

POLITICAL IMPACT OF MICROFINANCE IN KANCHIPURAM DISTRICT

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Abstract

The author attempted to study the political impacts of NBFC MFI lending on their women borrowers in Kanchipuram district. Most of the earlier studies were based on SHG-Bank linkage model; hence, the present study would add value to literature for further study on the subject. The study covered all the 13 blocks of the district with a sample size of 569 to get the reliable results.

Key word: Political Empowerment, NBFC-MFIs, Microfinance and Kanchipuram district.

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INTRODUCTION

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Indian subcontinent was the first place where modern microfinance, at the time called microcredit, really became a phenomenon. Whilst small scale lending has been going on for centuries, it was in the 1970s that Prof Md Yunus began to put together ideas which eventually led to the Grameen Bank being established in Bangladesh. In India, in order to facilitate the poor can access loan directly from the banks, NABARD, during 1992-93 promoted the concept of providing a linkage between rural poor and the banking system in a cost effective and sustainable manner through the SHG-Bank Linkage program. The poor today, have access to unique financial services such as microfinance and simultaneously supported with training to do in viable income generating activities. While many commercial banks failed to capitalize the business opportunities, Non Banking Finance Company (NBFC) Microfinance Finance Institutions (MFIs) ventured to untapped rural micro-lending. Many studies elucidated that the microfinance has its many desired impacts on beneficiaries.

It has been difficult to separate political empowerment from the other empowerments, particularly the level of the local political institutions. However, some forms of political empowerment can be more clearly delineated. Richard Kieser (1993), in his article defined political empowerment as “the process by which a minority group or representatives of the group gain greater ability to influence potential outcomes in favour of the minority group”. This can be measured in terms of capturing important offices, instituting policies important to the group, securing benefits that other groups aspire or promoting the election of candidates sympathetic to their aims.

Statement of Problem: Microfinance has made tremendous strides in India over the years. Women gain self-confidence to venture on enterprising activities leading to social, economic, financial, cultural and political empowerment. The present study was carried out to ascertain the perception of the MFI beneficiaries in Kanchipuram district on their political impact.

Scope of the Study: There are many researches highlighted on the positive impacts of microfinance to the women borrowers especially on 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 impact of MFI lending on its beneficiaries, in particular no documentary evidence are available covering the borrowers in Kanchipuram district. Hence, the present study has wider scope in the industry.

Methodology: The empirical study is based on the primary data collected through personal visit with a pretested questionnaire during January 2012 to June 2012 from 569 women respondents those who had availed microcredit from the NBFC-MFIs in Kanchipuram district. Purposive sampling method was adopted for data collection. 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 test in the statistical package SPSS 16.

Findings:

- 1. Age:** There is significant variance between age of the respondents and their willingness to hold post in the group and experience of having contested in local body elections. The age group of above 50 years did not want to hold any post in the group and did not have experience of contested in local body elections. The means, the senior women did not want to take additional responsibility as they are already tied with family issues.
- 2. Education:** We observed from the study that there is significant difference between education level of the respondents and their experience of having contested in local body election and their influencing power among their peers and relatives. Illiterate respondents did not have any experience of contested in local body election. The respondents who had school level education expressed that their influencing power is increased after joining the MFIs.
- 3. Occupation:** The major proportion of respondents who were weaving wagers were found holding post in their group. Housewives are willing to hold post compare to other occupant respondents. Housewives did not have experience of having contested in local

body election compare to other groups and at the same time, most of the housewives respondents expressed as their influencing power among their peers & relatives is increased due to the association with MFIs. Statistical significant were noted on the parameters.

4. **Vintage:** The majority of the respondents who had 2-3 years of vintage with the MFIs had experiences of contested in local body election. The respondents, who had less than one year of vintage, expressed as their influencing power. Vintage of the respondents with MFIs found statistically significant on their political impact. Though there is no statistical relationship was found, being associated with MFIs for more period increase the familiarity of the members in the group as well as in the society.
5. There is a significant difference between total number of earning members in the family of respondents' and their incidences of holding post in the group, experience of having contested in local body election, and change in their familiarity among the peers and relatives. The majority of the respondents who had single earning member in their family were found holding post in the group. With more than 3 earning members in the family, the respondents had an experience of having contested in local body election. The respondents had three earning members in their family felt as their familiarity among the peers & relatives had increased.

Conclusion

Empowerment by its very definition implies as increase in the ability to exercise power. According to the country report of Govt of India, "Empowerment means moving from a position of enforced powerlessness to one of power". Every citizen knows of the political system of his/her country and its working, election, role of political parties and the like. The membership in the microfinance group provides the opportunity to acquire knowledge of the political affair of the country. The present was attempted to study the perception of the borrowers of NBFC-MFIs in Kanchipuram district. The perception of the respondents on

political impact was measured. Results from the study revealed that there is a significant impact on the women borrowers on their social empowerment.

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Table 1. Age of the Respondents vs Political factors.

		N	Mean	Std. Deviation	Std. Error	F	Sig.
Willingness to hold Responsibility	Less than 20 years	2	1.00	.000	.000	3.953	.004
	20-30 yrs	66	1.30	.463	.057		
	31-40 yrs	86	1.15	.360	.039		
	41-50 yrs	51	1.18	.385	.054		
	Above 50 yrs	12	1.58	.515	.149		
	Total	217	1.23	.419	.028		

Contested in local body election	Less than 20 years	5	1.00	.000	.000	4.769	.001
	20-30 yrs	195	1.84	.852	.061		
	31-40 yrs	241	1.80	.899	.058		
	41-50 yrs	105	2.12	.917	.089		
	Above 50 yrs	23	2.26	1.096	.229		
	Total	569	1.89	.903	.038		

Table 2. Educational level of the Respondents vs Political factors.

		N	Mean	Std. Deviation	Std. Error	F	Sig.
Contested in local body election	Illiterate	84	2.27	.923	.101	10.895	.000
	School	433	1.79	.870	.042		
	College	52	2.02	.980	.136		
	Total	569	1.89	.903	.038		
Change in Influencing Power	Illiterate	84	1.98	.711	.078	5.254	.005
	School	433	2.13	.570	.027		
	College	52	1.90	.603	.084		
	Total	569	2.09	.600	.025		

Table 3. Occupation of the Respondents vs Political factors.

		N	Mean	Std. Deviation	Std. Error	F	Sig.
Holding any Post/Responsibility in group	Housewife	100	1.21	.409	.041	4.652	.000
	Own Agri	76	1.25	.436	.050		
	Agri Wage	26	1.54	.508	.100		
	Milch Animal	62	1.53	.503	.064		
	Salaried	28	1.36	.488	.092		
	Own weaving	39	1.33	.478	.076		
	Weaving wage	21	1.62	.498	.109		
	Microenterprise	216	1.44	.497	.034		
	Others	1	1.00	.	.		
	Total	569	1.38	.486	.020		
Willingness to hold Responsibility	Housewife	21	1.62	.498	.109	4.142	.000
	Own Agri	19	1.16	.375	.086		
	Agri Wage	14	1.07	.267	.071		
	Milch Animal	33	1.30	.467	.081		
	Salaried	10	1.30	.483	.153		
	Own weaving	13	1.08	.277	.077		
	Weaving wage	13	1.23	.439	.122		
	Microenterprise	94	1.16	.368	.038		
	Others	0	.	.	.		
	Total	217	1.23	.419	.028		
Contested in local body	Housewife	100	1.54	.717	.072	3.819	.000
	Own Agri	76	2.13	.806	.092		

election	Agri Wage	26	2.08	.935	.183		
	Milch Animal	62	1.95	1.015	.129		
	Salaried	28	1.82	1.020	.193		
	Own weaving	39	1.62	.815	.130		
	Weaving wage	21	2.24	1.044	.228		
	Microenterprise	216	1.94	.916	.062		
	Others	1	2.00	.	.		
	Total	569	1.89	.903	.038		
Change in Familiarity	Housewife	100	2.80	.841	.084	3.501	.001
	Own Agri	76	2.61	.801	.092		
	Agri Wage	26	2.50	.949	.186		
	Milch Animal	62	2.60	.914	.116		
	Salaried	28	2.75	.701	.132		
	Own weaving	39	2.36	1.038	.166		
	Weaving wage	21	2.33	1.111	.242		
	Microenterprise	216	2.28	1.005	.068		
	Others	1	3.00	.	.		
	Total	569	2.49	.950	.040		

Table 4. Vintage of the Respondents with MFI vs Political factors

		N	Mean	Std. Deviation	Std. Error	F	Sig.
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Contested in local body election	Less than a year	91	1.69	.891	.093	7.628	.000
	1-2 yrs	364	1.84	.891	.047		
	2-3 yrs	111	2.23	.881	.084		
	More than 3 yrs	3	1.33	.577	.333		
	Total	569	1.89	.903	.038		
Change in Influencing Power	Less than a year	91	2.22	.593	.062	2.567	.054
	1-2 yrs	364	2.04	.576	.030		
	2-3 yrs	111	2.14	.672	.064		
	More than 3 yrs	3	2.00	.000	.000		
	Total	569	2.09	.600	.025		

Table 5. Total number of earning members in the family vs Political factors.

		N	Mean	Std. Deviation	Std. Error	F	Sig.
Holding any Post/Responsibility in group	One	10	1.90	.316	.100	7.140	.000
	Two	160	1.45	.499	.039		
	Three	364	1.33	.470	.025		
	More than 3	35	1.49	.507	.086		
	Total	569	1.38	.486	.020		
	Total	217	1.23	.419	.028		

Contested in local body election	One	10	1.70	.949	.300	3.970	.008
	Two	160	2.01	.918	.073		
	Three	364	1.80	.872	.046		
	More than 3	35	2.23	1.031	.174		
	Total	569	1.89	.903	.038		
Change in Familiarity	One	10	1.80	1.033	.327	3.230	.022
	Two	160	2.44	1.056	.084		
	Three	364	2.55	.869	.046		
	More than 3	35	2.26	1.120	.189		
	Total	569	2.49	.950	.040		