

AN STUDY OF MICROFINANCE SCHEMES AND ITS AWARENESS IN MADHYA PRADESH

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ABSTRACT

Since early 1980, the existing banking services policies; procedure and system were not able to fulfill the needs and requirement of the poor people. There are 24 crore people below the poverty line in our country. Thus NABARD (national bank of rural development), DPIP (district poverty initiative project), NRLM (national rural livelihoods mission) recommended various alternative policies system, and procedure should be put in use to save the poor from the control of moneylenders. Thus, microfinance was introduced in banking sector. Micro financing is regarded as a tool of socio economic development, in developing countries like India. In India the beginning of microfinance movement could be drawn to self help group (SHG) bank linkage programme (SBLP) that started as a lead project in 1992 by NABARD. It plays an important role in poverty alleviation and economic development. Micro credit and microfinance both are different concepts. Micro credit is a small amount of money, given as by bank or any legal registered institutions, whereas microfinance include various services such as loan, saving, insurance, transfer services and microcredit. Microcredit, microfinance, micro insurance, remittances, micro saving, micro entrepreneurs, banking and non banking services provided through the micro financing. The schemes of microfinance have been found as an effective instrument for economic development. Government of India and state governments should also provide support for capacity building initiative and ensure transparency and enhance reliability through disclosure.

KEYWORDS: Banking Services, Policies, Procedure

INTRODUCTION

The modern use of the expression "micro financing" has roots in the 1970s when organizations, such as Grameen Bank of Bangladesh with the microfinance pioneer **Muhammad Yunus**, were starting and shaping the modern industry of micro financing.

Definition of Microfinance Institutions

Microfinance is a general term to describe **financial** services to low-income individuals or to those who do not have access to typical banking services.

Schemes of Microfinance Launched By Central and State Government

Table 1

Schemes	Objective
MPDPIP	The project is funded by the World Bank and works on the concept of SHGs. Work through SHGs is not only confined to microfinance but also to various demand driven livelihoods activities that includes traditional agricultural, horticulture, livestock and many more. The project focuses its activities in over 53blocks in 14 districts of Madhya Pradesh.
Table 1: Contd.,	
MPRLP	Individual households as well as members of SHGs or common interest groups are provided credit linkages to promote, protect and diversify their livelihood options. But its uniqueness lies in implementation of livelihoods through the participation by village panchayats and gram sabhas.
Tejaswini	It is an IFAD funded project in six districts of Madhya Pradesh. It is being Implemented through the Women and Child Development Department. The key objective is to develop women's SHGs with the concept of women empowerment and financial inclusion of the poor.
Integrated Livelihoods Programme (ILP)	In order to have integration of various schemes, GoMP has launched ILP in 2007.The programme has adopted the SHG approach through which the poor families are to be mobilized to come together for their own socio-economic development.
SHG Promotion Policy-2007	It has been launched to promote activity-based federations of SHGs by providing Hand holding operational support and financial assistance for working capital, infrastructure development, quality control and brand development, exemption in taxes, subsidy in loans, state SGSY.

Source*- MPRAF report.

LITERATURE REVIEWS

Anand Kumar, T.S.; Praseeda, S and Jeyanth K. N. (2008) explained in his paper titled "Operational guidelines for sustainable housing micro-finance in India" that housing micro-finance is emerging globally as an important financial activity to help alleviate the housing needs of economically vulnerable people. Micro-finance institutions (MFIs) planning to include housing product must carefully assess whether they have the management and technical capacity to do so. The purpose of this paper is to give practical guidance to MFIs in adopting the housing programme, in addition to their existing line of micro-finance services. The paper finds that MFIs should also ensure that housing micro-finance suits their strategy from institutional and financial perspectives. **F. Bureau (2009)** the population living in poverty could fall to 6% in 2025 if aggressive reforms are implemented, the report suggested. The country need four transition to change the labour market and speed up poverty removal, these are farm to non-farm, rural to urban, unorganized to organized and subsistence self employment to decent wage employment. The report further added that 60% of country's workforce is engaged in agriculture, generating 18% of the gross domestic product. Agriculture condemns many Indian farmers to poverty because of low productivity. The key step that the country should take to enable the transition from farm to non-farm employment is to move public expenditure from input subsidies like fertilizers, seeds, power and water that benefit only large farmers to rural infrastructure. **Gordon, Kamath, R. and Srinivasan, R. (2009)** Grameen replicators in India, using a for-profit Non-Banking Finance Company legal form, have grown rapidly in terms of client numbers. Loan sizes are relatively small compared to per capita income, while portfolio quality was until recently very high. There is evidence in field of multiple borrowing, with clients borrowing simultaneously from multiple sources including micro-finance institutions. We build a

model of the microfinance sector that explains why such multiple borrowings result optimally in small loan sizes and high portfolio quality. **Fields, G.S. (2010)** this article is based on Fields (forthcoming) and on NCEUS (2009). The first part of the paper about global poverty and how the world's poor work. As many as six-and-a-half times the number of the unemployed are the working poor, which indicates that the world has an employment problem. So does India. The second part of the paper is about combating poverty in India and Internationally. The policies discussed here are workplace protections, harnessing the energies of the private sector, economic growth, labour market policies for generating more paid employment, the raising self-employment earnings. **A.N. and others (2011)** this paper aims to examine links between women's access to micro-finance and how they use maternal healthcare services in sub-Saharan Africa (SSA). It is found that improved access to micro-finance by women, combined with education may enhance maternal health service uptake. **Padmalochan mahanta, Gitangali panda, sreekumar (2012)** described in their study **Status of Microfinance in India a Review** poverty as a situation of pronounced deprivation in well-being poor as to hungry to lack shelter and clothing to be illiterate and not schooled he has also defines various modes delivery of microfinance like self-help groups individuals banking programmes (IBPS) Grameen model mired model etc. he also given impact of microfinance as a number of field researcher have been conducted by various agencies study the impact of microfinance on socioeconomic aspects of the clients according to the study the growth of microfinance organization in India has also to be seen in the height of financial sector reform in India under the new approach institutional viability is of prime concern and instruments of direct credit and interest rate directions have been totally diluted or done away with as a consequence banks are increasingly shying away from rural vending as well as rationalizing their area has discussed that microfinance is multi-faceted and worked in an integrated system there are various institution like MFI's NGO's SHG's and grameen bank to provide financial support to individual client, there is also an aper institution like NABARD, SIDBI and other nationalized banks operate in meso level to provide infrastructure information and technical support to micro level players they also concluded their paper with these opinion lending to the peer through microcredit is not the end of the problem but beginning of a new area if effectively handled it can create miracle in the field of poverty alleviation but it must be bundled with capacity building programs according to the study if government and MFI's act together then microcredit can play a great role in poverty alleviation. **"Microfinance and challenge of financial inclusion for development"** **Jyoti ghose Oct. 2012** concluded their study as that the financial policies of central banks are wish to ensure effective financial inclusion for more egalitarian and sustainable development need to encourage a diversity of institutions through a combination of incentives and regulatory measures researcher also given suggestion to encourage the creation and expansion of development banks that are subject to different regularity requirements from normal commercial banks provides subsidies to cover transaction costs of well as loan guarantees. **Sangeeta mohanty, Roshni Ranjan Mohapatra and sashikanta khuntia 2012** -given their views on **Microfinance A Poverty Reduction tool** According to this study in India more than 70% of the population levies in villages and most of these village are under developed microfinance can be a critical element of an effective poverty reduction strategy govt. NGO's and other financial institutions have introduced various welfare schemes and activities to reduce poverty microfinance by providing small loans and Suring facilities to those who are excluded from commercial financial services has been developed as a key strategy for reducing poverty throughout the world in India substantial microfinance system based on self-group it allows poor increase their source of income the essential path out of poverty and hunger reason also given the various initiative in rural credit by the government and also stated that the by res of microfinance providers in India according to the researcher option microfinance institution played important role women empowerment development of the overall financial system

self-employment of the overall financial system self-empty self-help group bank linkage programme. Researchers concluded their research paper topic as rural development and poverty reduction are commonly related to the issue of rural employment microfinance is one of the poor and developing them to self-employment activities by providing financial services like credit saving and insurance. **‘A detailed study of microfinance as a tool for tribal transformation in area of Madhya Pradesh’ Meenakshi Chaudhary March (2013):-**According to the author micro finance has been recognized as a weapon in the financial world to overcome the problem of poverty is it providing hope to the poor who have the ability to manage their financial resources but in the lack of finance they fail to improve their livelihood the study is based on the role of SHG’s in diversifying livelihood strategies of tribal communities, which is an impact of microfinance on tribal migration. Authors observe in the study that microfinancing is a commendable effort and the microfinance service would surely lead to the active motive of poverty reduction. How government initiative alone cannot solve the problem of financial inclusion without the cooperation of the banking sector particularly in the developing nation like India. **Sibghatullah Nasir (2013) Microfinance in India: contemporary issues and challenges** defined the microfinance as, provision of thrift credit and other financial services and products of very small amount to the poor in rural semi urban areas their income levels improving living standards. **Soma Sharma and Dr. Anant Deshmukh (2013)** studied that the various scheme of microfinance and analysed the awareness level of the microfinance in Nagpur city.

RESEARCH METHODOLOGY

The present research is carried out with intention to identify the microfinance facilities and its awareness in Madhya Pradesh.

Objectives of the Study

The main objectives of the study are as follow:

- To find out the awareness towards the microfinance on the basis of various demographic factors like age, gender, income, occupation etc.
- To study about various schemes of microfinance launched by state and central government.

Hypothesis of the Study

H1 People are aware about microfinance.

Table 2: Area wise Stratification of Sample

S.No.	Name of the City	No. of Respondents
1.	Rewa	50
2.	Shahdol	50
3.	Chhatarpur	50
4.	Raisen	50
TOTAL		200

Sample Size: - 200 beneficiaries from 4 different cities of Madhya Pradesh were selected for the research.

Data Collection Method

Both primary and secondary method of data collection was used for this research. Primary data were collected through the structured schedule.

Mode of Data Representation

In this study percentage method and frequency of respondents is used to classify the data on the basis of various dimensions. Bar Charts, Pie Charts and Graphs were also be used for the purpose of representing classified data. For the purpose of hypothesis testing,, frequency and percentage method were used with help of SPSS 21 version.

DATA ANALAYSIS

Awareness of Respondent towards Microfinance

This research aim is to find out awareness level of microfinance among beneficiaries.

Awareness level such as, how did they aware, from where they got microfinance etc.

Table 3:..Awareness about microfinance

		Freque ncy	Percent	Valid Percent	Cumulative Percent
Valid	Little aware	11	5.5%	5.5	5.5
	At some extent	27	13.5%	13.5	19.0
	very much	162	81.0%	81.0	100.0
	Total	200	100.0%	100.0	

From the above table and pie chart it is observed that as per awareness of microfinance concern, out of 200 respondent 162 people that is.81% of the people are very much aware about the microfinance and out of 200 respondent 5.5% people are little aware and 13.5 % of people are knows at some extent to microfinance. It means most of the people are aware about the microfinance.

Table 4: .Sources of Awareness

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	family member and friends	36	18.0%	18.0	18.0
	Social surroundings.	20	10.0%	10.0	28.0
	Advertising	13	6.5%	6.5	34.5
	Bank & Rural development officer	100	50.0%	50.0	84.5
	SHGs Representative	31	15.5%	15.5	100.0
	Total	200	100.0%	100.0	

According to the above table 50 % of microfinance beneficiaries are aware about microfinance through the bank and rural development officer and 18% of people are aware about the microfinance through the family members and friends and15.5% people are aware about through the self help group representatives, 10% of people are aware through the social surroundings and 6.5% are aware about through the advertising.

Table 5: Sources of Getting Microfinance

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Bank	131	65.5%	65.5	65.5
	Non Banking Financial Institutions	28	14.0%	14.0	79.5
	NGOs	16	8.0%	8.0	87.5
	SHGs	25	12.5%	12.5	100.0
	Total	200	100.0%	100.0	

According to the above table 65.5% of people are getting microfinance through the bank and 14% people are getting microfinance through non banking financial institutions and 12.5% are getting through the SHGs and 8% people are got microfinance through the non government organization.

FINDINGS

- Based on the above analysis it is concluded from the study that microfinance is playing important role in social and economical empowerment of rural poor people in India. The empirical finding of the study 81% of people are aware about the various microfinance schemes through the regional rural bank (rural development officer) and also by the representative of self help group.
- According to the second objective of the study it is found from the secondary data there is various schemes are launched and implemented by state and central government. Under the table (1) all the schemes are described in details.

CONCLUSIONS

Based on the above analysis and findings it can be concluded from the study that microfinance is playing important role in social and economical empowerment of rural poor people in India. The empirical finding of the study 81% of people are aware about the various microfinance schemes through the regional rural bank (rural development officer) and also by the representative of self help group.

There are various schemes launched by the state and central government. According to the study the selected areas of MP (Rewa, Shahdol, Chhatarpur, Raisen) various self help group has formed by state livelihood mission under the NRLM. MPDPIP, MRLP, Tejaswini, these project plays an important role in providing microfinance fund and also help in uplifting social and economic status of the rural poor people, where as the Tejaswini is international fund for agriculture development (IFAD) funded project. It covers six district of Madhya Pradesh and it is implemented through the women and child development department. The objective of this is to develop women SHGs with concept of women empowerment and financial inclusion.

ILP is also an integration of various schemes of the government of Madhya Pradesh. With the help of this SHGs are promoted and poor families are to be mobilized to come together for their own socio economic development. Another scheme SHGs promotion policy has been launched to promote activity based federations of SHGs by providing hand holding operational support and financial assistance, subsidy and loan by the Swarna Jayanti Swarojgar Yojna. National agriculture insurance scheme launched to give support to the former of rural areas they got the insurance benefit scheme and covers the risk to yield losses.

Swarna Jayanti Grameen Swarojgar Yojna is also credit linkage subsidy scheme that emphasis on group approach for self help group. Social security benefit scheme, old age pension schemes, total sanitation schemes. These are also government funded schemes by which rural poor people get microfinance fund and increase their social and economic standard of living. There are also a various schemes are found and recorded in the study which provide social and economical support to the rural poor people. So it is concluded that from the study that government should take initiative to increase awareness level by providing proper training program to rural as well as urban areas poor people.

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