

## **Change in Income and its Association with Socio-Economic Determinants: A Study of Self Help Group Beneficiaries from Rural Nuh-Haryana**

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**ABSTRACT:** *The study makes an effort to find out the increase of beneficiaries' income after joining the Self Help Groups (SHGs), and its association with their social-economic background and income generation activities. To attain the objectives of the study, a primary survey of 332 beneficiaries was carried out from the most backward district of Haryana state. For the selection of the sample, a random stratified sampling technique has been incorporated. After analyzing the data with the help of suitable statistical techniques, it has come out that there is a significant increase in income, as well as the income gap also declines after joining the SHGs. Most significantly, it is found that there is a considerable improvement in the income of the respondents of the minority community and illiterate beneficiaries. All this displays a successful story of self help group programme in the development of the poor section of society. Furthermore, formal training and distributions of loan to start income generation activities have also significantly influenced the change in income of beneficiaries'. Comparing different economic activities and income generation, it appeared out that the activity specific to milk selling is the highest profitable occupation relative to other income generation activities.*

**KEYWORDS:** *Income, Self Help Group (SHG), Beneficiaries, Programme*

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### **I. INTRODUCTION**

India has been fighting against poverty since independence and implemented various poverty alleviation and employment generation programmes especially in rural areas. To overcome the problem of poverty, the idea of self-generated employment through microfinance witnesses a big relief to the poor people struggling for their livelihood. The Deen Dayal Antyodaya Yojana -NLRM (erstwhile *Swaran Jayanti Gram Swarozgar Yojana* SGSY) is a very important microfinance programme to eradicate poverty and increase in the income of poor sections of the society in rural India. The poor people link to the formal microfinance institutions via self-help groups where groups can obtain cooperative accountability of loans from formal credit institutions (Banerjee, 2009). Self-Help Group (SHG) is a group of people, normally 10 to 20 in number voluntarily come together usually from similar economic or social background to start income generation activities to save a small amount of money, regularly. Formal training related to skill development, financial accountability, credit linkage, and marketing strategies has given to make them self reliance and competent to fight against poverty. In other words, the principal task of the formation of the group is to increase income through income generation activities or by the collective efforts to make themselves financially strong (Dhake and Sameer, 2019).

### **II. LITERATURE REVIEW**

Specific to the deprived women those do not have adequate resources to start a business enterprise on a personal behalf the group move forward for the collectively mobilizing of available resources and purse the financial sustainability (Mary et.al. 2015) and manage the risks concerned to their income-generating activity (Shobana and Somasundaram, 2017). Moreover, enhance of income help the members to overcome from the emergency crises and meet the expenses without dependent on money lenders (Sundaram, 2017) by easy access to collateral-free loan on the diminutive interest rate. The small saving or income-generating activities protect deprived people from the exploitation of local moneylenders. The money lenders apart from the high rate of interest not give any receipts or show the accounts to the borrower, and many times do not deduct the repaid amount from the principal amount for the calculation of future dues and interests (Ratnam and Sathyanathan, 1935), moreover usually not detected by the official scanner for such illicit dealing. Such programme not only through small credit raises resources but also protects the deprived or economically weaker section from such

exploitation. The intervention of microfinance has been heralded one of the most effective cures of these financial problems. The development practitioners strongly endorsed that micro-finance will largely not only to alleviate rural poverty but also empower the underprivileged countryside people (Rajivan, 2005; Dasgupta, 2005; Kharti, 2014, Gogoi, et.al, 2015). The SHG-Linkage Programme has expanded in the country at a rapid rate and evolved into the principal microfinance programme in the world (Satish, 2005). Millions of the deprived and the marginalized inhabitants in the country are making their lives, their families, and their society through Self-Help Groups (Sundaram, 2012). The common challenges faced by the SHG members during income generation are little support of family members, inadequacy to finance, lack of training, poor entrepreneurial support, and society evils (Parthasarathy, 2005; Vasantha, 2014; Sharma, 2019).

### III. OBJECTIVES AND RESEARCH METHODOLOGY

The present study is a similar attempt in this context and explores the magnitude of change in income of beneficiaries after joining SHGs and an effort has been also made to find the association of the change in income with the socio-economic background of the beneficiaries.

To achieve the objectives, 332 women beneficiaries from 55 self-help groups were selected with the help of stratified random technique and then interviewed personally. To examine the impact of these self-help groups, the most backward district of Haryana named Mewat (renamed as Nuh in 2016 by the Government of Haryana) was selected to conduct the primary survey. The SMSF Report, 2015 showed that excluding the demographic index the district performed worst in the overall indices of development on the district-level. On the other side, in overall development, the status of the state accounts so high at the national level. Descriptive statistics the simple central measures of tendency like mean and median, and to measure the normal distribution or symmetry in the data Kurtosis and Skewness have been used in the study. However, to found the equality of mean the sample t-test has been incorporated to analyze the assumptions. The Ginni Co-efficient, Lorenz Curve, and Paired T-Test have been used to compare inequality in income and examine the level significant in the transformation of earning before and after joining the SHG. Besides, the Binary logistic regression has been executed to estimate the role of formal training and distribution of loans for start income generation activities in these SHGs.

### IV. RESULTS AND DISCUSSION

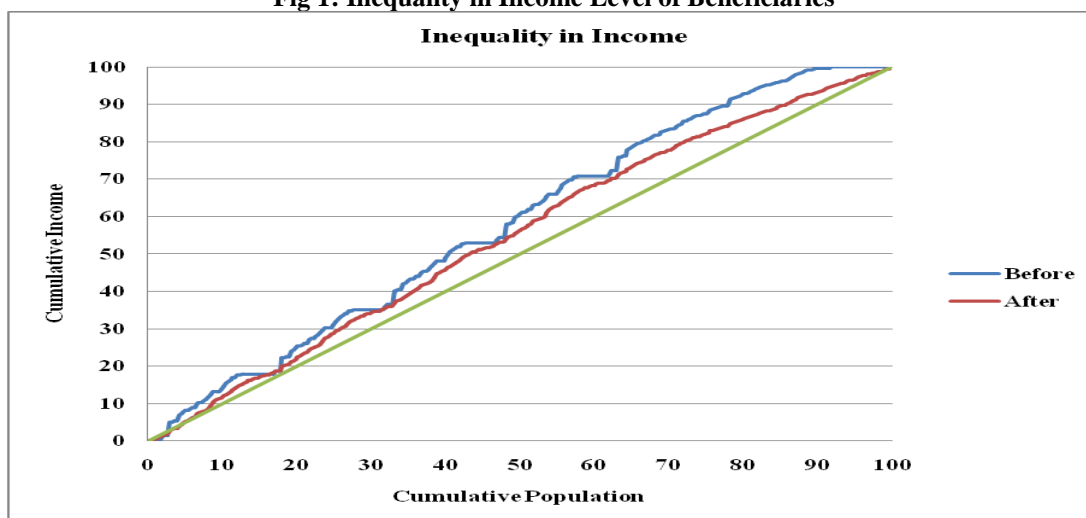
The table mentioned below illustrates that the income of beneficiaries has significantly increased more than three times after joining SHGs. Moreover, the distribution of income has become less skewed and the value of kurtosis also decreased. Fig. 1 clearly defined that the inequality in income has diminished after joining the SHGs. The value of the paired sample test has resulted that there is a significant change in the income of respondents after joining SHGs. Finding differential in the change of income by caste, economic condition (Below Poverty Line & Above Poverty Line), and family type (nuclear/joint) after joining SHG the output represents that there is no significant mean difference observed between the categories. But on the other side, there a significant change in income has been observed while linking with literacy and religious group. An important point to note is that the respondents belong to the Muslim religion, and accounted illiterate average income increases more than that to their counterpart after joining the SHG. After joining the SHGs, women feel self-reliant and contribute efficiently in upgrading their socio-economic strength (Ghosh, et.al. 2015, Dasgupta and Tabassum, 2017). As mentioned in the above discussion, it easy to say that the SHGs not only played an important role in the increase in income but also helpful in alleviating the poverty of illiterate and beneficiaries of the minority community.

**Table: 1. Assessment of Change in Income of Respondents**

Measures	Change in Income		
	Before	After	Change
Mean	1011.14	4052.71	3041.56
Median	500	3500	3000
Standard Deviation	1719.44	2485.72	1906.82
Kurtosis	23.30	2.118	1.447
Skewness	4.20	1.22	.821
Gini Coefficient	0.161	0.091	0.068
Paired Sample Test			
Std. Error Mean			104.65
95% Confidence Interval of the Difference		Lower	2835.70
		Upper	3247.43
Value of 't'		29.064	
df		321	
Sig. (2-tailed)		0.000	

Source: Base on Primary Survey

**Fig 1: Inequality in Income Level of Beneficiaries**



**Table: 2. Comparison of the Change of Income after Joining SHGs**

Category	Mean	Median	SD	Kurtosis	Skewness	Test
Gen	2630.68	2400	1335.09	0.185	0.692	
BC-A	3015.44	3350	1813.47	0.905	0.589	f = 1.369
BC-B	3378.46	3500	1723.61	1.559	0.493	Sig = 0.252
SC	3028.38	3000	2134.29	1.336	0.925	
Hindu	2579.29	2450	1627.97	1.722	0.878	t = 3.560
Muslim	3331.61	3500	2012.77	1.229	0.706	Sig = 0.000
BPL	3038.15	3000	1979.99	1.743	0.964	t = -0.056
APL	3051.80	3000	1679.29	-0.691	0.088	Sig = 0.955
Nuclear	3047.43	3250	1807.36	0.607	0.471	t = 0.053
Joint	3036.36	2600	1995.96	1.946	1.053	Sig = 0.958
Illiterate	3258.20	3350	2104.13	1.185	0.748	t = 2.586
Literate	2706.16	2500	1504.15	-0.284	0.486	Sig = 0.010

Source: Base on Primary Survey

**Impact of the different variable on change in income: Logistic Regression**

The next observation reveals that the respondents who attained training in any form; functioning of the group, financial management, marketing, skill development, and personal exposure or availed loan to start income generation activities income have found a higher increase in their income than that to their counterpart. Thus formal training and distribution of loans to start IGA may also be used as recommendation measures for attaining the broad objectives of SHGs.

**Table: 3. Impact of the different variable on change in income: Logistic Regression**

Step 1	B	S.E	Wald	df	Sig.	Exp(B)
Loan to Start IGA	1.794	.462	15.116	1	.000	6.016
Formal Training	1.193	.477	6.248	1	.012	3.298
Constant	.655	.340	3.718	1	.054	1.926

Source: Base on Primary Survey

Omnibus Test of Model coefficient value is significant (.000)

Hosmer and Lemeshow test value found insignificant (.089)

Further analyzing the engagement of beneficiaries in various economic activities and differential in the increase of monthly income, it has been emerged out that 21.39 percent of the respondent have not changed their income generation activity and continue their traditional occupation and reported a higher average increase in monthly income. However, 34.43 percent of beneficiaries have changed their previous occupation and account for the lowest change in their income. Moreover, 40.96 percent of those who started first-time income generation activities after joining SHG earn more monthly average income than that of beneficiaries changed their traditional occupation. Besides, when statistically test, it has found no significant difference between their change in income and occupational shift (see table below).

**Table: 4. Economic Activities and Income after Joining SHG**

Category	Mean	Median	SD	Kurtosis	Skewness	Test
<b>Changes or Start Economic Activities</b>						
No Change	3361.97	3250	2468.32	0.142	0.142	f = 1.876
Change	2882.45	2500	1704.44	5.919	5.191	Sig = 0.155
Start IGA	3253.67	3200	1565.10	-.843	-.843	
<b>Recent Economic Activities</b>						
Primary Activities	3686.36	3425	2268.34	0.007	0.497	
Secondary Activities	2743.98	2700	1161.68	-0.907	-.094	f = 15.898
Tertiary Activities	3204.50	2750	2071.79	1.568	0.895	Sig = 0.000

Source: Base on Primary Survey

Further, examining the differential of average monthly income and present economic activities, the respondents engaged in primary occupation income have recorded significantly higher than that to others engaged in secondary or tertiary activities. Finding the reason behind this differential in income, it has emerged that the beneficiaries engaged in livestock activities due to vicinage of Gurugram, Faridabad and Delhi Metropolitan Region (DMR) intense and continuous demand for milk throughout the year make this occupation more lucrative, and free availability of green grass and fodder from open fields make the profession more profitable in comparison to various other secondary activities. Moreover, to selling milk they need not go outside from the home. Thus the occupation becomes more popular among women beneficiaries. In the case of manufacturing activities, they are highly dependent on the market to purchase raw material and sell the manufactured product, and urban centers are the main hub or the ultimate solution for all these requirements. Several respondents stated that they are not allowed to visit the local market or shop within the village to purchase daily household items. This unsupportive social environment and poor mobility forced them to sell their manufactured items at a lower cost. Besides this many times, the middle man also swallows up a big amount of their profit. As a result, their income gets significantly affected. Examining the tertiary activities which account for the second large income generation activities generally covers the engaged of beneficiaries on fixed salary i.e. food preparing activities in mid-day meal. Due to the fixed income, there is no need for money to invest in income generation activities excluding their emergency domestic needs and demands. As a result, the amount of loan or profit from the group is distributed to members who required it, and a high rate of interest is exposed to them on the behalf of loan. This all increased their income manifolds.

## V. CONCLUSION

The first finding indicates that there is considerable improvement in average income and the gap in inequality of distribution of income of beneficiaries found decreased after joining the SHGs. Secondly, minorities and illiterate beneficiaries' income increased more considerably than their counterpart which is an indication of empowerment of this deprived section of society. Moreover, the distribution of loans to start income generation activity and formal training induced a significant increase in income thus may be also used as a suggestive measure for financial improvement of SHG beneficiaries. Lastly, the livestock can be seen as a profitable economic activity for rural women households, and there is a need to enhance their capacities to enhance their income level.

Under the current circumstances of Covid-19, the rural and agricultural economy has been facing some new challenges. In this phase of the pandemic when 122 million people alone in India have lost their jobs, the unemployment rate recorded 23.52 percent in April (CMIE, 2020), 90 percent of the working population engaged in the unorganized sector is fear to fall into poverty (ILO, 2020), and the government is facing severe challenges to generate employment, due to low level of demand resulting in a high level of uncertainty among rural as well as urban masses. Looking at the past trend and successful stories of the SHG based programmes for financial inclusion, reduction of poverty alleviation, and generating self-employment in rural areas can be seen as a fantastic step in this period of economic recession. This will also provide financial support to the poor and rural people to deal with the crisis.

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