International Research Journal on Advanced Engineering and Management
https://goldncloudpublications.com
https://doi.org/10.47392/IRJAEM.2024.0282
e ISSN: 2584-2854
Volume: 02
Issue: 06 June 2024
Page No: 1897-1900

Post-Merger Impact on Canara Bank

Dr. P. Lavanya[1], Dr. T. Varalaxmi[2], B. Pallavi[3]
[1]*Professor, MBA Department, Institute of Aeronautical Engineer, Dundigal, India.*
[2]*HoD & Professor, MBA Department, Institute of Aeronautical Engineer, Dundigal, India.*
[3]*Student, MBA Department, Institute of Aeronautical Engineer, Dundigal, India.*
Email: *bantarampallavi005@gmail.com*

Abstract
Microfinance has emerged as a potent tool for fostering economic development, particularly in regions with limited access to traditional financial services. This paper explores the multifaceted role of microfinance in stimulating economic growth and alleviating poverty. Firstly, microfinance institutions (Mfrs) extend financial services such as credit, savings, and insurance to individuals who are often excluded from mainstream banking due to lack of collateral or credit history. By providing access to capital, microfinance empowers entrepreneurs, particularly women, enabling them to start or expand small businesses, generate income, and contribute to local economic activity. Secondly, microfinance promotes financial inclusion by bringing marginalized populations into the formal financial system. Through group lending methodologies and peer support mechanisms, Mfrs foster a culture of savings and financial literacy among borrowers, enhancing their financial resilience and ability to cope with economic shocks. Furthermore, microfinance plays a crucial role in fostering entrepreneurship and innovation at the grass roots level. By nurturing small-scale enterprises and fostering a culture of entrepreneurship, microfinance contributes to job creation, income generation, and communities. Moreover, microfinance has demonstrated its effectiveness as a poverty alleviation strategy. By targeting the poor and vulnerable segments of society, microfinance enables individuals to break the cycle of poverty, invest in education and healthcare, and improve their quality of life. In conclusion, microfinance has emerged as a powerful tool for promoting economic development, empowering individuals, and fostering inclusive growth. By expanding access to financial services, promoting entrepreneurship, and alleviating poverty, microfinance has the potential to transform the economic landscape of developing countries and create opportunities for sustainable development.
Keywords: *Microfinance, Economic Development, Financial Inclusion, Entrepreneurship, Poverty Alleviation.*

1. Introduction
Microfinance is a financial approach that aims to provide small-scale financial services, such as loans, savings, and insurance, to individuals and communities with limited access to traditional banking systems [1]. It primarily targets low-income individuals, especially women and those in rural areas, who lack collateral, or credit history required by mainstream banks. By offering small loans and other basic financial services, microfinance empowers borrowers to start or expand small businesses, manage irregular income, and build assets. Group lending is a common practice in microfinance, where borrowers are organized into small groups that provide mutual support and act as guarantors for each other's loans [2]. Overall, microfinance promotes financial inclusion, social empowerment, and economic development by enabling marginalized populations to participate more fully in economic activities and improve their quality of life. Microfinance is a term used to refer to the activity of provision of financial & relative's money lenders etc People living in poverty –like everyone else need access to a diverse range of financial services, including loans, saving services,

International Research Journal on Advanced Engineering and Management
https://goldncloudpublications.com
https://doi.org/10.47392/IRJAEM.2024.0282
e ISSN: 2584-2854
Volume: 02
Issue: 06 June 2024
Page No: 1897-1900

insurance, and money transfers [3]. Access to financial services can help enable the poor to increase income and smooth consumption flows, thus expend their asset base & reduce their vulnerability to the external shocks that are a part of their daily existence. The improve living condition & children's health & education Microfinance, as a concept which can be traced back to 1970 and 1980. After independence and until late 70's, financial assistance to the borrowers in unorganized sector inclusion was a business only and service offering many products has seen many changes in the development by government through subsidized schemes for rural development [4]. It became very famous during 80's only when the Grameen Bank proved that companies can also be profitable by giving out the loans and other financial services to the poor women, but now, it has become the world 's biggest mechanism in disbursing the loan and credit services to the poor. Governments also have piloted national programs, NGO's have undertaken the activity of raising donor funds for on-lending, and some banks have partnered with public organizations or made small inroads themselves in providing such services [5]. This has resulted in a rather board definition of microfinance as any activity that targets poor and low-income individuals for the provision of financial services. Micro finance is defined as any activity that includes the provision of financial services such as credit, savings, and insurance to low-income individuals which fall just above the nationality defined poverty line with the goal of creating social value. The creation of social value includes poverty all eviation and the broader impact to improving live hood opportunities through the provision of capital for micro enterprise, and insurance and savings for risk mitigation and consumption smoothing [6-9]. At Canara Bank, microfinance plays a crucial role in contributing to economic development by fostering financial inclusion and empowering underserved communities. Through microfinance initiatives, Canara Bank extends financial services such as small loans, savings accounts, and insurance to individuals who often lack access to traditional banking systems due to economic constraints. By providing financial resources to small entrepreneurs, particularly in rural and semiurban areas, Canara Bank supports entrepreneurship, stimulates local economic activities, and generates employment opportunities. Microfinance also promotes social empowerment, especially among women, by enabling them to start or expand businesses and improve their household incomes. Furthermore, Canara Bank's microfinance programs contribute to poverty alleviation by providing individuals with the means to invest in productive activities and build financial resilience, ultimately contributing to broader economic growth and development within its operational areas [10].

1.1.Purpose

Microfinance has emerged as a significant tool for economic development, particularly in developing countries [11]. It encompasses a range of financial services, including small loans, savings accounts, insurance, and money transfers, targeted at low-income individuals who lack access to traditional banking services. To bridge the gap between low-income individuals and institution providing the micro finance and self-help groups for living standards.

1.2.Objectives

- To provide an insight of micro finance in select bank [12].
- To measure the effectiveness of micro finance to strengthen self-help groups.
- To identify the challenges of self-help groups in acquiring micro finance.
- To recommend rural women in empowering and enhancing financial support.

2. Methodology

In this report, a descriptive research approach is employed. Data collection utilizes both primary and secondary methods. Primary data collection initiates via electronic mail, with questionnaires sent to respondents' email addresses. Through this method, the research gathers first-hand information directly from participants, offering insights into the phenomenon under investigation. This approach ensures a comprehensive understanding of the subject matter by directly engaging with the individuals involved.

International Research Journal on Advanced Engineering and Management
https://goldncloudpublications.com
https://doi.org/10.47392/IRJAEM.2024.0282
e ISSN: 2584-2854
Volume: 02
Issue: 06 June 2024
Page No: 1897-1900

3. Analysis

H01 -Exploring microfinance in select banks, assessing its impact on self-help groups (SHGs). (Refer Tables 1 to 4).

Table 1 SHGs Analysis

Microfinance	banks
10	40
5	20
65	30
20	10

3.1.Summary Output

Table 2 Regression Statistics

Multiple R	0.141421
R Square	0.02
Adjusted R Square	-0.47
Standard Error	33.20392
Observations	4

Table 3 ANOVA

	df	SS	MS	F	Significance F
Regression	1	45	45	0.040816	0.858579
Residual	2	2205	1102.5		
Total	3	205			

Table 4 Effective practices

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%
Intercept	17.5	40.66633	0.430331	0.708889	-157.473	192.473
X Variable 1	0.3	1.484924	0.202031	0.858579	-6.08911	6.68911

3.2.Interpretation

The results of the regression analysis used to investigate how microfinance affected some banks' self-help groups (SHGs) were not statistically significant. The model's failure to yield significant insights was evidenced by its Multiple R of 0.141421 and R Square of 0.02, which, respectively, showed a poor correlation and little explanatory power. The p-value of 0.858579 indicates non- significance, while the coefficient for microfinance was 0.3, showing a minimal impact on banks. All things considered, the research refuted the premise that, in the selected banking setting, there was a meaningful association between microfinance and SHGs. It might take more investigation or model improvement to fully comprehend this dynamic.

4. Observation

- Majority of population are femuleour.
- Microfinance loans foster self-dependence, empowering individuals to start businesses, meet basic needs, and invest in education or healthcare.
- High interest rates and fees may burden borrowers, potentially leading to over-indebtedness, particularly if proper financial education and support are lacking.
- Dependency on microfinance loans may hinder long-term business growth and sustainability, particularly if borrowers face difficulties in accessing additional capital or markets.
- Limited access to complementary financial services such as savings, insurance, and financial planning may impede long-term asset building and wealth accumulation.
- Microfinance enables individuals and households to accumulate assets, build resilience against economic shocks, and invest in education, healthcare, and housing.
- Dependency on microfinance loans may

International Research Journal on Advanced Engineering and Management
https://goldncloudpublications.com
https://doi.org/10.47392/IRJAEM.2024.0282
e ISSN: 2584-2854
Volume: 02
Issue: 06 June 2024
Page No: 1897-1900

hinder long-term business growth and sustainability.

Conclusion

In practice, however, real effects are much more limited than what is usually presented. How far and under what conditions can microfinance combat poverty and contribute to grass roots development? The question is more acute in India, where microfinance has grown very fast and intensively over the last decade. After a first cycle of growth where the number of clients went from a few thousand to several millions, microfinance is nowadays at the core of many agendas, be they public or private. Indian microfinance, both in terms of the number of clients and the volume of credit disbursed, is not anecdotal anymore. Because of the socio-economic, political, even cultural questions it raises, microfinance becomes a societal challenge. If it is indeed urgent not to let oneself be blinded by the surrounding optimism and not to under-estimate the present weaknesses of microfinance, it is equally necessary to identify efficient and innovative experiments in order to better reflect on the future of microfinance. This is why this communication aims to shed light at the process of micro financialization in particular at the spatial dimension and dynamics. Findings on the spatial variation and changes in the development of the microfinance sector can enhance our understanding of the complex processes of current regional development in India and can contribute to the formulation of innovative regional development policies. Microfinance loans foster self-dependence, empowering individuals to start businesses, meet basic needs, and invest in education or healthcare. This financial tool catalyzes self-sufficiency and economic empowerment among borrowers.

Reference

[1]. https://EconPapers.repec.org/RePEc:mtp:titles:0262512017.
[2]. https://books.google.com/books/about/The_Economics_of_Microfinance.html?id=eeKlivwtPHQC.
[3]. https://scholar.google.com/citations?user=4vRelREAAAAJ.
[4]. https://www.researchgate.net/publication/342708473_Efficacy_of_Homoeopathic_Medicine_In_the_Treatment_of_Migraine_A_Literature_ Review.
[5]. https://www.researchgate.net/publication/44827452_The_Microfinance_Revolution_Sustainable_Finance_for_the_Poor.
[6]. https://www.aeaweb.org/articles?id=10.1257/jel.37.4.1569.
[7]. https://books.google.com/books/about/Due_Diligence.html?id=CxGnCoLkt4QC.
[8]. https://www.nber.org/papers/w18950.
[9]. https://www.sciencedirect.com/science/article/pii/S0148296319304564?via%3Dihub10.https://doi.org/10.1177/0256090920130112.
[10]. https://doi.org/10.1086/250037.
[11]. https://www.researchgate.net/publication/283245404_Appraisal_of_literature_on_customer_experience_in_tourism_sector_review_and_framework.
[12]. https://doi.org/10.1002/jid.1408.