



# IMPACT OF MICROFINANCE TOWARDS EMPOWERMENT OF POOR WITH SPECIAL REFERENCE TO RAMANAGARA CITY

**\*Dr. Savitha V**

\* Assistant Professor, Department of Commerce and Management, P.E.S. College of Science, Arts and Commerce, Mandya.

## ABSTRACT

*The word microfinance is being utilized extremely often in advance terminology today. Even though the word is accurately encompassed of two words: micro and finance which accurately represent small credit; the conception of microfinance goes ahead of the condition of small credit to the poor. The objective of this paper is to know the impact of micro finance towards empowerment of poor in Ramanagara city. This study has been conducted to the respondents who are availed the small loans from various microfinance companies in Ramanagara city. Random Sampling method has used to collect the data from the respondents. The present study has confined to total 150 respondents from the Ramanagara city. In order to analyze the objectives of the study, several statistical methods and tests namely percentage analysis and weighted mean method were used in the study. This study found that microfinance help the rural poor to become independent. The study concluded that the microfinance institution must provide more services to poor people to increase empowerment.*

**KEYWORDS:** Economic welfare, Micro Finance, Poor, Small Credit, Small Loans,

## INTRODUCTION:

The word microfinance is being utilized extremely often in advance terminology today. Even though the word is accurately encompassed of two words: micro and finance which accurately represent small credit; the conception of microfinance goes ahead of the condition of small credit to the poor. Microfinance refers to programmes intended credit for self-employment and further financial and business services.

Microfinance is a provision of a broad range of financial services such as deposits, loans, payment services, money transfer, and insurance to poor, low income households, and their microenterprises. In the development paradigm, microfinance has evolved a need based policy and programmes to cater the neglected group of society especially women's, poor, rural, and deprived etc. The basic idea of microfinance is to provide access to financial services including credit which enables the entrepreneur to start his

microenterprise that will allow him to break out of poverty. The concept has gained a lot of significance and momentum, both theoretically and practically during the last few decades. It is regarded as a tool for economic development which is designed to spread financial support and assist the low-income group people to work their way out of poverty, deprivation, starvation, and other financial problems.

## REVIEW OF LITERATURE

**Prof. Rajarama.K.L (2016)** have studied that, micro finance is necessary to overcome exploitation, create confidence for economic self-reliance of the rural poor, particularly among rural women and attempts to highlight the role of Microfinance and SHGs in the empowerment of women in Karnataka and study the MFI ecosystem in India and its impetus to growth, enunciate the services lent by MFIs to help women in alleviating poverty.

**Aiswarya Aravind (2016)** have conducted a comparative study on the social performance of MFIs in rural and urban areas and analyze the overall impact of micro financial services on the lives of respondents.

**Prathap B N, Dr Mahesh K, Karthik K R (2018)** have examined that the impact of microfinance initiatives on the income level of the respondents and the impact of SHG/MFIs loans on members and their standard of living, the impact of microfinance initiatives in providing better employment opportunities, the overall impact of microfinance on poverty alleviation.

**Mr. Karan Gupta, Sunil Kumar Gupta (2019)** have described that the impact of microfinance initiatives on the demographic profile of the respondents and also to study the overall impact of microfinance on the decline in poverty.

**Dr. Jagadeesh.B (2020)** have explained that the access to finance will empower the vulnerable groups by giving them an opportunity to have a bank account, to save and invest, to insure their homes or to partake of credit, thereby facilitating them to break the chain of poverty and the economic gains derived by the members after joining the SHGs and discuss the important problems of the microfinance experiments in the study area.

## OBJECTIVES OF THE STUDY

- The overall objective of this study is to know the impact of microfinance towards the empowerment of the poor in Ramanagara city.

## RESEARCH DESIGN

The methodology of the study is based on both primary data and secondary data. The primary data collected through well-framed and structured questionnaires to the well-considered opinion of the respondents. Simple random sampling method has been used to collect the responses from the customers of microfinance companies and the sample size is 150. In order to analyze the objectives of the study, several statistical methods and tests, namely percentage analysis and weighted mean method were used in the study.

## DATA ANALYSIS

**Table No. 1: Demographic Profile of the Respondents**

Sl. No.	Particulars	No. of respondents	Percentage
1.	Age		
	a) Below 25 years	48	32.00
	b) Between 25 to 40 years	78	52.00
	c) Above 40 years	24	16.00
2.	Gender		
	a) Male	64	42.67
	b) Female	86	57.33
3.	Educational qualification		
	a) Post graduate	40	26.67
	b) Graduate	66	44.00
	c) Matriculation	44	29.33
4.	Occupation		
	a) Student	44	29.33
	b) Employees	68	45.33
	c) Businessman	22	14.67
	d) Others	16	10.67
5.	Income level		
	a) Below Rs.10000	74	49.33
	b) Rs.10000 to Rs.15000	38	25.33
	c) Rs.15000 to Rs.20000	22	14.67
	d) Rs.20000 above	16	10.67

Table No. 1 represents the demographic profile of respondents. 64 male respondents and 86 female respondents are taking loan from micro finance companies, it represents that compared to male respondents, highest number of female respondents using micro finance services. Based on age pattern of respondents majority of 48 respondents are below 25 years and 78 respondents are between 25 to 40 years, 24 respondents are above 40 years has followed micro finance services and Educational qualification of the respondents 66 respondents belongs to graduates, 44 respondents belongs to matriculation and 40 respondents belongs to post graduates. The higher number of graduates respondents have using micro finance facilities compared post graduated respondents. In the context of occupation of the respondents majority 44 respondents are belongs to students, 68 respondents are belongs to employees, 22 respondents are belongs to businessman and 16 respondents are belongs to others. Majority 68 respondents are using micro finance services. Based on Income level 74 respondents belong to below Rs.10000, 38 respondents belongs to Rs.10000 to Rs.15000, 22 respondents belongs to Rs.15000 to Rs.20000 and 22 respondents belongs to Rs.20000 above. Majority of customers income level below Rs.10000 this group of customers they access more micro finance services in Ramanagara city.

**Table No. 2: The source of awareness of micro finance factors**

Particulars	No of respondents	Percentage (%)
Relatives	32	21.33
Neighbours	43	28.67
Friends	50	33.33
Others	25	16.67
Total	150	100

The Table.2 shows the percentage of source of awareness of micro finance factors of the respondents. 33.33% of respondents get information from friends, 28.67% respondents from neighbours, 21.33% of respondents from relatives and 16.67% of respondents from others. More information has been obtained from friends.

**Table No. 3: Overall Impact of Microfinance on Poverty**

Particulars	No of respondents		Total	Percentage of respondents		Total
	Yes	No		Yes	No	
Increase in Savings	60	90	150	40	60	100
Increase in Income	85	65	150	56.67	43.33	100
Self-Employment opportunities	87	63	150	58	42	100
Improvement in standard of living	80	70	150	53.33	46.67	100

The Table.3 shows the overall impact of microfinance on poverty, the analysis of savings increased on microfinance services 60% of respondents opined No and 40% of respondents opined yes. As followed income increased on microfinance services 56.67% of respondents opined yes and 43.33% of respondents opined No, as followed Employment opportunities have increased on microfinance services 58% of respondents opined yes and 42% of respondents opined No, as followed Improvement in the living standard 53.33% of respondents opined yes and 46.67% of respondents opined No. Majority of respondents are opinioned that a Self Employment opportunity has increased.

**Table No. 4: ECONOMIC factors**

Particulars	Strongly agree (5)	Agree (4)	Neutral (3)	Strongly disagree (2)	Disagree (1)	Total	Total weighted score	Weighted mean score
Microfinance helped me to start my business	60	50	20	10	10	150	590	3.93
Microfinance helps to women empowerment	65	55	15	10	5	150	615	4.10
Microfinance help me to save money and accumulate assets	45	40	35	20	10	150	540	3.60
Microfinance	44	37	26	24	9	150	503	3.35

helped me to become economically independent								
My income level has increased through microfinance	50	37	33	18	12	150	545	3.63

In the above likert five point analysis tables, economic factors on micro finance products respondents towards Ramanagara city are studied. For strongly agree the statement, a value of 5 is assigned, similarly for agree, valued assigned is 4, for neutral, value is 3, for strongly disagree, value is 2, for disagree, value is 1. Majority of the respondents are strongly agreed with Microfinance helps to women empowerment in Ramanagara city.

**Table No. 5: Reasons behind the use micro finance products**

Particulars	Strongly agree (5)	Agree (4)	Neutral (3)	Strongly disagree (2)	Disagree (1)	Total	Total weighted score	Weighted mean score
Agriculture	48	38	29	24	11	150	538	3.58
Income generating activities	51	34	25	21	19	150	527	3.51
Starting own business and its development	68	39	21	14	8	150	595	3.96
Education to children	49	41	22	28	10	150	541	3.60
Medical expenses	44	36	33	22	15	150	522	3.48
Social Security	53	47	24	15	11	150	566	3.77

In the above likert five point analysis tables, Reasons behind in the use micro finance products respondents towards Ramanagara city are studied. For strongly agree the statement, a value of 5 is assigned, similarly for agree, valued assigned is 4, for neutral, value is 3, for strongly disagree, value is 2, for disagree, value is 1. Majority of the respondents are strongly agreed with Starting own business and its development. Similarly followed by Social Security, Education to children, Agriculture, Income generating activities and Medical expenses.

## FINDINGS

- 57.33% of respondents are female.
- 52 % of the respondent's age group are below 25 to 40 years.
- 44% of respondents are graduates.
- 41.66% of respondents are students.

- Majority of the respondents (49.33%) monthly income of below Rs.10000/-
- 33.33% of respondents get information from friends.
- The analysis of savings increased on microfinance services 60% of respondents opined No and 40% of respondents opined yes.
- Majority of respondents are opinioned that Employment opportunities have increased by micro finance services.
- Microfinance helps to Starting own business and its development.

### SUGGESTIONS

- Micro finance companies must provide loans with low interest rate.
- It must provide education loan with long duration.
- It must provide loan to purchase agricultural tools.
- Microfinance institution must give more concentration on women to become economically independent.

### CONCLUSION

This study is mainly focus on impact of microfinance on empowerment of poor in Ramanagara city. The microfinance company is very useful to customers for taking loans for various activities. It is one of the most important credit services to customers. The microfinance company provides more services like education loan, vehicle loans, business loans etc.... To conclude the microfinance institution must encourage it's customer to use the loan amount for income generating activities and feedback should be taken from time to time to know the progress of it's customers.

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