

**MICROFINANCE – AN EXPERIENCE OF WOMEN IN
NELEMANGALA TALUK, BENGALURU REGION**

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ABSTRACT

Microfinance has been recognized internationally as the modern tool to battle poverty and for rural development. In rural areas, as far the level of empowerment is concerned, it has been found that, women enjoy freedom of mobility, ability to make small purchase and economic security. The main aim of this study is to analyze the satisfaction of women through microfinance and to identify the difficulties faced by them while dealing with microfinance. Both primary and secondary data has been used. A field survey has been undertaken in a rural area of Bangalore in the state of Karnataka, India. Secondary data was collected from various journals and articles. As per the analysis, women are satisfied with the convenience of banks location. However, the women find that the banking system to be more risky due to the lack of confidence among them, legal formalities of the bank as well as adoption of new technologies.

Keywords: Microfinance, Women Empowerment, Banks, SHG's.

JEL: G21, G29, F63

INTRODUCTION

After India got its independence in 1947, steps have been taken by the government towards the socio-economic development of the country. With the introduction of five year plan in 1951, there has been a considerable modification in the economic status of the country. There were many development programs under this plan, of which, women empowerment was also one of them. Empowerment of women is a process where it includes economic, social, political, psychological development of a woman.

The key element of empowering the prominence of the women is based on their monetary wellbeing (Mishra, 2016). Certain schemes have been adopted for empowerment some of them are Janani Suraksha Yojana, Indira Gandhi Matritva Sahyog Yojana (IGMSY), Kishore Shakti Yojana, Swarnjayanti Gram Swarozgar Yojana, Swadhar, Ujjwala and the like which highlight the effective ways of empowering the women economically through providing micro finance.

Micro finance is provided by various micro financial institutions (MFI's). MFI's are monetary institutions that offer financial and non-financial service facilities to the poor. According to an article by (Addai, 2017), micro finance contribute greater probability of economic and social empowerment of women. (Mihir Dash, 2016) Examines that they are also helpful in reducing women's dependence on informal financial sources and helps in increasing savings. Microfinance acts as a backbone to the rural entrepreneurs who want to start their own business, for which they should have some financial literacy. In the opinion of (Irshad M K, 2015), there is a positive relationship that exists between poverty alleviation and financial literacy. Financial literacy can break the poverty associated with the people below poverty line (BPL) by making use of micro credit. Thus, microfinance plays a vital role in the society.

Even with the facilities provided by the government, women lacked proper direction, preparation and information with regard to micro finance. For this purpose, organization should provide better assistance for the welfare of women through Neighborhood Groups (NHG) (Haseena Jasmine C K, 2014).

REVIEW OF LITERATURE

(Abhijit Sinha, 2016), examine that position of empowerment will change according to the measure of credit cycle. Greater credit cycle leads more empowerment and this loan should be used for the right purpose this can be recognized by observing the repayment of the loan if they repaid it then they have used it for the right purpose.

(Chattoraj, 2013) Stated that performance of SHG is apparent in bringing certainty, courage, skill advancement and empowerment. The Self Help Groups have demonstrated the path for monetary freedom of provincial ladies, in addition to this they contribute considerably in accelerating the states of the female population up and also helps in poverty eradication.

(Kalyan, 2015) SHG – Bank linkage is the strategic tool to attain women authorization among the agricultural women, hence small finance plays a very important role in the economic negotiates for women authorization and socio economic up-liftment.

(Singh, 2015), This article states that women empowerment is playing a empirical role in raising financial state of the women and The SHGs creates awareness among the women about their rights, privileges, participating in different improvement programs and financial exercises for their considerable development.

(Dr.K.Mohan, ROLE OF MICRO FINANCE IN WOMEN'S EMPOWERMENT, September 2011), examine that the self-help group in rural area are performing well. SHG not only promote the economic wellbeing of the women but also brought psychological and social empowerment.

(Ashok K. Pokhriyal, 2014), analyze to enhance the jobs of poor and helpless individuals. It is additionally essential to recognize that MFI effect on women empowerment is selective to women and can't be connected likewise to men who acquire.

The prime issues faced by women are that, the greater part of the credit is being utilized for non-gainful purposes. It was also observed that they lacked in aptitudes and had minimal clarity with respect to executing their business ideas. So the women entrepreneurs require correct knowledge about the aptitudes and entrepreneurial skills.

STATEMENT OF PROBLEM

Microfinance is important for the rural people who are facing problem financially as well as economically in the society. By financing a small amount, it will help an individual to grow their business or to start a new business. The government has taken many initiatives to fulfill the micro financial needs of the poor, through micro-finance institutions. This study aims at analyzing the satisfaction and difficulties of microfinance faced by the women and also compare the variables with age as an independent factor.

OBJECTIVES OF THE STUDY

- 1) To study the satisfaction of women with regard to microfinance
- 2) To identify the difficulties faced by the women while dealing with microfinance

RESEARCH METHODOLOGY

- 1) **Sources of Data:** In this paper both primary and secondary data has been collected. Secondary data was collected from various journals and articles. Primary data was enumerated from a field survey in the study region (Vaajrahalli).
- 2) **Sampling and sample size:** The study was conducted in the district of Bangalore region Nelemangala taluk, Vaajarahalli village. The village has a population of 5637 of which 2794 comprises of the female population. Among the population of women in this village, the researcher interviewed only those who are registered under SHG. A number of women were approached and 100 have been considered for the study. Among that, 4 women do not have bank accounts but are registered under SHG, hence the sample size comes to 96.
- 3) **Method for data collection:** An interview schedule was prepared and used for procuring data from the women and close ended questions were included in the schedule.

HYPOTHESIS

H₀ - There is no significant difference between the age and the satisfaction level of the women

H₁ - There is significant difference between the age and satisfaction level of the women.

H₀ - There is no significant difference between the age and the difficulties faced by the women

H₂ - There is significant difference between the age and difficulties faced by the women.

SATISFACTION OF THE WOMEN

This study considered several factors based on the pilot surveys which are contributing to the satisfaction level of women who are benefited from microfinance. The below are the lists of factors considered for the study

1. Interest rates of the bank or other microfinance institution
2. Availability of the bank
3. Policies and procedures of the bank
4. Technologies adopted by the bank
5. Participation of women in SHG's
6. Overall service quality of the bank

In order to analyze this, we set up two hypothesis and we are using F test.

HYPOTHESIS

H₀ - There is no significant difference between the age and the satisfaction level of the women

H₁ - There is significant difference between the age and satisfaction level of the women.

TABLE NO: 1

Results showing the satisfaction level of the women while dealing with micro finance

Factors	Mean	Std. Deviation	N	Sig.	Decisions
Availability	2.50	.951	96	.000	Reject hypothesis
Interest rate	3.63	.729	96	.002	Reject hypothesis
convenience	2.11	1.014	96	.000	Reject hypothesis
Policies and procedures	3.38	.909	96	.256	Accept hypothesis
Technologies	2.73	1.090	96	.008	Reject hypothesis
SHG	2.43	.937	96	.000	Reject hypothesis
Overall service of the bank	2.83	.867	96	.472	Accept hypothesis

The mean value of the variable convenience of the bank is less when compared to the mean value calculated for other factors which indicate that, women are more satisfied with the convenience of the bank compared to availability, interest rate, policies and procedures, technologies, SHG and overall service of the bank. Similarly, the women are dissatisfied with the interest rate when compared to the mean value of other factors. (Scale 1-5 in which 1 is highly satisfied whereas 5 is highly dissatisfied).

The P value of the Interest rates, availability of the bank, technologies adopted by the bank, participation of women in SHG's is less than 0.05 as such the null hypothesis is rejected and it can be inferred that there is a relationship between the age and the above mentioned factors.

As studied in the above analysis, it is perceived that there exists a relationship between age and the satisfaction level of women, as such a further analysis is done using Post Hoc test for examining the difference in satisfaction level among the different age groups.

TABLE NO: 2

POST HOC TEST: Results showing difference of opinion with different age groups

Variables	Age(1)	Age(2)	Mean Difference	Std. Error	Sig.	P
Availability	18-28	29-39	.701*	.249	.030	.000
	29-39	18-28	.701*	.249	.030	
		50>	-1.125*	.246	.000	
	50>	29-39	-1.125*	.246	.000	
Interest Rate	18-28	50>	-.667*	.208	.010	.002
	29-39	50>	-.667*	.201	.007	
	50>	29-39	-1.125*	.246	.000	
		40-50	-.667*	.201	.007	
Convenience	18-28	50>	-1.009*	.283	.003	.000
	29-39	50>	-1.129*	.262	.000	
	50>	18-28	1.009*	.283	.003	
		29-39	1.129*	.262	.000	
Technologies	18-28	50>	-1.082*	.317	.005	.008
	50>	18-28	-1.082*	.317	.005	
SHG's	18-28	29-39	.662*	.242	.037	.000
	29-39	18-28	-.662*	.242	.037	
		50>	-1.183*	.239	.000	
	50>	29-39	-1.183*	.239	.000	

*The significant values have been considered

The above table depicts that, while analyzing the satisfaction level of women, it is observed that the variables like availability of the bank, participation in SHG have difference of opinion between the age groups of 18-28 with 29-39 and vice-versa.

Similarly, variables like interest rates of the bank, convenience of the bank, technologies adopted have difference opinion between the age 50 above and 18-28.

The age group of 29-39 has difference opinion with the age group of more than 50 with the variables like availability of the bank, interest rates, convenience and participating in SHG.

DIFFICULTIES FACED BY THE WOMEN

This study considered several factors based on the pilot survey which are contributing to the difficulties faced by women in getting microfinance. The lists of factors considered for the study is mentioned below.

1. Lack of confidence
2. Risk associated with bank
3. Legal formalities of the micro financial institution
4. Adoption of new Technologies
5. Interest rates of the bank

In order to analyze this, we set up two hypothesis and we are using F test.

HYPOTHESIS

H₀ - There is no significant difference between the age and the difficulties faced by the women

H₁ - There is significant difference between the age and difficulties faced by the women.

TABLE: 3

Results showing the difficulties faced by the women while dealing with micro finance

Factors	Mean	Std. Deviation	Analysis N	Sig	Decisions
Lack of confidence	3.69	.779	98	.018	Reject hypothesis
Legal formalities	3.77	.871	98	.000	Reject hypothesis
Adoption of technology	3.48	1.169	98	.000	Reject hypothesis
Interest rate of the bank	4.03	.979	98	.536	Accept hypothesis
Overall Banks are risky	4.07	.977	98	.429	Accept hypothesis

The mean value of the variable bank are risky is high when compared to the mean value calculated for other factors which indicate that, women are facing more difficulty when compared to lack of confidence, legal formalities, adoption of technology and interest rate of the bank. Similarly, the women are also dissatisfied with the interest rate and finding it difficult (Scale 1-5 in which 1 is highly disagree whereas 5 is highly agree).

The P value of lack of confidence, Legal formalities, Adoption of technology is less than 0.05 which means we are rejecting null hypothesis and there is a difference between the age factor and the difficulties faced by the women. The P value of the factors like Banks are risky, Interest rate of the banks are more than 0.05 which means we are accepting null hypothesis i.e. there is no difference between the age factor and the difficulties faced by the women.

As studied in the above analysis, it is perceived that there exists a relationship between age and the difficulties of women, as such a further analysis is done using Post Hoc test for examining the difference in difficulties among the different age groups.

TABLE 4

POST HOC TEST: Results showing difference of opinion with different age groups

Variables	Age(1)	Age(2)	Mean Difference	Std. Error	Sig.	P
Lack of Confidence	18-28	50>	-.600*	.219	.036	.018
	50>	18-28	-.600*	.219	.036	
Legal Formalities	18-28	29-39	-.943*	.217	.000	.000
		40-50	-.885*	.232	.001	
	29-39	18-28	-.943*	.217	.000	
	40-50	18-28	-.885*	.232	.001	
Adoption of Technology	18-28	40-50	-.823*	.309	.044	.000
		50>	-1.422*	.316	.000	
	29-39	50>	-.803*	.306	.049	
	40-50	18-28	-.823*	.309	.044	
	50>	18-28	-1.422*	.316	.000	
		29-39	-.803*	.306	.049	

*The significant values have been considered

From the above data depicts that the age group of 18-29 have a very different opinion when compared to rest of the age group individuals with the variables like lack of confidence, legal formalities and adoption of new technology.

In addition to this 29-39 age group individuals have difference of opinion about adoption of new technology with the age group more than 50 and vice-versa in both the cases.

FINDINGS

1. The respondents of the village are satisfied with the convenience of the bank.
2. This study finds banks are more risky due to lack of confidence among them, legal formalities of the bank and adoption of new technologies.
3. There is a difference of opinions about the microfinance among different age groups. The age group of 18-29 has a very different opinion when compared to rest of the age group individuals. In addition to this 29-39 age group individuals have difference of opinion with the age group more than 50 and vice-versa in both the cases.

SUGGESTION

The result of the study is that the rural people perceiving that banks are more risk, however it is generally understood from the past researchers that banks are the safest avenues for investments. In order to overcome this, there should be minimal training to equip them in developing skills by taking part in various training and awareness programs. Both banks and government should create awareness through marketing of different schemes available to these rural people. Awareness can be properly implemented by government collaborating with colleges and banks.

AREA FOR FURTHER RESEARCH

This article mainly focused on the difficulty and satisfaction associated with the age groups. Here age is the independent variable. Income is not considered for the individuals so further study can be done by using the income as an independent variable.

CONCLUSION

Microfinance is playing a vital role in the social, political, psychological as well as economic empowerment of women in India. Microfinance availability and its profitable usage, observed to have a significant role and effect on fulfillment in women satisfaction towards microfinance. The empirical findings of the study suggest that among all the variables, the highly satisfied is convenience of the bank and maximum number of women are participating in self-help group.

However women are also facing challenges in getting microfinance, the women in rural area find banks as more risky to borrow loans as the interest rates are high and they find it difficult to pay. Microfinance helps in maintaining the stability and long term economic growth in the country by inculcating microfinance practice in rural areas and it reaches many people who are underprivileged in the society and helps them in different ways to sustain their life and upscale themselves to a better living.

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