

PROGRESS OF MICO-FINANCE IN WESTERN MAHARASHTRA

Mr.Jagannath K.Khemnar*

Mr.Dr.B.N. Kamble**

ABSTRACT:

The modern state of Maharashtra came into existence in the year 1960. The present Mumbai city became the capital city of Maharashtra. The modern history of Maharashtra includes the period from attainment of independence to the final separation of the states. Maharashtra is a state in the western region of India. It is the second most populous state after Uttar Pradesh and third largest state by area in India. Maharashtra is the wealthiest state in India, contributing 15% of the country's industrial output and 13.3% of its GDP at the end of March 2007. There are six administrative divisions like Amravati Division, Aurangabad Division (Marathwada), Konkan Division, Nagpur Division (Vidharbha), Nashik Division (North Maharashtra), and Pune Division (Western Maharashtra).

Since 1992, National Bank for Agriculture and Rural Development launched Micro-Finance through Self-Help Groups in Maharashtra. Earlier, a large section of population were away from banking area i.e. labours, artisans, small and marginal farmer, dry land holder and small businessmen. They have not fulfilled the criteria for accessing credit from public sector banks. In practice, they have need of credits but get from informal sector instead of. These group of population was exploiting by the informal sector in terms of interest rate, land ownership, mortgage etc. Microfinance means providing very poor families with very small loans (micro credit) to help them engage in productive activities /small businesses. Deposits from 8.27 lakh

* Assistant Professor in Economics, N.G. Acharya and D.K. Marathe College, Chembur, Mumbai-71

** Professor in Economics, Indian Institute of Education, Pune.

Self Help Groups (SHG) were collected 724 crore, whereas the loans outstanding with 2.15 lakh SHGs were of 1,164 crore as on 31st March 2012.

This paper is focused on Western Maharashtra, whereas located a large political as well as decision making power. This paper is analysis the growth of micro-finance though the Self-Help Groups, saving and loan disbursement status, socio-economic situation of population in Western Maharashtra.

Keynotes: Introduction, Selection of study area, objective of study, background of banking sector in Maharashtra (especially in Western Maharashtra), Growth of Micro-Finance In western Maharashtra and conclusion.

Introduction:

Maharashtra is bordered by the Arabian Sea to the west, Gujarat and the Union territory of Dadra and Nagar Haveli to the northwest, Madhya Pradesh to the north and northeast, Chhattisgarh to the east, Karnataka to the south, Andhra Pradesh to the southeast and Goa to the southwest. The state covers an area of 307,731 km² (118,816 sq mi) or 9.84% of the total geographical area of India. Mumbai, the capital city of the state, is India's largest city and the financial capital of the nation. Maharashtra is the world's second most populous first-level administrative country subdivision. Were it a nation in its own right, Maharashtra would be the world's twelfth most populous country ahead of Philippines. Maharashtra is the third largest state in India. It is bordered by the states of Madhya Pradesh to the north, Chhattisgarh to the east, Andhra Pradesh to the southeast, Karnataka to the south, and Goa to the southwest. Maharashtra's gross state domestic product for 2011 is at \$224.12 billion. The state's debt is estimated to be about ₹ 2090 billion (US\$32 billion), about 17% of GDP. In 2012 Maharashtra reported a revenue surplus of ₹1524.9 million (US\$23 million), with a total revenue of ₹1367117.0 million (US\$21 billion) and a spending of ₹1365592.million (US\$21 billion). Maharashtra is the third most urbanized state (Kerala is first and Tamil Nadu is second) with urban population of 45.23% of whole population according to 2011 census. The headquarters to the Financial Planning Standards Board India is in Maharashtra.

Maharashtra is the second largest state in India both in terms of population and geographical area (3.08 lakh sq. km.). The State has a population of 11.24 crore (Census 2011) which is 9.3 per

cent of the total population of India. The State is highly urbanized with 45.2 per cent people residing in urban areas. The State has 35 districts which are divided into six revenue division's viz. Konkan, Pune, Nashik, Aurangabad, Amravati and Nagpur for administrative purposes. The State has a long tradition of having statutory bodies for planning at the district level. For local self-governance in rural areas, there are 33 Zilla Parishads, 351 Panchayat Samitis and 27,906 Gram Panchayats. The urban areas are governed through 26 Municipal Corporations, 219 Municipal Councils, 7 Nagar Panchayats and 7 Cantonment Boards. Scheduled banks are of two type's viz. Scheduled Commercial Banks and Scheduled Co-operative Banks. Scheduled Commercial Banks (SCBs) in India are classified into five types viz. State Bank of India & its associates, Nationalized Banks, Private Sector Banks, Regional Rural Banks and others (foreign banks). As at the end of March, 2012, there were 9,053 banking offices in the State, of which, about 26 per cent were in rural and 54 per cent were in urban areas. During the same period, there was 10 per cent rise in aggregate deposits and 15 per cent rise in aggregate credit as compared to previous year. The rise in both aggregate deposit and credit was more in rural areas. This development is not sufficient to fulfill the banking needs of poor people. NABARD initiated Self Help Group Bank Linkage programme in 1992 for providing microfinance to poor people through formation of informal Self Help Groups (SHGs). Under this programme, SHGs are directly financed by the commercial Banks, RRBs or Co-operative banks. Besides this, there is another approach viz. 'Micro Finance Institution (MFI) - Linkage', under which banks are financing to MFIs for on-lending to SHGs and other small borrowers covered under microfinance. RBI directed commercial banks, RRBs and co-operative banks to actively participate in these linkage programmes. Micro finance refers to small scale financial services extended to poor in both rural and urban areas. It is an effective program for reducing poverty and empowerment of poor. It covers variety of financial instruments such as lending, savings, life insurance, crop insurance, etc. Total number of SHGs was increased by 8.8 per cent in 2012. Of the total SHGs, 68.8 per cent SHGs were exclusively women SHGs. The share of savings by these women SHGs in total savings of SHGs was 66.9 per cent. The following table explain the banking position in Maharashtra.(Table,1)

Table-1, Banking Position in Maharashtra before March 2012

	Rural Area	Semi Urban Area	Urban area	Total
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No. of Banking offices	2338	1858	4857	9053
Deposits (Lakh Crore)	0.34	0.59	15.01	15.94
Credit (Lakh Crore)	0.27	0.32	13.29	13.88

Source: GOM (2013).Economic survey of Maharashtra, Mumbai.

Methodology of paper: This paper is based on secondary information that has published by Government of Maharashtra and collects from various websites through the internet. In the process, there is used simple statistical method for analysis.

Objectives of Paper: The paper “Growth of Micro-Finance in Western Maharashtra” has following important objectives.

- 1) To make comparison in between Western Maharashtra and rest of Maharashtra.
- 2) To study the growth of Micro-Finance in Western Maharashtra.

Limitations of the paper: This paper is focused on Western Maharashtra; therefore the analysis is related to above area. Table-2 defines the classification in between population and number of SHGs as region and division-wise. Nagpur region is top for starting the Self-Help Groups and lowest is the Kokan region excluding Mumbai and Suburban area. In case of population variables, Kokan is highest and Nagpur is lowest. As compare of population, Nashik, Aurangabad and Nagpur division have started sustainable Self-Help Groups. Thus, Kokan and Pune division are not success to started sustainable level of Self-Help Groups, however Pune division growth in starting Self-Help Group is remarkable. Therefore, there is selected Western Maharashtra or Pune division for study.

Table-2, Percentage of Population and SHGs in division-wise

Sr.No	Division	Districts	Percentage to total population of the State 2011	Percentage of SHGs.
1	Mumbai (Konkan)	Mumbai, Mumbai Suburban (Mumbai Upanagar), Thane, Raigad, Ratnagiri, and Sindhudurg	25.49	13.91*
2	Pune (Western Maharashtra)	Pune, Satara, Sangli, Solapur, and Kolhapur	20.86	18.28
3	Nashik (North Maharashtra)	Nashik, Dhule, Jalgaon, Ahmednagar, and Nandurbar	16.52	17.53
4	Aurangabad (Marathwada)	Aurangabad, Jalna, Latur, Nanded, Osmanabad, Parbhani, Hingoli, and Beed	20.01	19.98
5	Nagpur (Vidarbha)	Amravati, Akola, Washim, Buldhana and Yavatmal Nagpur, Chandrapur, Wardha, Bhandara, Gondia, and Gadchiroli	17.99	30.06
	Total	35	100	100

*=Not included Mumbai and suburban SHGs

Table-3, Village, Block Population-wise classification of SHGs in Western Maharashtra

Sr. No	District	Total SHGs	Total Villages	Per Villages SHGs	Total Blocks	Per Block SHGs	Total Population	Total Population/ SHGs
1	Pune	10097	1866	5.41	14	721.2	9426959	933.6
2	Satara	6668	1716	3.8	11	606.1	3003922	450.4
3	Sangli	6444	724	8.9	10	644.4	2820575	437.7
4	Solapur	14360	1150	12.48	11	1305	4315527	300.5
5	Kolhapur	5902	1217	4.84	12	491.8	3874015	656.3
6	Maharashtra	2,37,683	43665	5.44	355	669.5	112372972	472.7*

*=Not included Mumbai and suburban SHGs

In Maharashtra, per village 5.4 SHGs, per Block or Talukha-wise 669-5 SHGs were starting. The population and SHGs ratio in Maharashtra is 472.7:1 SHG. Table-3, reveals following features which based on A) per village B) per blocks, C) Population and SHGs ratio in Maharashtra.

A) Per village base: Solapur district is top for starting SHGs and Satara is lowest in Western Maharashtra. Pune, Satara and Kolhapur are below of Maharashtra average rate i.e.5.44.

B) Per blocks base: Solapur district is top for starting SHGs and Kolhapur is lowest in Western Maharashtra. Sangli, Satara and Kolhapur are below of Maharashtra average rate i.e.669.5

C) Population and SHGs ratio base: Pune district is top for starting SHGs and Solapur is lowest in Western Maharashtra. Sangli, Satara and Solapur are below of Maharashtra average rate i.e.472.7.

Conclusion:

Self-Help Groups Movement is extremely crucial to overcome on poverty problem. Since beginning, Governments has taken various efforts to develop SHGs Movement in Maharashtra particularly in Western Maharashtra. Above analysis is point out that Solapur and Pune districts are accomplish good development SHGs. But Satara ,Sangli and Kolhapur are have large scope for development of SHGs.

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