



“ECONOMIC OUTLOOK AND IMPACT OF MICRO-FINANCE ON ECONOMIC DEVELOPMENT OF WOMEN IN KARNATAKA”

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ABSTRACT

Micro-finance in India has gained momentum since last decade as the reach of the micro-finance institutions has doubled. The concept of Micro-finance is not new. The existence of was there since independence but the forms of lending were different. In developing countries like India due to several social stratification, specifically based on economic conditions need the support of Micro-finance to improvise their economic conditions and thereby they can enjoy better living standards. With this regard both public and private firms have pitched professionally to promote and develop well being of people by lending small amounts in the name of Micro-finance. Quite a lot of studies have been carried out in the area of role of MFI’s and Challenges. The impact of the MF on the development is ignored. Hence, researcher has made an attempt to study the same. The research titled “Impact of Micro-finance on Development of Women in Karnataka’ is carried with the purpose to know how many women have availed the benefit of micro-finance and its impact on economic conditions and social status (living standards) of the women. 60 women from the rural and urban Bengaluru were chosen randomly. A structured questionnaire was administered to collect the primary data. The data is analyzed with the help of the SPSS software using descriptive statistics, frequencies, chi-square and regression analysis to draw the inferences. The studies divulge that presently a significant impact of Micro-finance on Economic development and social status (standard of living).

INTRODUCTION:

In India a large segment of the society, predominantly low-income people, have very diminutive access to formal financial services. The Indian government and RBI have been proactive in promoting 'Financial Inclusion' and among the various initiatives, reaching out to the un- as an innovative and sustainable method. People from this secluded part of the society too have banked and under-banked populace in partnership with MFIs and/or Pvt. Ltd. Cos. has been seen aspirations to grow and are industrious enough to fulfill all their dreams.

Microfinance is a way in which loans, credit, insurance, access to savings accounts, and money transfers are provided to small business owners and entrepreneurs in the underdeveloped parts of India. Microfinance is a value created in the form of monetary benefits not just for individual but also for the business firms who are in need of small financial help from the institutions. Basically, MF delivers such benefits based on relationship banking and group based models where more than two entrepreneurs avail benefit to a group. Almost half of the population of our country does not have a basic savings account. However, this segment requires financial services so that their aspirations such as building of assets and protection against risk can be fulfilled. The key features of microfinance comprise: beneficial to low income group of the society, small amount loans (affordable) are given for short time and these kinds of loans doesn't need collateral.

Micro-finance concept evolved and gained momentum due to its attractive features. Social and economic stratification is predominant in India leading to evolve of economically suppressed strata's who have very less access to financial services where collaterals are enquired along with higher interest rates, accessibility and huge operating costs. Microfinance tools have generated huge amount of revenue for the economically deprived strata and was created to provide loan to deprived sections with the goal creating financial inclusion. The concept of Micro-finance in India was initiated by NABARD. The microfinance industry's gross loan portfolio (GLP) stood at 1, 87,386 crore at the end of March, up 38 per cent year-on-year, said a MFIN report Monday.

Across the globe, women are treated differently as people think they belong to the most neglected part of the society which is under-privileged. Despite of major efforts made by central and state, its found that women are highly ignorant of benefits available t them. In recent times, materialization of MF as an important tool for empowerment of rural women especially. Both formal and informal sectors are trying hard to instrumentalize tools of micro-finance and reach maximum sections of the society. Apart from the above, commercial banks and even NGO are keen on facilitating MF. Irrespective of the nations, types of institutions, everyone are taking interest in empowering women in terms of economic and social development. Women avail these small credits to help/benefit their family attaining small financial goals like paying fees, hospital charges or any other. The institutions are of belief; such a kind of help women across the strata can build their confidence in terms of finance and help enhance their social status.

STATEMENT OF THE PROBLEM: Women are in addition to contribute in the microfinance movement by availing the microfinance services being provided by the assortment of financial channels. The foremost aspire of microfinance is to give power to women. Microfinance is the stipulation of financial services to low-income clients, including patrons and the self employed, who traditionally lack access to banking and related services. Microcredit, or microfinance, is banking the unbankables, bringing credit, savings and other essential financial services within the reach of millions of people who are too poor to be served by regular banks, in most cases because they are unable to offer sufficient collateral.

Women formulate up beating outsized percentage of microfinance beneficiaries. Traditionally, women (especially those in underdeveloped countries) have been incapable to with good grace take part in economic activity. Microfinance provides women with the financial sponsorship they need to institute big business venture and enthusiastically contribute in the economy. It gives them self-assurance, timidity and improves their status and makes them further vigorous in pronouncement creation, thus encouraging gender equality. According to CGAP, long-standing MFIs even report a decline in violence towards women since the inception of microfinance.

With this perspective, researcher has made attempt in the current study to understand the socioeconomic status of women, role of micro-finance in developing women and measuring the impact of micro-finance on the development of women.

PURPOSE AND OBJECTIVES: When compared to other models of micro-finance operative across the globe, in case of India: micro-finance is dominated by SHG- bank linkage programmes which aimed at providing a cost efficient means for providing financial services to the deprived. As far as micro-finance is fretful the women are initiated to be the furthestmost beneficiaries. Despite the fact that the industry has developed in outreach and outlay, it is still not enough to meet the increasing demand. Micro finance has emerged as a needful programme to furnish to the wants of the the majority underneath advantaged people i.e. tribal, dalits and women. The major concern at the moment is ever ever-increasing paucity and there is pressing need of empowering, enabling the most deserted sections of the society all the way through prearranged shore up to all poverty mitigation programmes. taking into consideration the scantiness of funds with poor people, the necessitate of the hour is to afford sufficient credit to the needy people to facilitate them to commence entrepreneurial activity, however small, with the help of NGOs and GOIs. Micro finance is expected to engage in recreation of pivotal role in shortage abolition and employment generation.

Economic empowerment has been considered instrumental for holistic development. Women's empowerment is obviously essential for raising their socio-economic status in the society. Recently, women's empowerment has acquired an important place in government policy, non-government advocacy and academic research. There has been paradigm shifting in development and governance. Democratic decentralization, partnership with NGO's, empowering community based organizations, participatory development, sustainable growth and equity etc. have proved to be instrumental in people's participation in development and governance as well as their empowerment. The sources of savings are mainly by curtailing expenditure and saving from income. The average savings per group has been reported to be

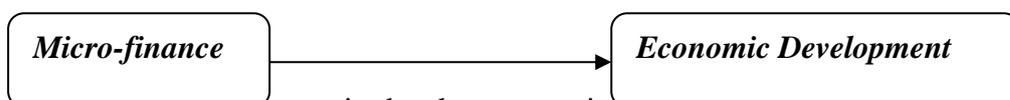
Rs.12442/- while per member savings has been Rs.1199/-. Similarly, per group average credit has been reported to be Rs. 54274/- while per member credit was found to be Rs. 5231/ according to the conducted by Dr. T. Chandrashekhar .

The researcher has made an attempt to understand and analyze the role of Microfinance in the development of the women. The dimensions of development considered are the economic and social status i.e. living standards. With these perspectives, the **OBJECTIVES** of the study are-

- ✓ To study and understand the role of Micro-finance in the Economic development of Women.
- ✓ To study the impact of Micro-finance on the Economic Development of Women.

CONCEPTUAL FRAME:

Figure 1: Conceptual Frame



From a mainstream economic development point of view, the way to eliminate poverty and social inequalities is to focus on raising the gross national product and then everything else will follow. Gains in education, literacy, health conditions, agency, equality and the overthrowing of authoritarian regimes will come as “trickle down” effects from increasing domestic production (GNP) and income over time. Milton Friedman can be seen as a proponent for a market oriented solution to inequalities in which the economic arrangements are determinants to the dispersion and concentration of power: “I know no example of time and place of a society that has been marked by a large measure of political freedom, and that has not also used something comparable to a free market to organize the bulk of economic activity.” How we distribute economic power thus seems to play a significant role in how power relations between individuals are formed, and choice and opportunity seem to be a part of it. It is here economic empowerment differs from economic development. Instead of putting the improvement in capabilities (Sen) or resources and agency (Kabeer) as secondary gains from a higher GNP, it is argued that the relationship is the reverse: “And since enhanced capabilities in leading a life would tend, typically to expand a person’s ability to be more productive and earn a higher income, we would also expect a connection going from capability improvement to greater earning power and not only the other way around.”. Kabeer has developed her empowerment framework from the notion of what Amartya Sen called the enhancement of capabilities and functionalities, in order for people to live the life they want (resources and agency are what Sen would call capabilities).

RESEARCH DESIGN:

Methodology:

The study aimed at analyzing the impact of MF, survey method is adopted. The survey was initiated after collecting the sample frame which constitutes the list of the women beneficiaries of MF in the area of Marthhalii, Anekal, Attibele, Magadi. The sample size of 60 women was chosen randomly from the sample frame. These were the respondents who were surveyed to collect the primary information directly. During the study, it was very difficult to administer the questionnaire as many of them are working. It was only according to their convenience and schedule respondents were ready to answer the questionnaire. Few of the women respondents were educated at elementary level were unable to understand the questionnaire, in such situations, the researcher took the initiatives to explain the questions to them in the local language. There were few women reluctant to answer the questions thinking that their economic conditions will be revealed. Totally 85 questionnaires were distributed but only 60 were completely filled. In the rest of the questionnaire, many questions were unfilled due to unwillingness of the respondents to answer. The secondary data sources include international and national journals on micro-finance, women empowerment, research articles, reports published by micro-finance institutions, NGO's etc along with news papers and thesis published in the same area.

Sampling:

A sample frame consisting of the list of the women beneficiaries of MF was prepared with the help of SHG's and local NGO's. From the sample frame, a sample size of 60 women beneficiaries from Urban and rural Bangalore were chosen randomly by means of simple random sampling technique. To collect the primary data, a structured questionnaire which tested scientifically was administered. A structured questionnaire consisting variables on demographic details of the respondents, social and economic factors was constructed using nominal, ordinal and Likert scale of measurement. The tool tested for the validity and reliability before administration. The demographic profiles of the respondents were categorized using the nominal scale and ordinal scale to measure income/age etc. Similarly, to measure the opinion / attitude of the respondents about MF and its impact, 5 rating likert scale varying from strongly disagree to strongly agree is used.

Statistical Tools:

The primary data collected for the study is analyzed with the help of the various statistical tools and SPSS 20.0 software. Before administering the questionnaire, the cronbach's alpha test was carried out to check the reliability. Any reading more than 7 is appreciated and for the current study the reliability reading is 0.970. The impact of the MF on socio-economic development of the women is measured using linear regression.

HYPOTHESIS TESTING:

Hypothesis is the assumptions made by the researcher. For the current study, relational hypothesis are framed. To test the hypothesis, regression analysis is used.

Ho: There is no significant impact of Micro-finance on Economic Development of Women

H1: There is a significant impact of Micro-finance on Economic Development of Women

Table 1: Descriptive Statistics for the Impact of Micro-finance on Economic Development

	Mean	Std. Deviation	N
ED	3.848	1.065	60
Savings	3.998	0.754	60
Economic Conditions	1.990	0.511	60
Meeting Demands	3.606	0.746	60
Business Development	4.200	0.545	60

According to Table 1, the mean score of ED, savings, economic conditions, meeting demands, business development are 3.848, 3.998, 1.990, 3.606 and 4.200 respectively where standard deviation being 1.065, 0.754, 0.511, 0.746 and 0.545.

Table 2: Model Summary for the Impact of of Micro-finance on Economic Development

Model Summary									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	0.880 ^a	0.775	0.765	.51644	0.775	77.514	4	90	0.000
a. Predictors: (Constant), Saving, Economic conditions, Meeting Demands, Business Development									

According to the model summary (Table 2) for the impact of MF on the Economic Development (dependent variable) of women who are the beneficiaries of MF. In the regression analysis four predictor variables are used. They are savings, economic conditions improvement, meeting demands and business development. In this study the determining factor R^2 (R Square) is found to be 0.775. The determining value reveals significant positive relation between the dependent variable (economic development) and independent variables (savings, improved economic conditions, meeting demands and business development). The determining factor has displayed that 77% of economic development were dependent on savings, improved economic conditions, meeting demands and business development ($F=77.514$, $p<0.001$). Therefore, the results indicate that savings, improved economic conditions, meeting demands and business development have a significant positive impact on the economic development of the women

Table 3: Regression Analysis for the Impact of of Micro-finance on Economic Development

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.267	0.735		1.725	0.088
	Savings	0.983	0.130	0.697	7.566	0.000
	Economic Conditions	0.121	0.154	0.058	0.791	0.031
	Meeting Demands	0.114	0.105	0.080	1.090	0.079
	Business Development	0.241	0.134	0.123	1.800	0.075

a. Dependent Variable: Economic Development

According to the regression analysis results (Table 3), the β value of savings (0.697) is greater than the β value of business development (0.123), meeting demands (0.080) and economic conditions (0.058). Moreover, the significance value shows that savings ($p < 0.001$) and business development ($p < 0.05$) has significant impact on the economic development of the women, similarly the economic conditions and meeting demands did reveal significant influence on Economic development It indicates that has savings, business development, meeting demands and economic conditions has a significant positive impact on the economic development

RESULTS AND DISCUSSION:

The whole idea of micro finance is to induce changes and effects which stem from financial and social activities. The evaluation of these activities, imposed by financial organisations which are interested in knowing whether their investments are being put to effective use, have been viewed from a perspective that poverty is more or less a lack of monetary means. Therefore these evaluations have looked into potential improvements of mere individual and economic variables. Concerns have therefore arisen that the focus on aggregates of individual factors might not show positive or negative outcomes, or the lack of these, on a macro level – the society.

According to the test statistics, null **hypothesis is rejected and alternative hypothesis is accepted** indicating that there is a significant impact of MF on economic development of the women. The test results do indicate that there has been a positive impact of Micro-finance on the economic development of the Women in Karnataka in terms of savings, business development, economic development, repayments, demand fulfillment etc. The role played by the Microfinance's enormous and women in local areas do depend on MF for their economic development.

LIMITATIONS OF THE RESEARCH

The research carried out basically focuses on the growth and development of the micro-finance in Karnataka specially Bengaluru city. The Bengaluru is again divided into rural and urban areas. For the study, the extensions of the Bengaluru like Attibele, Anekal, Magadi, Marthahalli extensions have been considered. The area of the research is basically restricted above mentioned areas. The women beneficiaries of micro-finance were hesitating to interact and fill the given questionnaire. The researcher experienced difficulty in explaining the questionnaires and getting the answers from the respondents. The working class women schedules were quiet different and approaching them needed a patience meeting their time schedules to collect data. As most of the working class women were educated. Researcher faced problems with the schedules not in terms of understanding of the questionnaire. The respondents who are less educated were to be explained about the research and gain confidence in terms of revaluations about their economic problems. The authenticity of the data depends upon the schedules, willingness and understanding of the questions asked to answer. Apart from the above, the chances of occurring natural biases in terms of execution and selection or sample items may be the limitation.

The women who belong to the different strata of the society unusually treat themselves as victims of the social stratification were in need of the help from such models. This when the MF started gaining the momentum by reaching out to women who are deprived basic access to money and their social development. The study titled “Impact of Micro-finance on the Development of the Women in India” aimed measuring the impact of MF on both economic and social development of the women.

During the study, it was observed that many of the women beneficiaries have availed the loans from the various other sources like mahila bank etc. the majority of them have availed loans from Mahila bank apart from micro-credits. Indicating that there is scope for the MF institutions to reach out to the women approaching the different sources. One of the best way to reach out to such women is to create memorable movements by indulging them into social gatherings which can act as biggest informal platforms to discuss and bring out the benefits and role MF to women. This platform can be facilitator in imparting awareness and knowledge about MF.

During the research, it was observed that the women who are working and educated are more aware of the MF. It's the responsibility of SHG, NGO or MF institutions to reach to the women who are not educated, homemakers and ignorant of MF.

The interest rates when compared with the rest of the sources of the loan, it was found that the interest charged by MF is par/more compared to rest. The suggestions made by the respondents included that the MF is accessible but people should look into the interest charges too. If the interest is more, people may avail benefits when there is any emergency. If it is less, there is a possibility that women may avail the benefits fulfill their daily needs. The suggestions made by the respondents during the study are to increase the loan amount so that the women can address bigger issues than meeting the smaller demands. The MF facilitators have reached the larger number of the areas including remote villages too. But, during the study it was noticed that these people have failed to understand the deep rooted problems which this segment is facing. There has to be facilitators close to them acting as well-wisher who can help

these women to express their real time problems which can lead to evolvement of different approach or model to the way micro-finance is created value for their people across world. As the study indicates that, there is a significant impact of MF on both economic development, it's the responsibility of facilitators reach to maximum number of women.

CONCLUSION

The study titled “Impact of Micro-finance on development of Women in India” is carried out with the aim to know the reach of the MF to women who are deprived of the MF, scope of the MF in India specially Karnataka along with measuring the impact of MF on social and economic development. The reach of the MF across India has increased due to the awareness created and easy accessibility. The different model of MF has gained momentum. There are several studies where it is found that women are deprived of availing the benefits of MF. With this perspective, the study is carried. As the study is descriptive, descriptive research design is adopted. The primary data was collected by administering the questionnaire which consists of variables which can be grouped as social and economic conditions. The secondary is collected through the various sources including news papers, reports on MF, SHGs and grameen banks, research articles on micro-finance and thesis related to MF. The data collected was analyzed using the test statistics which include descriptive, chi-square and regression. The scope of the current study is limited to basically focuses on the growth and development of the micro-finance in Karnataka specially Bengaluru city. The Bengaluru is again divided into rural and urban areas. For the study, the extensions of the Bengaluru like Attibele, Anekal, Magadi, Marthahalli extensions have been considered. The area of the research is basically restricted above mentioned areas. Based on the findings of the study, It was suggested to MF institutions reach out women who are ignorant specifically the one who are not working and uneducated. More platforms should be created by the MF models to benefit the especially women who treat themselves as victims of development due to ignorance. The suggestions made by the respondents during the study are to increase the loan amount so that the women can address bigger issues than meeting the smaller demands. The MF facilitators have reached the larger number of the areas including remote villages too. But, during the study it was noticed that these people have failed to understand the deep rooted problems which this segment is facing. The micro-finance providers must look up to solving the problems of women by lending helping hand in the form of the facilitators than the marketers or money lenders to who loan to be repaid as for the specifications made in terms of interest rates or loan amount. The learning take away from the research includes the exposure to the role of MF, models of MF, SHG and grameen banks facilitating the micro-credit to benefit the women from the different backgrounds. The application and implications of carrying out a research and difficulties a researcher faces in the field.

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