

A MINOR RESEARCH PROJECT ON

**MICRO-FINANCING BY COMMERCIAL BANK (A STUDY WITH SPECIAL
REFERENCE TO DAKSHINA KANNADA DISTRICT)**

*Dr. Subhashinisrivatsa
Associate Professor in Com & Mgt
University College, M'lore*

Abstract

There are 70 million savings and loan accounts in the world in microfinance sector and about 80 percent of these accounts are savings rather than loans, suggesting that poor entrepreneurs often have to save to accumulate capital for investment rather than the faster and higher route of borrowing it. Whatever the way in which country's commercial banks enter micro finance in action...now is without any government back, mandates or subsidy. At the same time the whole micro finance is not an area commercial banks want to overtake.

OBJECTIVES OF THE STUDY The objective of the project is to understand the different factors relating to Micro financing by Commercial Banks in DK district of Karnataka state.

SIGNIFICANCE OF THE STUDY To evaluate and measure all the changes in the life and environment of the people should be a step taken simultaneously with microfinance. Today, the microfinance sector has established very good tools to measure and evaluate financial performance as well as economic empowerment. In this context, it is essential to understand the factors influencing micro financing by bankers. Thus, the researcher has conducted a survey in DK district with a questionnaire to understand the factors influencing micro financing the poor .

RESEARCH METHODOLOGY Primary and secondary data is used for the study. Primary data is obtained from the selected micro-finance borrowers who have taken loan from public and private sector banks operating in five taluks of D.K. district. 119 questionnaires were distributed and 100 questionnaires had proper responses. The sample respondents were selected based on disproportionate sampling method. The respondents are from five taluks namely Mangalore, Bantwal, Belthangady, Puttur and Sullia. The questionnaire was translated to local language to make the respondents comfortable to give their opinion.

THE RESULTS OF THE STUDY show that, 81 percent of the respondents are within the age of 40 years and the respondents aged 51 years and above constitute a very low percentage of Self-Help Group members. Most of the respondents (61%) have studied up to 10th standard. 64% of the respondents informed that neighbours, neighbour SHGs and Non-governmental

Organisations helped them to form Self-Help Groups. Majority of the respondents joined Self-Help Groups for the purpose of savings and to accommodate themselves with ready loan arrangements in times of emergencies. It is also very clear that major portion (53%) of the respondents received loans more than Ten Thousands and less than Twenty five thousands and 82% of respondents received loans less than INR fifty thousands. The study reported that 66% of the respondents used loans to start income generating activities/micro Enterprises; 30 respondents used loan for consumption purposes and 4 respondents did not avail any loan from- Commercial banks.

The key research hypothesis is *Microfinance provided by commercial banks in the district contributes to empowerment at individual, household and community levels*. The results of the study could easily and clearly and proved the hypothesis as positive and favourable. The Mean percentages, tables and charts have been used to present the findings

There is a steady increase to the extent of 24 times over the 5 years period from 2010 to 2015 in the outstanding S.B A/C balances of SHGs linked with Banks. Cumulative Bank loan disbursed raised by 7.74 times amounting to Rs.363.16crores during March 2015 as against Rs. 46.9249 crores during March 2010. Cumulative number of SHGs indirectly credit linked with the banks in the district is reduced to 1149 during March 2015 as against the 6372 SHG loan accounts indirect linked by the banks during March 2010. The Cumulative amount of bank loan disbursed since inception has rose from Rs. 545.2749 crores during 2010 to Rs. 1847.10 crores during March 2015. However the amount of loan sanctioned and remained as o/s on 31st March 2015 is recognizable to Rs. 1329.80 crores as against the comparison of outstanding balance of Rs. 386.7873 crores during 2010.

CONCLUSION Micro finance is considered as a major tool to alleviate poverty. But also it is one of toughest activities which are successfully carried out by commercial banks in INDIA especially in rural areas. The role of banks has been often questioned. The results shows that the factors like education level of borrowers and reasons for taking loan influences the decision of selection of institutional agencies in micro credit. The structure of family also has impact on the purpose of utilization of loan amount. It might be interesting to examine the extent to which these norms apply impartially to all members or whether they appear to be the privilege of some and whether the group's willingness to empathize can always match the ability to do so, based on the group's resource base.