
International Multidisciplinary Research Journal

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RNI MAHMUL/2011/38595

ISSN No.2231-5063

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Golden Research Thoughts
ISSN 2231-5063
Impact Factor : 2.2052(UIF)
Volume-4 | Issue-5 | Nov-2014
Available online at www.aygrt.isrj.org



A STUDY ON FINANCIAL AWARENESS ABOUT MICROFINANCE AMONG RURAL WOMEN IN KERALA

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Abstract:- Microfinance is the provision of broad range of financial services such as deposits, loans, payment services, money transfers and insurance to poor people and low income households and their micro enterprises. It is an effective tool for making the banking services accessible to the rural unbanked areas. The study examined the awareness level of rural women about microfinance services provided by banks and analyzed the effect of educational qualification to level of awareness about microfinance services. The study is undertaken in rural areas of Malappuram district in Kerala. Both primary and secondary data are used. Secondary data collected from various secondary sources i.e. published articles, journals, reports, books and websites, Primary data collected with the help of interview schedule among rural women. The researcher has used percentage method, Likert's scale analysis, mean and ANOVA test for analysis Purpose. The study proves that that the overall awareness level of rural women about microfinance services are aware to some extent which are provided by banks and awareness level of microfinance services are ranked by the respondents, first rank on micro savings, second rank to microcredit and put last rank to micro insurance .The study revealed that there is a significant relationship between the educational status of the respondents and awareness level of different microfinance services. It concluded that rural women are aware to some extent about the microfinance services provided by banks and that the awareness levels of respondents are depending upon their educational qualification.

Keywords: Microfinance, Micro Savings, Microcredit, Micro Insurance.

INTRODUCTION

Pooling small drops of water became a big ocean same as microfinance is concept of bringing the small and low income people contribution of saving to serve for their needs like agriculture small entrepreneurship, savings, credit and insurance for self growth thereby society. Microfinance emerges as a financial services targeting and catering to clients who are excluded from the traditional financial system on account of their lower economic status. It is the provision of financial services to low income groups who traditionally lack access to banking and financial services. Microfinance is the supply of loans, savings and other financial services to the poor. The term micro is in reference to the small amounts typically involved in the practice. These services are

Shabna Mol TP, "A STUDY ON FINANCIAL AWARENESS ABOUT MICROFINANCE AMONG RURAL WOMEN IN KERALA", Golden Research Thoughts | Volume 4 | Issue 5 | Nov 2014 | Online & Print

small micro because a person who does not have a lot of money most likely will not need a loan of several thousand rupees. However, a loan of a few hundred rupees may make a huge difference in their lives, giving them the ability to purchase livestock for a small farm, a sewing machine to help make accessories and clothes, or supplies for a small store.

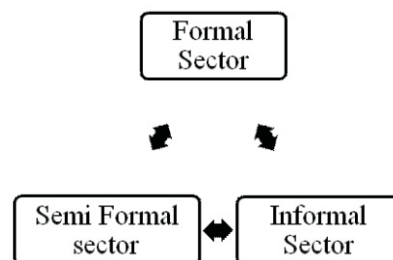
Micro-finance as a development initiative has been justified on the grounds that it is beneficial to both micro-finance institutions as well as clients. Since the poor can be banked upon to return loans on time, it is believed that micro-finance and profits are not antithetical to each other. The main aim of microfinance is to empower women. Women make up a large proportion of microfinance beneficiaries. Traditionally, women (especially those in underdeveloped countries) have been unable to readily participate in economic activity. Microfinance provides women with the financial backing they need to start business ventures and actively participate in the economy. It gives them confidence, improves their status and makes them more active in decision-making, thus encouraging gender equality.

The present paper focuses on the awareness level of rural women about microfinance services provided by banks. It analyzes the variance of educational qualification of rural women with level of awareness about microfinance services and examines the extent of micro finance services provided by banks to rural women.

MICROFINANCE

MICROFINANCE PROVIDERS

Apart from unorganized sector the organized sector has also been providing microfinance services to the underserved sections. Broadly, the micro finance providers can be classified into three categories as follows:-



- **Formal Sector-** It covers the entire banking industry including all public, private, cooperative and regional rural banks; Non Banking Financial Companies.

- **Semi-formal sector-** It covers Micro financing institutions (MFI), NGOs and various Self Help Groups (SHG).

- **Informal sector-** It covers family, friends, relatives, moneylenders, pawnbrokers, traders and landlords etc.

LITERATURE REVIEW

V.Srilakshmi and R.Bernandaz (2010) analyzed the impact of microfinance on the empowerment of women who are the recipients of the micro finance in the Chengalpet district of Tamilnadu. The study concluded that microfinance industry promotes the dual objective of sustainability of services and outreach to poor women thus resulting in the definite empowerment of women.

G.V Chalam, Zia Ur Rahman and G.Nagaraju(2010) have analyzed the role of microfinance SHG in the socio economic and political empowerment of women on pre and post formation of SHGs era and examined the specific problem of beneficiaries with regard to savings, revolving fund, productivity, marketing etc. The study proved that microfinance SHG women empowerment model has got tremendous attention in recent years, which is an alternative source of credit for the poor women.

N Shihabudheen (2014) conducted a study on Financial Inclusion Through Micro Finance: A Case Study of Chalyra Grama Panchayat in Malappuram Distict, Kerala and an attempted to study the role of Kudumbasree as a micro financing agency in promoting financial inclusion and in making the poor more attached to formal banking and financial system whom once considered un bankable.

RESEARCH PROBLEM

Micro finance is the provision of financial services to low income groups who traditionally lack access to banking and financial services. The study examined the level of awareness about microfinance among rural women and analyzed the effect of age and educational qualification to level of awareness about microfinance services.

OBJECTIVES OF THE STUDY

- To examine the level of awareness about microfinance services provided by banks to rural women.
- To analyze the effect of educational qualification to level of awareness about microfinance services.
- To examine the extent of micro finance services provided by banks to rural women.

Hypothesis

There is no significant relationship between the educational status of the respondents and awareness of microfinance services.

METHODOLOGY

The present study is both descriptive and analytical based on survey method. Primary data are collected by using interview schedule and secondary data collected from published articles, journals, reports, books and websites with regard to microfinance. Sample design is a definite plan for obtaining a sample from a given population. The study area covers Malappuram district in Kerala, based on demographic and economic as centre for the study in order to measure the level of awareness about microfinance.

A multi stage random sampling method is used to select 120 rural women. For the study Malappuram district is selected purposively. Three villages are selected from the three blocks on the random basis. A proportionate sampling technique will be employed to select 40 rural women from each village, altogether 120 samples are selected for this study. The data which were collected from the respondents were analyzed by using percentage analysis, three point scales that is Likert's scale analysis, weighted average ranking method, mean and ANOVA test was used to analyze variances of educational qualification with awareness level of rural women.

DISCUSSION AND RESULT

Profile of Respondents

Among the respondents who were interviewed, 49.16% were in the age group of 30 to 50 years of age and only 7.5% was in the age group of more than 60 years. Out of the total respondents, 65.83% married. 56.67% of the respondents were qualified up to SSLC and only 10% were

illiterate.40%of the respondents claimed that their annual income between the 5000/- to 10000/- .33%had annual income of less than 5000/-.

Table 1.Socio economic profile of the respondents

Socio economic variable	Category	Frequency	Percentage
Age	Less than 30	14	11.67
	30-50	59	49.16
	50-60	38	31.67
	More than 60	9	7.5
Marital status	Married	79	65.83
	Widowed	30	25
	Divorced	11	9.17
Educational qualification	Illiterate	12	10
	Up to SSLC	68	56.67
	Higher secondary	29	24.17
	Degree and above	11	9.16
Annual income	Less than 5000	33	27.5
	5000-10000	48	40
	10000-20000	24	20
	More than 20000	15	12.5

Source: Primary data

The respondents' awareness on microfinance services is measured on a three point scale and the sample respondents' opinion on the awareness about microfinance services is presented in the table2. It is evident from the table that the rural women are aware to some extent about the microfinance services provided by banks.

Table 2.Awareness level on microfinance services

Variable	Fully aware	Aware to some extent	Unaware	Mean score
Micro credit				
Agricultural loan	38	69	13	2.20
Consumption loan	35	66	19	2.13
Education loan	29	65	26	2.025
Auto loans	27	64	29	1.98
Medical loan	31	62	27	2.03
Awareness on microcredit				2.073
Micro savings				
Fixed deposit	46	63	11	2.29
Current account	39	67	14	2.20
Saving account	58	54	8	2.41
Zero minimum balance saving bank account	50	58	12	2.31
SHGs saving bank account	44	67	9	2.29
Awareness on micro savings				2.23
Micro insurance				
Life insurance	30	62	28	2.01
Health insurance	29	56	35	1.95
Crop insurance	20	58	42	1.81
Cattle insurance	11	41	68	1.52
Asset insurance	8	38	74	1.45
Awareness on Micro insurance				1.75
Other finance				
For construction	38	69	11	2.20
For repair & renewal	39	70	11	2.23
Finance to SHGs	26	69	25	2.00
Finance to NGOs	24	68	28	1.96
Finance for MSME	21	69	30	1.92
Awareness on Other finance				2.062

Source: Primary data

Awareness of microfinance services are ranked based on mean score. From these services awareness of the micro savings ranks first, followed by awareness on microcredit, awareness on other finance services and awareness on micro insurance.

Table 3. Ranking of awareness level of microfinance services

Microfinance services	Mean score	Rank
Micro credit	2.073	2
Micro savings	2.23	1
Micro insurance	1.75	4
Other finance	2.062	3

Source: Primary data

Out of the 120 respondents, 100 of the respondents have savings in the bank account. Most of the respondents are saved and ranks first for their children's education. Another reason for saving is for daughter/ son's marriage and then to face uncertainties relating to health and employment.

Table 4. Ranking of various reasons for savings

	W1 x5	W2 x4	W3 x3	W4 x2	W5 x1	Total	Weighted average	Rank
To face uncertainties relating to health and employment	8 (40)	10 (40)	54 (162)	18 (36)	10 (10)	288	19.2	3
For children's education	82 (410)	18 (72)	0	0	0	482	32.13	1
For daughter/ son's marriage	10 (50)	66 (264)	24 (72)	0	0	386	25.73	2
For old age security	0	6 (24)	15 (45)	72 (144)	7 (7)	220	14.67	4
To repay loan amount	0	0	7 (21)	10 (20)	83 (83)	124	8.2	5
Total	100	100	100	100	100			

Source: Primary data

Among the 120 rural women, 70 of them are availing loan from the banks. From these 41.44% of the respondents are taking loan for the house construction or house repair, 28.57% of the respondents are taken for the children education purposes. Only 4% of respondents are taken for the consumption purposes.

Table 5. Purpose for taking loan

Purposes	Frequency	Percentage
Consumption	4	5.71
Emergencies	6	8.57
Education	20	28.57
Marriages	11	15.71
Housing/housing repairs	29	41.44
Total	70	100

Source: Primary data

HYPOTHESES TESTING

- Effect on educational status on awareness level on microfinance services. The hypothesis to be tested is that there is no significant relationship between the educational status of the respondents and

awareness of microfinance services.

Table 6 Effect on educational status with awareness level on microfinance services

Awareness on microfinance services	Illiterate	Up to SSLC	Higher secondary	Degree and above
Micro credit	1.5	1.91	2.45	2.68
Micro savings	1.78	1.69	2.68	2.81
Micro insurance	1.31	1.57	2.03	2.65
Other finance	1.28	1.93	2.40	2.77
Total	5.87	7.1	9.56	10.91

Above the table shown that the mean score of awareness level of microfinance services like Micro credit, Micro savings, Micro insurance and other finance services in different educational qualification of rural women.

The results of ANOVA test revealed that there is a significant relationship between the educational status of the respondents and awareness level of different microfinance services since the F value is 27.8 which is significant at five percent level.

Table 7 Effect on educational status with awareness level on microfinance services (ANOVA)

SOURCES	S.S	D.F	M.S	F
Between sample	3.91	3	1.30	27.08
Within sample	.57	12	.048	
Total	4.48	15		

It should be noticed that awareness level of respondents are depending upon their educational qualification.

MAJOR FINDINGS

- The result founds that the overall awareness level of rural women about microfinance services are aware to some extent which are provided by banks. Most of the respondents are fully aware about micro savings and micro credit. Some of the respondents are aware to some extent about other financial services provided by banks and micro insurances.
- Awareness level of microfinance services are ranked by the respondents, among the services they put first rank on micro savings and given second rank to microcredit. Awareness level of respondents about micro insurance and other finance services are comparatively low.
- Out of the 120 respondents, 100 of the respondents have savings in the bank account. The study revealed that the most of the respondents are saved and ranks first for their children's education. Some of the respondents are saved for their daughter/ son's marriage and to face uncertainties relating to health and employment.
- Out of the total respondents 70 of them are availing loan from the banks. From these 41.44% of the respondents are taking loan for the house construction or house repair, 28.57% of the respondents are taken for the children education purposes.
- The study revealed that there is a significant relationship between the educational status of the respondents and awareness level of different microfinance services. It indicates that the awareness levels of respondents are highly influencing the educational qualification of the respondents.

CONCLUSION

Microfinance is the provision of savings accounts, loans, insurance, money transfers and other banking services to customers that lack access to traditional financial services, usually because of poverty. This study attempted to that the level of awareness about microfinance services provided by banks to rural women and analyzed the effect of educational qualification to level of awareness

about microfinance services. It concluded that rural women are aware to some extent about the microfinance services provided by banks and the awareness levels of respondents are highly influencing the educational qualification of the respondents. To include rural women in to formal financial system through financial literacy education programme by micro finance institution. It will help to increasing several benefits such as better financial decision making increased loan sizes, financial management skills and reduction in unnecessary expenditure among rural women.

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