.	Location of villages	Rural	Rural
7.	Caste composition	OBC	OBC
8.	SHGs existed from the year	1995	1995
9.	Bank linked to SHG	RGB, Chhatrapur	RGB, Chhatrapur
10.	SHGs in villages developed by	NGO	NGO

11.	Literate members in each group (Average)	20%	15%
12.	Leaders of the group	Selected	Selected
13.	Credit distributed by	SAMUDRAM	SAMUDRAM
14.	No. of potential groups	Nil	Nil
15.	Re-payment of loan made	With hard ship	With hard ship
16.	Proportion of member defaulters or drop out	Very rare	Very rare
17.	Minimum amount of each members contribution in the group fund per month	Rs.30/-	Rs.30/-
18.	The periodicity of contribution	Monthly	Monthly
19.	Amount of fine	Re.1	Re.1

Table-II

OPERATIONAL FEATURES OF MICRO CREDIT SHGS

SL.NO.	OPERATIONAL FEATURES	SELF HELP GROUP (SHG)
1.	Clients	Women
2.	Groups	13 to 22 per group
3.	Service locus	Savings and Credit
4.	Role of NGO	Guide, facilitator and financier.
5.	Meetings	Monthly
6.	Savings deposits	Rs.10/- to Rs.30/-
7.	Interest on savings	Bank rate (6% + profit share)
8.	Initial loan size	Rs.500/- to Rs.800/-
9.	Effective interest rate	22 % to 24 %
10.	Total savings	Rs.210/- to Rs.27805/-
11.	Total outstanding loan	Rs.11,840/- to Rs.91,242/-
12.	Development services	Some associated programmes

Table-III

OUTSTANDING LOANS AND SAVINGS OF SAMPLE SELF HELP GROUPS

BADA NOLIA NUAGAON				
S. N.	Name of SHGs	SHG Members	Loan Outstanding	Total Savings
1.	GANGADEVI	21	49406	11099
2.	HARACHANDI	20	64250	210
3.	JAYA MAA SANTOSHI	21	70105	15800
4.	KALIMUKHI	15	43355	16475
5.	LAXMI NRUSINGHA	23	91242	18855
6.	RAJAMA	18	43252	11030
7.	BHAGABATI	13	11840	6460
	TOTAL	131	373450	79929
<i>Ernamma NSS : RGB Chhatrapur: A/c 4615</i>				
SANA NOLIA NUAGAON				
S. N.	Name of SHGs	SHG Members	Loan Outstanding	Total Savings
1.	GARAMA	20	30505	8640
2.	HARACHANDI	22	34292	8475
3.	JAY CHANDI	22	56788	13490
4.	JAY MAA MANGALA	21	52406	15160
5.	JAY MAA BHABANI	20	87558	27805
6.	KALAMMA	23	53255	16510
7.	MAA SANTOSI	20	17875	6525
8.	MAA POLAMA	21	27706	4110
9.	RAJAMA	20	44130	11625
10.	RAMCHANDI	20	27052	7120
11.	RAMESWAR	22	58126	17030
12.	SIDHABHAIRABI	20	30840	12195
13.	THAKURANI	20	32670	13025
	TOTAL	271	553203	161710
<i>Budhima NSS A/c No.: 4616 at RGB, Chhatrapur</i>				

Table-IV

BASIC SOCIAL INFRASTRUCTURE IN THE FISHING COMMUNITIES

Malnutrition Status among Fisher Children-2005

Districts	Children under 5 yrs.				Total	No. of
	Male	Malnutrition	Female	Malnutrition	Children	Malnutrients
Puri	2365	309	2226	271	4591	580
Ganjam	1751	361	1823	393	3574	754

Percentage of Literates in Fisher Villages

Districts	Literate Population			Total	% of literate to Total
	Male	Female	Total	Population	
Puri	5816	4163	9979	72998	14
Ganjam	3241	1123	4364	50829	9

Area wise Educational Institutions in Fisher Districts

Districts	No. of Coastal Villages			No. of Pr & UP Schools			No. of Angan-wadi Centres			All Type Schools		
	Re-mote	Ru-ral	Ur-ban	Re-mote	Ru-ral	Ur-ban	Re-mote	Ru-ral	Ur-ban	Re-mote	Ru-ral	Ur-ban
Puri	1	24	3	0	18	2	0	2	0	0	20	2
Ganjam	1	23	1	0	7	1	0	17	1	0	24	2

Health Institutions & Services in Fisher Villages :

Dist- ricts	No. of Health Workers			Trained TBAs			Untrained TBAs			Quacks			No. of PHCs within 3 kms. area		
	Re- mote	Ru- ral	Ur- ban	Re- mote	Ru- ral	Ur- ban	Re- mote	Ru- ral	Ur- ban	Re- mote	Ru- ral	Ur- ban	Re- mote	Ru- ral	Ur- ban
Puri	0	17	10	0	6	8	0	1	69	0	15	60	0	2	1
Ganjam	0	15	2	0	21	2	2	12	2	0	18	3	0	5	1

□□□

Percentage of Literates in Fisher Villages

Districts	Literates Population			Total Population	% of Literates to Total
	Male	Female	Total		
Puri	2818	4163	9979	72998	14
Ganjam	3241	1123	4364	20829	9

Area wise Educational Institutions in Fisher Districts

Districts	No. of Coastal Villages			No. of Pr & UP Schools			No. of Angan- wadi Centres			All type Schools		
	Re- mote	Ru- ral	Ur- ban	Re- mote	Ru- ral	Ur- ban	Re- mote	Ru- ral	Ur- ban	Re- mote	Ru- ral	Ur- ban
Puri	1	24	7	0	18	2	0	2	0	0	20	2
Ganjam	1	23	1	0	7	1	0	17	1	0	24	2

**DEVELOPMENT, DISPLACEMENT
AND
REHABILITATION**

REHABILITATION
AND
DEVELOPMENT, DISPLACEMENT

Displacement and Rehabilitation of Tribals Vis-a-vis Non-tribals : A Case Study of Upper Kolab Project of Koraput District, Orissa

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&

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Orissa is one of the states in the country which has vast amount of natural resources like forest, water, mineral and fertile land. After independence, planned development initiated the process of exploitation of natural resources. The process of transferring resources from the periphery to the centre is now visible. In the 1950s Orissa did not have any industry except in a few saw mills and some ice factories near Cuttack. Though, Orissa occupies 2 per cent of the land area of the country, yet it has 10 per cent of the surface run-off. Thus, it has a vast utilizable potential to irrigate about 75 per cent of its cultivable land. The bulk of this usable potential of surface irrigation is possible through major and medium irrigation projects. After independence, some major multipurpose irrigation and power projects like Hirakud, Balimela, Rengali, Upper Kolab, Upper Indravati, Subarnarekha, etc. and a number of medium irrigation projects have been constructed. The construction of dam has become an integral part of industrialization and other development processes in the state. This is evident from the fact that the state had only two large dams in 1950 which increased to 149 in 1990. The unintended consequence of this action has been not only loss

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of habitat for the rural and tribal poor but also of their means of livelihood. Therefore, the state of Orissa now finds itself mired in a new controversy. The issue of development at the cost of displacement has come up time and again.

There is a strong element of compulsion in displacement, as it 'affects entire communities. It evicts the literate, the weak and strong, skilled and unskilled, the poor and wealthy, healthy and crippled alike. It disrupts long established social networks, and with them the social support systems through which the young, old, poor and other at-risk members of the community are sustained. Whether they are capable or not, they all must go'. People are forced to replace the socio-cultural fabric and eco-systems which had given meaning to their lives for thousands of years by alien places and were reduced to 'nomads' or 'misfits'. For the displaced, this constituted a 'cultural ethnocide'. The erosion of people's culture, values and identity began through planned transmigration schemes such as integration, assimilation of skills, individualistic education promotion aimed at co-opting the displaced into the so-called 'mainstream', consumerist society. In addition to direct displacement, indirect displacement of cultures, languages, values, health, agriculture and market has occurred through the consumerist formal sector— the cash/market economy. Apart from the fully and partially displaced, other categories victims were the project affected persons (the PAPs) who were not physically displaced but deprived of their livelihood due to the loss of their land and common property resources.

The Upper Kolab Project which is in the tribal dominated district has also displaced many tribal and non-tribal people. It has, therefore, been felt pertinent to examine the displacement and rehabilitation measures taken by the government consequent upon the construction of this project and their effect on the people in the locality.

The Upper Kolab Project of Koraput District :

Koraput (undivided district) is Orissa's biggest district. A majority of its population (56 per cent) are tribals forming 24 per cent of the state's tribal population. Today the dalits and tribals form 7 per cent of the district's population. The district has 18 large projects with about 5,00,000 acres (2,000 sq km) of its total area of 26,961 sq km (or 7.42 per cent) occupied by these schemes. These projects have displaced

large number of local people in the district. More than 6 per cent of the district's population, mainly tribals, have been displaced (1991). According to one estimate around one lakh tribals have been deprived of their land, including 4,00,000 acres of forest land on which they depended for their livelihood. The Upper Kolab Multipurpose Project is one of the major Hydel Power Projects of Orissa which has been constructed across the river Kolab in Koraput district. The dam is situated at the Village Koronga of Koraput district at a distance of 22 km from Koraput as well as Jeypore towns. The Kolab River is a tributary of river Godavari. The river forms the common boundary of Orissa and Madhya Pradesh from the village Godoghati for some distance and then flows in both the states and again forms the boundary. Commissioned in 1976, this project is designed to utilise the water potential of the river Kolab for generation of hydel power, irrigation, and drinking water supply to adjacent towns and promotion of pisciculture, besides other ancillary benefits. The project has an installed generation capacity of 320 M.W. of power and it has the potential to irrigate the ayacut of 44,515, hectares by flow irrigation and 22,267 hectares by lift irrigation. This project began in 1976-77 and was completed in 1984-85, at a cost of Rs.160 crore. (The original estimate was Rs.16.4 crore).

Magnitude of Displacement :

People living in 147 villages were affected by the reservoir level of RL 858. Out of this, 21,870 acres are private land, 6,557.90 acres revenue land and 189.95 acres are forests. The remaining 1,629 acres are rivers, *nallahs*, tanks, road etc.

The project has affected a total number of 8,514 families, directly and indirectly, in 147 villages, more or less rendering them homeless, landless and deprived of means of livelihood. Of them 3,067 families belonging to 50 sub-merged villages were fully displaced and the rest 5,447 families belonging to 97 villages spread over Koraput, Machkund, Nandapur and Semiliguda blocks were partly affected due to land acquisition. Caste-wise distribution of 3,067 fully displaced families is indicated in Table-1.

Table-1

**SOCIAL CATEGORIES OF FAMILIES DISPLACED IN
UPPER KOLAB PROJECT**

Category	Number
Scheduled Tribe	1,431 (46.66)
Scheduled Caste	435 (14.18)
Caste Hindus	1,201 (39.16)
Total	3,067 (100)

Note : Figures in parentheses indicate per cent to total number of families displaced. Source: Office of Upper Kolab Land Acquisition and Rehabilitation, Koraput, October, 1988.

REHABILITATION POLICIES FOLLOWED BY UPPER KOLAB PROJECT :

Since the project was implemented directly by the Department of Irrigation and Power of the Government of Orissa, naturally the displaced families were liabilities of the State Government. According to the office records of Land Acquisition and Rehabilitation Office of Upper Kolab Project (1988), the following provisions of rehabilitation were laid down by the government of Orissa:

(1) Definition :

A displaced person in case of Upper Kolab Project is defined as any person, whose account of acquisition of his lands for project purpose, has been displaced from such lands. It includes any landless and homeless person, who is dependant for his livelihood by means of manual labour or agricultural labour, on such lands as are taken up for acquisition. As the foundation stone of the project was laid on 11 June 1975, any family residing in the submergible villages of Upper Kolab on this reference date is treated as a displaced family.

(2) Rehabilitation Measures :

Provision of Free House Site : Each displaced family in fully submerged villages would be given house site up to an extent of 0.30 acre free of cost depending upon the availability of land. The cost of development of house site and layout, including approach road, would be borne by the Government.

Agricultural Land : Each family displaced from submerged area, including the landless persons, was to be allotted three acres of reclaimed irrigated land or six acres of unirrigated land in the ratio of 1:2. However, the reclamation cost of Rs.300 per acre was recovered from the allottees, which limited to the extent of his submerged land holdings for which he received compensation. If sufficient land was not available for allotment or if the allottee so desired that he was allotted less than six acres of land, he would be paid cash at the rate of Rs.2160 per acre in lieu of the extent of land not allotted to him. This cash amount may be required for fulfillment of his immediate needs like food, house construction, purchase of bullocks, agricultural implements, and the like. This is called 'Part Land and Part Cash Grant' provision. Alternatively, if the displaced family refused such allotment and wanted to make its own individual arrangements for rehabilitation, the family was paid a full 'Rehabilitation Grant', in lieu of the land house site at the rate of Rs.2160 per acre amounting to Rs.14,040.

For the villages, where road construction was not possible, boats were to be provided for communication link to outside villages. For maintaining the ferry ghats and ferries, the Upper Kolab project was to pay Rs.110,000 for each ghat. The ferries were to be run by the Gram Panchayats.

In addition to the above assistance, certain other rehabilitation benefits were also provided by the project to the displaced families. Those are : (i) free transportation of household effects at the time of evacuation to the new resettlement; (ii) transit sheds for immediate shelter and house building materials at concessional rate, and (iii) common facilities and infrastructures like roads, schools, electricity, community homes, grazing grounds, cremation ground, tanks, wells, tube-wells for drinking water etc.

Rehabilitation Operation :

Prior to the commencement of displacement of families from the submerged villages, large patches of forest land in Kotpad and Borigumma Tahsil areas had been reclaimed for the purpose of setting up seven resettlement colonies for the displaced families. Essential amenities, like roads, schools, wells, ponds, etc. have also provided there in pursuance of the rehabilitation policy. A detailed picture of the infrastructure facilities provided to them is presented in Table-2.

Table-2
INFRASTRUCTURE FACILITIES

Facilities	Number	R&R	Colonies	Total
Roads	N.A.	N.A.	N.A.	76 km.
School buildings	2	1	1	5
Open wells	6	3	3	14
Tube-wells	4	2	5	15
Tank/pond	2	1	1	6

The Project displaced 3067 families belonging to 50 villages i.e., 48 villages and 2 hamlets whose habitation sites were submerged under the main and subsidiary reservoirs respectively. Of them, only 419 families (13.7 per cent), belonging to 18 villages, finally moved to the new resettlement colonies. However, the remaining 2648 families (86 per cent) opted for rehabilitation cash grant because they did not want to resettle in the new colonies. They mostly migrated to the places of their relatives in other villages, while some others, mostly the tribals, moved to hilltops surrounding the reservoir as they did not want to settle in unfamiliar surroundings. By and large, the displaced people swelled the ranks of the unorganized labour. The details of number of families displaced, resettled, and opted for cash grants are presented in Table-3.

Table-3
NUMBER OF FAMILIES DISPLACED, REHABILITATED AND RECEIVED CASH GRANT IN UPPER KOLAB PROJECT

Category	Number of Displaced Families	Number of Families Rehabilitated in Resettlement Colonies	Number of Families Preferred to Receive Cash Grants
Scheduled Tribes	1,431 (46.66)	195 (13.6)	1,236 (86.4)
Scheduled Castes	435 (14.18)	30 (6.9)	405 (92.1)
Others	1,201 (39.16)	194 (16.2)	1,007 (83.8)
Total	3,067 (100)	419 (13.7)	2,648 (86.3)

Source : Adibasi, Vol.46, No.2, December, 2006, P.145

Table-4**NUMBER OF FAMILIES RESETTLED IN DIFFERENT COLONIES**

No. of the Colony	Number of Families Resettled/Displaced			Total
	SC	ST	Others	
1, 2 & 3	0	0	0	4
4	198	43	262	503
5	3	0	54	57
6	0	0	76	76
7	6	1	124	131

Table-4 indicates that 526 families out of 3180 displaced families were resettled in four out of 7 colonies. Among the resettled families, 5.7 per cent were SCs, 37.8 per cent were STs, and 56.5 per cent belong to other castes. Only 17 per cent (526) of the total displaced families (3180) and 25 per cent of the total families to be resettled (2072) decided to resettle in the government colonies. The remaining families took cash grant and resettled on their own at different places. There was no information available about their whereabouts.

The compensation for agricultural lands was based on the type of land possessed by the oustees. The lands coming under land acquisition have been classified as Paddy I, Paddy II, and Paddy III; and Dongar I, Dongar II, and Dongar III. In order to determine the value of land, the sale price of different types of lands recorded in the subregistrar's office was taken into consideration.

The Upper Kolab authority has paid according to the sale price recorded for each of the villages. Thus, the compensation rate has been varying over villages. As regards compensation for loss of house and trees, both the projects have followed uniform policy. The valuation of houses was determined on the basis of materials used for roof, wall, and floor and the life of the existing structures. The valuation of trees was considered differentially for the fruit-bearing and non fruit-bearing categories. Thus, the compensation for fruit-bearing trees was fixed at the rate equivalent to accumulated income of 12 years. The net income, however, was arrived by deducting the 50 per cent of gross annual income towards watch and ward of the trees. The compensation for

non fruit-bearing trees was paid on wood content value. The compensation paid for land at two different time periods are presented in Table-5.

Available information indicate that Rs.393,943,445 were paid as cash grant for the self rehabilitated people and Rs.125,78,780 were spent on reclamation of the resettlement colonies.

Table-5

**LAND COMPENSATION PAID IN THE PROJECT AREA :
1981 TO 1983**

Type of Land	Compensation Paid	Market Value
Paddy I	2,330	8,000-10,000
Paddy II	2,142	5,500-8,000
Paddy III	1,914	4,000-6,000
Dongar I	1,000	2,000-2,500
Dongar II	467	1,500-2,000
Dongar III	340	1,000-1,800

Source : IUB Reddy, Displacement and Rehabilitation (New Delhi: Mittal Publications, 1993), P.62

Remedial measures to save Cash Grant from misutilisation :

As per the rehabilitation policy, the Government recommended for keeping 80 per cent of the rehabilitation cash grant in savings deposits in order to check misutilisation by the vulnerable tribals. The Rehabilitation Advisory Committee of the project in pursuance of this policy also recommended for cash payment and savings deposits in respect of cash grant. Concerned banks and post offices were requested to release money to the displaced persons and compensation holders only after receiving recommendation from the Resettlement Authorities of the project. The beneficiaries were persuaded to utilise the money properly for creation of assets required for restoration of livelihood. It achieved limited success. Out of total displaced 3.067 families the majority i.e. (2,648) representing 86 per cent have claimed cash grant for self-rehabilitation and only the rest 419 (13.7 per cent) families have moved to the resettlement camps.

Woes of the Displaced Families :

The displaced persons (DPs) already knew about the situation of other displaced persons particularly those displaced by the HAL defence unit at Sunabeda. There was anger and a sense of helplessness among the Displaced Persons. They underwent the trauma of involuntary displacement. They were provided with transport to move out of their original villages which dumped them at sites after which the officials disappeared. Many were not rehabilitated at all. The process of rehabilitation is not merely an economic proposition but includes psychological, social, cultural and political aspects. More than 80 per cent of the displaced persons had to self-rehabilitate by means of daily wages, sale of fuel-wood and semi-skilled jobs.

Majority of the displaced families belong to scheduled tribes. Gadaba (Bada Gadaba) and Parja (Jodia Parja) represent the bulk of tribals. Dom and Ghasi dominate among the scheduled castes while Mali Rana and Paiko castes represent the general castes. The families belonging to Mali, Rana and Paiko castes are skilled agriculturists and conscious of the value of money. The manner of utilisation of money in their case is satisfactory. Some of these families prior to their displacement had the foresight to search far and wide for places where fertile lands and gainful employment opportunities were available for their resettlement. But the STs and SCs mostly misutilised a large part of the money on food and liquor. They also entertained their kith and kin with gifts and presents and purchased gold and other useless items.

The middlemen became active to take advantage of the ignorance of gullible tribals about the attending to the official formalities and siphoned off a part of their money. The cunning moneylenders exploited the situation to collect past debts and by charging higher interest rates. Liquor vendors and petty traders had a bumper trade and some amount of the cash grant and compensation found way into their purses. The habitations and kinship circles of these tribal groups displaced by this Project were confined within a small area in and around the project area. Thus any departure from traditional natural habitation dealt a shattering blow to the tribals. Secondly, on account of low educational level and a tradition of a life of comparative exclusiveness and isolation, they found adjustment to any new environment quite difficult. The third important reason was that they depended for their living mostly on agriculture and minor forest produce more than the general population.

The rehabilitation programme did not take into account these factors. Finally, the Scheduled Tribes being economically the weakest of all communities found it harder than others to settle on new avocations in different sites and settlements.

The Government spent a lot of money on reclaiming the land identified for the resettled. However, reclamation has not been properly done. Tree stumps were not uprooted for which at several places tree growth has again appeared. The land selected is dominated by laterite soils of low fertility. The shifting cultivators were compelled to adopt the plain land cultivation in infertile land without canal water as assured by the R & R provisions. Further, in the absence of forest they were deprived of their forest-based economy. Therefore, many households from Colony No.4 went back to their old villages in spite of having many problems there.

Conclusion :

The deforestation during the last few decades has deprived the displaced persons and other forest dwellers of their nutrition sources and medicinal herbs which they have depended on for centuries. Allopathic services remain inaccessible to them. The nutritional status of the displaced persons and other weaker-sections deteriorated. They are deprived of their traditional health resources. The displaced *dalits* have also been deprived of the village infrastructure on which they depended for survival. The mutually supportive community has been weakened. A large number of young girls from, the displaced families were sent out to work as domestic servants in the new township houses. After displacement the impoverishment and deterioration of the status of women is clear among the displaced.

Adequate employment opportunities were not given to the oustees in the project construction activities. No serious efforts have been made to provide vocational training and 'after care' treatment to the resettlers was seriously wanting. The resettlers of Upper Kolab Project have lost the opportunities for wage labour. Since the old villages were located near Jeypore, Koraput, and Semiliguda, these people used to get wage earning opportunities, especially during the lean periods. But such opportunities are almost non-existent in the new settlements.

The Upper Kolab Project was implemented by the State Government, whose financial resources are usually limited. This might have forced the authority to fix the compensation rates on lower side.

Further, in view of large-scale displacement due to execution of irrigation projects, it might not have been possible for the State Government to fix the compensation rates close to that of market values.

Despite all the displacement measures taken, only 3180 of the 3318 families displaced have been rehabilitated. Therefore, 138 families displaced during the construction of the Upper Kolab irrigation project are yet to be rehabilitated even after several decades. This speaks of the quality of rehabilitation measures taken in case of the project.

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Present Displacement Scenario Needs A Just Rehabilitation Policy

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The natural resources like forests, minerals, water, rainfall, climate, favourable location and specially land are the potentials for rapid growth of industries and infrastructure in the process of economic development of a nation. Development of industry and infrastructure can bring balanced sectoral development, enhance capital formation, raise national and per capita income, increase job opportunities, supplement exports, support agriculture, attain economic stability and self-reliance, improve social overheads etc. Development indicates that the spread of urban centres to peripheral rural areas results in economic gains in terms of diversified livelihood, higher wages and incomes. Economic growth at 8 or 10 percent, the performance of the share market and the rate of inflow of foreign private investment-these became the prime Indian mainstream concerns. To many, development means dams, highways, fly-overs, high-rise buildings, huge apartment blocks, grand shopping malls, and so on: our cities must become as respondent as Singapore and Beijing, even if these meant displacing over a million people. So the pre-occupation with 'development' overshadowed everything else.

The forced displacement of people for the purpose of various 'development projects' such as big dams, large industrial projects, highways and flyovers and so on, has been going on in India for a very long time. Over the last decade, both development and its accompanying displacement have accelerated. In India as a whole studies point to 60 million Displaced Persons (DP) / Project , Affected Persons (PAP) during 1947-2000, 40 percent of them Tribals and 20 percent each Dalits and backwards. The fact that 80 percent are voiceless may explain the poor rehabilitation record.

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One would have imagined that 'industrialization' would lead to a better quality of life for the masses. But when the masses are forced obviously against their will- to shift away from the land they have held for generations, what kind of 'welfare' can it bring to them ? Violence is bad, except when it is used for self defence. It is indeed, a matter of grave sadness that police shot dead 12 Tribals at Kalinga Nagar on January 2, 2006. Unfortunately, the feeling that a degree of high-handedness on the part of the state towards some people, including the infliction of much hardship on them, is the inevitable and acceptable price that must be paid for 'development', seems to be widely shared, judging from the current debate on Kalinga Nagar, Singur and Nandigram.

The unprecedented growth and economic boom in recent years has had a multiplier effect on development activities such as infrastructure like roads, ports, airports, housing etc. Acquiring land for these activities has an externality i.e. an increased speculative demand for land surrounding these activities. The national policy defines displacement families as tenure holders, tenants, government leaseholders or owners of property in affected zones. But only 25 percent of displaced persons have been rehabilitated so far in the last 55 years.

In recent years in India, it has come to be accepted that displacement of people must be followed by resettlement and rehabilitation, but this was not always the case. Incidentally, in ordinary English usage, 'rehabilitation' could be of dilapidated structures, sick industries, dysfunctional systems or institutions, declining traditions and customs, damaged reputations or persons addicted to alcohol or drugs. In India, however, the word rehabilitation is almost always understood to mean the rehabilitation of displaced people, whether they have been displaced by 'development' activities or by natural phenomena such as earthquake or tsunami.

Problems in Displacement Scenario :

There was a great deal of dissatisfaction on the part of the displaced people on the grounds of the quantum of compensation, the delays in payments and so on including corruption amongst the officials dealing with the matter and on the part of the government because of challenges and litigation and the delays that these caused to the implementation of the projects in question.

1. India is famous for river-dam projects in the world. 3643 river-dam projects were constructed in India between 1951 and 1990 and 164 lakh people had been displaced. Most of these people are marginal farmers, SC and ST – the weaker sections of the society.
2. Stock of huge quantity of minerals like coal, bauxite, iron and manganese ore, chromites, mica, lead, zinc, copper etc. are found in the tribal-populated hill areas. Due to rapid industrialization, 3.13 lakh mines displaced about 13.3 lakh Tribals.
3. Most project jobs go to outsiders because those who lose their livelihood lack the skills they require. Most of the 8,00,000 persons who work on the 4,00,000 acres to be given to the SEZs, lack these skills.
4. Studies show that most farmers have become daily wage earners, their income has declined by more than half, over 50 percent of them are jobless and have slipped below the poverty line. Many of them have pulled their children out of school in order to earn for the family. In the absence of other sources of income many have taken to crime or prostitution. Drunkenness becomes an escape from this trauma and wife beating has increased enormously.
5. Most officials treat compensation as rehabilitation. Compensation is defined as the average of the registered price in an area for three years. It is a public secret that not more than 40 percent of the price is registered. Thus, by using this norm the state deprives the land losers of the full price. It may not follow even this norm in some cases. Farmers deprived of their land for the bypass and the Rajarhat townships in Kolkata were paid an average of Rs.3 lakh per acre when the market price in that area was Rs.20 lakh. The situation is worse in the 'backward' areas where price is much low.
6. Benefits delayed are benefit denied. NALCO acquired a total of 10,058 acres of land in Koraput district in 1982 for, setting up of the alumina plant. On December 23, 2003, 42 families have swelled their numbers in the intervening 21 years, families who in enumeration papers simply did not exist. A similar situation arises in the case of job assurances as part of the compensation

package. People lose their land and livelihood. Industries get delayed like TISCO'S Gopalpur steel project in Ganjam district which is not set up at all. In case of Rourkela Steel Plant one job to be provided to each displaced family. According to the Orissa Government, 1098 families are still to get the promised jobs even though 50 years have passed. As per report of Centre for Science for Environment, out of 30,000 families displaced in the Vakranangal dam-project, 18,000 families are yet to be rehabilitated.

7. The Common Property Resource (CPR) dependents are worse off because they are not even paid such partly compensation. Many of them are not even counted. For examples, by official count the Hirakud dam in Orissa displaced 1,10,000 persons. Researchers put their number at 1,80,000. Most of these 70,000 were CPR dependents.
8. While the rich farmers are able to protect themselves from the onslaught due to their awareness and resource strength, the poor and weaker sections are losing as they are not capable of reinvesting their limited gains in a sustainable manner.
9. Excess land acquired for projects results in larger avoidable displacement. This has been a constant feature of every project in Orissa. Excess than needed land for a commercial entity is capital investment with assured returns though it is ostensibly acquired for future expansion. For example, HAL acquired 9301 acres of land at Sunabeda in 1963 for five units of its fighter plane MIG project. Only one unit was established and the unused land has been allotted to private parties instead of being returned to the displaced people. Excess land is acquired in most cases. Does a car factory require 997 acres ? One does not know why Kalinga Nagar in Orissa should have 15,000 acres. Excess land acquired on both sides of the Roro irrigation canal in Jharkhand for a housing cooperative has been sold to relatives of the officials.
10. In case of cash compensation to the poor displaced families about gainful investment avenues are not informed. A survey in the Sri Ramnagar Project stated that poor displaced families spent 4% to purchase land, 20% in clothing, 21% in repayment of old loan and 50% in household, marriage, festivals etc. The

rich displaced families only spent major portion of their compensation to purchase land.

Suggestions for Appropriate Rehabilitation Measures :

Many people argue that with agriculture being a risky and losing proposition, it makes sense to get more and more people off the land. They point to the west where under 10 percent of the workforce are occupied in farming compared to around 60 percent in India. So they suggest industrialization with some displacement of rural people for better occupation. Assuring some amount of displacement is inevitable, what is the fair compensation to the person getting displaced ?

1. For the small and marginal farmers the type/amount of compensation can provide a livelihood which he has the skills to pursue, if this is not possible, then he must be re-skilled to pursue what is possible. An output that his wife and children also have an access to and some control over it. An asset that can be passed on to the next generation and can, by choice, be liquidated partially or fully.
2. For the landless persons the nature of compensation is to provide a livelihood which he has the skills to pursue. If this is not possible, then he must be re-skilled to pursue what is possible: Investment in reskilling can either bring employment or supply of goods and services to the companies-again an opportunity unique in industrial displacement.
3. Since land is converted into high-productive and profit making ventures the owners of land are entitled to a share for their land- an important factor of production. Hence, displaced land owners are entitled to an appropriate share in the future profits from new ventures taken up on their lands.
4. Share in the profit from the company to the displaced persons may be a double-edged sword as their fortunes are closely linked to the company's as all companies may not be able to earn profits. An alternative may be secured debentures. "Cash plus" is a better nomenclature where cash compensation is provided accompanied by professional investment advisory services to the displaced people on investing their compensation amount appropriately to meet their income and capital appreciation objectives.

5. Land for land is a possibility, but the Narmada experience is an indicator, it will be another case of promises never kept. The Narmada experience also showed that even where land for land was provided, it ended up being a very unsatisfactory experience, not to speak of the fact that it adversely affected the 'social capital' that existed between people in the same village. So it is perhaps best to eliminate it upfront.
6. The public purpose has not been defined under the Land Acquisition Act 1894 and in practice it is used for private profit. The first principle of public purpose is that all biodiversity, forests and land not owned by individuals belong to the state. The second is that the state has the right to define a public purpose and deprive even individuals of their sustenance. Why should the state acquire land for private companies instead of asking them to buy it through negotiations with the owners ?
7. Land is acquired without the prior informed consent of its owner and other dependents. They are treated as citizens without rights and deprived of their livelihood without their consent. Displaced persons should be allowed to take an 'informed' decision, after weighing the pros and cons of development models foisted on them. The industry groups go on to assert that if people knew how great it would be for them to have large industries and steel and alumina plants, they would not think twice before giving up their land for the purpose.
8. Another option is for the farmers not sell the land but to lease it to the company or SEZ. Thus, the land remains the farmer's and he draws a regular income in the form of lease rent which, if made out in the name of husband and wife, can overcome some of the concerns, indicated earlier. But this can't consider the interests of landless and insufficient lease rent to the small farmers. So, this by itself is not an option but is certainly part of the solution.
9. India has attained self-reliance in food but some 400 millions go to bed hungry because they lack purchasing power. Amid this tenuous food security can India afford to lose more fertile land to private profit and impoverish more farmers ? So land acquisition policies should be prioritized in such a way that

wastelands will be acquired first and lands of poor, irrespective of its quality, should be acquired last.

10. Land should be acquired only for governmental purposes such as building a school or hospital or government office. No profit-making activity should be termed as development activity, and hence, do not deserve land allocation on priority basis or concessional rates. 'Public Purpose' should be redefined to cover only governmental projects and will not include private sector. For the latter purpose, land should be purchased through negotiations.
11. While we argue against the need for SEZs at this juncture, the SEZ Act should come out with a clear and appropriate land acquisition policy so that it would not become special real estate zone act. The centre should formulate guidelines for the states to follow.
12. For actual rural development in the new project areas, there should be establishment of vocational training centres, water, sanitation and health facilities etc. This responsibility should be given to the institutions that are created specifically for the development activities.
13. The percentage of expenditure on rehabilitation is about only one of the total project expenditure. Many would probably say that the dam is 'development' and must not be delayed, whereas rehabilitation work is no doubt necessary, but delays do not matter – except to the PAPs, who are not as important as 'development' rehabilitation in time with more funds. So there is need to enhance rehabilitation in time with more funds.
14. For monitoring the actual implementation of the above mentioned activities, there should be a National Displacement and Rehabilitation Commission.

The National Displacement and Rehabilitation Act, 2007 has some acceptable features as follows:

1. There is provision of monthly pension of Rs.500 to each old and physically handicapped displaced person.
2. Displaced persons are allowed to have shares- and debentures of new industries causing displacement.

3. The institutions acquiring land will bear the cost of transforming agriculture to non-agriculture purpose.
4. There is provision of suitable land for land acquired for the new project.
5. If land is acquired by the government for irrigation projects, another land may be arranged for the affected family in the same irrigated area.
6. Amount of compensation should be determined as per the current price index.
7. Total amount of compensation should be paid before displacement.
8. Temporary dwelling, transportation facilities, sanitation and health facilities etc. may be provided to the displaced persons in case of emergency.
9. Preference will be given to the local people in outsourcing and minimum profit of the new institutions will be spent for peripheral development.

Conclusion :

Development with double digit growth rate at present is no doubt, associated with use of more and more land. Development is necessary which brings displacement of people. But the problem does not remain with displacement, it remains in the absence of an just and appropriate, suitable and timely implementing resettlement and rehabilitation policy. Every state is acquiring land in order to encourage private investment but fails to face the issues of people's improvement, food security and the right to a life with dignity. Private profit seems to have become the sole criterion. Economic growth is required but not by impoverishing people. In order to encourage private profits the state uses force to evict families that have lived on that land for generations. It is certainly injustice. So it is the high time for the government, the bureaucrats and the private business sector to change their attitude .for the most efficient use of scarce land in development process with lesser displacement and sufficient , timely compensation through judicious rehabilitation measures.

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II. IMPACT OF DISPLACEMENT PROJECTS :

Development Induced Displacement in Orissa : Issues And Strategies

Dr. Surendra Nath Behera*

&

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I. INTRODUCTION :

Economic development of Orissa during the Plan Periods has been accelerated by establishment of heavy and strategic industries, hydroelectric dams, multipurpose irrigation projects, mining projects, sanctuaries etc. The process of rapid industrialisation in its wake, has led to reckless abuse and exploitation of land, water and forest resources. Apart from depleting the natural resources, industrialisation has also led to massive involuntary displacement of human population from their home and hearth. Various development projects assume paramount significance in terms of providing additional irrigation facilities, increased crop production, power generation, flood control, generating avenues of employment, development of infrastructure etc. At the same time involuntary, rather forcible displacement and resettlement problems have been regular corollaries of industrialisation. The developmental activities have hit very hard the weaker section of the society, particularly the tribal folks. The sons of the soil are forced to vacate their home and land in the process of development. In the name of development in irrigation projects, hydro-electricity projects industrial and mineral-based, the local inhabitants have been victimised. The local inhabitants of the project area have paid the valuable price and made the sacrifice by development induced displacement.

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II. IMPACT OF DISPLACEMENT PROJECTS :

Orissa is one of the poor states in the country despite its abundance of natural resources like forest, water, minerals and fertile land. In the post-independence period mineral-based industries, irrigation dams and power projects have been constructed in different parts of the state by exploitation of natural resources. All these projects have raised the issues of displacement, resettlement and rehabilitation in Orissa, because of numerous burden of miseries to the inhabitants in terms of loss of cultivable lands and residential homes. Hirakud Dam is the first multipurpose project of India, established in 1948 in the Sambalpur district of Orissa. It displaced 22,144 families in 249 villages in Orissa, besides affecting 36 villages in Madhya Pradesh. It may be mentioned that 1, 47, 363 acres of land including valuable cultivable lands were submerged by July 1956 but by that time only 3790.20 acres of land were allotted to the Hirakud Oustees. The Salandi Irrigation Project was the first major irrigation project in the state funded by World Bank. This project commenced in Keonjhar district. Despite the funding of World Bank the resettlement and rehabilitation guidelines were not implemented. Similarly the Balimela Dam project was the second largest Hydro-electricity project in Koraput district which commenced in 1962-63 and was completed in 1977 displacing 2000 families. The construction of the Rengali Dam Project in the early 70's displaced more than 10,847 families and the people had to suffer untold miseries. The Machkund Hydro Project displaced 2938 families out of which 1500 (51%) of them were tribals, 300 (10.21%) of them were Scheduled Castes and the rest belonged to other castes. Only 600 families were rehabilitated consisting of 450 tribals and 150 others. The upper Indrabati Hydro Project aided by the World Bank submerged 44 villages in Koraput district and 51 villages in Kalahandi district. Total number of families displaced were 5725 out of which 1630 were tribals. At Damanjodi for NALCO, the largest alumin complex of Asia established in 1981 the Government of Orissa acquired the land area of 7262.94 acres of land. Out of this 4532.51 acres of land were the private land which constituted 62.41 % of the total land. Of the Government land forest land was 1.69% and non-forest land was 39.90%. Private land owners were paid Rs.15,800.88 lakhs as the compensation for parting with their land since

the Government of Orissa got only Rs.32.78 lakhs for leasing forest and non-forest land. The displacement effect and rehabilitation of different projects are stated in Table-1.

Table-1

**DISPLACEMENT OF DIFFERENT PROJECTS AND
REHABILITATION IN ORISSA FROM 1951-95**

Sl. No.	Type of Projects	Total Displaced	Total Rehabilitated	Percentage of Rehabilitation
1	2	3	4	5
1.	Hydro-Electric Multipurpose	3253,25,000	90,000	27.69
2.	Industrial	71,794	27,000	38.03
3.	Mining Others	1,00,000	60,000	60.00
4.	(Sanctuary etc.)	50,000	15,540	31.08
	Total	5,46,794	1,92,840	35.27

Source: Fernandes and Asif, 1995.

It is evident from the Table that the number of people displaced is the highest in case of hydro-electric multipurpose projects followed by mining and industrial projects and the rehabilitation percentage is highest in mining projects.

Strong resentment was made by the displaced people on Kalinga Nagar issue in Jajpur district of Orissa and in Nandigram in West Bengal. The proposed gigantic steel Plant of 'Mittal' in the Patna area of Keonjhar district has asked for 8,000 acres of land, out of which 6,000 acres will be used for the steel plant, 1,000 acres for the captive power plant and 1,000 acres for the residential colony. This industrial project will cause displacement to the people of 16 villages of the locality which

calls for a very careful and sympathetic negotiation on mutual settlement.

III. ISSUES ON DISPLACEMENT :

Displacement in the project areas has caused untold misery as the life supporting systems of the local inhabitants are adversely affected in the following ways.

1. Diversion of Cultivable Lands.

The inhabitants lose their cultivable land for all times which is a perennial source of income to their families. Provision of alternative land

or financial compensation in many cases do not provide as a substitute of the loss. Diversion of Agricultural lands for non-agricultural industrial purposes, reduces, agricultural output and has adverse effects on food security.

2. Problem of land Acquisition.

The Land Acquisition Act as amended in 1894 has many anomalies with complex procedure which prohibits the payment of fair compensation to the project oustees. Various issues such as market value of land, and outlay on improvement need considerable modifications.

3. Problem involved in Compensation Payment of Community land Holding by Tribals.

Involuntary displacement or development induced displacement necessitates vast amount of land for public purpose and national building which requires payment of due compensation to the owner of land or housing property etc. But the problem arises when land is owned by the tribals at community level having no individual land 'pattas'. Compensation for land acquisition is indicated as an element of total project cost but in fact displacement involves several other types of losses such as landlessness, homelessness, joblessness, marginalization, food insecurity, increased morbidity, health hazards, environmental pollution, loss of access to common property etc. Compensation is not given for the Common Property Resources and hence land acquisition is to take cognizance of all this. Compensation is paid on market values without taking the cost escalation due to inflationary situation.

4. Problem of Multiple Displacement.

The tragedy and plight of the oustees due to multiple displacements are manifested in their psychological and economic crisis. The illustration of Hindustan Aeronautics Limited (HAL) and Hirakud Dam Project can be well conceived in this respect. The HAL oustees displaced during 1960's for the first time were constrained for displacement in 1980's for the second time due to Upper Kolab Multipurpose Dam Project. Similarly, the oustees of Hirakud Dam Project displaced in the mid-1950 and resettled in Brajarajnagar area of Jharsuguda district confronted displacement, again because of Ib Thermal Power Station in 1980's.

5. Adverse Effects on Forest Dwellers.

Livelihood of tribals is largely dependent on forest resources i.e. in collecting their food, fodder and fuel. They collect various Non-Timber Forest Products (NTFPs) such as Sal leaf, Kendu leaf, Honey, Mahua flower, Tamarind, Sal seeds, Karanja seeds etc. to earn their livelihood. Hence, their extent of dependency is seriously impaired by diverting the forest lands for the industrial and various multipurpose projects.

IV. REHABILITATION STRATEGY:

Displacement is a process in industrialisation and economic growth. At the same time we must ensure that it does not reduce the benefit of the masses. The line of reasoning presented warrants the following strategies and comprehensive measures for rehabilitation and resettlement of the displaced people.

1. Compensation of land in Place of land.

For sustainable development it is imperative to compensate the loss of land by providing cultivable lands and residential plots to the displaced people in the vicinity of the area as far as practicable.

2. Identification of Special Economic Zones in Non-Agricultural Areas.

SEZs should be identified in areas with minimum loss of private lands used for agricultural purposes. More of pasture and non-cultivable lands should be diverted for industrial purposes.

3. Direct Purchase of land from the people by the companies by Negotiation.

It is suggested that the companies should negotiate with the private land owners by mutual discussion and pay them financial compensation at the appropriate market price.

4. Priority of Employment to Local People.

At least one person from each family or 'Chula' must be given employment as per the qualification, skill or ability from the displaced families. In such cases there must be an agreement between the Company and the affected people. In addition creation of alternative employment generation skills should be accorded top priority.

5. Careful Selection of the Resettlement Site.

Utmost care must be taken in selecting the resettlement site after taking into account linking with the affected people because of their attachment to their own soil or homeland from generation to generation.

6. Periphery Development Measures.

As a part of periphery development measure provisions need to be made by the multipurpose project authorities and industrial plants for provision of safe drinking water, education of the children training to the untrained youth, rural electrification, health and sanitation, infrastructure and communication and socio-cultural development for the welfare of the displaced people.

7. Extensive Plantation.

Since, many industrial and mining projects caused a great deal of deforestation it is recommended that various mega projects should undertake the extensive task of afforestation measures to protect the environment and provide a source of sustainable livelihood.

8. Promotional and Developmental roles by the NGOs.

The Non-Governmental Organisations (NGOs) should play an active role in mobilising people and the tribals to protect the resources and must actively co-operate in the resettlement programmes as to minimise the suffering of the people.

9. Inclusion of Social Costs and Benefits.

A careful policy of Cost-Benefit should be made as to include the spill over cost or external cost and social benefits, both direct and indirect, tangible and intangible and monetary and real for a rational economic and social justification of the projects.

V. CONCLUSION :

From the above discussion it may be concluded that there is an imperative need for a rational rehabilitation policy. Forced displacement should be avoided as far as possible. The planners and the policy makers should adopt the bilateral or multilateral process in development induced displacement. There is a need for balanced reconciliation between displacement and resettlement. A participatory approach to development with involvement of the local people without deprivation of their legitimate rights will undoubtedly result in maximization of communal welfare with minimum hardship to the displaced as the goal of development policy.

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Resettlement and Rehabilitation Policy of the Government A Panacea or terrorism for displaced ?

Dr. Durga S. Sarangi*

Economic development is a multi dimensional phenomenon. It is determined by a variety of factors-economic, political, social, structural and international etc. But much depends on the will and determination of the nation as a whole, to move on the road to prosperity. It is the collective endeavour, resolute determination and sincerity of purpose among the people that can lead the country to a path of progress and plenty. Nothing can obstruct the path of economic development, if the whole nation vibrates with a passion, a will, a strong determination and a national urge for economic progress.

A strategy under which the state allies with corporations to people of their livelihood is nothing but developmental dispossession terrorism, irrespective of the political label of the political parties in office. We must chart out an alternative path of development. Such possibilities, although limited, exist even in the present situation.

It has become a cliché, even a politically correct cliché these days to say that there are two Indias: the India that shines with its fancy apartments and houses in rich neighbourhoods, corporate houses of breath taking size, glittering shopping malls and high tech flyovers over which flows a procession of new model cars. These are the images from a globalised India on the verge of entering the first world. And then there is the other India. The India of helpless peasants committing suicides, dalits lynched regularly in not so distant villages, tribals dispossessed of their forest land and livelihood, and children too small to walk properly yet begging on the streets of shining cities. The rage of the poor from this other India is palpable; it has engulfed some

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120-160 out of 607 districts of the country in the so called extremist Naxalite Movement.

The India of glitter and privilege, it seems is bent on turning its back and seceding fast from the other India of despair, and of human poverty. This is not just a matter of growing relative inequality between the two Indias. A more brutal process is at work, far from ethics and human values, with the connivance of governments at the central and state levels which not only widens this divide between the two Indias, it is deepening consciously the absolute poverty and misery of poor India.

A massive land grab by large corporations is going on in various guises, aided and abetted by the land acquisition policies of both the federal and state governments. Destruction of livelihoods and displacement of the poor in the name of industrialization, big dams for power generation and irrigation, corporatising agriculture despite farmers' suicides and modernization and beautification of our cities by demolishing slums are showing everyday how development can turn perverse.

The Panchayat Extension to Scheduled Areas or PESA Act of 1996 requires gram sabhas to be consulted for land acquisition. And yet in Jharkhand and Orissa this has either been ignored systematically or as a recent field report documents, the police surrounds threateningly the ordinary members in the gram sabha meeting, forcing them to agree to the proposals of giving up their lands at throwaway prices.

Land acquisition in Singur in West Bengal for the Tatas, or for Anil Ambani in Dadri in UP or for Tata in Kalinga Nagar in Orissa, repeats a pattern that is becoming menacingly familiar. The West Bengal Government gave Rs.140 crore in compensation, while the Tatas will give according to the deal, only Rs.20 crore after five years for the land, without payment of stamp duty and with provision of free water. The fact that public money worth Rs.120 crore or more is handed over to a corporation must remain indeed trade secret.

It is an abject surrender to the conventional wisdom of our time that "There is No Alternative" to corporate led capitalism and the type of globalization it signifies, in short the TINA Syndrome in the development discourse.

The forced displacement of people for the purpose of various "development projects" such as big dams, large industrial or mining

projects, high ways and flyovers and so on, has been going on in India for a very long time. Displacements, however took place, because land was needed for the construction of dams and reservoirs. There are different estimates of the total number of persons that have been displaced by developmental projects in general and by big dams in particular. The instrument of displacement was the land acquisition Act 1894 under which private land could be acquired by the state for a "public purpose" and compensation has to be paid for the land or property taken over, based on historical cost but the concept of replacement cost was unknown. The compensation amount was not a negotiated sum, but a figure fixed by the government officials under certain rules. The figure could be contested under the Act, and many cases did go to the courts, leading to some enhancement of the valuation in some cases but this was nowhere near replacement cost.

There was a great deal of dissatisfaction with the Act (a) on the part of the people on the grounds of the quantum of compensation, the delays in payments, and so on (including corruption amongst the officials dealing with the matter); and (b) on the part of the government because of the delays in land acquisition because of challenges and litigation and the delays that these caused to the implementation of the projects in question. It must be noted that we are talking only about compensation for land and property acquired, and not about the resettlement or rehabilitation of the displaced people: the concept was not known in the early years. Over a period of time, it began to be recognized that something more than compensation for the land and property acquired was needed and ideas of resettlement and rehabilitation began to emerge. These got elaborated and formulated into policies and packages in the context of certain projects, notably the Narmada (Sardar Sarovar) project. Separately, the drafting of a national rehabilitation policy to be applicable to all future dam projects as well as industrial, mining and other projects, i.e., development-related displacements of all kinds were mooted in the mid-1980s and were "under consideration" and undergoing repeated revisions for many years. It is that process that is still going on and seems now to be approaching finality.

A NRRP 2003 was notified in the last days of the NDA government. An intense debate followed, and many seminars and conferences were held. India abandoned its long held quasi-socialism and embraced the capitalist philosophy. This was part of the triumphal

resurgence of capitalism all over the world. Economic growth at 8 or 10 percent, the performance of the stock market, and the rate of inflow of foreign private investment- these became the prime Indian mainstream concerns. Lip-service continued to be paid to environmental and social or human concerns, but with no real conviction. The preoccupation with "development" over-shadowed everything else. There are deep human and social concerns behind the official efforts to draft a national rehabilitation policy. I wonder whether the assumption is warranted. It seems to me that there is no real sense of regret or guilt at large-scale displacement: no compassion for the sufferings of the project-affected people; and no real desire to find solutions. On the other hand, there is a desire to get ahead with "development" projects and an impatience with anyone who raises inconvenient concerns. This is true not merely of planners and policy-makers but even of large sections of the media and the intelligentsia. To many (though not to all), development means dams, highways, flyovers, high-rise buildings, huge apartment blocks, grand shopping malls and so on: our cities must become as resplendent as Singapore and Beijing.

Unfortunately, the feeling that a degree of high handedness on the part of the state towards some people, including the infliction of much hardship on them, is the inevitable and acceptable price that must be paid for "development" seems to be widely shared, judging from the current debate on Singur and Nandigram. If anyone stands up against the reckless industrialization, he or she is considered as "anti-industry", which is quite misleading. Almost everyone- including the tribals and activists- has his/her own concept of the ideal model of industrialization- say one learning largely on large industries- it is incorrect to condemn him or her as anti-industry. But, of ten times it is done intentionally by industry lobbies to direct the common man's attention away from the "alternative" model (s), it also succeeds in creating an antipathy in the common man's mind towards these people's movements.

But the movement of the people clearly shows that,

- (1) Globalization- or the benefit of FDIs- is not trickling down to the poor;
- (2) Gains from industrialization are not reaching the tribal masses.
- (3) Resettlement and rehabilitation (R and R) policy of the government is not up to the mark.

- (4) The state's mines are being doled out to big firms for a pittance. But most are not willing to talk about the kind of industrialization Orissa should pursue and in particular, whether the current policy of reckless industrialization is at all acceptable and sustainable, whether it is desirable to destroy the environment for the sake of industrialization, whether we should keep on exploiting our mines fast if we merely start receiving high royalties, and whether a good R & R policy can be a justification for forcing people for evicting their land.

The draft National Rehabilitation Policy, 2006 which has been under debate, seems to be unsatisfactory in many ways. Efforts to involve the project affected persons in decision-making and to give them their rightful share in the benefits of the projects that impose hardships on them have not been seriously pursued. The entire policy is non-participatory and all responsibility and powers are with the bureaucracy.

It would be appropriate to take the following steps to address the above issues and improve the situation.

- (1) Displacement is a traumatic experience under the best of circumstances and should be avoided if possible. If the objective is well conceived, necessary and unavoidable, then displacement should be minimal and that hardship involved in the displacement can be minimized and adequately compensated.
- (2) Where displacement seems unavoidable, it ought not to be forced displacement, but should be voluntary. The principle of "free, informed prior consent" should be enshrined in the policy statement or law.
- (3) In tribal areas, the requirement of consultation with the gram sabha under the Panchayats Act 1996 or PESA must be scrupulously observed.
- (4) The people likely to be affected must be taken into confidence and provided with the fullest information above the contemplated project from the earliest stages, so that they can satisfy themselves about the desirability of the project, the non-availability of alternatives and the rational of proposed displacement.
- (5) The theory that development entails costs and that some must make 'sacrifices is a disingenuous and sanctimonious one that

needs to be abandoned. Pain and hardship imposed by some on others can not be described as a sacrifice by the latter.

- (6) Where the Land Acquisition Act 1894 is used for acquiring land, the acquisition needs to be made contestable and procedurally more humane and equitable.
- (7) Project affected people (PAP) should be granted through legislation the first claim on the benefits of the project for which they were displaced and preferably resettled in the command area of the project.
- (8) Rehabilitation should leave the PAPs better off than before or at least as well off.
- (9) A National Displacement and Rehabilitation Act is needed not merely as a policy, there should be a statutory clearance for displacing people and statutory backing for the resettlement and rehabilitation package to be offered to them.
- (10) Lastly, for monitoring the actual implementation, there should be a national displacement and rehabilitation commission.

In conclusion, it can be said that there should be the formulation of an act rather than policy to govern all future cases of displacement of people relating to developmental projects of all kinds such as dams, industrial or mining projects, highways and so on. Further, unless there is a drastic change in the bureaucratic and government mind set, the Kalinga Nagar incident will become the epitome of all future people's movements in the whole country.



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Development Induced Displacement : (A Study of NALCO, Damonjodi, Orissa)

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Smt. Sushama Dash*

After independence, the Indian State assumed the responsibility for "economic growth and national progress" via adoption of a dominant development ideology. This development policy legitimized systematic displacement and dispossession of the resources, labour and in fact the very means of human existence of the dalits, the tribals and the poor.

Today more than 30 million displaced people, mostly tribals, dalits and the poor pay the price for the 'growth' of our country. In addition to direct displacement, indirect displacement of cultures, languages, values, health, agriculture and market has occurred through the consumerist format sector-the cash/ market economy. Apart from the fully and partially displaced, another categories of victims were the project affected persons (the PAPs) who were not physically displaced but deprived of their livelihood due to the loss of their land and common property resources.

Koraput (undivided district) is Orissa's biggest district. A majority of its population (56 per cent) are tribals forming 24 percent of the state's tribal population. Today dalits and tribals form 70 percent of the district's population. The district has 18 large projects with about 5,00,000 acres (2,000 sq km) of its total area of 26,961 sq km (or 7.42 per cent) occupied by these schemes. According to one estimate around one lakh tribals have been deprived of their land, including 4.00,000 acres of forest on which they depended for their livelihood. More than 6 per cent of the district population, mainly tribals, have been displaced (1991). The quality of life indicators like literacy, life expectancy, employment, health are low among the displaced people- the tribals and dalits.

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NATIONAL ALUMINUM COMPANY :

The National Aluminium Company (NALCO) was established in 1981 with the aim of producing aluminum from the vast bauxite deposits in Koraput district. It has three operations in Orissa: (a) Bauxite mines in the Panchpatmali hills of Koraput district with deposits of 112.8 million tons (b) Alumina refinery complex in Damanjodi, Koraput District, 11 Kms from the mines. It has an installed capacity of eight lakh tones of alumina annually; (c) Out of this 4.25 lakh tonnes are transported to its smelter plant at Angul, Dhenkanal district. The plant has a captive power plant with a capacity of 55.5 MW as against its actual need of 32 MW. The original cost of the project was estimated at 680 million US dollars but completion of the project has cost the public sector company 980 million US dollars.

The NALCO operations in Damanjodi and Panchpatmali hills have affected 26 villages; 597 families were displaced; 254 are tribal, 56 dalit and the rest belonged to other communities. Few more families will probably be displaced in the near future. Out of the 10,058.76 acres of land acquired, 427.30 acres was for mines, 2638.50 acres for townships and 6,992.50 acres for the plant. Of the acquired land 2,834.56 ha (41.36 per cent) were agricultural lands. All the surrounding villages depended on this land for many of their needs such as fruits, leaves flowers etc., which formed their main food in the lean season. More than 70 villages used the area for sanitary needs and to collect roof materials.

The first notification for land take-over was issued on 12th August 1981, in the Orissa Gazette Extraordinary. A total of Rs.1,48,73,474.52 has been paid as compensation for patta land alone. No compensation was paid for CPR. Depending on the size, on average Rs.150 per tree was paid.

Out of 597 families displaced 441 have been rehabilitated in the Analabadi colony, for which Analabadi villagers were deprived of their land. 156 more houses were built; 352 of these families have been given one job each, viz, 35 dalits, 14 tribals and 168 other castes; Eight of the employees are women.

Those who were happy about the formula were the middle classes and the high castes predominantly malis who had more land than they could cultivate. They hoped to get a high price for it, which they would

be able to invest in other businesses. They received more than Rs.50,000 in compensation though the market price per acre was only around Rs.2,600. The malis of the neighbouring villages were prepared to sell their land to the project. If these lands were brought, they could have been used for the rehabilitation of the DPs on 'land for land' basis or at least to replace their CPR. This would have made their transition easier. This alternative was not considered through most DPs/ PAPs belonged to the tribals and other communities that have traditionally depended on Land and Community Property Resources (CPR).

Displacement adds to the process of marginalisation. Not having any work outside the house reduces the women's work-load considerably. But a decrease in work-load does not by itself improve the status of women. It is a sign of their economic deterioration since they are forced to remain at home and cease to be considered an economic asset.

Since there are very few skilled persons among the DPs and PAPs, these jobs have largely gone to outsiders. Instead, according to one estimate, if the traditional systems of transport were used, around 10,000 jobs would have been created. And these jobs would have gone mainly to more than 8,000 DPs/PAPs of NALCO in Damonjodi. This raises the question who decides the necessary technology and in whose favour? Even the decision to give the unskilled jobs to the DPs and to raise their compensation was taken under duress, because of their agitation. Prime Minister Indira Gandhi intervened to ensure better compensation for the DPs.

The land from which the people used to get NWFP is at present under the environmental regeneration scheme of NALCO. They get no NWFP from these plantations since most species planted are commercial varieties like eucalyptus and acacia. PAPs experience total impoverishment and marginalization in their present state.

CPR : Community Property Resources.

DPs : Displaced Persons.

PAPs : Partially Affected Persons.

CONCLUSION :

1. Development Debate :

Macro development projects have a systematic exploitation of people and environment. This has strengthened power structures which

ensure; the flow of benefits from the periphery to the centre. The DPs/PAPs neither get job in the project due to the mechanized nature of these projects nor become part of the official employment data.

Development induced displacement and loss of land results in the marginalisation and improvement of the DPs/PAPs particularly of the weaker sections.

Such developments projects which displaced people from their own habitat have only benefited the powerful, the high castes and the urban population. These categories enjoy project benefits like irrigation, employment, electricity, and other infra-structural facilities and so are unable to understand the suffering and the marginalization of the displaced population. Therefore it is necessary to initiate dialogue between these two groups-the losers (the original owners) and gainers. It leads to question these development models and their approach to environment and the displaced population. The victims of these macro-development projects are now rejecting these modes of development. They feel that they have been cheated into giving up their lands; access to natural resources for some national interest and for the comforts of minority.

2. Lack of Information and Dialogue :

In all the projects, information regarding the project and details of displacement were not shared with the people to be displaced. They were unprepared for the displacement. The people to be displaced were not involved in any of the planning of the displacement procedures.

In future, before implementing any project people should be informed about the pros and cons of the project. A detailed discussion should be held with the DPs to ascertain their willingness and to work out the modalities and procedure of displacement, rehabilitation and compensation. This will enable the displaced people to participate in a meaningful development partnership.

3. No Partnership in Development :

Social investment for the displaced people's development has not been one of the criteria under which a project is judged. In most of the projects the final product is meant for consumers far from the area of displacement.

Though there is usually adequate time, very few projects have trained the future DPs/PAPs in either skilled or semi skilled jobs. Indeed, it is debatable whether the educational criterion should be so rigidly adhered to. The projects that displaced the people have a social obligation to train those who pay the price of development. If literacy is essential, then it is arguable that it is the project's social obligation to achieve this target during the long time available after the first announcement of the project.

Not focusing on the displaced people's development is indicative of the callous attitude of the project officials. Non-involvement of the displaced people in the project exposes the lack of partnership and therefore lack of development.

4. Displacement :

Displacement has been seen as a process that begins with the announcement of the project and continuous long after the people have lost their land and livelihood.

The amount of land taken over for these projects from the people is not always in proportion to the land required for the project. Most of the land is meant for the township and other staff facilities. This raises questions about the need to render so many landless. While the need to give the staff of certain amount of comfort as a mode of preventing high staff turnover and of ensuring that the project is run efficiently is undeniable, beyond a certain limit, it means that the rural poor pay the price for such comforts in the name of national development.

5. Loss of Resources :

The trauma related with displacement or other forms of forced loss of livelihood is felt differently by different caste groups and tribes. The impact of the projects on the DPs and PAP villages mainly took the form of shortage of NWFP. More than 50 per cent of their food had become from the forest before their displacement. With displacement they were deprived of this source of sustenance with no alternatives available. The situation was slightly worse in the case of PAPs of NALCO. They had been deprived of their land and CPR and were not provided with any alternatives even in the form of unskilled jobs. In most cases, compensation was low and inadequate to begin a new life. In particular, NWFP became scarce. Though NALCO has an environmental

regeneration scheme under which thousands of trees have been planted, they are not accessible to the PAPs since they are mostly commercial species and have been fenced off.

The dependence of the landless on the farmers and on the village as a community is more true for the dalits than the tribals. The landless lose their livelihood but are not entitled to compensation because the land does not belong to them. The landless particularly dalits are thus deprived of the infrastructure that sustains them. Traditional craftsmen including weavers, blacksmith, carpenters, cobblers, scavengers, etc. fall in this category. Often these traditional artisans were kept outside the rehabilitation scheme.

Most DPs depend on the resources that according to the legal written document they do not own. Steps must be taken to prevent the adverse consequences of depriving people of their livelihood without providing compensation. The dependence of the poor on the CPR and on the village as a community must be considered while calculating the compensation to be given to each family.

Modernisation should not be thrust on the DPs. A proper transition should take account of aspects such as their place of religious worship and ancestral links (e.g. cremation or burial ground). Imposition of cultural change without adequate preparation also results in greater deterioration of the status of women. The tribal council is disrupted if the village is not re-settled immediately. As a result, when competition over scarce resources sets in and the otherwise egalitarian community begins to break up, the structural support based on their traditional culture also disappears.

IMPACT ON WOMEN :

Tribal women, depend upon the NWFP more than men, since women are responsible for the regular supply of food, fodder, fuel and water. Being less literate than men, they can not get skilled jobs. After displacement, they continue in the informal sector within the formal economy and without any infrastructural support. The T.N. Singh formula provides for only one job per family which usually goes to a man, so women remain unemployed. Since their land and forests have been taken over by the project, they do not have any activity outside their house. New consumer needs reduce the money at their disposal

for food and other domestic needs. Often they are forced to starve in order to feed the rest of the family.

In order to avoid the marginalisation of women, special attention has to be paid to aspects of displacement concerning women. Their genuine participation has to be ensured in the planning process of the project and of all resettlement measures.

In almost all the projects the compensation was considered as rehabilitation. Compensation was given only for patta land and the landless were ignored even in this limited rehabilitation. Some of the DPs of NALCO were motivated by a group with vested interests to opt for monetary compensation instead of land-based rehabilitation. They had only limited exposure to the monetary economy. As a result, most money they received in the form of cash compensation was appropriated by the money lenders, merchants and some government/project officials.

While ensuring that the money due to the poor is not given to them in a lump sum is sensible, the analysis of expenditure shows that merely denying them access to money without alternatives can have negative consequences on the DPs/PAPs. Immediately after this displacement and loss of land/CPR, they were integrated into a new economy and had to pay even for daily requirements like food for which they needed access to ready cash.

The T.N. Singh formula was introduced in 1967, to ensure a job for each family displaced by the projects. This is an improvement over the older concepts of financial compensation as rehabilitation for land. Often the land acquired is owned by several families. Which of these families is to get the job? Besides, only one job per family is given though there are several adults in a family. Families without an adult are not covered by this scheme. In most cases only men are considered for jobs and the plight of the women is ignored. Moreover most jobs offered to the DPs turn out to be of the unskilled variety and are by no means a compensation for the loss of their total livelihood.

POLICY IN THE MAKING :

Only in recent years has the welfare of the DPs/PAPs been considered. This is because of pressure both from local human rights and environmental activists and from external agencies like the World Bank. The country as a whole does not have a national rehabilitation policy yet.

Displacement And Rehabilitation in Angul-Talcher Industrial Area

Dr. Sudhakar Patra*

Industrialisation and tertiarisation of economy are essential for rapid growth of National Income. Rapid industrialisation and expansion of material resources with the growth of technology in the developing countries have resulted in urbanisation, socio-economic revolution, massive deforestation and serious deterioration of the environment. The increased industrialisation during the last three decades has produced serious direct and indirect effects on air, water and soil quality. This is caused by indiscriminate disposal of untreated wastes to the environment. Lack of adequate waste pollution control management practices at the Angul-Talcher Industrial area has led to the deterioration of the environment which is of special concern to man, because of the health hazards, adverse effect on flora and fauna, and animals.

STATEMENT OF PROBLEM :

Angul-Talcher Industrial area is located in the central part of Orissa, 160 kms. away from the Bay of Bengal shore in the eastern part of India. The industrial area covers around 300 sq. km. which supports a population of about 500000. The story of exploitation of Angul-Talcher area started with exploration of coal in the early 1962. Keeping an eye on the huge, natural coal reserves the following coal based major industries were commissioned in due course of time by the government of India to meet the growing demand of power, fertilizer and other materials.

- i) Coal mining
- ii) NTPC, TTPS (Talcher Thermal Power Station)

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The absence of a policy and a defective implementation of adhoc measures have resulted in the marginalisation of the people, particularly of the weaker sections.

The very issue of development vis-a-vis displacement has become a subject of urgent national debate with the recent violent happenings at Kalinga Nagar, Singur, Nandigram etc. The Government of Orissa heading for large scale industrialization with huge F.D.I. has come out with 'The Orissa Resettlement and Rehabilitation Policy-2006'. While the protagonists opine that the recent R & R policy of Orissa is one of the best in the country, the field application of the policy would certify such claims.

A National Policy on rehabilitation should be closely linked to a policy on National Development. In framing the National Policy, the government should primarily involve the displaced persons' expert advice. Though there have been efforts from the various government departments, research institutions, non-governmental organizations World Bank and private companies, a conscious effort should be made to organize all the displaced persons including the project affected persons at the project, regional, district, state or at the national level. The government should also declare the future projects in public so that people are aware of the development endeavour and can ensure that such projects do not once again override considerations of ecology, culture and human life.

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- (i) Coal mining
- (ii) NTPC, TIPS (Talcher Thermal Power Station)

iii) FCI (Fertiliser corporation of India) (now closed)

iv) NALCO (National Aluminum Company)

- CPP (Captive Power Plant)

- Aluminium Smelter Plant

v) NTPC, Super Thermal Power Station, Kaniha

These industries attract many other ancillary industries to make use of their products and by-products. Industrial processes are the leading sources which contribute to the environmental pollution problems. All the untreated or partially treated waste water created by the industries is directly discharged into the local small river, well known as "Nandira jhor" which ultimately meet with a big river, called "Brahmani" near the village Kamalanga. These two rivers are highly polluted in Angul-Talcher area though they have good water quality before entering this industrial zone. Health hazards and other impacts on flora, fauna are expected due to the water pollution in this area. Water from Brahmani river at its down stream after the confluence of Nandira river is directly used as the main source for drinking, cooking, bathing, feeding animals and other household purposes by the river side village people.

Coal is used popularly for domestic cooking and industrial heating. This might be responsible for smoky and dusty atmosphere in the area creating unhealthy situations. The destruction of agricultural land and deforestation due to industrial and mining development created serious ecological imbalances. Resettlement is still a never ending problem of this area. The huge mining operations contribute to air, water and soil pollution, ground water depletion, ground subsidence, soil erosion, deforestation and visual impacts. Thus one can realise the dangerous consequences of pollution in this area.

But most unfortunately little efforts have been made in the past to assess the potential impacts of development projects for incorporating the appropriate measures to minimize adverse impacts on the environment. It is obvious that negligence in environmental protection does not pay in the long run. So these environmental problems urgently calls for identification and assessment.

The present paper however aims at examining the nature and extent of rehabilitation measures in Talcher-Angul industrial area.

DISPLACEMENT AND REHABILITATION :

The socio-economic conditions in the area denote the quality of life of people. The important indicators which decide the quality of life and require to be improved for better living conditions are literacy levels, occupational structure industrial development, infrastructure facilities, transportation and communication linkage, land development, cropping pattern etc. The improvements suggested on these aspects are described below.

i) Rehabilitation of Human settlements

For the expansion of industries and mines during the next decade, rehabilitation of any settlement is not envisaged. MCL has already acquired required lands including the affected settlements area and made arrangements for the rehabilitation of affected villagers in alternative sites. However, the settlement area is likely to undergo a few changes due to the proposed developments beyond 2010 AD.

Wherever new settlements are proposed due to rehabilitation necessitated by industrial activities (land acquisition or pollution impact) these shall be properly planned while giving due regard to the following considerations.

- i) The settlement locations shall be adequately outside the coal bearing area.
- ii) The locations should not be affected by the pollution caused by industries and mines. Proper care shall be taken in selecting sites while taking into consideration environmental aspects like wind direction and wind speed.
- iii) The plantations to considerable extent shall be taken up to reduce the dust pollution.
- iv) The locations should provide adequately for future growth in housing, infrastructure, commerce, recreation etc.
- v) The locations should be as near to the places of work as possible. The locations should be well served with roads and other communication links and should have easy access to market, administrative centres etc.

- vii) Prevailing administrative status as are available such as sub-divisional headquarters, municipality, panchayats etc. shall be assigned to the new settlement.

ii) Rehabilitation of oustees

Mining and industrial development in Angul-Talcher area has resulted in large scale displacement of people who are rendered as land oustees. There is an urgent need to rehabilitate these land oustees and to undertake some specific measures for mitigating their problems and removing of psychological feelings of alienation.

Some rehabilitation measures have been taken by the industries, M.C.L. and NTPC. However, these have not been implemented efficiently. It has been reported by TAMRIT, that in case of NALCO only 37% of the total oustees could be provided with regular jobs leaving, considerable number of oustees beyond the scope of meaningful rehabilitation. It is essential that systematic schemes for rehabilitation should be implemented for the remaining oustees through provision of suitable self employment opportunities and compensation.

For identifying the families of oustees and providing employment or compensation for rehabilitation, the guidelines as given by the Revenue Department, Government of Orissa should be followed.

CONCLUSION :

The rehabilitation measures undertaken in Talcher-Angul Industrial area is not adequate and mining authorities should take up ore welfare measures to improve the socio-economic conditions of the people. Strong legal actions should be taken against industries causing pollution beyond the specified limits. Environmental awareness programme should be launched both by public and private organisations. The hospital facilities, educational institutions, drinking water provisions and recreation facilities need to be improved in the study area along with adequate compensation to the displaced people. The fly ash management and a comprehensive environment plans are urgently necessary in the study area.



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vii) Prevailing administrative status as are available such as sub-divisional headquarters, municipality, panchayats etc. shall be

Development Induced Displacement of Tribals in Orissa And The Problems of Rehabilitation & Resettlement

Mining and Rehabilitation Areas has resulted in the displacement of tribals and other landless people. There is an urgent need to rehabilitate these landless people and undertake some specific measures for mitigating their problems and removing of psychological feelings of alienation.

Dr. Rajan Kumar Sahoo*

INTRODUCTION :

Displacement is a process of driving out the occupants from their residence by physical or legal force by the Govt. to take over an area in the long term development projects like construction of reservoir industrial project or some other infrastructural enterprises. In our anxiety for accelerating development and achieving faster growth rate, innumerable investment projects are implemented regularly in the country. Displacement causes not only financial loss but also causes several other impoverishments of great Significance. Michel M Cernia in his Impoverishment Risk Model categorizes eight types of risks like landlessness, joblessness, homelessness, marginalization, increased morbidity, food insecurity, loss of access to common property and social disarticulation etc. which arise out of displacement. An interesting revelation of the Commission on Schedule Castes and Tribes in its 29th report (1990) points out that till 1990, of the total displaced persons 40 percent were Scheduled Tribes, whereas their share in population is 7.5 percent in India. The displacement of these poor people is subject to impoverishments and heart breaking miseries. Hence the Govt. give compensation both in terms of cash and other benefits to rehabilitate and resettle them. But it is most appropriate to make an analysis of the past displacement and rehabilitation cases of Orissa and the problems the displaced people have faced in their life which will be an eye opener to the policy makers to consider the problem of rehabilitation.

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OBJECTIVES :

Considering the importance of the issue of Development Induced Displacement and the problem of the Rehabilitation & Resettlement, the study was planned with the following objectives.

- To study the cases of displacement and rehabilitation packages of Govt. of Orissa from time to time.
- To point out the problems of the displaced persons and the suffering which they have come across due to displacement.

METHODOLOGY :

The study was undertaken collecting information from various published and non-published secondary sources of Govt. and non-Govt. organizations. Besides this many books, journals, magazines have been consulted for the purpose.

CASES OF DEVELOPMENT INDUCED DISPLACEMENT & REHABILITATION PACKAGES :

In the State many development induced displacements have taken place and respective rehabilitation packages have materialized in the past. Some of them are being reflected below :

In the construction of Hirakud large multipurpose project in our state during first five year plan period as many as 22,144 families were displaced to whom monetary compensations were paid. The area covers 238 sq. miles or 184,998 acres of land of both M.P. and Orissa. In Sambalpur district 249 villages have been submerged out of which 113 fully and others partially. The total area of land lost in the reservoir is 182,692 acres of which about 123,000 acres were cultivable land. Realizing the problems, the local leaders raised their voices against it. There were agitations also.

The IDA funded Salandi Irrigation Project had also displaced 589 families and the displaced families had been accommodated houses constructed for the purpose.

Similarly for the location of Rourkela Steel Plant (RSP) land acquisition left 4259 families mostly tribals displaced, From these families the lands were acquired by paying a pittance as compensation at the rate of Rs.200/- per acre.

Development induced displacements are also seen in IB Valley, Most of the inhabitants of the valley are the displaced people of the Hirakud Dam Project during 1950's. They have not been provided with permanent pattas for the land they have settled in. In January 1985, Orissa Power Generation Corporation (OPGC) that came up with a Thermal Power Plant (ITPS) acquiring 1100 acres of land, has displaced many families. Displaced from the Thermal Plant of OPGC, these families were settled in IB Valley area. For the third time these people have been displaced by the coal mining of MCL on 2000. Thus a considerable number of people of the area have become destitutes due to displacement again and again for various development projects.

Availability of coal and power has brought TATA to the area for refractory at Belpahar. It has acquired huge amount of land, displaced local people for its refractory and official quarters.

MCL at Talcher has acquired Ac. 8533.276 of land concerning 76 villages under both Land Acquisition Act and Coal Bearing Areas Act, 1957, out of which payment of compensation for rehabilitation and resettlement has been taken up in respect of 35 villages concerning an area of Ac. 4041.320.

Similarly National Super Thermal Power Project Corporation (NTPC) at Kaniha has acquired Ac.1516.630 of private land and Ac.2039.630 of Govt. Land for establishment of plant and ancillaries. Consequent upon acquisition of the aforementioned lands a Rehabilitation Policy was formulated to provide Rehabilitation benefit to the project affected persons. In this project 53 villages have been affected out of which 27 have been substantially affected. Total number of land oustees were 4239 out of which substantially affected were 1632. Out of the substantially affected land oustees 893 have been benefited upto 1999.

National Aluminium Company (NALCO) had displaced 4044 persons out of which land displaced persons were 34. Substantially affected persons were 1381 and less affected persons were 2629. Out of which 57% have been rehabilitated either directly by the company or indirectly by the contractors.

International Aluminium Products Limited (IAPL) has acquired Ac.18.59 of private land through IDCO. For such acquisition a

rehabilitation policy has been formulated jointly by IAPL and District Administration in order to provide rehabilitation assistance to the affected families. Under this project 59 No. of persons have been affected out of which three were substantially affected and 56 had been less affected.

In Jajpur District of Orissa Kalinga Nagar Industrial Complex was earmarked in 1992 displacing 814 households out of which 585 are tribal households. The area covers 12999 acres of land where the industrial houses like NINL, MESCO, JINDAL, STAINLESS LIMITED, LISA, ROHIT, FERROTECH, MAITHAL ISPAT and TAT A are operating. In 2006 on January 2nd a huge protest and fierce fight was made between the tribal people and the State Administrative Machinery while TATA Company was erecting compound wall for its industrial unit. The conflict led to the death of 12 tribal men and one police personnel.

PROBLEMS FACED BY THE DISPLACED PERSONS :

The plight of the displaced persons of Hirakud Multipurpose River Valley Project has been aptly brought out by Mohapatra when he writes, "The degree of apathy towards those displaced can be gauged from the fact that a sizeable chunk of compensation money amounting to Rs.27 million has been paid nearly is a period of four decades after the acquisition of the land. Even the displaced persons were denied allotment of waste land in the command area. Nor was any effort made to allocate culturable wasteland in the command area. Regarding the compensation of their age old habitation which includes agricultural land, house, trees, well, kitchen garden etc. were neither paid properly nor it was satisfactory. Compensation for lands which belonged to Zamindars was compensated on the basis of market price, but the compensation for Rayati land was paid on the basis of general Govt. land. In case of service land, compensation was paid on a very nominal rate. In many villages compensation for trees, tanks, houses and lands was not paid at all. Although it was estimated to disburse compensation of Rs.9 crore and 66 lakh by March' 1956 only Rs.3.43 lakhs were disbursed. There are 11,341 arbitration cases still pending. The compensation was given to the persons against whose names the holdings were there. As a result the senior one got the compensation money and others had to depend on him.

The Government of Orissa reports that in the first decade of the five year planning of the total displaced families only 7193 have been rehabilitated of whom 1147 belonged to Scheduled Caste and 3276 to Scheduled Tribe. The rest are yet to be rehabilitated. The displaced families were settled in 12 camps built by the Govt. which have 1879 households. Some of the major camps were Mura, Rampella, and the smartest are Phuljhari, Hatibadi and Tilgiri. Some such colonies later on deserted being considered unfavourable for human habitation. In 8 villages there have been no provision for drinking water, health centres etc. For all these 12 colonies there are 2 High Schools, 4 M.E. Schools and 10 Primary Schools.

In Hirakud Dam Project misgivings were created by political propaganda. Since water of the reservoir was used to run generators for generating electricity, some politicians even went to the extent of propagating that irrigation water of the project was useless as its cream (vitamins) has been taken out in the form of electricity. Uneducated and ignorant farmers believed it. Further apathy, discontentment and ignorance made it possible for transfer of a large chunk of lands to cultivators of neighbouring states, particularly that of Andhra Pradesh whose cultivators could win valuable irrigated land at very low price.

Similarly in case of IDA funded Salandi Irrigation Project the disadvantageous location of the colony and inadequate supply of amenities and means of livelihood made the occupants disenchanted.

Rourkela Steel Plant had acquired more land than required at a price of Rs.200/- per acre. Subsequently large chunks of land were sold to individuals and business houses at prices which were 200 to 400 times higher than the price at which these were acquired. They never thought of passing on a part of this wind fall profit to its original owners. Those whose lands were acquired by Rourkela Steel Plant became destitutes, No follow up measures were taken to rehabilitate the displaced persons. The money that was received by the displaced persons by way of compensation was mostly spent on alcohol and rest on food and clothing. The displacement causes psychological trauma which nobody understood. That the displaced person is subjected to economic insecurity and socio-cultural morbidity no one realized. The displaced persons were pushed into an atmosphere of uncertainty. Nor the plant

has provided large employment opportunities for the tribal population living in the district of its location. On the contrary it has caused heavy immigration of people from other parts of the state and even outside to take advantage of the benefits yielded by this project.

Similarly results have accrued from the paper mill started at Rayagada and the Hindustan Aeronautics Ltd. started in Sunabeda in the Koraput district. These plants are no doubt useful from the national point of view. But their impact on poverty eradication has been insignificant. The benefits of development have not trickled down from these islands of prosperity to the vast section of poverty stricken people.

In IB Valley the people of the area had expected that Mining and Industrialization would change their life style, would provide employment, raise income and the standard of living. But surprisingly these benefits have not reached the locals due to lack of proper rehabilitation programme for the people displaced. On the other hands these projects had depleted the forest cover, took away the cultivable land of the people and deprived them of their common property resources like land, forest, water, stream, graveyards, grazing fields, etc.

Industrialization had brought with it various health hazards, psychological syndrome, miscarriage, change, in menstruation, infertility, weaknesses, distress, insomnia, dizziness, etc. Not only were the people displaced from their traditional way of living, but also there was social, cultural and religious displacement. The socio-economic cultural and religious environment has marginalized a vast section of the people belonging to Scheduled Castes, Scheduled Tribes, Dalits, Women, agricultural labourers and poor peasantry.

Displacement of tribals from their human settlement, the rapid industrialization leading to urbanization, exploitation of mineral wealth, depletion and denudation of forest and natural, resources and the abode of the aboriginals not only creates hardship but also disturbs their former way of life. It has serious consequences on the employment, income and standard of living of these poor people. Their production systems are dismantled, community structure and social network are weakened, traditional authority and the individual social contract and economic dependencies among families and kinship groups are ruptured. A great tension is created regarding loss of agricultural land, home, hearth, employment and future course of action. Rapid industrialization displaces

them, makes homeless, jobless and destitute. They pass through uncertainties struggling for their own existence.

SUGGESTIONS :

The following suggestions may be considered while the rehabilitation policies of the displaced people are chalked out.

1. The onus of rehabilitation should fall on the displacer. The cost of displacement should be calculated taking into account not only the physical assets lost but also other implicit and explicit costs. The social cost of displacement must be worked out and that should form a part of the project cost. This approach should under no circumstances be circumvented. Viability of a project should be worked out only after rigorous verification of the displacement cost. An action plan for the rehabilitation of the displaced families must be prepared well in advance. It must be implemented with all sincerity and proper monitoring.
2. There should be a political will of the Government to settle the displaced persons. It is the most crucial factor which guarantees a fair treatment to them.
3. The rehabilitation policy is more dynamic where the, displaced persons are provided with equal or some what less land of same quality under the policy of land for land. Under this provision the botheration of settling the displaced persons in colonies etc. is avoided. Land for land is a good policy as long as the land acquired is agricultural land and used for growing field crops, or exchanged for similar quality land within a reasonable distance from the habitats.
4. In the settlement and rehabilitation programme the NGO's have a catalytic role to play. NGOs can really create resistance and help. In both the formulation and implementation of the resettlement programme.
5. Projects displaying the tribal people should aim at creating adequate employment opportunities without endangering the geo-ecological balance of the region. These projects should be adequately supported by provision of forward and backward linkage.

6. Tribal people as the citizens of India need no charity, but fair share in development. No development need be done in tribal areas if that particular development project does not provide for adequate compensation for those who would be displaced by the said project. The tribals can be partners in the process of development, if their interests are protected.

CONCLUSION :

Development induced displacements are not only painful but also unbearable. They affect the disadvantaged sections especially the tribals most adversely. So rehabilitation and resettlement packages should be properly devised from humanitarian perspective. Displacement is basically a human problem which affects the life process of the displaced population not only economically but also in social and cultural spheres. Hence it should be handled carefully and its successful implementation depends on the organization implementing it and cooperation of recipients accepting the policy.

In this context, it will be unjust if we fail to mention the displacement scenario of the Hirakud dam, the largest artificial lake in Asia, with its reservoir spreading over 743 square kms at full reservoir level. The dam has been constructed to provide irrigation and generate power. Besides these two objectives, flood control and protection of coastal Orissa dominated the construction of this large project in the backward region of Orissa.

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Displacement : The Darker Side of Development

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&

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Introduction :

The inherent characteristic associated with any developmental process is change of ideas, value system mode of production and technique of production. In this process of development, the world scenario has never been uniform in all countries. The degree of development also varies within the country and state as well. The process of developmental activities in developed as well as developing countries has been characterized by two aspects of economic and human behavior of the countries concerned— one is the positive aspect leading the economy on the path of development through exploitation and exploration of natural resources . This helps in raising the standard of living of the people at large. The other is the negative or the darker one leading to suffering, misery, economic degradation and displacement inflicted on a section of the human civilization through the process of economic development.

In this context, it will be unjust if we fail to mention the displacement scenario of the Hirakud dam, the largest artificial lake in Asia, with its reservoir spreading over 743 square kms at full reservoir level. The dam has been constructed to provide irrigation and generate power. Besides these two objectives, flood control and protection of coastal Orissa dominated the construction of this large project in the backward region of Orissa.

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This project has been built over the tears of 18000 families who were displaced from the most fertile track of western Orissa. A total of 22,144 families with a population of about 1.1 lakh to 1.6 lakhs spreading over 249 villages in the then Sambalpur district, Orissa and 36 villages of Raigarh district of Chhatisgarh have been affected due to its reservoir. The exact number of displaced/affected people of this project is yet to be ascertained correctly. Out of the several issues attached to this mega project the problem of displacement attracted little attention of the planners. On the altar of development large numbers of people have sacrificed their land, home and a lot more including economic and social deprivation and degradation.

In calculating the benefit-cost ratio of projects the social costs are usually underestimated. Had it been calculated properly most of the projects would not have qualified for construction. Recently the industrial use of Hirakud's water has added a new feather to the crisis arising due to unbridle industrialization in the state.

Another post independent euphoria of sacrifice was the construction of Bhakra dam across the river Sutlej in Punjab .It displaced 7206 families from 371 villages and affected 36,000 persons. Even today 50 years after their displacement they are still struggling to put their lives back on line. The entire economic and social structure of the population of the area was completely disrupted with displacement. Long arduous years were spent trying to scrap up enough for minimum sustenance.

Magnitude of Displacement :

Among the development induced displacement, the hydro projects top the list, followed by mines, industries and others. An attempt has been made to show industrial displacement of a few selected industries below.

Magnitude of Displacement and Acquisition of land due to establishment of some industrial projects in India.

Name of Projects	No. of Villages Affected	No. of Families Displaced	No. of Persons Displaced	Total Land Acquired
BALCO	16	1245	6238	— (in hac.)
Bokaro Steel Plant	—	12487	68700	12442

Bhilai Steel Plant	—	5703	31300	13500
Durgapur Steel Plant	—	2150	11800	6633
HAL	10	468	—	3764
HEC	25	2198	12990	3725
Rourkela Steel Plant	30	4251	23400	13185
NALCO	19	788	3104	3444
National Test Range	130	11609	70102	10121
TISCO	18	—	—	6806
Vizag Steel Plant	37	14000	—	10814
Aditya Aluminium	11	444	—	—
Bhusan Steel	03	164	—	—
IB Thermal Power Station	02	147	—	—

Source : Reddy, 1992, P 176 and Other Official Records, 2007.

The above table shows cases of displacement for a few public sector industries and private industries established during the pre and post reform periods. With the adoption of New Economic Policy since 1991, the domestic private sector and multinationals have assumed the role of industrializing the state mainly through the mineral based industries rather than through any value additive industries.

The POSCO at Paradeep is going to affect more than 4500 families. So also the other groups such as Bhusan, Vedanta, Aditya Birla, Sterlite, Tata are going to add more to displacement through their mining and industrial operation in the district of Koraput, Kalahandi, Sambalpur, Jharsuguda, Keonjhar, Jagatsingpur and others. So the era of liberalization is going to see more of displacement in future.

People's Voice :

Displacement induces the affected people to voice against displacement on account of several factors, like disruption of economic and social fabric, inadequate and improper resettlement and rehabilitation measures and denial of project benefit to the displaced people. Sacrifice and pains, and the real cost undertaken by the displaced persons are

neither recognized by the society nor even by the beneficiaries of the project concerned. In addition to this the increasing awareness among the affected people encourages them to take part in such movement. The movement may be non-violent or violent, passive or active. "It has been an observed fact that the project authorities and the displaced have no economic compulsion to "work together". There is no established framework for negotiations between them and the authorities. The result is that the project authorities refuse to have anything to do with the oustees organization.

The Tata in Kalinga Nagar did not have the environmental clearance when land acquisition was done and during the course of which firing took place, Bhusan steel does not have the required Gram Sabha resolution but is going in for construction illegally. Sterlite in Jharsuguda and POSCO in Paradeep, Jagatsingpur district organized then mandatory public hearings in the presence of heavy armed police, which is illegal and inhibits opposition to the projects, These are completely in violation of the state's own procedure and existing law. A recently released report of the people's tribunal on Nandigram has described the police firing and killings of March 14 in Nandigram as nothing less than a "state sponsored massacre". The report of the people's tribunal, headed by Justice S.N. Bhargava, a former Chief Justice of Sikkim High Court however finds, there was unprovoked, indiscriminate firing without sufficient warning and without following the established procedure in accordance with law against a peaceful religious and lawful gathering of mostly women and children from Nandigram. The report names 14 people, including two women, who were killed by police and one person who was missing. Further, it describes the unsavoury collusion between the government agencies and the ruling CPI (M) party. Thus the motive behind this massacre seems to be the ruling party's wish to "to teach a lesson" to the poor villagers in Nandigram by terrorizing them for opposing the proposed Special Economic Zone (SEZ) project. (Chaudhuri and Sivaraman, 2007, P-4103)

Thus the growing euphoria on the part of the state to create more mineral based industries in the state is going to witness the ugly face of development induced displacement scenario in the days to come.

Impact of Displacement :

The widespread impact of displacement of the displaced people is largely negative. The environment too goes unheeded: The economic structure of the displaced people collapses. Social structure crumbles down and the habitants turn refugees overnight in their own habitats. The project displacing people from their habitats, land, and occupation often shows highly disproportionate and inequitable benefits to those uprooted. Based on the issues of resettlement Prof. Michel M. Cernea has evolved eight major impoverishment risk factors arising out of displacement. These are (i) landlessness, (ii) joblessness, (iii) homelessness, (iv) marginalization, (v) food insecurity, (vi) increase in morbidity and mortality, (vii) loss of access to common property and (viii) social disarticulation. Other risks like the risk of education/risk in shift of occupation and risk of loss of livestock may also be added.

The net effect of lopsided development upon the displaced people has not only been impoverishment at the social and economic level but also lead to disempowerment in political sphere. To quote Cernea again, "Expropriation of land removes the main foundation upon which people's productive systems, commercial activities livelihoods are constructed. This is the principal form of de capital is at ion and pauperization for most rural and many urban displaces, who lose this way both natural and man-made capital". (Cernea: 1999, p17)

The concept of SEZ has become the special exploitation zone and there is growing 'development terrorism' in the name of industrialization, in the name of higher growth rate and globalization. It is also asserted that the idea of SEZ has come to symbolize the obnoxious face of post liberal phase of economic development. What we have in India today, is not capitalist competing against one another for state government project, but state governments competing against one another for attracting capitalists. The Tata want land at Singur, nowhere else, if they don't, get it they threaten to go to Uttarakhand. (Patnaik, 2007, P1894).

Thus the issues of displacement and environmental degradation will continue as the darker side of industrialization and to which the planner, politicians and capitalists are yet to address properly, even in the 21st century.

Policy Towards Displacement :

To carry out this process of expropriation the state is well equipped with a set of colonial law called the Land Acquisition Act (LAA) 1894, as amended in 1984.

Till now with minor amendments this Act is being followed by the State as well as Government of India in the matter of land acquisition and distribution of compensation to the oustees.

The Orissa R&R policy 2006, is a comprehensive one and shall apply to all projects for which private land has been acquired under LAA, 1894 as well as for which land is acquired through negotiation under the policy. This policy provides a better deal to the displaced in comparison to earlier policies. However, certain areas of concern still prevails e.g. the involvement of intermediaries like IDCO & IPCOL has raised various questions. It is said that the tribals were paid Rs.22000/- to 37000/- per acre by the Industrial Development Corporation of Orissa, which it sold to TATA at Rs.3/- to 3.5 lakhs per acre. The displaced tribals feel that the said compensation paid to them was below the current market price. (Sahoo: 2006, p, 134) Let the land of Orissa be not hijacked by the corporate world to serve their vested interest.

There is a gross difference in the price paid to land in Orissa and neighboring states. The price of land in West Bengal is Rs.8 to 12 lakh for one acre, in Maharastra, Karnatak, and Gujrat it is Rs.10 to 12 lakh per acre. And in Punjab, Haryana it is more than Rs.15 lakh per acre, whereas in Orissa it ranges from Rs.25000 to 2 lakh. This needs consideration for revision in upward direction.

Here a question arises, why the displaced people will be dealt through a policy which is not enforceable. How long their sacrifice will be out of the orbit of law ? Let the policy be given a legal status by the Government so that these provisions will have a legal dress. Their sacrifice will get at least a legal status independence.

Conclusion and Policy Prescription :

Although the industrial projects have the potentiality to lead the economy to a high level through production of various capital and consumer goods, creation of economic infrastructure, market enlargement, enriching the balance of payment through export and many other benefits, but the issue of displacement and environment should

not be neglected at all. To achieve sustainable development there is the need to deal displacement and environment properly.

- Displacement should be avoided or to be as minimum as possible.
- The fertile land and populated areas should be out of the industrial establishment.
- Barren land needs to be selected for industries, to meet the above stated objectives.
- The displaced people should be provided with the replacement cost of land rather than market determined price for the acquired land.
- Resettlement and Rehabilitation measures need to precede the construction of projects.
- Education and training must be imparted to the affected population before the commencement of the industries so as to prevent hijack of jobs and other benefits by the outsiders.
- A proper socio-economic survey is a prerequisite to carry out proper R&R operation.
- A time bound measure need to be adopted to achieve an all-round development of the affected area.
- Above all a corruption free administrative mechanism is highly necessary to percolate the desire economic and social benefits to the bottom of the society.
- The industrial units should allot share to the affected people so as to maintain a regular source of income.
- A participatory R&R is more helpful than an imposed measure.

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Development, Displacement and Rehabilitation in Orissa : A Case Study of Keonjhar District

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Economic growth is an instrumental factor to foster the tempo of economic development. It is true that the process of economic development gets accelerated by means of industrialisation because industrialisation promotes higher output, higher employment and higher income. But unfortunately, industrialisation inevitably involves displacement and rehabilitation of the affected people of project plant area.

What is Displacement ?

This is a pre-requisite condition for industrialisation in a developing economy. The problem of displacement arises when it is decided to set up a new plant or project in a habitated area either by public sector or private sector. In recent years, globalisation as a part of New Economic Reforms, welcomes the entry of foreign technology, foreign investment and foreign companies. POSCO (Pohang Steel Company in Orissa) for example is one of the instances of creating problem of displacement and rehabilitation for the people of Paradeep area of Jagatsinghpur district. These are the two worrisome aspects entangled with large scale industries.

The problem of displacement becomes acute since the government's policy is not attractive for the affected mass. People are emotionally so attached to their village life, agricultural land and profession, that they are not ready to hand over their land and houses inherited from their ancestors which they have been enjoying for ages.

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What is Rehabilitation ?

Rehabilitation and displacement are co-related concepts. It becomes a problem for the displaced people. This is an enigma, comes after displacement. People of the project plant area are not satisfied with the package or compensation given to them by the government or company concerned. Sudden social change as an outcome of industrial development is not being accepted to them. Like farming, regular source of income is to be generated.

Problem of displacement and rehabilitation in the district of Keonjhar :

Keonjhar is a tribal dominated district of Orissa. According to 2001 census, tribals constitute 44.51% of total population. Out of 13 C.D. blocks, 10 number of blocks are I.T.D.A. blocks, leaving Anandapur, Ghasipura and Hatidihi blocks. Tribals in general and primitive tribes (Bhuyan and Juang) in particular prefer to habitat in forest areas or vicinity to the forest locality. They collect sal leaves, forest products etc. and sustain their lives. Most of them depend upon agriculture and sometimes adopt shifting cultivation. (Poddu cultivation)

Large size mineral based industries (TISCO, Tata Sponge Iron Ltd., Jindal Steel Company etc.) have grown up rapidly after 1990s in Joda and Barbil areas by acquiring the agricultural land of tribals and forest areas of government. These have generated the problem of displacement and discontentment for rehabilitation, which can change their real habitat management. Industrialisation has adversely affected their social lives. These companies acquire the land by giving false assurance of employment to majority of the local people and do not take steps sincerely for proper rehabilitation to the displaced people. As a result, agitation, strike, road blockade have become regular common phenomena in the district and normal life has almost been paralysed.

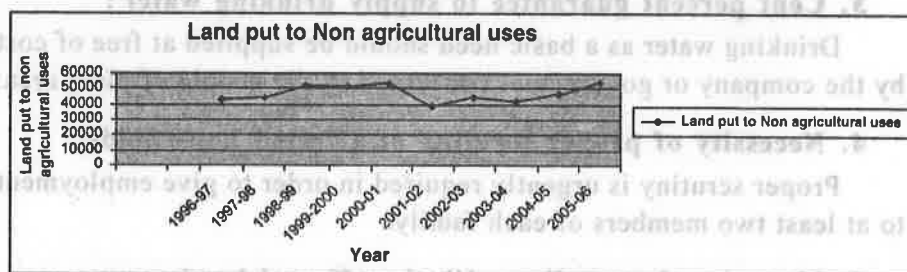
The supply of agricultural land is getting reduced as industrialisation goes on ahead in the farm land. Supply of locally produced vegetables, paddy, maize etc. have decreased substantially in mining areas. Tribal people do not find their staple food (*Handia*) for consumption. Hence, the question of food availability and food security arises resulting from industrialisation and transformation of land from agricultural use to non-agricultural use. A table and a graph are given below to display the land put to non-agricultural uses in the district.

Table-1
LAND PUT TO NON-AGRICULTURAL USES (IN HECT.)
IN THE HPT OF KEONJHAR

Sl.No.	Year	Land put to Non-agricultural Uses
1	2	3
1.	1996-97	43373
2.	1997-98	44615
3.	1998-99	51961
4.	1999-2000	52033
5.	2000-01	53121
6.	2001-02	39063
7.	2002-03	44739
8.	2003-04	42502
9.	2004-05	47112
10.	2005-06	54109

Source: District Statistical Hand Book. (Compiled)

During the year 1996-97, land put to non-agricultural uses was 43373 hectares. It raised upto 53121 hectares and highest in the year 2000-01. The increasing trend of transformation of land from agricultural uses to non- agricultural uses is quite alarming. In the year 2001-02, the conversion of land to non- agricultural uses is the lowest, i.e. 39063 hectares. Hence the land use pattern in this context is erratic in nature.



Mittal Steel Company, Sterilite Steel Co, Uttam Galva Steels Ltd. are the new entrants for the district. They are facing a lot of problems towards land acquisition under the area of Patna and Keonjhar Sadar

Tahsil. Most of the land is occupied by the tribals and they are the legal owners of the land. Permanent Patta have also been issued in favour of them. Mittal Company demands to possess 10,000 acres of land for the construction of its steel plant, power plant, administrative building and staff quarters. Government of Orissa have given consent while signing the M.O.U. (Memorandum of Understanding) to provide 6000 acres of land which are under its disposal. Now the problem arises for the rest of the 4000 acres of land. The people of the villages such as Baunsuli, Jamunaposi, Nuakhman, Raikala, Childa, Barudiposi are to be displaced and rehabilitated. Around 40% of the inhabitants of these villages belong to Saunti, Gonda and Kollaha community who are supposed to be very conservative and dogmatic in their attitude. They are very much attached to the rural life and depend completely upon farming.

Under this backdrop, different policy suggestions are put forth below to redress the problem of industrialisation, displacement and rehabilitation.

1. Infrastructural Development in the periphery :

Infrastructural development is necessitated in the periphery of project plant area. Well developed pucca roads, drainage system, construction of school building, health centres must be given due importance to check the unrestness of displaced people. These developmental works should be completed within a targeted period.

2. Hike of Financial Package :

Financial package as a token of compensation must be hiked. At least 20 lakh of rupees be given to each affected families.

3. Cent percent guarantee to supply drinking water :

Drinking water as a basic need should be supplied at free of cost by the company or government concerned to the people of plant area.

4. Necessity of proper scrutiny of affected households :

Proper scrutiny is urgently required in order to give employment to at least two members of each family.

5. Mutual understanding with the affected local mass :

In addition to government clearance, the company should create healthy mutual understanding with the displaced people regarding the land acquisition or construction of boundary wall.

6. Avoidance of deliberate delay towards the payment of compensation :

There is a growing sense of fear among the people to be displaced regarding receiving of compensation. It is observed, till now the displaced families for the construction of Rengali Dam and Hirakud Dam have not yet received the due compensation. So the wilful delay towards the payment of compensation must be stopped.

7. Adoption of Labour Intensive Technique :

Since our state and country as a whole is a labour surplus economy, the company must undergo with labour intensive techniques to give gainful employment opportunity to the unemployed people of local areas.

8. Training to Unskilled Labourers :

From time to time training should be imparted to the unskilled labourers. As a result, there will certainly be a great change in the work environment. Change of work design will again stimulate to work further with renewed zeal and vigour.

9. Financial Assistance for Higher education :

Financial help must be extended to the displaced families' children for higher education. Merit scholarship should be sanctioned in each year to meritorious students of the schools and colleges.

10. Facilities of fair price shop :

Initiatives must be taken by the authorities to open at least two fair price shops in each affected rehabilitated villages where necessary consumer goods can be sold at a reasonable price to check exploitation from unscrupulous sellers.

11. Cleanliness of polluted river water :

The water of the river gets polluted which flows across the plant. The company should take steps at regular intervals to clean the river water in order to save the people from skin diseases and other epidemic diseases.

Thus, the process of industrialisation necessarily should be accompanied with proper displacement and rehabilitation. Policy frame work in this context again should be reviewed at government level.

Displacement and Resettlement A Case Study of Gopalpur (Orissa)

Kartik C. Dash*

Due to the process of liberalization and privatization in India since 1991, establishment of processing and manufacturing industries even in the core sector like steel and power, etc., at present, are allowed in the private sector. Taking advantage of this trend, TISCO planned to install a second steel plant. Since there was no satisfactory increase in demand for steel inside India in 1990s, export-based steel plant near a port was emphasized upon. So, TISCO selected Gopalpur in Ganjam district of Orissa out of 18 sites in the country as it is a small natural port which can be developed later on, though there is no availability of raw materials for a steel plant in the district.

Over the last few decades, the leading political parties of Orissa have been propagating the idea that a second steel plant will solve the problem of underdevelopment and unemployment in the state. So, the demand for a second steel plant in Orissa dominated the slogan of almost every political party in the state. Many movements were launched for a steel plant in the state either at Banai, or Daitari or at Paradeep. The Resolution has been passed in the state legislature to this effect. So, there was a mental set-up in the state for the steel plant. The employment of around 35,000 persons in the initial stage of the first steel plant in the state, at Rourkela encouraged the people of the state to demand for a second steel plant.

I. TISCO Gopalpur project for steel plant :

Memorandum of Understandings was signed by the government of Orissa with 13 small and mega steel plants of a total capacity of 24.05 million tonnes with a capital investment of Rs.40,919 crore by 1996. TISCO Gopalpur project was one of them. The proposed site is

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by the side of NH-5 connecting Kolkata and Chennai and 12 kms east of Berhampur. TISCO had a plan to install a steel plant with a capacity of 121 lakh tonnes in three stages to produce hot and cold rolled stripes of international standard and quality, mainly for export. As per the original plan, the first stage with an investment of Rs.9,300 crore, and with a capacity of 25 lakh tonnes was to be completed by 2002. According to TISCO, due to establishment of the plant only, around 2,083 families of seven revenue villages were to be displaced locally.

For every 10 lakh tonne production capacity of TISCO Gopalpur project, only one thousand persons were to be employed. So, it was claimed that in the first stage of production of 25 lakh tonne capacity per annum, only 2,500, and in the final stage, 10,000 persons would be given direct employment. The direct employment opportunity was very limited since TISCO Gopalpur project was to be fully automatic and semi-robotic. Moreover, the possibility of employment of unskilled manpower was nil since only engineers and skilled workers were to be employed in the project. It is to be pointed out that there were 13 categories of employees in TISCO Jamshedpur plant, but there was plan to have only three categories of employees in TISCO Gopalpur project. There was no possibility of direct employment in the company's service sector like education, health, sanitary, maintenance, repair, etc., which was to be on the contract basis to private institutions.

Whatever little direct employment opportunities were there for engineers and skilled workers there was no scope for additional employment since it was almost thought of replacing Oriya staff of TISCO from Jamshedpur to Gopalpur. Of course, TISCO promised to provide special training to candidates above matriculate from the displaced families to join the plant since the lowest rank employees in the plant were to be ITI trainees. At that time, TISCO claimed that 185 trainees were sent to a technical institute in Jamshedpur for training and development of skill.

TISCO also claimed that employment was to be available to local people in the ancillary industries but no clear policy was announced by the project authority in this respect. Though direct and indirect linkage effects, both forward and backward, of a steel plant, are higher than that of an aluminum plant (Samal: 1994), the linkages of the proposed TISCO Gopalpur project in Orissa would have been very similar to that

of NALCO, since both are export-oriented units having no significant linkage effects inside the state or in local periphery, except a little boost to trading activities due to demand emanating from the income of the employees. Therefore, there was little possibility of any dramatic development of ancillary industries around TISCO Gopalpur project. Thus, the employment opportunities in ancillary industries of the proposed steel plant at Gopalpur by TISCO were not sufficient in order to directly accommodate the displaced persons.

As per the TISCO's Report, there would have been local displacement of people from (i) seven villages for the plant site, (ii) two villages for resettlement and rehabilitation site, and (iii) two more villages for township. The land from four villages of the locality and one village which is in Berhampur town area was to be acquired without displacement. A total area of 7,346 acres of land was to be acquired by TISCO Gopalpur project out of which 5,946 acres are private land and 1,400 acres government land. In the first stage, only few acres of private land of mostly absentee landlords who were traders/*sahukars* in Berhampur town, in Siddhigaon village, were acquired by the government without consulting the sharecroppers, besides acquiring around 1,000 acres of government land. These traders were most vocal supporters of the project due to their self-interest.

It was reported that around 82 per cent of the residents of the potential affected areas were engaged in agriculture. Fifty six per cent of these people engaged in agriculture were landowners and others were landless labourers. The people in the area speak Telgu and Oriya. The peculiarity of the area is growth of one variety of *Keora* from which *attar* is extracted.

TISCO's R & R Policy :

According to TISCO, around 16,161 persons (1991 census) from 11 revenue villages inhabiting in around 9,500 acres of land were to be displaced, and resettled in an area of only 540 acres of land near Sitapali and Luhajhar. TISCo assured electricity, water supply, grazing land, etc., at resettlement and rehabilitation site. But Galla Sangrama Samiti (GSS) claimed that around 25,000 people from 25 villages were to be displaced.

TISCO declared that 'project affected persons who have lost their land' would get various benefits. The compensation for acquisition of

land was fixed at the price which was 30 per cent higher than the market rate. In some cases, the cash compensation of one a lakh rupees is paid per acre. The other facilities were: (i) imparting training, skill development and evaluation of employment facilities in future, and (ii) *ex-gratia* payment of Rs.30,000 to the poor people (Tata Steel: 1996). Besides the above-mentioned facilities to the 'displaced persons who have lost their land', every displaced family would get some benefits which were very minor.

Only a meagre amount of Rs.170 crore was earmarked to spend for compensation, rehabilitation and resettlement of the displaced persons. It was also impossible to construct a dwelling house with Rs.30,000 only. On the other hand, TISCO did not give any guarantee for jobs for the displaced persons on a priority basis, since employment in the proposed plant was based strictly on qualification. However, notwithstanding the reduced potential for employment and linkages of contemporary export-oriented steel plant, the local people were not opposed to a steel plant in Ganjam district, if only TISCO moved a few kms. away and spares the present site.

Alternative Site :

The alternative site consisting of 6,000 acres of land, for the proposed steel plant, is Chandipadar, between Jaganathpur and Purushottampur. The number of people displaced would have been less than half of the number was to be displaced from the original site. The loss of cultivable land would have been far less, since most of the land in the alternative site are barrel. But to TISCO, the economies of port-based steel plant would not accrue if it was to shift 12 kms away from the Gopalpur port.

Conclusion :

Thus, the local people were not against the proposed steel plant but against the plant at the present site. They wanted the plant at an alternative site nearby. The successful agitation against TISCO Gopalpur project shows that affected people were united to fight against the attack on their livelihood forgetting their linguistic, caste and other social differences. Second, though the affected people were against the proposed giant steel plant at their area, they were not against

Self Help Groups And Women Empowerment : A Case Study of Jajpur District

Dr. Bandana Pathak*

ABSTRACT

Empowerment of women involves many things, economic opportunity, property rights, political representation, social equality, personal rights and so on. The empowerment process is one where women find a time and space of their own and begin to re-examine their lives critically and collectively and self help group is one of the process where women could sit collectively to look at old problems in news ways, analyse their environment and situation, recognize their strength and skill, so that they will assert themselves and enjoy rights, change their lives and bring transformation in the society. It is a fact that economic independence is not sufficient, social recognition and decision making power particularly in family matters, will lead to true empowerment. To achieve this women should change their attitude and society should respect them as human beings.

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LIST OF PRESIDENTS

<u>Year</u>	<u>Host</u>	<u>Venue</u>	<u>President</u>
1968	Ravenshaw College	Cuttack	Prof. Sadasiv Misra
1969	Dhenkanal College	Dhenkanal	Prof. Devendra Ch. Misra
1970	Khallikote College	Berhampur	Prof. Bidyadhar Mishra
1971	Utkal University	Vani Vihar	Prof. Baidyanath Misra
1972	Bhadrak College	Bhadrak	Dr. Chakradhar Mishra
1973	Panchayat College	Bargarh	Prof. R.C. Patnaik
1974	O.U.A.T.	Bhubaneswar	Prof. S.P. Gupta
1975	Kendrapara College	Kendrapara	Prof. H.K. Mishra
1976	S.C.S. College	Puri	Prof. Devendra Ch. Misra
1977	Nimapada College	Konark	Dr. S. Tripathy
1978	Berhampur University	Bhaja Vihar	Prof. Nilakanth Rath
1979	Utkal University	Vani Vihar	Prof. K. Kanugo
1980	G.M. College	Sambalpur	Prof. Pravat Ku. Patnaik
1981	O.U.A.T.	Bhubaneswar	Prof. Dayanidhi Mohapatra
1982	Municipal College	Rourkela	Prof. Bibekanada Das
1983	Ravenshaw College	Cuttack	Prof. Ghanshyam Das
1984	Berhampur University	Bhanja Vihar	Prof. Basudev Sahoo
1985	Vikram Deb College	Jeypore	Prof. Santan Mohanty
1986	Banki College	Banki	Prof. B.C. Parida
1987	Kendrapara College	Kendrapara	Prof. Benudhar Bhuyan
1988	S.C.S. College	Puri	Prof. Gyana Chandra Kar
1989	M.P.C. College	Baripada	Prof. N.P. Patro
1990	Not Held	—	—
1991	Utkal University	Vani Vihar	Prof. Khetra Mohan Patnaik
1992	Sambalpur University	Jyoti Vihar	Prof. Trilochan Satpathy

<u>Year</u>	<u>Host</u>	<u>Venue</u>	<u>President</u>
1993	Ravenshaw College	Cuttack	Prof. Surendra Nath Mishra
1994	B.B.Mahavidyalay	Chandikhol	Prof. Adwait Ku. Mohanty
1995	P.N.College	Khurda	Prof. Benudhar Mishra
1996	Paradip College	Paradip	Prof. Gajendra Nath Das
1997	Municipal College	Rourkela	Prof. Jyoti Prakash Patnaik
1998	Govt. Women's College	Keonjhar	Prof. Ajit Ku. Mitra
1999	Talcher College	Talcher	Prof. Binayak Rath
2000	Govt. Women's College	Sambalpur	Prof. Satya P.Das
2001	D.A.V.College	Koraput	Prof. Kumar B.Das
2002	Bhadrak College	Bhadrak	Prof. Bhabani P.Dash
2003	S.V.M. College	Jagatsinghpur	Prof. R.P.Sarma
2004	NCDS	Bhubaneswar	Prof. S.N.Mishra
2005	Christ College	Cuttack	Prof. N.B. Pradhan
2006	F.M. College	Balasore	Prof. R.M. Mallick
2007	U.N.S. College	Mugapal	Prof. Bedabati Mohanty
2008	Kendrapara College	Kendrapara	Prof. Kishore C. Samal
2009	Utkal University	Vani Vihar	Prof. R.K. Panda

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