



Micro Finance as an Initiative to Promote Social Welfare in Kolar District

Dr R Sarvamangala

Associate professor, Dept of Commerce, PG Centre, Kolar-563101

Deepika T

Assistant Professor, Dept of Commerce, P G Centre, Kolar--563101

ABSTRACT

The study deals with the role of micro finance institutions in poverty alleviation, women empowerment & improving the status of the rural poor in the society.. Kolar District Geographically comes under a dry zone, mainly depend on agriculture directly or indirectly. As agricultural activities are mainly determined by the rain water, unemployment & under employment is a common phenomenon in this area..This study was madeto know the role of micro finance in promoting social welfare,and to study potential hurdles in the development of social wellbeing. It was found that micro finance is an effective tool for promoting social welfare in the district. 100% respondents accepted Micro finance is a boon to them which has supported their life and 95% of them were self employed and it has improved their status in the society.

KEYWORDS

INTRODUCTION:

Micro finance program intends to arrest the most burning issues i.e. poverty & unemployment which are main hurdles in the process of economic development and social welfare. Micro finance can be defined as provision of thrift, credit and other financial services and products of very small amounts to the poor in rural, semi urban or urban areas for enabling them to raise their income levels & improve living standards.

Though micro finance institutions have their own significance in social welfare, (through small credit) the poor can't access institutional credit because of lack of collateral. MFIs are playing a significant role in social welfare and contributing much to the development of nation's economy in this direction, it is providing small credit, to the rural poor, who can't access institutional credit. Though these institutions are struggling much against poverty alleviation of the nation and they are not free from certain problems.

People living below poverty line, both in urban & rural area can't accessible to the institutional credit, to meet their financial requirements due to lack of collateral indeed. They have to depend upon local money lenders for their financial needs such as marriage in the family, illness or other emergency needs as the formal credit system of the banks is beyond the reach of poor people. This provides an opportunity for money lenders to exploit the situation by charging exorbitant rates of interest. Despite the expansion of the formal Banking system deep into rural areas it was found that a very large number of poor continued to remain outside the fold of the formal banking system.

The studies are further showing that, still there is a systematic in-built bias against small borrowers by formal banking systems, who feel burdened with small & frequent transactions from small time borrowers. Hence, there is an ample scope for research in this topic for studying role of micro finance institutions (prevailing) with reference to providing financial assistance to rural poor at gross route level for their social & economic up-liftment which ultimately contributes to the development of nation's economy.

OBJECTIVES OF THE STUDY:

- To study the role of micro finance in promoting social welfare
- To understand the interface between self help groups and banking institutions
- To analyse the socio-economic impact of micro finance
- To study potential hurdles in the development of social

wellbeing.

- To summarise the findings, conclude and offer suggestions

RESEARCH METHODOLOGY

Primary Data

Primary data are those which are collected for the first time such as observation, interview mailing etc.

Here the primary data was collected with the help of the questionnaire and direct interview with the account holders of banks as DCC, Gramin, SBI etc.

Secondary Data

Here the secondary data is collected through the websites, magazines and newspapers.

The data collection of this study was limited at KOLAR only. The chosen sample size was 100 respondents; the sampling units consisted of people who are getting benefit under micro financing.

FINDINGS

From the above findings under gone through project work & data collected using questionnaire along with personal interview to interact effectively with the respondents.

1.85% of respondents who are availing the benefits of micro finance are from the age group of 30-40 years

1. Income level of 40%of respondents that are Rs 5000 to 10000.
2. 80% of the respondents education qualification is SSLC &PUC.
3. 88% Farmers are the major customers of banks who are availing the banking services and micro finance.
4. 100% of respondents are aware about micro finance.
5. 90% respondents are availing the benefits of micro finance from DCC bank
6. All the respondents were provided with credit facility with valid proofs.
7. 95% of respondents take loan for the purpose of Agriculture.
8. All the respondents agreed that the services rendered by DCC bank are satisfactory.
9. It is also found that micro finance is an effective tool for promoting social welfare.
10. Micro finance is a boon to majority of respondents which has supported their life.
11. 100% respondent's opinion is that micro finance is meant

- for the growth of poor people.
12. With the help of micro finance 95% of respondents were self employed.
 13. It is found that the bank interest are affordable or reasonable for the customers. As majority of respondents are farmers & low income groups.
 14. All the respondents rated the Information provided by bank is not sufficient.
 15. Most of the farmers think that the loans may be waiver in future. So they are neglecting the repayment of loans.
 16. All agreed that Micro finance has got momentum in kolar district as a solution to rural poverty.

SUGGESTIONS

Following suggestions are provided with the help of findings

1. The government should find out the places where micro finance is in need/required & provide sufficient funds to them
2. Special interest should be taken for rural development and recovering their loans
3. There is a need for substantial scaling up of micro finance, which includes credit, savings and insurance.
4. Bank should frame flexible repayment system
5. The bank should try to meet the requirements of people who are in the category of below poverty line.
6. Micro finance is very useful for poor people, so the banks should provide adequate information about micro finance schemes to poor people.
7. Bank should have to provide adequate funds to encourage people in order to increase production.
8. Bank should encourage people for more savings in order to mobilize the funds to the needy people.
9. MFIs are playing a significant role in social welfare. So effective MFIs should form.
10. Bank should prevent poor people from local money lenders who are charge high rate of interest by providing loans.
11. Micro finance schemes should acts as an effective tool to eradicate poverty and which promotes social welfare.
12. The government has to provide loan subsidies to the poor people and thereby promotes social welfare.

CONCLUSION

The study is about micro finance is an initiative to promote social welfare in kolar district. After analyzing and interpreting the data, findings have been enumerated based on this we can conclude that the most important form of micro finance is credit targeted to poor people who are also talented entrepreneurs. If these people gain access to credit, they will expand their businesses, stimulate local economic growth.

The banks will be able to support their clients to control family risks as well as capitalize on business opportunities. They will offer savings, insurances remittances services and personal and business loans, to help clients grow their assets while increasing their incomes.

In the recent past, micro finance programmes one of the most promising ways to scarce development funds to achieve the objectives of poverty alleviation. The idea of micro finance is very simple. If poor are provided access to financial evinces, including credit, they may very well be able to start expand in micro enterprise that will allow than to break out of poverty. The study deals with how the micro finance takes the significance role to promote social welfare. It also contributes towards micro finance interventions. This study also covers the way of delivery role for the rural development. It gives more importance towards the socio-economic developments through micro finance.

The goal of micro finance is growth and poverty alleviation is now well recognized, so the micro finance is a very good platform for ensuring this by optimising use of the financial resources and generates the employment potentiality.

Credit plays a critical role in economic empowerment of the poor and the disadvantage with this understanding, provision of credit as such and under various credits linked poverty alleviation programmes have been taken up from time to time.

The banks will be more successful in the provision if the micro finances activity with careful planning and decision making and banks can overcome any kind of weaknesses.

REFERENCES

WEBSITE: | • www.google.com | • www.wikipedia.com | • www.microfinance.com | • www.microfinancesouthasia.net | • www.nabard.org | • www.grameen.org | • www.microfinancegateway.com | OTHER SOURCES | ♦ News Paper | ♦ Magazines |