

Personal Micro Credit a Path for Upliftment of Socio-Economic Status of the Lower Income Women

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ABSTRACT

Micro Credit is the extension of very small amount of loan to the poor people who lack collateral, steady employment and variable credit history. Micro Credit is provision of thrift, credit and other financial services and products of very small amount to the poor in rural, semi-urban and urban areas for enabling them to raise their income levels and improve living standards. Micro Credit Institutions are those, which provide these facilities. The concept of micro credit is known more by its approach than by monetary limits to the amount of loans.

Micro finance is a broader term than Micro credit. The main components of Micro finance are deposits, loan payment services, insurance, and money transfers. However the Micro credit is only one component of Micro Finance.

The concept of micro credit is known more by its approach than by monetary limits to the amount of loans. An extremely small loan given to impoverished people to help them become self employed. It is also known as "micro lending" or "micro loan".

In India, the National Bank for Agriculture and Rural Development (NABARD) finances banks that on-lend funds to self-help groups (SHGs). Apart from the NABARD now days Micro Finance Institutions (MFI), Public sector banks, Private sector banks, RRBs and DCCBs are also finances to poorest women for upliftment of women.

Patsansthas registered under the Co-operative societies are lending funds to the poor women. These Patsansthas are generally lending the funds to the Individual member of the group with the backing of each others guarantee. The concept of "Personal Micro Credit" than funding to the SHGS becomes very popular and targeted means of finance. These Patsansthas are giving not only funds but also provides technical assistance to the women for developing the enterprenual skills of the women. The researcher conducted the research at Navjeevan Nagari Sahakari Patsanstha, a credit society registered with Co-operative department running a financing activity towards upliftment of women through the "Personal Micro Credit" We study of the concept of Personal Micro Credit and whether it affects on the upliftment of the women.

Keywords - Personal Micro Credit, Micro Credit, Upliftment

I. INTRODUCTION

Microcredit is the extension of very small loans (microloans) to poor borrowers who typically lack *collateral*, steady employment and a verifiable *credit history*. It is designed to spur entrepreneurship, increase incomes, alleviate poverty and often also to empower women. Microcredit is a part of *microfinance*, which is the provision of a wider range of financial services, in particular savings, to the poor.

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limits to the amount of loans. Of course, the target segment is the poorest.

This research paper is on Micro Credit and not Micro finance. Micro finance is a broader term than Micro credit. The main components of Micro finance are deposits, loan payment services, insurance, and money transfers. However the Micro credit is only one component of Micro Finance. An extremely small loan given to impoverished people to help them become self employed. Also known as "micro lending" or "micro loan".

Objectives

1. To study the micro credit process
2. To study the impact of Micro Credit on Socio Economic status of the low income women.

- To understand the diff between personal Micro Credit and Micro Finance.

Scope and Limitation

- The place of the study is Nasik City.
- The women from urban rural area are not covered under the purview of the study.
- Only Personal Micro Credit scheme from NCCS is under purview.
- Recommendations and conclusions may or may not apply to other credit society.

Hypothesis

Personal Micro Finance improves the saving habits of the self employed women belonging to low income group.

Personal Micro Finance increases the average income of the self employed women belonging to low income group.

Sample Size

TABLE 1

Population	49 groups of 5 each, 5 Groups of 3 each
Sample size	12 groups of 5 each, 1 group of 3 each
Sample Method	Random sampling

Research Methodology

TABLE 2

Research type	Desk Research and Survey
Source of Data	Primary Data: Structured Questionnaire Interview Schedule, Secondary Data: Websites, Books and journals
Period	1 and ½ years
Analysis Tool	Chi Square test using bar charts and tables,

II. ORIGIN OF THE CONCEPT

In 1972, noted civil rights leader Dr Ela Bhatt founded Self Employed Women Association of India (SEWA). It is a trade Union for poor, self employed woman workers of India. SEWA members are women who earn a living through their own labour or small businesses. The main goals are to organise women workers for full employment. Full employment means employment whereby workers obtain work security, income security, food security and social security (at least health care, child care and shelter). SEWA organizes women to ensure that every family obtains full employment. By self-reliance we mean that women should be autonomous and self-reliant, individually and

collectively, both economically and in terms of their decision-making ability.

The concept of micro credit is known more by its approach than by monetary limits to the amount of loans. Of course, the target segment is the poorest, but Mohammed Yunus, 1974 in Bangladesh tried the concept of joint-liability or peer-pressure. Most micro credit loans are dispensed through village or community-level self help groups (SHGs) who agree to create a pressure on the individual borrower to perform as per contract.

In India, the National Bank for Agriculture and Rural Development (NABARD) finances banks that on-lend funds to self-help groups (SHGs). Apart from the NABARD now days Micro Finance Institutions (MFI), Public sector banks, Private sector banks, RRBs and DCCBs are also finances to poorest women for upliftment of women.

Patsansthas registered under the Co-operative societies are lending funds to the poor women. These Patsansthas are generally lending the fundsto the Individual member of the group with the backing of each others guarantee. The concept of “Personal Micro Credit” than funding to the SHGS becomes very popular and targeted means of finance. These Patsansthas are giving not only funds but also provides technical assistance to the women for developing the enterprenual skills of the women.

III. THE SCENARIO OF MAHARASHTRA STATE AS ON 31/3/2011

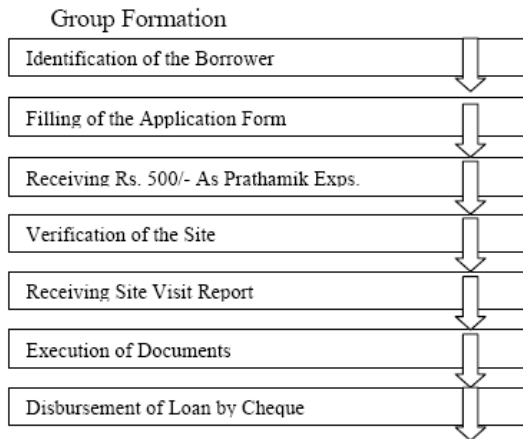
State: Maharashtra

- Total no. of MFIs operating in the state= 30
 - No. of MFIs having HQ in the state=14
 - Banks providing microfinance services=57 (Public Banks=21, Private Banks=3, RRBs=3, DCCBs=30)
 - Total no. of SHGs under SBLP in the state=760161
 - Total savings-client outreach=10642254
 - Total SHG-savings with banks (in lakhs)=64779.27
 - Total credit-client outreach=5251132 (MFIs=1991442, Banks=3259690)
 - Total portfolio outstanding (in lakhs)= 213863.19 (MFIs=109381.38, SHG=104481.81)
 - No. of districts served by MFI=35
 - Out of which no. of poorest districts= 19
- Source: sa-dhan.net/files/Sa-dhan-indian-map.htm

Personal Micro Credit Process

This research paper is focused on whether the “Personal Micro Credit “is help in upliftment of socioeconomic status of the poor women in Nashik City. More precisely the researcher study the role of Personal Micro Credit disbursed by NavjeevanNagari Sahakari Patsanstha to the poor income women.

The process of the lending the Micro Credit is as follows:



Since two years the Patsansthas is funding to the poor income Women for their empowerment.

TABLE 3

Number of Groups	49 Groups of 5 each and 12 Groups of 3 each
Total Number of Borrowers	256 Women
Amount of loan disbursed per borrower	Rs. 5000/-
Tenure of Loan	12 Months
Monthly repayment	Rs. 600/-per Month
	Rs. 100/-Transfer to Savings and Rs. 500/-towards Loan.

So far 110 Women out of 256 borrowers has cleared the loan successfully.

Out of the 110 women the Patsanshta has given loan facility of Rs. 10000/-to the 20 women.

TABLE 4

Amount of Loan Disbursed	Rs. 10000/-
Tenure of Loan	15 Months
Monthly repayment	Rs. 800/-per Month
	Rs. 150/-Transfer to Savings and Rs. 650/-towards Loan.

From the above table it shows that the not a single women is defaulter. Instead of that the 110 women repaid the loan successfully. And the Patsanstaha funded Rs. 10000/-to the 20 womenborrowers.

IV. DATA ANALYSIS

The researcher has asked several questions to the borrowers. The researcher met the borrowers personally to the randomly selected borrowers. The analysis of the information collected through the questionnaire and direct interviews is as under:

TABLE 5: MONTHLY INCOME OF THE BORROWER BEFORE LOAN * MONTHLY INCOME OF THE BORROWER AFTER LOAN

		Monthly Income of the Borrower after Loan							Total
		UP to RS 2000	RS 2001 to RS 3000	RS 3001 to RS 4000	RS 4001 to RS 5000	RS 5001 to RS 6000	RA. 6001 to 7000	Above RS. 7000	
Monthly Income of the Borrower before Loan	Up to Rs 2000	1	5	7	2	0	0	0	15
	RS 2001 to RS 3000	0	1	10	10	1	0	1	23
	RS 3001 to RS 4000	0	0	2	5	4	1	0	12
	RS 4001 to RS 5000	0	0	0	1	0	1	0	2
	Above RS 6000	0	0	0	0	0	3	8	11
Total		1	6	19	18	5	5	9	63

TABLE 6: MONTHLY INCOME OF THE BORROWER BEFORE LOAN * MONTHLY INCOME OF THE BORROWER AFTER LOAN

		Monthly Income of the Borrower after Loan								Total
			UP to RS 2000	RS 2001 to RS 3000	RS 3001 to RS 4000	RS 4001 to RS 5000	RS 5001 to RS 6000	RA. 6001 to 7000	Above RS. 7000	
Monthly Income of the Borrower before Loan	UP to RS 2000	Count	1	5	7	2	0	0	0	15
		% of Total	1.6%	7.9%	11.1%	3.2%	.0%	.0%	.0%	23.8%
	RS 2001 TO RS 3000	Count	0	1	10	10	1	0	1	23
		% of Total	.0%	1.6%	15.9%	15.9%	1.6%	.0%	1.6%	36.5%
	RS 3001 TO RS 4000	Count	0	0	2	5	4	1	0	12
		% of Total	.0%	.0%	3.2%	7.9%	6.3%	1.6%	.0%	19.0%
	RS 4001 TO RS 5000	Count	0	0	0	1	0	1	0	2
		% of Total	.0%	.0%	.0%	1.6%	.0%	1.6%	.0%	3.2%
	Above RS 6000	Count	0	0	0	0	0	3	8	11
		% of Total	.0%	.0%	.0%	.0%	.0%	4.8%	12.7%	17.5%
Total		Count	1	6	19	18	5	5	9	63
		% of Total	1.6%	9.5%	30.2%	28.6%	7.9%	7.9%	14.3%	100.0 %

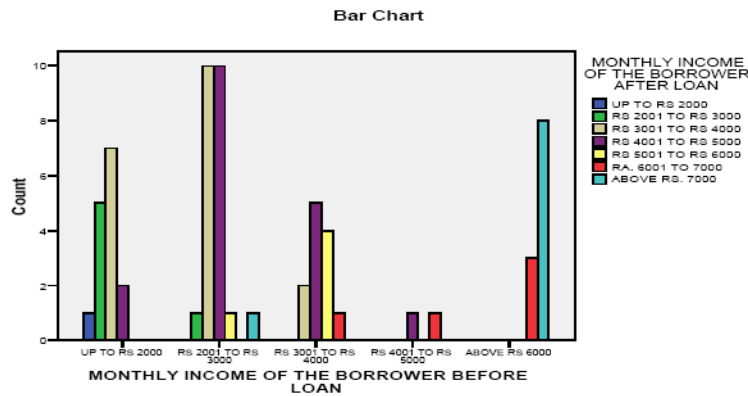


Fig. 1

TABLE 7: SYMMETRIC MEASURES

		Value	Asymp. Std. Error(a)	Approx. T(b)	Approx Sig.
Interval by Interval	Pearson's R	.849	.047	12.557	.000(c)
Ordinal by Ordinal	Spearman Correlation	.789	.057	10.039	.000(c)
N of Valid Cases		63			

TABLE 8: CHI-SQUARE TESTS

		Value	df	Asymp. Sig. (2-Sided)
Pearson Chi-Square		86.741(a)	24	.000
N of Valid Cases		63		

A 33 cells (94.3%) have expected count less than 5. The minimum expected count is.03.

The calculated p value of Chi-Square is less than the benchmark value 0.05. This denotes that the proposition "Income increased after taking the loan" is

rejected. So it proves that the income is increased after taking the loan.

The average Income of the Women using the weighted average is Rs. 2921/-per month hasfound increased to 4516 /-per month after taking the loan.

TABLE 9: SAVINGS PER MONTH BEFORE TAKING LOAN CASE PROCESSING SUMMARY

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Amount * Savings Per Month before Taking Loan	60	95.2%	3	4.8%	63	100.0%

TABLE 10: SAVINGS PER MONTH BEFORE TAKING LOAN

	Savings Per Month before Taking Loan		Total
	100	200	100
Number of Persons	53	7	60
	53	7	60

TABLE 11: SAVINGS PER MONTH AFTER TAKING LOAN CASE PROCESSING SUMMARY

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Amount * Savings per Month after Taking Loan	60	95.2%	3	4.8%	63	100.0%

TABLE 12: SAVINGS PER MONTH AFTER TAKING LOAN CROSS TABULATION COUNT

		Savings Per Month after Taking Loan				Total
		100	200	300	400	
Number of Persons	Number of Persons	12	26	15	7	60
Total		12	26	15	7	60

From the above data it shows that out of 63 respondents the 53 women save Rs. 100/-per month and only 7 women save Rs. 200/-per month. However after availing the loan out of 53 women only 12 women ie 21% women's saving remained as it is and remaining 79% women's savings is increased.

It is also find that the women who save Rs. 200/-before taking the loan has statred savings in between Rs. 300/-to 400/-per month. % age of number of persons out of total respondent

TABLE 13: MONTHLY INCOME OF THE BORROWER BEFORE LOAN * SAVINGS PER MONTH BEFORE TAKING LOAN

		Savings Per Month before Taking Loan		Total
		100	200	100
Monthly Income of the Borrower before loan	UP TO RS 2000	13	2	15
	RS 2001 TO RS 3000	21	2	23
	RS 3001 TO RS 4000	10	2	12
	RS 4001 TO RS 5000	2	0	2
	Above RS 6000	10	1	11
	Total	56	7	63

TABLE 14

100	200	300	400	Total
88.88889%	11.11111%	0%	0%	100%

From the above table it shows that the 88.89% o the total respondent save Rs. 100 Per Month and 11.11% respondent saves Rs.200/-per month before taking the loan. % age of number of persons out of total respondent

TABLE 15: MONTHLY INCOME OF THE BORROWER AFTER LOAN * SAVINGS PER MONTH AFTER TAKING LOAN

		Savings Per Month after Taking Loan				Total
		100	200	300	400	100
Monthly Income of the Borrower after Loan	UP TO RS 2000	1	0	0	0	1
	RS 2001 TO RS 3000	2	2	2	0	6
	RS 3001 TO RS 4000	3	11	4	1	19
	RS 4001 TO RS 5000	1	9	7	1	18
	RS 5001 TO RS 6000	0	1	1	3	5
	RA. 6001 TO 7000	2	2	0	1	5
	ABOVE RS. 7000	5	2	1	1	9
	Total	14	27	15	7	63

TABLE 16

100	200	300	400	Total
22.22222%	42.85714%	23.80952%	11.11111%	100%

From the above table it shows that after taking the loan habit of savings among the women shows increased. It reveals that 22.22% women saved Rs.100 Per months which is 88.89% before taking the loan. Then 42.86% women save Rs. 200/-per month which is only 11.11% before taking the loan. And 23.81% women started savings up to Rs. 300/-per month and 11.1% women started savings Rs. 400/-per month.

TABLE 17: CHI-SQUARE TEST

	Value	df	Asymp. Sig. (2-Sided)
Pearson Chi-Square	28.180(a)	12	.005
N of Valid Cases	63		

The calculated p value of Chi-Square is less than the benchmark value 0.05. This denotes that the proposition “savings after taking the loan are not increased” is rejected.

It proves that the savings habit is increased after taking loan.

V. CONCLUSION

Personal Micro Finance plays a vital role in the life of low income group people. It is observed that the average income of the respondents under study has been increased in between 48% to 55%.

From the above study it is also revealed that self employed women improved their saving habits to certain extent. No doubt improved saving habits does not mean improved standard of living.

Researcher feels that as the study is for a limited period of two years will not give a clear picture but if the habit is continued for a longer period it may give the results.

Researcher found that around 46% of the respondents have purchased the small assets to improve their standard of living.

Researcher concludes that within a span of one and half year respondents have showed their capacity to earn more as well as ability to save and eagerness to improve the standard of living

VI. REFERENCES

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