



# A STUDY ON IMPACT OF MICRO FINANCE WITH SPECIAL REFERENCE OF SELF HELP GROUPS IN COIMBATORE DISTRICT

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## ABSTRACT

The study on impact of micro finance in rural areas with special reference to SHG's functioning in Coimbatore District. The government of India has launched several programs for the development and improves the standard of living of the people towards the rural area. Through the role of micro finance various self help group is started in order to eradicate the poverty. The program th ers focused on improvement of socio economic conditions of rural masses and improvement in the standard of living through elimination of poverty. Unfortunately, the approaches and strategies of these programmers did not yield expected results in improvement of socio economic conditions vis -a-vis poverty eradication. As a result of this, the government and bankers targeting the poor and women self help groups (SHG) to implement various activities in order to reach the desired ends and to attain their objectives. A questionnaire is prepared which consists of 150 sample size from this the data are collected from the members of various self help group. The datas are collected are analyzed using the statistical tools like simple percentage method, chi-square in order to know the impact of micro finance in SHGs.

## INTRODUCTION

The Government of India has launched several development programmers after independence. The programmers focused on improvement of socio economic conditions of rural masses and improvement in the standard of living through elimination of poverty. Unfortunately, the approaches and strategies of these programmers did not yield expected results in improvement of socio economic conditions of poverty alleviation. As a result of this, the government and bankers targeting the poor and women self help groups (SHGs) to implement various activities in order to reach the desired ends and to attain their objectives. In this context as an extension worker, you need to understand various dimensions of SHGs and microfinance with related implications to extension work. Poverty is a global issue. Despite changes in development paradigms in the last half of the 20th century, the promise to bring wellbeing to all human being remained unfulfilled. As it stands, more than 100 million children of primary school age have never stepped inside a class room, about 29000

children die each day from largely preventable malnutrition and disease and more than 1.2 billion people in the world are struggling to survive at the margin of human existence “on under a dollar a day” It is recognized that people living in poverty are innately capable of working their way out of poverty with dignity, and can demonstrate creative potentials to improve their situation when an enabling environment and the right opportunity exists.

### OBJECTIVE OF THE STUDY

The study is carried out with the following objectives :

- To identify the awareness about micro finance facility in rural areas.
- To know the level of awareness about the micro finance in rural areas
- • To know how long the micro finance facility is helpful to poverty alleviation.

### SCOPE OF THE STUDY

Micro finance Programs extend small loans to very poor people for self The research will be helpful in understanding the role of micro finance towards the development of various self help group. employment projects that generate income for their survival, allowing them to care for themselves and their families. It may be a lack of income or resources, a lack of coping capacity, a lack of basic human capabilities, a lack of institutional defenses or in extreme cases a lack of all of these.

### LIMITATIONS OF THE STUDY

The following of the limitations study are :

- ⇒ There is time and cost constrain that has made the study to limit the sample size.
- ⇒ The information is only to the extent given by the respondents
- . ⇒ Respondents hesitate to disclose true facts in order to secure their job
- . ⇒ It is assumed that data provided by respondent is correct

### REVIEW OF LITERATURE

➤ Malik and Nazli, (1999) states that the micro credit is considered as panacea to the economic problems of poor households. It is perceived to bring them out of poverty and provide respectable living through provision of sustainable livelihood and penultimate consumption smoothing. It is assumed that sustainable livelihood would give sustained income to poor borrowers. Studies on micro credit affirm the positive impact of credit on household income. In rural areas in Pakistan the extent of credit use for agriculture inputs is high and credit for consumption is 5% more than for agriculture inputs, which is largely met through informal sources; and keep the poorer households at the level of better-off households. Without credit the former would drop below poverty line.

➤ Micro Finance and Self help groups’ by Edwin, Gnanadhas M., Mahalekshmi M., (2011). The study introduce microfinance activities and development of self help groups in order to understand economic development. In this well research book, author analyses and describe the microfinance issues and social banking with the development gap in the economy.

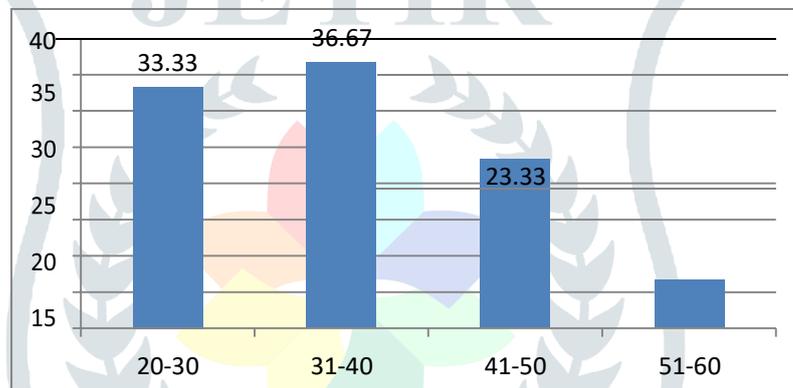
Table No. 3.1.

Table shows the respondents of different age group

Sl.No	Particulars	No. of Respondents	Percentage
1	20-30	50	33.33
2	31-40	55	36.67
3	41-50	35	23.33
4	51-60	10	6.67
	<b>Total</b>	<b>150</b>	<b>100</b>

Chart No. 3.1.1

Chart shows the respondents of different age group



**Analysis and Inferences**

From the above table and chart no.3.1.1 shows that out of 150 respondents 33.33% of the respondents belongs to the age group of 20-30, 36.67% of the respondents belongs to the age group of 31-40, 23.33% of the respondents belongs to the age group of 41-50 and remaining only 6.67% of the respondents belongs to the age group of 51-60.

**Chi- square analysis**

**Analysis Of educational qualification and whether they get the required amount using chi-square:**

**OBSERVED FREQUENCY**

Education	1	2		TOTAL
1	17	23		40
2	33	12		45
3	20	7		27
4	13	8		21
5	11	6		17
	94	56		150

**EXPECTED FREQUENCY**

Education	1	2		TOTAL
1	25.06666667	14.93333333		40
2	28.2	16.8		45
3	16.92	10.08		27
4	13.16	7.84		21
5	10.65333333	6.34666667		17
	94	56		150

**Chi-Square Tests**

O <sub>i</sub>	E <sub>i</sub>	O <sub>i</sub> -E <sub>i</sub>	(O <sub>i</sub> -E <sub>i</sub> ) <sup>2</sup>	(O <sub>i</sub> -E <sub>i</sub> ) <sup>2</sup> /E <sub>i</sub>
17	25.07	-8.07	65.1249	2.597722
33	28.2	4.8	23.04	0.817021
13	13.16	-0.16	0.0256	0.001945
11	10.65	0.35	0.1225	0.011502
23	14.93	8.07	65.1249	4.362016
12	16.8	-4.8	23.04	1.371429
7	10.08	-3.08	9.4864	0.941111
8	7.84	0.16	0.0256	0.003265
6	6.35	-0.35	0.1225	0.019291
		<b>Total</b>		10.68597

Level of significance = 0.05 Degree of freedom = (c-1)\*(r-1)

$$= (2-1) * (5-1)$$

$$= 1 * 4$$

$$= 4$$

Table value = 9.49 Calculated value = 10.685

**Interpretation:**

The calculated value of chi-square test is 10.685, greater than the tabulated value ie. 9.49, therefore the Null-hypothesis is rejected, so there is no significance relationship between educational qualification and whether they get the required amount.

**FINDINGS**

- From the study, Out of 150 respondents nearly 54% of the respondents have joined self help groups in order to increase their standard of livings
- Majority of respondents nearly 43% of the respondents tell that the main motivator to join this self help group is local peoples
- Through the survey nearly 30% of the respondents tell that they came to know the facilities through relatives.
- Majority of nearly 70% of the respondents are aware about the latest government schemes.
- From the study, nearly 49% of the respondents tell that the micro finance which they get is helpful for their house.
- The study indicates that Out of 150 respondents nearly 74% of the respondents status before joining self help group is average.
- Nearly 55% of the respondent's status is good after joining the self help groups
- 99% of the respondents have not started any business after receiving the micro finance.
- 67% of the respondents are satisfied with the mode of transactions.
- Out of 150 respondents nearly 103% of the respondents tell that the micro credit is helpful for their children education

**CONCLUSION**

From the study it is concluded that, Micro finance provides “the little” money where even there is total absence of capital or profit as living is based on subsistence only. Thus micro finance seeks to improve the condition of the poor by raising income and profit, thereby making people free from poverty and improving living standard. Through this project work, certain suggestions were made to improve the performance of micro finance activities in order to develop the self help groups which are needed for the people who are living below poverty line and increase the standard of living of the people in rural areas. This will lead to sustain the success of the micro finance activities in modest way.