Impact of Micro Finance on Poverty Alleviation with special reference to Selected Rural Area at Karnataka

Rabina Eajaz¹ & M. K. Phurushothamma²

Bharathiar University, Research & Development Centre, Coimbatore.
Email: reajaz@gmail.com

ABSTRACT
Microfinance deals a non-technical overview to the wide arrangement of whole financial and non-financial services of the world's poor. Micro finance programs for alleviating poverty in Karnataka. As a developing county, poverty is serious problems of Karnataka. Government and Non-Government Organization of the country are lunching poverty alleviation programmes in the country. The result of the study showing that there is bordering influence of microfinance organizations just before the growth in the welfare of the households.

KEYWORDS: Microfinance, poverty, organization.

I. INTRODUCTION

Introduction to Microfinance offers a non-technical overview to the extensive arrangement of whole financial and non-financial services of the world's poor. It discovers the economic lives of those relations, and the microfinance administrations and speedily increasing industry that serves them. Microfinance is a category of financial services directed at individuals and small businesses who want right to use to conventional financial transactions and related services’.

IMPORTANT CONCEPT

Researchers and medical practitioner have not exactly accepted on the meaning of microfinance. Though, one thing is clear; to most investigators, practitioners and specialists microfinance has changed as an economic development method projected to benefit low-income women and men.

According to Ledgerwood (1999), the term Microfinance mentions to the establishment of financial services to low-income clients, containing the self-employed. Financial services
Impact of Micro Finance on Poverty Alleviation with Special Reference to Selected Rural Area at Karnataka

Microcredit

Micro-credit is objective the facility of small finances to micro enterprises, even as Microfinance goes outside that as has been clarified above. Micro credit provides the low income clients and highly in the form of small loans for micro enterprise and earnings making activities. The term 'microcredit' usage is often related with an inadequate amount of the rate of savings for the poor.

Poverty

'Copenhagen Declaration’ defined poverty as “a condition characterised by severe deprivation of basic human needs, including food, safe drinking water, sanitation facilities, health, shelter, education and information.”

Statement of Problems

Micro finance programmes for alleviating poverty in Karnataka. As a developing county, poverty is serious issues of Karnataka. Government and Non-Government Organization of the country are lunching poverty alleviation programmes in the country. During the period of last two -three decades, worldwide microfinance institutions have operated several programmes in Karnataka. In order to the research problem is based on identifying the impact of those Non-Government Micro Finance Programmes for alleviating poverty in the country. And therefore the statement is “Impact of Micro Finance on Poverty Alleviation with Special Reference to Selected Rural Area at Karnataka”.

II. OBJECTIVES OF THE STUDY

- Loan agreed lacking safety
- Loans to those people who living under the poverty line
- Members of SHGs may advantage from micro finance
- Maximum limit of loan under micro finance Rs.25,000/-
- Microfinance is dissimilar from Microcredit- under the latter, small loans are assumed to the nonpayer but under microfinance together insurance and saving accounts on many other financial services. Hence, microfinance has a broader concept than microcredit.

Hypothesis of Study Framed

\[ H_0 (1) \text{There is no important association among Micro-financial Services Creativities and Rural Development.} \]

\[ H_0 (2) \text{There is no important association among Micro economic Services offered and fulfillment level of microfinance users in Karnataka} \]

\[ H_0 (3) \text{Micro financial services inventiveness are not in need of the interest and Financial conditions of rural people} \]

\[ H_0 (4) \text{Involvement of Micro -Financial Organization significantly improves the usual of living of Poor families.} \]

III. REVIEW OF LITERATURE

In recent years 2017, the literature significance the need for rural credit in Karnataka has grown considerably. A request to Rural Karnataka, says that credit has a positive influence on poverty improvement; however, better-off households are more likely to right to use formal financial sectors slightly than the very poor households. Using an econometric framework and cross-sectional examination for assessing long-term effect of credit on households based on panel data from household surveys, noted that the positive impacts are small assumed the high cost of provided that financial facilities to the poor. This specifies that a broader range for helpful services such as increases in healthcare, physical
infrastructure, education and skill training, relatively than an importance on credit, is essential to help the poorest out of poverty.

**Ravikumar, (2016),** “Contribution of Microfinance in empowering the women entrepreneurs in Gulbarga city” finished in his article women industrialists have been allowed in the dissimilar sections of their business actions and communal status under the active guidance and support for micro finance administrations and if women entrepreneur is agreed a proper guidance and working out additional that will positively improve the profitability of the enterprises and the future will be bright and successful.

**Vani Kamath (2010),** “Finding usage in access to banking and scope for microfinance in Gulbarga District, Karnataka: A study of Economic Inclusion on Below Poverty Line Families” outlined in the thesis and the points like there is a important change among Financial attachment and absence of awareness by rural household and organized neglect by banks.

**RESEARCH GAP AND IMPORTANCE OF THE STUDY**

The Indian micro-finance industry taking place in front of crisis in the year 2010. When administration of Andhra Pradesh, India’s fifth-most-populous state spread a directive keeping out MFIs from gathering weekly refunds and getting out to borrowers at their access way, apart from making government endorsement mandatory for every second loan to a mortgagor. The features similar to extreme development and importance rules are create to be answerable for crisis. However, comparable crisis like conditions in countries like (Morocco, Bosnia raised up question on sustainability of microfinance industry). After examining these circumstances usual in microfinance industry, it becomes essential to reading the influence in the form of influence of micro-finance on Poor people borrowers and empowerment outcomes.

**IV. RESEARCH METHODOLOGY**

**A Research design**

A research Design is a chief plan identifying the methods and processes for gathering and analyzing the needed information. It is a outline or blueprint that plans the action for the research project. Collection of research for present research work is disturbed by the research objects, obtainability of data sources. In other wise, there is essential to seizure “lived experience” from the viewpoints of those who make importance from it. A field investigate process of review permit one to know the procedure of change and if any in the part and status of Poor People, as superficial by the loan receivers themselves and as supposed by the other adult supporters in their domestic.

**Sampling design**

Kalaburagi District includes of six talukas along with Kalaburagi city and Rural. Only those self-help groups have been chosen who had taken loan from banks (As per the data accessible from Kalaburagi district at a Glance-2016-17 & Women & Child dev. Dept and PKGB Bank Kalaburagi.) Out of the full SHGs in taluk wise who had taken loan, 15% of the sample of SHGs were designated, and Finally out of the selected SHGs 2-3 respondents from each Self-help groups were chosen for interview. The total sample size comprised to 500 respondents. The selections of sample numbers are shown in table-2.1:

<table>
<thead>
<tr>
<th>SL. No</th>
<th>Name of Taluka</th>
<th>No of groups taken loan from the bank</th>
<th>Sample size</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Gulbarga</td>
<td>546</td>
<td>59.25</td>
</tr>
<tr>
<td>2</td>
<td>Aland</td>
<td>674</td>
<td>50.30</td>
</tr>
<tr>
<td>3</td>
<td>Afzalpur</td>
<td>461</td>
<td>34.05</td>
</tr>
<tr>
<td>4</td>
<td>Jewargi</td>
<td>585</td>
<td>39.70</td>
</tr>
<tr>
<td>5</td>
<td>Sedam</td>
<td>358</td>
<td>35.55</td>
</tr>
</tbody>
</table>
Impact of Micro Finance on Poverty Alleviation with Special Reference to Selected Rural Area at Karnataka

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>Chitapur</td>
<td>541</td>
<td>53.70</td>
</tr>
<tr>
<td>7</td>
<td>Chincholi</td>
<td>544</td>
<td>37.10</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>3709</td>
<td>309.65</td>
</tr>
</tbody>
</table>

Area of the Study
The place selected is at Kalaburagi in Karnataka.

Period of the Study
The proposed study covers Five years period starting from 2012-13 to 2016-17 in order to study and analyse various aspects of Microfinance and its role in Empowerment in Kalaburagi District, Karnataka.

Data Evaluation
The data composed are not just believed as it is measured needless info and completed or under highlighted realities. Hence only applicable data are involved in the report, which helped in attaining the objects for the scheme.

Statistical tools used
The rating was made for all the positive statements begining from “Strongly agree (5), Agree (4), neither agree nor disagree (3), Disagree (2), strongly disagree (1)” and reverse rating was taken for few negative statements. This perception scores were analysed using Likerts scale analysis. The same above technique was used for the examination of microfinance Institutions also.

Pre-testing and Pilot Study
Then survey is spread to 20 respondents of pre-testing and pilot learning was also lead. Pre-testing was done to certify dependability and specialist of the questionnaire. It was complete to check whether the tool is properly enclosed in a clear way.

Reliability
Reliability denotes to the reliability or repeatable for the survey for additional examination. The dependability of the queries was empirically reviewed in order to know the constancy in the reactions made. Reliability of the scales was certified with Cronbach’s alpha coefficient. The coefficient differs among the values 0 to 1.

Cronbach’s alpha can be written as a function of the number of test items and the regular inter-correlation between the items. Cronbach’s α is defined as

$$\frac{N}{N-1} \left(1 - \frac{\sum_{i=1}^{N} \sigma_{Y_i}^2}{\sigma_X^2}\right)$$

Where N is the amount of components (items or test lets), $\sigma_X^2$ is the change of the observed total test scores, and $\sigma_{Y_i}^2$ is the variance of component.

Level of Significance
After observing the build authority of the instrument, the data was composed, handled and examined together reference to both of the particular objectives, with the help of suitable tools of study.
All tests are showed for 5% level and 1% level of worth. Investigation made to meet the determination of both of the detailed objects and test the assumptions.

V. CONCLUSION

This learning studies the contributions of microfinance organizations near the rural poverty decrease in Southwest Nigeria. The result of the study exposed that there is bordering influence of microfinance organizations just before the growth in the welfare of the households. This is in line with the outcomes of Morduch (1998). Also, there has to be nonstop upgrade of health and learning facilities. All this must decrease the working costs of MFIs and make their facilities in the rural areas more attractive. Moreover, MFIs must continuously regulate their loan terms and conditions of their possible rural clients.

VI. REFERENCES
