

A Study on Problems faced by Women while availing Microfinance in Thiruvallur District

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Abstract—Microfinance is also called as microcredit which provides funds to low-income groups or those who could not have access to financial services, particularly women. The Microfinance institutions and Self-Help Groups played an active role in lending microfinance activities. This paper aims to analyse the difficulties of women in availing Microfinance loan. To analyse the primary data the statistical tools such as Descriptive Analysis, Paired Sample T-test have been used. From the analysis, The Results showed that the lack of proper guidance and lack of enough awareness of financial services is the first and foremost problem faced by the women beneficiaries. The procedure for approaching the authorities as second rank followed by choice of appropriate model is the third important problem. Further, the research shows that the problems are differ among various categories of respondents. Hence, it suggests that the Government and NGOs should take necessary steps for providing proper guidance to the beneficiaries of Microfinance.

The main objective of this study was primarily to analyse the problems in availing microfinance. Primary Data was collected from 75 respondents. Convenience Sampling method was used.

Index Terms—Microfinance, Self Help Groups.

1. INTRODUCTION

Microfinance is a form of financial service for those who are not able to access financial services from organized sectors. Microfinance helps women to avail loans with suitable lending practices. Microfinance services are provided to under employed or low-income individuals because most people trapped in poverty or who have limited financial services, which do not have sufficient income to do business with traditional financial institutions. The main objective of microfinance is to bring about drastic changes in financial systems throughout the world. It aims to serve the underprivileged people and assist them to eradicate

poverty and help them to involve in personal economic growth. Even though it serves for the under privileged people, it involves in issues and challenges while lending financial services.

2. REVIEW OF LITERATURE

- Rana Muhammad, SohailJafar and SafdarHussain (2017) made a study on Microfinance and its impact on people and societies. They concluded that microfinance is an innovative way to poverty reduction. Through microfinance services poor people can utilize their skills for enhancement of household economic growth, educate their children and enhanced quality of life. Poor can contribute to economic development and can fight against hunger and poverty alleviation. Microfinance empower the women so women can also contribute in the economic growth as well. Many people accepted that microfinance is not a magic bullet to reduce the poverty however; it is way to improve the living standard of the poor.

- S. M. Monirul Hassan and Md Maidul Islam (2018) conducted a study on The Socio-Economic Impact of Microfinance on the Poor Family: A Study from Bangladesh. They concluded that the long-cherished view of microfinance as the panacea for solving the money problems of poor people has, in fact, been overturned in favour of microfinance being seen as a vicious circle of poverty. The microcredit programme is definitely run for the benefit of the poor.

- Grace Wakio Kireti and Dr. Maurice Sakwa (2014) made a study on Socio-Economic Effects of Microfinance Services on Women: The Case of Rosewo Microfinance, Nakuru County, Kenya. They concluded that microcredit services provided by microfinance institutions are very essential as it increases income that helps to

cater for health and education services as well as help in the creation of employment, increase the output and stock in the enterprise as noted by the respondents. However, for efficient realization of this positive effects then microcredit have to be readily accessed and the rates be very flexible to attract many since it's a great tool to alleviate poverty.

- Aanchal Singhal and Bindu Arora (2018) made a study on Depth and Impact of Microfinance with Special Reference to Uttarakhand. They reported that the participants' main reason of joining the SHGs were to increase their income and to generate revenues for employment. Microfinance programme generates self-employment opportunities in rural areas. The programme participants utilize bank loans to start small business activities and generate income.

- Agus Eko Nugroho (2015) made a study on The Welfare Impacts of Microfinance on Rural Households: Evidence from Boyolali of Indonesia. He concluded that reveals that the impact s o f access to microfinance services on the welfare of rural household s is mixed. While access to microfinance does not lead rural households in Boyolali to have children with higher levels of education, it statistically reduces the probability of facing household financial problems. Access to microfinance services in Boyolali also statistically leads to greater confidence in dealing with other people.

3. OBJECTIVES OF THE STUDY

1. To study the areas of Microfinance.
2. To analyze the problems availed by women while availing Microfinance.

4. METHODOLOGY

The present study is both descriptive and analytical in nature. In order to achieve the objectives of the study, the primary data and secondary data have been collected from the respondents.

4.1 Primary Data The researcher has collected the primary data directly from the beneficiaries of Microfinance through Interview schedule.

4.2 Secondary Data The researcher has collected the secondary data from related websites, journals and books.

4.3 Sampling Design The researcher is concerned with the study on the problems in availing Microfinance by Women in Thiruvallur District. The researcher has collected data from 75 women beneficiaries using convenience sampling method. Thus, the sample size of the study is 75 women beneficiaries.

4.4 Tools for Analysis The researcher has used the following statistical tool for analyzing the collected data.

- Percentage Analysis
- Weighted Arithmetic Mean

5. ANALYSIS AND INTERPRETATION

Table 5.1 – Demographic Profile of Respondents

Profile	Category	Percentage
Age	Less than 25 years	21
	26 to 35 years	35
	36 to 45 years	31
	45 to 55 years	13
	Total	100
Educational Status	Literate	53
	Illiterate	47
	Total	100
Educational Qualification	School Level	31
	Diploma / ITI	24
	Under Graduate	35
	Post Graduate	11
	Total	100

Marital status	Married	73
	Unmarried	27
	Total	100
Profession	Private Employee	56
	Govt. Employee	5
	Others	39
	Total	100
Income per month	Less than Rs.10,000	61
	Rs.10,000 - Rs.20,000	29
	Rs.20,000 - Rs.30,000	5
	Above Rs.30,000	4
	Total	100
Expenditure per month	Less than Rs.10,000	48
	Rs.10,000 - Rs.20,000	27
	Rs.20,000 - Rs.30,000	13
	Above Rs.30,000	12
	Total	100

Source: Primary Data

Majority (35%) of respondents are in the age group of 26 – 35 years. Mostly (53%) of the respondents are literate. Majority (35%) of respondents have attained College level educational qualification. Majority (73%) of the respondents are married. Mostly (56%) of respondents are Private employees. Mostly (61%) of respondents are in the group of less than Rs. 10,000 income level. Majority (48%) of respondents are spending their income less than Rs.10,000.

Table 5.2 – Problems faced by Women while availing Microfinance

Particulars	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Higher Interest rates	19	20	21	10	5
Regulatory issues	11	24	25	8	7
No Proper guidance	15	18	26	7	9
Delay in sanctioning loan	13	26	22	6	8
Amount of Commission to certain authorities	24	20	18	9	4
Lack of awareness of financial services	12	28	17	12	6
Over Indebtedness	16	23	28	5	3
Difficult in approaching authorities	11	26	31	4	3

The above table infers the values of respondents' opinion in regard to the problems faced by them while availing Microfinance.

Table 5.3

Average Score of Problems faced by Women Beneficiaries while availing LoansSource

Particulars	Score	Average Score	Rank
Higher Interest rates	265	33.13	3
Regulatory issues	249	31.13	7
No Proper guidance	248	31.00	8
Delay in sanctioning loan	255	31.88	5
Amount of Commission to certain authorities	276	34.50	1
Lack of awareness of financial services	253	31.63	6
Over Indebtedness	269	33.63	2
Difficult in approaching authorities	263	32.88	4

Computed Data

From the above table, it is clear that the respondents have given the following ranks regarding the problems towards availing loans. “Amount of Commission to certain authorities” has got First rank, “Over Indebtedness” ranked Second, “Higher Interest rates” has been ranked third, “Difficult in approaching authorities” occupied fourth, “Delay in sanctioning loan” got fifth, “Lack of awareness of financial services” got sixth, “Regulatory issues” got Seventh, and “No proper guidance” got Eighth” rank among the problems.

6. FINDINGS

- The primary factor is that Government may encourage microfinance institutions and insist them to avoid high interest rates.
- The main challenges on microfinance are commission paid to higher authorities, higher interest rates in comparison to mainstream banks widespread dependence, over-indebtedness, inadequate investment validation, lack of enough awareness of financial services in the economy and among others.
- The objective of microfinance is similar to that of microcredit; its goal is to provide financial services to help encourage entrepreneurs in impoverished nations to act on their ideas and obtain the financial tools available to do so and to eventually become self-sustainable.

7. CONCLUSION

From the above study, we may conclude that the financial and non-financial services provided by microfinance institutions acts as significant impact on empowerment of women. But the problems faced by women acts as main hindrances in their empowerment. If these problems are overcome, this may largely be helpful to the needy women to uplift their life in social and economic career.

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