



Financial Inclusion Through Micro – Finance Institution In Tumkur Dist. With Special Reference To Pavagada Taluk

KEYWORDS

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INTRODUCTION

Finance:

Finance is nothing but an exchange of available resources. Finance is not restricted only to the exchange and/or management of money. A barter system is also a type of finance. finance is the soul of our economic activities. To perform any economic activity, we need certain resources, which are to be pooled in terms of money Finance is a pre-requisite for obtaining physical resources, which are needed to perform productive activities and carrying business operation such as sales, pay compensation, reserves for contingencies

Finance Inclusion:

Financial Inclusion is the delivery of financial services at affordable costs to vast sections of disadvantaged and low income groups.

Importance of Financial Inclusion

Creating a platform for including the habit to save money:

Providing formal credit avenues:

Plug gaps and leaks in public subsidies and welfare programmers

Micro-Finance: Self Help Group – bank linkage programme. The SHG bank linkage programme has emerged as the major micro-finance programme in the country. It is being implemented by commercial banks, regional rural banks (RRBs), and co-operative banks, under the SHG-bank linkage programmes, as on 31st Mar 2012, 79.60 lakh SHG held savings bank accounts with total savings of Rs 6551 crore were I operation. By Nov 2012 another 2.14 lakh SHGs had come under the ambit of the programme, taking the cumulative number of savings-linked groups to 81.74 lakh.

Review of literature:

Desperately seeking revival.(2011) E kumar Sharma

Microfinance is the business of disbursing modest, short-tenure loans without collateral to small borrowers, most of them poor. But a year after new regulations in AP-the state accounts for about one-third of Rs20000 crore industry in India – that sought more control over the business all but killed it. MFIs, or micro finance institutions, have turned to financing bicycles to tractors, cooking stoves to houses.

Central banks and the new macro-prudential toolkit. (2014) Avinash persaud

The new tends to be pro-cyclical, despite being aware that bank lending to booming sectors also concentrate risk, as

the global financial crisis has shown. The emphasis of micro-prudential policy must take into account the nature of risk its location in order to efficiency guide markets by aiming at risk-managing the system at a macroeconomic level, as opposed to the tendency of using individual risk-based micro-prudential policies.

Statement of the problem:

The micro-finance institution is a need to evaluate the effectiveness of the lending practices. This activity is the most neglected and problematic. As a result, this lending option on credit formation in rural area. The studies which had been done on these aspects fail to consider as statement of the problem.

Objectives of the study:

- To analyze the operating system of self help groups for mobilization of savings.
- To identify the financial inclusion through micro-finance institution.
- To know the financial status of members after obtaining loans from SHG.
- To know whether the members of SHGs are really doing savings.

Hypothesis of the study:

Null Hypothesis (H₀): There is no significant relationship between amount of loan granted by SHG and income earning capacity.

Alternative Hypothesis (H₁): There is significant relationship between amount of loan granted by SHG and income earning capacity.

Research design:

Sample size: No. of members limited to 90, chosen as respondents for the study.

Analysis and interpretation

The art article basically focused on studying the financial inclusion through micro-finance institution in Pavavgada taluk, Tumakuru Dist. The raw data obtained from a research is useless unless it is transformed into information for the purpose of decision making (Emery and cooper, 2003). The data analysis involved reducing the raw data into a manageable size, developing summaries and applying statistical inferences. The report is presented in a comprehensive manner so that reader can get quick view about the outcomes of this project in terms of data analysis and interpretation.

Data has been collected through several members of

SHGs in Pavagada taluk, Tumakuru Dist. The collected data has been processed and analyzed according to the outline defined in research methodology chapter. Hypothesis testing is done through the ANOVA, Chi-square testing, SPSS is used for Chi-square testing and to get the cross tabulation, the collected data has been edited and then coded accuracy. Satisfaction with the overall quality of the service is obtained the percent of completely very good, moderate, poor, very poor members outcome of this study includes design of the quality metrics and calculation of the overall satisfaction index.

Programmers conducted by SHG take the rank I and training facility and percentage of interest charges, share the second rank and third rank share with behavior of representatives and level of satisfaction.

Allotment of ranks for services provided by the SHG using likert scale

The following table shows the satisfaction level of the respondent.

FACTORS	VERY GOOD		GOOD		MODERATE		POOR		VERY POOR		TOTAL		RANK
	N.O.R (5)	S.O.R (5)	N.O.R (4)	S.O.R (4)	N.O.R (3)	S.O.R (3)	N.O.R (2)	S.O.R (2)	NO.R	S.O.R (1)	S.C.O.R.E	%	
1 The programme conducted by SHG	10	50	54	216	15	45	10	20	1	1	332	22.2	I
2 Training facility	2	10	52	208	29	87	2	4	5	5	314	21	II
3 Behaviour of SHG representatives	3	15	30	120	25	75	29	58	3	3	271	18.1	III
4 Percentage of interst charges	6	30	45	180	30	90	7	14	2	2	316	21.1	II
5 Level of satisfaction	3	15	20	80	45	135	12	24	10	10	264	17.6	III

Programmers conducted by SHG take the rank I and training facility and percentage of interest charges, share the second rank and third rank share with behavior of representatives and level of satisfaction.

Calculation of Degree of freedom

$$DOF = (r-1)(n-1)$$

$$= (2-1)(4-1)$$

$$= (1)(3)$$

$$= 3$$

HYPOTHESIS TEST CHI-SQUARE TEST

Hypothesis of the study:

H₀- There is no significant relationship between amount of loan granted by SHG and increasing income earning capacity.

H₁-There is a significant relationship between amounts of loan granted by SHG and increasing income earning capacity.

Level of significance 5 % (assumed)

Chi-square table value at 5% value of significance at 3 DOF is 7.815.

The calculated value of loan amount influences towards earning capacity increases is 5.3521.

The calculated value (5.3521) is less than table value (7.815). Hence, null hypothesis is accepted.

Count	loan amount granted				Total
	below 10000	10000-20000	20000-30000	30000 and above	
Yes	1	36	2	11	50
No	3	33	0	4	40
Total	4	69	2	15	90

HYPOTHESIS TEST: ANOVA

H₀- There is no significant relationship between satisfaction level of members and activities of SHGs.

H₁- There is a significant relationship between satisfaction level of members and activities of SHGs.

Observed frequency	Expected frequency	O-E	(O-E) ²	(O-E) ² /E
1	2.222222	-1.22222	1.493827	0.672222
36	38.33333	-2.33333	5.444444	0.142029
2	1.111111	0.888889	0.790123	0.711111
11	8.333333	2.666667	7.111111	0.853333
3	1.777778	1.222222	1.493827	0.840278
33	30.66667	2.333333	5.444444	0.177536
0	0.888889	-0.88889	0.790123	0.888889
4	6.666667	-2.66667	7.111111	1.066667

SUMMARY	Count	Sum	Average	Variance
Column 1	5	24	4.8	10.7
Column 2	5	201	40.2	216.2
Column 3	5	144	28.8	117.2
Column 4	5	60	12	104.5
Column 5	5	21	4.2	12.7

Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	5050.8	4	1262.7	13.68632	1.57E-05	2.866081
Within Groups	1845.2	20	92.26			
Total	6896	24				

The table shows that the calculated value 2.866081 is less than the table value of 2.87 at 5% level of significance. Hence, this analysis supports the null- hypothesis. There is no significant relationship between satisfaction level of members and activities of SHGs.

SUMMARY OF FINDINGS AND CONCLUSION

This chapter puts together all the information gathered from the first four chapters. The objective, literature reviewed the methodology and the data analysed in the previous chapters. The summary of findings generated out of the objectives is also presented in this chapter.

Summary of Findings

Various findings of the discussion of data analysis emerge, which tends and satisfy the objective of the study. The findings deal with the specific objectives of the entire study and other results which also followed from the analysis of the data.

Findings

The 58 percent of the respondents are in the age group of 26 to 35, this shows only middle aged group are interested to join the SHG. The SHG are failing to attract the youngsters. There is no encouraged for youths.

More than 90 percent of the member's literacy rate is too low. The SHG tries to educate them as much as possible.

The 72 percent of the member's annual income is below 20000 to 40000 PA.

More than 90 percent of the members voluntarily join SHG.

More than 89 percent of members continue their journey with SHG from 3 to 4 years.

Members in the group will save the money of 10 to 20rs in a week and it's compulsory.

Most of the members in SHG will save the money with their self earned.

All the members will take the loan, after completion of particular period that is 6months to 1 year.

The members must give the reason for taking loan.

The member of SHGs will receive a loan of 10000 who have completed 1 year and 20000-30000 who have completed above 1 year.

The members in the SHG will receive the loan easily but the difficulty arises, if any one of the members in a group fails to repay it and it will effect on all the members in a group and no one get loan.

Members must wait at least for 10 to 15 days to take a loan after applying for it.

More than 50 percent of members in the SHG have the knowledge about interest charges but most of them have not satisfied with the interest charge.

Repayment of loan will become difficult to most of the members in SHG because of their dependency on daily wages for their day to day expenses.

49 percent of members have increased their income earning capacity after joining SHG but some of them have not increased their earning capacity because they spend that amount for their children's education and for re-construction of house.

SHGs are conducting awareness programmes for women's and trips. Some of them are utilising this opportunity but some of them are not because their disinterest towards programme.

More than 50 percent of members in the SHG as not increased their standard of living.

56 percent of members in SHG have increased their repayment capacity.

66 percent of members are satisfied with the training facility provided by the SHG.

Members have not taken any subsidies from the SHG even they are joined before 3 to 4 years.

CONCLUSION

Micro finance programmes are currently being processed as a key strategy for addressing poverty alleviation. Micro finance is found to be most effective in lifting the poor from below poverty line to above poverty line by providing them self employment opportunities and supporting to the families obligations. Many awareness and educational programme were initiated and implemented on health, education and saving habits of the respondents. The SHG also provide the higher priority to agriculture also conduct the krushi mela and special awareness programmes for farmer.

The SHG not only provide financial aid to the poor but empowers them. With the loans, people are equipped with the abilities to make something for their future and to improve their standard of living and women dependency on men also decreased.

It gives more preference for women's. But it provides less loan facility for the members. . Some of them are satisfied with the loans but most of them are not satisfied with the loan provided by the SHG for their higher rate of interest. The SHGs must increase the loaning facility and must decrease the interest rate on the loans, from this the standard of living of the peoples can be increased.

SUGGESTIONS

In the study the researcher found that only the middle aged group people are more in the SHG, there is the absence of youths in this group. Hence, the SHG adopted new schemes to attract the youths.

The study reveals that the savings amount which is collected from members is keeping in bank as savings deposits. It is not used for investment. It increases the debt money in the economy. Hence, it suggested in various avenues for multiplying the savings amount which is beneficial to the members as well as economy of the country.

It is also found that there is no transparency in the accounting system of Self Help Groups. The members not know anything about their saving amount, interest on savings and loans etc.

There is no awareness among the members about subsidies or benefits granted by the Govt. Hence, the aware-

ness programs are needed.

The amount of loan given by the Micro-finance Institutions is not sufficient to invest and earn maximum return. It is suggested to increase quantum of amount for increasing their investment avenue from the amount they borrowed.

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