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IMPACT OF MICROFINANCE ON THE BENEFICIARIES IN KANCHIPURAM DISTRICT

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ABSTRACT

Microfinance has a significant potential for contributing to economic and social empowerment of members of the groups. From time immemorial banks have not considered poor people as a viable market. Most formal banking institutions are reluctant to serve the poor and microenterprises in the unorganised sector. Credit from moneylenders is extremely expensive. To address the small credit needs of poor household, especially those below the poverty line, MFIs have emerged as conspicuous actors in this realm. In order to study the perception of beneficiaries on the impact of MFI lending in Kanchipuram district in Tamilnadu, an empirical study was carried out with 569 respondents focusing economic, financial, cultural, social and political aspects. Kanchipuram district is one of the vibrant districts with lot of industries adjacent to Chennai city. The respondents were of well informed about microfinance.

The results of the study were analyzed with statistical tools and tested the hypotheses. The researcher found that overall the MFI lending have had greater impact on the borrowers' in the district in terms of their economical, financial, social development. Though there might not be direct impact on their cultural and political development, it is well acknowledged there was indirect impact on the borrowers on their cultural and political development. In spite of the critiques on MFI lending as moneylenders, it is an undoubted fact that the MFIs are the one which reached the unreachable and fulfilled their credit need. Commercial banks are expected to come and play a vital role in direct microfinance in order to bring healthy competition and low cost funding to the poor.

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