

Micro Finance Contributes to Women Borrowers by Commercial Banks in Thanjavur District

Vishal J

MBA, Department of Management Studies
Bharath Institute of Science and Technology,
Selaiyur, Chennai, Tamil Nadu 600 073
Bharath Institute of Higher Education and Research

ABSTRACT

Globally, over a billion poor people are still without access to formal financial services and some 200 million of them live in India. Among total Indian population of 1027.10 million, women constitute 495.73 million. Therefore, “women constitute nearly 50 per cent of population, perform two-thirds of the work and produce 50 per cent of food commodities consumed by the country. Micro finance the provision of a wide range of financial services to the poor on a sustainable basis has proved to be immensely valuable. There are so many schemes for the upliftment of poor in India. Within the spectrum of lower-income population who lack access to financial services, a distinction can be drawn between the extremely poor and the economically active poor. Large commercial banks often have an extensive network of branches, frequently covering all major cities in a country. Banks can take advantage of the cities that prove suitable for microfinance by venturing into this market and thus benefiting from their long-time presence in the area.

1. INTRODUCTION

Micro finance institutions provide benefits to women and play an important role in their empowerment. The goal of microfinance institutions as development organizations is to serve the financial needs of un-served or underserved markets as a means of meeting development. It includes reducing poverty, empowering women or other disadvantaged population groups to create employment.

Micro finance empowers women by putting capital in their hands and allowing them to earn an independent income and contribute financially to their households and communities. The economic empowerment is expected to generate increased self-esteem, respect and other forms of empowerment for women beneficiaries. It is clearly visible that involvement in successful income generating activities should translate into the greater control and empowerment. Considering the above, the present research deals with the role of microfinance by commercial banks and empowerment of women in select areas of Thanjavur District in Tamil Nadu.

COMMERCIAL BANKS IN MICROFINANCE

Commercial banks can engage in microfinance in many different ways, ranging from direct relations with borrowers to a more indirect participation through the raising of capital. Banks can directly lend to micro entrepreneurs. Usually, a participation of this sort is observed in banks founded with the aim of solely serving the micro finance sector.

Banks may also choose to separate their micro finance operations through the creation of a new subsidiary. Primarily, such sub-divisions can help banks mitigate the levels of risks associated with lending to the poor. Nevertheless, it can also be seen as necessary steps for commercial banks

providing both consumer finance and micro finance, as each sector requires a different approach to business and a distinct training of the employees.

STATEMENT OF THE PROBLEM

According to the World Bank's gender statistics data base, women have a higher unemployment rate than men virtually in every country. In general, women also make up the majority of the lower paid, unorganised informal sector of most economies. These statistics are used to justify giving priority and increasing women's access to financial services on the grounds that women are relatively more disadvantaged than men.

In most poor countries, men's domination of women is strongest within the household. Access to credit and participation in income- generating activities are assumed to strengthen women's bargaining position within the household thereby allowing them to influence a greater number of strategic decisions. This study also looks into micro finance by commercial banks as contributing to women's knowledge and self-confidence by widening their social networking

Generally, this study deals with the role of micro finance in creating employment and income opportunities to women and subsequently in empowering them to play an active role in the economic, political and socio-cultural sphere in the study area. The economic empowerment approach attributes women's subordination in lack of economic power. It focuses on improving women's control over material resources and strengthening women's economic security. Women may work in a range of areas, including savings and credit training and skills development, new technologies and so on.

2. OBJECTIVES OF THE STUDY

1. To assess the extent to which micro finance contributes to women empowerment in economic, socio-cultural at household level and political level.
2. To identify the role of micro finance in relation to women's time, creating awareness and self-confidence.
3. To analyse the selected women's empowerment levels before and after the intervention of micro finance is made.
4. To assess the challenges of women clients in the micro finance institutions in the study area.
5. To give suitable suggestions on the basis of the study.

3. METHODOLOGY

This study is empirical in nature based on survey method. For the study purpose, convenience stratified sampling technique is adopted. Thanjavur District as the universe, the revenue divisions are the stratum, the selected urban and rural area as the primary unit of sampling and the women microfinance borrowers as the ultimate unit. There are three revenue divisions in Thanjavur District namely Thanjavur, Kumbakonam and Pattukottai. In Thanjavur District 29 Commercial banks (other than branches) are functioning of which the researcher has to select top two commercial banks namely State Bank of India and Indian Bank which are providing more amount of microfinance to women borrowers . Hundred women respondents (50 respondents from each branch) from each revenue division were selected.

SAMPLE DESIGN

SL.NO.	NAME OF THE REVENUE DIVISION	NUMBER OF SAMPLE BRANCHES (SBI & IB)	NUMBER OF RESPONDENTS FROM EACH BRANCH	TOTAL SAMPLE RESPONDENTS
1	Thanjavur	2	50	100
2	Kumbakonam	2	50	100
3	Pattukottai	2	50	100
Total				300

Source: Bank Records

PERIOD OF THE STUDY

The primary data were collected for a period of 9 months from April 2013 to December 2013.

COLLECTION OF DATA

The study is based on both primary as well as secondary data. Primary data were collected with the help of a pre-tested and structured questionnaire. Secondary data were obtained from published and unpublished reports, text books, periodical journals, seminar papers, websites, government publications and so on.

4. LIMITATION OF THE STUDY

The research work is limited to women clients of two microfinance institutes, namely SBI and IB. Hence, generalization of some facts and findings of the study may be limited to the specific institutions considered in the undertaking.

CHAPTERISATION

- The thesis is arranged into six chapters.
- The **first chapter** “Introduction” presents an introduction to the study towards microfinance and women empowerment.
- The **second chapter** “Review of Literature” reviews the previous studies.
- The **third chapter** consisted of the design and execution.
- The **fourth chapter** deals with analysis of the women borrowers’ perception on micro finance and its impact.
- The **fifth chapter** deals with analyses the women empowerment levels before and after the intervention of the micro finance.
- The **sixth chapter** consists of findings and suggestions.

PURPOSE OF MICRO CREDIT OBTAINING

PURPOSE OF LOAN	URBAN AREA		RURAL AREA		TOTAL	
	NO. OF RESPONDENTS	%	NO. OF RESPONDENTS	%	NO. OF RESPONDENTS	%
For Business	64	42.67	47	31.33	111	37.00
For Personal use	31	20.67	48	32.00	79	26.33

For Marriage	14	9.33	23	15.33	37	12.33
Buy household necessities	14	9.33	12	8.00	26	8.67
For Education	12	8.00	8	5.33	20	6.67
For Health	11	7.33	9	6.00	20	6.67
Other	4	2.67	3	2.00	7	2.33
Total	150	100.00	150	100.00	300	100.00

Source: Computed from Primary Data

TABLE NO 1**PERSON DECIDES TO ACCESS MICRO CREDIT**

PERSON MAKES DECISIONS	URBAN AREA		RURAL AREA		TOTAL	
	NO. OF RESPONDENTS	%	NO. OF RESPONDENTS	%	NO. OF RESPONDENTS	%
Man	71	47.33	82	54.67	153	51.00
Woman	39	26.00	41	27.33	80	26.67
Both man and woman	31	20.67	23	15.33	54	18.00
Whole Family	9	6.00	4	2.67	13	4.33
Total	150	100.00	150	100.00	300	100.00

Source: Computed from Primary Data

TABLE NO 2**SIZE OF MICRO FINANCE LOAN OBTAINING BY THE RESPONDENTS**

SIZE OF LOAN (₹)	URBAN AREA		RURAL AREA		TOTAL	
	NO. OF RESPONDENTS	%	NO. OF RESPONDENTS	%	NO. OF RESPONDENTS	%
Up to ₹25,000	42	28.00	92	61.33	134	44.67
₹25,000 – ₹50,000	89	59.33	43	28.67	132	44.00
Above ₹50,000	19	12.67	15	10.00	34	11.33
Total	150	100.00	150	100.00	300	100.00

Source: Computed from Primary Data

TABLE NO 3**5. FINDINGS RELATED TO SOCIO-DEMOGRAPHIC CHARACTERISTICS OF THE RESPONDENTS**

- More number of respondents both in urban (36 per cent) and rural (40 per cent) belongs to 31 to 35 years of age group.

- 33.33 per cent of urban respondents involved in non-agricultural activities and 44 per cent of the rural respondents involved in agricultural activities.

FINDINGS RELATED TO RESPONDENTS' ATTITUDES TOWARDS MICRO-CREDIT

- 31.33 per cent of the urban respondents and 38.67 per cent of rural respondents had borrowed micro-credit facilities from other MFIs.
- Majority of 81.67 per cent of the survey respondents indicated that they use credit for the planned activity, 87.33 per cent of urban and 76 per cent of rural respondents have used credit for planned activities.
- 80.67 per cent of urban and 61.33 per cent of rural respondents stated that they have invested their loan in income generating activities.

FINDINGS RELATED TO RESPONDENTS' LEVEL OF ACCEPTANCE

- Out of the 300 respondents, 12%, 24.33%, 22.33%, 28.34%, and 13% of the respondents are strongly agree, agree, neither agree nor disagree, disagree and strongly disagree respectively towards various aspects relating to micro finance towards women empowerment in Thanjavur District.

FINDINGS RELATED TO CONSISTENCY IN THE SATISFACTION LEVEL

- Before obtaining the loan 27.33 per cent of urban and 33.33 per cent of rural respondents have very little confidence, after getting the loan it was reduced to 6.67 per cent and 8.67 per cent respectively.
- Before obtaining micro finance 27.33 per cent urban and 34.67 per cent of the rural respondents are extremely poor in accessing hygienic sanitation facilities but after obtaining the loan it is reduced to 14 per cent and 11.33 per cent in urban and rural respectively. It indicates the positive impact of the micro finance on the women's accessing hygienic sanitation facilities.
- Respondents with medium level ownership rights is 30.67 percent before getting the loan and 33.33 per cent after obtaining the loan in urban area and 25.33 percent before obtaining and 37.33 per cent after obtaining the loan in rural area.

6.SUGGESTIONS

- Simplification of banking procedures, access credit, etc. will encourage the women to bank with the formal sector which will result in women empowerment.
- Training and retraining programmes on business and management have to be organized to improve awareness and skills of the women to undertake income generating activities.
- Commercial banks may reduce the interest rate and provide proper financial marketing which will improve financial returns of the borrowers.
- Commercial banks should conduct proper meeting with borrowers in which they must tell them about the use of loan in proper business.
- Commercial banks should provide a variety of products that suite the borrowers their demand and needs.
- Diversification of business should be encouraged by the Commercial banks with the aim of borrowers' engaging in a number of businesses that are likely to yield high income.

7. REFERENCE

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