Chapter–VII
SUMMARY OF FINDINGS, SUGGESTIONS AND CONCLUSION
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7.1 INTRODUCTION

The present study is accompanied by from different stages. At the first stage, the role of commercial banks in micro-credit in Madurai district is discussed. It is followed by a discussion of the socio-economic profile of the borrowers of micro credit from commercial banks, their level of involvement in micro-enterprise and the changes in their economic status at the second stage. At the third stage, the various empowerments among the respondents are examined at pre and post micro-finance period. At the final stage, the borrowers attitude on micro-finance, micro-enterprises, role of commercial banks in micro financing and the problems in micro-enterprise are examined.

The specific objectives of the present study are: (i) to study the socio-economic profile of the respondents; (ii) to exhibit the level of involvement in micro-enterprise; (iii) to analyse the changes in their economic conditions due to micro-financing; (iv) to evaluate the changes in their empowerments due to micro-financing; (v) to measure the respondents attitude on the micro-finance, micro-enterprise and the role of commercial banks in micro-finance; (vi) to analyse the problems in their micro-enterprise and (vii) to measure the impact of the perception of problems in micro-enterprises on their level of performance.
The present study is mainly based on primary data. Special care was taken to design the interview schedule covers all the objectives established in the study. A pre test was conducted among the selected borrowers in Madurai city. The final draft of the schedule was drafted after incorporating the necessary changes and modifications.

The Micro-finance activities of all the Commercial Banks in the district are covered in this study. From each bank, five respondents were selected for the study. The sample size of the study came to 1335 (267 x 5). The total response rate on the interview schedule was only 48.54 per cent to the total. Hence, the sample size came to 648 respondents. Appropriate statistical tools have been applied to process the data. The results from the analysis were discussed and presented in the foregoing chapters. In this chapter, the summary of the findings, conclusions and suggestions is presented.

7.2 SUMMARY OF FINDINGS

7.2.1 Profile of the Respondents

The majority of the respondents who undertake Micro-finance are rural. The dominant social class among the rural and urban respondents is scheduled caste/tribe. A Majority of the rural and urban respondents availed of Micro-finance at the age of below 25 years. The prominent level of education among the rural respondents is higher secondary level and among the urban respondents is more than higher secondary level.

The marital status of the rural and urban respondents is largely married with kids. The dominant family size among the rural and urban respondents is three to five members. The large number of earning members per family among the rural and urban
respondents is two. The occupational background among the rural and urban respondents forms larger in coolies.

7.2.2 Economic Status at the Pre Micro-finance Period

The dominant personal income per month at the pre Micro-finance Period (MFP) among the respondents is less than Rs.2000 The dominant family income of the rural and urban respondents at the pre MFP is Rs.3000-4000. The majority of rural and urban respondents did not have any savings at pre MFP. The dominant debt amount at pre MFP among the rural respondents is Rs.6001-9000 and among the urban respondents it is less than Rs.3000.

A large number of respondents in the rural and urban areas depend upon the moneylenders as the source of debt at the pre MFP. The purpose of credit availed of by the rural respondents is largely ceremonies and in the case of the urban respondents it was domestic consumption. Both the rural and urban respondents concentrate on non-productive purposes.

A large number of rural respondents borrowed at the rate of interest 33-40 per cent interest during the pre MFP and among the urban respondents the interest rate was above 40 per cent. The material possessed by rural and urban respondents at pre MFP was nil.

7.2.3 Reasons for Getting the Micro-finance

A majority of the rural respondents identified the reason for getting micro-finance was the motivation of neighbours and for the urban respondents it was the minimize rate
of interest. Significant differences among the rural and urban respondents have been noticed in the perception on ten out of the twelve reasons

7.2.4 Micro-enterprises among the Respondent and their Economic Status at the Post Micro-finance Periods

A majority of the respondents in rural areas involved in running tea stalls and a majority of the urban respondents are involved in milk vending. A majority of the rural and urban respondents borrowed above Rs.50000. The rate of interest preferred by the majority of the respondents among the rural and urban was above 11 per cent.

The income generated by a large number of rural respondents from the Micro-enterprises was below Rs.3000 and by the urban respondents it was Rs.7001-9000. The family income per month among the most of the rural respondents at post MFP was Rs.9001-12000 and by the urban respondents it was above Rs.15000. Savings per month among the most of the rural respondents at post MFP was up to Rs.500 and by the urban respondents it was above Rs.2000.

A majority of the rural respondents possessed material worth Rs.20000-30000 and with the urban respondents the value was Rs.40001-50000. Apart from the Commercial Banks the sources of debt preffered by the respondents in the rural and urban areas were Moneylenders.

7.2.5 Changes in Economic Status

There is a significant increase in personal income per month among the respondents from pre to post MFP. The rate of increase in personal income per month is higher among the urban respondents than among the rural respondents. The same trend is
also identified in the case of family income per month. There is a significant increase in the savings per month from pre to post MFP among both rural and urban respondents. The rate of increase in savings among the rural respondents is higher than among the urban respondents.

Regarding assets possession there is significant increase among the rural and urban respondents from pre to post MFP. In the case of loan amount, there is significant increase from pre to post MFP among the rural and urban respondents. The average rate of interest is decreases from the pre to the post MFP. The decrease in average rate of interest among the two groups of respondents is statistically significant. The fall in the average rate of interest during the study period is higher among the rural respondents than among the urban respondents.

7.2.6 Level of Involvement in Micro-enterprise Activities

The highly involved micro-enterprise activities among the rural respondents are planning for future and arrangement of purchase whereas among the urban respondents, these are motivating employees and mobilization of income. Regarding the level of involvement in micro-enterprise activities, significant difference among the rural and urban respondents has been noticed in the case of all the eleven activities. The eleven activities in the level of involvement explain it to a reliable extent. The level of involvement in micro-enterprise activities is higher among the urban respondents than among the rural respondents.
7.2.7 Association between the Profile of Members and their Changes in Economic Condition

The significantly associating profile variables of the respondents with their changes in economic conditions like assets, income, loan, family income, savings and rate of interest are number of earning members per family and activities.

7.2.8 Leadership Empowerment

The empowerments among the respondents have been measured with the help of leadership, decision-making, personality, economic, social and managerial empowerment. The highly viewed variable in leadership empowerment among the respondents at pre MFP are generosity and understanding politics whereas at the post MFP, these are ability to listen others and accepting changes. Regarding the possession of variables in leadership empowerment, significant difference at the pre and post MFP is seen in the case of 15 variables out of the nineteen variables in leadership empowerment. The included 19 variables in leadership empowerment explain it to a reliable extent. Leadership empowerment among the respondents at the pre MFP is less than at the post MFP. There is significant improvement in the leadership empowerment from pre MFP to post-MFP among the rural and urban respondents. The rate of increase in leadership empowerment during the study period is higher among the urban respondents than among the rural respondents.

7.2.9 Decision Making Empowerment

The decision making empowerment among the respondents has been measured with the help of fifteen variables. The highly viewed variable in decision making
empowerment at the pre MFP is decision making on daily food preparation and daily purchasing of commodities. At the post MFP, these are decision making regarding education of children and personal matters. Significant improvement from pre to post MFP is seen among the respondents regarding their decision making on ten out of the fifteen variables in decision making empowerment.

The included fifteen variables in decision making empowerment explain it to a reliable extent. The important level of decision making empowerment at pre MFP is at lower level whereas at the post MFP, it is higher. There is significant improvement in decision making empowerment from pre MFP to post MFP. The rate of increase in decision making empowerment during the study period is higher among the rural respondents than the urban respondents.

7.2.10 Personality Empowerment

Personality empowerment among the respondents is measured with the help of eleven variables. The highly viewed variables in personality empowerment among the respondents at pre MFP are listening to media and thirst to learn whereas at post MFP, these are adoption and optimism. The significant improvements in variables in personality empowerment among the respondents have been noticed in the case of nine out of the eleven variables in it.

The eleven variables in personality empowerment among the respondents explain it to a reliable extent. The level of personality empowerment at pre-MFP is very low whereas at the post MFP, it is higher. There is significant improvement in personality
empowerment, among the respondents from pre to post MFP. The rate of increase in personality empowerment is higher among the urban respondents than among the rural respondents.

7.2.11 Economic Empowerment

Economic empowerment among the respondents is measured with the help of ten variables. The highly viewed variable in economic empowerment pre MFP is family income and material possession of movables whereas post MFP, these are family income and personal income. Regarding the level of economic empowerment, significant difference among the pre and post MFP is identified in the case of six out of the ten variables in it.

The ten variables included in economic empowerment explain it to a reliable extent. The level of economic empowerment pre MFP is lower whereas at the post MFP, it is higher. The improvement in economic empowerment from pre MFP to post MFP is significant among the rural and urban respondents. The rate of increase in economic empowerment is higher among the rural respondents than among the urban respondents.

7.2.12 Social Empowerment

Social empowerment among the respondents is measured with the help of nine variables. The highly viewed variables in social empowerment at the pre SHG period are the recognition by the family members and participation in social functions whereas at post MFP, these are also the same. Significant difference among the pre and post MFP is
identified in the level of seven out of the nine variables in social empowerment. The nine variables included in social empowerment explain it to a reliable extent.

The level of social empowerment among the respondents at pre MFP is less and very less whereas at the post MFP, it is very high. There is significant improvement in social empowerment among the rural and urban respondents. The rate of increase in social empowerment among the urban respondents is higher than among the rural respondents.

7.2.13 Managerial Empowerment

Managerial empowerment among the respondents is measured with the help of eleven variables. The highly viewed variables in managerial empowerment at pre MFP are co-ordination of others and market orientation whereas at post MFP, these are market orientation and problem solving ability. Significant differences among the pre and the post MFP have been noticed in the case of nine out of the eleven variables in managerial empowerment. The eleven variables included in managerial empowerment explain it to a reliable extent.

The level of managerial empowerment among the respondents at pre MFP is less whereas at the post MFP, it is very high. The improvements in managerial empowerment from pre to post MFP among the rural and urban respondents are statistically significant. The rate of increase in managerial empowerment is higher among the urban respondents than among the rural respondents.
7.2.14 Increase in Various Types of Empowerment

The higher increase in empowerment among the rural respondents is identified in the case of economic and leadership empowerment whereas among the urban respondents, these are identified in the case of leadership and social empowerment. Significant difference among the rural and urban respondents has been noticed in the increase in leadership, personality, and economic empowerment.

7.2.15 Association between the Profile of the Respondents and their Level of Empowerment at Post MFP

The significantly associating important profile variables with the level of empowerment at post MFP among the respondents are their level of education and activities. The important levels of total empowerment among the rural and urban respondents are increasing but the rate of increase is higher among the urban respondents than among the rural respondents.

7.2.16 Respondents View On Micro-finance

The highly viewed variables in micro-finance among the rural respondents are free from financial clutches and instalment of repayment whereas among the urban respondents, these are no security and less personality charges. Regarding the view on the variables in micro-finance, significant difference between the rural and urban respondents has been noticed in the case of eight variables out of the ten variables in micro-finance.
7.2.17 Respondents View on Role of Commercial Banks in Micro-Finance

The variables highly perceived relating to the role of commercial banks in micro-finance among the rural respondents are reliable service and right at first time whereas among the urban respondents, these are personalized services and access to officials regarding the view on the variables relating to the role of commercial banks in micro-financing, significant differences among the rural and urban respondents have been noticed in the case of all the twenty three variables in it.

The Factor Analysis compresses these twenty three variables into seven important attributes of commercial banks. These are access, information, linkage, counseling, empathy, reliability and financial literacy. The included variables in each important attributes of commercial banks explain it to a reliable extent. The highly perceived important attribute of commercial banks among the rural respondents are reliability and linkage whereas among the urban respondents, these are empathy and financial literacy. Significant differences among the rural and urban respondents have been noticed in the perception on all the seven important attributes of commercial banks.

7.2.18 Association between the Profile of Respondents and their View on Important Attributes of Commercial Banks

The significantly associating important profile variables of the respondents with their level of perception on important attributes of commercial banks are their level of education, and activities. The discriminant important attributes of commercial banks among the rural and urban respondents are access and information which are highly perceived by the urban respondents than by the rural respondents.
7.2.19 Respondents Attitude towards their Micro-Enterprises

The variables highly perceived in micro-enterprises by the rural respondents are financial support and sharing of ideas and values. Among the urban respondents, these are work climate and learning of official procedures regarding the view on variables in micro-enterprise, significant difference among the rural and urban respondents has been noticed in their perception on 13 variables out of the fifteen variables in micro-enterprises.

The important attributes of micro-enterprises identified by the Factor Analysis are career development, relationship, skills and mindset. The included variables in each important attribute of micro-enterprises explain it to a reliable extent. The highly viewed important attributes of micro-enterprises by the rural respondents are relationship and skills whereas for the urban respondents, these are mindset and skills. Significant differences among the rural and urban respondents have been noticed in the perception of all the four important attributes of micro-enterprises. A majority of the respondents are satisfied and moderate in their view on micro-enterprises. The overall attitude towards micro-enterprises is higher among the urban respondents than the rural respondents.

The significantly and positively influencing important attribute of micro-enterprises on the overall attitude towards micro-enterprises among the rural respondents is mindset whereas among the urban respondents, these are career development, relationship, skills and mindset. The changes in the perception on important attributes of micro enterprising explain the changes in the overall attitude towards
micro-enterprises to a higher extent among the urban respondents than among the rural respondents.

7.2.20 Problems Encountered in Micro-Enterprises

The highly perceived problems in micro-enterprises by the rural respondents are poor support of family members and gender discrimination. Among the urban respondents, these are hectic competition and inadequate finance. Significant difference among the rural and urban respondents has been noticed in the perception on twelve problems out of the fifteen problems in micro-enterprises.

The important problems identified by the factor analysis are personnel, financial, social and marketing problem. The included problems in each important problem explain it to a reliable extent. The highly viewed important problems by the rural respondents are social and marketing problem whereas by the urban respondents, these are marketing and financial problems. Regarding the perception on important problems, significant difference among the rural and the urban respondents has been noticed in the case of personnel and social problems.

7.2.21 Association between the Profile of the Respondents and their Perception on Important Problem in Micro-Enterprises

The significantly associating important profile variables of the respondents with their level of perception on all four important problems are their level of education, number of earning members per family and activities.
7.2.22 Impact of Problem Perception on Income Generation in Micro-Enterprises

The significantly and negatively influencing important problems on the income generation in micro-enterprises among the rural respondents are personnel, financial and social problems whereas among the urban respondents, it is only personal problem. The changes in the problem perception explain the changes in income generation at the micro-enterprises to a higher extent among the rural respondents than among the urban respondents.

7.2.23 Impact of Problem Perception on Total Empowerment

The significantly and negatively influencing important problems on the total empowerment among the rural respondents are personal, financial, social and marketing problem whereas among the urban respondents, these problems are personal and social problems. The changes in problem perception in micro enterprising explain the changes in total empowerment among the rural respondents to a higher extent than among the urban respondents.

7.2.24 Impact of Problem Perception on Overall Attitude Towards Micro-Enterprises

The significantly and negatively influencing important problems on the overall attitude towards micro-enterprises among the rural respondents are personal, financial, social and marketing, whereas among the urban respondents, these are personal and social problems. The changes in the problem perception explain the changes in their overall attitude towards micro-enterprises to a higher extent among the rural respondents than among the urban respondents.
7.2.25 **Expected Services from Commercial Banks**

The highly expected services through micro-finance except loans from commercial banks among the rural respondents are community involvement and capacity building whereas among the urban respondents, these are capacity building and usage of technology. Significant difference among the rural and the urban respondents has been noticed in their view on fund raising techniques, branding and promotion, management of field project performance measurement, team building, community involvement, self motivation, innovation and usage of technology.

7.3 **SUGGESTIONS**

Based on the findings of the study, the following suggestions are made.

7.3.1 **Demand Driven Credit**

Commercial banks are advised to disburse micro-finance on the basis of the demand of the micro entrepreneurs. Before disbursing the loan, they are asked to verify whether the demand is true or not. There should be clear, contextualized credit delivery models, taking into consideration the geographic nature of the area and the population density of the area.

7.3.2 **Efficient Banking System**

Regarding the management of micro-finance, banks have to establish an efficient banking system which promotes competitive, institutional, integrated and efficient banking in rural India. A viable, pro-poor and effective micro-finance system may be established to enable the poor to enhance their income and reduce poverty.
7.3.3 Need for Autonomy for Regional Financial Institution

The problems faced by the stakeholders in micro-finance are caused by the strict and fixed rules and regulations framed by the Reserve Bank of India. Regarding micro-financing, there is need for high autonomy to the regional and local bank branches to design their credit structure and credit delivery and credit recovery. By that they may relax the credit guidelines, schemes and restrictions on the basis of local need.

7.3.4 Promotion of Survival Skills among the Respondents

Some respondents are under small scale productive enterprises depending upon their hereditary occupational skills like weaving mats, making bamboo products, tailoring and stitching, knitting, making roads, candles, etc. Though most of these activities could be termed survival activities, these make a perceptible impact on the living conditions of the respondents households, and some of them who were poor succeeded in crossing the poverty line and improving their quality of life only out of field experience, bankers have to identify such areas for their micro-financing.

7.3.5 Removal of Structural Constraints among the Respondents

A majority of the respondents who borrowed micro-finance from commercial banks face structural constraints such as low skills, and low human capital, lack of training and technical know how and lack of market infrastructure. The removal of these structural constraints needs to be addressed on priority to make micro-finance an effective instrument for creating and enhancing production skills and securing appreciable and sustained increases in income and employment.
7.3.6 Capacity Building Programmes

It is highly essential for the commercial banks to conduct the capacity building programmes with the help of proper trainers to enrich and upgrade the skill of the beneficiaries of micro-finance. An effective monitoring system should be established to format and monitor the consequences of various capacity building programmes.

7.3.7 Human Resources at Commercial Banks

Working in the micro-finance section of commercial banks is a different tall game compared to other sections of commercial banks. For instance, micro-finance officers and staff need to talk a different language, build lasting relationships with individuals and micro entrepreneurs, understand the unique needs of the poor, evaluate the borrowers sustainability, and grasp the cultural nuances of the borrowers community. It needs special training to deliver better services to the rural poor and to avoid problems such as under-serving the clients.

7.3.8 Information on Micro-finance and Investment Opportunities

Micro-finance providers may be complacent with their client base in certain cities and feel no economic need (ignoring the social need) to eradicate poverty to spread out their distribution system to cater to the poorest of households. Micro entrepreneurs are sprawled over large geographical areas, often in remote places which often make them inaccessible to commercial banks. This problem may be rectified by making a weekly visit by the micro-financer in the remote areas.
7.3.9 Customized Solutions for the Rural and Urban

Inappropriate targeting of poor households by micro-finance poor groups is a common problem. Commercial banks fail to understand the varied needs of micro entrepreneurs. Commercial banks focus in the field with their clients and then use results to develop customized micro-finance tools for each micro entrepreneur.

7.3.10 Global Competition

Enhancing the competitiveness and sustainability of the micro-enterprises demands priority in the context of ever increasing global competition. The entrepreneur want to be better equipped to meet the fast changing needs of the market driven economy through their dynamism, flexibility and innovative spirit. The Government should facilitate necessary technological linkages and financial tie-ups and enable the groups to convert the emerging challenges into opportunities and to derive benefits from the competitive environment.

7.3.11 Micro Credit Bureaus

The lead bank in the district may set up micro credit bureaus at the district level. The body may focus on the credit rating of micro entrepreneurs and the respondents seeking micro-credit.

7.3.12 Credit Plus Approach

Credit alone is not adequate for inclusive development. There is need for the ‘credit plus’ approach. The imitativeness outlined above and defining measurable targets to bank branches may positively bring about financial inclusion to the desired extent.
7.3.13 Infant Programmes

In order to promote entrepreneurship among micro entrepreneurs, bank may start infant programmes at two stages. At the first stage, the entrepreneurship among the respondents may be enlightened whereas at the second stage, the management of micro-enterprises may be highlighted by a number of programmes. These programmes may be organized by the entrepreneurship development cell or the local government.

7.3.14 Knowledge Management

The knowledge management programmes related to strategy, structure, culture and system in micro-enterprises may enlighten the performance of micro-entrepreneurs. These types of programme may be developed by indication of knowledge gap, knowledge acquisition, knowledge utilization, knowledge sharing and evaluation of knowledge.

7.4 CONCLUSION

The economic status and the empowerment of the respondents are increasing due to micro-finance. But these increases are highly associated with their profile like age, level of education, activities and level of involvement in micro enterprising. Urban respondents have a more favourable view on micro-finance, micro-enterprises and the services offered by the commercial banks regarding micro-finance than the rural respondents. On the other hand, the rural respondents highly perceive all problems in micro enterprising namely personal, financial, social and marketing problems. These problems adversely influence their performance and empowerment. Hence
commercial banks are advised to focus not only on the financial aspects in micro financing but also other aspects related to training and counseling regarding various aspects related to team and capacity building, self motivation, fund raising techniques, usage of techniques, and so on. Then only the objective of micro financing may be fulfilled at the maximum level.

7.5 DIRECTIONS FOR FUTURE RESEARCH

The scope of the study is limited to Madurai District. In future, it may be extended to the other districts in the State. A comparative study on the performance of micro-enterprises at various states in India may be conducted in the near future. There is scope for the study on the determinants of the performance of micro-enterprises in future research works. The problems in micro-financing as per the view of bank staff and of borrowers may be studied in the near future. The study on micro-finance disbursed by Commercial Banks and Micro-finance Institutions may be focused in future research work.