

# A Study on Success of microfinance loan in empowerment of poor people in Bardoli region

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**Abstract-** As the objective behind doing this study is that to study microfinance loan helps alleviating poverty in Bardoli. To study the income class of an individual affects his or her savings in Bardoli. To brief the target families on the need of creating their weekly saving. Increase public awareness and wider access to information on micro finance. To ensure utilization of microfinance support to the group member. To empower the poor women socially and economically.

**Keywords:-** Microfinance, poverty alleviation, empowerment

## I. INTRODUCTION

Microfinance is a source of financial services for entrepreneurs and small businesses lacking access to banking and related services. The two main mechanisms for the delivery of financial services to such clients are relationship-based banking for individual entrepreneurs and small businesses and group-based models, where several entrepreneurs come together to apply for loans and other services as a group. In some regions, for example Southern Africa, microfinance is used to describe the supply of financial services to low-income employees, which is closer to the retail finance model prevalent in mainstream banking.

For some, 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." Many of those who promote microfinance generally believe that such access will help poor people out of poverty, including participants in the Microcredit Summit Campaign. 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. Microcredit is one of the aspects of microfinance and the two are often confused. Critics may 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. What it does do, however, is to enhance financial inclusion.

Some empowerment indicators are given below

Sr. No.	Indicators	Sub-indicators
(A)	<b>Indicators of participation</b>	<p>&gt; <b>Level of influencing decision :</b></p> <ol style="list-style-type: none"> <li>1. Saving decision</li> <li>2. House hold decision</li> <li>3. Children's education decision</li> <li>4. Able to deal with financial crisis of the family</li> </ol> <p>&gt; <b>Level of acceptance of responsibilities/consequence of decision making.</b></p> <ol style="list-style-type: none"> <li>1. Providing material, labor etc.at work place</li> <li>2. No responsibility at work place</li> </ol>
(B)	<b>Indicators of leadership</b>	<p>&gt; <b>Sense of devotion of work</b></p> <p>&gt; <b>Duty consciousness</b></p> <ol style="list-style-type: none"> <li>1. Able to deal with financial crisis at the work place</li> <li>2. Seriousness about work</li> </ol> <p>&gt; <b>Sense of responsibility</b></p> <ol style="list-style-type: none"> <li>1. Children's education fees.</li> <li>2. Household expenses</li> <li>3. Payment of electricity bill</li> </ol>

- **Research Objective**
  - ✓ To understand why people to be targeted as potential clients for microfinance and how is impacting.
  - ✓ To promote self-sufficiency and economic development among people
- ✓ To increase the growth of people through microfinance empowerment.
- ✓ To understand microfinance as a supporting tool for empowerment.

## II. DATA ANALYSIS AND INTERPRETATION

	Sr No.	Variabels	Mean	Stddev	Rank
<b>Indicators of participation</b>	(A)	<b>Level of influencing decision :</b>	1.845		2
	1	Saving decision	2.1	1.015190743	
	2	House hold decision	1.56	0.501426536	
	3	Children's education decision	2.24	1.363668522	
	4	Able to deal with financial crisis of the family	1.48	0.50467205	
	(B)	<b>Level of acceptance of responsibilities/consequence of decision making</b>	2.598		1
	1	Providing material,labour etc.at work place	1.34	0.557325977	
	2	No responsibility at work place	4.62	0.90101983	

### Interpretation

It is observed form the above table it's seen that Indicator of participation includes the variables of level of influencing decision and level of responsibilities/consequence of decision

making in which the second variable level of responsibilities/consequence of decision making ranks first followed by indicator of participation .so it impact on the different variable and self-exploratory form their individual Mean and Standard deviation.

	Sr No.	Variables	Mean	Stddev	Rank
<b>Indicators of leadership</b>	(A)	<b>Duty consciousness</b>	1.646		1
	1	Sense of deviation of work	2.02	0.428094973	
	2	Able to deal with financial crisis at the work place	1.52	0.543608503	
	(B)	<b>Sense of responsibility</b>	1.62		2
	1	Children's education fees.	2.24	1.54140143	
	2	Household expenses	1.3	0.46291005	
	3	Payment of electricity bill	1.32	0.471212071	

## Interpretation

It is observed from the above table it's seen that indicator of leadership includes the variables of Duty consciousness and Sense of responsibility in which the first variable Duty consciousness rank first followed by indicator of leadership so it impact on the different variable and self-exploratory form their individual Mean and Standard deviation.

## III. CONCLUSION

The expanding microfinance industry in Bardoli faces enormous challenges. The first challenge is for the MFIs to reach a greater number of the poor. In the light of this problem, the Government and its institutions, including the Central Bank, should work in concert to promote the sector, as a means of mobilizing domestic savings, widening the financial system, promoting enterprises, creating employment and income and reducing poverty.

Poverty generally, is a global problem. Most especially urban poverty because the astronomical surge in the population of cities has combined with the factor of protracted economic depression to accentuate the crises of pauperization. In many respects, the situation in Lagos is typical of Bardoli. The cities are no longer in a refuge from the miseries of rural life; they have become the very centers for breeding mass distress and deprivation. The rich and the poor, are enterprising and industrious. But the poor who account for over half of the population do not have access to formal banking services and they rely heavily on formal and informal micro financed institutions for credit.

The empirical findings of the study suggests that microfinance has a profound influence on the economic status, decision making power, knowledge and self-worthiness of women participants of self-help group linkage program in Bardoli region.

Women often value the non-economic benefits of a group-lending program as much as or more than the credit. Some of the most valued benefits include expanded business and social networks, improved self-esteem, increased household decision-making power, and increased respect and prestige from both male and female relatives and community members. Targeting women continues to be important in the design of products and services, both because women by default have less access to credit and because they face constraints unique to their gender. Product design and program planning should take women's needs and assets into account. By building an awareness of the potential impacts of their

programs, MFIs can design products, services, and service delivery mechanisms that mitigate negative impacts and enhance positive ones.

It is also observed from the survey of literature that the microfinance programme through SHG linkage is concerned with empowerment of group members those who joined the programme in particular and the community itself. It is observed from the study, in Indicators of 'participation' element in which Level of acceptance of responsibilities /consequence of decision making ranks first followed by sub-indicator of the Level of influencing decision ranks second .in participation In indicator of Leadership in which duty consciousness ranks the first followed by the sub-indicator of Sense of responsibility rank second Therefore it is obvious that SHG have a positive impact on women members particularly in empowering them. In fine Self Help Groups is undoubtedly considered as an empowerment model.

## IV. FINDING

From the analysis following mean findings are drawn

### Section A: Indicators of participation

	Indicators	Mean
A	Level of influencing decision	1.845
B	Level of acceptance of responsibilities/consequence of decision making	2.598

It is observed from the above table it's seen that Indicator of participation includes the variables of level of influencing decision and level of responsibilities/consequence of decision making in which the second variable level of responsibilities/consequence of decision making ranks first followed by indicator of participation .so it impact on the different variable and self-exploratory form their individual Mean.

### Section B: Indicators of leadership

	Indicators	Mean
C	Duty consciousness	1.646
D	Sense of responsibility	1.62

It is observed from the above table it's seen that indicator of leadership includes the variables of Duty consciousness and Sense of responsibility in which the first

variable Duty consciousness rank first followed by indicator of leadership so it impact on the different variable and self-exploratory form their individual Mean.

## V. RECOMMENDATION

Considering the findings of the study and also if the quality of the SHGs is taken into care, the role of SHGs towards empowerment will undoubtedly improve. The following suggestions are prescribed in this connection:

- Uniformity should be maintained in formation and extension of financial assistance to them by banks in all blocks.
- The procedure of the banks in sanctioning credit to SHG should be simple and quick.
- There is a need for conciseness about the well-established and well recognized quality assessment tools without biasness.
- Access to bank credit should be increased by taking various simple operational decisions and steps like standardizing the set of documents to be furnished by an SHG for opening its bank account or for accessing credit.
- Multiple agencies in the State are implementing SHG programmes with different objectives and approaches; this garbles the message that reaches the ground. This goes against the holistic support and collaboration requirements of SHGs and SHG programmes.

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