

Microfinance Empowering Well-Being of BPL Families of Udaipur District in Rajasthan

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Abstract

Microfinance, in basic terms, implies giving financial or budgetary help, as a credit, insurance, saving and deposits, transfer of funds, training and development of the business people and small business units, lacking access to banking and other financial services (Singh, 2014). In the advancement worldview, microfinance has developed as a need-based program for strengthening and mitigation of poverty to the so far dismissed social objective gatherings (rural women, poor, deprived class of the society and so forth). It has additionally gotten one of the best mediations for socio-economic (social, economical, personal, and political) strengthening of poor people (Rajendran, 2012). In this specific circumstance, the present examination centers around the effect of microfinance on the socio-economic and personal ability prosperity of individuals grieving "Below Poverty Line" in the Udaipur District in Rajasthan.

Keywords : Microfinance, Economic Empowerment, Below Poverty Line, Poverty, Well-being

Introduction

Microfinance has observed gradual improvement of 62% every year in reference to the number of customers served and 88% yearly as far as for gross loans and advance portfolio, somewhere in the range of 2005 and 2010 (M-Cril, 2011) making India the biggest microfinance industry around the globe. Since the mid 1990s, budgetary consideration such as financial inclusion practices and programs, and microfinance have become progressively mainstream and they have reshaped the continuous discussion with respect to poverty alleviation while at the same time keeping trust alive for a definitive objective of destitution destruction. Different programs have been attempted worldwide to fight against the poverty, and the United Nations Millennium Declaration duly marked by all the 191 United Nation Member States, in September 2000 was a stage towards it (World Health Organization, 2016). The revelation was accepted and signed to fight against destitution, hunger, diseases, absence of education, ecological debasement, and victimization or gender discrimination especially against women. It comprised of following eight objectives:

1. Eradication of outrageous poverty and appetite
2. Achieve all inclusive essential education and knowledge standards
3. Promote gender neutrality and equality or balance and women empowerment
4. Reduce Children mortality rate
5. Improve maternal wellbeing and health
6. Creating awareness and fighting against HIV/AIDS, and other different diseases
7. Ensure natural ecosystem and environmental sustainability
8. Develop a worldwide association for advancement and progression of society and nation in whole

The microfinance and financial inclusion system in India has the accompanied through the following significant players: "Central and State Governments, Microfinance Institutions (MFIs), Non-Governmental Organizations (NGOs), Self Help Groups (SHGs), Banks (Commercial, Rural, and Cooperatives) and Governing/Promoting Agencies like Reserve Bank of India (RBI), NABARD and so forth." The significant methods of microfinance in India are: "Subsidized Bank Loans, Self-help bunch bank linkages, Microfinance Institutions-Joint Liability Groups, Direct Benefit Transfers and network based microfinance organizations like cooperatives and Post office based plans" (Chidambaranathan et al., 2013).

Small scale credit/ micro-credits, as the good number of studies recommended, has risen as a financial/budgetary technique or practice to offer the loan, and other financial services to urban, semi-urban and the rural poor. However, regardless of whether micro scale credit plans steered through self help groups have demonstrated to be an incredible achievement in Udaipur District of Rajasthan as well, as asserted somewhere else, is an issue worth testing. The assessment of the effect of SHGs on the member individuals' has accepted urgent significance in research aspects. As such, regardless of whether small scale credits administered through self help groups in Udaipur locale has helped the

beneficiaries in raising their standard of living as well as overall quality of life through the quest for gainful micro scale ventures, is an issue that benefits point by point study.

In this way, the essential thought for the exploration came after close perception of certainties that microfinance isn't just one of the powerful instruments for lessening poverty yet additionally can possibly make a constructive change in the general public as far as strengthening of women of different social classes and the financial upliftment of member individuals dwelling beneath the poverty line.

Review of Literature

As indicated by a definition characterized by NABARD, "microfinance is about the arrangement of thrift, credit and other money related financial services and results of extremely modest quantity to the poor in country, semi-urban and urban territories for empowering them to increase their expectation and standard of living."

Rajendran et al. (2010) in their research work studied the effect of microfinance on the strengthening in psychological, financial and social perspectives and administrative aptitudes of pioneers of SHGs and their frame of mind in Vellore presumed that microfinance can lead a few strengthening in poor class individuals of the general public, for example, psychological, social and monetary strengthening. The research work additionally referenced that the effect of micro scale fund is obviously bringing certainty, mental fortitude, skill advancement and strengthening yet there is no positive effect observed in feasible rural people empowerment particularly reduction in poverty, job openings, and making of other social and financial advantages in provincial territories.

Girabi et al. (2013) in their research work discovered that good percentage of women respondents of the study felt that they were increasingly associated with basic decision making in general family practise than previously. The social respect of women is also improved according to spouses and network after their support in family financial and credit plans. The research also inferred that respondents agreed that

their success is because of collaboration from spouses, advertising of the items, laborious work, proficient administration, training and skill development programs, and inhibitory variables were the deficiency of assets, absence of skills and abilities, and high running cost.

Jothi (2010) with the guide of essential information drew out the adjustments in the social and economical parts of the sampled respondents who are the member individuals in SHGs. The example respondents, who were either jobless or occupied with frivolous exercises during their pre-membership period, have become extremely dynamic by getting employed in shifted exercises and along these lines they started earning more. He has inferred that the self help groups contribute considerably in driving the states of the female populace up and through that chip in destitution eradication also.

As per Gobezie (2010), SHG is a socio-economic improvement exercise, which deals with the standards of self-regulation, shared assistance, and co-activity at locale and broad level. He also mentioned that SHGs member individuals make their capital through ordinary investment funds. The plan gives sparing and credit administrations which invigorate member individuals' self assistance limit bringing about social and economical strengthening as a resource for low-salary families, particularly women of rural areas.

As indicated by Singh et al. (2013) the socio-economic empowerment of rural women through SHGs would give advantage not exclusively to the women at singular level yet in addition to the family just as to the network all in all through aggregate activity for the improvement. Several examination ponders likewise indicated some fiscal and non-financial benefits stimulating from the support into the Self Help Groups.

The unavoidable issue at global level is whether microfinance is a powerful practice for poverty alleviation and other socio-economic, political, skill related issues of deprived class of society. Different parts of microfinance effects have been examined in the ongoing past. A portion of the perspectives that have gotten huge consideration are: women empowerment and socio-economic strengthening, (Arora et al. (2011) and Selome et al.

(2014)), financial execution (Ngo et al. 2014), poverty reduction, and effort (Abate et al., 2014). In a study Adholiya et al. (2019) revealed that role of SHG in women empowerment is not restricted in their financial upliftment, it also improves their level of understanding for socio-economic issues and financial issue through the use of ICT.

Research Methodology

Microfinance practices and programs have been in the discussion at global and national platforms for wrong reasons in the ongoing past. The quest for financial benefit as opposed to concentrate on financial improvement by few MFIs has been referred to as the reasons for the negative meaning encompassing microfinance particularly in India (Haldar et al., 2016). In the wake of secluding such key elements of effect, the examination estimates the recognized measurements inside the Udaipur locale of Rajasthan. So the target of the examination is:

RO: Exploring the important latent variables which are significant in measuring the effect of microfinance on empowering well-being of BPL families of Udaipur district in Rajasthan.

This research work utilizes the mix technique practices of research methodology. Mix research strategies incorporate both subjective (qualitative) and quantitative techniques for information assortment as well as investigation to accomplish a scope of results. A sum of 75 microfinance borrowers were picked as respondents based on BPL card and the utilization of either SHG/JLG credits in the four blocks of the Udaipur District.

Analysis and Result Interpretation

Reliability Test - Cronbach's alpha (α) reliability test statistics for the responses given by the respondents for the presented research work turned out to be .718 which was produced through the dataset produced by the feedback of 75 respondents. This recommends adequate dependability and reliability for sample populace. As the figure .718 is extremely near and higher figure of 0.7, it was viewed as solid.

Factor Analysis - Apart from the inside legitimacy test, the examination investigation additionally

comprised of an exploratory factor examination. This was done to affirm the various elements of microfinance sway. The variables incorporate in the Factor Analysis were related to family support, social status, training, saving and income turn ups etc. All the variables incorporate in the PCA is related to the respondents well being which is somehow related with the MFIs practices and methodologies. PCA test statistics is presented below:

Table 1: KMO Test

KMO - Sampling Adequacy		.724
Bartlett's Test of Sphericity	Approx. Chi-Square	62.837
	Df	22
	Sig.	.000

Source: Statistical Output

From the KMO statistics 0.724 it was identified that sufficient sample adequacy is observed for the responses while the Bartlett's test value 0.000 confirms no significant inter-relationships between the participating variables. So, PCA can be performed over the dataset. From the total variance statistics it was identified that for three components a total variation of 61.483% was explained, where Eigen values of all the three components were greater to 1.

Table 2: Component Matrix

Rotated Component Matrix ^a			
	Component		
	1	2	3
F_S	.512	.623	.223
S_S	.102	.589	.323
M_L	.089	.645	0.408
Tr_S	.118	.219	.834

Ed_Q	.142	.225	.765
I_S	.745	.236	.125
I_T	.717	.411	.328
a. Rotated converged in 5 iterations.			

Source: Statistical Output

Table 3: Anova Test - For Social Class and Religion

S. N.	Variable	For Social Class	For Religion
		Significance	Significance
1	Support from family (F_S)	0.379	0.009
2	Social class or status of individual (S_S)	0.042	0.039
3	Migration for livelihoods (M_L)	0.357	0.189
4	Skill Development through training (Tr_S)	0.029	0.126
5	Education qualification (Ed_Q)	0.423	0.022
6	Savings from income (I_S)	0.101	0.003
7	Income increment / appraisal (I_T)	0.013	0.232

Source: Statistical Output

The above ANOVA statistics to measure the difference in the respondents' opinion for the economic, social and capacity well being according to the social class (General, SC, ST, and OBC) it was identified that there is no difference in the mean score value for Support from family (F_S) (0.379), Migration for livelihoods (M_L) (0.357), Education qualification (Ed_Q) (0.423), and Savings from income (I_S) (0.101). But, for Social class or status of individual (S_S) (0.042), Skill Development through training (Tr_S) (0.029), and Income increment / appraisal (I_T) (0.013) significant difference was observed in the mean score values of respondents of different social class.

For the religion (Hindu, Muslims, Sikkhs, and Others) it was identified that there is no difference in the mean score value for Migration for livelihoods (M_L) (0.189), Skill Development through training (Tr_S) (0.126), and Income increment / appraisal (I_T) (0.232). But, for Support from family (F_S) (0.009), Social class or status of individual (S_S) (0.039), Education qualification (Ed_Q) (0.022), and Savings from income (I_S) (0.003) significant difference was observed in the mean score values of respondents of different religion.

Conclusion

The statistics of the research confirmed that BPL respondents of different social class (General, SC, ST, and OBC) confirmed that significant difference was observed in the responses of different social class respondents for the effect of MFIs on their Social class or status of individual Skill Development through training, and Income increment / appraisal. It was also found that BPL respondents of different religions (Hindu, Muslims, Sikkhs, and Others) confirmed that significant difference was observed in the responses of different religion respondents for the effect of MFIs on their Support from family, Social class or status of individual, Education qualification, and Savings from income. So, it could conclude that for most of the common variables representing the social, economical, and capability based well-being selected BPL families respondents opinion is found positive and it lead into understand that MFIs activities such as SHGs improves BPL families overall standard of living.

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