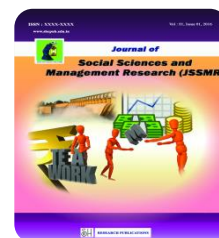




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The Impact of Micro Finance on Rural Household at Perumapattu village in Tirupattur

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Abstract

Microfinance plays an important role in the development of rural areas. Poor group of society can start their own small business on small level and create new job opportunities with the help of Microfinance. Microfinance is the backbone of rural economy. For this study the researcher collected information from 60 respondents of rural household at Perumapattu Village, Tirupattur district of Tamil Nadu. The objective of this study is to know the impact of Microfinance on rural development and to know the relationship between Microfinance and rural development.

Keywords: *Micro finance, rural development, rural economy, rural household.*

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Introduction

Microfinance supports human development and social services for the underprivileged in order to promote inclusive development, so, analyzing the impact on beneficiaries is crucial to analyze the presentation of the microfinance. The current writing highlights the beneficial effects of microfinance on partners' financial well-being and in improving the living conditions of those in need, but as far as the perspective of "supportable business age by microfinance" is concerned, it hasn't yet been looked into by investigators. In light of the above-mentioned scenario, the current study has analysed the impact of microfinance on sustainably paying provincial jobs. Microfinance plays a vital role in uplifting rural households by providing access to financial services that were once out of reach. By enabling entrepreneurship, promoting savings, offering insurance coverage, and fostering financial literacy, microfinance empowers individuals to break free from poverty's grip, fostering sustainable economic growth in rural communities.

Scope and need of the study

The study focuses on understanding the financial sources of rural households and examining the role of micro finance in the economic and social development of rural households. Finance institutions such as banks and other sources of finance such as informal money lending has the impact of micro finance on their living standards. Microfinance is exceptionally important for India to accomplish monetary consideration for the poor in country and metropolitan regions. Loaning to the unfortunate populace, whenever dealt with in a powerful way, can be a wonder for the

improvement of the nation and the easing of neediness. Exactly when the public power and MFIs coordinate, Microcredit can expect a basic part in dejection relief. The troublesome issue of microfinance helps with decreasing the money related issues faced by destitute people.

Significance of the Study

For a country like India, where a lot more than 80% of individuals work in the turbulent region, microfinance associations are critical. Considering the tremendous charges, close by banks are a significant part of the time unimaginable for business people. People can come up short on work area work expected to make a record, for instance, character cards and check. Then again, they cannot scrutinize and make clearly with the eventual result of completing the designs. Microfinance plays out this commitment and compensates for this setback.

By outfitting them with credits, the microfinance thinking spotlights on women moreover. It fills in as a gadget for the building up of low-pay women in light of the fact that as they gain opportunity, they can rapidly deal with the presence of their families and challenge a wide range of direction divergence. The awful families in rural and metropolitan locales, as well as women, are the essential point of convergence of microfinance. Concerning least and most prominent totals that can be progressed, the Hold Bank of India powers no impediments.

Statement of the Problem

In India, microfinance essentially influences the country's money related new development. It fills in as a counteract and

against poverty for individuals who stay in country locales. It will probably help financially distressed networks in achieving more critical degrees of overflow progression and pay security for the two families and entire organizations. The primary ability of microfinance in India is to outfit business visionaries with permission to cash. As was by then communicated, microfinance in India offers permission to advances, security, and ledgers. Hence, the study was undertaken in Perumapattu village at Tirupattur to assess the impact of microfinance on empowerment of rural households.

Objectives of the Study

The overall objective of the present study is to analysis the socio-economic impact of rural households in Perumapattu village at Tirupattur. However more specifically

1. To analyze the impact of micro finance on rural households in Perumapattu village.
2. To identify the financial benefits that microfinance brings to rural households in Perumapattu village.
3. To examine the socio-economic impact of microfinance on rural households in Perumapattu village.

Methodology of the Study

The researcher has chosen at Perumapattu village in Tirupattur. The researcher's proximity is to investigate on investment pattern of the entrepreneurs. The business area where respondents used to go to do their business activities also near to their living destinations. The researcher has adopted descriptive study. Sample of the study is taken from the total population of this village and the researcher has used

the simple random sampling method which constitutes that 61 (Sample size). The researcher used the interview schedule as a tool to collect primary data from the respondents, which contains suitable questions which are set for the designed objectives. The researcher finds it suitable to have a face-to-face interaction with them and to have spot clarification to ensure correct answers there in.

Review of Literature

Namrata (2021) expressed as in India; Microfinance has emerged as a major intervention to reduce poverty. Innumerable stakeholders of microfinance are enthusiastically channeling financial assistance and resources to poor households in urban and rural areas through NGOs and MFIs who are engaged in microfinance activities. The microfinance program is considered as one of the most practical and attractive tools for providing access to credit to the poor and henceforth lessening poverty and achieving Sustainable Livelihood (SL). Therefore, it becomes very important to study how these two concepts are interlinked together for ensuring the sustainable livelihood generation and sustainable rural development of a nation. The present research work is an attempt to draw out the linkages between Microfinance and Sustainable Livelihood Approach (SLA) and to investigate the impact of microfinance on sustainable rural livelihood by using various sustainability measurement indicators.

Nikita Kundu (2021) has attempted to explore the much-debated questions which revolve around the role of microfinance institutions and its performance in the development of India through the use of

secondary data collection. Micro finance programs are treated as a key strategy in addressing development issues across nations since the 1970s.

Nikita Kundu and Manisha Raj (2021) India is a country where almost around 70 percent of its population lives in rural area and 60 percent depends on agriculture and so, micro-finance carries a great potential to play a major role in providing financial services to the poor and lower income individuals. Financial services like loans are provided to those who are parts of small businesses or microbusinesses to promote empowerment among the marginalized section of the society.

Chhaya Patel, Shakti B. Dodiya (2022) analyzed the impact of microfinance services in empowering the rural women. The study is also meant to obtain insights regarding factors empowering rural women through microfinance services and which factors influence most and what extent. Respondents of Patan region, Indians are approached with structured questionnaire by following a non-probabilistic convenience sampling technique. ANOVA was used to test hypotheses through SPSS version 16. Major findings include most of the SHG members are illiterate and some of them have taken only primary education, so NGOs and Government should undertake programs to provide basic education and training programs. The Government and NGOs should first undertake awareness programs to teach rural women what is SHG and what are the best use of it. After that they should motivate more number of women to join the SHGs.

Results and Discussion

From the 61 samples of this study, 44.3% percent of the respondents are living between 21 and 30 age group, 59% percent of the respondents are male, 39.3% of the participants were degree holders. It inferred that the degree holders were tried to develop their life as well as to improve the standard of living. 60.7% percent of the respondents were married and 1.6% were widows, it expressed that the married and widow samples were facing various problems in personal in order to rectify the financial issues; they met the micro finance and to solve it. 57.4% of the respondents were self-employed and even a government employee also getting loan from the micro finance which constitutes that 8.2%. 44.3% of the participants were earning below Rs. 10,000/-. 37.7% of the respondents were labourers and 21.3% of the respondents were coolies.

Suggestions

Microfinance institutions in India have a much greater potential than there is a need for microfinance in India based on India's extreme poverty. Government can also put its policies in order to promote and grow small business.

The government should help effectively by creating sound economic policies that ensure stability and low prices. Microfinance institutions must manage interest and documentation requirements such as bookkeeping. Training programs can be tailored specifically for microfinance institutions to make microfinance more effective. The government should be ready to introduce some programs or send government

officials to the villages to provide information about microfinance and they should also provide training in the same way. In this way, people will not face any problem while receiving the money. All the terms and conditions of the given company should be informed to the people before they receive a loan, because they are illiterate and don't know the legal system and they don't know the process for getting the money. All information should be provided to them, which will be convenient for them and also contribute to poverty reduction and community growth.

Conclusion

The present research work concludes that microfinance has provided the financial accessibility to poor people of Perumapattu Village to increase their total family income through different livelihood capitals such as human capital, financial capital, social capital, natural capital and physical capital. This will provide hope to the poor to ensure sustainable livelihood by improving their health, education, skills, assets and involvement in social activities and hence acknowledge them as an important part of society and able to attain a fundamental sense of economic security, opportunity and dignity.

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