A STUDY ON MICRO FINANCE IN SIVAGANGAI DISTRICT

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Abstract

It is clear from study that problems due to adequate income earning, group pressure, self ethics, fear of legal action, to avail of legal action and to get further loan. To measure the level of opinion of the sample respondents 120 were selected. Among the six variable such as age, marital status and occupational level are not associated and the remaining three variables such as educational level and monthly income and monthly expenses are associated with the level of opinion of the sample respondents.

Key Words: Micro Finance, Indian Economy, Growth.

Introduction

Development of women has been recognized as a sine-qua-non for national development of social welfare. In order to bring women into the main stream of economy, and society, government of India has launched several development programmers for women. Various five year plans gave special emphasis to employment and income generating activities for women with ultimate objective of making women economically independent and self-reliant. In spite of the efforts of the government, women's needs are more and marginalized in their struggle for existence and excellence.

Micro finance means the extension of small loans to very poor people for self employment projects that generate income, allowing them to care themselves and their families. In most cases micro finance programmes after a combination of services and resources to their clients in addition to credit for self employment. These often include savings facilities, training, networking and peer support. Loans under micro credit program are very small, on an average less than $100 by world standards and in hundreds of rupees by Indian standards. Micro finance targets the rural and urban households, with an emphasis on women borrowers, provisions of finance for creation of assets and their maintenance and bringing in greater quality of services. The beneficiaries are identified by micro finance providers themselves independently or through Non-Governmental organizations and self-help groups

Statement Of The Problem

The people of the taluk confront with their economic problems due to poor income less education, low employment and poor

industrial development the women population in sivagangai taluk were suffering from dire financial and economic problems due to complex banking procedures, poor support from the family, lack of business awareness, poor entrepreneurial awareness unaware of government assistance. The micro financing and micro credit to the women community has improved their economic interest and there by standard of their living conditions. Hence, the present studies have been made to attempt to study the impact of micro financing in sivagangai taluk.

Review of literature:

Zohir and Matin (2004) in their study state that MFIs not only help in poverty alleviation but the groups created for availing the microfinance facility also contribute beyond finance such as, it brings sense of community reliance and trust among the members. These network can only the foundations for other social capital developments in the community. They state that examples of cultural impacts of social intermediation that affect the greater community such as standing against dowry domestic violence and respect to women.

Study conducted by UNCDF (2004) States that microfinance plays three promote gender society.

It helps very poor households meet basic needs and protect against risks.

It is associated with improvement in households meet basic needs and product economic welfare.

It helps to empower women by supporting them economically and hence promote gender equity.

Chawla (2013) reviews Indian MFIs literature to see the impact of regulations of MFIs in India. This study is done post the Andhra crisis where many farmers in the state of Andhrapradesh had committed suicide due to inability to pay the high interest rate charged by unregulated MFIs. Author feels that due to trajectory growth of the microfinance in India, It is time for regulations to be imposed on MFIs as it will be beneficial for all the stockholders. The study further highlights the importance of microfinance bill 2012 and the role it played in streamlining many processes including fixing of interest rates that can be charged by the MFIs. The author recommends that MFIs should bring transparency in the interest rates charged, introduction of technology to reduce the operating costs and lastly access to alternate sources of fund to reduce cost of capital.

Franks (2000) studied the impact of macroeconomic stabilization on MFIs and calculated that economic stability is beneficial in the long run for the sustainability of the MFIs through they may seem costly in the short run. This has further been supported by quinines and Seibel (2000) who studied the Philippine MFIs and stated that regulatory and supervisory framework have a positive impact on the poor households.

Banat and Bhapat (2014) tested the impact of gross loan portfolio at risk, debt equity ratio, return on assets, borrower per staff and deposits on Indian MFIs for the year 2010 using panel data regression on a sample of 81 MFIs picked from mix database and found four factors to be crucial to the sustainability namely; gross loan portfolio, return on assets, portfolio quality and staff productivity.

Objectives of the study:
1. To Examine the problem of microfinance of the sample respondents.
2. To analysis of micro finance and level of opinion of the sample respondents.
3. To offer summary of findings, suggestions and conclusions.

Methodology:

The present study is based upon primary data only. With view to analyze the 120 sample respondents with help of simple random sampling technique have been applied

Analysis and interpratation of data:

The following hypothesis has been framed for analyzing the opinion of sample member's of microfinance.
1. There is no relationship between the age and the level of opinion under micro finance scheme.
2. There is no relationship between the marital status and level of opinion under micro finance scheme.
3. There is no relationship between the educational level and level of opinion under micro finance scheme.
4. There is no association between occupational and level of opinion of the sample respondents. There is no association between monthly income and level of opinion of the sample respondents.
5. There is no relationship between monthly expenses and level of opinion of the sample respondents.

For testing the above hypotheses, x2 value has been calculated. The calculated value x2 has been compared with the table value of x2 located from x2 table for the desired level of confidence on the given degree of freedom. When the calculated value was less than the table value of x2, the hypothesis was accepted.

In case, the calculated value exceeds the table value, the hypotheses was rejected. For the purpose of the analysis, 95 percent of confidence has been adopted. The Table value of x2 is denoted as x2 0.05 and the calculated value of x2 is denoted as x2 Table 3 shows age and level of opinion of the sample respondents

Age And Level Of Opinion Of The Sample Respondents

Age Level	Low	Medium	High	Total
Below 18-30	7 (6%)	14(12%)	12(10%)	33(27%)
31-35	9(7%)	34(28%)	13(11%)	56(47%)
Above 35	8(7%)	14(11%)	9(7%)	31(26%)
Total	24 (20%)	62 (51.67%)	34 (28.33%)	120 (100%)

It is observed from Table 1 that out of 120 sample respondents 33(27%) who come under the age of below 18-30 56(47%) come under the age between 31-35, 31(26%) are age groups above 35 years.

Among the 24(20%) of the sample respondents with low level of opinion 7(6%) are below 18 to 30 years 9(7%) are age groups of 31to35 years 8(7%) of them having above 35 years.

Out of 72 sample respondents with medium level of opinion, 14(12%) are below 18to30 years, 34(28%) having 31to35 years and 14(11%) are above 35 years.

Of the 27 sample respondents 12(10%) who come under the category of below 18 to 30 years 13(11%) are age groups from 31 to 35 years 9(7%) are age categories of above 35 years.

Age and Level of Opinion of the Sample Respondents Chi-Square Test

Particulars	Value
Calculated value	3.92
Table value	9.49
Level of significance	4

The calculated value 3.92 is less than the table value (9.49) the established null hypothesis is accepted. Hence, there is no relationship between the age group and level of opinion of the sample respondents.

Marital status and level of opinion of the sample Respondents

Marital Status Level Of Opinion Of The Sample Respondents

Marital Status	Low	Medium	High	Total
Married	5(5%)	16(13%)	13(11%)	34(28%)
Unmarried	10(8%)	34(28%)	11(9%)	55(46%)
Others	9(7%)	12(10%)	10(8%)	31(26%)
Total	24(20%)	62(51.67%)	34(28.33%)	120(100%)

It is observed from Table 3 that out of 120 sample respondents 34(28%) who come under the marital status of married 55(46%) come under the marital status between unmarried 31(26%) are marital status others.

Among 24(20%) of the sample respondents with low level of opinion 5(5%) are married 10(8%) are unmarried 9(7%) of them having others.

Out of 62 (51.67%) sample respondents with medium level of opinion 16(13%) are marital status married, 34(28%) are unmarried and 12(10%) are others.

Of the 34(28.33%) sample respondents with high level of opinion 13(11%) who come under the category of married 11(9%) are marital status unmarried 10(8%) are marital status of others.

Marital status and Opinion of the Sample Respondents Chi-Square Test

Particulars	Value
Calculated value	6.71
Table value	9.49
Level of significance	4

The calculated value 6.71 is less than the table value (9.49) the established null hypothesis is accepted. Hence, there is no relationship between the age group and level of opinion of the sample respondents.

Education And Level Of Opinion Of The Sample Respondents

Educational Level	Low	Medium	High	Total

Up to secondary Level	14(12%)	24(20%)	8(7%)	46(38%)
Degree	8(7%)	27(22%)	15(12%)	50(42%)
Others	2(1%)	11(9%)	11(9%)	24(20%)
Total	24(20%)	62(51.67%)	34(28.33%)	120(100%)

It is observed from Table 5 that out of 120 sample respondents 46 (38%) who come under the education groups of up to secondary level 50 (42%) come under the education degree, and 24 (20%) are education groups others.

Among the 24(20%) of the sample respondents with low level opinion 14(12%) are up to secondary level 8(7%) are education of degree, 2(1%) of them having others.

Out of 72 sample respondents with medium level of opinion 24(20%) are up to secondary level 27(22%) having degree and 11(9%) are others.

Of the 27 sample respondents 8(7%) who come under the category of up to higher secondary level 15(12%) are education categories of others.

Education and Level of Opinion of the Sample Respondents Chi-Square Test

Particulars	Value
Calculated value	30.54
Table value	9.49
Level of significance	4

The calculated value 30.54 is more than the table value (9.49) the established null hypothesis is rejected. Hence, there is a relationship between the education levels of opinion of the sample respondents.

Occupation and level of opinion of the sample Respondents

Table 7 shows occupation and level of opinion of the sample respondents.

Occupation And Level Of Opinion Of The Sample Respondents

Occupation	Low	Medium	High	Total
Self employment	6(5%)	10(8%)	8(7%)	24(20%)
Self employment	10(8%)	30(25%)	18(14%)	58(48%)
Others	8(7%)	22(18%)	8(7%)	38(32%)
Total	24(20%)	62(51.67%)	34(28.33%)	120(100%)

It is observed from Table 7 that out of 120 sample respondents 24(20%) who under the occupation of self employment level 58(48%) come under the occupation agriculture labor and 38(32%) are occupation groups others.

Among the 24(20%) of the sample respondents with low level opinion 6(5%) are self employment 10(8%) are occupation of agriculture labor and 8(7%) of them having others.

Out of 72 sample respondents with medium level of opinion 10(8%) are self employment 30(25%) having agriculture labor and 22(18%) are others.

Of the 27 sample respondents 8(7%) who come under the category of self employment 18(14%) are agriculture labor from others and 8(7%) are occupation of others.

Problems Of Microfinance Products

Rank	Group pressure	Adequate income earning	To avail of legal action	Self ethic	Fear of legal action	To get further loan	Total
I	36	41	5	17	9	12	120
II	21	37	19	17	19	2	120
III	21	8	21	25	40	5	120
IV	17	19	5	25	14	40	120
V	9	10	35	7	36	23	120
VI	16	5	35	24	2	38	120
Total	120	120	120	120	120	120	120

This section an attempt: to made to analyze the microfinance groups in sivagangai taluk with a view to ascertain the opinion of the microfinance groups

they were asked to rank the microfinance. To understand the microfinance in the order of importance garret's ranking technique has been

$$Garret's = 100 \; \frac{(R_{ij} - 0.5)}{N_j}$$

R_{ij}= Rank given for the item by the jth individual

N_j= Total ranks given by the jth individual

Problems Of Microfinance Products Gareet's Ranking

Problems	Total score	Average score	Rank
Group pressure	6733	56.108	II
Adequate income Earning	7287	60.725	I
To avail of legal Action	5067	42.225	V
Self ethic	6583	54.858	III
Fear of legal action	6112	50.933	IV
To get further loan	4890	40.75	VI

It is observed from Table 14 that the marketing problems faced by microfinance product the first ranks adequate income earning (60.725), followed by group pressure (56.108), self ethic (54.858).

Suggestions

1. The government and non government should take initiative to make women awareness and motivate them towards micro finance.
2. At the save time efforts may be made by authorities to solve these problems and suitable steps taken to provide the needful assistance.
3. To provide the extent the loan facilities.
4. To improve the marketing opportunity and services.
5. To strength the agricultural along with microcredit of rural women.
6. To strengthen the operation procedures for field level activity and to increase repayment rate, it can be suggested that the MFIs can change collection period from weekly to monthly basis to overcome high transaction cost.

Conclusion

It is clear from study that the very important segment in the economic development of local to global levels of microcredit economic independence and education of women will go a long way in altering self reliance for women microcredit.

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