



## Cultural Impact of Microfinance in Kanchipuram District

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### ABSTRACT

*Microfinance being one of the most powerful tools to break the poverty cycle, it has become more commercial now than creating value to the society. It is argued that some of the NBFC MFIs are not beneficial as good as SHG-Bank linkage programs. The author attempted to study the views of NBFC borrowers on the various impacts. The paper is restricted to their cultural impact only.*

**Keywords : Microfinance, NBFC-MFIs, Cultural Impact, Kanchipuram and Economic Development.**

**Introduction:** In order to facilitate the poor to graduate to a level from where they can access loan directly from the banks, Nabard, during 1992-93 promoted the concept of providing a linkage between rural poor and the banking system in a cost effective and sustainable manner through the SHG-Bank Linkage program. The poor today, have access to unique financial services such as microfinance and simultaneously supported with training to do in viable income generating activities. While many commercial banks failed to capitalize the business opportunities, NBFC-MFIs ventured to untapped rural micro-lending. Women gain self-confidence to venture on enterprising activities leading to social, economic financial, political and cultural changes in them. Many studies elucidated that the microfinance has its many positive impacts on beneficiaries, but most of them are on SHG Bank linkage model. There are very limited studies available focusing on the cultural impact of MFI lending on its beneficiaries, in particular no study has been done covering the borrowers in Kanchipuram district. Hence, the present study has wider scope in the industry.

**Objective and Hypothesis:** To study the perception of NBFC-MFI beneficiaries in Kanchipuram district on their cultural impact. Following hypothesizes were framed for testing.

- H1. There is no significance difference between change in consumption of beverages & snacks and their demographic factors.
- H2. There is no significance difference between change in food habits and their demographic factors.
- H3. There is no significance difference between change in medical treatment and their demographic factors.

**Methodology:** The empirical study is based on the primary data collected during January 2012 to June 2012 from 569 women respondents those who had availed microcredit from the NBFC-MFIs in Kanchipuram district through personal contact. Purposive sampling method was adopted for data collection through a pretested questionnaire. Rural and urban pockets of all the 13 blocks in the district were chosen for study. The collected data were analyzed through simple percentage analysis, ANOVA, Chi square test in the statistical package SPSS 16.

### Major Findings:

- Increased Consumption of Tea/Coffee: Majority of the re-

spondents said that their consumption of tea/coffee/snacks/eatables was considerably increased after joining MFIs. The respondents those who resides in own house, those who have association with MFIs for more than two years, those who have availed second cycle loan, those who were found with loan outstanding with other MFIs and those who have higher family income are statistically found significant on the factor.

- **Change in Food Habits:** Predominantly the respondents who were middle aged groups, having school level education, housewife, whose husbands' are salaried, residing in concrete type of house, living as nuclear family, having vintage of 1-2 years with the MFIs, having more number of earning members in the family, and having total family monthly income between Rs 6000-Rs 8000 were observed with change in their food habits like reduced consumption of Cold rice (Neeraharam), Increased usage of fresh food dishes, increased consumption of fruits & vegetables, and increased consumption of tea/coffee.

- **Change in Medical Treatment:** It was found that the respondents who are middle aged group between 21 - 40 years, having school level education, housewife, whose husbands' are salaried, those who are living in concrete type of house, living in nuclear family, having a vintage of 1-2 years with MFIs, having increased number of earning members in the family and having a monthly family income of Rs 6000-Rs 8000 had expressed that their practice on medical treatment is changed such as increased number of consultancy with doctors, increased expenditure on medical treatment, had treated prolonged illness, decreased usage of indigenous medicines/medical treatment.

**Testing of Hypothesizes:** There are significant differences on increased consumption of beverages & snacks, change in food habit and change in medical treatment by the respondents' demographic factors. Hence all the three null hypothesizes are rejected and concluded as there is a significance difference on the subject.

**Conclusion:** Extension of microfinance to people, especially to women, coupled with supporting activities like training, raw materials supply and marketing of products leads to the establishment of microenterprises in rural areas. These microenterprises generate income to the family resulting in poverty

reduction and set the path for development. The empirical study conducted at Kanchipuram district with 569 women borrowers of NBFC-MFIs proved that NBFC MFIs have been creating significant impact on cultural development of women borrowers.

## Annexure

**Table 1. Change in Food habits Vs Demographic factors.**

			Food <sup>a</sup>					Total
			No change	Neeraharam	Fresh Dish	Fruits Vegetables	Increased Consumption of Tea/coffee	
Age of the Respondents	Less than 20 years	Count	1	2	3	2	5	5
	20-30 yrs	Count	21	138	122	73	187	195
	31-40 yrs	Count	26	169	160	79	232	241
	41-50 yrs	Count	11	73	66	37	99	105
	Above 50 yrs	Count	1	18	12	10	21	23
Total		Count	60	400	363	201	544	569
Educational Level of Respondents	Illiterate	Count	6	65	48	32	78	84
	School	Count	47	302	282	148	417	433
	College	Count	7	33	33	21	49	52
Total		Count	60	400	363	201	544	569
Occupation of the Respondents	Housewife	Count	16	73	54	34	99	100
	Own Agri	Count	5	55	46	28	72	76
	Agri Wage	Count	2	20	15	7	25	26
	Milch Animal	Count	11	46	35	20	60	62
	Salaried	Count	3	21	15	11	27	28
Total		Count	37	215	165	100	283	292
Husband's Occupation	Salaried	Count	17	112	85	53	154	157
	Own Agri	Count	3	58	50	33	75	78
	Agri Wage	Count	4	17	15	6	22	24
	Milch Animal	Count	7	29	19	13	39	39
	Own weaving	Count	7	27	27	13	37	41
Total		Count	38	243	196	118	327	339
Type of House	Thatched	Count	15	104	83	53	141	145
	Tiled	Count	10	89	86	49	121	126
	Concrete	Count	35	206	194	98	281	297
	Others	Count	0	1	0	1	1	1
Total		Count	60	400	363	201	544	569
Family Size	Less than 4	Count	35	272	229	132	352	369
	4-6	Count	25	126	133	69	190	198
	More than 6	Count	0	2	1	0	2	2
Total		Count	60	400	363	201	544	569
Vintage with MFI(s)	Less than a year	Count	12	58	58	32	89	91
	1-2 yrs	Count	40	252	229	118	354	364
	2-3 yrs	Count	8	87	73	51	98	111
	More than 3 yrs	Count	0	3	3	0	3	3
Total		Count	60	400	363	201	544	569
Total Earning Members	One	Count	0	9	5	5	9	10
	Two	Count	23	107	107	60	151	160
	Three	Count	33	258	230	124	349	364
	More than 3	Count	4	26	21	12	35	35
Total		Count	60	400	363	201	544	569
Total Family Income (per month)	Less than Rs 4000	Count	0	3	3	0	3	3
	Rs 4001-6000	Count	14	66	58	38	98	100
	Rs 6001-8000	Count	34	262	235	118	352	361
	Rs 8001-10000	Count	11	65	65	42	85	99
	More than Rs 10000	Count	1	4	2	3	6	6
Total		Count	60	400	363	201	544	569

Percentages and totals are based on respondents.

a. Dichotomy group tabulated at value 1.

Table 2. Change in Medical treatment Vs Demographic factors.

Table 2: Change in Medical Treatment by Demographic Factors								
			More Consultancy	More Amount	Treated Illness	Decreased Indigenous	No Change	Total
Age of the Respondents	Less than 20 years	Count	4	2	0	5	0	5
		% of Total	.7%	.4%	.0%	.9%	.0%	.9%
	20-30 yrs	Count	152	72	61	137	2	195
		% of Total	26.7%	12.7%	10.7%	24.1%	.4%	34.3%
	31-40 yrs	Count	173	86	72	166	2	241
		% of Total	30.4%	15.1%	12.7%	29.2%	.4%	42.4%
	41-50 yrs	Count	75	45	30	63	4	105
		% of Total	13.2%	7.9%	5.3%	11.1%	.7%	18.5%
	Above 50 yrs	Count	17	6	4	17	1	23
		% of Total	3.0%	1.1%	.7%	3.0%	.2%	4.0%
Total		Count	421	211	167	388	9	569
% of Total			74.0%	37.1%	29.3%	68.2%	1.6%	100.0%
Educational Level of Respondents	Illiterate	Count	57	39	21	50	4	84
		% of Total	10.0%	6.9%	3.7%	8.8%	.7%	14.8%
	School	Count	324	153	131	302	3	433
		% of Total	56.9%	26.9%	23.0%	53.1%	.5%	76.1%
	College	Count	40	19	15	36	2	52
		% of Total	7.0%	3.3%	2.6%	6.3%	.4%	9.1%
Total		Count	421	211	167	388	9	569
% of Total			74.0%	37.1%	29.3%	68.2%	1.6%	100.0%
Occupation of the Respondents	Housewife	Count	75	29	24	68	4	100
		% of Total	25.7%	9.9%	8.2%	23.3%	1.4%	34.2%
	Own Agri	Count	64	31	23	53	1	76
		% of Total	21.9%	10.6%	7.9%	18.2%	.3%	26.0%
	Agri Wage	Count	14	7	6	18	0	26
		% of Total	4.8%	2.4%	2.1%	6.2%	.0%	8.9%
	Milch Animal	Count	42	26	19	39	2	62
		% of Total	14.4%	8.9%	6.5%	13.4%	.7%	21.2%
	Salaried	Count	22	12	7	19	0	28
		% of Total	7.5%	4.1%	2.4%	6.5%	.0%	9.6%
Total		Count	217	105	79	197	7	292
% of Total			74.3%	36.0%	27.1%	67.5%	2.4%	100.0%
Husband's Education	Illiterate	Count	24	16	10	27	1	40
		% of Total	4.6%	3.1%	1.9%	5.2%	.2%	7.6%
	School	Count	333	162	136	300	4	444
		% of Total	63.5%	30.9%	26.0%	57.3%	.8%	84.7%
	College	Count	33	16	10	29	1	40
		% of Total	6.3%	3.1%	1.9%	5.5%	.2%	7.6%
Total		Count	390	194	156	356	6	524
% of Total			74.4%	37.0%	29.8%	67.9%	1.1%	100.0%
Husband's Occupation	Salaried	Count	109	56	40	107	2	157
		% of Total	32.2%	16.5%	11.8%	31.6%	.6%	46.3%
	Own Agri	Count	68	29	26	53	1	78
		% of Total	20.1%	8.6%	7.7%	15.6%	.3%	23.0%
	Agri Wage	Count	13	7	6	16	0	24
		% of Total	3.8%	2.1%	1.8%	4.7%	.0%	7.1%
	Milch Animal	Count	28	18	9	29	0	39
		% of Total	8.3%	5.3%	2.7%	8.6%	.0%	11.5%
	Own weaving	Count	32	20	19	19	1	41
		% of Total	9.4%	5.9%	5.6%	5.6%	.3%	12.1%
Total		Count	250	130	100	224	4	339
% of Total			73.7%	38.3%	29.5%	66.1%	1.2%	100.0%
Type of House	Thatched	Count	110	54	38	100	1	145
		% of Total	19.3%	9.5%	6.7%	17.6%	.2%	25.5%
	Tiled	Count	85	48	31	87	4	126
		% of Total	14.9%	8.4%	5.4%	15.3%	.7%	22.1%
	Concrete	Count	225	108	98	201	4	297
		% of Total	39.5%	19.0%	17.2%	35.3%	.7%	52.2%
Others	Count	1	1	0	0	0	1	
	% of Total	.2%	.2%	.0%	.0%	.0%	.2%	
Total		Count	421	211	167	388	9	569
% of Total			74.0%	37.1%	29.3%	68.2%	1.6%	100.0%
Family Size	Less than 4	Count	278	136	113	250	5	369
		% of Total	48.9%	23.9%	19.9%	43.9%	.9%	64.9%
	4-6	Count	143	75	54	136	4	198
		% of Total	25.1%	13.2%	9.5%	23.9%	.7%	34.8%
	More than 6	Count	0	0	0	2	0	2
		% of Total	.0%	.0%	.0%	.4%	.0%	.4%
Total		Count	421	211	167	388	9	569
% of Total			74.0%	37.1%	29.3%	68.2%	1.6%	100.0%

Vintage with MFI(s)	Less than a year	Count	43	20	21	73	1	91
		% of Total	7.6%	3.5%	3.7%	12.8%	.2%	16.0%
	1-2 yrs	Count	282	139	99	242	5	364
		% of Total	49.6%	24.4%	17.4%	42.5%	.9%	64.0%
	2-3 yrs	Count	93	51	46	71	3	111
		% of Total	16.3%	9.0%	8.1%	12.5%	.5%	19.5%
Total	More than 3 yrs	Count	3	1	1	2	0	3
		% of Total	.5%	.2%	.2%	.4%	.0%	.5%
	Total	Count	421	211	167	388	9	569
		% of Total	74.0%	37.1%	29.3%	68.2%	1.6%	100.0%
	% of Total							
Total Earning Members	One	Count	4	3	2	8	0	10
		% of Total	.7%	.5%	.4%	1.4%	.0%	1.8%
	Two	Count	111	46	45	119	4	160
		% of Total	19.5%	8.1%	7.9%	20.9%	.7%	28.1%
	Three	Count	282	145	107	239	5	364
		% of Total	49.6%	25.5%	18.8%	42.0%	.9%	64.0%
Total	More than 3	Count	24	17	13	22	0	35
		% of Total	4.2%	3.0%	2.3%	3.9%	.0%	6.2%
	Total	Count	421	211	167	388	9	569
		% of Total	74.0%	37.1%	29.3%	68.2%	1.6%	100.0%
	% of Total							
Total Family Income (per month)	Less than Rs 4000	Count	2	3	2	1	0	3
		% of Total	.4%	.5%	.4%	.2%	.0%	.5%
	Rs 4001-6000	Count	72	34	24	67	1	100
		% of Total	12.7%	6.0%	4.2%	11.8%	.2%	17.6%
	Rs 6001-8000	Count	274	139	115	241	8	361
		% of Total	48.2%	24.4%	20.2%	42.4%	1.4%	63.4%
Total	Rs 8001-10000	Count	70	34	25	75	0	99
		% of Total	12.3%	6.0%	4.4%	13.2%	.0%	17.4%
	More than Rs 10000	Count	3	1	1	4	0	6
		% of Total	.5%	.2%	.2%	.7%	.0%	1.1%
	Total	Count	421	211	167	388	9	569
		% of Total	74.0%	37.1%	29.3%	68.2%	1.6%	100.0%
Percentages and totals are based on respondents.								
a. Dichotomy group tabulated at value 1.								

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