

A STUDY ON AWARENESS AND IMPACT OF MICRO-FINANCIAL SCHEMES

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Abstract: *Neediness is one of the regular deterrents in accomplishing higher development and upgrading the way of life of the general population in the vast majority of the low salary nations. Around 1.4 billion populace in creating nations is living short of what US \$ 1.25 a day as per World Bank report. Throughout the years, a large portion of the nations have been seeking after different strategies and projects to annihilate neediness. Among these measures and strategies best arrangement is miniaturized scale finance which, in last couple of years, has been received by underneath pay nations in an offer to crush destitution. Smaller scale finance is not another theme. Its history can be followed to mid 1700s. Be that as it may, the genuine credit goes to Dr. Mohammad Yunus who gave another shape to smaller scale finance in Bangladesh in 1972. He was likewise honored with Nobel Prize in 2006 for this pioneer work. Like other low pay nations, Government of India has been executing different plans and projects to ease neediness since autonomy. In the line of Bangladesh microfinance model created by Dr. Yunus, administration of India has been reliably actualizing this plan to kill destitution since 1999. As to the effect of miniaturized scale finance in diminishing destitution in country zone, encourage the effect of microfinance is likewise examined on ladies strengthening and it ends up being certain. In general, the finance plan is spreading all over India in the course of the most recent couple of years.*

INTRODUCTION ABOUT MICROFINANCE

Microfinance is a general term to portray monetary administrations to low-salary people or to the individuals who don't have entry to regular managing account administrations. Microfinance is additionally low-wage people are equipped for lifting themselves out of neediness if offered access to budgetary administrations. While some studies demonstrate that microfinance can assume a part in the fight against neediness, it is likewise perceived that is not generally the suitable strategy, and that it ought to never be seen as the main instrument for closure destitution.

As Mahatma Gandhi said; "India lives in their towns". The improvement of towns is a precondition for adjusted monetary advancement. The fundamental prerequisites of monetary development are sparing, venture and growing business sector for mechanical items eventually relying on provincial improvement as a

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rule and farming advancement specifically rustic advancement is known not one of the columns on which the fate of our nation stands. Provincial improvement ought to go for enhancing the living status particularly to rustic lower class of society and powerless areas that look for work in horticulture and its united exercises.

Smaller scale Financing has been started in every one of the nations having neediness stricken individuals. Smaller scale Financing serves the objective of destitution lessening as well as other two Millennium advancement objectives, for example, ladies strengthening and build the proficiency rate among ladies. As of late miniaturized scale finance is rising as one of the effective instrument for neediness mitigation in the low wage nations of the world. The year 2005 was reported as the year of Micro-finance by United Nations, and destitution declined from half in 1981 to 25% in 2005, i.e., 500 million of lower class of individuals fell amid this period. However even along these same lines, around a billion people will in any case live on not exactly \$ 1.25 a day in 2015, and a large portion of the individuals who got away \$1.25 a day in 2015, and a hefty portion of the individuals who got away 1.25-a-day neediness crosswise over 1981-2005 would in any case be poor by the benchmarks of rich or even center pay nations. 'Microfinance alludes to little scale budgetary administrations for both attributes and stores that are given to individuals who ranch or fish or crowd; work little or smaller scale undertaking where products are created, reused, repaired, or exchanged; give administrations; work for wages or commissions; pick up wage from leasing little measures of area, vehicles, draft creatures, or hardware and devices; and to different people and neighborhood bunches in creating nations in both provincial and urban zones'.

Meaning and definition of micro-finance

It is verifiable truth that in low salary nations lower class of society need credit and they can't get Sustainable wage since they can't begin their own little business which can guarantee supportable pay to satisfy their essential needs. They can't get credit from formal organization and can't acquire from casual establishment like, customary cash loan specialists, who charge high rate of premium. So miniaturized scale finance is a plan executed through self improvement gatherings to give money related help while considering their challenges.

Miniaturized scale finance is a money related administration of little amount gave by monetary organizations, for example, banks, NGOs and so forth., to the lower class of the general public. These monetary administrations may incorporate reserve funds, credit, protection, renting, cash exchange, value exchange and so forth i.e., any kind of money related administration gave to client to meet their ordinary budgetary needs. In the Indian setting, terms like "little and peripheral ranchers", "rustic artisans" and "monetarily weaker areas" have been utilized to extensively characterize small scale finance clients. At the end of the day,

microfinance is characterized as procurement of thrift, credit, and other monetary administrations to lower class of society in rustic, semi urban territories to build up a modest business with the goal that they can win manageable salary and get themselves out of neediness.

As per consultative gathering to help poor (CGAP) “microfinance is supply of advances, reserve funds and other monetary administrations to the lower class of society, including working capital advances, investment funds and other essential budgetary administrations to the lower class of society, including working capital advances, customer credit, annuity, protection and cash exchange administrations. Also it is characterized as procurement of thrift, credit and other budgetary administrations and results of little add up to lower class of society in rustic, semi urban and urban zones for empowering them to raise their salary level and expectation for everyday comforts. All the more comprehensively, small scale finance alludes to a development that imagine a world, where low pay Households have lasting access to a scope of top notch money related administrations to finance pay delivering exercises, manufacture resources, balance out utilization, and secure against danger. These administrations are not constrained to credit, but rather incorporate investment funds, protection, and cash exchange.

Microfinance is characterized as any movement that incorporates the procurement of monetary administrations, for example, credit, funds, and protection to low wage people which fall simply over the broadly characterized destitution line, and lower class people which fall underneath that neediness line, with the objective of making social quality. The making of social quality incorporates neediness lightening and the more extensive effect of enhancing occupation opportunities through the procurement of capital for small scale endeavor, and protection and reserve funds for danger relief and utilization smoothing. An extensive assortment of performing artists give microfinance in India, utilizing a scope of microfinance conveyance strategies.

Channels of micro finance

In India micro finance operates through two channels:

1. SHG-bank linkage program (SBLP).
1. Micro finance institutions (MFIs).

HISTORY OF MODERN MICROFINANCE

In the late 1970s the idea of microfinance had developed. In spite of the fact that, microfinance have a long history from the earliest starting point of the twentieth century we will focus basically on the period after 1960. Many credit bunches have been “working in numerous nations for quite a long while, for instance, the “chit

funds" (India), tontines" (West Africa), "susus" (Ghana), "pasanaku" (Bolivia) and so on. Also, numerous formal saving and credit establishments have been working for quite a while all through the world. During the early and mid-1990s different credit organizations had been shaped in Europe by some sorted out lower class of society individuals from both the provincial and urban zones. These organizations were named Credit Unions, People's Bank and so on. The principle point of these organizations was to give simple access to credit to the lower class of society individuals who were ignored by the enormous monetary establishments and banks. As these budgetary administrations as a rule include little measures of cash - little credits, little reserve funds, and so forth - the expression "microfinance" separates these administrations from those which formal banks give. It's anything but difficult to envision lower class of individuals don't require monetary administrations, yet when you consider it they are utilizing these administrations as of now, despite the fact that they may look somewhat changed.

"Lower classes of individuals spare constantly, albeit for the most part in casual ways. They put resources into resources, for example, gold, adornments, local creatures, building materials, and things that can be effectively traded for money. They may set aside originate from their harvest to offer at a later date. They cover trade out the patio nursery or stash it under the sleeping pad. They take an interest in casual reserve funds bunches where everybody contributes a little measure of money every day, week, or month, and is progressively honored the pot on a pivoting premise. Some of these gatherings permit individuals to get from the pot too. The lower classes of society likewise give their cash to neighbors to hold or pay nearby money gatherers to keep it safe. "However broadly utilized, casual investment funds instruments have genuine confinements. It is impractical, for instance, to cut a leg off a goat when the family all of a sudden needs a little measure of money. In-kind funds are liable to vacillations in product costs, decimation by creepy crawlies, fire, cheats, or sickness (on account of livestock). Informal turning reserve funds bunches have a tendency to be little and pivot constrained measures of cash. In addition, these gatherings frequently require unbending measures of cash at set interims and don't respond to changes in their individuals' capacity to spare. Maybe in particular, the lower classes of society will probably lose their cash through misrepresentation or bungle in casual reserve funds game plans than are contributors in formal money related foundations. "Poor infrequently get to administrations through the formal money related area. They address their requirement for monetary administrations through an assortment of money related connections, for the most part casual."

Between the 1950s and 1980s Governments and contributors concentrated on giving horticultural credit given new shape by Dr. Muhammad Yunus who composed a credit project to serve the poor with his graduate understudies in Chittagong University in 1972. This guided program later in 1983 named Grameen

Bank in 2006 Nobel Foundation granted Nobel Prize to Dr. Muhammad Yunus and his Grameen bank. Besides this credit program has turned into a model for the majority of the low to little and peripheral ranchers keeping in mind the end goal to raise profitability and salary. This sort of strategy was wage nations the individuals who are effectively occupied with the procedure of annihilating destitution from their dirt. In such manner nation like India has been truly seeking after this new model of microfinance in the course of the last couple of years to destroy neediness with the assistance of NABARD.

MICRO FINANCE STRUCTURE IN INDIA

New miniaturized scale finance approaches have risen in India over the previous decade, including the procurement of thrift, credit and other monetary administrations and items, with the mean to raise salary levels and enhance expectations for everyday comforts. The most outstanding among these smaller scale finance methodologies is an across the country endeavor, spearheaded by Non-Governmental Organizations and now bolstered by the state, to make joins between business banks and NGOs and casual neighborhood bunches. Miniaturized scale finance through Self Help Groups (SHGs) is proliferated as an option arrangement of credit conveyance for the poorest of the poor gatherings. Perceiving their significance, both Reserve Bank of India and National Bank for Agriculture and Rural Development (NABARD) have been spreading the advancement and linkage of SHGs to the managing an account framework through refinance bolster and starting other proactive strategies and frameworks.

The Indian microfinance area saw gigantic development in the course of the most recent five years, amid which establishments were liable to minimal direction. Some microfinance foundations were liable to prudential prerequisites; however no direction tended to loaning works on, valuing, or operations. The blend of insignificant control and quick area development prompted a domain where clients were progressively disappointed with microfinance administrations, coming full circle in the Andhra Pradesh emergency in the fall of 2010. Paving the way to the Andhra Pradesh emergency, microfinance establishments were encountering a huge flood of value and obligation speculation. A few organizations were multiplying their size every year, intending to achieve more clients and serve more ranges. As foundations scaled up rapidly, contracting and preparing procedures were less careful; coming about is representatives who occupied with unseemly accumulation practices and loaning models that prompted client over-obligation. In August 2010,

SKS Microfinance held the main first sale of stock (IPO) for a microfinance establishment in India, raising USD 347 million and attracting regard for the potential benefits of the area. Media reports took distinctive perspectives on the IPO, some praising the part, and others portraying the benefits as exploiting poor

people. Further reports referred to joins between Microfinance Institutions (MFIs) loaning and suicides in Andhra Pradesh. The occurrence culminated when Andhra Pradesh Chief Minister passed the Andhra Pradesh Microfinance Ordinance 20102, which incorporates various measures that incredibly, confines microfinance Institutions operations.

The Reserve Bank of India (RBI) reacted by naming a RBI sub-board of trustees known as; The Malegam Committee. This board of trustees expected to address the essential client dissensions that prompted the emergency, including coercive accumulation hones, usurious financing costs, and offering rehearses that brought about over-obligation. The current controls did not address these issues, in this manner, who ought to react to these issues, and how they ought to react, was questionable. This delayed the general administrative instability and the subsequent reimbursement and institutional liquidity issues. The Malegam Committee discharged their prescribed directions in January 2011. These suggestions were 'comprehensively acknowledged' by RBI in May 2011, however particular direction was just discharged in regards to which organizations fit the bill for need division loaning as of now.

Moreover, an upgraded form of the Micro Finance Institutions (Development and Regulations) Bill 2011 is in Parliament, which expects to give an administrative structure to microfinance foundations working as social orders, trusts, and cooperatives. Despite the fact that this demonstrates controllers are finding a way to address the emergency issues and resolve administrative vulnerability, banks have not continued loaning to microfinance foundations starting July 2011.

REVIEW OF LITERATURE

Seibel and Parhusib (1990) said in their study that development of credit scope through state intercessions methodology depended on the reason that country small scale business visionary are empower to sort out themselves. They require financed credit for expanding their pay and are excessively poor, making it impossible to serve.

The study by Yaron (1994) found that microfinance is a great deal more than microcredit, expressing: "Procurement of thrift, credit and other monetary administrations and results of little adds up to the poor in rustic, semi-urban and urban ranges for empowering them to raise their wage levels and enhance expectations for everyday comforts". The Self Help Group promoters accentuate that preparing sparing is the primary building piece of budgetary administrations. Miniaturized scale Finance programs have quickly used as of late. A few illustrations are: Membership of Sa-Dhan (a main affiliation) has consumed from 43 to 96 group advancement. The CARE CASH program tackled the test of working with little NGO-MFIs and group possessed oversaw microfinance association.

The concentrate likewise uncovers that outcomes in term of microfinance effort can be recognized that speaks to accomplishments that are a long ways past any aggressive out connect come that could have been envisioned just fifteen years is a limited capacity to focus time.

According to Otero (1994) to be effective, money related middle people, giving administrations and producing household assets must have the ability to accomplish brilliant reimbursement and create local assets. They should have the ability to accomplish access to customers keeping in mind the end goal to do as such MFI need to discover approaches to eliminate their managerial expense. This should be possible through improved and decentralized advance application endorsement and gathering forms, thus diminish cost.

Barry (1996) is of the perspective that MFIs to wind up fiscally suitable, self-managing and interregal to the groups, in which they work, must can possibly draw in more assets and administrations to customers. In spite of the center of MFI's, just around 2% of the torment world and 500 million little business people are assessed to have entry to budgetary area.

OBJECTIVES OF THE STUDY

The study has been undertaken with the following objectives:

- To understand the micro- credit structure in India.
- To access the awareness of micro-finance schemes being offered by the state cooperative banks.
- To access the impact of micro-finance schemes on socio-economic development.

RESEARCH METHODOLOGY

In research methodology both primary and secondary data collection techniques were adopted for the purpose of collection of data.

SAMPLING TECHNIQUE

The study was conducted in Chadoora and the sampling technique that was used is **simple random technique** of sampling.

Sample Size

A sample size of 50 respondents was taken into consideration for the purpose of study and the questionnaires were circulated to them for gathering the relevant information.

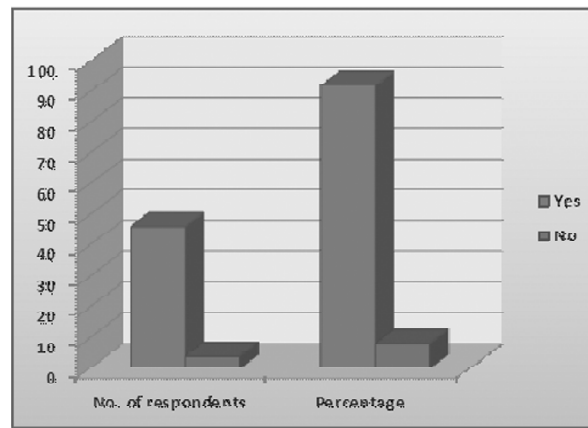
DATA ANALYSIS AND INTERPRETATION

Table 1
Showing awareness of respondents regarding various micro-financial schemes

S.No.	Particulars	No. of respondents	Percentage
1.	Yes	46	92%
2.	No	4	8%
	Total	50	100%

From the above table it is analyzed that 92% of the respondents are aware about micro-financial schemes and 8% are not aware about the various financial schemes.

Graph showing the awareness of respondents regarding various micro- financial schemes



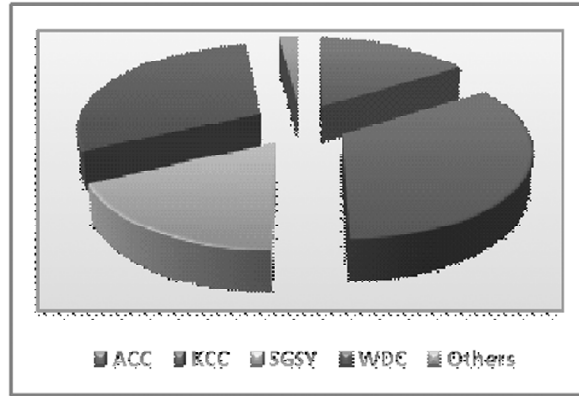
From the above graph, it is inferred that maximum number of respondents are aware of micro-financial schemes.

Table 2
Showing interest of respondents about various micro-financial schemes

S.No.	Particulars	No. of particulars	Percentage
1.	ACC	8	16%
2.	KCC	17	34%
3.	SGSY	9	18%
4.	WDC	15	30%
5.	Others	1	2%
	Total	50	100%

From the above table, it is analyzed that 16% of the respondents are interested in ACC scheme, 34% are interested in KCC, 18% are interested in SGSY, 30% in WDC and only 2% are interested in other micro-financial schemes.

Graph: 2 Showing interest of respondents in various micro-financial schemes



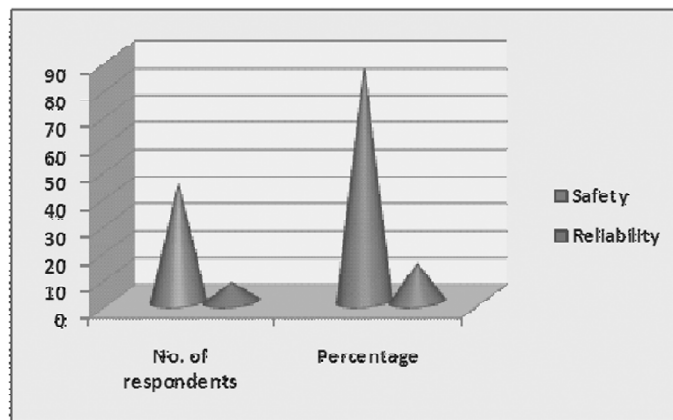
From the above graph, it is inferred that the maximum number of respondents are interested in KCC and WDC schemes.

Table 3
Showing the reasons why respondents prefer micro-financial schemes in SCB

S.No.	Particulars	No. of respondents	Percentage
1.	Safety	43	86%
2.	Reliability	07	14%
	Total	50	100%

From the above table, it is analyzed that 86% of respondents believe that micro-financial schemes SCB is safe and 14% say that it is reliable.

GRAPH: 3 Graph showing the reasons why respondents prefer micro-financial schemes in SCB



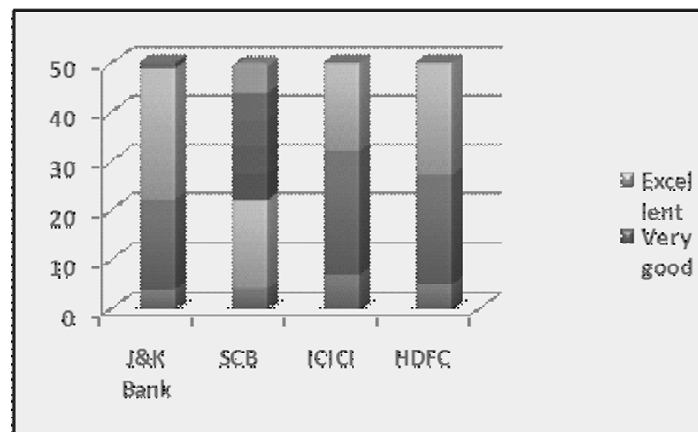
From the above graph, it is inferred that the maximum number of respondents believe that micro-financial schemes in SCB is safe.

Table 4
Showing rating of various Banks according to their brand and service

S.No.	Name	Poor	Average	Good	Very good	Excellent
1.	J&K Bank	04	18	27	01	0
2.	SCB	0	04	18	22	06
3.	ICICI	07	25	18	0	0
4.	HDFC	05	22	23	0	0

From the above table, it is analyzed that 22 respondents believe that SCB is better than J&K Bank, ICICI and HDFC.

GRAPH: 4 showing ratings of various Banks according to their brand and service



From the above graph, it is inferred that maximum number of respondents rate SCB as good compared to other banks.

FINDINGS

The findings extracted from the analysis and interpretations of data are as follows:

- Majority of the respondents are women.
- Most of the respondents are married.
- Many respondents are illiterate.
- Maximum numbers of respondent are unemployed.
- Majority of respondents do not get any monthly income.

- Most of the respondents are aware of various micro-financial schemes.
- Most of the respondents are not satisfied with their current income.
- Majority of respondents are interested in schemes like KCC, WDC and ACC which benefits them more due to less interest rate.
- Almost, all of the respondents have any of the above financial schemes.
- Micro-financial schemes taken by the respondents in the J&KSCB are maximums.
- Respondents mostly prefer J&KSCB for micro- finance schemes then other banks.
- Respondent consider J&KSCB to be safe in terms of financial schemes.
- Many respondents think that J&K Bank, HDFC also render better services.
- Respondents prefer J&KSCB than J&K Bank, HDFC and ICICI when it comes to safety and reliability.
- Maximum numbers of respondents are aware that these financial schemes are sponsored by the government to battle the poverty of our country.
- Most of respondents came to know about these micro-financial schemes through the media.
- Majority of respondents agree that such financial schemes are beneficial to the society.
- Respondents believe that schemes in J&KSCB provide need based solutions.
- Maximum numbers of respondents believe that J&K state cooperative bank provides these financial facilities across the valley.
- According to majority of respondents, J&KSCB is the main source of loans of the rural people in J&K state.
- Many respondents are willing to take state cooperative banks for micro-financial loans to fulfill their economic needs.
- J&KSCB is preferred by majority of respondents, while considering brand and services.
- Majority of respondents likes the state cooperative banks, which has a good brand value, renders a good service and has best available schemes which help largely to lower class of society in J&K state.

SUGGESTIONS AND RECOMMENDATIONS

- The respondents feel that the micro-credit which they take from that institute (J&KSCB) is less safe because of non-professional staff in this institute.
- As people still prefer to take loan from this institute, but J&KSCB should try to make changes in their marketing strategies, as well as consider the safety factor,

- so as to attract the customers, which in turn will help the employees to focus more on their work and be active.
- J&K stale cooperative bank should also consider the reliability factor while rendering the services to customers.
 - Good communication skills are not found among employees of this institute, for example only higher authorities know about CRR monetary policy. I suggest that lower employees should also be aware of such kind of knowledge.
 - J&KSCB should have to review their PACS system again so that customer base will become large due to PACS (primary agri-credit societies).
 - State cooperative banks are lacking in advancement but not in functioning, due to lack of technology they don't have yet IFS code so many of the customers are closing their accounts.
 - As various other banks like J&K Bank, HDFC are into the market, J&KSCB has to improve its service and plans, in order to gain competitive advantage over its competitors.

CONCLUSION

Thus from the analysis and interpretation of data, that was collected through circulation of questionnaires, it can be concluded that, various micro-financial scheme like KCC, WDC and ACC has proved to be very useful and has benefited lower class of society mentally, socially, and economically. It has given them a sense of belonging and some respect in the society. Majority of the female respondents expressed that the scheme has made them self-dependent. A lot has already been done by J&KSCB but a lot is yet to be achieved, there is a need to work in a coordinated way to remove the constraints in order to achieve the objective of greater micro-financial schemes for poverty alleviation in J&K state.

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