

“Role of Micro Finance in Poverty Alleviation” A Case Study In Telangana State

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Date of Submission: 01-02-2022

Date of Acceptance: 13-02-2022

I. Introduction:

Poverty contributes to underdevelopment and its reduction leads to economic development. To be poor connotes deprivation from the basic necessities of life. Linga Murthy, Poverty reduction has been a concern of the microfinance industry in India. The study found that MFIs have played a vital role in enterprise development further leading to more employment and income generations. Hence, it is suggested to enhance the scale of Micro finance and provide liberal credit finally aiming at inclusive growth. V. Narasimha Rao, Women SHGs should be encouraged to start micro enterprises to achieve the target of 11 to 12% growth rate, in manufacturing sector according to the 12th Five Year Plan targets. RBI can look into the supervision of the sector.

Poverty and unemployment are the major problems of under developed countries, to which India is no exception. The rural development programmes are designed to eradicate rural poverty and secure better quality of life to the rural poor. Enhancement of skills of the poor, access to credit, technology and markets has proved to be critical to economic empowerment of the poor. The rural development programmes are designed to eradicate rural poverty and secure better quality of life to the rural poor. The challenges lie in harnessing the innate potential within the poor and enabling the poor manage the natural resource for sustainable development. Enhancement of skills of poor, accesses to credit, technology and markets have proved to be critical to empowerment of the poor. The movement of self help groups of women and their vibrant networks in Telangana has clearly demonstrated that institution of the poor, owned and managed by the poor are proving to be most effective in the change process. It is this recognition in the strength of community based organizations of the poor that is guiding the department strategies and approach to poverty reduction.

Objectives of Study

1. To examine Socio-Economic status of the SHG Members.
2. To examine the impact of micro finance through micro credit on income levels and employment of the poor.
3. To examine the impact of micro finance on insurance and education of the poor.
4. To examine the limitations of the micro finance as a tool for poverty eradication.
5. To examine the contribution of micro finance to the enhancement of micro enterprises which are targeted for socio-economic change in the lives of the poor

II. Methodology:

The study intended to used both primary and secondary data to analyze inter relationship between micro finance and poverty alleviation, the aggregate data related to micro finance collected from secondary sources i.e reports of NABARD, LEAD BANK, DRDA and other institutions like BASIX, shermila, spandana. The primary data will be collected through conventional survey method using specially tailored and pre-tested questionnaire. The data will be collected from the purposive sampling method by choosing three districts of Telangana state namely Nizamabad, Kamareddy, Nirmal district.

Statistical tools

The present study used various tools of statistics including simple percentages, frequency distribution, mean, standard deviation, chi-square statistic, correlation co-efficient and simple regression are employee.

Primary data

The primary data on general information, family composition, economic aspects like asset position, loaning, credit utilization and repayment, economic activities taken up, income and expenditure of the members and social aspects such as improvement in self-confidence, self-reliance, decision making ability, impact on

individual standard of living and involvement in community activities and opinions of the bankers and SHG member households is collected by personally interviewing the group members using well prepared and pre – tested questionnaire. Primary data collected in the year of 2018-19.

Socio -economic characteristics of the SHGs members

Table-1 SHG Members distribution Age Wise

Sl. no	Age (years)	Members	Percent of members
1	18-30	117	39 %
2	31-50	147	49 %
3	Above 50	36	12 %
	.Total	300.	100%

It is explained that less than 30 years SHG members are 39 percent are there, 49percent of the SHG members are belongs to 31years to 50years and 12percent of the SHG members are belongs to above 50years. Most of the SHG members are belongs to 31years to 50years nearly 49 percent.

Table – 2 SHG members distribution of the by their Education

Sl.No	Education level	No. of SHG members	Percentage of the members
1	Illiterate	36	12%
2	Up to V class	54	18%
3	VI - X class	150	50%
4	Intermediate	30	10%
5	Graduation	12	4%
6	Others	18	6%
	Total	300	100%

Table-2 explained the Sample respondent’s education levels 12percent of the SHGs members are illiterates they do not know reading and writing, 18percent of the SHGs members are have their educational level is up to Vth class, 50percent of the SHGs members are have their educational level is VIth class to Xth Class, 10percent of the SHGs members are have their educational level is inter (10+2 level) and 4percent of the SHGs members are have their educational level is Degree. 6percent of the shg members are have others educational level.

Table-3 Income of the SHG Members

Sl. no	Income (in Rs.)	Members	Percentage of members
1	Up to 50000	228	76%
2	50000-100000	60	20%
3	Above 100000	12	4%
	.Total.	300.	100.%

Source: Primary survey

Table 3 explained that Income of the SHG Members. 77percentage of the shg members are earning annually up to Rs.50000, 20percentage of the shg members are earning annually Rs. 50001 to Rs. 100000 and remaining 3percentage of the shg members are earning annually above Rs 100001. This based on their explanation.

Table-4

Employment in man days of the SHG members in before and after SHG Member

Sl. No.	Employment in Before SHG			Employment in After SHG		
	Man Days	No .of SHGs member	% of the SHG members	Average Man Days	No. of SHGs	% of the SHG members
1	143	153	51	195	72	24
2	212	123	41	285	174	58
3	276	24	8	312	54	18
	Total.	300.	100%	Total.	300.	100%

Source: Primary survey

Table-4 explained that employment in man days of the SHG members. Before joining 51percentage SHG members and after joining 24percentage SHG members are having employment in 143 days, 41percentage SHG members before joining and after joining 58percentage SHG members are having employment in 212 days and 8percentage SHG members before joining and after joining 18percentage SHG members are having employment in 276 days

Table- 5 Forms of saving by SHGs Members

Sl. no.	Forms of Saving	No. of SHGs Members	Percent
1	Nil	102	34.0
2	LIC Policy	84	28.0
3	Bank deposit	60	20.0
4	Installments to house site	36	12.0
5	Gold	18	6.0
	Total	300.	100%

Source: Primary survey

Table-5 refers to the distribution of the borrowers from SHGs by their forms of savings. It is observed that the average amount of savings is nil 34percent of the members of SHGs. It is further observed that 28 percent of the beneficiaries have saved in the form of LIC policies, 20 percent in the form of bank deposit, 12 percent in the form of installments to house sites and 6 percent of beneficiaries have saved in the form of gold. Thus, majority of the beneficiaries have preferred to save in the form of financial savings.

Table 6: Individual SHG members earning income

Sl. No.	SHG members earnings Income from self-employment	% SHG members
1.	Up to -2000	19%
2.	2001-4000	73%
3	4001-6000	7%
4.	More than 6001	1%
	Total	100%

Source: primary survey,

Table 6 explained that Individual shg members are earning income. 19percent of the SHG members are income earning up to Rs. 2000, 73percent of the SHG members are income earning Rs. 2001 to Rs.4000, 7percent of the SHG members are income earning Rs 4001 to Rs.6000 and 1percent of the SHG members are income earning more than Rs. 6001. Most of the individuals are earning monthly income Rs.2001 to Rs.4000.

Table 7 Purpose of the loan

Sl. No.	Purpose of the loan	% of shg members
1.	Health issues	30%
2.	Investment purpose	27%
3.	Doing business	16%
4.	Child education	22%
5.	Personal and family needs	5%
	Total.	100.0%

Source: primary survey,

Table 7 purpose of the loan taken by shg members 30percentage of the shg members are taken loan for the purpose of the health related expenditure, 27percentage of the shg members are taken loan for the purpose of the investment on agriculture and live stocks, 16percentage of the shg members are taken loan for the purpose of the doing business, 22percentage of the SHGs members are taken loan for the purpose of the child education

expenditure and 5 percentage of the shg members are taken loan for the purpose of the Personal and family needs.

Table 8 Before food expenditure

Sl. No	Food Expenditure	Percent
1	RS. 650	65%
2	RS. 735	25%
3	RS. 820	10%
	Total	100.0

Source: Primary survey

Table- 8 explained that SHGs member’s food expenditure. It is explained that before SHGs members, 65percent of the SHGs members are spending on average amount of Rs 650 , 25percent of the SHGs members have spending an average amount of is Rs 735 and remaining 10percent of the SHGs members have spent an average amount of Rs Rs 820.

Table 10 After SHG member Food Expenditure

Sl. No	Food Expenditure	Percentages of the member
1	RS. 650	10%
2	RS. 735	55%
3	RS. 820	35%
	Total	100%

After SHGs member food expenditure, it is explained that 10percentage of the SHGs members are spending on expenditure is Rs 650, 10percentage of the SHGs members are spending amount is Rs 735 and 35percentage of the SHGs members are spending on money is Rs 820.

Table 9 Health Expenditure on before

Sl. No	Health expenditure	Percentage
1	R.S. 150	66%
2	RS. 260	25%
3	RS. 400	09%
	Total	100%

Source: Primary survey

Table- 9 explained about the Average Health Expenditure Before joining SHGs member, 66 % SHGs member are spending their income Rs. 150, 25 % SHGs member are spending their income Rs 260 and 09 % SHGs member are spending their income Rs 400 in a month.

Table 10 Health Expenditure after

Sl. No	Health Expenditure	Percentage of the SGH member
1	RS. 150	10
2	RS. 260	15
3	RS. 400	75
	Total	100

Source: Primary Data

After joining SHGs member, it is explained that average health expenditure per month is Rs 150 spending 10 percent of the SHGs members, , 15 percent of the SHGs member are able to spent Rs 260 and 75 percent of the SHGs members are able spent amount Rs 400.

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P. DASHARATH. “Role of Micro Finance in Poverty Alleviation” A Case Study In Telangana State." *IOSR Journal of Business and Management (IOSR-JBM)*, 24(02), 2022, pp. 37-41.