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**ASSESSMENT OF THE IMPACT OF MICRO-FINANCE ON WOMEN:
A STUDY OF NIZAMABAD DISTRICT**

D. Adeppa**Lecturer in Economics, Government Degree College, Armoor,
Nizamabad District.****D. Adeppa****ABSTRACT**

Micro- credit should be seen as one part of a broader strategy to enhance women's agency on social, political and economic levels. Policies and programmes should simultaneously seek to increase women's confidence, awareness, negotiation ability, literacy, health, as well as women's vocational,

entrepreneurial and management skills, to enable micro finance inputs to translate into sustained empowerment. The costs of enabling that empowerment through extensive training inputs and other strategies need to be considered a necessary and direct cost commitment of all micro credit based programmes. SHGs are being promoted as a part of the micro finance intervention aimed at helping the poor to obtain every financial service like savings, credit and insurance. SHG approach is the key element of social mobilization being devoid of bureaucratization and politicization. It provides credit to rural women on easy term with access to several income generating activities.

KEYWORDS :

Micro-finance, poverty,



Pavalavaddi, savings, employment.

INTRODUCTION :

The basis of the concept of micro finance is self-organization of the poor at the community level driven by a desire and an inherent capacity to improve their living conditions by themselves. Inspired by the success of the Bangladesh Grameen experiment, the self-help group approach in India has taken strong roots as an effective and viable channel to take the poor to a new domain of economic empowerment and social upliftment. Micro finance, which synergies the thrift and credit habits of the

poor in a participatory and informal setting, is now widely acknowledged as a strategic tool to dent poverty in all poverty alleviation programmes. With the fast expanding Self Help Groups movement covering nearly 8 lakhs SHGs across the country, India is poised to provide pragmatic solutions by demonstrating the success of micro finance for eliminating total poverty in the coming decade.

CONCEPTUAL EVOLUTION OF MICRO FINANCE IN INDIA

The irrepressible desire and inherent capacity of poor to improve their living for themselves is considered as the foundation for concept of Micro Credit. Propelled by the demonstrative success of Bangladesh Grameen Experiment Micro Credit is acknowledged as an effective channel to take the poor into a new domain of economic empowerment. Micro credit movement assumed global advocacy through Micro Credit Summit held in February 1997 at Washington. The summit representing 1500 institutions and 137 countries is a landmark in the collective crusade against poverty undertaken by the developed and developing countries together. The Micro Credit Summit launched a nine-year campaign to reach 100 million of the world's poorest families by the year 2005. Micro credit is referred as providing "Credit for self employment, financial and other business services including savings and technical assistance.

Micro – credit is distinctly different from other poverty alleviation schemes. Loans under micro – credit programs are very small, on an average less than \$100 by world standards and in hundreds of rupees by Indian standards. Micro – credit continues to target the rural and urban households, with emphasis on women borrowers, provision of finance for creation of assets and their maintenance and bringing in greater quality of services. The beneficiaries are identified by micro – credit providers themselves independently or through NGOs/Self Help Groups/ the repayment period is generally very short. The amount is increased based on the borrower's repayment history.

Micro – credit is a novel approach of banking with poor with the distinct advantages of high repayments of loans and low transaction cost. Various micro–finance initiatives have gathered pace in the recent years. In Micro – Credit NABARD's role has been twofold, viz., promotional and financial. Promotional efforts assume the form of the SHG–Bank Linkage programme and facilitating training. Financial involvement is in terms of providing refinance, revolving fund assistance and grants.

OBJECTIVES OF THE STUDY

- 1.To understand the concept of micro-finance and its progress in Nizamabad district of Telangana state.
- 2.To assess the impact of micro-finance on various facets of poverty in the study area.

PROFILE OF NIZAMABAD DISTRICT

The district was under the Nizam rule until independence. It appears that the agriculture development was neglected for a long time. Agro-allied activities such as livestock, fishing, (forest) gathering and non-farm activities like Beedi rolling are important sources of livelihood. It is predominantly a rural district with 82 per cent people living in rural areas. Most of the habitations are small. The literacy rate 62.25 per cent in the district is lower than the state rate of 67.22 per cent. There is a big variation between literacy rates of male (72.66 per cent) and female (52.33 per cent) in the district. Population density in the district is higher than that of the state.

The district is favorably endowed in terms of soil, water and forest resources. The normal rainfall in district 1,036 mm is higher than the state normal rainfall of 940 mm. The district has good sources of surface and ground water irrigation. However, they fluctuate widely. The quality of soil is good. The average holding size is one ha. But there are large inequalities in landholding pattern. These

inequalities are one of the reasons for unusually very high fallow lands. Important crops are Paddy, Maize and Sugarcane, indicating good soil and moisture conditions. However, the yield levels are less than that of the state averages. Forest consists of 21 per cent of geographical area and important sources of livelihoods such as Beedi rolling, NTFP collections and processing.

The district has very high concentration of cooperative banks, which are under severe pressure at the moment. Despite the problem with cooperative banks, the credit deposit ratio in the district has increased from 77% in 2003-04 to 90% in 2004-05 indicating booming economy in the district and also a much greater cooperation between District Administration and the Bankers. Regional variations are quite high in the district. Broadly periphery Mandals, especially those bordering with other states are less developed compare to interior Mandals. Nizamabad and Kamareddy have similar socio-economic conditions and Bodhan, which has a sizable migrated and Marati and Kannada speaking population, has slightly different socio-economic profile.

CREDIT FLOW TO SELF HELP GROUPS BY BANKS

Nationalized banks, regional rural banks and cooperative banks are actively extending the financial assistance to SHGs. The year wise details of SHG-Bank linkage programme in Nizamabad district are given in table 1

Table - 1
Year Wise Credit flow to Self Help Groups in Nizamabad District
(Rs. In Lakhs)

Year	No. of Groups	Amount (Rs. In crores)	Per Group Finance in Rs.
Up to 1998-99	219	0.40	18,265
1999-2000	526	0.85	16,160
2000-2001	2538	4.84	19,070
2001-2002	6440	11.31	17,562
2002-2003	5778	16.21	28,055
2003-2004	4983	18.10	36,323
2004-2005	6511	30.57	46,951
2005-2006	10763	50.70	47,106
2006-2007	14472	140.12	96,821
2007-2008	16923	230.97	1,36,482
2008-2009	16782	257.00	1,53,140
2009-2010	12806	229.77	1,79,423

Source: District Rural Development Agency, Nizamabad.

It is evident from table 1 that the total number SHGs linked to commercial banks in 1998-1999 in the district is only 219 and they increased to 12, 806 by 2009-2010. It means they increased nearly 58 times during the 12 years of the study. The amount sanctioned to these SHGs increased more than 9 times during the same period of time. The year wise number of SHGs linked to banks is gradually increased up to 2001-02. Thereafter the number of SHGs linked to banks is not evenly distributed. The average finance per group is highest in 2009-10 (Rs. 1,79,423) and the lowest amount per group is as low as Rs. 16,160 in 1999-2000.but, from 2001-2002 onwards the average amount per group is gradually increasing in the district.

PAVALAVADDI SCHEME

The Government of Andhra Pradesh introduced Pavalavaddi Scheme (Interest Subsidy) during the year 2004-05 with an objective to provide interest subsidy on the Bank loans taken by the Self Help

Groups in Andhra Pradesh to reduce the financial burden on them. The Scheme is applicable to all loans extended by banks on or after 01.07.2004, under SHG Bank Linkage Programme. Self Help movement of women with thrift as entry point has grown as a mass movement in Andhra Pradesh. Pavalavaddi scheme aimed at reducing rural poverty, increasing income earning opportunities and providing greater financial and social security to the beneficiaries of the groups, most of whom were rural poor women. Table 2 furnishes the particulars of number of SHGs benefited and amount released under the Pavalavaddi scheme in Nizamabad district.

Table-2
Year Wise SHGs benefited by Pavalavaddi Scheme in Nizamabad district

Year	No. of Groups	Amount
2005-2006	5922	121.91
2006-2007	11294	217.94
2007-2008	17386	330.08
2008-2009	25693	988.87
2009-2010	30738	744.62
Total	91033	2403.42

Source: District Rural Development Agency, Nizamabad.

It is evident from table 2 that the number of SHGs financed under the Pavalavaddi scheme is gradually increasing in the district. The number SHGs benefited by the scheme is increased more than 5 times during five years of study. the amount sanctioned under the scheme showing upward trend during first four years of study.

RESULTS AND DISCUSSIONS

Impact on Savings

The impact of micro-finance scheme on savings of sample households is given in table 3.

Table – 3
Impact of Micro-Finance on Personal Savings

S. No.	Item	No. of Respondents	Frequency
1	Increased	176	48.89
2	Marginally Increased	97	26.94
3	Status Quo	81	22.50
4	No Response	6	1.67
Total		360	100.00

Source: Field Data

As per table 3 nearly half (48.89 %) of the sample respondents reported that there is significant improvement in the increasing of personal savings due to availing loans through micro-finance. Moreover nearly 26.94 per cent of the respondents observed marginal improvement regarding personal savings in the study area. About 22.50 per cent of the respondents stated that there is no change on the increasing of their personal savings. Nearly 1.67 per cent of the respondents have not framed any opinion on the personal savings in their households.

Impact on the generation of Employment opportunities

The micro finance programme provides new avenues for employment opportunities to SHG members. The opinions of sample respondents on the generation of employment man days through micro finance are presented in table 4.

Table – 4
Impact of Micro-Finance on Employment opportunities

S. No.	Item	No. of Respondents	Frequency
1	Increased	199	55.28
2	Marginally Increased	79	21.94
3	Status Quo	73	20.28
4	No Response	9	2.50
Total		360	100.00

Source: Field Data

It is clear from table 4 that the nearly 55.28 per cent of respondents reported that the micro-finance programme have positive impact on the generation (Man Days) of employment opportunities. Of them 21.94 per cent reported marginal increase and 20.28 per cent reported Status quo or no change. About 2.50 per cent have no opinion.

Impact of micro-finance on cash availability

The women in rural India have little source of income. For their personal expenses they have to depend upon the male head of the family. Under the micro finance scheme the women were directly benefited. This gives scope for women to keep certain amount of money for their personal expenses. The impact of micro-finance on the cash in the hands of sample women is given in table 5.

Table – 5
Impact of Micro-Finance on Cash availability in the hands of the Respondents

S. No.	Item	No. of Respondents	Frequency
1	Increased	221	61.39
2	Marginally Increased	63	17.50
3	Status Quo	70	19.44
4	No Response	6	1.67
Total		360	100.00

Source: Field Data

It can be found that as many as 61.39 per cent of the sample respondents declared that micro-finance programme have positive impact on availability of cash in the hands of respondents. Among them 17.50 per cent reported marginal increased and 28.06 per cent reported significant change. Nearly 19.44 per cent reported status quo on availability of cash in the hands of respondents due to micro-finance programme in the study area. Negligible percentage (1.67 %) of the respondents has no opinion on the increase on availability of cash in the hands of respondents.

Impact of Micro-Finance on Health Expenses for Family Members

Micro-finance provides opportunities for women to keep aloof some amount of money for their own health needs, apart from all other occupational and family needs. In the case of the poor, personal health management reflects directly on earnings, as the poor depend significantly on physical energy for their income. Women tend to put their own health need last, but the membership in SHGs provides them with the opportunity to invest some money for their own well being. The impact micro-finance on the expenditure on health problems of sample women respondents is presented in Table 6.

Table – 6
Impact of Micro-Finance on Health Expenses for Family Members

S. No.	Item	No. of Respondents	Frequency
1	Increased	217	60.28
2	Marginally Increased	23	6.39
3	Status Quo	112	31.11
4	No Response	8	2.22
Total		360	100.00

Source: Field Data

The study reveals that a preponderant majority i.e. 60.28 per cent of the sample respondents reported significant increase in their health expenses. About 6.39 per cent of the respondents reported marginal increase in their health expenses due to micro-finance. No change in their health expenses is reported by 31.11 per cent of the sample respondents. 8 (2.22 %) out of 360 respondents have no opinion on the increase or status quo in their health expenses for family members.

Impact on Educational Status of Children

The opinions of sample respondents on the impact of micro-finance on children's education in the study area are given in table 7.

Table – 7
Impact of Micro-Finance on Education of Children

S. No.	Item	No. of Respondents	Frequency
1	Increased	186	51.67
2	Marginally Increased	52	14.44
3	Status Quo	114	31.67
4	No Response	8	2.22
Total		360	100.00

Source: Field Data

It can be noted from the study that Status quo is reported by 44.72 per cent of the sample respondents. A preponderant majority i.e. 40 per cent of the respondents reported significant increase in sending the children for schools/colleges after benefiting by micro-finance programme. Nearly

13.33 per cent of the sample respondents reported marginal increase in the level of expenses of their children's education after generating employment opportunities through micro-finance programme. 7 out of 360 (1.94 %) respondents have no opinion on the impact of micro-finance on children educational level in the study area.

CONCLUSION

In the new millennium the micro finance has almost assumed the shape of an industry, embracing thousands of NGOs/MFIs, community-based self-help groups and their federations, co-operatives in their varied forms, credit unions, public and private banks in the study area. But, during the last five years, the sector has witnessed a sharp decline due to mishandlings by some of the Micro Finance Institutions (MFIs) in the district. The Micro Finance Institutions (Development and Regulation) Act, 2011 restricted the activities of Micro Finance Institutions in the district.

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