

## DEMOGRAPHIC IMPACT ON MICROFINANCE IN SIDDHARTH NAGAR DISTRICT OF U.P.: A STUDY

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### ABSTRACT

*In the development of nation microfinance has evolved as a need-based program for empowerment and alleviation of poverty to the so far neglected target groups (women, poor, deprived etc.). It has also become one of the most effective interventions for economic empowerment of the poor. In this context, the present study focuses on Demographic impact on Microfinance on the social economic and capability well-being of people in the Siddharth Nagar district of U.P.*

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**Keywords:** Demographic, Micro Finance, SHGs, Banks, MFIs.

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### Introduction

Microfinance is a service which given to people or groups who are unemployed or low-income and who otherwise may not have other access to financial services. Microfinance enables individuals to comfortably and in a manner compatible with ethical lending standards to take on rational small business loans. Thus, microfinance play a very crucial role in Indian economy in 21<sup>st</sup> century. Under microfinance services in India such Financial services provides to the people like loans, money transfers and insurance are carried out by microfinance institutions (MFIs).In India, the microfinance services is an efficient tool to provide the "Unreached Poor" with financial services and also to improve their collective capacity for self-help leading to their empowerment.. There are some institutions which promotes micro finance in India. These institutions are commercial banks, RRB, Nabard, which offers refinancing facilities, Ngo, NBFCs. The aim is to provide economic growth and improve standard of living for residents through the promotion of MFIs. Several factors influencing MFI awareness, such as promotion, social culture, education and age, have been established by the researchers as key factors influencing MFI awareness.

### Impact of Microfinance in India

Microfinance play an important role in supply financial services to poor people in a country like India, where 60% population depends on agriculture (according to World Bank reports).In a developing country like India, micro-finance is considered a valuable tool for socio-economic and demographic upliftment. The study found that in the April-June quarter of financial year 2019-20 as of June 30, 2019, the total number of microfinance loan accounts stood at 9.27 crore compared to 6.68 crore accounts in the April-June quarter of financial year 2018-19. During the years 2015-16 and 2016-17, the total amount of MFI loans from banks rose from 9.8% to 257.6%.

Microfinance means in simple terms providing financial services in the form of a loan, insurance saving, fund transfer, training to the small start-up and small businesses, lacking access to banking and related services. Microfinance as (Prahalad, 2005) defines, "a scheme for provisioning small loans to impoverished entrepreneurs in less-developed countries is often cited in the literature as the quintessential example of a business solution to global poverty". The term microfinance is not just a banking service provided to unemployed or low-income families to borrow microcredit from financial institutions but also an opportunity to become self-sufficient by saving money, borrowing money and availing insurance.

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### **Need of Microfinance in India**

It is estimated that 350 million people are living below poverty line in India. In India normally credit demand by the poor in the country is estimated to be about Rs 60,000 crores. A cumulative disbursement under all microfinance programmed is only about Rs 5000 crores. Only about 5% of the rural poor have access to microfinance (*NABARD*).

Microfinance is a monetary service provided to poor household's people who have no any type of financial assistance. Therefore, it has emerged as an effective instrument to enhance the livelihood and wellbeing of poor households by delivering the small amount of loans. The accessibility of microfinance may not ensure a quantum jump in the income of poor but definitely it will raise their quality of life.

### **Demographic features of the Siddharth Nagar District**

Demographics are the characteristics of a population that have been categorized by the distinct criteria-such as age, gender and income-as means to study the attributes of a particular group. The study of demographic data is essential for businesses, organizations and governments to make decisions. Using this data, businesses can create marketing strategies and governments can implement public policies. Demographics are the various characteristics of a population. Examples of demographics can include factors such as the race, sex and age of a population that is being studied. The statistical information of the population's socio economic conditions is known as demographic data. This data can contain information about the population, such as: age range, gender, level of education, income, employment status, occupation, birth rates, death rates, marriage rates, spoken language etc.

The Siddharth Nagar district has a population of 2040085 at the census 2001 with a break up of 1047165 males and 992920 females. The sex ratio (i.e. number of females per 1000 males) is 948 which is higher than the state average of 898. An average household consists of about 7 persons. The population of the district grew at the rate of 26.08 per cent during 1991-2001 as against growth of 25.85 percent of the state. The relative population growth pressure in the district is higher as compared to the state. The density of population in the district during 1991 was 489 persons per sq.km. But during 2001, 690 persons were living in per sq. km. In the district Scheduled Caste population constitutes 16.53 percent of the total population of the district while schedule tribe population is almost negligible. The ratio of schedule caste population decreased over the last decade but schedule tribe population remains the same. The process of urbanization has been slow in the district only 4.8 percent population in the district lives in urban areas against 20.8 per cent in the state. It means lesser the urbanization higher is the problem of unemployment and living conditions of the poor.

The literacy in the district is 42.02 percent which is much lower than the state (71.9 percent) average. Among males it is 56.66 percent and among females 26.84 percent. It is the female literacy which is major cause of concern although it becomes more than doubled in the decade but still lags behind the state average. In Siddharth Nagar district 38.06 percent persons out of total population engaged in different activities in 2001. During 1991 this percentage was 36.7 percent. The male work participation rate has decreased from 52.40 percent to 47.65 percent during the decade 1991-2001. The decline in the male worker ratio can be attributed to a rapid increase in population growth where as the corresponding job opportunities have not increased proportionately. During the decade participation of female workers rate has increased due to the definitional change in women workforce.

### **Need of Microfinance in Siddharth Nagar**

Siddharth Nagar, with a literacy rate of 59.25% lags behind the national literacy average of 74.04%. Significant infrastructure gap, poor social indicators and a high index of poverty are some of the other features of Siddharth Nagar (Government of India, 2011) which calls in for various initiatives by the state government in the microfinance sector.

### **Objectives of the Study**

- To inquire into the channels and delivery models of Microfinance Services in Siddharth Nagar District of U.P.
- To analyse the Impact of changes in Demographic conditions on usage of Microfinance Services in Siddharth Nagar District of U.P. over the period 1991-2020
- To trace out the "Availability, Accessibility and Usages" of Microfinance Services in Siddharth Nagar District of U.P.

- To study the role and importance of Microfinance in economic well-being of the people of Siddharth Nagar District of U.P.
- To analyse the impact of Microfinance Services on Women Empowerment in District Siddharth Nagar of U.P.

#### **Statistical Tools for the Study**

To analyse the study and to test the hypothesis, basic statistical tools has been used. And some advance econometric tool and software's also be used. Moreover the study is placed on both- collection of primary data from field survey and secondary data obtained from authentic sources.

#### **Data Collection**

For the collection of primary data following blocks of Siddharth Nagar selected as sample blocks.

- Shohartgarh
- Jogia
- Itwa
- Naugarh
- Bansi

The selection of sample may be said to be justified as the aforementioned blocks jointly stand for almost 75 percent population residing in the Siddharth Nagar District.

#### **Conclusion**

As we study about the demographic impact on microfinance sector in India, there are various financial services are not getting properly by the beneficiaries thus Microfinance sector plays an important role in the advancement of rural poor especially related to demographical factors like age, gender, occupation, marital status and various other factor etc. From the overview of the existing literature review on the demographic impact on Microfinance it is clear that none of the research conducted in Siddharth Nagar District. To fill the gap presently study taken up particularly in the district Siddharth Nagar. Therefore, the study aspires to examine the role of demographic impact on Microfinance in Siddharth Nagar district of U.P. which will be helpful for the economy in futuristic aspects.

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