

Analysis of the Benefits of Microcredit used by WMEs in Kerala

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Abstract

In the Indian state of Kerala, the Kudumbashree Mission plays a critical role in defining the financial status of the state's most disadvantaged populations. The opinions and remarks of the respondents, who are these women business owners in the units under investigation, have been used to ascertain the benefits of microlending for the women taking part in the mission's microenterprise operations. The purpose of the present investigation is to ascertain the beneficial effects of microcredit by defining and examining its features, including benefits from sales revenue, accounting and motivational training, production improvements, asset building (through purchases), technology investments, effective marketing, liability reduction, reduced production costs, skill training, and job creation. The study's representative sample group of 180 women microentrepreneurs who completed a systematic and defined questionnaire provided the essential information. The benefits of microcredit remain mostly unchanged regardless of a place's classification, ownership structures, or regional makeup. Depending on the activity, microcredit offers a wide range of benefits. The benefits of microcredit are the same for MEs involved in production, trade, and services. The advantages of microcredit vary greatly, depending on the activities.

KEYWORDS: Kudumbashree Mission, Benefits of Micro Credit, Women Micro Enterprises.

1. Introduction

Global poverty is still an unsolved problem, notwithstanding claims that human living standards have increased. Over 3 billion people, or 50% of the world's population, are living in severe poverty. In Kerala, 11.3 per cent of the population is considered poor, compared to 29.5% of the population nationwide. Following its independence, the nation created and implemented a variety of regulations, policies, and programmes meant to combat poverty. The Kudumbashree Mission, launched by the Kerala government in 1998, is a unique initiative to fight poverty that helps both the state and the nation. To combat poverty, the mission undertakes responsibilities in areas such as women's empowerment, the creation of livelihoods, microcredit, microenterprises, etc.

The present investigation, titled "Analysis of the Benefits of Microcredit Used by WMEs in Kerala," investigates how and the extent to which microcredit helps in the development and effective operation of microenterprises. The purpose of the study is to look into and assess how well microcredit is working towards its stated objective of aiding women-owned microbusinesses in Kerala. Women's microenterprises must be established and allowed to expand for underprivileged groups to attain economic and social empowerment for women as well as entrepreneurial advancement. To ascertain whether respondents find the advantages of microcredit acceptable, the researcher established and evaluated ten variables, including benefits from sales

revenue, accounting and motivational training, production improvements, asset building (through purchases), technology investments, effective marketing, liability reduction, reduced production costs, skill training, and job creation.

2. Review of Literature

Abraham Punnose (2008) viewed that, “microcredit, which is seen as livelihood financing, is needed to deal with Kerala's difficult climate.”

Geetha ManmohanTushir and SumithaChandha (2008) studied that, “it should be encouraged to expand MFI, subject to adequate rules, as the banking sector is unable to cover all of the credit demands of the poor. In addition to these actions, it is necessary to inform the underprivileged about various programmes as well as provide them with instructions and guidance on how to use the funds they have been given. Additionally, there is a need to change the emphasis from credit quantity to credit quality.”

Harikumar P.N. and Susha D. (2008) are of the view that "each Kudumbashree unit acts as a nodal organisation to safeguard the interests of its members by presenting them with more opportunities to raise their standard of living through the production and distribution of various goods and necessities. Therefore, participating in Kudumbashree's activities and achieving economic independence are privileges."

Kabita Kumari Sahu (2012) argue that, “microfinance cannot be viewed as a single solution to our nation's problems with unemployment and poverty. She asserts that it is a requirement but not a sufficient one for the creation of employment. The development process is considered to have been sparked by microfinance firms, and microfinance has emerged as a true godsend for the poor in their fight against poverty.”

Mali D.D. (2011) studied that, “in Assam, there are both success and failure stories using microfinance. This could not be well-liked in Assam alone, where some estimate that just 20% of SHGs are successful. Others claim that microfinance is to blame for how people's lives have changed. Although microfinance may not be the magic bullet to end Assam's poverty, it may certainly contribute significantly.”

Monika Tushir (2010) viewed that, "the relationship between microcredit and poverty alleviation in the context of the Hariyana experience and came to the conclusion that the expansion of bank branches is ample proof of the increasing interest shown by the banking industry in helping the people out of poverty while earning profits for themselves at the same time, which is a win-win situation. In Haryana, there were just 489 bank branches in total in 1969. By 1998, that number had risen to 1413, and by 2007, it had reached 2195. It follows naturally from this that more and more individuals now have access to financial services. The number of people wanting to use banking services like credit to start economically empowering enterprises has increased as a result of the spread of bank branches.”

Santhosh Kumar S. and Vasantha Gopal R. (2010) studied that, “in Kerala, the distribution of microcredit through NHGs, SHGs, and IB models has encouraged the establishment of numerous microbusinesses by women. They were able to produce

full- and part-time self-employment at an extremely low cost, even up to 20 days per month.”

Turvey and Rong Kong (2007) concluded that, “conducted an analysis of the framework for microcredit in underdeveloped nations. They emphasised the fact that SHGs are steadily expanding in developing nations and that millions of households are receiving assistance through microcredit, which they employ for their own economic empowerment and elevation.”

3. Scope and Significance

The current study, titled "Analysis of the benefits of microcredited by WMEs in Kerala," explains what respondents thought about the advantages of microcredit utilised by micro units. It gives a brief summary of the micro businesses run by women in the state of Kerala, outlining their location, region, kind of operations, and nature of ownership. It investigates how female microbusiness owners perceive their suitability for microcredit in general as well as for each of its components, which are considered in the analysis plan to determine if microcredit is advantageous. In terms of the examination of the benefits of using microcredit sufficiency, 180 women-run units associated with the Kudumbashree Mission have benefited from sales revenue, accounting and motivational training, production improvements, asset building (through purchases), technology investments, effective marketing, liability reduction, reduced production costs, skill training, and job creation.

4. Objectives

The present inquiry has the following goals:

1. To study the benefits of microcredit used by women microenterprises working under the Kudumbashree Mission in Kerala.
2. To conduct a category-wise analysis of the benefits of microcredit used by women microenterprises.

5. Hypotheses

H01:Regarding location, there are no discernible differences in the benefits of microcredit.

H02:Regarding ownership, there are no discernible differences in the benefits of microcredit.

H03:Regarding activity, there are no discernible differences in the benefits of microcredit.

H04:Regarding region, there are no discernible differences in the benefits of microcredit.

6. Research Methodology

Here is a brief explanation of the research strategy and methodology.

Item	Details
Research Design	Descriptive
Population	Owner members of WMEs in Kerala.
Source of Sample	Owner members of WMEs in Kerala.
Unit of Sampling	Owner members of WMEs in Kerala.
Sampling methods	Proportionate Stratified random sampling

Size	180
Sources	Data from both primary and secondary sources
Primary Data	Entrepreneurs of WMEs
Second-hand Information	comprised of previously published articles, books, theses, periodicals, etc.
Nature	An ordered, properly sized and well-scaled questionnaire
Type	Closed-ended questionnaire
Pre-testing	With the questionnaire in mind, the selected responders underwent pre-testing.
Statistical Tools	Average, SD, t-Test, F-Test and ANOVA

7. Limitations of the Study

The researcher exclusively considered the state of Kerala in the current study. Only predetermined and tried-and-true parameters were examined in the study, which was limited to examining how proprietors of microunits perceived the advantages of microcredit.

8. Analysis and Interpretation

Women micro enterprises' assessments of the microcredit's benefits in terms of factors like increased sales revenue, accounting and motivational training, production upgrades, asset building (through purchases), technology investments, successful marketing, liability reduction, decreased production costs, skill training, and job creation were used to determine the microcredit's level of benefits to its users. In order to compare the perception level according to the location, type of ownership, regions, and kinds of activity of the unit, an independent sample t-test was used. With regard to geography, ownership type, and types of activity, an analysis of variance was conducted to compare the usefulness of microcredit.

9. Profile

The profile of the women's micro businesses is shown in Table 1, along with information on the unit's location, nature, kind of activity, and the regions that were selected for the study. The advantages available to women's micro businesses are shown in Table 1.

Table 1: Profile of the respondents

Classification	Elements	Strength	Percentage
Locale	Rural	90	50.00
	Urban	90	50.00
Ownership.	Individual	77	42.68
	Group	103	57.32
Activities.	Production	106	58.68
	Trade	36	20.00
	Service	38	21.32
Regions	Northern	69	38.33
	Central	42	23.33
	Southern	69	38.34

Source: Primary Data.

In this study, Table 1 presents a profile of the microbusinesses run by women. 180 MEs are owned by women, with 90 of them located in urban regions and the remaining 50 in rural ones. According to the type of units, 42.68% of units are one-member entities by definition, whereas 58.68% of all group MEs. Manufacturing accounts for 58.68% of the activity of various sorts of micro firms, followed by trade (20.00%), and services (21.32%). The northern sector accounts for 38.33% of the region's various microbusinesses, while the central region accounts for 23.33% and the southern sector for 38.34%.

Benefits of Micro Credit

In relation to the analysis of the advantages of utilising microcredit, 390 Kudumbashree Mission-affiliated women-owned businesses have gained from sales revenue, training in accounting and motivation training, improving production, building assets (by purchasing), investing in better technology, executing effective marketing, reducing liability, lowering production costs, getting skill training, and creating jobs. Table 2. lists the benefits that women's microbusinesses can take advantage of.

Table 2. Benefits of Micro Credit

Advantages	Strength	%
1. Benefited from sales revenue	156	86.40
2. Training in accounting & motivation training	105	58.45
3. Improve Production	100	55.65
4. Build assets (by purchasing)	88	50.76
5. Invest in better technology.	72	39.75
6. Execute effective marketing.	88	48.98
7. Reduce liability.	95	52.55
8. Lower production costs.	74	41.02
9. Get skill training	100	55.37
10. Create jobs.	171	78.73

Source: Primary Data.

156 (86.40%) of the 180 MEs employed by the Kudumbashree Mission admitted that they used credit to generate sales income. Also, 105 MEs (58.45%) revealed that they benefited from training in accounting and motivation training; 100 MEs (55.65%) improved their production process; 88 MEs (50.76) built assets (by purchasing); 72 MEs (39.75) invested in better technology; 88 MEs (48.98) did effective marketing; 95 MEs (52.55) experienced reduced liability; 74 MEs (41.02) experienced lower production costs; 100 MEs (55.37) got skill training; and 171 MEs (78.73) could create jobs.

Category-Wise Analysis

An area of the study relating to the advantages of microenterprises that requires specific emphasis is category-wise analysis. Based on the features of MEs, categories were created, and as part of the research project, they were also looked at. The ten statements or comments that describe the various benefits and services provided by microcredit are expressed in different ways, and the owner-members'

responses are gathered, categorised, and further subdivided for analysis into locale, ownership, region, and activities.

Locale-Wise Analysis

The opinions of the women entrepreneurs of micro businesses about the benefits of microcredit have been analysed by location, such as urban and rural. A local-wise comparison of the benefits of microcredit is presented in Table 3.

Table 3. Locale-Wise Analysis: Benefits of Micro Credit

Category	Variables	Strength	Average	SD	t-value (p-value)
Locale	Rural	90	4.90	3.26	03.67
	Urban	90	6.19	3.53	(00.00)

Source: Primary Data.

Owner-member responses to questions about the benefits of microcredit from 90 MEs in rural areas were gathered, and the mean score was 4.90 with a standard deviation of 3.26. The replies of the owner members of 90 MEs in the urban region about the advantages of MEs were determined to be 6.19, with a standard deviation of 3.53. When the location-based analysis of microcredit is conducted, its t-value is determined to be 3.67 at the 5% level of significance. Therefore, there is a big difference. Because of the p-value's low threshold of 0.05, the null hypothesis is disproved. The benefits of microcredit vary noticeably between rural and urban areas.

Ownership-Wise Analysis

The opinions of the women entrepreneurs of micro businesses about the benefits of microcredit have been analysed by ownership, such as single and group MEs. A local-wise comparison of the benefits of microcredit is presented in Table 4.

Table 4. Category-wise Analysis: Benefits of Micro Credit

Category	Variables	Strength	Average	SD	t-value (p-value)
Ownership	Single MEs	77	03.84	02.87	06.55
	Group MEs	103	06.23	03.41	(00.00)

Source: Primary Data.

The responses of the owner-members of 77 MEs with single ownership have been gathered, and the mean score is determined to be 3.84, with a standard deviation of 2.87. With respect to the advantages of MEs, the owner-members of 103 group-owned MEs provided replies that were determined to be 6.23 with a standard deviation of 3.41. The t value for the ownership-wise analysis of microcredit is 6.56 when analysed at the 5% level of significance. The null hypothesis is refuted by the low threshold of 0.05 in the p-value. Regarding the benefits of microcredit, single and group MEs differ significantly.

Activity-Wise Analysis

The opinions of the women entrepreneurs of microbusinesses about the benefits of microcredit have been analysed by activities, such as manufacturing, trade

and service. An activity-wise comparison of the benefits of microcredit is presented in Table 5.

Table 5. Activity-wise Analysis: Benefits of Micro Credit

Category	Variables	Strength	Average	SD	F-value (p-value)
Activities	Manufacturing	106	05.67	03.51	00.76 (00.46)
	Trade	36	05.74	03.54	
	Service	38	05.24	03.28	

Source: Primary Data.

In response to questions about the benefits of microcredit, responses from the owner-members of 106 MEs in the manufacturing sector were gathered. The mean score was 5.67, with a standard deviation of 3.51 points. The replies of the owner members of 36 MEs that are trade-related have been determined to be 5.74, with a standard deviation of 3.54. Owner-member responses for 36 MEs in the service were gathered in regard to the benefits of microcredit, and the mean score was determined to be 5.24, with a standard deviation of 3.28. The F value for the activity-wise analysis of microcredits is 0.76 when it is analysed at the 5% level of significance. Since the p value is more than 0.05 the null hypothesis is accepted. There are no discernible differences in the benefits of microcredit among manufacturing, trade and service MEs. The benefits of microcredit vary noticeably among activities.

Region-Wise Analysis

The opinions of the women entrepreneurs of microbusinesses about the benefits of microcredit have been analysed by region, such as northern, central and southern. A local-wise comparison of the benefits of microcredit is presented in Table 6.

Table 6. Region Wise Analysis: Benefits of Micro Credit

Category	Variables	Strength	Average	SD	F-value (p-value)
Regions	Northern	69	04.32	03.10	16.64 (00.00)
	Central	42	06.04	03.36	
	Southern	69	06.44	03.46	

Source: Primary Data.

Owner-member responses from 69 MEs in the northern area have been compiled with respect to the benefits of microcredit, and the mean score is determined to be 4.32, with a standard deviation of 3.10. The average answer of the owner members of the 42 MEs in the central area with respect to the benefits of MEs was 6.04, with a standard deviation of 3.36. In response to questions on the benefits of microcredit, responses from the owner-members of 69 MEs in the southern area were gathered. The mean score was 6.44, with a standard deviation of 3.46. The F value of the region-by-region study of microcredit is studied at a 5% level of significance, and

it is discovered. Since the p value is less than 0.05 the null hypothesis is rejected. There are discernible differences in the benefits of microcredit among the northern, central and southern MEs. The benefits of microcredit vary noticeably among regions.

Findings

1. Of the 180 MEs in our research owned by women, 90 (or 50%) are situated in metropolitan areas. All group MEs make up 57.32% of the units, according to their kind. 58.68% of businesses are manufacturing operations, followed by commerce (20%) and services (21.32%). 38.33% of the different microbusinesses in the region are located in the northern sector, 23.33% are in the centre region, and 38.34% are in the southern sector.
2. Of the 180 MEs employed by the Kudumbashree Mission, 156 (86.40%) acknowledged using loans to increase sales. Also, 88 MEs (50.76) built assets (by purchasing); 72 MEs (39.75) invested in better technology; 88 MEs (48.98) did effective marketing; 105 MEs (58.45%) disclosed that they benefited from accounting and motivation training; 100 MEs (55.65%) improved their production process; 74 MEs (41.02) experienced lower production costs; 100 MEs (55.37) received skill training; and 171 MEs (78.73) were able to create jobs.
3. Owner-member responses to questions regarding the advantages of microcredit were compiled from 90 MEs in rural areas, and the mean score was 4.90 with a standard deviation of 3.26. There were 90 MEs in the urban area, and the average response from the owner members was 6.19, with a standard deviation of 3.53. When the location-based analysis of microcredit is undertaken, the t value at the 5% level of significance is found to be 3.67. There is a significant change as a result. The null hypothesis is refuted by the low threshold of 0.05 in the p value. Rural and urban communities experience microcredit's advantages differently.
4. Based on the replies of the owner-members of 77 MEs with single ownership, a mean score of 3.84 with a standard deviation of 2.87 has been calculated. Owner members of 103 group-owned MEs supplied responses that were calculated to be 6.23 with a standard deviation of 3.41 about the benefits of MEs. When examined at the 5% level of significance, the ownership-wise analysis of microcredit has a t value of 6.56. The low threshold of 0.05 in the p value, which is used to reject the null hypothesis. The advantages of microcredit vary greatly between single and group MEs.
5. The owner-members of 106 MEs in the manufacturing sector provided answers to questions on the advantages of microcredit. The average score was 5.67, with a 3.51-point standard deviation. A standard deviation of 3.54 and a mean of 5.74 have been calculated for the owner-members of 36 MEs that are associated with trade. Owner-member opinions about the benefits of microcredit were obtained from 36 MEs in the service, and the mean score was found to be 5.24, with a standard deviation of 3.28. When microcredits are evaluated activity-wise at the 5% level of significance, the F value is 0.76. The null hypothesis is accepted since the p-value is greater than 0.05. The benefits of microcredit are the same for MEs in production, trade, and services. The benefits of microcredit differ significantly among activities.
6. Owner-member opinions on the advantages of microcredit from 69 MEs in the northern region have been collated, and the mean score is found to be

4.32, with a standard deviation of 3.10. The owner members of the 42 MEs in the central area provided an average response of 6.04 with a standard deviation of 3.36 about the advantages of MEs. Owner-member comments from 69 MEs in the southern region were obtained in response to inquiries about the advantages of microcredit. The average score was 6.44, with a 3.46 standard deviation. At a 5% level of significance, the F value of the region-by-region study of microcredit is examined, and it is found. Because of the p-value's low threshold of 0.05, the null hypothesis is disproved. The benefits of microcredit vary noticeably between the northern, central, and southern MEs. The benefits of microcredit vary significantly by area.

Conclusion

The Kudumbashree Mission is crucial in determining the financial standing of the state's most underprivileged people in Kerala, India. To determine the advantages of microcredit for the women participating in the mission's microenterprise activities, the thoughts and comments of the respondents—these women business owners in the units under investigation—have been employed. The benefits of microcredit do not significantly alter depending on how a place is classified, the forms of ownership, or the sorts of regions. The advantages of microcredit vary greatly, depending on the activity. For MEs engaged in production, trade, and services, microcredit offers the same benefits. The advantages of microcredit vary greatly, depending on the activity.

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