



Research Paper

Impact of microfinance on living conditions of tribal households of Telangana state - A case study

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Abstract:

Microfinance has emerged as needful programme to cater to the need of the most under-privileged people i.e., tribal women. The major concern today is ever increasing poverty and there is an urgent need of empowering and enabling the most neglected section of the society through organised support to all poverty alleviation programme.

Microfinance programme generate self-employment opportunities in tribal area. In this programme, credit support should make available to tribal entrepreneurs through SHGs in the form of micro-loans, who otherwise are often considered non-bankable by the financial sector. The programmes which generate wage employment should be encouraged by the tribal women.

Key Words: Microfinance of tribal, living conditions and development.

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I. Introduction:

Microfinance is the provision of loans and other financial services to the poor. The microfinance has evolved due to the efforts of committed individuals and financial agencies to promote self-employment and contribute to poverty alleviation and provision of social security. India has been able to develop its own model of microfinance organizations in the form of savings and credit groups known as the Self Help Group (SHGs), which are bank-linked.

These people are in need of credit facilities for several reasons (1) their needs are small and arise suddenly (2) the institutional providers of finance namely the banks demand collateral security which they cannot provide (3) most of the time, they are in needs of funds to meet their consumption demands, for example, to meet expenses related to education, illness, funerals, weddings for which it is difficult to obtain institution finance (4) for purpose of investment in income generating activities.

Microcredit:

Microcredit Refers to a small size loan, to be repaid within a short period of time, used mostly low income households and micro entrepreneurs for the purpose of income generation and enterprise development. The mobilization of such credit is restricted to external sources such as banks and moneylenders.

Microfinance:

Microfinance is the provision of a broad range of financial services such as deposits, loans, payment services, money transfers and insurance products to the poor and low income households, for their microenterprises and small businesses, to enable them to raise their income levels and improve their living standards.

The Important Features of Microfinance are:

- Microfinance is a tool for the empowerment of poor women;
- Loans under microfinance programmes are very small;
- Microfinance targets the poor rural and urban households;
- Credit under microfinance follows thrift i.e. mobilize savings and lend the same;
- Low transaction cost due to group lending's;

- Transparencies in operation;
- Short repayment period;
- Simple procedure for reviewing, processing and approving loan applications and delivery credit;
- Chances of miss utilization are rare and there are assured repayment;
- Peer pressure act as the collateral security required for loans;
- Need based loan disbursement;
- Prompt repayment;

Microfinance aims at assisting communities of the economically excluded to achieve greater levels of asset creation and income security at the household and community level. Access to financial services and the subsequent transfer of financial resources to poor women enable them to become economic agents of change. Women become economically self-reliant, contribute directly to the well-being of their families, play a more active role in decision making and are able to confront systematic gender inequalities.

II. Review Of Literature:

U.C.Sarangi (2010), Chairman, NABARD, the SHG- Bank linkage Programme is the flagship microfinance intervention of NABARD. Nearly 3.40 million SHGs have been provided with a bank credit of over Rs.2223.30 crore by March 2008. Almost 90% of groups are women groups. Over 44,000 commercial banks, 91 Regional Rural Banks (RRBs) and 342 Cooperatives were involved in financing these groups.

M.Thanuja (2005) in a study “Relevance of Micro Finance and Empowerment in Tribal Areas: A Case Study of the Konda Reddis”, lays emphasis on the importance of the socio-cultural environmental intervention of the population, poverty reduction programmes through micro-finance. He concludes that the Konda Reddis are empowered even before developmental intervention. Micro Finance is an important tool for empowerment in the programme, and it should take into consideration all forms of savings, co-operation of individuals at different levels of production activity and resource utilization and ownership, which are embedded in the socio- cultural system.

III. Research Methodology:

Telangana state in the southern region in India, It has an area of 1,12,076 km (43,273 Sqmi) The present study is based on secondary as well primary data collected through a field survey of providers of financial service and tribal households, in Khammam district and sub district of Bhadradri kothagudem of Telangana state. Which process tribal area was selected on the purposive sampling basis, certain set of indicators which measure the impact of microfinance has been developed and validated by using triple bottom line approach of social, financial and personal indicators. Thus two district four mandals, eight village 240 respondent and impact of microfinance in selected village are studied and the study examine the impact of microfinance on living conditions of tribal households in Telangana state.

Objectives of the Study:

The present study conducted with the following specific Objective of poor women of rural/tribal areas analyse the impact of microfinance on living conditions in Telangana state. The specific Objective of the study is the following..

- To the study role of performance micro finance programs in India.
- To study the Socio-Economic conditions of the SHGs selected tribal households in Khammam district of Telangana State.
- To examine the impact of micro-credit on income, saving and assets of the respondents.
- To offer suitable suggestions based on the findings.

Hypotheses of the study:

The hypotheses of the study are formulated as follows..

- ❖ There is a positive relation between microfinance helping the socio-economic conditions of the tribal.
- ❖ The Saving and living conditions of the tribal households increased due to the credit extended by SHGs.
- ❖ The development of SHGs depends upon the financial policies adopted by the government.

Age wise classification of SHGs Members:

Age is important characteristic of human being it refers to physical and psychological maturity of a person and also serves as an indication of her experience, knowledge and worldly wisdom.

Table: 1
Age wise classification of SHGs Members

Sr.No	Age	Member	Percentage
1	Below 25 years	18	7.50
2	25 to 35	142	59.17
3	35 to 45	60	25.00
4	Above 45	20	8.33
	Total	100	100

The above table reveals the age –wise classification of 240 SHGs members. The table indicates that, the percentage of SHGs members belongs to the age group of 25 to 35 years is maximum i.e. 59.17 (142), whereas the percentage of SHGs member between 35 to 45 years is 25 percent (60). Its mean that the most of SHGs members’ i.e. 84.17 percent (202) are belongs to the age group of 25 to 45 years. It is experimental from the above table that almost all SHGs members are from active and productive age group.

Size of family:

The size of tribal family means the number of member in the family of SHGs member including spouse, children and dependent in –laws, living under one roof, sharing common facilities.

Table: 2
Family size wise classification of SHGs Member

Sr.No	Group	Members	Percentage
1	less than 3	23	9.58
2	3 to 6	136	56.67
3	Above 6	81	33.75
	Total	240	100

The above table revealed the classification of 240 members according to the size of the family the table indicate that, the maximum i.e. 56.67 percent (136) SHGs members are having 3 to 6 family members and the 33.75 (81) SHGs members are having more than 6 members in the family. The average of family members is 5. It is observed that from the above table those maximum SHGs are having medium size for the social and economic development.

Annual income of family:

Annual income is one of the most important criteria revealing economic status of person or a family.

Table: 3
Annual income of SHGs family

Sr.No	Type of income	Members	Percent
1	Less than Rs.25000	21	8.75
2	Rs.25000 to 50000	96	40.00
3	Rs.50000 to Rs.75000	52	21.67
4	Rs.75000 above	71	29.58
	Total	240	100

The above table shows the classification of 240 SHGs members according to the annual income of their family. Table shows that, the annual income of 8.75 (21) members families is below Rs 25000. The families with 40.00 (96) are having annual income between rs.25000 to Rs. 50000 per year. The above table point out that there are 48.75 percentages (117) members whose annual income is up to 50000. 21.67 percentage (52) members are earning Rs.50000 to Rs75000 yearly. It is found that 29.58 percentage SHGs members ae there having yearly family income above Rs75000 are from the families of some big farmers and government servant Khammam district.

Table: 4
Change in the lending activities of SHGs

Sr.No.	Loans	Members	Percentage
1	Expenditure for home	105	43.75
2	Expenditure for festival	17	7.09
3	Educational work	28	11.67
4	For marriage	15	6.25
5	For medical	30	12.50
6	For occupational	25	10.41
7	For miscellaneous causes	15	6.25

8	For returns loan	2	0.83
9	Other	3	1.25
	Total	240	100
Average loan amount per member Rs.5000.1			

The above table reveals lending activities of 240 SHGs. Table highlights that SHGs are giving non – productive loan and only 10.41 percentages (25) have given productive loans to their members with the intention of starting new business and for old business expansion. However, 11.67 percentage (28) SHGs have given loans for educational purposes which can be indirectly considered as a productive loan. Even for fulfilling the needs which are not productive, many SHGs offer loan. As from low income SHGs under the survey are from tribal area as well as from low income group, it is observed that most of the SHGs members need loan chiefly for consumption causes. The table indicates that 43.75 percentage (105) SHGs have given internal loans, for the sake of household’s consumption of SHGs members.

In addition, 7.09 percentage (17) SHGs have given loans for festival SHGs member have given loan to their members 12.5 percentage (30) for medical treatments. Because of availability of loan for facing unexpected calamities, it has become easy for SHGs members to get medical treatment quickly for them or their family members. It is a remarkable fact that 0.83 percentage (6) SHGs have given loan to their members for returning earlier loans (mostly of money lender and relatives). Loans given by SHGs under this type are helping to destroy the strangle hold of money lenders in the form of heavy interest rates. Where money lenders were causing heavy burden of many households, the end, of this evil power from the society is a step towards proper development. It can be revealed from the table 6.25 percent (15) have given loan s for miscellaneous causes, viz purchasing of different assets like LPG gas, TV set, Gold etc. Through these are non-productive loans, still they are a kind of support for SHGs members to meet immediate necessities of their families without being meek I front of anyone and without losing their self-respect. SHGs have given 6.25 percent (25) loan for matrimonial causes. SHGs have given 1.25 percentage (3) loans for other causes like e.g. home maintenance, hospitality etc.

Development of saving:

The development of savings or the portfolio of savings of the SHGs members affects the safety, profitability and liquidity of the savings. Following changes are observed for the SHGs members regarding their development of savings.

Table: 5
Development of Savings

Sr.No	Destination of saving	Pre-SHG		Post-SHG		SGR
		Members	Percent	Members	Percent	
1	No saving	35	14.59	0	0	-
2	SHGs	0	0	240	100	-
3	Money-Lenders	75	31.25	0	0	-
4	Bank	60	25.00	156	65.00	160.00
5	Co-operative credit society	24	10.00	45	18.75	87.50
6	Post offices	31	12.91	39	16.25	25.80
7	Others	15	6.25	0	0	-
		240	100	240	100	-

The development of saving pre –SHGs and post –SHGs is presented in the table 4 the most importance changes due to SHGs is that the proportion of zero saving families was 35 percent which brought to zero indication the fact that the saving habit was cultivated due to SHGs. The money lenders, co-operative credit society, post offices and banks where the places where the members were keeping their saving pre-SHG, But now these savings are increased with SHGs (100%), bank 65.00 percent, co-operative credit society 18.75 percentages and post offices 16.25 percentage and its found SGR and bank 160.00percent, co-operative credit society 87.50 percentage and post office 25.80 percentage . the SHGs helped in increasing the savings and channelized them in institutional setup. The development of saving is more diversified post-SHG with the use of institutional ways but the impact is higher for SHGs and bank plus SHGs.

Thus a need arises to study the impact of microfinance on living conditions of tribal women not only refers to economic liberalization but also access to opportunity, right to decision making and access to education, health services and information.

IV. Suggestions:

Microfinance on living conditions of tribal households are sustainable the following suggestions are given below.

- Governments should provide grant.
- Government should provide efficient marketing facilities.
- Government should provide capital needed.
- Bank should get from bank management.
- Political neutrality.
- Government should provide access fund needed.
- Government should provide information of government schemes.
- Government should provide training facilities.
- Bank should provide repayment of loan.
- SHGs leader should take training about management of SHG.
- SHGs should take co Operation of SHG Member.

V. Conclusion:

The Microfinance sector is a pack of several approaches found across the world. Most of the development programmes started in the past had gender bias. Several tribal poverty alleviation programmes taken up by central and state government, and non-government organisation from time to time. The micro-credit through self –help group has a significant impact on the economic betterment of to poor and most of the poor were able to move above poverty level. The micro-enterprises run by the SHGs member are suitable to their skill and they could fetch reasonable income and generate gainful employment with an increase in the income level.

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