



IMPACT OF MICROFINANCE ON SELF CONFIDENCE OF NBFC-MFI BORROWERS IN KANCHIPURAM DISTRICT IN TAMILNADU

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Abstract: *According to the country report of Govt of India, "Empowerment means moving from a position of enforced powerlessness to one of power". Previous studies envisaged that Microfinance has positive impacts on the empowerment of women borrowers, particularly in rural pockets. The researcher attempted to study the perception of the borrowers of Non Banking Finance Company (NBFC) Microfinance Finance Institutions (MFIs) in Kanchipuram district in Tamilnadu state in India on their self confidence. The study was carried out with 569 samples covering all the 13 blocks in the district, inclusive of both urban and rural populations. Significant changes were observed over their socio-economic factors.*

Keywords: *Self confidence, Microfinance, NBFC MFIs, Kanchipuram and Social Impact.*

** Views expressed in the article are of personal and not the institution that author belongs to.*

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INTRODUCTION:

Microfinance is a movement whose object is "a world in which as many poor and near-poor households as possible have permanent access to an appropriate range of high quality financial services, including not just credit but also savings, insurance, and fund transfers.". Microfinance is usually understood to entail the provision of financial services to micro-entrepreneurs and small businesses that lack access to banking and related services due to the high transaction costs associated with serving these client categories. The two main mechanisms for the delivery of financial services to such clients are (1) relationship-based banking for individual entrepreneurs and small businesses; and (2) group-based models, where several entrepreneurs come together to apply for loans and other services as a group. Many of those who promote microfinance generally believe that such access will help poor people out of poverty. For others, microfinance is a way to promote economic development, employment and growth through the support of micro-entrepreneurs and small businesses.

Microfinance is a broad category of services, which includes microcredit. Microcredit is provision of credit services to poor clients. Although microcredit is one of the aspects of microfinance, conflation of the two terms is endemic in public discourse. Critics often attack microcredit while referring to it indiscriminately as either 'microcredit' or 'microfinance'. Due to the broad range of microfinance services, it is difficult to assess impact, and very few studies have tried to assess its full impact. Proponents often claim that microfinance lifts people out of poverty, but the evidence is mixed. Microfinance has made tremendous strides in India over the years. While many commercial banks failed to capitalize the business opportunities, NBFC-MFIs ventured to untapped rural micro-lending.

OBJECTIVE & SCOPE OF THE STUDY:

There are many researches reveal positive impacts of microfinance towards the women borrowers with respect to their economical, financial, social, psychological, cultural, and political impacts. But, most of the studies were based on SHG-Bank linkage lending as the population is well defined and ease of access to the respondents. There are very limited studies available focusing on the cultural impact of MFI lending on its beneficiaries, in particular no study has been done covering the borrowers in Kanchipuram district. Hence, the present study has wider scope in the industry. The present study was carried out to



ascertain the perception of the MFI beneficiaries in Kanchipuram district on their self confidence.

METHODOLOGY:

The empirical study is based on the primary data collected during January 2012 to June 2012 from 569 women respondents those who had availed microcredit from the NBFC-MFIs in Kanchipuram district through personal contact. Purposive sampling method was adopted for data collection through a pretested questionnaire. Rural and urban pockets of all the 13 blocks in the district were chosen for study. The collected data were analyzed through simple percentage analysis, ANOVA, Chi square test in the statistical package SPSS 16.

FINDINGS:

1. **Overall:** About 83 percent of the respondents felt that association with MFI had increased their self confidence considerably. However, about 13 percent of the respondents were not sure about the increase of self confidence was due to MFI association.
2. **Age:** Out of the total respondents told positively, nearly 43 percent, 34 percent and 18 percent of the respondents were found to be in the age group of 31-40 years, 20-30 years and 41-50 years respectively. Nearly 22 percent of the respondents expressed that their self confidence is increased to that extend of addressing in a forum and 18 percent of them expressed as they were able to travel alone. Nearly 12 percent of the respondents felt that their self confidence is increased to the extent of dealing with various offices, and yet another 11 percent of the respondents expressed as their financial independency and decision making are increased respectively. However, we could not find statistical significance between age and self confidence.
3. **Literacy:** Though there is no statistical difference, out of the total respondents those who had positive results, about 77 percent of them were found to be having school level education and 14 percent of them were illiterates. Majority (16.8%) of the respondents who felt as their self confidence of addressing forum were found to be having school level education. The increase in self confidence was due to association with MFI which gave them a platform and confidence for speaking freely in the group.
4. **Occupation:** There is a significant variance between occupation and self confidence of the respondents. More than one third (34%) of the housewife respondents had



expressed that their self confidence was increased while 27.5 % of the respondents who did own farming expressed so too. Among the housewives who felt positive impact, 6.2 percent of them were able to travel alone, 7.4 percent were able to address a forum freely, 4.2 percent had financial independency, 4.1 percent were able to express their views in gatherings which are some of the most expected features of women empowerment. Among those who did own agri & felt increased self confidence, each 5.7 percent of the respondents specified on traveling alone and addressing forum respectively. The data are illustrated in the below table 1.

- 5. Husband's Education Level:** There is no significant variance between education level of the respondents' husbands and respondents' self confidence. Nearly 85 percent of the respondents who felt having their self confidence increased were observed to be having school level education. Among them, about 12.5 percent respondent who expressed as their self confidence by going alone for medical treatment, 11.3 percent of them were found to be having school level education respectably. Out of the total 12.1 percents of the respondents who told as they were able to deal with different offices, 10.3 percent of them were found to be having school level education. The details are highlighted in table 2 below.
- 6. Husband's Occupation:** There is significant variance between occupation of husbands' of the respondents and respondents' self confidence. Out of the 21 percent of the respondents who told they were able to address forum, 9.2 percent and 5.2 percent of the respondents' husbands were found to be salaried and doing own farming respectively. Nearly 45 percent of the respondents who had positive impact with self confidence were noted that their husbands' were of salaried profiles. Salaries employees, not only they are confidants, but their wives' were also be given self confidence in many aspects.
- 7. Type of House:** About 53 percent of the respondents who told as their self confidence is increased were found to be dwelling in concrete type of houses. Among those who reside in concrete type of houses, 12.1 percent and 10 percent of the respondents told that they were able to address form freely and travel alone respectively. About 25.6 percent of the respondents who reside in thatched houses also expressed as their self confidence increased. It is very positive node to observe the increase in self confident



among the thatched house dwellers compare to concrete house dwellers. However, there is no significant variance noticed on the parameter.

- 8. Ownership of house:** The respondents who lived in owned house were more confidence than those who resides in rented houses. This is due to social status of the people who own a house is high and dominates other who lives in rented house by attitude. However, there is no statistical difference observed.
- 9. Family size:** Nearly two third (65.5%) of the respondents who told as they find themselves with increased self confidence were found be living with a family size of less than 4 members. Thus, we infer that the people who lived in a nuclear family are more confident than others. This is because; they are grown up with less or nil restriction/control from other family members. Naturally, their independency in their attitude, and self confidence found to be increased. There is no statistical difference observed from the study.
- 10. Vintage with MFIs:** The below table 5.5.13 status that there is no significant variance between vintage of the respondents their self confidence. However it was observed that nearly two third (64.2%) of the respondents who felt as their self confidence is increased were found to be having vintage of 1-2 years with the MFIs. Among those who had 1-2 years of vintage, 11 percent and 14 percent of them expressed as their self confidence by travelling alone, addressing form have increased respectively.
- 11. Number of earning Member in the family:** There was no statistical difference between the variables number of earning members in the family and self confidence of the respondents observed, but about 65 percent of the respondents who felt positive difference on their self confidence found to be having three earning members in their family.
- 12. Total Family Income:** Out of the total respondents who expressed as positive changes on their self confidence, 65 percent of the respondents were found to be with a total family income of Rs 6000-8000/- per month. We could not observe any statistical significance between self confidence and income level of the respondents.

CONCLUSION:

Microfinance institutions aim at increasing incomes and employment, in developing countries the empowerment of women, improved nutrition and improved education of the



borrower's children. To concise out of the present study, the borrowers of NBFC MFIs in Kanchipuram expressed that microfinance has increased the overall self confidence among the borrowers with respect to *Travelling alone, Addressing a forum, Expressing views in gatherings, Going alone for medical treatment, Dealing with different offices, Financial independency, taking decision on household activity, Better child welfare and Solving family disputes*. Also there was statistical significance observed with occupation of the borrowers and their husbands'.

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Table 1. Respondents' Occupation Vs their Self confidence

			Travelling Alone	Addressing Forum	Expressing views in Gathering	Going Alone for Medical Treatment	Dealing with Offices	Financial Independency	Taking Decision on Household	Better Child Welfare	Solving Family Disputes	Total	F	Sig
Occupation of the Respondents	Housewife	Count	41	49	27	22	20	28	23	12	7	229	9.663	.000
		% of Total	6.2%	7.4%	4.1%	3.3%	3.0%	4.2%	3.5%	1.8%	1.1%	34.4%		
	Own Agri	Count	38	38	7	20	26	17	24	10	3	183		
		% of Total	5.7%	5.7%	1.1%	3.0%	3.9%	2.6%	3.6%	1.5%	.5%	27.5%		
	Agri Wage	Count	9	11	6	9	6	5	1	5	2	54		
		% of Total	1.4%	1.7%	.9%	1.4%	.9%	.8%	.2%	.8%	.3%	8.1%		
	Milch Animal	Count	19	33	11	20	14	14	19	5	3	138		
		% of Total	2.9%	5.0%	1.7%	3.0%	2.1%	2.1%	2.9%	.8%	.5%	20.7%		
	Salaried	Count	7	16	4	3	5	14	8	4	1	62		
		% of Total	1.1%	2.4%	.6%	.5%	.8%	2.1%	1.2%	.6%	.2%	9.3%		
	Total	Count	114	147	55	74	71	78	75	36	16	666		
		% of Total	17.1%	22.1%	8.3%	11.1%	10.7%	11.7%	11.3%	5.4%	2.4%	100.0 %		
Percentages and totals are based on responses. a. Dichotomy group tabulated at value 1.														

Source: Primary data by the Researcher



Table 2. Respondents' Husband's Occupation Vs Respondents' Self confidence

			Travelling Alone	Addressing Forum	Expressing views in Gathering	Going Alone for Medical Treatment	Dealing with Offices	Financial Independence	Taking Decision on Household	Better Child Welfare	Solving Family Disputes	Total	F	Sig
Husband's Occupation	Salaried	Count	59	72	33	44	30	38	37	31	8	352	3.298	.011
		% of Total	7.5%	9.2%	4.2%	5.6%	3.8%	4.8%	4.7%	4.0%	1.0%	44.9%		
	Own Agri	Count	43	41	13	19	23	19	22	9	2	191		
		% of Total	5.5%	5.2%	1.7%	2.4%	2.9%	2.4%	2.8%	1.1%	.3%	24.4%		
	Agri Wage	Count	6	15	5	7	8	7	2	1	2	53		
		% of Total	.8%	1.9%	.6%	.9%	1.0%	.9%	.3%	.1%	.3%	6.8%		
	Milch Animal	Count	11	25	4	11	7	12	15	2	1	88		
		% of Total	1.4%	3.2%	.5%	1.4%	.9%	1.5%	1.9%	.3%	.1%	11.2%		
	Own weaving	Count	21	15	5	10	18	13	12	2	4	100		
		% of Total	2.7%	1.9%	.6%	1.3%	2.3%	1.7%	1.5%	.3%	.5%	12.8%		
	Total	Count	140	168	60	91	86	89	88	45	17	784		
		% of Total	17.9%	21.4%	7.7%	11.6%	11.0%	11.4%	11.2%	5.7%	2.2%	100.0%		
Percentages and totals are based on responses. a. Dichotomy group tabulated at value 1.														

Source: Primary data by the Researcher