



ANALYSIS OF SOCIO-ECONOMIC IMPACT OF LOAN ON BENEFICIARIES OF KGB IN KARNATAKA STATE

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Abstract:

This paper examines an honest attempt to analyze the socio-Economic impact of corporation loan on the beneficiaries. Beneficiaries were selected from KGB branch at Nagpur district. The sample size of 471 beneficiaries was selected on the basis of stratified random sampling method. Data collected was processed, classified and tabulated using Microsoft Excel-2007 Software. Then, the data was analyzed with reference to the objectives and hypothesis by using differential analysis like chi-square test, and P-value by using MS Excel datasheet and the results were obtained. The study found that, there was a considerable change in the net income of the beneficiaries from loans. The results shows that there had been a remarkable increase in the income level, assets, status, Employment, level of education, number of earning members in the family and like. The study also shows that, there was positive socio-economic impact of loans on the beneficiaries.

KEYWORDS: Beneficiaries, Corporation loans, Socio-economic impact.

1. Introduction:

Micro Finance plays a major role in the social-economic development of the country. Micro finance programmes are important institutional devices. Which are providing loans to the Economic poor in order to alleviate poverty, through this programme, loans are extended to the poor people for self employment business that generate income, allowing them to take care of themselves and income families. These programmes are considered very important for alleviation of poverty and enhancement of living standards particularly of other backward class people. Micro

finance is powerful anti-poverty tools that have demonstrated relevance to people on every continent and country.

2. Review of Literature:

1. **Rao Hemlata and Babu M. Devendra (1994):** scheduled caste and - economic upliftment programme) They have mention the various scheme like margin money and irrigation tube well that benefit the people belonging to the backward classes social and economic upliftment. Scheduled tribes (socio
2. **Karmarkar K. G.(2002):** His Indian economic policy stands on justice growth and development is an important part of rural finance . Finance society and banks could not provide the required finance to the tribal areas, rural Human micro and small scale industry has been mentioned in this book. Therefore loan rehabilitation of banks and micro finance society's suggested.
3. **Muhammad Younus (2003):** In this book Banker to the poor has said standard of living can be Raised by micro finance and employment can be generated, this has been provide in Bangladesh micro finance is the fundamental rights of every individual, this concept is suggested in his books.
4. **Gajbhiye Pradnya (2005):** In her research on mahatma fule scheduled caste finance and corporation has said that employment can be generated for people belonging to the scheduled caste and there by their economic social and educational standard can be uplifted.
5. **Luyirika Martha Nakakuta (2010):** — In her Research thesis M.Pigi. Has mentioned the role of micro finance in social and economic development of women in South Africa.
6. **Singh A.K. (2012):** In this research paper a comparative study based on tenth five year plan is done on scheduled tribes economic and developmental corporation and scheduled caste economic and social states.
7. **Krishanan Kewal (2012):** In this paper the study of role scheduled caste finance and Development Corporation, beneficiaries' role in the social economical development has been studied.
8. **Shetter Rajeshwari (2014):** she has studied how the advance loan given by union bank creates and impact on the standard of living of beneficiaries.
9. **Meshram Siddhartha H. (2017):** In his research on Maharashtra State other backward finance and development corporation has said that self-employment can be generated for people belonging to the other backward class and there by social, economical and educational standard can be upliftment.

3. Objective of the Study;;

1. To study the socio-economic impact of loan on beneficiaries.
2. To offer useful suggestion for the better management of loan schemes.

4. Scope of the study:

Krishna Grameena Bank branch of Raichur District is selected for the present study.

5. Methodology of the Study:

A sample size of 471 beneficiaries of Krishna Grameena Bank branch at Raichur District was selected. The sample of beneficiaries was selected on the basis of stratified random sampling method. Data collected personal interview schedule and conducted processed, classified and tabulated using Microsoft excel-2007 software. Then the data was analyzed by using differential analysis like chi-square test and p-value by using SPSS software and the result are obtained.

6. Analysis of the Impact Of Loan:

- ❖ Testing the significance of association between levels of impact of bank (KGB) loans on the beneficiaries and different socio-economic characteristics of the beneficiaries.
- ❖ Null hypotheses (Ho): There is no significant between levels of impact of corporation (KGB) loans on the beneficiaries and different socio-economic characteristics of the beneficiaries.
- ❖ Alternative hypotheses (H1): There is significant between levels of impact of corporation (KGB) loans on the beneficiaries and different socio-economic characteristics of the beneficiaries.

Table 1

Association between levels of impact the beneficiaries different factors

Sl. No.	Different characteristics	Levels of socio-economic impact on beneficiaries							Chi-square	P-value
		Low	%	Aveg	%	High	%	Total		
1	Location of Residence									
	Urban	57	22.80	7	28.00	123	49.20	250	13.35	0.00967
	Semi-Urban	33	24.26	42	30.89	61	44.85	136		
	Rural	34	40.00	26	30.59	25	29.41	85		
2	Age groups									
	21-30	57	22.80	21	20.19	45	43.27	104	39.59	0.00001
	31-40	33	24.26	74	31.76	110	147.21	233		
	41-50	34	40.00	20	22.99	37	42.53	87		
	50+	57	22.80	10	21.28	7	14.89	47		
3	Gender									
	Male	160	45.45	80	22.73	112	31.82	352	14.68	0.00065
	Female	32	26.89	29	24.37	58	48.74	119		
4	Literacy									
	Literates	136	31.85	99	23.19	192	44.96	427	25.84	0.00001
	Illiterates	30	68.18	9	20.46	5	11.36	44		
5	Occupations									
	Agriculture	2	33.33	1	16.67	3	50.00	6	5.21	0.51706
	Self-employment	74	22.16	60	17.96	200	59.88	334		
	Business	17	24.29	15	21.43	38	54.28	70		
	Students	16	26.23	5	8.20	40	65.57	61		

6	Types of Family									
	Joint family	100	39.68	74	29.37	78	30.95	252	2.59	0.27388
	Nuclear Family	94	42.92	50	22.83	75	34.25	219		
7	Size of the family									
	< 2	18	64.29	4	14.29	6	21.42	28	98.09	0.00001
	4	79	41.36	42	21.99	70	136.65	191		
	7	14	5.93	90	38.14	132	55.93	236		
	>-8	6	37.50	4	25.00	6	37.50	16		
8	Farming members in the family									
	One	114	43.68	62	23.75	85	32.57	261	21.33	0.00027
	Two	55	33.74	48	29.45	60	36.81	163		
	Three	13	27.66	4	8.51	30	63.83	47		
9	Purpose of availing loan									
	Self- employe	72	25.35	56	19.72	156	54.93	284	13.59	0.03457
	Small industry	40	37.74	21	19.81	45	42.45	106		
	Agriculture	9	42.86	5	23.81	7	33.33	21		
	Business	12	20.00	18	30.00	30	50.00	60		
	Total	133	28.24	100	21.23	238	50.53	471		

Source: Field Survey * $P < 0.05$

Table 1, shows that, out of 471 beneficiaries a maximum of 238(50.53) beneficiaries belongs to the high impact level followed by 133 (28.24) belongs to the low impact level and 100 (21.23) belongs to the average impact. But each characteristic wise explained in the above following points.

The 40% of rural beneficiaries have lower level of socio-economic impact as compared to 49.20% urban beneficiaries and 44.85% semi-urban beneficiaries. Which is found to be statistically significant (chi-square = 13.353, $P = .009674$) at 5% level of significance. Hence, the alternative hypothesis is accepted. It means that, the location and level of impact are associated statistically.

A significant association was observed between the age groups of beneficiaries and levels of socio- economic impact (chi-square = 39.5891, $P = 0.00001$) at 5% level of significance. Hence, the alternative hypothesis is accepted. It means that, most of the beneficiaries belongs to lower age groups have low level impact as compared to beneficiaries belongs to higher age groups.

The 26.89% of female beneficiaries have lower level of socio-economic impact as compared to 31.82% male beneficiaries and which is found to be statistically significant (chi-square = 14.6772, $P = .00065$) at 5% level of significance. Hence, the alternative hypothesis is accepted. It means that, the gender and levels of impact are associated statistically.

The 68.18% (30) illiterate beneficiaries have lower level of socio-economic impact as compared to 44.96% (192) literate beneficiaries have higher level of impact and which is found to be statistically significant (chi-square = 25.8372, $P = 0.00001$) at 5% level of significance. Hence, the alternative hypothesis is accepted. It means that, the literacy and levels of socio-economic

impact by loans are statistically associated.

The beneficiaries occupations have similar levels of socio-economic impact (chi-square = 5.2109, $P = .517058$) at 5% level of significance. Hence, the null hypothesis is accepted. It means that, the types of occupations and levels of impact are not associated.

The beneficiaries living in joint and nuclear families have similar levels of socio-economic impact (chisquare = 2.5902, $P = .273875$) at 5% level of significance. Hence, the null hypothesis is accepted. It means that, the types of family and levels of impact are not associated.

The 64.29% (18) beneficiaries living in less than 2 members size of family have lower level of socioeconomic impact and 55.93% (132) beneficiaries living in the size of 5-7 members have higher level of impact (chi-square = 98.0917, $P = 0.00001$) at 5% level of significance. Hence, the alternative hypothesis is accepted. It means that, the beneficiaries belongs to different sizes of family have different levels of socio-economic impact by loans.

The 43.68% (114) beneficiaries living in one earning member in the family have lower level of socioeconomic impact and 63.83% (30) beneficiaries living in 3 earning in the family have higher level of impact by loans (chi-square = 21.3335, $P = .000272$) at 5% level of significance. Hence, the alternative hypothesis is accepted. It means that, the beneficiaries living with different size of earning members in the family have different level of impact by loans.

Lastly, the 20.00% (20) beneficiaries took a loan for business purposes have lower level of socioeconomic impact as compared to 54.93 (156) self employed beneficiaries have higher level of impact (chi-square = 13.5896, $P = .034571$) at 5% level of significance. Hence, the alternative hypothesis is accepted. It means that, the purposes of availing loan and levels of impact are associated. In another words the levels of socio-economic impact depends on purposes of availing loan.

7. Finding of the study:

1. The urban beneficiaries have higher socio-economic impact as compared to semi-urban and rural beneficiaries,
2. The beneficiaries belonging different age groups have different socio-economic impact by loan of KGB but lower age groups beneficiaries have low level impact as compared to high age groups.
3. The location of residence, the age group, the gender, literacy, size of family, earning members in the family and purpose of availing loan of beneficiaries and socio-economic impact by loan are dependent on each other.
4. The occupations and types of family of beneficiaries and socio-economic impact by loans are not dependent on each other.

8. Suggestions:

1. KGB has to identify the occupations of the borrowers for the loan purpose.
2. Corporation should focus on providing loans to illiterate beneficiaries.
3. Need to expand the corporation in rural area.
4. Special provision for women's empowerment.
5. Loan emphasis should to given to agriculture for better cultivation.

9. Conclusion:

The overall development of economically weaker section of OBC people is one of the main issues in the process of development of the India. Bringing poor OBC people into the stream of development is a major concern for the government of India. Pioneering micro finance institutions have already recognized that the overall development OBC peoples. For over three decades the KGB have earned the reputation of being social welfare corporation with its prudent management and good governance. Corporation is firmly committed for consolidating and maintaining its identity as a leading, innovative corporation with a proactive approach to the changing needs of the society.

This is because of number of schemes and service made available to its valuable beneficiaries. Today with its efficient, value added services, sustained growth and development of new technologies, KGB has ensured complete beneficiaries delight, living up to its image of good people. This corporation is striving hard for the upliftment of the economically weaker section of the other backward classes.

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