

A REGIONAL ANALYSIS OF INCOME DISPARITY OF SELF HELP GROUPS IN MAHARASHTRA

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Abstract: *Over the last two decades, Self Help Groups in India have emerged as a major institutional framework in achieving Inclusive Growth by extending micro finance to poor for self-employment activities. Women membership in the formation of SHGs gathered momentum after success stories of the Groups in the southern States of the country. Despite lopsided growth of SHGs across the country, Maharashtra has been considered as one of the states where reasonable contribution is made by SHGs in generating stable income and in building skills in women through creation of self-employment. . Self Help Group enables the members to save, setup and expand credit fund consisting of savings so that members can initiate income generating activities. It also enables the members to acquire assets. In the light of the above, an attempt is made in this paper to underline the potentiality of SHGs towards inclusive growth in Maharashtra by analyzing the differences in income generation of Self Help Group members before and after joining the Group. The paper examines the economic growth of women members after joining Self Help Group on the basis of variable of income in Maharashtra. Primary data were used for the study by selecting 1000 samples from all five administrative regions of Maharashtra. The findings, using the statistical tool of Gini Coefficient, reveals that those women who joined SHG showed improvement in their income. It is observed that SHGs play an important role in achieving regional growth and income generation in the Maharashtra. This paper suggests that SHG helps for the betterment of life of women particularly in the weaker section of the society.*

Index Terms: *Self Help Groups, Micro Finance, income generation, regional analysis*

Introduction

Balanced regional growth is necessary for the harmonious development of a Federal State like India. India, however, presents a picture of wide regional variations, in terms of such indicators of economic growth as per capita income, the proportion of population living below poverty line, working population in agriculture, the percentage of urban population to total population, proportion of members achieving income stability through employment opportunities in Self Help Groups etc. Relatively speaking, some States are economically advanced while others are relatively backward. Even within each State, some regions are more developed while others are almost primitive. The present study analyses the position of SHG members in different administrative regions of Maharashtra State.

History of SHGs in India: Micro-finance has emerged as a powerful instrument in the new economy since India adopted the Bangladesh's Grameen model in a modified form of Self Help Groups to alleviate poverty and to empower the women in the nation. Self-Help Groups (SHGs) and Credit Management Groups in India have grown with the availability of micro finance through Government support since 90's and thus the movement of SHGs has spread out across the nation. The aim of these agencies has been to bestow social empowerment to women. The banks are the predominant agencies for delivery of micro-credit in the nation.

In 1970, Ihaben Bhat, founder of 'SEWA' (Self Employed Women's Association) in Ahmedabad, developed a concept of 'women and micro-finance'. The Annapurna Mahila Mandal in Maharashtra and 'Working Women's Forum' in Tamilnadu and many other groups sponsored by National Bank for Agriculture and Rural Development (NABARD) have followed the path laid down by 'SEWA'. Since 1987 'Mysore Resettlement and Development and Agency' (MYRADA) has promoted Credit Management Groups (CMGs). CMGs are similar to Self-Help Groups. The Basic features of the concept promoted by MYRADA have been: 1) Affinity, 2) Voluntarism, 3) Homogeneity and 4) Membership should be limited to 15-20 persons. In 1991-92 NABARD started promoting Self-Help Groups on a large scale and it was the real take-off point for the 'SHG movement'. In 1993, the Reserve Bank of India also allowed SHGs to open saving accounts in banks. Facility of availing bank services was a major boost to the movement. The movement of SHG was nourished in the states of Gujarat, Maharashtra, Andhra Pradesh, Rajasthan, Tamilnadu and Kerala. Now nearly 560 banks including NABARD, Bank of Maharashtra, State Bank of India, Co-operative Banks, Regional rural banks, the Government institutions like Maharashtra Arthik Vikas Mahamandal (MAVIM), District Rural Development Agency (DRDA), Municipal Corporations and more than 3,024 NGOs have been collectively and actively involved in the promotion of SHG movement.

In case of the Maharashtra, the concept of SHG was not new to the State. Beginning with a tiny amount of only 25 paise, the women of Maharashtra from Amaravati District had established one SHG long back in 1947. Further in 1988, 'Chaitnya' Gramin Mahila Bal Yuvak Sanstha started promoting SHGs in Pune District, informally. Chaitanya is one of the pioneers of community based micro-finance institutions in Maharashtra, India. Initially SHGs came together to form an informal association and was later registered as a charitable society. Chaitanya has facilitated the setting up of fifteen federations in seven districts of Maharashtra; eight federations in Pune district, one federation each in Ahmednagar, Nashik, Satara, Sangali and Nandurbar districts, and two federations in Dhule district. In addition, it has initiated the formation of SHG-Federation framework across 9 blocks in six districts of Vidharbha (north eastern Maharashtra) region infamous for its agrarian distress. In Southern part of India, 'SADHAN', DHAN foundation and 'ASA' worked to promote SHGs. But their thrust was on economic aspects only. Whereas in Maharashtra, the NGOs not only have catered to the economic needs of the participants, but also involved in the process of social development.

Review of literature

A number of microscopic studies were conducted in southern States about women empowerment through SHGs though not many from Maharashtra. Charan, C.(2013) in his article published on "Micro Finance in India: Rural Development and Poverty Alleviation" pointed out that providing self-employment opportunities to the poor in general and women in particular through credit-based programme is one of the strategies for poverty alleviation in India.

Kappa, K.(2014).studied the women empowerment through SHG in the Gajwel village of Medak district in Andhra Pradesh and has found that SHG members with learning from the past experience have been walking through the present and marching ahead for bright future.

Sreelakshmi, (2017), conducted study in Tamilnadu and found that financial inclusion refers to the delivery of financial services at affordable costs to low income segments of society. She underlined that Government of India has instituted various schemes and programs to ensure financial inclusion and financial inclusion measures benefits individuals and households, and well-functioning financial systems benefit the whole economy.

Lalitha, N. (2015) stated that SHGs have to simultaneously achieve the twin objectives of quantity and sustainability. Her definition of Sustainability includes several things to different stakeholders – sustainability at the group level, sustainability at the borrower level, operational sustainability, financial sustainability and sustainability of micro enterprises.

Saravanan, S. (2016) has pointed out that Social, economic and political status of women in rural areas remains very low. Microfinance Programme according to him has been introduced for poor of the society targeting especially the women. This study assesses the impact of microfinance on poverty, employment and empowerment of women in Tiruvallur District, Tamil Nadu. The results of the study showed that microfinance programme has empowered women economically, socially, psychologically and politically. It is also found that the mature group participants are more empowered as compared to the young and middle age group participants.

As most of these studies were conducted with samples drawn from Andhra Pradesh and Tamilnadu, an exercise about economic empowerment by SHG in Maharashtra has been carried out by studying income generation of SHGs in all five administrative regions of Maharashtra.

Statement of the Problem

Maharashtra state has been one of the pioneering states for micro finance culture since last many decades in the country. On the one hand, the number of Self Help Groups has been increasing but it does not seem to establish a substantial economic growth and their stability in the regions of the state. The economically backward states like Marathwada and Vidarbha have been at the backseat of the development process since the establishment of this state. It has reflected also in the economic expansion of the SHGs in these regions of the state. Therefore, there is a need of deliberate efforts to answer the question like whether SHG is an ideal and easily formed set up for the upliftment of poor, whether SHGs lead to increase in income generation of its members, why poor regions are lagging behind in the SHG movement and why developed regions have not attained the economic stability among the SHGs since many years? The specific purpose of this study is to analyze the economic growth of SHGs during the decade or so to study the economic stability of SHGs in Maharashtra.

Objectives of the Study

- 1) To examine the regional disparity in income generation by Self-Help Groups in Maharashtra.
- 2) To explore link if any between SHG income generation and growth of region in Maharashtra
- 3) To suggest measures to enhance the growth prospects of SHGs in the state and in its regions.

Hypotheses of the study

1. The level of regional disparity in the economic growth through income generation of SHGs has increased
2. SHGs in the backward regions of the state have lagged behind in the income generation.

Methodology

The paper is based on primary data. Primary data were collected through well structure questionnaire to investigate the improvement in the financial positions of SHG women members in Maharashtra. Details from a Stratified random sample of 1000 respondents from five administrative regions of Maharashtra i.e. Western Maharashtra, North Maharashtra, Vidarbha, Konkan, and Marathwada have been collected. In order to have greater representativeness of the population, from each regions one district i.e. Solapur, Nasik, Nagpur, Thane, and Nanded respectively has been selected. In order to ascertain stability in income, only those SHGs which have existence of more than five years during the period from 2005 to 2015 were included in the sample. Personal interviews, scheduled questionnaire and focused group discussions were used for data collection. Data was tabulated and analyzed with the help of SPSS statistical package using appropriate statistical techniques. Measure of dispersion is the statistical tool used to analyse differences in income level of members before and after joining SHG.

Statistical Technique for Data Analysis

Choice of statistical tools for data analysis depends on the objectives of the study. The main objectives of the study are to examine the income generation of SHG members in different regions of Maharashtra after joining the SHG. Hence the area under Lorenz curve and Gini-Coefficient test are used for examining the regional disparities in income generation of SHG members across Maharashtra.

Data Analysis

In order to identify inequality between regions, area under Lorenz curve is taken into consideration. The area under the Lorenz Curve (the actual distribution of income curve) shows the proportion of income earned by any given percentage of the population. The line at the 45° angle shows perfectly equal income distribution, the further away from the diagonal, the more unequal the size of distribution of income. The Gini coefficient, derived from Lorenz curve, as the statistical tool used to analyse the data, enabled the researcher to specifically analyse the comparative increase in income over period of time in each region individually without considering difference in income level between the regions during the two time period. The comparison has become more meaningful as populations are measured with consistent definitions. The interpretation of data is on the basis of the premises that more bowed out a Lorenz Curve; the higher is the inequality of income in the region. The range of Gini's coefficient is from 0 to 1. If coefficient is 0 then it indicates complete equality. If coefficient is 1 then it indicates

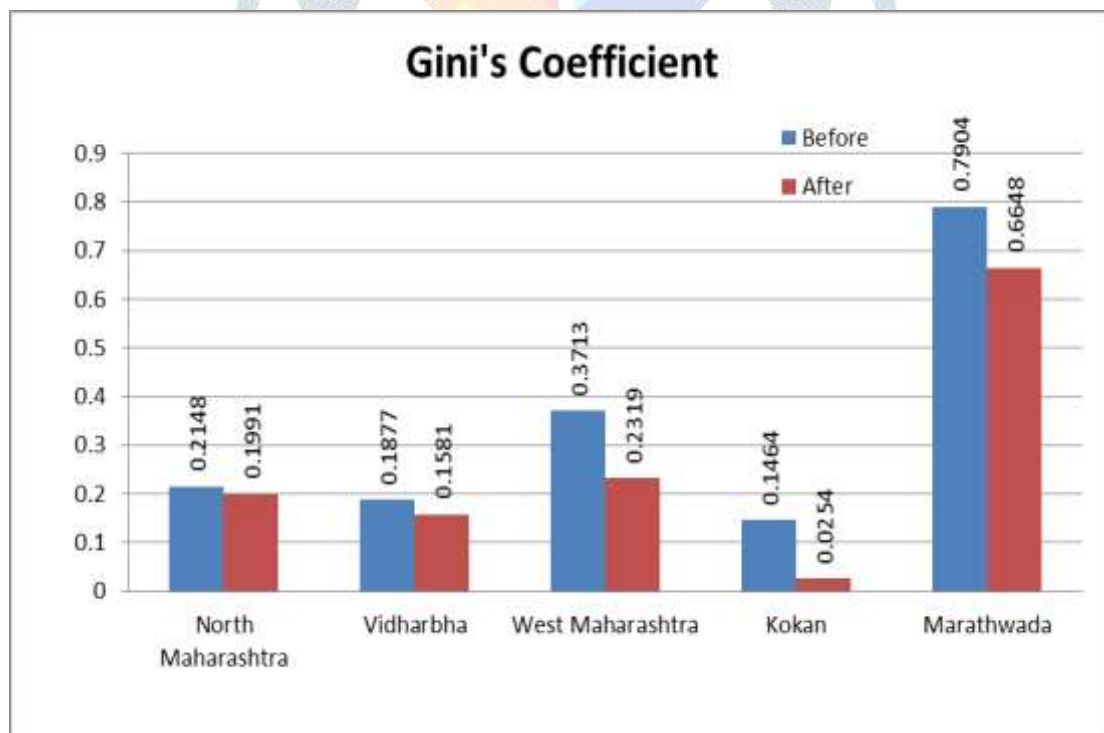
complete inequality. The coefficient is preferred as it is applicable irrespective of size of population i.e. scale independence, it is indifferent between the high and low earners and it shows that transfer of income from rich to poor results in more equality.

Further, when the coefficient is measured for Maharashtra as a whole which is a large economically diverse state, it is expected generally to result in a much higher coefficient hence Area under the Lorenz curve and the Gini's coefficient is calculated for each of its regions individually. (For e.g., income level of SHG group at Konkan region before and after becoming a member of SHG might be higher than that at North Maharashtra or Vidarbha region and the same is ignored and disparity over time period within each region is analysed)

Table 1: Income generation in administrative regions of Maharashtra

Region	Income Before joining SHG		Income After joining SHG	
	Area under Lorenz curve	Gini's coefficient	Area under Lorenz curve	Gini's coefficient
North Maharashtra	0.1074	0.2148	0.0996	0.1991
Vidarbha	0.0938	0.1877	0.0791	0.1581
West Maharashtra	0.1856	0.3713	0.1159	0.2319
Konkan	0.0732	0.1464	0.0127	0.0254
Marathwada	0.3952	0.7904	0.3324	0.6648

Above table indicate that in all five administrative regions after joining the SHG membership Gini's coefficient has decreased. It means that, after SHG membership, income is more towards equality. It can be observed that the result of Gini's coefficient for explaining the regional disparities in income generation of the SHG members in all region is less than one. Region wise results indicate that Marathwada and West Maharashtra in income generation is less than North Maharashtra, Vidharaba, and Konkan regions. Further, the area under the Lorenz curve is more in case of Western Maharashtra and Marathwada indicating that inequality is more in these two regions particularly in Marathwada both before as well as after joining SHG however, the intensity is reduced indicating that SHG membership brings in more equality in income generation.



Though Gini coefficient is an important tool for analyzing income or wealth distribution within or region, it is to be underlined that it does not take into account absolute level of income. A high-income region and a low-income one can have the same Gini coefficient, as long as incomes are distributed similarly within each region. Further, it is to be underlined that considering the enormous population of SHG membership in Maharashtra, the sample size for the research paper is small still the results indicates moving towards equality. With more samples used for regional disparities in income generation, the results may be more accurate than these results.

Findings and Conclusion:

Major Findings of the study are summarized as follows.

- It is observed that respondents had more personal income after joining SHGs than before joining SHGs. It means that income generation of SHG members has improved.
- It is observed that, in Marathwada and West Maharashtra inequality in income generation is less than North Maharashtra, Vidharaba, and Konkan regions..
- It is also found that in all four administrative regions after joining the SHG membership Gini's coefficient decreased. It means that, after joining SHG membership, income is more towards equality.
- The effect of increase in income generation is positive but regional disparities are observed in four administrative regions in Maharashtra.

Conclusion:

The Regional disparities in income generation of SHG members has been investigated by considering their income before and after joining the SHG. Gini's coefficient test was used and found that income is more towards equality as in case of all regions, Gini's coefficient was less than one. To put it in a nutshell, the research study concludes that while SHGs have placed astound footing on the economic conditions of its members, there is a lot of scope to enhance their activities. The specific recommendations regarding extension of bank loan limits, interest rates, training and skill development programmes, flexible and convenient policy of banks, intensifying the reach of Central and State Government Schemes to SHG members, provision of space for business if implemented in the true spirit will go a long way in achieving an indigenous growth with financial inclusion.

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