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Diary entrepreneurs' opinion regarding the usage of micro finance and their economic empowerment in Dumpkur District, Karnataka

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ABSTRACT

Microfinance is an effective way for poor people to increase their economic security and thus reduce poverty. It enables poor people to manage their limited financial resources, reduce the impact of economic shocks and increase their assets and income. The purpose of this study was to investigate the influence of smallholder dairy farmers' participation in microfinance on dairy breed improvement and their empowerment. The scope of this study was limited to dairy entrepreneurs who were using micro finance in Dumpkur District of Karnataka. A proportionate stratified random sampling method was used to select the 200 respondents and the primary data was collected using questionnaires. The analysis of the data was subjected to factor analysis using Principal Component analysis with Varimax Rotation method. The present study has highlighted the opinion of the respondents towards their empowerment in the usage of micro credit. Economic Empowerment & Development of Self-Confidence, Employment opportunities & Communication Development, Development of Banking Knowledge, Asset Creation and healthy family life and Increase in income level and savings are the major opinion of the Diary entrepreneurs towards their empowerment in the usage of micro credit.

INTRODUCTION

Microfinance has globally achieved great accomplishments over the last 30 years. It has shown that poor people can be viable customers and that microfinance can create strong institutions which focus on them. Microfinance is the provision of financial services, such as loans, savings, insurance, money transfers, and payments facilities to low income groups. It could also be used for productive purposes such as investments, seeds or additional working capital for micro enterprises. On the other hand, it could be used to provide for immediate family expenditure on food, education, housing and health. Microfinance is an effective way for poor people to increase their economic security and thus reduce poverty. It

enables poor people to manage their limited financial resources, reduce the impact of economic shocks and increase their assets and income.

Dairy production is traditionally an important source of livelihood for the rural population of India and an integral part of the crop-livestock production system. Cattles and buffalos are fed on by-products of the crop-production and in turn provide dung to increase fertility of the fields and are a source of draft-power. Milk, butter and ghee produced within the household are an important source of nutrition for the families and with increasing market access, allow for a regular cash inflow. The enhancement of milk processing capacity manifolds as a result of entry of many big business houses in the milk sector and setting up

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of a large number of milk processing plants. The dairying has been considered as a potential means of alleviating large scale unemployment, especially in rural areas. It is this new strategy that this research intends to explore and establish the developmental relationship between microfinance and empowerment. This study also highlights how far the micro finance has made rapid changes for the beneficiaries of dairy sector and in their economic empowerment.

REVIEW OF LITERATURE

The following reviews in the related areas probes the researcher into the study.

1. GOSH and MAHARJAN (2001) support based on a case study in Bangladesh the positive income effect of dairy cooperative membership on rural households. They share the view that dairying can especially benefit the poor households because cattle are distributed far more equally than land. The authors conclude that dairy cooperatives in Bangladesh provide a viable means of income generation and continuous cash income for the benefit of the poorest parts of the society.
2. KAUR (2010) analyses data from 200 rural dairy households in Punjab that are selling either to a private or cooperative dairies, including mixed-gender and women dairy cooperatives. She observes that membership for women in the mixed cooperative is restricted to women who are head of the household. In the village with a women cooperative, female membership is compulsory.
3. Robinson (2001) states, "Microfinance refers to small scale financial services for both credit and deposits that are provided to people, who operate small and microenterprises, where goods are produced, recycled, repaired, traded, provide services, work for wages or commission, gain income from renting out small amount of loan, vehicles, draft animals or machinery and tools, and to other individual and local group in developing countries in both rural and urban areas".
4. Manay (2001) studied socio economic characteristics of rural families in rural district of Karnataka state. The study revealed that 89.4% of the families were nuclear and 10.6% were joint families. Also 87.8% families with less than 5 acres of land and only 6.1% of them had more than five acre of land. The researcher found that agriculture was the main occupation of the village and 81% of the families possessed dairy which was important secondary occupation.
5. According to Omillo, Ng'ang'a and Bennett, (2013) ,Microfinance can be an important toolkit in providing social change and improving the livelihoods of smallholder dairy farmers through improved farming. Although farmers' participation in microfinance can help in improving dairy breeds, this potential has not been adequately harnessed in the study area despite the existence of these institutions for now over 20 years.

STATEMENT OF PROBLEM

Dairy production is traditionally an important source of livelihood for the rural population of India and an integral part of the crop-livestock production system. It is an integral part of India's agricultural economy and plays a multifaceted role in providing livelihood support to the rural population. Livestock or dairy sector apart from contributing to national economy in general and to agricultural economy in particular, provides employment opportunities, asset creation, coping mechanism against crop failure and social and financial security. Microfinance can help the poor to access credit and other financial services that will ensure better life for them. The issues of poverty alleviation, economic development and Microfinance have become a major policy discourse globally. In this context, the Micro Finance Institutions probe the Dairy Entrepreneurs in identifying the usage of the micro finance and its upliftment in their standard of living.

OBJECTIVES OF THE STUDY

To explore the dairy entrepreneurs opinion in the usage of micro finance and their empowerment.

RESEARCH METHODOLOGY

The present study has been conducted on the basis of primary data and is exploratory in its nature and is confined to Dairy Entrepreneurs who were the users of micro finance in Dumpkur District, Karnataka State. The stratified probability sampling technique has been used to collect primary data from the target respondents, where in the researcher divides the entire population into

different subgroups or strata based on the districts, then randomly selects the final subjects proportionally from the different strata. Structured questionnaire has been used to collect the response from the target respondents. The questionnaire consists of 5 point Likert scale (strongly agree....strongly disagree) in order to measure the opinion of the Dairy entrepreneurs regarding the empowerment and also consists of 15 statements. Factor analysis, seeks to resolve a large set of measured variables in terms of relatively low categories, known as factors. Factor analysis and reliability tests were applied to ascertain the important factors and to test the reliability of the data.

Variables Chosen for the study

The study explores the opinion of Dairy Entrepreneurs who were the users of micro finance and their empowerment in Karnataka State.

Table 1

S. No	Statements
1	The usage of micro finance increases the income level
2	Participation in microfinance increases the savings
3	It increases the value of productive assets in my family
4	The participation in micro finance provides employment opportunities
5	The usage of micro finance increases the financial power in decision making
6	Micro finance usage increases the confidence in facing the financial problems
7	It helps in creating knowledge about the various Banking operations.
8	The usage of microfinance increases the Socio- economic status of the Users
9	Micro finance helps in increasing the educational level of the Children
10	Participation in microfinance helps in improving the nutrient and health of the households
11	The participation in micro finance helps in increasing the Entrepreneurial Skills.
12	The usage of micro finance helps in the Participation of Community activities.
13	The participation in microfinance brings recognition to the family
14	It helps in the communication development with various officials
15	It helps in the poverty reduction and Women empowerment

The result of the fitness test regarding factor analysis based on the KMO adequacy has been presented in Table No.2.

Table 2- Kmo and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy. .692

Bartlett's Test of Sphericity	Approx. Chi-Square
2554.170	
105	df
000	Sig.

Table No. 2 exhibits, the value is 0.692 which is not less than 0.5 and hence satisfactory. So, the factor analysis for the present study is effective and suitable.

Table 3- Total variance explained

Component	Initial Eigen values		Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings			
	Total	% Variance	of Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
	3.786	25.241	25.241	3.786	25.241	25.241	3.082	20.546	20.546
2	2.343	15.623	40.864	2.343	15.623	40.864	2.239	14.929	35.475
3	1.492	9.948	50.812	1.492	9.948	50.812	1.677	11.178	46.653
4	1.251	8.340	59.151	1.251	8.340	59.151	1.508	10.052	56.705
5	1.058	7.056	66.207	1.058	7.056	66.207	1.425	9.502	66.207
6	.990	6.599	72.806						
7	.833	5.553	78.359						
8	.719	4.790	83.149						
9	.689	4.593	87.742						
10	.673	4.483	92.225						
11	.697	3.978	96.203						
12	.522	3.480	99.683						
13	.033	0.222	99.905						
14	.011	.073	99.978						
15	.003	.022	100.000						

Table 4.3 explains that out of 15 variables only five variables have been extracted which have Eigen value more than one. The eigen values for the factors 1,2,3,4,,5 are 3.786,2.343,1.492, 1.251,1.058. It ranges from component no 1 to 5

with a cumulative percentage from 20.546 to 66.207.The percentage of variance ranges from 9.502 to 20.546.From the analysis it is inferred that the factor analysis has supported up to 66.207 % in this study.

Table 4- Rotated component matrix

S. No	Variables	Component /Factors Named				
		Econo Mic Empower ment & Develp ment of Self-Confidence	Employ ment oppor tunities & Commu nication Deve lopment	Develo pment of Banking Knowledge	Asset Creation and heal thy family life	Increase in income level and savings
1	The usage of micro finance increases the income level					.593
2	Participation in microfinance increases the savings					.716
3	It increases the value of productive assets in my family				.647	
4	The participation in micro finance provides employment opportunities		.953			
5	The usage of micro finance increases the financial power in decision making					
6	Micro finance usage increases the confidence in facing the financial problems	.984				
7	It helps in creating knowledge about the various Banking operations.			.712		
8	The usage of microfinance increases the Socio- economic status of the Users				.509	
9	Micro finance helps in increasing the educational level of the Children					
10	Participation in microfinance helps in improving the nutrient and health of the households				.716	
11	The participation in micro finance helps in increasing the Entrepreneurial Skills.					
12	The usage of micro finance helps in the Participation of Community activities.			.669		
13	The participation in microfinance brings recognition to the family	.985				
14	It helps in the communication development with various officials		.957			
15	It helps in the poverty reduction and Women empowerment	.985				

It is evident from Table-4.6 that the variables were grouped together and the major five factors have been extracted and named as Economic Empowerment & Development of Self-Confidence, Employment opportunities & Communication Development, Development of Banking

Knowledge, Asset Creation and healthy family life and Increase in income level and savings.

Findings

From the analysis, it is evident that out of 15 various variables that were selected to analyse the opinion regarding the empowerment of Diary

entrepreneurs in the usage of micro credit , 5 factors were extracted which highly influence towards their empowerment. These variables were grouped into 5 component factors and were named as Economic Empowerment & Development of Self-Confidence, Employment opportunities & Communication Development, Development of Banking Knowledge, Asset Creation and healthy family life and Increase in income level and savings.

CONCLUSION

Microfinance institutions have made considerable progress in providing the much needed credit and savings facilities for the smallholder farmers thereby growing in terms of number of organizations, clients and donor funding

The smallholder farmers have thus, been able to build strong microenterprises, increase their incomes and subsequently participate more in economic growth and development..MFIs have made considerable efforts in ensuring that the number of people living below poverty line has reduced globally. The present study has highlighted the opinion of the respondents towards their empowerment in the usage of micro credit. Economic Empowerment & Development of Self-Confidence, Employment opportunities & Communication Development, Development of Banking Knowledge, Asset Creation and healthy family life and Increase in income level and savings are the major opinion of the Diary entrepreneurs towards their empowerment in the usage of micro credit.

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