

Micro Credit as a Mechanism for the Financial upliftment of Women in Chittoor District

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Abstract

The main objective of this paper is to find the impact of Micro Credit on the Empowerment of Women in Chittoor District. This paper includes many challenges that are faced by the rural women for empowering their livelihood. One of the tools that help the women in rural areas for their empowerment is Micro Credit. The Microfinance Sector occupies a position of importance in the Indian Economy. One of the major barriers to lend women is the collateral requirement. Property owning can be factually or legally difficult for women. Other major obstacles, namely, the lack of initial capital resulting from their low level of livelihoods, patriarchal control over financial decisions, the lack of entrepreneurship, market knowledge, management, and technical skills, and the lack of time resulted from the household responsibilities prevent for women in establishing an enterprise and starting economic activities.

Keywords: Micro Credit, Micro Finance sector, Indian Economy, entrepreneurship.

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How to cite this article: Lava Kumar, P. Kesavulu. Micro Credit as a Mechanism for the Financial upliftment of Women in Chittoor District, Journal of Management and Science, 11(4) 2021 45-48. Retrieved from <https://jms.eleyon.com/index.php/jms/article/view/507>

Received: 12 November 2021 **Revised:** 13 December 2021 **Accepted:** 14 December 2021

1. INTRODUCTION

Microcredit:

Microcredit and Microfinance are relatively new terms in the field of development. In the literature, the terms microcredit and microfinance are used interchangeably, but it is important to highlight the difference between both terms. Microcredit as defined by Grameen bank, symbolizes small loans extended to the poor for undertaking self employment projects that would generate income and enable them to provide employment for themselves and their families. In fact, microcredit is a part of microfinance. Microfinance refers to the provision of financial services to the poor people, who lack access to financial services. Microcredit is a small loan given to poor people to encourage self-employment projects that can generate income and raise their standard of living. Microcredit has been defined by the Microcredit Summit held in 1997 as, programme that provides credit for self-employment and other financial business service (including saving and technical assistance) to very poor persons. Microcredit is based on the premise that the poor have skills which remain unutilized or underutilized. It is definitely not the lack of skills which make poor people poor. Unleashing of energy and creativity in each human being is the answer to poverty.

In 1974, Prof. Muhammad Yunus, the pioneer of the microfinance observed that the village women, who made basket from bamboo, borrowed their small capital from local moneylender but as a return the moneylender take maximum portion of the selling price of that basket and the women got only little wages for that. So he thought that if the women may get a small loan in a systematic way then she will be able to get the full selling price of the basket and will be able to

improve her standard of living. Inspiring from this concept Muhammad Yunus, the Professor of Chittagong University, started his work of micro lending from the village Zobra in seventies of the last century. The Grameen Bank project was launched in Bangladesh by Muhammad Yunus in 1976 with a few villages around Chittagong. The project was a big success and soon spread first to Tangail and then to other districts of Bangladesh with a support from the Central Bank and National Commercial Bank of Bangladesh. In 1983, the project was transformed into an independent bank by a national legislation. Today 90 percent of its share is held by borrower themselves i.e. the poor people and the remaining by the Government.

The word "microcredit" came into existence and get importance through the revolutionary of Grameen Bank founded by Professor Muhammad Yunus in Bangladesh in 1970. In 2006, Yunus and the Grameen Bank were jointly awarded the Nobel Peace Prize "for their efforts through microcredit to create economic and social development from below". The roots of the micro-credit can be found in many places, but the best known story is that of Muhammad Yunus who founded the Bangladesh's Grameen Bank (GB) in 1970's. The success of the GB led the Governments of many other countries to emulate this programme in their countries. At present, the replication of the Grameen model can be found in more than 40 countries.

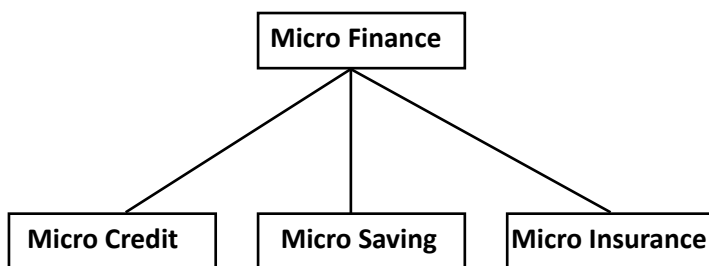
2. Micro finance:

Microfinance is a tool for empowerment of women. The enlistment of the poor has gained credence in the development dialogue, the world over. Reaching women

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in remote rural areas and creating a legitimate organizational space where women can meet and function as a collective unit has been recognized as a development of significant potential for challenging the social and economic isolation of women. Massive multiplication of such group-based lending programmes is being advocated by national and international donor organizations as the single most effective anti-poverty intervention that can be globally adopted. Microfinance can assume a larger role in the global strategy in meeting the international pledge of the Millennium Development Goals and for the commitment to cut poverty by half by 2015 through a collaborative concerted effort of all the stakeholders.

Microfinance is a way of living and a source of livelihood to the poor. It has been proved through different kind of researches that microfinance aims at providing different kinds of financial products and services to the poor. Such products and services include Micro credits, Micro savings, Micro insurances, Financial and Social intermediations (subsidies, grants), Business Development Services (business training and skill development, backward and forward linkages, technology services), etc.



3. Review of Literature:

Dr. Krishna Banana, & Mrs. Haseena Shaik,^[1] in their paper stated that, Micro finance in India have evolved into a vibrant segment of the financial sector, exhibiting a variety of business models. MFIs played a major role in bridging the gap between the formal financial institutions and the rural poor. With the introduction of institutional provisions like revision of RBI guidelines, over the past few years the microfinance industry has seen strong growth. The positive role played by this sector is evident from the awarding of universal banking and small finance bank licenses to the top MFIs in India.

Uzma Afzal Giovanna d'Adda et. al.,^[2] have presented a paper and found a high demand both for Micro saving and for Micro credit even among the same respondents at one or two weeks interval. They hypothesise that saving and borrowing are substitutes for many microfinance clients, satisfying the same underlying demand for lump-sum accumulation via regular deposits. They test the hypothesis using a new structural methodology with maximal heterogeneity; the results confirm that a clear majority of respondents have high demand for lump-sum accumulation while also struggling to hold cash over time. This result has potential implications for future academic research and for the design of more effective microfinance products.

Dr. Alka Mittal ^[3] opinion in this research article that the Micro-credit could indeed provide a lifeline for desperate borrowers, if it operated at a small scale and with subsidised interest rates. To some borrowers it could provide a crutch even at relatively high interest rates, saving them from the clutches of moneylenders. But given the huge increases in living costs and the reduced role of governments, especially with respect to

healthcare and education, micro credit was never going to be able to stem the tide of poverty. Healthcare is perhaps the number one route to bankruptcy among the poor in many developing countries and education takes an ever increasing proportion of their income. Painting all the women in the world as heroic entrepreneurs doesn't actually make them so. They are heroic all right, given the struggle they lead against brutal poverty – but entrepreneurial ventures have always had a high mortality rate. And there aren't that many which can deliver the kind of returns one requires to be able to pay back interest rates in excess of 40%. Given that much of the loaned money is actually used for consumption, the chances of getting into debt are always high. Realising that poverty alleviation was an unsustainable and unachievable goal, the micro-credit industry shifted the goal posts.

4. Objectives of the study:

- To investigate the empowerment of women in the study area.
- To analyse the economic empowerment of women.

5. Data analysis and interpretation:

In order to meet above objectives, frequency tables were used for the economic empowerment of women.

From the above table 1 it is inferred that out of 150 respondents 6% (n=9) of them Strongly disagree that micro credit helps to increase monthly savings, 6%(n = 9) of the respondents disagree, 3% (n=5) of respondents as neutral, 5% (n=8) of respondents agree and the remaining 79% (n =119) of respondents strongly agree that microcredit helps to increase monthly savings.

From the above table 2 it is inferred that out of 700 respondents 7% (n =11) of them strongly disagree that micro credit helps to increase monthly income, 8%(n = 12) of the respondents disagree, 4% (n =27) of respondents as neutral, 6% (n =9) of respondents agree and the remaining 76% (n=114) of respondents strongly agree that microcredit helps to increase monthly income.

From the above table 3 it is inferred that out of 700 respondents 7% (n =11) of them strongly disagree that micro credit helps in assets creation, 7% (n = 10) of the respondents disagree, 4% (n =6) of respondents as neutral, 5% (n =8) of respondents agree and the remaining 77% (n =115) of respondents strongly agree that microcredit helps in assets creation.

From the above table 4 it is inferred that out of 700 respondents 7% (n =11) of them strongly disagree that micro credit improves standard of living, 7% (n = 10) of the respondents disagree, 3% (n =5) of respondents as neutral, 6%(n =9) of respondents agree and the remaining 77% (n =115) of respondents strongly agree that microcredit improves standard of living.

From the above table 5 it is inferred that out of 700 respondents 7% (n =11) of them strongly disagree that micro credit improves women role in economic decisions like education, health and marriage of children, 7% (n = 10) of the respondents disagree, 4% (n =6) of respondents as neutral, 6% (n =9) of respondents agree and the remaining 76% (n =114) of respondents strongly agree that microcredit improves women role in economic decisions like education, health and marriage of children.

6. Findings of the study:

- It is found from the study that, 79% (n =119) of respondents strongly agree that microcredit helps to increase monthly savings.
- 76% (n =114) of respondents strongly agree that microcredit helps to increase monthly income.
- 77% (n =115) of respondents strongly agree that microcredit helps in assets creation.
- 77% (n =115) of respondents strongly agree that

microcredit improves standard of living.

- 76% (n =114) of respondents strongly agree that microcredit improves women role in economic decisions like education, health and marriage of children.

7. Conclusion:

Hence above study reveals that most of the respondents feel Micro Credit lifts up their economic status and it plays a crucial role in their empowerment. Micro credit not only

Table 1: It helps to increase monthly savings

It helps to increase monthly savings	Frequency	Percentage
Strongly disagree	9	6
Disagree	9	6
Neutral	5	3
Agree	8	5
Strongly agree	119	79
Total	150	100

Table 2: It helps to increase monthly income

It helps to increase monthly income	Frequency	Percentage
Strongly disagree	11	7
Disagree	12	8
Neutral	6	4
Agree	9	6
Strongly agree	114	76
Total	150	100

Table 3: It helps in assets creation

It helps in assets creation	Frequency	Percentage
Strongly disagree	11	7
Disagree	10	7
Neutral	6	4
Agree	8	5
Strongly agree	115	77
Total	150	100

Table 4: It improves standard of living

It improves standard of living	Frequency	Percentage
Strongly disagree	11	7
Disagree	10	7
Neutral	5	3
Agree	9	6
Strongly agree	115	77
Total	150	100

Table 5:It improves role in economic decisions

It improves role in economic decisions	Frequency	Percentage
Strongly disagree	11	7
Disagree	10	7
Neutral	6	4
Agree	9	6
Strongly agree	114	76

empower their lives economically but also have different dimensions like socio-cultural, political, psychological. So it is concluded from the study that, micro credit is a tool for empowering the lives of women in chittoor district.

Acknowledgement

Nil

Funding

No funding was received to carry out this study.

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