

The Socio-Economic Impact of Microfinance Institutions:

A study with reference to West Bengal.



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Abbreviations

AEPS	Aadhar Enable Payment System
AMFI-WB	Association of Microfinance Institutions- West Bengal
ANOVA	Analysis of Variance
APL	Above Poverty Line
APMACS	Andhra Pradesh Mutually Aided Cooperative Societies' Act
APY.	Atal Pension Yojana
BBPS	Bharat Bill Pay System
(BCs)	Business Correspondents
BJS	Belghoria Jankalyan Samity
BMBC	Bagnan Mahila Bikash Cooperative Credit Society Ltd
BMR	Bharat Microfinance Report
BPL	Below Poverty Line
BYP	Back Yard Poultry
CDF	Cooperative Development Forum
CSR	Corporate Social Responsibility
EdM	Entrepreneurs du Monde
GDP	Gross Domestic Product
GLP	Gross Loan Portfolio
GSMSPL	Grameen Shakti Microfinance Services Pvt. Ltd.
GSMS	Grameen Shakti Microfinance Services Pvt. Ltd
IBR	Indexed Based Ranking
IRDA	Insurance Regulatory and Development Authority of India
JLGs	Joint Liability Groups
MACS	Mutually Aided Cooperative Societies
MDGs	Millennium Development Goals
ME	Micro-enterprise.
MFI	Microfinance Institutions
MFIN	Microfinance Institutions Network
MSCA	Multi-State Cooperative Societies Act
NABARD	National Bank for Agriculture and Rural Development
NBFC	Non-Banking Financial Company
NBFC-MFIs	Non-Banking Financial Company- Microfinance Institutions

NCRC	Navnirman Community Resource Centre
NGOs	Non-Governmental Organization
NGO-MFIs	Non-Governmental Organization- Microfinance Institutions
NPS	National Pension System
NRLM	National Rural Livelihoods Mission
NSS	National Sample Survey
PFRDA	Pension Fund Regulatory & Development Authority Act
PMJDY	Pradhan Mantri Jan Dhan Yojana
PSM)	Propensity Score
RBI	Reserve Bank of India
RRBs	Regional Rural Banks
RSMV	Ramakrishna Sarada Missionary Vidyapith
SC/ST	Scheduled Castes/ Scheduled Tribes
SFBs	Small Finance Banks
SGSY	Swarnajayanti Gram Swarojgar Yojana
SHG	Self Help Group
SHG-BLP	Self Help Group - Bank Linkage Programme
SHPIs	Self Help Group Promoting Institution
SMGBK	Society for Model Gramme Bikash Kendra
SPM	Social Performance Management
SPSS	Statistical Package for the Social Sciences
STEP	Sampurna Training and Entrepreneurship Programme
WEI	Women Empowerment Index
WOCCU	World Council of Credit Unions

Chapter 1

Introduction

1.1 Background of the study

The development of a nation is not solely determined by advancements in infrastructure, innovation, and technology; rather, it encompasses the overall improvement in the standard of living of every citizen. A country progresses towards development when its people actively participate in the process and enjoy a good quality of life with access to fundamental necessities such as food, clothing, shelter, healthcare, education, employment, and a favourable social and natural environment. Over the past six and a half decades, India has witnessed significant political, economic, social, technological, and demographic transformations. However, it remains a developing nation, with approximately 21.9% of its population living below the poverty line (Government of India, 2013). These individuals struggle to meet even their basic needs. Consequently, poverty eradication has been a primary focus of the government since India's independence. To address this issue, various development strategies have been implemented, with institutional credit being recognized as a crucial tool for boosting productivity and alleviating poverty.

The World Bank defines poverty as a marked deprivation of wellbeing that has multiple dimensions. It involves having little money and not being able to afford the necessities for a dignified existence. (Collin Chikwira, 2022)

Poverty is marked by inadequate health and education, limited physical security, restricted access to clean water and sanitation, lack of representation, and the absence of opportunities to enhance one's quality of life. A person is considered to be living in extreme poverty if their daily income is \$1.90 or less, according to the World Bank. As of 2020, 767 million people worldwide are thought to fit that description (ZIMSTAT 2020).

Rural poverty remains one of the most significant challenges in India. As a result, poverty alleviation and ensuring financial services for the underprivileged have been key objectives of public policymakers since independence. To achieve this, the government has introduced various subsidy-linked credit programs and other initiatives over time.

According to statistics from the January 2023 Economic Survey, 65% of India's population lives in rural regions, making them an important part of the country's economic

landscape. Rural areas in India bear a stark disparity, accounting for only 11% of all bank's deposits and 9% of all credit as of December 2022, although making up over 45% of the country's GDP. A lack of official identity, poor banking infrastructure, low financial awareness, and investing habits are all contributing factors to this discrepancy.

Given that traditional banking services continue to underserve rural markets, rural communities fall behind their urban counterparts in the area of financial inclusion, offering significant development prospects. The introduction of digital banking, the implementation of PMJDY, and a greater emphasis on improving financial literacy have all significantly aided in the steady growth of financial inclusion in rural India. By offering easily accessible financial services to marginalized rural areas, microfinance banks in particular have been instrumental in closing this gap (BMR 2023).

In recent years, microfinance has gained increasing attention in discussions on poverty reduction and economic growth. With its innovative approach, entrepreneurial foundation, and extensive reach, microfinance has emerged as a promising tool for poverty alleviation. It serves as an alternative to formal credit, which has long been recognized as a crucial factor in breaking the cycle of poverty.

India's microfinance sector has undergone significant evolution and primarily functions through two key models: the Self-Help Group (SHG)-Bank Linkage model, introduced by NABARD in the late 1990s, and the Microfinance Institution (MFI) model, which is based on the approach of Bangladesh's Grameen Bank.

MFIs are permitted to secure bulk loans from banks and financial institutions to extend microcredit to individuals and Joint Liability Groups (JLGs). While many MFIs entered the sector after the SHG-Bank Linkage program was well established, their operations have expanded at a much faster pace (Khan, 2016). In the world of microfinance, India has proudly become one of the biggest and fastest-growing markets. The industry's outstanding performance has been crucial in helping underprivileged groups, especially those in rural areas, access financial services. With a total outstanding of Rs 4.09 lakh crores as of March 31, 2024, the microfinance sector recorded an astounding 16 percent growth in fiscal year 23-24 (Equifax India), demonstrating its resiliency and development potential.

1.1.1 Meaning of Microfinance

Microfinance is the provision of financial services to economically disadvantaged individuals who are typically excluded from conventional banking systems due to their perceived credit risk or lack of collateral.

The NABARD-established Task Force on Supportive Policy and Regulatory Framework for Micro-Finance has provided a working definition for the term "micro-finance" as follows: "provision of thrift, credit and other financial services and products of very small amounts to the poor in rural, semi-urban and urban areas for enabling them to raise their income levels and improve living standards".

For entrepreneurs and small businesses without access to banking or related services, microfinance serves as a source of financial services. Financial services are primarily provided to these clients through two main mechanisms:

- (1) relationship-based banking for small businesses and individual entrepreneurs; and
- (2) group-based models, in which a number of entrepreneurs apply jointly for loans and other services. (NABARD 2016)

A variety of financial services geared toward low-income people are included in microfinance, with a focus on women in particular. These clients usually earn less money and have restricted access to traditional financial services. Microfinance products, as opposed to traditional financial offerings, are designed for smaller amounts of money. Remittances, insurance, savings accounts, and loans are among the range of services offered. Microloans are given out for a variety of reasons, with the development of microenterprises being the primary goal. The wide variety of products offered is a reflection of the changing financial needs of households, businesses, and individuals, particularly those who are impoverished. Microfinance institutions frequently use non-traditional approaches, like group lending or other types of collateral, to meet the specific needs of their customers.

Microfinance refers to financial services aimed at assisting low-income and underserved populations, offered by various providers. However, the term is more commonly used to describe loans and related financial products provided by organizations known as microfinance institutions (MFIs). These institutions typically employ innovative methods developed over the past three decades to offer small loans to individuals without fixed incomes, often with minimal or no collateral requirements. Techniques include group lending, pre-loan

savings mandates, incremental increases in loan sizes, and an implicit assurance of access to future loans upon full and timely repayment.

At a broader level, microfinance embodies a movement striving for a world where low-income households consistently have access to a wide range of affordable and high-quality financial services. These services, delivered by various retail providers, are designed to facilitate income generation, asset accumulation, consumption stability, and risk management. The diverse offerings include savings, loans, insurance, remittances, payments, and other financial products.

The concept of "microfinance," which was once mainly linked to small loans for the underprivileged, has now expanded to include a broad spectrum of financial products such as payments, savings, and insurance, designed to cater to the unique needs of low-income individuals. Like any other group, people living in poverty require a variety of financial services to efficiently run their businesses, build assets, maintain stable consumption, and manage different risks.

The idea has become increasingly important and popular in recent decades, both theoretically and practically. It is thought of as an instrument for socio-economic development, intended to disperse financial assistance and help those in the lower income bracket escape starvation, poverty, and other financial difficulties.

In particular, microfinance is seen as a way to support women's productive role in empowering them to confront disparities within and between households, thereby aiding in the process of reducing poverty and promoting female empowerment. The program has been designed to fulfil the following fundamental goals:

- Enabling the impoverished to obtain credit for both productive and consumption purposes help them meet their basic needs.
- To eliminate poverty and promote socioeconomic development by giving the poor and marginalized people more opportunities to engage in social and income-generating activities.

Microfinance is the process which allows the poor in rural, semi-urban, or urban areas access to very small amounts of credit, thrift, and other financial services and products in order to help them improve their standard of living and increase their income.

In general, the loan amount is not more than Rs. 50,000. Lending tiny or micro sums of money is known as microfinance. Lack of capital, expertise, resources, and knowledge is a problem in many developing and impoverished nations. Microfinance not only keeps the nation from sinking into poverty but also promotes the personal growth of the impoverished. Micro savings and microcredit are two aspects of microfinance.

Microfinance has proven to be an effective anti-poverty instrument that benefits people in every nation and on every continent. The increasing number of organizations offering microfinance to the impoverished reflects the global nature of the microfinance movement. The importance of microfinance and its potential for supporting the majority of the nation's poorest citizens are demonstrated by the notable achievements of the recent past.

Microfinance institutions (MFIs) hold a unique position in the financial sector, balancing both financial and social responsibilities while striving for efficiency in both aspects. Microfinance plays a crucial role in advancing the socio-economic development of vulnerable and marginalized communities, particularly women, by fostering community-based structures that promote mutual support and trust. These institutions have transformed the informal sector into a more accessible and beneficial space for low-income and impoverished individuals. Beyond providing savings and credit services, microfinance institutions actively engage in various social development initiatives, driven by their commitment to reducing poverty within society. (Montgomery, Bhattacharya & Hulme, 1996)

1.1.2 Characteristics of Microfinance

In order to make the poor clients and micro-entrepreneurs bankable microfinance design products and services with some common characteristics that matches the need of the poor and allow them to become a part of the banking intermediary. Some of the important characteristics of microfinance products are:

- Amount of loan offered under this program is usually small.
- The borrowers of such loan belong to low-income category.
- The tenure of the loan is quite sure which is up to a time period of one year.
- Repayment of loan amount is done at higher frequencies.
- Unlike formal financial institutions, microfinance institutions (MFIs) do not require collateral to provide loans. Instead, they evaluate the borrowing capacity of low-income individuals by conducting cash flow analyses, assessing the income generated from the activities for which the loans are utilized.

- Applying for loan is simple.
- Processing time of the loan is short.
- Borrowers who repay loans on time become eligible for another loan of higher amount.
- The process of providing small loans is labour-intensive, and ensuring the long-term sustainability of microfinance intermediaries results in higher interest rates on credit. These rates are typically higher than those of commercial banks but remain lower than those charged by loan sharks.

1.1.3 History of Microfinance

The origins of microfinance can be traced back to the 15th century when Franciscan monks established community-focused pawnshops. The concept of providing small loans to help individuals improve their financial situations further developed in the 19th century, when theorist Lysander Spooner advocated for small credits to support entrepreneurs and farmers in overcoming poverty. Around the same time, the founders of the European credit union movement, including Spooner and Friedrich Wilhelm Raiffeisen, launched the first cooperative lending banks aimed at assisting rural farmers in Germany.

The modern concept of microfinance, as it is known today, began to take shape in the mid-1970s in rural Bangladesh. Dr. Muhammad Yunus, a professor at the University of Chittagong, and Al Whittaker were among the pioneers who experimented with innovative financial models and created institutions to extend financial services to marginalized communities. Their efforts sparked the "microcredit" movement, with the Grameen Bank's achievements, benefiting more than seven million underprivileged women in Bangladesh becoming an internationally acclaimed model.

Dr. Yunus's initiatives gained further momentum through his visits to rural villages. In one such village, Jorba, he met 42 women engaged in bamboo stool-making who were caught in a cycle of debt with local merchants. The women lacked the funds to purchase raw materials for their work and had to accept loans from traders at exorbitant prices. Shocked by the situation, Yunus lent the women a total of US\$27 from his own pocket, enabling them to buy materials at fair prices and break free from their debts. This event marked an early success in the microfinance movement, showing that even small loans could have a significant impact on the lives of the poor. (Handbook on Microfinance Institutions)

Along with Yunus, Akhtar Hameed Khan was instrumental in the initial advancement of microfinance. Inspired by the achievements of the Grameen Bank, the 1970s and 1980s saw a rise in microfinance institutions, predominantly established by NGOs and financed through grants and public-private subsidies. These institutions demonstrated that the poor could be trusted to repay loans, even without collateral, highlighting the potential for microfinance as a sustainable business model.

However, by the 1990s, it became clear that the rapid growth of the microfinance sector could not continue without securing commercial investment. Many organizations began restructuring to attract such investments, adopting formal business practices to enhance their efficiency and sustainability. In 1998, PlaNet Finance was founded with the mission of leveraging new communication technologies to strengthen the capacity of NGOs in various sectors. Over time, PlaNet Finance evolved into an international NGO dedicated to combating poverty through the development of microfinance.

The success of the Grameen Bank, which now operates in over 80,000 villages and serves millions of borrowers, exemplifies the impact of microfinance.

1.2 Rationale of the study

1.2.1: Basis for the selection of the Research Topic

The topic “The Socio-Economic Impact of Microfinance Institutions: A study with reference to West Bengal.” has been selected to conduct a research study on the ground that West Bengal has a large population living in poverty. Microfinance Institutions (MFIs) are essential in facilitating access to financial services and empowering underserved communities, thereby creating a meaningful socio-economic impact.

1.2.2: Basis for the selection of the Area of Research

From the review of existing literature, it was found that various studies across different states of India were conducted to assess the impact of microfinance on the poor, moreover almost all of the studies were based on SHG-BLP Model. There were very few studies which were conducted to analyse the impact of microfinance through MFIs (Microfinance Institutions). It was also seen that the prominence of the study was mostly in the southern and the central part of the country, not many research studies were conducted in the eastern part of India.

This study is a humble attempt in this regard where the impact of microfinance through the MFI model is assessed in West Bengal.

1.2.3: Reasons for selecting MFI Model

The microfinance industry (MFI) has expanded significantly in the last 20 years, affecting the entire country. It has even weathered the Andhra Pradesh microfinance crisis in 2010 and the pandemic that began in 2020 and is still having an impact today. MFIs have been instrumental in bridging the gap between rural impoverished communities and formal financial institutions by providing a variety of services to meet their credit needs. The loans are available for both consumer and productive use. Microfinance Institutions (MFIs) play a vital role in providing financial services to the nation's microfinance sector by securing funds from banks and other financial entities and offering loans to individuals or members of Self-Help Groups (SHGs) and Joint Liability Groups (JLGs). MFIs have served as a channel for providing financial services in the nation by pooling resources from Banks and other institutions. In the last few years, the Indian microfinance sector has grown at an astounding rate. There are now hundreds or even thousands of institutions offering microfinance services. Therefore, conducting a research study to evaluate the effect of MFIs on their beneficiaries was the reason for selecting MFI model.

The selection of Microfinance Institutions (MFIs) for this study is based on their unique dual role in both financial and social spheres. MFIs play a crucial part in socio-economic development, particularly for vulnerable and marginalized groups, such as women, by fostering community-based structures that promote mutual support and trust. They have significantly contributed to making the informal sector more accessible and beneficial for low-income individuals. Beyond providing savings and credit services, MFIs engage in various social development activities, demonstrating their commitment to poverty reduction. Given the strong interconnection between economic and social upliftment, MFIs serve as an ideal focus for examining holistic development strategies.

1.3 Literature review

Creevey (1994) assesses the results of different microenterprise support programs put into place in various socioeconomic contexts. According to the study, these projects have a positive effect on women's empowerment, job creation, and income generation. They also help women play a bigger role in household and community decision-making. Through program

comparison, Creevey pinpoints key success factors, such as customized training, credit availability, and market connections. Notwithstanding, the report also highlights issues like sustainability, scalability, and restricted outreach to the most disadvantaged groups. According to the study, in order to accomplish thorough and long-lasting poverty alleviation, microenterprise support must be integrated with larger development initiatives.

Churchill (1995) examines into the Get Ahead Foundation's Stokvel Lending Program in South Africa and emphasizes how it helps businesses in the unorganized sector save money. According to the study, having access to microcredit not only makes it easier for businesses to expand, but it also promotes a saving culture by allowing borrowers to put aside extra money earned from better business operations. Due to the discipline of consistent repayments and the supplementary promotion of savings, program participants reported being better equipped to handle financial shocks and make plans for future investments. Churchill highlights that by successfully incorporating savings mechanisms into credit initiatives, these programs can help entrepreneurs in the unorganized sector develop resilience and financial stability.

Montgomery, Bhattacharya, and Hulme (1996) offer a thorough examination of microfinance programs designed to reduce poverty in Bangladesh, emphasizing how they affect the socioeconomic circumstances of the underprivileged. The operational strategies, outreach efficacy, and sustainability of microfinance institutions (MFIs) are critically examined in this study, with a focus on how well they meet the credit needs of underserved communities. The authors demonstrate the revolutionary potential of microfinance in promoting income generation, lowering vulnerability, and empowering women by examining case studies and empirical data. To guarantee fair access and long-term viability, the paper also highlights issues like excessive debt, restricted scalability, and the requirement for strong regulatory frameworks. In order to optimize the developmental impact of microfinance programs, the authors propose an integrated strategy that blends financial services with capacity-building projects.

Mosley (1996) offers a thorough examination of the function of financial services in reducing poverty with a particular emphasis on the planning, execution, and efficacy of microfinance initiatives in diverse settings. The book looks at how financial resources and credit availability affect social empowerment, employment, and income generation, especially for underserved populations. In addition to highlighting successful case studies, Mosley identifies critical elements that support the sustainability and scalability of microfinance programs, including

identifying the appropriate beneficiaries, maintaining financial discipline, and encouraging community involvement. The analysis does, however, also highlight issues such as excessive debt, the marginalization of the poor, and the requirement for supportive policy environments. In order to achieve long-term developmental impact, the work promotes a balanced strategy that combines financial innovation with methods for reducing poverty.

Sebstad & Chen (1996) in their review paper tried to point the main finding and evaluation of various research papers on impact of ME (microenterprise) credit on household socio-economic development and found that these credit leads to elevation of income resulting in accumulation of assets. It also mentioned the positive impact on school enrolment and level of education. The study also confirmed that microfinance had enabled the borrowers to increase their consumption level and also lead to improvement in the health and nutrition level of individuals.

Coleman (1999) conducted an empirical study to explore the impression of group lending under village banking program in Thailand. For the study, two Microfinance Institutions were chosen, encompassing a household sample of 455 participants and non-participants. The researcher determined that there was no evidence of poverty alleviation in the studied area, as the findings indicated minimal impact on employment, production, assets, savings, education, and healthcare. It was perceived by the author that the loan amount offered was quite small and insufficient to meet the necessity of the participants and have any impact on poverty alleviation and hence would have been used for non-productive or consumption purpose rather than utilizing it for some activity which might have led to increase in their income and would have helped in poverty alleviation. However, it was found that the participants released themselves from the clutches of exploitative moneylenders.

Cheston & Kuhn (2002) in their research report provides evidences on impact of microfinance on women welfare and empowerment drawn from different studies and experiences of MFIs in Africa, Asia and Latin America. The study presents evidence of empowerment by evaluating the influence of microfinance on decision-making, self-confidence, women's status, and gender dynamics within households. It also examines relationships with family members, domestic violence, women's participation and standing in the community, political empowerment, and women's rights. The researchers concluded that despite the fact microfinance does not always play a significant role in women empowerment, it cannot be denied that most women do experience a positive change in their socio-economic condition after availing the services of

microfinance. It was also seen that women also value non-economic benefits of group-lending due to the fact that it provides them with an opportunity to expand their business and social network, increase their self-esteem and their role in household decision making power and in gaining respect from family, relatives and community members. It was also found that even though women were considered to be important in designing the products and services yet they face several disadvantages over men due to limited business network, greater domestic burden, weaker self-confidence, low education and in many cases confining environment. The authors suggested that MFIs should develop products, services, and delivery mechanisms that minimize negative effects while maximizing positive outcomes.

Littlefield, Morduch and Hashemi (2003) The documentation reviewed highlights that access to microfinance services for impoverished households plays a crucial role in significantly impacting the achievement of the Millennium Development Goals (MDGs). It is observed that numerous Microfinance Institutions (MFIs) have successfully and profitably reached the poorest segments of society by implementing various innovative products and methodologies. Additionally, the study confirms that the availability of financial services for low-income households has a substantial influence on attaining the MDGs.

Morduch & Rutherford (2003) in their working paper provided with evidences which communicates the positive impact of microfinance on poverty alleviation and improvement in a number of socio-economic factors of individuals and household. The authors claimed that many empirical researches affirm that microfinance covers six out of the seven Millennium Development Goals. There are various studies conducted which supports the favourable impact of microfinance on income, but few studies that substantiate the positive impact on health, nutritional status and education. The authors found that MFIs are mostly found to be a failure in serving its purpose to the poorest section of the society and suggested that MFIs should understand and consider the need and requirement of the poor and should design their products accordingly in order to capture a large section and provide them with a chance towards decent living.

Calles (2005) investigates about the methods and means of SafeSave a new domain of MFI in order to evaluate its efficiency in poverty reduction and comparing it to traditional MFIs operating in Bangladesh. The study suggests that although SafeSave offers more flexible products and services and are better able to target the poor than the traditional MFIs, yet it may not be considered as good as the traditional MFIs when it comes to sustainable poverty

reduction because it caters to the short run demand of the client and poverty reduction and women empowerment are not the main goal of the organization. The author concludes that traditional MFIs can be considered as an important element in enhancing the development by providing access to financial services to a larger part of population.

Moyle, Dolard & Biswas (2006) analysed the empowerment of women under the SHG approach taking economic empowerment and personal empowerment into consideration. Quantitative as well as qualitative data was collected from 100 women borrowers, aged between 16 to 65 years from two rural villages of Udaipur (Rajasthan). Primary data was collected using 4 point likert scale on personal empowerment (collective efficacy, proactive attitude, self-esteem and self-efficacy) and economic empowerment. The analysis of data exhibit clashing results in the result of quantitative and qualitative data. The quantitative findings indicated that women experienced moderate to high levels of personal empowerment, with no significant reports of psychological distress. Meanwhile, qualitative data highlighted positive perceptions of self-worth, purpose, and independence, along with negative assessments of pressure, challenges, and stress.

Poudyal (2007) in his paper discusses about the part that microfinance programme play towards poverty alleviation and drew a conclusion that microfinance does not provide any magic bullet or elixir for poverty alleviation. Several challenges and dilemmas need to be attended for microfinance to serve the poorest of the poor as it can do no good in isolation. Various programs in alliance with other supportive activities should be placed at larger context for overall growth and development.

Wallentin & Swain (2008) in their research paper discussed the role of SHGs on empowerment of women. The results of the study clearly demonstrated that SHG participants were found to be significantly empowered, however, the empowerment was not uniform for all the members as there was likeliness of some members being more empowered than others. The researchers concluded that empowerment comes about when the women borrowers take exception to existing social culture and practices to improve their status. When women acquire financial aid it leads to increase in their self-confidence, bargaining power leading to an overall empowerment.

Chatterjee (2009) in her study made an attempt to evaluate the aftermath of joining SHGs formed under SGSY program. Data was collected through conducting a primary survey in four

subdivisions of North 24 Parganas. Different socio-economic and demographic factors were considered while collecting data from group members and non-group members. In order to eliminate inflationary effect on income and monthly consumption expenditure the researcher finetuned the data set using Consumer Price Indices given by RBI for agricultural and rural labourers. The study revealed that most of the members of SHG were found to be women who became employed after becoming a member that has led to a decrease in inequality of family income distribution and some of the members have shifted from low income to high income category. It was also found that there has been an increase in monthly income and savings of the members and reduction in food and family health related expenditure which signified that economic empowerment leads to awareness which was seen in improved hygiene and proper allocation of food expenditure. School dropouts were found to be significantly lower in families of the group members.

Sudipta De (2009) in his study attempted to investigate how the empowerment of women who participated in microcredit programs impacted the nutritional status of their children and the amount of protein consumed by their households. The study demonstrates that the earnings of women who participate in microcredit programs have a positive and significant impact on the nutritional status of the children of these women as well as on the amount of protein consumed by their households when compared to the control group.

Barman (2009) in his paper made an attempt to analyse the relationship between the level of indebtedness to moneylenders and the type of microfinance model through a case study in Varanasi, U.P. His study revealed that indebtedness to moneylenders is widespread in the rural areas of the country despite microfinance interventions. These situations highlight the challenges MFI clients encounter when they have unproductive financial needs or are forced to take out additional loans from moneylenders in order to guarantee timely and consistent loan repayments. In the short term, this exacerbates poverty and makes it more difficult to escape; in fact, it may be the cause of poverty and inequality "traps."

Bansal (2011) assessed the impact of microfinance on poverty, employment and women empowerment in Punjab. On analysis it was found that microfinance plays a positive role in increasing the income, reducing unemployment, and it plays a significant role in women empowerment. Seven variables were identified for envisaging the impact namely age, education level, household income, level of mobility of the participants, employment in person days SHGs, group age and amount of loan used for productive purpose. The study highlighted

that the penetration is very low in Punjab and efforts should be taken to minimise regional imbalance. The researcher criticised the role of NGOs and MFIs in Punjab with respect to the reach of microfinance.

Vetrivel and Kumarmangalm (2010) in his research developed a conceptual framework for MFIs operating in India. Success and failure of various MFIs across the world was evaluated and experience gained has been incorporated in a model MFI mechanism for India. It was found that credit alone cannot alleviate poverty and the Grameen bank model was criticized for the same. Several weaknesses in the operation of existing MFIs were highlighted in the study (lack of skilled labour, high dropout, not advancing of loans to agriculture, lack of legal structure). The study also revealed that microfinance plays an important role in solving issues like deficient and poor housing and urban services as an essential part of poverty reduction program. The creditworthiness of low-income individuals can be improved, potentially making them eligible for banking services and long-term credit from formal financial institutions. It was observed that MFIs have played a significant role in fostering financial discipline among borrowers, particularly in meeting their repayment obligations.

Imai, Katsushi, Arun & Annim(2010) in their study using national level cross sectional data of India made an attempt to investigate the influence of MFIs loans for productive purposes in reducing household poverty based on based on Indexed Based Ranking (IBR) Indicator that reflects multi-dimensional aspects of poverty. The researchers used the "Tobit model" and the "treatment effects" model to evaluate how loans and MFI access affect the fight against poverty, especially when those loans are used for non-farm or agricultural enterprises. These findings were confirmed using the Propensity Score Matching (PSM) model. The results revealed that MFIs play a significant role in poverty reduction and even with some restriction it was confirmed by the both the models used in the study. It was also observed that loans obtained from MFIs for productive purposes played a more significant role in reducing poverty in rural areas compared to urban areas.

Kumar M. Bohra, N.S & Johari, A (2010) in their study examined the expansion of the microfinance sector in India and assessed the potential of microfinance institutions. The authors found considerable gap between demand and supply for all financial services and impact of high transaction cost from the bankers.

Sultana and Hasan (2010) used a stratified random sampling technique to assess the effect of microcredit on rural women's economic empowerment in the Bangladeshi district of Gazipur. Data were collected from two groups comprising of equal number of respondents and belonging to the same socio-demographic profile. One group comprised of women who were already a part of microcredit program in the district and the other group had no involvement with any microcredit program. The researchers collected data considering three economic indicators of women empowerment i.e personal income, savings behavior and asset ownership. The study reported there was significant difference between the participants and non-participants with regard to all economic indicators of women empowerment taken for the study as participants were found to be more economically empowered than the non- participants. The study provides evidence that women involved with the microcredit program became more aware about health, nutrition, agriculture and engage in various income generating activities and also economic empowerment of women can be enhanced by increasing personal income, savings and ownership of assets.

Chakraborty (2011) made an attempt to estimate the impact of participation in SHG bank linkage programmes on women's empowerment evaluated in terms of decision-making independence with regard to family, social, and economic choices about intra-household relationships between West Bengal's various social groups. Statistical analysis and data interpretation indicate that credit significantly shifts general decision-making from traditional, norm-driven, and male-dominated practices to a more collaborative approach that includes female participation, especially when combined with financial and social group intermediation. Extended group membership, along with comprehensive training and frequent group meetings, further reinforces these changes.

Aruna and Jyothirmayi (2011) in their study based in Hyderabad made an attempt to investigate the influence of microfinance services on women empowerment by using a Women Empowerment Index (WEI) and regression analysis. The findings of study reported that microfinance had significant influence on socio-economic indicators such as economic status, decision making power, self-worthiness of women who availed the services of micro-credit.

Chhay (2011) discovered that the Aoral district's microfinance program had been a successful instrument in empowering women, primarily those who were extremely impoverished, by improving their financial circumstances and having a positive impact on their entire family. According to the study, female participants attribute their better financial circumstances to their

participation in the microfinance program. The researcher also talked about how patriarchal beliefs, attitudes, and behaviour that prohibit women from being fully integrated into society are a significant barrier to their equality and full participation. Some of them experience discrimination, social and economic exclusion, and restricted access to financial resources.

Gaurangkumar C Barot (2011) “A Comparative study of selected Microfinance Institutions in Gujarat” selected four MFIs working in Gujarat and tried to study its last five years progress, growth, performance, benefits, fund distribution and other welfare activity taken by them for the society. He conducted an intra-comparison of the selected MFIs and recommended in which activity area MFIs should take more incentive, development and funding to the states of Gujarat. He observed that the key characteristics of successful MFIs are permanency, scale and long-term commitment.

Iqbal and Ahmed (2011) highlighted the issues which made microfinance a myth rather than a reality. The authors observed that loans are advanced at exorbitant rate of interest by the MFIs and the loans are mostly used for consumption rather than production purposes. It was further explored that MFIs advanced loans to established SHGs rather than the needy poor. The study revealed that MFIs indulge in unethical practices with respect to advancing and recovery of loans. Finally, it was found that quality of SHGs, illiteracy, persistent job opportunities to SHGs are the major challenges faced by the microfinance sector.

Obeng (2011) in his thesis made an attempt to assess the impact of microfinance towards extenuation of poverty in rural areas of Jaman North District, Ghana. Primary data was collected from selected MFIs, beneficiaries and non-beneficiaries using multistage sampling and simple random sampling. It was found from the analysis of data that people who are vulnerable and marginalized got access to credit which led to a positive correlation between credit acquisition and poverty reduction as they were able acquire assets and renovate their houses. The results also revealed that most of the applicants faced difficulty in access to credit due to untimely delivery of credit and lack of collateral. The author suggested that the formal institutions should start providing small loan without any collateral and he felt that there is a strong for collaboration between the Government and MFIs to reduce poverty in rural region.

Sarumathi & Mohan (2011) in their research paper tried to analyze the impact microfinance has on its women borrowers of the Self-help groups. The study was undertaken in six different rural areas of Pondicherry and data was collected from 181 women using cluster sampling and

area sampling. Their study revealed that microfinance helps women to build confidence, courage, skill development and empowerment as they feel free to move with the group leaders and other members of the group. They also involve in various social welfare activities. The study revealed that 92% of the sample reported that their poverty level has reduced after participating in microfinance program. Most of the respondents agreed that microfinance has directly led to economic development and indirectly to happiness and peace in the family. It was also found that some women were not aware of the training organize by the NGOs and others were expecting more training sessions on income generating activities. The study concluded that microfinance leads to psychological and social empowerment along with economic empowerment.

Bansal and Bansal (2012) observed that micro-credit and micro-finance have proved to be an effective poverty alleviation tool particularly in rural areas as provision of credit at reasonable rate of interest enable the poor to be self-employed leading to increase in their income gradually bringing an advancement in their consumption pattern, assets and an overall improvement in their standard of living.

Biju (2012) made an attempt to assess the impact of microfinance on poverty in Kerala by conducting a primary survey in three districts of Kerala (Idukki, Kottayam and Wayanad). Descriptive statistics and econometric model was used by the author for analysis of collected data. The author examined the impact by comparing the socio-economic environment of participant household before and after availing the microfinance services and also by comparing the participant's household with the non-participant's household. The results of the study disclosed that microfinance programme has performed exceptionally well in reaching out to the vulnerable section of the society by providing them with access to banking services and making them economically active by increasing their income and employment level and enabling them to build assets. The author pinpointed variables like age, caste, poverty level, length of association with microfinance program as the key factors for the participation level of the client. The results indicated that there was an increase in participant's household monthly income, per capita monthly income and per capita total monthly consumption by 7.9%, 2% and 1.3% respectively with an increase of 10% in average borrowing. The overall impact of microfinance was found to be significant on poverty alleviation as 27% of the sample respondents perceived to be non-poor and experienced an improvement in their personal disposition and social status.

Ebimobowei & Wisdom (2012) explored several theoretical and empirical papers and found a significant relationship between microfinance and poverty reduction, microfinance and traditional savings methods and position of women in society. Primary survey was also conducted to investigate the relationship between microfinance and poverty reduction in Bayelsa (Nigeria) and data was collected from 286 female respondents engaged in small scale business, different statistical methods like chi square test, ANOVA, descriptive statistics were used to analyze the data it was concluded that microfinance cannot work efficiently and serve its basic purpose if there is lack of proper transportation, roads and power supply and so the women were not able to reap the benefits even after introduction of microfinance in Nigeria. The researcher recommended that government in developing economies should provide with basic infrastructural facilities to enable small business owners grow.

Madhusudan Ghosh (2012) evaluated the progress of SHG Bank linkage Programme at the national and regional level and its impact on the socio-economic conditions of the SHG member households. It was observed that commercial banks, RRBs, co-operative banks and NGOs have contributed significantly in providing microfinance services to the poor. The study analysed that average annual net income, assets and savings of the household, percentage of loans for productive purpose, employment per household increased while dependency on money lenders and poverty among SHG households declined.

Meghanthan & Arumugam (2012) tried to appraise the role of microfinance in socio-economic development of rural women under the SHG model. The authors developed index using the social indicators and the economic indicators in order to evaluate the impact of microfinance under the pre and post SHG condition. Self-confidence, reaction toward social evils, behavioural changes towards verbal abuse, physical violence, negligence, psychological and emotional abuse, health, water supply and sanitation were taken as an indicator under the social impact and income, savings, and level of borrowing, loans repayment and type of house were taken as an indicator for economic index. The results confirmed that microfinance has a positive and significant impact on the socio-economic development of rural women however social index were found to have higher score than the economic index. The study reflects that women start experiencing an improvement in their access to social amenities like medical facilities, access to education for their children, communication skill, decision-making skill after joining the group.

Reddy (2012) tried to assess the performance of the microfinance programme in terms of generation of income and employment of the beneficiaries and the results confirmed that there was an increment in the average monthly net income of the respondents after they got associated with the microfinance programme and the number of APL category of respondents also increased from 77% to 90%.

Sharma, Kukreja, and Sharma (2012) points the difficulties confronted by the rural poor in availing financial services through banks and made an attempt to evaluate the impact of microfinance programmes on them in Rohtak District. Data was collected through a well-structured questionnaire from the people residing in Baliana village and it was observed by the author that the efforts taken by Government and NGOs were not working well in the area of study due to lack of awareness among the people and the ones who were aware of these programs and availed benefits there from were not actually poor. The researchers suggested that MFIs should be encouraged in the region and NGOs, banks; co-operative societies should incorporate requisite skills among rural masses so that they can manage enterprises.

Hossain (2012) tried to assess the impact of BRAC, an MFI which operates in Bangladesh with a view to eradicate poverty both socially and economically. The study aimed to evaluate the extent to which microcredit offered by BRAC has on its borrowers economically i.e evaluate its impact on income, contribution towards family expenditure and savings. To highlight the social impact microcredit has on the borrowers the researcher tried to observe how far microcredit has improved the dwelling house condition, made the borrowers divert to high income generating activities and created employment opportunities for them. The data revealed that the respondents experience a significant improvement in the employment status and participants had moved to self-employment after joining BRAC microcredit programme which has made them more self-reliant and contribute to good means of livelihood. It was found that there has been an extraordinary rise of 254% in the average per capita monthly income of the respondents after joining the programme. There has been an increase in contributions towards family expenditure and a small portion has been allocated to health and entertainment purpose which they have made only after joining BRAC. The housing condition has also improved after joining the program. The researcher recommended that daily income of each borrower is less than \$2 after being involved with microfinance and poverty alleviation by this amount of income of a household having 2-3 members is quite difficult and unrealistic as well.

Mulla and Sarkar (2013) made an attempt to measure the impact of microfinance on the empowerment of women after joining SHGs. Results showed positive change in indicators of economic empowerment of the members after joining the SHG. A significant positive change in the economic variables like in the areas of Self-income, employment generation, asset building, productive investment, savings which led the socio-economic upliftment of rural women folk and empowered them particularly in the sphere of child education, leadership and entrepreneurship ability, technology adoption and decision making.

Nasir (2013) examined the gap prevailing in the functioning of MFIs such as practices in credit delivery, lack of product diversification, low dept of outreach, negligence of urban poor, customer overlapping and duplication and suggested few measures to overcome these issues like uniform distribution of MFIs in both urban and rural area and proper regulation of these.

Modi, Patel & Patel (2014) in their research paper made an attempt to analyse the impact microfinance has on the women borrowers. The study was conducted in rural areas of Gujarat and data was collected from around 205 beneficiaries of microfinance using non probabilistic convenience sampling techniques. The authors tried to investigate various factors that lead to empowerment of women through microfinance services and identified four factors that have a significant impact on the lives of the women after they participate in microfinance activities. The statistical results using multiple regression analysis revealed that socio-economic status up gradation, autonomy for life choices, women position in the family/society and positive approach towards child development are those four factors that can significantly influence the lives of rural women.

Priyanka Chawla (2014) attempted to investigate the efficiency of microfinance in creating opportunities for self-employment in the Indore district. It was discovered that, of a sample of 500 users, approximately 28.4% were unemployed prior to receiving microfinance, and that none of them remained unemployed after receiving it. The unemployed users participated in self-employment programs, and those who were already self-employed expanded their businesses to increase their income. Finally, it was determined that there is a correlation between the economic status of individuals following microfinance and the rise in opportunities for self-employment. People's standard of living rises along with employment opportunities, improving their economic circumstances.

Anindita Kar (2014) in her study “**A critical study on the role of micro finance in poverty alleviation in West Bengal**” taking five districts of West Bengal as a sample based on convenience sampling tried to analyse how micro finance is being able to help the poorest of the poor to lead a better livelihood. Various parameters like income level, source of fuel, housing, sanitation etc were used as a comparison tool between the participants before joining the microfinance programme and after joining it and have found that there has been socio-economic upliftment among the participants of microfinance programme but the level of upliftment is not sufficient and the number of non-participants are still huge. She suggested that NGOs, MFIs, Banks and NRLM programme implementers should make poverty alleviation programmes from the point of view of deep feelings and emotions because it is a mission where sincerity, dedication and tireless efforts for the poorest of the poor and downtrodden can really give fruits.

Biswas (2014) gives an overview of the concept of social performance management (SPM) and the recent practices of social performance management in Indian MFIs and recommend that the MFIs in the state level have lots to do in terms of micro-insurance and micro-pension but the MFI client in West Bengal have not recognized the potential benefit of it. Moreover, for financial indicators benchmarks are available against which one can measure performance of MFIs but for social performance, what is to be measured, unit of measurement and benchmark against which the social performance is to be measured is still not clear. So, a uniform benchmark for measuring social performance should be developed by the regulatory authority.

Chaudhuri (2014) in her study aimed to investigate the impact of the organization providing micro-insurance services in West Bengal on the living standard of low income people.⁸ MFIs operating in four districts of WB were taken for study. Statistical method like cross tabs, Chi square test, ANOVA and Factor Analysis were used for analysis of the primary data collected and the results exhibit that micro-insurance were found to effective device in bringing an up gradation in the standard of living of the low-income people. The results confirmed that with the availability of micro-insurance people were able to experience positive effects in terms of living condition, education of children, reduction in vulnerability etc. Certain problems associated with micro-insurance in the district under study was also stated by the researcher which cites that the insurance market was highly concentrated and dominated by few restricting entries of other players and despite of growth it is not able to reach the poorest of the poor. Factors like high premium amount, inflexibility in premium collection and claim settlement

discourages the poor to choose micro-insurance as a saving option and opt for traditional ways of savings.

Limbu (2014) gave an overview of microfinance and its socio-economic impact on rural women. The finding revealed that exposure of women to micro-credit programs empowers them in varying degrees by providing them with opportunities to move out of the household confine and form groups and work in productive and social activities. Due to various awareness programs offered by the institution the members gain awareness about different social affairs like gender equality, women rights, human rights etc. There is also an increase in healthcare and provision for proper sanitation, reduction in alcohol consumption and smoking. It was also found that MFIs intervention leads to a significant increase in the consumption pattern, health condition and facility of sanitation on the beneficiaries.

Oswald (2014) conducted a study in Uganda to determine which household characteristics should be given priority in order to direct future linkage banking programs. According to the study, household characteristics have a big impact on financial access in Uganda. According to the study, households that are rural, have fewer than six members, have a head who is between the ages of 15 and 24 or 65 and older, has little to no education, has fewer assets, or depends mostly on subsistence farming for income are more likely to experience financial exclusion.

Alhassan and Goedegebuure (2015) examined the outcome of services provided by microfinance like skill development training on the beneficiaries in the Northern region of Ghana. The results revealed that skills development training augments the services of microfinance by enhancing the socio-economic status of beneficiaries, with regard to education of their dependents, their access to health care for their family members and empowerment. It was also found that there was no association between skills training and household acquisition of assets.

Miled & Rejeb (2015) in their research article tried to examine how microfinance and poverty alleviation are associated at macro level using cross section data for 596 MFI of 40 countries. They tried to find out whether a country which has high number of MFIs gross loan portfolio per capita has lower levels of poverty indices and higher levels of expenditure of consumption per capita. Analysis was done using econometrics and the results confirmed that poverty head count ratio was significantly but negatively associated with microfinance loans per capita and

consumption expenditure had a significant and positive association with the same. The study also disclosed that cases of lower poverty head count ratio and higher consumption expenditure was noticed in a country with higher MFIs gross loan portfolio per capita when other influencing factors are controlled.

Gnawali (2015) conducted research to investigate the socio-economic impact of MFIs on rural women. The researcher developed a conceptual framework to understand the role of MFIs and how it impacts the lives of rural women. In the given framework economic empowerment was taken as dependent variable and credit facility, income status, savings facility, capacity building and insurance service was taken as independent variable. Primary data was collected and the no. of respondents taken for the study was 400. The researcher used multiple correlation analysis in order to find the relationship between dependent and independent variable. The results revealed significant relation between credit facility and women empowerment, income status and women empowerment, capacity building and insurance service were also found to be positively correlated to women empowerment. However, the results also disclose that savings facility did not have a significant correlation with women empowerment. Multiple regression analysis was also performed to estimate the value of dependant variable on the abovementioned independent variable and it was found that women empowerment was more dependent on credit facility than any other independent variables.

Herath, Guneratne & Sanderatne (2015) this study inspects the impact of diverse approaches of microfinance intervention on poverty reduction and socio-economic susceptibility of women to form a social capital through group-based microloan. Two of the leading MFIs operating in Kandy district of Sri Lanka were selected by the researcher for this purpose. The researcher considered four aspects to measure the impact which was access, creation and control over private resources; freedom of decision making at home; self-confidence on socio-economic activities; and status in community and family and it was assumed that if these variables had a significant impact on women borrowers they would be assumed to be empowered. The researcher collected data from the respondents on individual level, family level, business level and community level through a well-structured questionnaire. The study used 3 regression model and a women empowerment index for analysis and it revealed that micro credit has a significant impact on women empowerment. The factors which had a negative impact on empowerment was found to be the distance to the closest MFI, credit plus services, number of

family members in the household, number of years the credit has been taken, rate of interest on credit, credit amount, education level of the household head, ownership of a micro enterprise.

Najmi, Bashir and Zia (2015) in their study tried to investigate the socio-economic impact on the status of the borrowers of microfinance through NRSP Bank in Minchanabad district of Pakistan. From the demographic profile it was found that majority of respondents were engaged in agricultural activities and only 21.7 percent of the total sample formed the female population. The study revealed that majority of the respondents used the loan amount for agricultural purposes and 56.7% of the respondents felt that the amount of loan received was not sufficient. The study also reports that although there has been significant increase in the income of the borrowers but it did not enable most of them to make any addition to their assets. More than half of the respondents were of the view that health status has improved after availing loan and has enabled them to provide better education to their children. On an overall basis study concludes that microfinance has a positive impact on the health, education, improvement in living standards but certain discouraging factors were found in the study which were high interest rates charged by the banks and difficulty in the procedure of applying and acquiring loan amount.

Majumder (2015) analyzes the impact of women run SHGs on economic empowerment of women in two different blocks of the same district and found that after joining the SHGs women have become economically self –sufficient and empowered in true sense. Women members became reasonably independent to meet their personal expenditure and contribute more to their household income. The study further revealed that degree of economic empowerment positively relates to autonomy in decision making for spending.

Prakash (2016) investigates the impact of various accounting ratios on financial performance of microfinance institutions in India and identifies the variables (Return on Equity, return on assets, Operational self-sufficiency, Portfolio at risk, Operational expense to loan Portfolio, Age, Profit margin) which impact the financial sustainability of microfinance institutions in India. The study suggests that MFIs should focus on financial sustainability in addition to measuring its social impact to avoid financial crises in future.

Khan (2016) examined the impact of microfinance on rural development in Aligarh district since 2007 using simple linear regression and found that microfinance is an important tool for poverty eradication and women empowerment. The study revealed that microfinance has a

significant impact on income, savings, consumption, employment status, political empowerment, socio-cultural empowerment, psychological empowerment, economic empowerment and educational empowerment. On the contrary, microfinance has no significant impact on housing conditions, source of drinking water, health expenditure, assets, liabilities and children education of the respondents. It was also found that microfinance in the selected districts was provided only through the SHG-bank linkage model and there is no role of MFIs in delivering microfinance. It was suggested by the author that government should provide a supportive environment to encourage MFIs to participate in delivering microfinance.

Nasir (2016) identified various indicators to analyze the impact of microfinance services on the socio-economic development of the beneficiaries. Basic amenities, reduction in income inequality, gender equality was taken as social development indicators and income, employment, literacy rate and life expectancy were taken as economic indicators for the study. It was also found that role of microfinance under MFI model is less as compared to SHG Bank linkage program.

Rajasekhar & Manjula (2017) discovered that although Adivasi households have access to credit facilities, saved small amounts of money, and participated in microfinance groups, microfinance activities have not substantially improved their standard of living or decreased their vulnerability. The study emphasizes how Adivasis are forced to borrow from unofficial sources because they lack formal social security services like health insurance and savings products for costs like housing and marriage. This forces them into unavoidable debt cycles, thereby undoing any potential benefits of microfinance initiatives.

Priyadarshini (2017) in her study undertaken in the Deodhar district of Jharkhand focuses on the influence of microfinance on the social economic and capability well-being of people belonging to Below Poverty Line (BPL). Mixed method approach was used for data collection and analysis to ensure greater validity in the results. Caselets were prepared focusing the positive and negative impact of Microfinance. Data was collected from a group of borrowers consisting of 368 respondents and another group of non-borrowers consisting of 217 respondents. Various statistical methods under SPSS were used to analyse the data collected for the study and it was found that economic and socio wellbeing of borrowers were significantly higher than the non-borrowers but capacity wellbeing was not found to be significantly higher for the borrowers when compared to the non-borrowers.

Urga & Shete (2017) in their research paper made an attempt to evaluate the impact of Gasha Microfinance Institutions.co towards reduction in poverty through economic empowerment and psycho-socio empowerment. For conducting the research responses were collected from both treatment group (comprised of respondents who were the service beneficiaries) and control group (comprised of respondents who were the non-beneficiaries) using simple random sampling. Econometric metric model along with descriptive statistics were used to analyse the impact of Gasha on poverty reductions in terms of income, expenditure, savings, decision making power, asset accumulation etc. PSM (propensity score technique) was also employed by the researcher in the study to evaluate the impact on the respondents. A comparison was done in the study between the treatment and control group and it was found that the beneficiaries reported that their participation in microfinance program has led to an increase in income, savings, their total expenditure and female participants achieved leadership skills after being a part of the program.

Sultana, Jamal & Najaf (2017) in their study made an attempt to analyse the role of microfinance in empowering Muslim as well as non-Muslim women from a comparative angle and a comparison between members and non-members of SHGs. Primary data was collected from about 800 respondents and analysis was done using logistic regression model. It was found in the study that microfinance brought knowledge and social empowerment than economic empowerment. Majority of respondents agreed that association with SHGs has helped in increasing their confidence, self-worth and decision-making power. It enabled them to build their sustainable livelihood and prepared them for financial and other vulnerabilities.

Zaidi (2017) tried to study the influence microfinance has on socio-economic environment of the borrower's household by assessing the old and new borrowers with regard to their consumption pattern, housing condition, education for children, status of poverty and their access to medical facility. Primary data was collected from 105 borrowers from 13 branches of an MFI and descriptive statistics was used for analysis. The results confirmed that old borrowers experienced more improvement with regard to income and consumption than the new ones. It was also observed that there was an increase in ownership of household assets. It was finally recommended in the study that more MFIs should be established in Pakistan to eradicate poverty and improve the socio-economic condition of its beneficiaries.

Niyaz and Siddiq (2018) prepares a model on the basis of valid literature to analyze the socio-economic condition of borrowers by using various socio-economic indicators and how these

indicators depend on economic status and financial standing of the individual and helps to decide the various strategies for the enhancement of the socio-economic condition.

Omar and Inaba (2020) investigates how financial inclusion affects income inequality and poverty alleviation in developing nations. They create a thorough financial inclusion index that includes a variety of financial sector outreach metrics using panel data from 116 countries between 2004 and 2016. According to their findings, there is a significant correlation between increased financial inclusion and lower rates of poverty and income inequality. Per capita income, internet usage, age dependency ratio, inflation, and current income inequality are important factors that affect financial inclusion. The study emphasizes how crucial it is to increase marginalized populations' access to and use of formal financial services in order to improve societal welfare as a whole.

Hansen, N. (2015) look into how a microfinance program affects women's psychological empowerment in northern Sri Lanka. Their research shows that women's autonomy, self-efficacy, and decision-making skills are all improved by taking part in microfinance programs. In order to successfully advance gender equality and women's empowerment, the authors stress the significance of incorporating psychological empowerment elements into microfinance initiatives.

Dash, Prasad & Koshy (2016) examined how microfinance can support women's empowerment in a number of areas, such as personal, social, and economic development. It emphasized how having access to microfinance services greatly enhanced women's household decision-making skills, saving behaviours, and income levels. The study looked at how credit and savings programs affected women's capacity to engage in community events and achieve social recognition. Additionally, it mentioned that microfinance programs helped women become more self-assured and entrepreneurial. Nonetheless, the study recognized obstacles that prevented the full realization of empowerment, including inadequate training, little control over loan utilization, and sociocultural barriers. The authors suggested incorporating supportive policies and capacity-building initiatives to improve the empowerment results of microfinance initiatives.

Khan, Bhat, and Sangmi (2020) investigated the psychological empowerment of women who participate in self-help groups (SHGs) in their study. The study discovered that women's psychological empowerment was greatly increased by microfinance participation, which

increased their sense of personal control, self-efficacy, and self-confidence. Compared to non-participants, women in SHGs reported having more decision-making authority both inside their homes and in the community. The study focused on how peer support and group dynamics helped participants develop a positive self-image, which enhanced their psychological health.

Mutai and Osborn (2014) in their paper titled '**Impact of Microfinance on Economic Empowerment of Women: The Case of Microfinance Institutions' Clients in Narok Town**' attempted to analyse the effects of microfinance on the economic empowerment of women in Narok town, Kenya. The Kendall-analysis is carried out in a quantitative setting using questionnaires and interviews with women who are clients of the microfinance institutions. It is the view of the increased income level for women and increase savings and business activity which ultimately changes their economic status with the help of microfinance institutions. The authors note that women in microfinance programs have more say in spending, which translates into increased independence and security in money matters. The paper further argues, however, that high interest rates, low levels of awareness towards finances and customs set additional barriers towards complete economic empowerment of women. But the authors agree that microfinance makes a significant contribution towards women empowerment but there can be more effective if financial education is given as prerequisite or better lending environments are created.

Murshid and Ball (2018) investigated the relationship between women's physical mobility and microfinance participation. According to the study, which uses a nationally representative sample, women who participate in microfinance programs have more mobility both inside and outside of their communities. Together with greater self-assurance and social capital, the financial independence that microfinance provides allows women to travel more freely, which improves their capacity to engage in both public and private life. According to the study, microfinance helps women become more empowered, especially by promoting their physical mobility, which is frequently a major obstacle to greater socioeconomic participation. Nevertheless, the authors admit that despite these developments, women's complete freedom of movement is still constrained by ingrained societal and cultural norms.

Lavoori and Paramanik (2014) examined how women's decision-making authority in Andhra Pradesh, India, is impacted by their involvement in microfinance. The study uses a case study methodology to examine how microfinance institutions (MFIs) affect women's autonomy in making decisions in their homes and communities. The results show that women's participation

in household financial decisions, including investing, saving, and spending, is greatly enhanced by microfinance programs. Women also claimed to have more say in choices pertaining to the welfare of the family, children's education, and health. According to the paper's conclusion, microfinance is essential for increasing women's empowerment because it gives them more self-assurance and allows them to participate in important decision-making processes, which promotes gender equality in families and communities.

1.4 Research gap

After the literature was reviewed, it was found that there have been numerous empirical studies on microfinance conducted worldwide, particularly in developing nations. Although some studies dispute the effectiveness of microfinance programs, particularly with regard to the level of poverty remaining unchanged, ineffective outreach to the poorest, lower amounts of bank loans, and ineffective use of group loans, it was demonstrated that these programs had a significant positive impact on reducing poverty, creating more employment opportunities, reducing gender inequality, and improving the status of women.

Although the significance of microfinance in having a positive impact on the lives of people is becoming increasingly acknowledged, there are still a number of gaps in the literature, especially when it comes to the Eastern part of India. Addressing the following research gaps is the goal of this study:

1) Restricted attention to the Eastern Region:

The majority of studies conducted in India on impact of Microfinance have mostly concentrated in the central and southern parts of the country, there has been relatively less focus on the Eastern region, which includes states like West Bengal. By focusing on socio-economic impact in this area and taking into account its distinct cultural, social, and economic traits, this study aims to close this gap.

2) Contextualizing the socio-economic impact:

Impact of microfinance in India has been the subject of studies, but a more comprehensive understanding of impact of MFIs in the Eastern context is required. Examining the socio-economic elements, conventional challenges that influences socio-economic condition on the lives of the beneficiaries in this area is the goal of this study. This will help people comprehend the nuances of impact of MFIs on the lives of the beneficiaries on a deeper level.

The socioeconomic impact of microfinance institutions on their beneficiaries in West Bengal has been the subject of relatively few empirical studies. As a result, the focus of this study is limited to West Bengal.

1.5 Objectives

1. To give an overview and functions of MFIs.
2. To develop a framework for the assessment of socio-economic impact on the beneficiaries of MFI.
3. To analyse the socio-economic impact of selected MFIs in West Bengal.

1.6 Research Question

1. What is the current scenario of Microfinance Institutions in India?
2. What is the current scenario of Microfinance Institutions in West Bengal?
3. What socio-economic impact does selected Microfinance Institutions have on the lives of its beneficiaries in West Bengal?

1.7 Research Methodology

The research adopted an exploratory and empirical approach, utilizing both primary and secondary data. The exploratory aspect was based on existing literature on the subject, including books, journal articles, newspaper articles, reports from relevant committees and institutions, as well as circulars and guidelines from RBI and NABARD. It also drew from statutory provisions, research publications on microfinance, global best practices, and various other sources such as the State of the Sector Report, the Sa-Dhan Report, and multiple websites.

The primary data was gathered through a field survey where personal interviews were conducted with the beneficiaries of the MFIs from different districts which served as the foundation for the empirical analysis.

To study the socio-economic effects of Microfinance Institutions (MFIs) in West Bengal, data was collected from 460 respondents who were the beneficiaries of 10 MFIs operating across 4 selected districts of West Bengal. The district selected for the study were North 24 Parganas, Hooghly, Nadia and Purba-Burdhman.

The 10 MFI's whose beneficiaries were targeted for data collection were;

Belghoria Jankalyan Samity; Sampurna Training and Entrepreneurship Programme (STEP); Sarala Development and Microfinance Pvt. Ltd.; Seba Rahara; Grameen Shakti;

ASA International India Microfinance Limited; Janakalyan Financial services Private Limited; Uttrayan Financial Services Pvt. Ltd; Barasat Sampark; Sarwadi Finance Private Limited.

1.7.1 Research Area

The study's scope includes the socio-economic effects of microfinance institutions (MFIs) in West Bengal. The main objective is to assess the ways in which MFIs have impact different facets of the state's socioeconomic development, especially for the impoverished and low-income communities.

1.7.2 Sampling Design and Technique

The Primary data was collected through two sets of structured questionnaires:

One Questionnaire was developed for the beneficiaries of MFIs in order to collect data about the socio-economic impact of MFIs on their lives which had questions from different socio-economic dimensions. The purpose of the questionnaire was to get feedback from the clients regarding banking services availability, savings, and family socio-economic standing. Nominal, ordinal, and dichotomous variables could all be created through the questionnaire's design. The information obtained via the survey was coded and entered into SPSS for statistical evaluation. A regression analysis was performed to find a relationship between the variables in order to assess the socio-economic impact of microfinance on the borrowers' standard of living.

The Second Questionnaire was developed for the selected MFIs which were filled up by the officials at the head office through direct interview and through email. The questionnaire was mainly about the objectives, products and services offered by the MFIs, types of loans, various programs, collection practices followed by the MFIs.

The data has been collected across 4 districts of West Bengal from 460 respondents.

In the **First Stage** the districts were selected on the basis of judgement sampling wherein those districts where the prominence of Microfinance Institutions was maximum were selected as sample area for study. The prominence of Microfinance Institutions was measured in terms of presence of maximum number of MFIs operating in them which was found through the AMFI-WB reports of 2017. Of the districts having maximum number of MFIs, top four districts selected were North 24 Parganas, Hooghly, Nadia and Purba-Burdhman to conduct the survey and primary data was collected from the beneficiaries of MFIs residing in these districts.

In the **Second stage** all the MFIs operating in the selected districts were approached to conduct survey among their clients, however only 10 MFIs which were operating in either one or all the selected districts agreed to conduct survey among their beneficiaries residing in the districts selected for the study.

In the **Third stage** the MFIs scheduled the days when the visit to their operating districts could be made and meet the clients of the MFI wherefrom 20 respondents were selected using Non-Probability Purposive Sampling from each district for each MFI.

The number of respondents from each MFI operating in either one or all the districts has been depicted in the table given below. Covering the program areas of all microfinance institutions and microcredit program beneficiaries in West Bengal would have been very difficult, if not impossible. This led to the use of a combination of non-probability and probability sampling methods. Purposive or judgmental sampling was used to find the study's beneficiaries, and a multi-stage sampling technique was first used to choose the study area.

Table 1.1 Number of respondents from each district

Name of Districts	North 24 Parganas	Burdwan	Hoogly	Nadia	Total
Number of Respondents	160	100	100	100	460

After the responses from all four districts were combined, they were analysed, yielding a sample size of 460. Of the total respondents from whom the data was collected, 160 respondents were from North 24 Parganas followed by Burdwan, Hoogly & Nadia where data was collected from 100 respondents from each district which summed up to 460.

Cochran's formula was also used in this study to calculate the appropriate sample size considering the population. Cochran's formula used for the determination of the minimum sample size is:

$$n = \frac{Z^2 p (1 - p)}{e^2}$$

The formula offers a reliable way to determine the sample size by taking the intended confidence level, margin of error, and estimated population proportion into consideration. The level of precision, also known as the margin of permissible error, represents the acceptable difference between the estimated value and the actual population value, which is set at 5% for this study. The confidence level, or risk level, indicates the probability that the estimated parameter in the sample survey accurately represents the population. In this study, the confidence level is set at 95%. Based on a 5% precision level and a 95% confidence level, the minimum required sample size is 384 is considered sufficient to ensure that the results are statistically significant and representative of the whole population. The accuracy and dependability of the study's findings are highlighted by this computation, which indicates that the sample size which is 460 respondents is adequate to achieve the goals of the study.

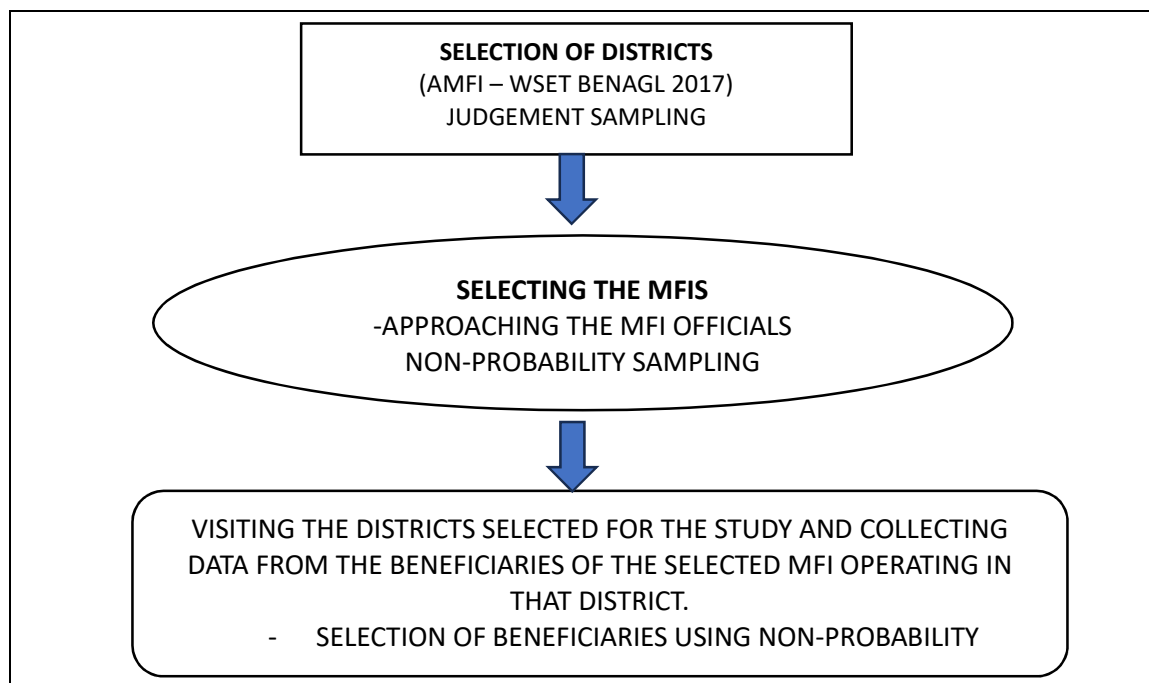
1.7.3 Method of Data Analysis

Statistical analyses were conducted using data collected from each of the districts selected as a sample for study in West Bengal. SPSS (Statistical Package for the Social Sciences) software was used to conduct all of the statistical tests. Reliability Test using Cronbach Alpha; Normality Test using Kolmogorov-Smirnov test; Shapiro-Wilk test; Exploratory Data Analyses; Cross Tabulation; Exploratory Factor Analysis (EFA); Wilcoxon Signed Rank Test; Logistic regression was used for analysis.

1.7.4 Questionnaire Development:

The questionnaire for this study was created using the research questions that came from the literature review. Furthermore, prior research relevant to the evaluation of the impact of microfinance and the reduction of poverty served as a reference in the development and design of the questionnaire for the aim of data collecting and before the finalisation of questionnaire a pilot survey with 30 respondents were conducted in order to check the validity of the questionnaire.

Figure 1.1 Flow Chart for Sample Selection



1.8 Chapterisation

The entire thesis is presented through five chapters which are as follows

Chapter 1: The first chapter is Introduction which provides a background of the topic selected for research and various literature reviews that was done in order to get an insight of the topic and also discusses Microfinance from aspects of various researchers. This chapter gives the objectives of the study, rationale of choosing the topic, research gap and also the research methodology that was followed to collect data and analysing the same.

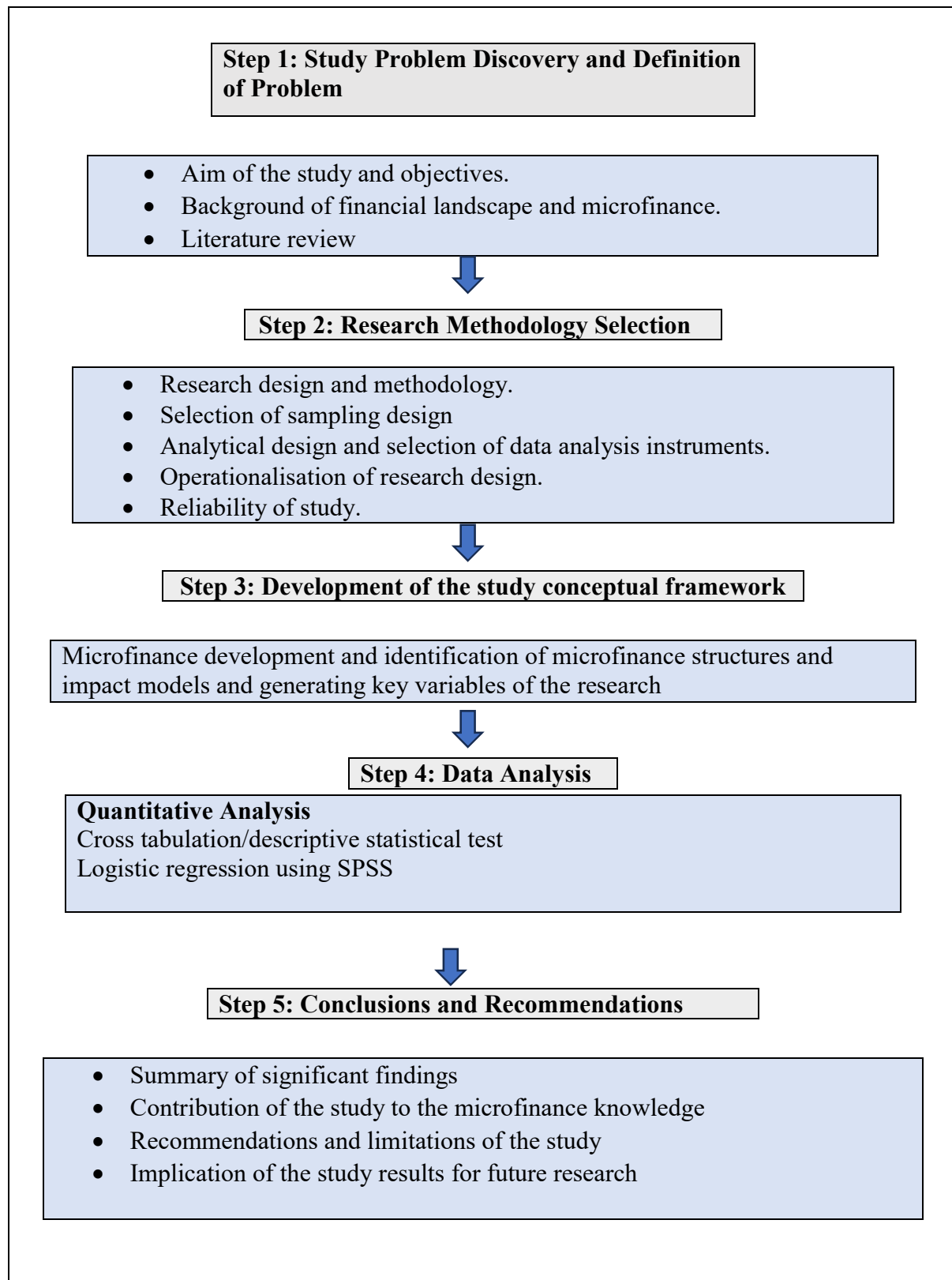
Chapter 2: This chapter provides an overview of the performance of MFIs in India and also in West Bengal. It discusses the various products and services offered by MFIs, the various delivery models through which it disburses the loan among the beneficiaries, the code of conducts and also the different forms of MFIs.

Chapter 3: This chapter deals with the development of framework to assess the of socio-economic impact on the Beneficiaries of MFI in West Bengal.

Chapter 4: It covers the analysis and interpretation of primary data collected and observations from the same.

Chapter 5: Conclusions and Recommendations made from the study are given in this chapter

Figure 1.2 Research structure and outline



1.9 Conclusion

This chapter outlines the study's background and highlights the significance of the research being conducted. The identification of a research gap through a review of various literature has guided the formulation of the study's objectives. The research methodology employed in this study includes defining the research area where the study takes place and identifying the research questions that the study aims to address. Additionally, it covers the research design, which details the sampling approach and the techniques used for data collection and analysis. This chapter also establishes the framework for presenting the research study across various chapters.

Chapter 2

Overview and Functions of MFIs

2.1 Introduction

In order to grow a country economically it must be ensured that the growth strategies made by the regulatory authorities are inclusive in nature. Many researches and published reports had already made it evident that making financial services accessible to the vulnerable section of society had played a pivotal role in ensuring inclusive growth. These financial services act as a stimulant which improves the living condition of the vulnerable. Despite that the financially weaker sections around the world are being denied access to financial services from the traditional formal financial institutions as they are considered to be credit unworthy due to lack of collateral. This limiting factor has been the main setback for the people wanting to improve their living condition.

Even though Indian economy is following a high growth path, it continues to deal with the issue of inclusive growth since independence. Microfinance has emerged as an important approach to counter the issues of poverty, unemployment and various other socio-economic problems that pose a threat to the economy of an underdeveloped and a developing country. It tries to make certain that economic growth is indicated by the overall enhancement in the standard of living of the less fortunate. The Indian microfinance sector has experienced changes drastically over the past two decades. It started its operation by providing small loans and soon realizing the growth potential, came up as a promising avenue for the investors.

The number of foundations or organization whether government or NGO which worked in the field of delivering services falling under the microfinance program has ascended from a few in number to manifold. As per The Bharat Microfinance Report (2023) the amount of credit that has been made available for the less fortunate and the ones excluded from the formal system has reached Rs 1,79,855 crores and the total number of beneficiaries has transcend to 532 lakh clients as of March 2023. The Govt. of India along with the Central Bank (Reserve Bank of India) has designed useful policies and framework for the smooth operation of Microfinance Institutions in India which has contributed significant legitimacy and served as an impetus to the sector. The SHG bank linkage programme has also fairly expanded over the years as NRLM took over nearly the whole program and expanded to newer regions, the SHG Bank linkage program's reach grew. With 16.23 crore households linked to savings through 134.03 lakh

SHGs and a total bank savings of ₹58,893 Cr, the number of saving-linked SHGs has also grown over the course of the year.

In India at present microfinance services are being offered by both public and private sectors by way of different institutions which can be categorized mainly as (i) formal institutions and (ii) informal institutions. The formal institutions that provide microfinance services constitute of the Commercial Banks, the Regional Rural Banks and the Co-operative Banks. The Microfinance Institutions fall under the non-formal institution that provides microfinance services.

The MFI sector has experienced prompt expansion over the past few years with regard to client's outreach and loan portfolio which are considered to be important indicator for MFIs contribution towards financial inclusion and financial deepening. It has also been seen as an essential mechanism towards reduction in poverty, women empowerment and financial inclusion among the beneficiaries residing in both urban as well as rural areas.

The microfinance industry has experienced phenomenal expansion. Despite some obstacles along the way, the sector maintained its resiliency and survived the majority of the outside events that occasionally hampered its expansion. A major upheaval in the industry has been brought on by the recent Covid -19 epidemic, which was unprecedented and one of the events of a century.

In their geographic region of operation, MFIs also participated in a variety of credit-related activities. This covered programming for community development, health, and education, as well as water and sanitation operations. Some MFIs established scholarship programmes and promoted education for the borrowers' children. In response to the COVID-19 pandemic, a number of initiatives were implemented, including those that supported food distribution, healthcare activities, and hospital equipment. The provision of additional financial services such as microinsurance, micro-pension, savings, etc. by MFIs is another way they are working to increase financial inclusion.

2.1.1 Geographical Coverage of MFIs

The level of client and loan portfolio attained serves as an indicator for the microfinance sector's expansion and growth. Given the size of the nation and its population, growth must be rapid and steady in order to reach everyone in as little time as possible.

According to data provided by 213 MFIs, which account for over 98% of the MFI portfolio, MFIs presently conduct business in 646 districts, all 28 States, and 5 Union

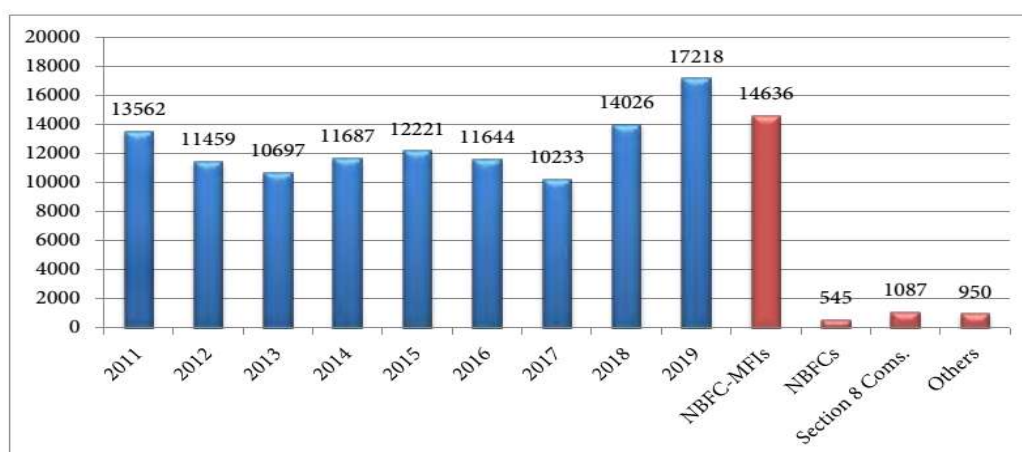
Territories in India. The BMR 2019 stated that of all the 202 MFIs that report to Sa Dhan ,15 MFIs having large client outreach and loan portfolio operate in more than ten states and 7 leading MFIs among them operate in more than fifteen states of India. Around 36% of the reporting MFIs provide services in two to five states and 47% restrict their operation to one state only. The fact that only 15 MFIs operated in more than 5 states during the year 2013-14 and an increment in their number from 15 to 30 in the year 2017-18 and then to 35 give an impression of the geographical growth of large Microfinance Institutions.

There has been an increasing trend in the branch network of MFIs over the years which is illustrated by the figures given in the BMR 2019 where in the total number of branches in the year 2017-18 which stood at 14,026 has risen to 17,218 marking a growth rate of 23% for the year 2018-19. However, the sector did experience a decline in their branch network during 2012-13 due to microfinance crisis but soon the growth opportunities were seized and growth trend was captured in 2014. Out of the total number of branches NBFC-MFIs had the highest share of 85% which counts to 14,636.

After four years even in the year 2023 the number of MFI branches operating in the nation increased by 15% to 25,790 as of March 2023 from 22,428.

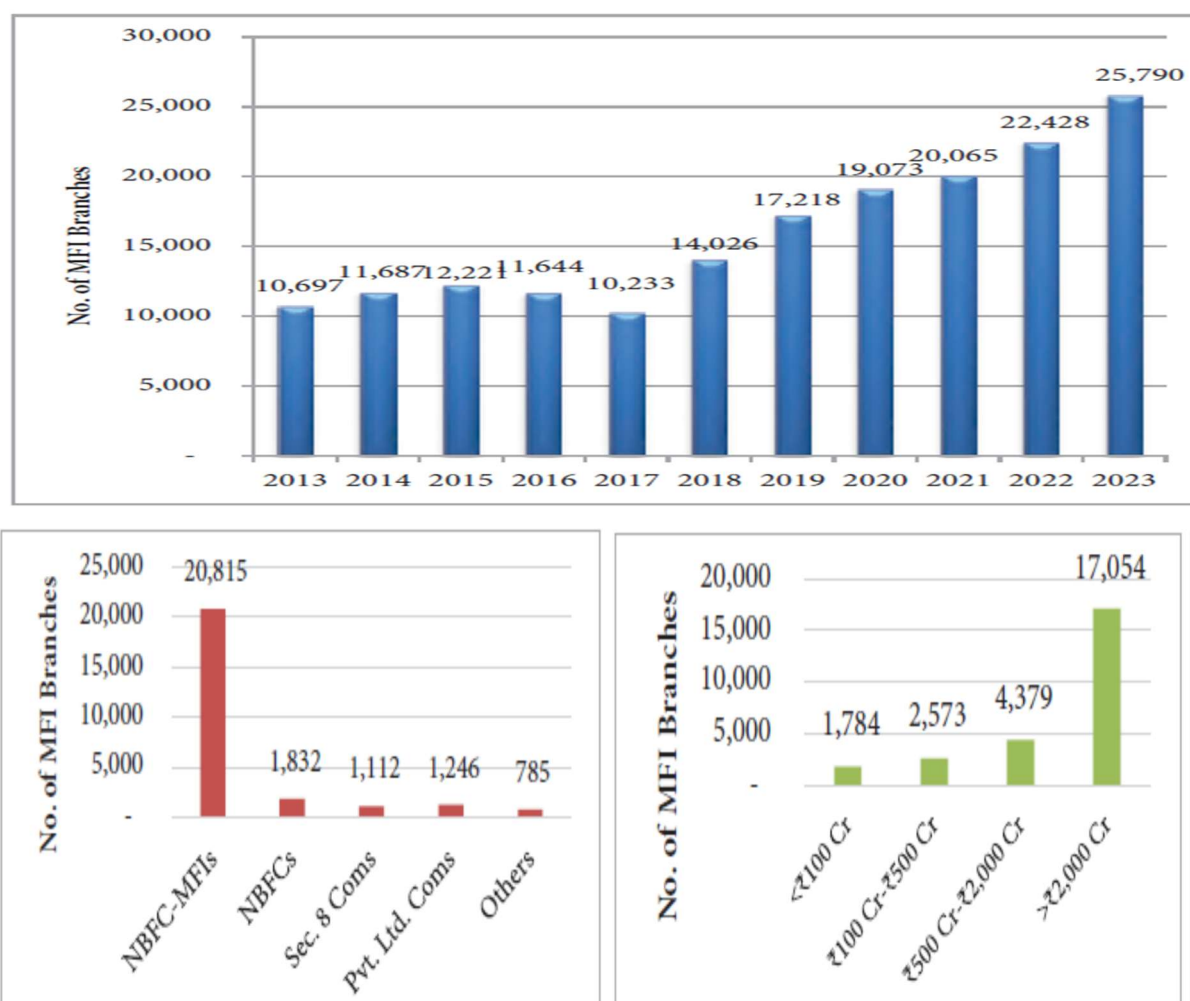
NBFC-MFIs held the largest share of branches (20,815; 81%) among the various MFI categories as of March 2023. Over the course of the year, 472 branches were closed and 4,867 new branches were opened. The distribution of branch networks among various categories of MFIs reveals notable differences. NBFC-MFIs account for the largest share with 20,815 branches, followed by NBFCs with 1,832 branches, Pvt. Ltd. Companies with 1,246 branches, Sec. 8 Companies with 1,112 branches, and NGO-MFIs under the "Others" category with 785 branches. Size-wise, Very Large MFIs (GLP > ₹2,000 Cr) dominate with 17,054 branches, while Large MFIs (GLP ₹500 Cr-₹2,000 Cr) operate 4,379 branches. Medium MFIs (GLP ₹100 Cr-₹500 Cr) have 2,573 branches, and Small MFIs (GLP < ₹100 Cr) maintain a relatively modest presence with 1,784 branches.

Figure 2.1: Branch Network of Mfis operating in India (2019)



Source: Bharat microfinance Report 2019

Figure 2.2: Branch Network of Mfis operating in India (2023)



Source: Bharat microfinance Report 2023

2.1.2 Client Outreach

Client outreach of Microfinance Institutions showed a marked growth from the year 2005 to 2011 by reaching a level of more than 3 million, however due to the Andhra Pradesh crisis it could not sustain the growth pattern and experienced a downtrend which made the number of clients fall to 2.75 million. The growth trend was recovered soon and from 2014 the client outreach continued to rise from 3.30 million in 2014 to 3.99 million in 2016.

There is a growth rate of 22% in the total number of clients served by different players of Microfinance Institutions in the year 2019 as compared to 2018. 4.29 million beneficiaries are being served as on 31st march 2019.

85% of the total client base is served by NBFC-MFIs and the Southern region leads by covering 31% of the total clients served even though it has a negative growth rate of 12%, followed by Eastern region which serves around 30% of the total outreach marking an enlargement in the share of outreach from 29 to 30%. The Central, Western, Northern and North-Eastern share an outreach of 18%, 9%, 8% and 4% respectively.

So far, microfinance in Indian context was proclaimed to be a rural phenomenon but it is no longer viable in the present scenario as there has been a downtrend in the share of rural clientele over the years.

Of the total clients served by MFIs 99% constitute of women and 32% of the total fall under the SC/ST Category during the year 2019.

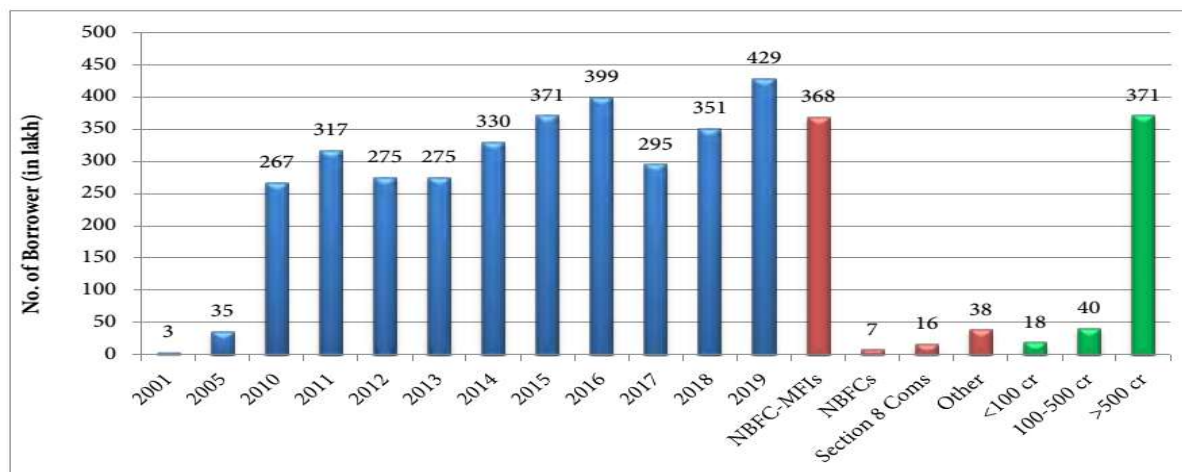
In FY 2023, the active client base of MFIs increased to 532 lakhs from 448 lakhs in the previous year, reflecting a year-on-year growth of 19%. Over the last decade, the client base has steadily grown from over 275 lakhs in 2013 to the current 532 lakhs, nearly doubling in size. FY 2022-23 witnessed significant growth, likely driven by the RBI's new regulatory norms restricting loans based on household indebtedness, prompting MFIs to explore new geographies and clients.

NBFC-MFIs serve the majority of these clients (82%), with the rest distributed among NBFCs (4%), Sec. 8 Companies (3%), Pvt. Ltd. Companies (4%), and Others (Society/Trust/MACS) at 7%. Additionally, MFIs with an outstanding portfolio above ₹2,000 Cr have the largest reach, serving 80% of the industry's clients.

During FY 2022-23, approximately 181 lakh new borrowers were added by 157 MFIs, compared to 117 lakh new borrowers added by 144 MFIs in the previous year. NBFC-MFIs led the growth, accounting for 153 lakh borrowers or 84% of the total new borrowers. Notably,

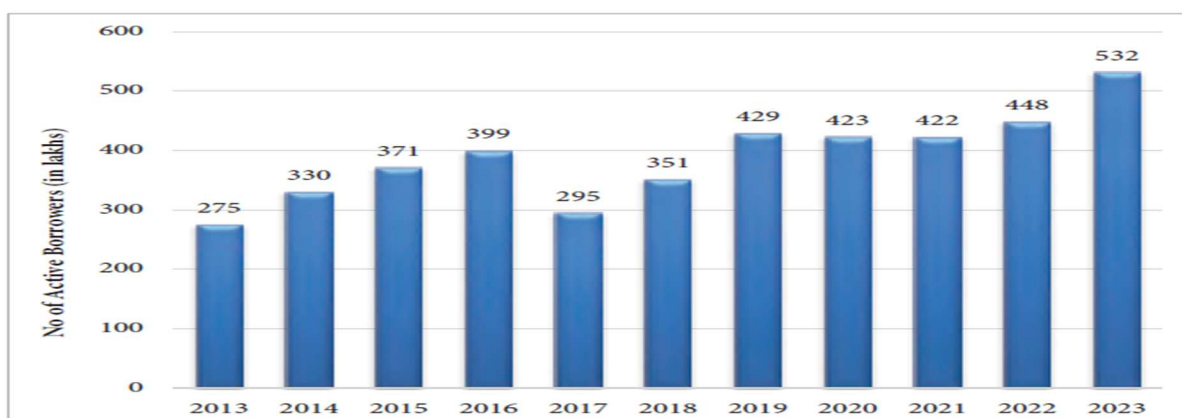
19 Very Large MFIs with a GLP exceeding ₹2,000 Cr. contributed significantly, adding 132 lakh borrowers, which represents 73% of the total new borrowers.

Figure 2.3: Client outreach (2019)

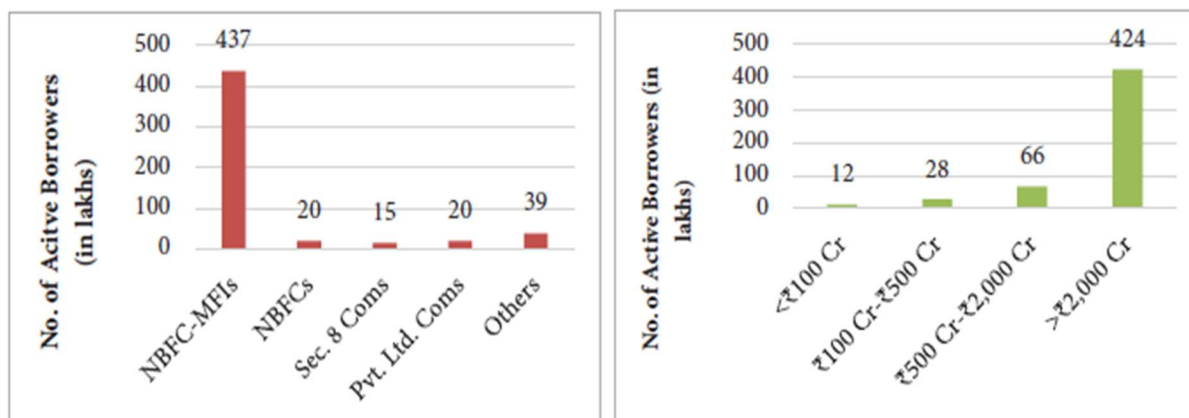


Source: Bharat microfinance Report 2019

Figure 2.4: Client outreach (2023)



Source: Bharat microfinance Report 2023

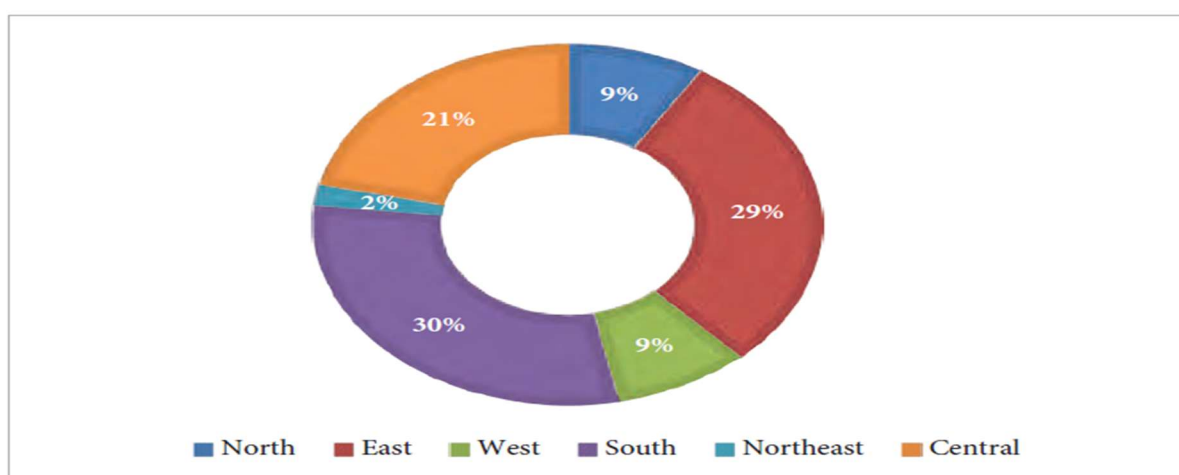


Source: Bharat microfinance Report 2023

2.1.3 Regional Outreach of MFIs

Of the total active client base of 532 lakhs, the Southern region leads with 30%, followed closely by the Eastern region at 29%, the Central region at 21%, and the Western and Northern regions at 9% each. The North Eastern region has the lowest outreach at 2%. Regional outreach trends indicate an expansion in the Eastern region, increasing from 28% to 29%, and in the Central region, rising from 19% to 21%. Conversely, the Southern region's share declined from 32% to 30%, and the North Eastern region from 3% to 2%. The shares of the Western and Northern regions have remained steady at 9% each.

Figure 2.5: Regional Outreach of MFIs



Source: Bharat microfinance Report 2023

2.1.4 Loan Portfolio

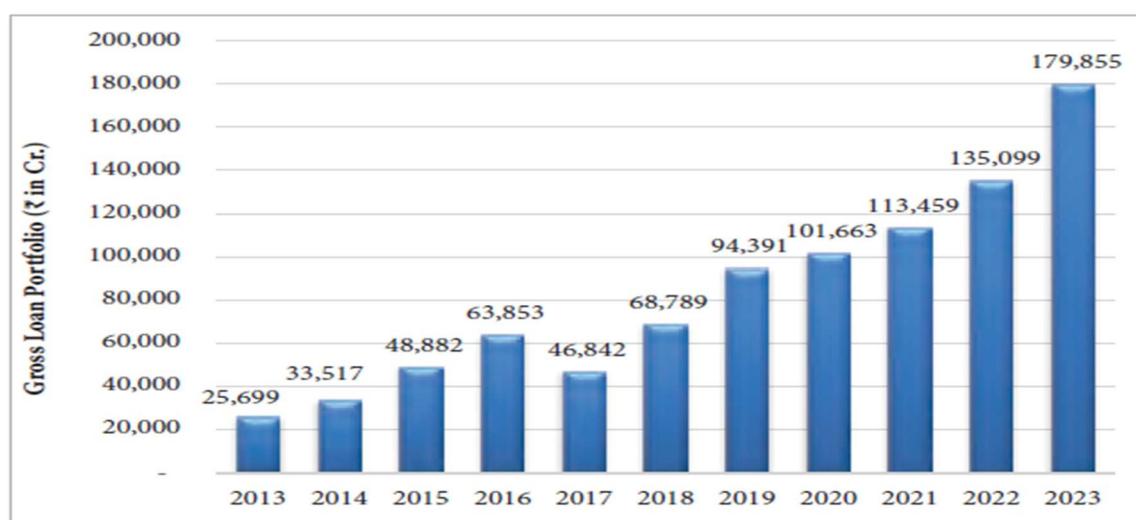
Client's outreach and loan portfolio are considered to be the two main indicators that reflect the success of Microfinance Institutions in terms of their performance and contribution towards financial inclusion as it reflects that large number of the less fortunate people are covered under this.

As per the report (NABARD-2017) it is evident that majority of the population still depend on informal and expensive sources to meet their credit need which also include the money lenders that charges interest at an extremely high rate. The credit requirement by these low income people may arise for different purposes like loan requirement at the time of emergency, loan for consumption purpose, housing loans, business loans etc. Microfinance Institutions serves these needs by providing credit which is the principal service offered to the people who otherwise cannot get access to the financial services from the formal institutions.

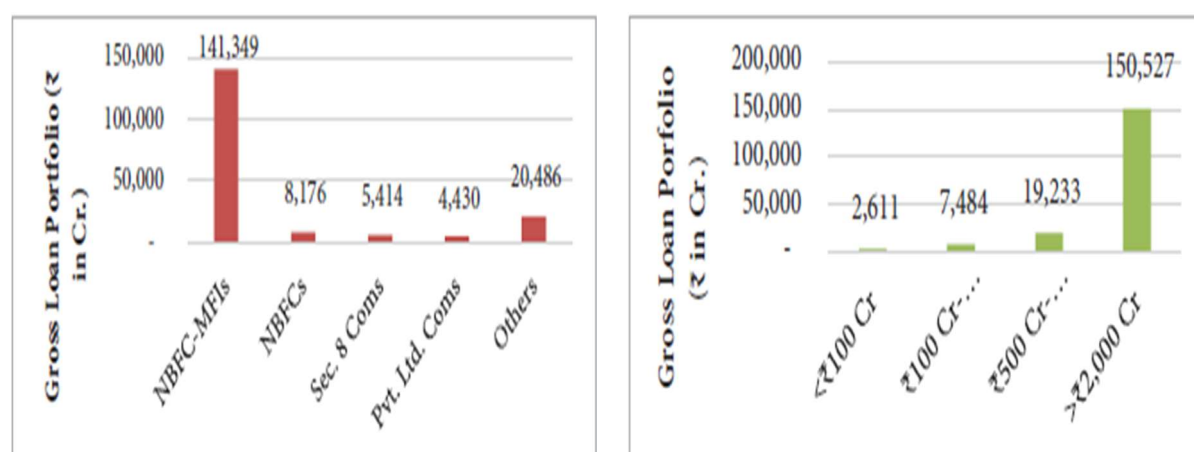
The growth trend in the outreach and loan portfolio kept varying over the years but was strongly hit by the Andhra Pradesh crisis resulting in a setback of commercial funding to Microfinance Institutions in the year 2012 and recorded its lowest reach for the first time.

As of March 2023, the Gross Loan Portfolio (GLP) of MFIs has grown by 33%, reaching ₹1,79,855 Cr. This includes an Off-balance Sheet Portfolio of ₹58,984 Cr., comprising ₹38,617 Cr. from the BC Portfolio and the remaining as Assigned/Securitized Portfolio, which constitutes nearly 33% of the GLP. The Net Loan Portfolio or Own Portfolio held on MFIs' books stands at ₹1,20,871 Cr., accounting for 67% of the GLP (Bharat Microfinance Report 2023).

Figure 2.6: Gross Loan Portfolio



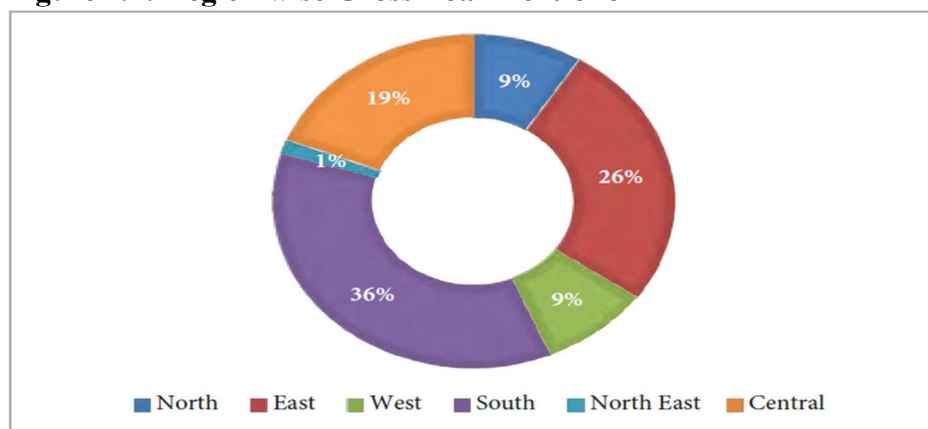
Source: Bharat microfinance Report 2023



According to NSS statistics (from 2019), rural families had a 35% incidence of debt, compared to 22.4% for urban households. However, just 10.2% of rural families and 4.9% of urban households had debts that came solely from unauthorised lenders. Due to institutional requirements and the nature of the needs, major banking and financial institutions typically

ignore the loan needs of poorer people in both rural and urban regions. Such a population has a wide range of credit demands, including those for housing, small company loans, working capital, and emergency loans. The microfinance industry is most suited to meet the credit demands of this group of people since it offers modest loans, free of collateral and for any purpose, right to their door. The main source of income for MFIs comes from their loan portfolio. The performance of the institutions and their contribution to the objective of financial inclusion are examined through an analysis of the loan portfolio of the MFIs and its developments.

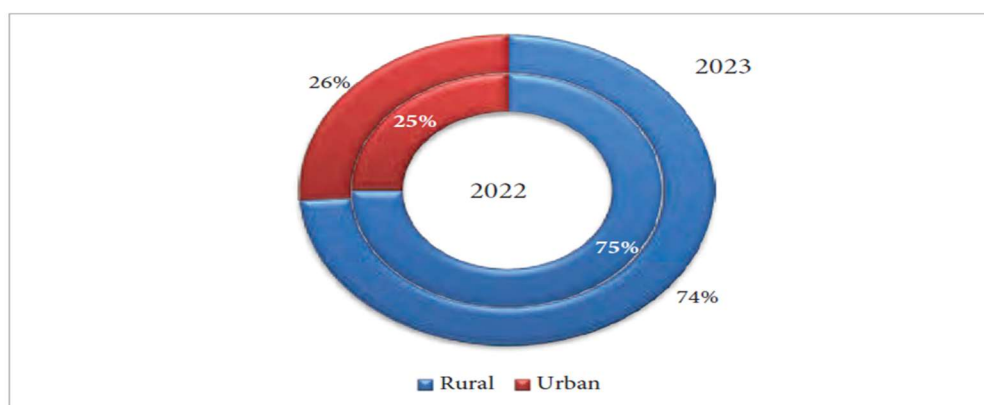
Figure 2.7: Region wise Gross Loan Portfolio



Source: Bharat microfinance Report 2023.

The Southern region continues to dominate the overall loan portfolio outstanding of MFIs, holding a 36% share, followed by the Eastern region at 26%, the Central region at 19%, and the Western and Northern regions at 9% each. The Northeast region has the smallest portfolio share, accounting for just 1%. Portfolio shares have expanded in the Eastern, Central, and Northern regions, while they have declined in the Southern and North Eastern regions. The share of the Western region has remained steady at 9%.

Figure 2.8: Rural – Urban Share of Gross Loan Portfolio



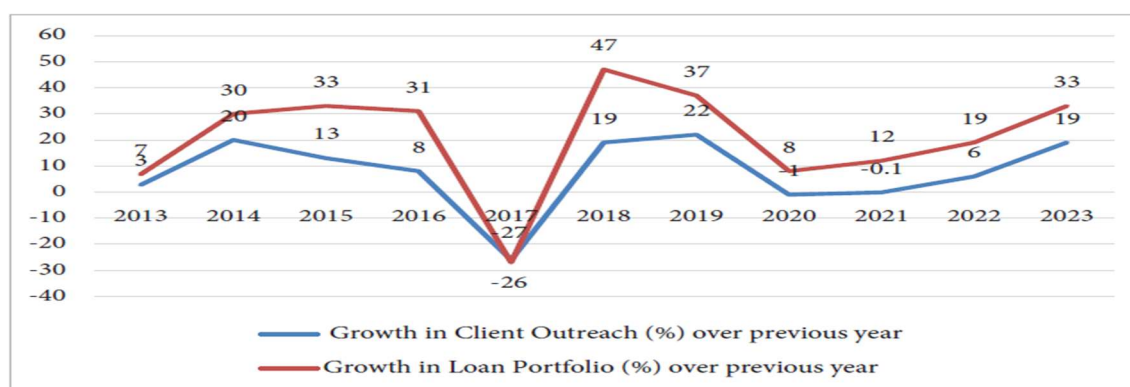
Source: Bharat microfinance Report 2023.

The Gross Loan Portfolio in rural areas stands at ₹1,33,093 Cr., accounting for 74% of the total, while urban areas contribute ₹46,762 Cr., constituting 26%. Compared to FY 2021-22, when the rural and urban shares were 75% and 25%, respectively, the rural share has slightly decreased, while the urban share has marginally increased.

2.1.5 Growth in client Outreach

The expansion of the outreach and lending portfolio has varied from year to year, reaching its lowest point in 2017. Variations in the portfolio are the result of the financial environment being disrupted as well as the withdrawal of certain key companies from the microfinance industry. Client outreach increased by 19%, and the loan portfolio grew by 33% in 2023.

Figure 2.9: Growth in client outreach over the years



Source: Bharat microfinance Report 2023

Table 2.1: Composition of Loan Portfolio under Delivery Model, Collection Mode and Others

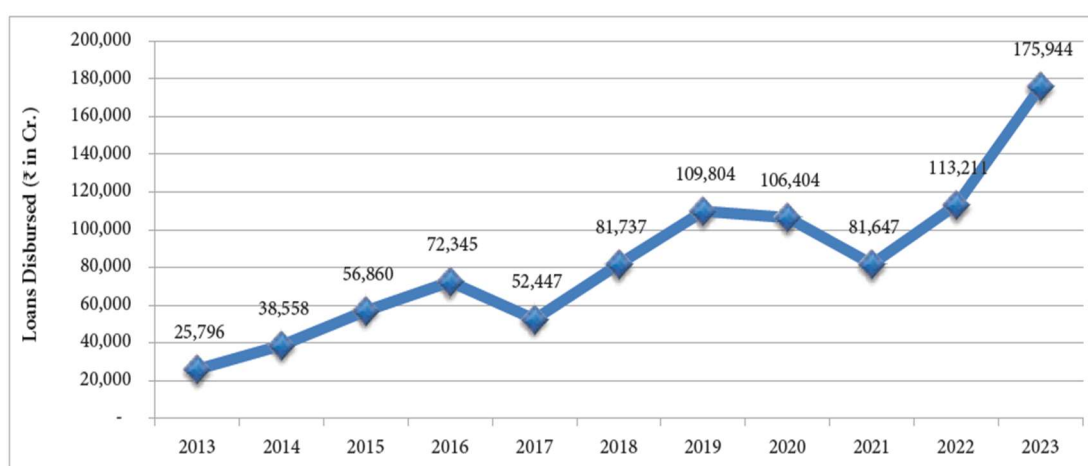
% of Total Gross Loan Portfolio (GLP)								
Delivery Models				Collection Modes			Other	
GLP under JLG lending model	GLP under SHG Lending model	GLP under Individual lending	GLP under Grameen model	GLP under Weekly collection	GLP under Fortnightly collection	GLP under monthly collection	GLP created under Co-origination arrangement	GLP under Third Party
81%	11%	7%	1%	29%	19%	52%	0.34%	1.01%

Source: BMR 2023.

2.1.6 Loan Disbursement

Loan disbursement by MFIs depends on the funds it receives by different lenders mostly from commercial banks. Before the Andhra Pradesh crisis of 2010 the MFI sector received huge sanctions from the banks but in the following years a sharp fall in the sector was observed due to restricted fund flow to the MFI sector. In 2015-16 amount of loan disbursement recorded the highest with 72345 crores. However, it was affected by demonetization announced in 2016-17. Loan disbursement for the year 2018-19 increased by 34% than in the previous year and amounted to 109804 crores.

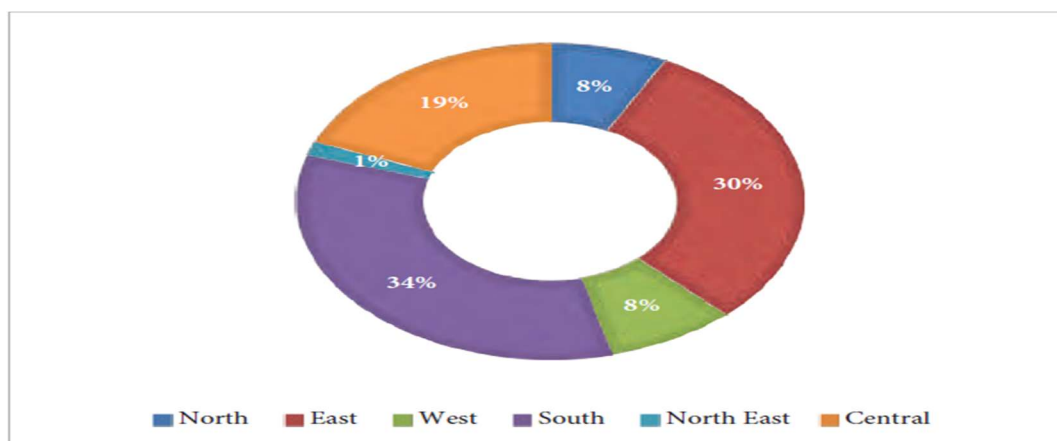
Figure 2.10: Loan Disbursement



Source: BMR 2023

With the exception of a few years owing to uncontrollable external factors like the covid epidemic and demonetization, MFI loan disbursements have similarly shown a consistent upward trend. In FY 2022-23, the microfinance sector rebounded strongly, recording a loan disbursement of ₹1,75,944 Cr., which represents a 55% year-on-year growth and an increase of ₹62,733 Cr. compared to the previous year. Of the total disbursement, ₹1,47,734 Cr. was contributed by 19 MFIs with a portfolio size exceeding ₹2,000 Cr.

Figure 2.11 Regional Pattern of Loan Disbursement



Source: BMR 2023

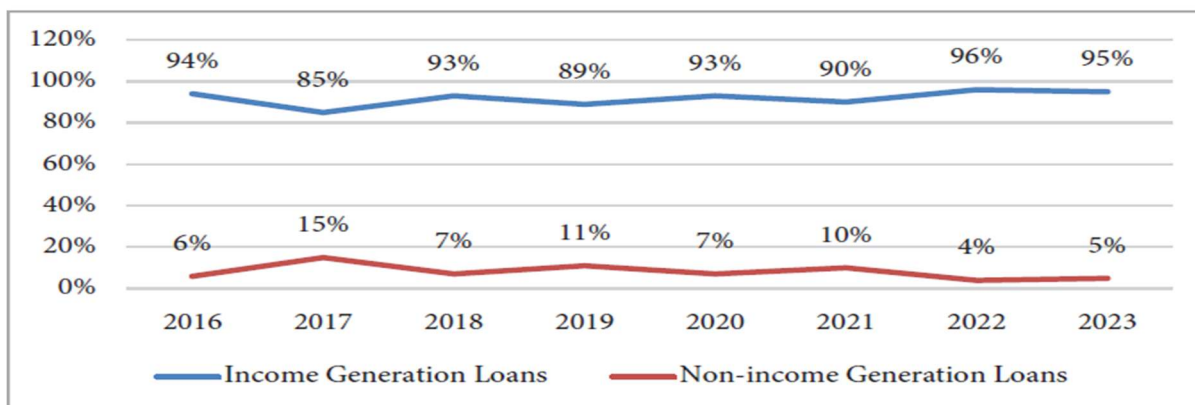
The Southern region led the overall loan disbursement of MFIs, accounting for 34%, followed by the Eastern region at 30% and the Central region at 19%. The Northern and Western regions each contributed 8%, while the Northeast region had the smallest share at 1%.

2.1.7 Purpose of loan

Earlier credit was offered by MFIs for both productive and consumption purpose as poor people need for loan is believed to be more for consumption or emergency purposes however RBI regulations stipulate that MFIs should deploy 50% of loans for income generating purposes.

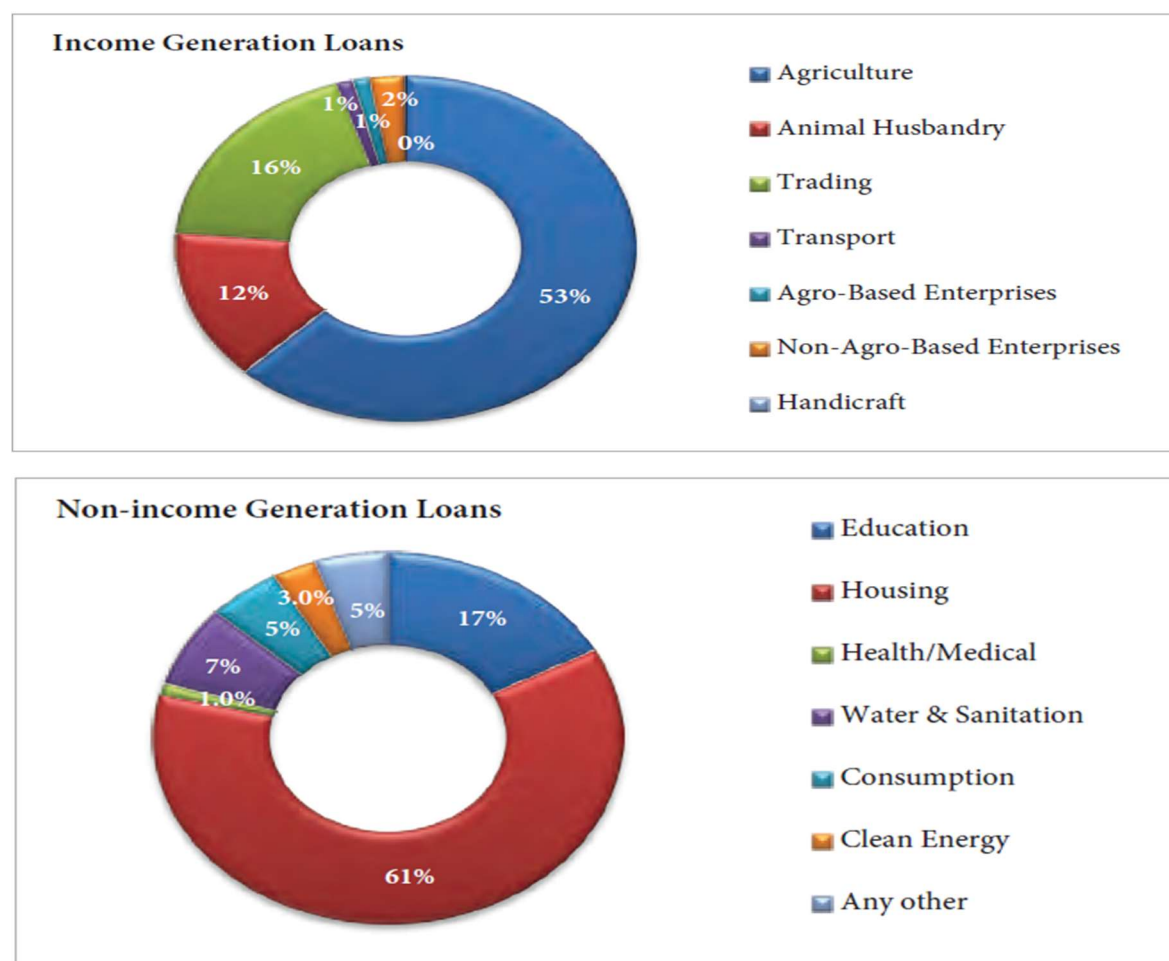
The main subsectors where income generation loans are used are agriculture, animal husbandry, and trading. Loans for non-income generation are utilized for things like housing, education, health, water and sanitation, and consumption.

Figure 2.12: Share of Income Generation Loans and Non-income Generation Loans



Source: BMR 2023

Figure 2.13: Share of MFIs Income Generation Loans under Different Sub-sectors as on March 2023



Source: BMR 2023

Analysis of the loan portfolios held by the reporting MFIs for 2022–2023 revealed a 95:5 split between loans that generate revenue and those that do not. Money is fungible, thus the loan proceeds are utilised to support ongoing business operations as well as, if necessary, to cover emergency expenses. Figure displays loan utilisation for both income-generating and non-income-generating loans under various subsectors. Trade, animal husbandry, and agriculture are three important subsectors where revenue generating loans are used. Loans that do not provide an income are used for things like consumption, housing, education, water and sanitation, and health.

An analysis of the loan portfolio held by reporting MFIs showed that income generation loans are primarily directed toward agriculture, which accounts for 53%, followed by trading at 16% and animal husbandry at 12%.

Housing loans dominate non-income generation loans with a share of 61%. It should be noted that even among non-income generating loans, 49% are used for things like education, health/medical, water-sanitation, and clean energy, which are investments that generally improve family well-being and long-term household income earning capacity.

2.2 Product and Services offered by MFI in India

2.2.1 Credit plus activities of MFIs

Microfinance is inherently a social business, designed to empower individuals at the bottom of the pyramid by providing access to finance and supporting their financial and livelihood needs. The movement's origins in social objectives highlight its developmental focus, which is why many early microfinance operators emerged from the developmental sector. Numerous prominent players, such as Bandhan Bank, began as NGOs—Bandhan Konnagar, for instance—before evolving into NGO-MFIs, then NBFCs and NBFC-MFIs, and eventually transitioning into full-fledged banks. Similar journeys can be observed among several Small Finance Banks and large MFIs today.

In India, microfinance sector mainly comprises of the MFIs and the SHPIs/SHGs which have been contributing towards an inclusive society by providing various financial services such as micro-insurance, micro-pension, savings program and other development centric programs in addition to basic credit services. Credit plus is a provision of services to the low-income people which go beyond the traditional credit services and include wide range of non-credit financial services. The microfinance sector recognizes the need and significance of credit plus activities of the low-income people of the country.

MFIs' fundamental DNA is development-oriented. Many of the MFIs that have either evolved into banks or are still operating as MFIs began as social development organisations. But later on, in order to better and more effectively distribute loans, they transformed themselves into MFIs, either as for-profit businesses or as non-profit organisations. However, even while giving them credit, their growth objectives remain intact. Numerous MFIs have made an attempt to broaden the scope of their services. This credit plus strategy comprises extending financial services together with initiatives in the areas of health, education, sanitation, hygiene, and community development.

The credit-plus services are often divided into two categories: (a) company development services, such as management, vocational training, marketing and technical help, product design, and legal services (b) social services including health care, health-awareness education,

etc. Several MFIs have started tying lending to things like education and other non-financial activities. In their group lending for credit approaches, they include teaching and training. According to conventional opinion, rather than only giving out loans, these services should be combined to help disadvantaged households. As a result, the MFIs are increasing the scope of their operations by offering social, medical, and financial services as well as business training. The recent Covid 19 pandemic has exposed the social side of many MFIs. They invested a large portion of their CSR money as well as additional monies in health-related projects. It was fairly typical during this time to provide masks, hand sanitizers, PPE Kits, etc. To assist the population, survive the disaster, several MFIs sent them food and first aid equipment. Some of them provided food and water to those migrating in large numbers along the roads.

The microfinance industry has been expanding services like savings, microinsurance, micro-pensions, and other financial products that were previously unavailable to the poor, particularly those in rural and remote regions, as part of the larger financial inclusion strategy. The MFIs and developmental institutions, which primarily served as BCs of banks, allowed direct access to savings products in banks in addition to making savings available through SHGs. Additionally, MFIs have expanded their offerings beyond the standard microcredit product and now offer credit for renewable energy, water and sanitation, health services, affordable housing, etc. The MFI sector has developed credit products which are not just basic credit but are available in varied forms like credit for renewable energy, health facility, housing, water & sanitation etc.

Traditionally Microfinance Institutions concentrated mainly on providing microcredit however the sector realized that there was a need for a broad range of financial product beside microcredit in order to bring an overall improvement in the living standard of the poor sections of the society because even though microcredit is important yet the approach is limited to only one of the numerous issues of the poor. This led to enlargement of microcredit to microfinance, which provides varied range of financial services including loans, insurance, remittance, savings etc. Some of the MFIs augmented their services beyond basic financial services and started including business training, health care and social services.

It has been proclaimed by many researchers in their study that the exigency of the poor is not just restricted to paucity of finances and by making financial services accessible to them will not work out the problem as they encounter events like illness, natural disaster, marriage in family, death of main job holder of the family and many such occurrences in their lives that put them in a financial distress making them vulnerable, dependent and powerless which in

turn may disable them to repay the borrowed amount on time .Thus there is a need for services which is an organized blend of financial and development services to overcome their problems and serve its purpose of financial inclusion.

Training programs covered under the Credit plus activities can build human capital of the borrowers which capacitates them to use the borrowed amount efficiently as many research studies have reported that due to lack of awareness and knowledge the borrowed amount did not help them in any way to bring improved difference in their life. With the help of training services offered by MFIs the clients can move from low-income occupation to high income occupation by making a shift from traditional food processing, handicrafts, pottery to micro-entrepreneurs. Training reduces the default rates as it empowers the clients to use the loan amount for productive purpose rather than consumption purposes.

2.2.2 Micro Insurance

The Insurance Regulatory and Development Authority (Micro-insurance) Regulations, 2005 created to encourage insurance in the low-income section of society to make it a constitutive part of existing insurance system of the society by dispensing the insurance products that are low priced and hence affordable by the poor. Covering the low-income people of the society by providing them with low-cost insurance products so that they are able to withstand the risks and enable them to manage their economic and social vulnerabilities were the impetus behind the regulation.

Insurance is a fundamental need for every individual, yet the coverage for life, health, and other general insurance in India remains remarkably low, often in single digits. While the Government of India's Ayushman Bharat scheme is a commendable initiative aimed at providing health insurance for the poor, its penetration and utilization have not yet reached the desired levels.

MFIs, SHGs, NGOs, Cooperative Banks, RRBs, Business Correspondents were selected as an intermediary for delivering micro-insurance services. Micro-insurance product like life insurance, cattle insurance etc. are being sold by different MFIs operating in India and credit life insurance is the product offered by most of the MFIs which is also made mandatory for all the borrowers. Different micro-insurance product like health and life insurance are provided by MFIs like Arohan, Sarala, Ujjivan, SKS and some others.

Microinsurance is a type of insurance designed primarily to safeguard low-income individuals by providing them with reasonably priced insurance options to assist them in coping with either human loss or financial loss. It guarantees to help the poor's ability to live sustainably.

Microinsurance now offers new potential to reach out to the great majority of the poor, including those who work in the unorganised sector, thanks to the liberalisation of the insurance industry and government programmes.

The major goal of micro insurance legislation is to safeguard low-income individuals by providing them with cheap insurance products that will help them manage and recover from frequent risks. These products must adhere to specified requirements for benefit, premium, and cover levels. These rules permit non-profit organisations (NGOs) and self-help groups (SHGs) to represent insurance companies in the marketing of microinsurance products, as well as life and non-life insurers to promote combi-microinsurance products (combinations of various lines of business). The regulations were changed in 2015 to allow for the appointment of more organisations and people as microinsurance agents, including non-profit organisations, self-help groups, microfinance institutions, RBI-regulated NBFC-MFIs, district cooperative banks, regional rural banks, urban cooperative banks, business correspondents, primary agricultural cooperative societies, and other cooperative societies.

2.2.2.i Micro Insurance in Life Insurance Sector

As of March 31, 2022, there were 38 microinsurance products from 18 life insurers available in the market, comprising 14 individual products and 24 group products. During FY 2021-22, 8.77 lakh new individual microinsurance policies were issued, generating a premium of ₹297.14 crore. In the group segment, 13.21 crore new lives were covered with a premium of ₹6,048.88 crore. LIC contributed significantly to the sector with 7.32 lakh individual policies and a premium of ₹257.92 crore, along with 54.97 lakh lives covered under group microinsurance with a premium of ₹67.36 crore. The private sector issued 1.45 lakh individual policies with a premium of ₹39.22 crore and covered 12.66 crore lives under group microinsurance with a premium of ₹5,981 crore.

Table 2.2 Performance of Micro Insurance Business in Life Insurance Sector (2021-22)

Insurer	Individual New Business		Group New Business		
	Policies (lakhs)	Premium (₹ crore)	Schemes	Lives covered (lakhs)	Premium (₹ crore)
LIC	7.32	257.92	1,574	54.97	67.36
Private Sector	1.45	39.22	218	1,265.76	5,981.52
Total	8.77	297.14	1,792	1,320.73	6,048.88

Annual Report available for IRDAI is for 2021-22)

As of March 31, 2022, there were 99,961 microinsurance agents in total. Of these, LIC accounted for 19,780 agents (20%), while the private sector life insurers employed the remaining 80,181 agents (80%). Among the total microinsurance agents, NGOs constituted 5.18%, Self-Help Groups (SHGs) 0.29%, Microfinance Institutions (MFIs) 0.27%, Business Correspondents (BCs) 0.15%, and other microinsurance agents made up the majority at 94.11%.

Table 2.3 Micro-Insurance Agents of Life Insurance (Nos) (2021-22)

Agents	LIC	Private Sector	Total
NGOs	6,548	90	6,638
SHGs	341	16	357
MFIs	295	46	341
Business Correspondents (BCs)	103	36	139
Other MI Agents	14,260	72,013	86,273
Total	21,547	72,201	93,748

2.2.2.ii. MFIs in Micro Insurance

According to data from microfinance institutions, at least 14 MFIs offer non-loan protection life insurance products. All MFIs provide credit-linked insurance coverage to borrowers, and in many cases, to their co-applicants as well. However, this insurance is limited to the loan amount and duration. Additionally, over 90.03 lakh individuals are covered under general health insurance by 14 MFIs, and 0.97 lakh are covered under non-health insurance products by 5 MFIs. These MFIs have partnered with mainstream insurance companies to provide these services (Bharat Microfinance Report 2023)

2.2.3 Savings

The Reserve Bank of India (RBI) prohibits MFIs from mobilizing savings. In contrast, in Bangladesh, up to 80% of loan outstanding can be funded through savings collected from members, which is not permissible under Indian law. Only MFIs operating in the cooperative sector are allowed to mobilize savings. Additionally, MFIs functioning as Business Correspondents (BCs) can assist their BC partners in collecting small deposits.

Savings, however, play a crucial role in Self-Help Groups (SHGs), which represent the world's largest microfinance program. SHPIs and MFIs promoting SHG financing can encourage

savings within the group. As of March 31, 2023, SHGs had mobilized total savings of ₹58,893 crore from their members.

2.2.4 Micro Pension

Apart from insurance pension plans, there are two pension programmes available to people: the National Pension System (NPS-Lite) and Atal Pension Yojana (APY). Some MFIs and SHPIs make an effort to encourage their members to sign up for APY.

Microfinance Institutions have previously actively participated in the NPS-Swavalamban Scheme as aggregators. However, their direct influence has decreased after this plan was included into the Atal Pension Yojana in 2015. Only a few MFIs have signed up to serve as PFRDA Points of Presence for NPS Products.

Some MFIs, such as Annapurna Mahila Coop Credit Society Ltd., have taken the initiative to develop their own pension programme, which is still in its infancy.

2.2.5 Capacity Building and Literacy Programme

Since 2013, the Sampada Entrepreneurship and Livelihoods Foundation and Sampada Trust, its parent company, have been working on community development in rural regions.

It strives to provide rural kids, women, and men with livelihood possibilities so they may become more economically and socially independent. In order to provide rural Indians with prospects for sustainable and respectable livelihoods, it involves skill-based vocational education and training.

Given the current state of unemployment, skill-based vocational training has become essential. If their towns offer job-focused vocational training, the rural people are capable of overcoming economic obstacles.

Sampada made the following interventions for the rural people

- sessions with a focus on developing skills were implemented, including 4 Goatary sessions with 128 participants and 5 Dairy Management programmes with 205 participants. 75 Back Yard Poultry (BYP) units were set up with the assistance of three poultry management programmes, which had 94 participants. Each BYP unit produced about 2,000 eggs during the FY, generating an additional \$13,500 per unit (family).
- Growing Organic Food: Agri experts were asked to share their knowledge on seed treatment, the use of bio fertilisers and pesticides, and other cultivation practises at 32 Farmers Field Schools as part of a smart agriculture training project. This initiative will

benefit 813 households in total. About 62% of families have adopted practises that have assured the production of agricultural products cultivated organically.

A registered NBFC-MFI with the RBI, Grameen Shakti Microfinance Services Pvt. Ltd. (GSMSPL), which is sponsored by the RSMV (SMGBK), began offering microloans in 2015. At keeping with its social philosophy, GSMSPL donates a portion of its profits to SMGBK for the purpose of carrying out charitable endeavours, such as the Ramakrishna Sarada Missionary Vidyapith (RSMV) at Purnanagar, Ranaghat (West Bengal).

RSMV provides rural students with inexpensive educational opportunities. Children from underprivileged households can enrol at this school for very little money. Approximately 30% of the total 465 students—186 of them are female—receive additional fee discounts. The school is administered by 46 experienced staff members, including 18 non-teaching personnel, and has a large campus with separate housing facilities for boys and girls. Every day, meals are served to the pupils to ensure that they are receiving the right nourishment. Numerous single-parent children attend the school, and because to its amenities, poor parents don't have to worry about their kids.

To assist typical pupils in upholding academic standards, the school offers after-class tutoring and contemporary teaching methods. By growing seasonal fruits and vegetables on the school's property, RSMV is able to feed all 165 of its students who are housed there with food that is 99.99% organic.

The school offers a sizable playground as well as recreational amenities for the kids to hone their co-curricular abilities.

No law imposes a requirement for GSMS to engage in CSR initiatives. However, the Company is committed to improving society and does so through providing financial support. Making even a small effect is already a great accomplishment.

2.3 Delivery Model

Microfinance Institutions aim to provide access to financial services to the low income or the vulnerable section of the society in order to meet their financial needs and enable them to face vulnerabilities through their informal and adaptable approach. However, need of the poor varies across different countries and region and also according to different circumstances thus no specific channel or model can be adopted by the MFIs for its product and service delivery among the beneficiaries and the channels adopted are as per the requirement of the poor of a particular region. Thus, no delivery model/channel can be said to be best suited to deliver

services to poor in all circumstances. In India various channels have been adopted and each channel has its own success story.

In the MFI context both conventional and unconventional methods have been applied by them in order to provide services to the poor. However, the different microfinance delivery channel can be broadly grouped into six heads:

- ❖ Grameen Bank Model
- ❖ The Self Help Group Model
- ❖ Joint Liability Group Model
- ❖ Individual Lending Model
- ❖ Village Banking Model
- ❖ Credit Unions and Cooperatives

Grameen Bank Model

One of the most successful models proposed by Mohd. Yunnus of Bangladesh and replicated in around more than forty countries across the world with some changes made according to their local and cultural requirement. The model adopts group lending method where a homogenous group is formed comprising of five members. The formation of group is the responsibility of field workers under the direction of MFIs. Once the group is formed it is binding on all the members to contribute to the savings fund of the group for a fixed lock in period. Loans are given on alternate basis to the member and each member is obligated to pay back the loan if any one of the members fails to do so.

The Self -help Group Model

A model initiated by NABARD in 1990s to encourage the habit of savings among the poor. A group of 10-20 members is formed sharing same economic and social background who come together voluntarily to save small amount on a regular basis and contribute to a common fund in order to meet their exigencies on mutual help basis. The group members make use of collective wisdom and peer pressure to ensure proper use of credit and timely repayment of the borrowed amount. The main advantage of SHG is that the MFIs instead of dealing with individuals, deals with a group consisting of members which brings down the overall transaction cost. MFIs emphasize on creation of assets by SHGs and extend loans for the same by delivering required training to the group members for production. Any credit need of member which is more than the set amount is served from the group's savings fund and the amount is settled in the group meeting.

Joint Liability Group

A model where 4-10 individuals come together and organize themselves in a group such that they can avail bank loan either singly or through group mechanism against mutual guarantee is known as Joint Liability Groups (JLGs). The concept of a joint liability group helps microfinance institutions reduce default risk while also instilling in the poor the habit of disciplined financial management. The members sign a joint liability contract, making each member jointly liable for repayment of all loans taken by all individuals in the group, which acts as social collateral to the MFI. This gives the MFI assurance that the loans will be repaid on time and that the borrowers will use the funds appropriately.

Individual Lending Model

Under this model loan is offered by the MFIs to individual clients and it is not necessary for them to be a part of any group to avail the benefit of loan from institution. A loan officer is assigned to be in contact with individual to make him aware of the procedure involved in repayment and to make sure that the loan amount is utilized by the individual for productive purposes that gives him returns.

Village Banking Model

Village Banking Model paves way for the poor to establish their own credit and savings association which is also known as village banks. Under this Model all the proceedings and transactions are managed at local level through MFIs in different village rather than from their centre. The Village Bank provides loan collateral free loan to the member and provide them with an avenue to invest their savings and encourage social esprit among them. The financing body provides loan to the village bank which in turn supply individual loans to the members. The group pressure on each member act as a bank guarantee which ensures timely repayment of the borrowed amount. The loan amount depends on the amount of savings the borrower has made. Member's savings are kept for the purpose of lending or investing to increase the resource base of the bank. Commercial standards are applied to determine interest rates and fees.

Credit Unions and Cooperatives

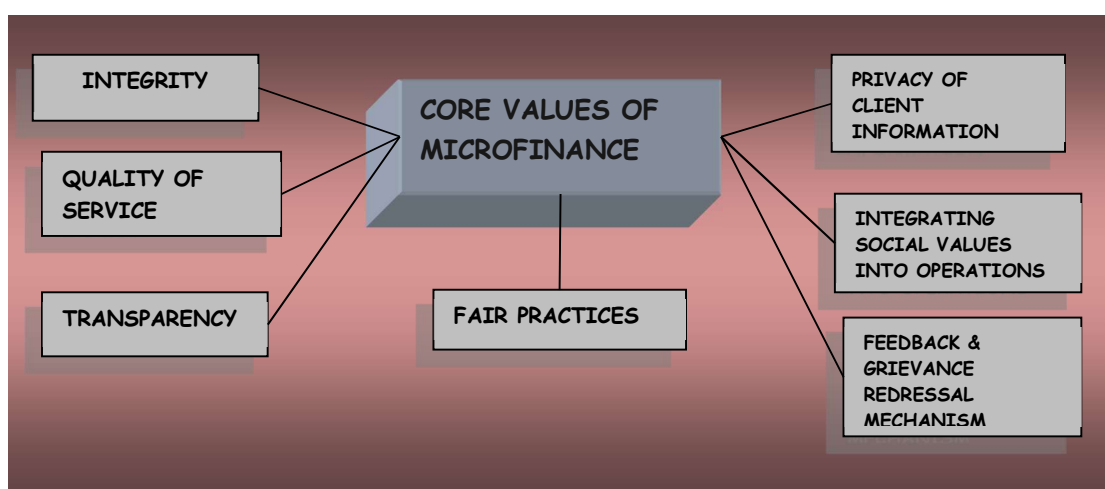
A credit union is a member-owned financial cooperative democratically controlled by its members, and operated for the purpose of promoting thrift, providing credit at competitive rates, and providing other financial services to its members. Cooperative Development Forum (CDF), Hyderabad is one of the best examples of this model. On a local level, many credit unions also offer services meant to promote sustainable global development or community

development. Its members typically have a common bond, and loans are typically made from member deposits rather than from outside sources. They are typically the scaled-down version of a cooperative bank. Credit unions have achieved financial self-sufficiency within the last few decades. According to statistics from the World Council of Credit Unions (WOCCU), by the end of the 1980s there were about 17,000 credit unions in 67 developing countries around the world. In most rural areas credit unions are still the solitary source of deposit and credit services, besides the informal financial market. Because credit unions have social as well as commercial objectives, they may have a key role to play in offering pro-poor financial services.

2.4 Social responsibility and Ethical practice followed by MFIs

Regardless of their legal structure, all microfinance institutions strive to offer personal and societal advantages in order to promote financial inclusion through offering financial services to disadvantaged families. With time, the microfinance industry has developed into a crucial component of the financial system for the most disadvantaged. Microfinance has undergone significant development. New micro-regulations have been enacted by the Reserve Bank of India. The government has established core values and a code of conduct for the microfinance industry (more specifically, regulatory norms, RBI's Guidelines on Fair Practices issued for NBFCs) to ensure that beneficiaries are served in a respectable and ethical manner as well as improved MFI practices.

Figure 2.14 Ethical practice followed by MFIs



2.4.1 Code of conduct for Microfinance Institutions

Integrity and Ethical Behaviour: Microfinance Institutions (MFIs) should design their financial products and services to meet the unique needs of their clients, promoting their overall socio-economic well-being. Upholding ethical service delivery is essential, supported by a clear governance framework that emphasizes transparency and accountability. To put this commitment into practice, MFIs need to implement a structured training program for their employees and representatives, ensuring that ethical conduct and professional integrity are consistently maintained.

Transparency: Transparency is a key element of responsible microfinance operations, particularly in client interactions. MFIs must clearly communicate the terms and conditions of their financial products and services to borrowers in their local language, reducing the risk of misinformation. Before disbursing loans, all relevant charges and costs associated with the financial services should be disclosed in writing. Additionally, MFIs should actively participate in financial literacy initiatives to improve client understanding of available financial products, fostering an environment where stakeholders can make informed decisions.

Fair Practices: Microfinance institutions must adhere strictly to the guidelines set forth by the Reserve Bank of India (RBI) when providing financial services. Measures should be implemented to protect clients from fraud, misrepresentation, coercion, and any unethical lending or recovery practices. The processes for loan disbursement and repayment should respect the dignity and financial vulnerability of clients. To avoid over-indebtedness, MFIs must carry out thorough due diligence in accordance with their internal credit assessment policies, ensuring that loans are responsibly managed.

Privacy of Client Information: The confidentiality of client information is a vital component of ethical microfinance practices. Microfinance institutions (MFIs) need to implement strong data protection measures to ensure that personal information is securely stored and accessed only by authorized individuals. Any sharing or exchange of client data should only happen with the explicit consent of the individual, in line with relevant privacy and data protection laws.

Integrating Social Values into Operations: Microfinance institutions should weave social responsibility into their operational framework, ensuring that financial sustainability aligns with broader socio-economic goals. High governance standards must be upheld to oversee both financial performance and social impact. MFIs should consistently track and report on key

financial and social metrics to assess their role in economic development. Additionally, regular evaluations of the institution's social performance should be carried out to gauge its effectiveness in promoting financial inclusion and alleviating poverty.

Feedback and Grievance Redressal Mechanism: An organized and effective grievance redressal mechanism is crucial for ensuring client protection and satisfaction. MFIs should create both formal and informal channels to gather client feedback, enabling borrowers to express concerns and offer suggestions. Regular impact assessments should be performed to measure the effectiveness of services and pinpoint areas for improvement. Moreover, dedicated feedback and grievance redressal systems should be established to address client issues promptly and transparently, ensuring ongoing service enhancement and institutional accountability.

2.5 Microfinance Institution in West Bengal

2.5.1 Overview of MFIs in West Bengal

In West Bengal, impoverished people typically work in tiny industries, as maids or cooks in other people's homes, as fish folk vendors, in herding operations, as owners of microenterprises where things are mended and recycled, in small kiosk centres, etc. The underprivileged people are reluctant to enter banks. They lack the necessary comprehension to complete the paperwork or requirements for a modest loan. People are approached by a microfinance organisation, who then offers them credit, and those who register with it use the credit facility.

By offering microloans, microfinance organisations reach out to the underprivileged residents of slum regions and help them go forward. There are various microfinance organisations functioning in West Bengal, including L & T Finance, Muthoot Finance, Village Financial Services Limited, Uttarayan Financial Services Private Limited, Arohon, Bandhan, BIFL, and many more. These microfinance organisations lend money to low-income people in groups of five or more up to sixteen. Beneficiaries must pay interest on the loan amount on a weekly, biweekly, or monthly basis. These underprivileged individuals start their own businesses with the aid of this loan sum; some of them provide this sum to their husbands for the establishment of new or additional branches of their businesses, while others invest it in their already-existing enterprises. With the aid of this microfinance programme, the underprivileged are able to enjoy a generally higher standard of living.

The microfinance sector and Eastern India have experienced a lot of change during the previous two years. The country fell under total lockdown in March 2020 due to a surge of COVID-19 instances, which caused businesses to halt operations. However, things progressively got better in the second part of the year. Wave 2 of COVID-19 arrived at the start of FY2022, and as conditions deteriorated in each state, the nation once more went into lockdown. In light of the escalating COVID-19 instances, nearly all of the eastern states declared a total lockdown. Local trains running to and from the key commercial centres of West Bengal, Kolkata, Sealdah, and Howrah, were stopped entirely (or operated with reduced capacity) together with a limited number of passengers on buses and other forms of transit. The major natural disasters that occurred throughout the year, including Cyclone Yaas in a few coastal districts of West Bengal and Odisha, floods in Bihar and Assam, etc., had an influence on Eastern India as well.

The past fiscal year saw the microfinance business experience disruptions from the epidemic and the aforementioned natural disasters.

According to the Industry Self-Regulatory Organisation (SRO), Microfinance Institutions Network (MFIN), the growth of the microfinance industry and the microfinance portfolio in Eastern India increased by 4% from Rs 94,820 billion as of December 31, 2020 to 98,587 billion as of December 31, 2021 with 3.8 billion loan accounts. Currently, 74 entities, including Universal Banks, Small Finance Banks (SFBs), Non-Financial Banking Companies (NBFCs), NBFC-MFIs, and other entities, serve 39% of the total Indian Microfinance portfolio from Eastern India. Banks make up the majority of these entities with 56%, while NBFC-MFIs make up 27%.

Additionally, the pandemic era opened the door for greater technology advancements in the microfinance sector. The majority of microfinance organisations have launched—or are in the process of launching—digital payback options for its clients' using platforms like the Bharat Bill Pay System (BBPS), digital wallets, Aadhar Enable Payment System (AEPS), QR code-based payments, etc. Additionally, this required educating and raising awareness among the clientele about digital money. Strong and resilient IT infrastructure, together with the ability to quickly adapt to new procedures and systems, will enable the organisation operate its company more effectively in the present dynamic macroeconomic environment.

2.5.2 Microfinance During Covid-19

During COVID-19, microfinance providers are predicted to experience a severe liquidity constraint as the gap between revenue and operating expenses widens and reserves are depleted. Although major MFIs and those with strong, consistent backup may not have problems as a result of this declining liquidity, small and midsize MFIs will undoubtedly be affected. MFIs with reliable funding, established technological platforms, and strong community linkages are more likely to endure this epidemic and come out on the other side. The importance of microfinance operations is not restricted to this industry; gradually, it will start to affect the major funders of these MFIs, including commercial banks (private and public), donors, and investors.

However, as 2020 went on, the industry once more demonstrated its resiliency. Despite the ongoing crises, Indian microfinance companies were serving the financial requirements of 60 million distinct clients by the beginning of 2021. These clients were dispersed throughout 620 districts in 28 states and eight Union Territories across the country. Despite the epidemic, some nimble MFIs have recorded 90%+ collection efficiency, while others have posted a significant increase in client acquisition. The sector as a whole has a portfolio size of Rs 2.32 trillion (AMFI-WB Annual report 2022).

MFIs swiftly made the switch to remote, secure working conditions for their staff, but they also had their clients' welfare in mind. They complied with the industry code of conduct established by their own Self-Regulatory Organizations (those with the authority to establish and enforce industry standards), which called for appropriateness, fair contact, transparency, and the resolving of consumer complaints. The chance to benefit from the suspension of loan repayments was made available to several MFI clients. Additionally, MFIs attempted to raise clients' understanding of the effects of the moratorium on interest and repayments wherever appropriate so that they could make educated decisions.

MFIs have their own debt commitments and liquidity requirements; a pandemic-related demand increase for more income-generating loans and longer gestation periods will undoubtedly put strain on the industry. In a sector with significant financial restructuring, the potential for new mergers and acquisitions is growing.

As the financial sector's regulator, the Reserve Bank of India announced a number of measures to reduce the macro effect of the pandemic on the nation's financial system, including an extension of the loan moratorium period, a partial interest rate rebate, and a special package.

However, the majority of these announcements from the RBI are targeted at commercial banks and remain ambiguous for MFIs and their clients in particular.

The microfinance industry in India was able to overcome the difficulties of 2020. This involves the fact that the industry serves some of the most resilient rural customers in the economy, as shown by the fact that default rates for microfinance borrowers are significantly lower than those for many corporate borrowers. Additionally, their enterprises have nearly zero gestation periods between the time a loan is provided and the commencement of the business activity it supports, making it possible for them to get back to work more quickly.

According to the most recent data from MFIN, the sector currently serves 3.22 crore consumers and has a gross loan portfolio worth Rs. 74,371 crores. For all active accounts, this translates to an average loan amount of Rs 22,000 +, a 6% YoY increase. When it comes to return on investment in terms of monetary and social rewards, the industry is in a solid position. The money invested in this sector of the economy reaches a large number of consumers, provides them with sustainable and verifiable livelihood possibilities, and increases its influence on social scientists and financial investors.

The statistics also state that the industry got Rs. 42,140 crores in debt and Rs. 16,140 crores in equity, which is 33% more in each category than the prior year and demonstrates both a rise in loan demand and an improvement in lender confidence. According to P Satish, Executive Director of Sa-Dhan, a self-regulatory organization for MFIs recognized by the RBI, the majority of microfinance institutions have recorded recoveries of more than 90%, and some of them have already reached their recovery goals as of March 2021.

Even though India's microfinance industry has shown to be a successful model for financial inclusion, its sustainability has frequently been called into question, particularly in recent years. The sector survived the Andhra Pradesh crisis in 2010, the government's demonetization push in 2016, and the Non-Banking Financial Company (NBFC) implosion in 2018 in only the last ten years.

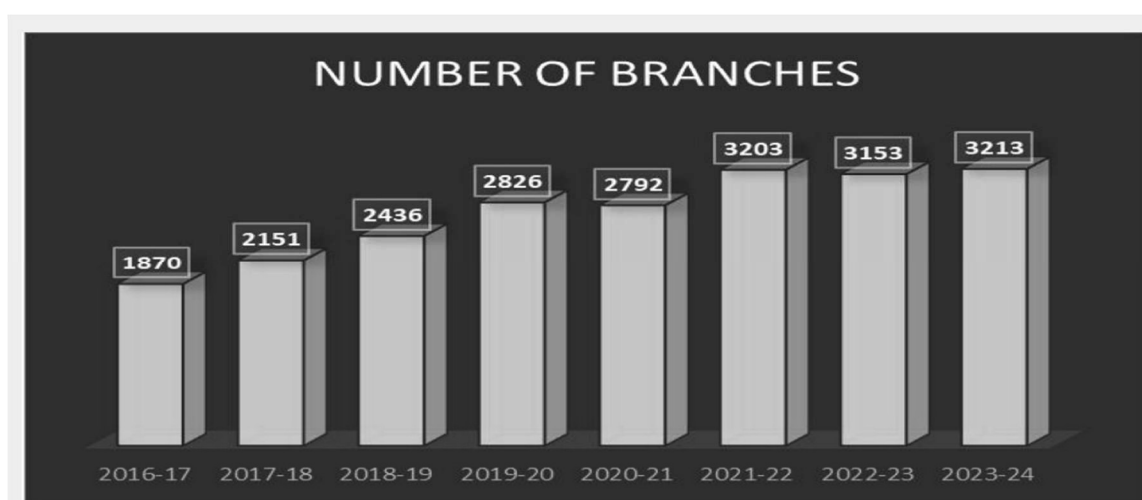
Since it serves the most economically vulnerable portions of the population, the microfinance industry is typically one of the hardest affected when a crisis affects the financial system or economy as a whole. Despite this, the industry has persevered and, thanks to the lessons it has learnt, has strengthened itself in the wake of each crisis.

2.5.3 Status of Microfinance in India with focus on Eastern India

One of India's original microfinance pioneers has always been West Bengal. Understanding microfinance practices nationwide has always benefited greatly from it. With about 12.4% of India's total loan portfolio, West Bengal is still only surpassed by Tamil Nadu in terms of loan portfolio. 10.4 percent of all active loans in the nation are from West Bengal. In terms of the outstanding loan portfolio, West Bengal also produces six of India's top ten districts (North 24 Parganas, Murshidabad, Jalpaiguri, Nadia, South 24 Parganas, and Bardhaman).

At least 37,000 people are directly employed by this industry in West Bengal (among the AMFI-WB Members, i.e., MFIs and Banks), and the majority of them come from low-income families with little formal education. As of March 2022, they owed 37000 crores in outstanding loans. More than 9 million women, primarily from the underprivileged segment, are now part of the state's massive micro and small business boom thanks to the MFI segment. When it comes to trade license issuance, shop and establishment registration, and other compliance procedures, the government needs to take the initiative to protect this sector. (Association of Microfinance Institutions - West Bengal, 2023)

Figure 2.15 Number of branches in Eastern India

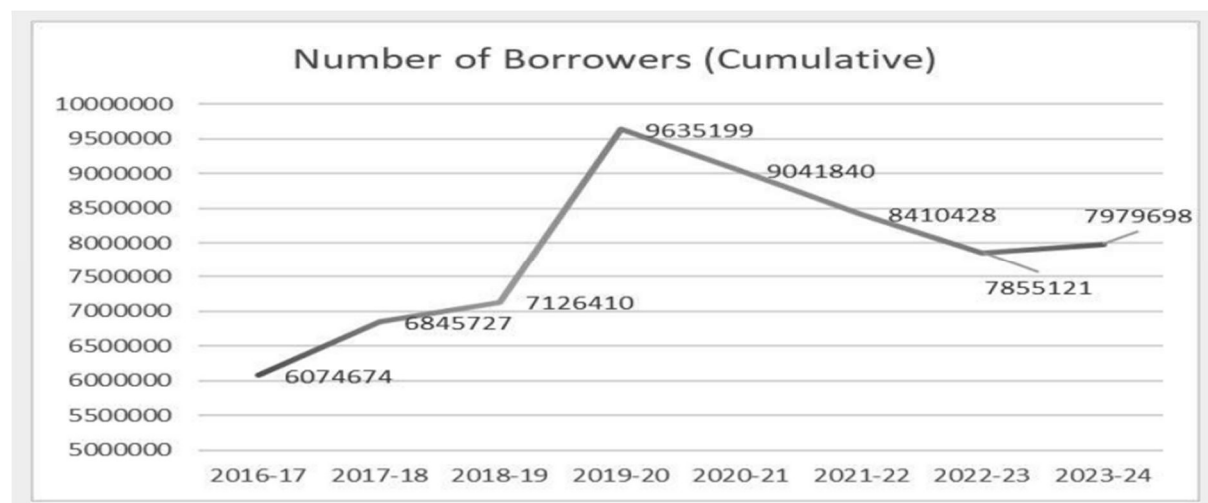


Source: Association of Microfinance Institutions - West Bengal, 2023

From 2016–17 to 2023–24, the number of Microfinance Institutions (MFIs) branches increased steadily, suggesting a considerable increase in financial outreach. The sector grew steadily, starting with 1,870 branches in 2016–17 and reaching 2,826 branches in 2019–20. A minor drop to 2,792 in 2020–21, however, raises the possibility of disruptions, most likely brought on by the COVID-19 pandemic and its effects on financial services. With 3203 branches in 2021–2022, the post-pandemic recovery was robust, demonstrating the MFIs' tenacity and renewed expansion initiatives. Although the sector saw a slight decline in 2022–2023 to 3,153

branches, it recovered in 2023–2024 to reach 3,213 branches. This increase is a result of the growing need for credit among marginalized groups and the growing demand for microfinance services, which is being driven by financial inclusion initiatives. Although fluctuations show that external variables like economic conditions, regulatory changes, and operational difficulties significantly influence growth patterns, the expansion of MFI branches points to a larger attempt to improve financial access in rural and semi-urban areas. If the current pattern persists, MFIs will probably increase their footprint and strengthen their position in supporting low-income households, women entrepreneurs, and small enterprises.

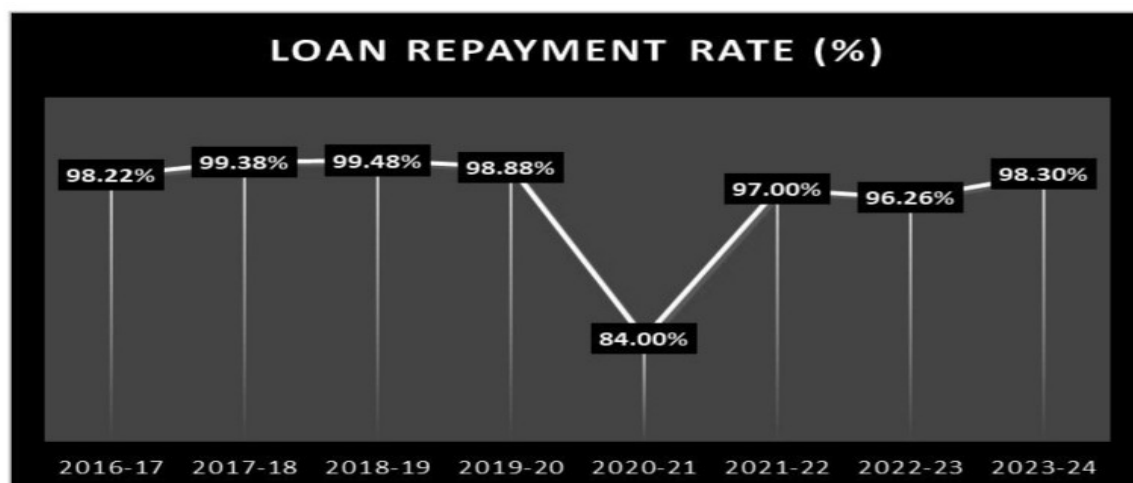
Figure 2.16 Number of Borrowers in Eastern India



Source: Association of Microfinance Institutions - West Bengal, 2023

Microfinance Institutions' (MFIs') cumulative borrower trend shows both the sector's expansion and its difficulties. The number of borrowers rose gradually between 2016–17 and 2019–20, reaching a peak of 9.63 million, demonstrating a high demand for microfinance services. But between 2020–21 and 2022–23, there was a significant drop to 7.85 million, most likely as a result of the COVID-19 pandemic, economic upheavals, excessive borrower debt, and regulatory actions. The marginal recovery to 7.98 million in 2023–24 points to a potential resurgence in microfinance activity, fuelled by institutional strategies, government initiatives, and resurgent demand for credit. To guarantee that MFIs continue to promote financial inclusion and economic empowerment while reducing the risks associated with external shocks and borrower defaults, this fluctuation highlights the necessity of sustainable lending, financial literacy initiatives, and enhanced risk management.

Figure 2.17 Loan Repayment Rate

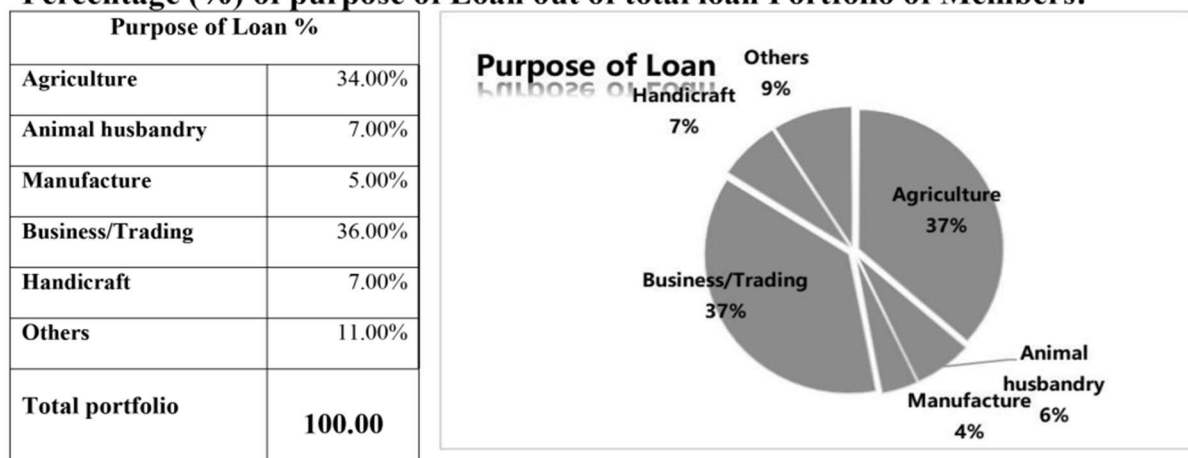


Source: Association of Microfinance Institutions - West Bengal, 2023

Between 2016–17 and 2019–20, Microfinance Institutions (MFIs) maintained a consistently high loan repayment rate of over 98%, indicating strong borrower discipline and efficient credit management. But in 2020–21, the repayment rate fell to 84%, most likely as a result of the COVID-19 pandemic's economic impact, which resulted in income losses and repayment difficulties for borrowers. As a result of recovery efforts and policy interventions, the sector demonstrated resilience, with repayment rates stabilizing at 96.26% in 2022–2023 and rising to 97% in 2021–2022. A return to pre-pandemic repayment patterns is indicated by the increase to 98.3% in 2023–2024, which was fuelled by increased risk management techniques, restructuring initiatives, and better borrower earnings. In order to maintain MFI operations during economic shock, this trend emphasizes the significance of financial resilience, emergency planning, and flexible credit policies.

Figure 2.18 Purpose of loan out of total Loan Portfolio

Percentage (%) of purpose of Loan out of total loan Portfolio of Members:



Source: Association of Microfinance Institutions - West Bengal, 2023

A significant emphasis on business and agricultural-related activities is evident in the distribution of loan purposes among Microfinance Institution (MFI) members. The significance of income-generating activities in rural and semi-urban economies is highlighted by the fact that business and trading account for 36%, with agriculture coming in second at 34%. Small-scale business is supported by 7% of loans for handicrafts and animal husbandry. Only 5% goes to the manufacturing sector, indicating that borrowers are not very involved in the industry. The remaining 11% are classified as "others," which denotes a variety of less urgent financial needs.

2.5 Brief description of MFIs selected for study

2.5.1 Belghoria Jankalyan Samity

Belghoria Jankalyan Samity came into existence in the year 2006 and is registered under the West Bengal Societies Registration Act of XXVI 1961 as an NGO. It started its operations with a mission of socio-economic development of underprivileged section of the society particularly the women and children and uses microfinance as a tool alleviating poverty and empowering women in the vulnerable society.

Mission: “To ensure economic empowerment of underprivileged women through providing microfinance services including credit, education and health.”¹

Vision: “To build a happy and prospers society through the overall development of people especially women and children with their active participation and full strength.” In order to achieve the vision of a society with developed and happy people the institution uses microfinance as the main tool.”

Operational area and Lending Model: It operates in around 7 districts having around 28 operational branches with a mission to ensure economic empowerment of women who are underprivileged, through microfinance services offered by the institution comprising of credit, education and health.

As on 31st March 2021 the institution offers services across 1081 villages among all the 7 districts of West Bengal in which it operates covering around 21,018 clients.

The client constitutes of 100% women residing in rural or semi-urban areas as the institutions aims to reach out to the unbanked women belonging to socially and economically backward section of society and help them to become entrepreneurs with the financial services they provide. The MFI uses both individual and group model to serve its clients.

Products and Services offered: BJS offers a number of credit products under which it offers two types of Entrepreneurship loan for agriculture, animal husbandry, small trading and business, Education loan and Water and Sanitation loan and in addition to these credit products it also offers a number of Credit plus products (BJS Shiksha Niketan, School of Financial Literacy and Hardcore Poverty Programs).

Over the years the Institution has undertaken several projects for the development of the overall society.

i) Services offered to Hardcore poor

Under this program the institution offers support to ultra poor or downtrodden women who does not have any support from their male counterpart or who does not have any male member above the age of 14 years in their family. The institution arranges for them with some livelihood assets providing them with a chance to create sustainable living which helps them to come out from the subsistence level of poverty and make them eligible to apply for micro-credit programs. Under this program the institution tries to reach out to the women whose agonies are untouched by any NGO interferences.

ii) Financial literacy awareness program

The institution offers financial literacy program to the clients as it believes that providing the clients with financial literacy training will enable them to manage the little money they get to meet their day-to-day needs, deal with events of life cycle and unexpected emergencies and take advantage of opportunities and plan for their future. “The main objectives of Financial Literacy program are:

- a) To equip learners with the knowledge and skills needed to manage their own money and become better consumers of financial services.
- b) Facilitating the development of skills and attitudes meant to inspire learners to step outside their daily activities and see the bigger picture.
- c) Educating learners about the products and services available to them and encouraging them to use the products and services offered.

iii) Education Program to the children between the age of 3yrs- 10yrs

The institution has set up schools in remote areas with an aim of bringing the dropouts from the client’s family into the mainstream education. Under this program the children are provided with free education and stationeries are also provided for free. Along with the education the children are made aware of different social issues to enable them to grow in a healthy society as a responsible citizen.

iv) *Health and Hygiene Awareness Campaign*

Various health awareness campaign has been arranged by the MFI in order to create awareness about the importance of health and sanitation in order to live happy life.

2.5.2 Sampurna Training and Entrepreneurship Programme (STEP)

STEP was established in September 2010 as a Not-for-Profit corporation under Section 25 of the Companies Act 1956. Navnirman Community Resource Centre (NCRC) was the name that was first given to STEP when it first began operating in 2007. NCRC was a Mumbai-based social microfinance institution. NCRC offered assistance in launching a microfinance initiative in West Bengal in 2007 and it was agreed that a dedicated independent entity in West Bengal would be formed under the STEP name, and that the new organisation would take over all of West Bengal's activities.

In January 2011, the STEP formally launched its comprehensive variety of socioeconomic services, including as family counselling, social awareness and business management training, business counselling, and so on, in order to improve the socioeconomic situations of disadvantaged people in Kolkata and Howrah slums. STEP took over NCRC's microfinance programme in January 2014 and has been receiving financial and technical support from Entrepreneurs du Monde (EdM), a French organisation specialising in Social Microfinance, since its inception.

STEP is a non-profit organisation dedicated to the development of society's most vulnerable members. It thinks that microfinance alone will not suffice to enhance the standard of living of disadvantaged people.

Mission: “To provide low income and disadvantaged families with sustainable adapted and innovative financial, business development, access to employment and social services, building their self-reliance and capacity to realize their wishes.”

Vision: “A flourishing society where vulnerable families are empowered to improve and strengthen their standard of living.”

Operational Area and Lending Model: STEP operates in 5 districts of West Bengal through 19 branches in order to cater services to its target population and covering around 17,896 borrowers as on June 2021.

Loan is provided to individuals through group mechanism where individuals come together and form group in order to avail the microfinance services from STEP.

The people STEP wishes to serve and assist are those who are vulnerable - not just financially, but socially as well. They believe that it is all the more important for women from low-income families to have the opportunity to prove themselves. STEP provides such individuals with a wide range of services that not only assist them in financing their ideas but also give advice and assistance on how to make the most use of their funds.

Products and Services Offered: STEP provides a number of services to their clients besides the basic financial services. It mostly operates in urban slums to provide financial accessibility to the unbanked population. It offers four different types of loans which are

- Business Loan that is offered to women who are engaged in self-employment to fulfill their working capital need or acquire business assets.
- Entrepreneurship Loan given to encourage the beneficiaries to continue and expand their business.
- Education Loan given to support education of children of the existing borrowers.
- Medical Loan offered to existing borrowers for their treatment and diagnosis.

They also provide Business development services and social services along with Microfinance services.

Business Development Services: STEP provides a number of business services like Business Training, Skill Training, Business Counselling and Micro Business Unit services to its clients.

Social Services: STEP offers a wide range of social services like Family Development Program, Health Awareness Meetings and Social Referrals in order to improve the standard of living of vulnerable families.

2.5.3 Sarala Development and Microfinance Pvt. Ltd

Inception of the MFI/ Origin of the MFI

Sarala was initially set up in the year 2006 as a not-for-profit entity registered under Sec 25 of Companies Act 1956 with the name Sarala Women welfare Society and an object of providing microfinance and related welfare services to the women in West Bengal. However, Sarala converted its operation from a not-for-profit entity into a for-profit enterprise by acquiring a NBFC named Unnati Trading and Fincon Pvt. Ltd and transferring the whole microfinance business of Sarala Women Welfare Society to Unnati against 94.5% equity. The company got registered in the year 2014 as an NBFC-MFI and in 2015 the company changed its name to Sarala Development and Microfinance Pvt. Ltd and received certificate of approval for change in name from the RBI in the year 2016.

Mission: “To catalyse empowerment of sustainable women micro-entrepreneurship in under-privileged families across India by providing much needed access to capital.”

Vision: “To be a world class Microfinance organization that delivers measurable social impact by building sustained trusting relationships with our clients, employees and financial partners.”

Operational area and Lending Model: Sarala currently operates in five states of India i.e. West Bengal, Bihar, Jharkhand, Assam and Sikkim but its operation is mainly concentrated in West Bengal and operates in around 13 districts of West Bengal. In Bihar it provides microfinance services in around 7 districts and serves in 3 districts of Assam and 1 district in Sikkim and served around 153,860 clients through its network of 74 operational branches as on 31st January 2019.

It focuses on low-income states as the people at the bottom of the pyramid needs more financial assistance. Sarala provides microcredit to women entrepreneurs from poor and under privileged families in the rural and urban areas.

Sarala uses both JLG and Individual model to offer microfinance services to them.

Products and Services Offered: The MFI offers primarily two types of income generating loan of varying loan amount as per the need of the clients which is repayable weekly and bi-weekly. Apart from the Income Generating loan the MFI offers various special programs in order to serve its clients. Housing loan is also offered to the already existing clients of Sarala as a measure of financial inclusion. Hospi-cash cum Accidental Death Insurance and Business enterprise loan is also offered by Sarala to its clients.

2.5.4 Seba Rahara

Seba Rahara was established in 2006 as an NGO MFI and was registered under the West Bengal Societies Registration Act 1961. It was formed with an objective of encouraging entrepreneurship among the poor, primarily the disadvantaged women in order to enable them to achieve a sustainable livelihood by providing them with small loans as a working capital. Since the time of its incorporation, it has been working with the disadvantaged and the deprived section of the society focusing primarily on the women in order to make them socio-economically empowered and also achieve socio-economic development.

Seba has been working with disadvantaged and underprivileged parts of society, with a particular emphasis on poor women, to achieve socio-economic empowerment and significant social and economic progress. With a vision of a just, enlightened, healthy, and democratic

India free of the scourges of gender discrimination, illiteracy, secure hunger, poverty, and exploitation, in which men and women work together to attain the greatest levels of humanity and solidarity.

Mission: “To create opportunities for the distressed, disadvantage and deprived segments of the society with a prime focus on poor women so that they can attain socio-economic empowerment and substantial social and economic development.”

Vision: “Enlighten healthy and democratic India free from the evils of gender discrimination, illiteracy, secured hunger, poverty and exploitation where men and women move forward to achieve highest levels of humanity and solidarity.”

Operational Areas and Lending Model: Seba Rahara is operating in around seven districts and has around 10 operational branches spread over two states i.e West Bengal and Bihar branches influencing lives of around 16,124 borrowers. It offers Income generating loan only to the women of lower strata to promote self-employment through startups or financing the existing business activities. Usually, the clients are involved in some kind of small business like vegetable selling, food processing, agriculture and allied activities.

It provides loan through the SHG model.

Products and Services: Seba offers a number of loan products to its clients. It offers three different kind of Income Generating loan as per the need of the clients of varied amount which are payable either weekly or fortnightly. It also offers education loan, sanitation loan and solar loan.

2.5.5 Barasat Sampark

Origin: In the year 1996 Barasat Sampark started its operation as an NGO. Currently it is registered as a Society under the West Bengal Society Registration Act of 1961. The main objective of this organistaion was to start working towards the poor and disadvantaged section of the society in the remote villages of West Bengal following a holistic approach to poverty reduction through focus on childcare, education, health, vocational training, community development, shelter and disaster relief. The main aim of this organisation was to bring sustained enhancement of the target society.

Vision: “To establish a non-discriminatory society where justice will prevail and each and every people of the country would be able to realize in full about their hidden potentials and

will be inspired to use it with a view to establish a exploitation and discrimination free society through ensuring justice for all.”

Mission: “Socio-economic development of the poor and vulnerable population of the society specially organizing women and children and assist/support them in the Branch of micro credit, small business, education, health and disaster mitigation etc.”

Operational area and lending Model: Barasat Sampark has its branch in Bamangachi district of North 24 Parganas and serves a lot of families with its microfinance and credit services. As on 31st March 2014 it had its branch in 2 districts and had around 5000 borrowers. Barasat Sampark uses group model for providing credit and other services to its borrowers.

Product and Services: Barasat Sampark primarily targets poor women and take actions to make them self-reliant both socially and economically. For this it offers a number credit products to its clients. Apart from microcredit this organization offers a number of programs through which the beneficiaries can be benefitted. It offers

- Health programs under which they cover safe water and sanitation issues and also create awareness of personal health.
- Education programs under which they identify the school dropouts in the locality and provide them an opportunity to join school again.
- Skill -Development Training is also offered by this organization for its clients.

2.5.6 Sarwadi

Origin: Sarwadi Finance is registered as Non-Banking Financial Company- Microfinance Institutions under the Companies Act 2013. Sarwadi provides credit and other financial services to the poor with the objective of making them economically self-sufficient and useful citizens of the country.

Vision: “To be the preferred lender for our customers by suitably assisting them in the fulfilment of their livelihood needs.”

Mission: “To bring positive change in the lives of micro-entrepreneurs through provision of credit and training; To improve our efficiency by continually reviewing our backoffice operations; To improve our service quality and outreach on the field.”

Operational area and lending Model: Sarwadi currently operates in five districts of West Bengal and also has several branches across these districts.

They primarily focus on women as their target beneficiaries and lends them credit on group basis in the form of JLGs. Sarwadi finance provides microcredit to these women who are also engaged in some entrepreneurial businesses.

Product and Services: Sarwadi provides loans of different amounts to its beneficiaries as per their requirement. Apart from loan Sarwadi provides insurance to the beneficiaries in case they meet any accident or have any health-related issues.

2.5.7 Grameen Shakti

Origin: On March 22, 2016, a few board members of Society for Model Gram Bikash Kendra (SMGBK) and other people purchased Srija Chemo Pvt. Ltd. (SCPL) exclusively for the purpose of conducting microfinance activities and having a well-developed plan to gradually separate them from SMGBK in accordance with recommendations from various banks, including RBI and funding agencies. After acquiring the necessary assets, the business applied to the RBI for reclassification as an NBFC-MFI, and on September 12, 2017, the RBI awarded its final clearance, reclassifying SRIJA CHEMO PVT. LTD. as an NBFC-MFI. The company changed its name to "GRAMEEN SHAKTI MICROFINANCE SERVICES PVT. LTD." on April 25, 2018. (GSMS). The MFI offers low-interest, no-collateral loans to underprivileged and needy women for the purpose of funding income-generating ventures. The business first operated in impoverished and underdeveloped communities.

Vision: “To emerge as a responsible, profitable, well governed MFI catering to 50,000 borrowers through 60 branches in 5 states and loan book of Rs 250 crores, including significant portion of managed portfolio, by 2025.”

Mission: “To provide wide range of financial services through JLG to financially excluded, economically deprived women in order to ensure livelihood improvement leading towards economic freedom, access to improved healthcare, basic education and empowerment.”

Operational area and lending Model: Grameen Shakti operates in three states i.e West Bengal, Jharkhand and Bihar and covers 11 districts through 20 branches in the country to offer

its products and services. In West Bengal it offers its services in Uttar Dinajpur, Dakshin Dinajpur, Malda, Purba Bardhaman and Nadia.

It primarily focusses on disadvantaged women and offers them loan in groups.

Product and Services: It provides income generating loan, hygiene loan. Apart from that it also offers assistance for water and sanitation, Education assistance etc.

2.5.8 ASA International India Microfinance Limited

Origin: A microfinance organisation known as ASA International India Microfinance Limited was established in accordance with the Indian Companies Act and registered as an NBFC-MFI with the Reserve Bank of India. One of the biggest international microfinance organisations in the world, ASA International, has a subsidiary called ASA India. In 2008, the organisation started offering our loan services.

Along with microfinance, ASA India works with families that are struggling financially to improve their quality of life by offering assistance with healthcare, cleanliness, and education. The business employs the extremely successful ASA Model, a technique developed by the Bangladesh-based ASA NGO-MFI that has proven beneficial in reducing poverty all over the world.

Vision: Reducing poverty by improving the lives of the underprivileged with a key focus on female entrepreneurs.

Mission: We have a strong commitment to financial inclusion and socio-economic progress.

Operational area and lending Model: ASA India has branches in the following states: West Bengal, Assam, Tripura, Bihar, Uttar Pradesh, Meghalaya and Odisha, with the largest number of branches in West Bengal. ASA India is 90% owned by ASA International. Lending approach is based on individual lending via client groups.

Product and Services: Low-income company owners are given microloans with the aim of increasing financial inclusion and achieving socioeconomic improvement. For low-income business owners without access to finance from conventional banks, our loans offer an option. It offers loan of different amount for income generating activities of the clients and also offers

family loan to the family members of the borrowers who are engaged in some small business and face liquidity issues.

Apart from providing loan for entrepreneurship and small business it also provides some social services like: eye camp, flood relief, skill development for women empowerment, solar lamp distribution and health camps.

2.5.9 Janakalyan Financial Services Private Limited

Origin: Janakalyan Financial Services Private Limited earlier known as Janakalyan Consultancy & Services Private Limited started its microfinance operation in the year 2017 in March being registered as NBFC-MFI. They primarily target women as beneficiaries whom they can provide with a credit facility that enables them to improve their standard of living and become a part of an inclusive society. This organization provides with the required facility to the beneficiaries for their income-generating activity, in their small businesses, self-employed people, rural artisans etc. It's main objective is to achieve social and financial sustainability through economic empowerment along with generation of employment through entrepreneurship at grass root level.

The company is determined to support disadvantaged women by providing them with economic opportunities to transform their lives into better and create employment opportunities for sustainable income. the company is determined also to support, improve, and strengthen the economic status.

Vision: “To build a world-class financial institution committed to economic upliftment of the underprivileged through financial inclusion.”

Mission: “To improve the standards of living of millions of Indians engaged in micro, small and medium enterprises across the country through a wide range of financial services, in a sustainable and transparent manner based on mutual respect and understanding.”

Operational area and lending Model: As on 31st March 2020 Janakalyan operates in six states of India namely, West Bengal, Bihar, Jharkhand, Odisha, Tripura & Assam and operate through 75 branches across India and served approximately 162267 borrowers. Operates in semi urban and rural areas of the state.

It offers individual loan through group model and gives the beneficiaries the choice of repayment period as per their convenience such as monthly, fortnightly and weekly. It offers loan to the individuals who become a part of the joint liability group.

Product and Services: The MFI offers loan named KALYAN for income generating activities of the beneficiaries. This loan is offered at different amount and with different tenure as per the need of the clients.

Apart from providing income generating loan for financial support to women, it also empowers them through different types of activities, such as child protection, environmental protection, such as garbage cleaning, girls rescue, integration of education and celebration of International Women's Day.

Janakalyan also carries out various social assistance initiatives and interventions within its area of activity. These programs focus on economic empowerment and poverty eradication, financial inclusion and literacy, health and nutrition, borrower leadership, and environmental awareness. Most of these programs focus on adding value through knowledge.

2.5.10 Uttrayan Financial Services Private Limited

Origin: NBFC-MFI Uttrayan Financial Services Private Limited is a registered company with the Reserve Bank of India (RBI). With their head office located in Kolkata, West Bengal. It began microfinance on-lending activity in the year 2001 by offering small ticket size loans to the underprivileged women in rural and semi-urban areas using a group SPM based system having a primary goal of improving sustainable livelihoods. The company offers livelihood promotion services, which include livelihood and other Microfinancial services, to those demographic groups who are mostly unreachable by the official banking systems.

Uttarayan Financial Services Pvt. Ltd. is one of the few MFIs in West Bengal that manages portfolio as an IDBI Bank and YES Bank business correspondent.

Vision: To spread in West Bengal and neighbouring states through different financial and development activities with 1000000 outreach by 2025.

Mission: Providing cost effective financial services and integrated community development, for the economic and social empowerment of women leading to better livelihood opportunities.

Operational area and lending Model: Across 10 States and 54 districts in India, financial services have been available for more than 20 years. More than 100,000 customers are served by Uttrayan, which has 98 branches spread across 10 districts in West Bengal, 7 districts in Assam, 12 districts in Bihar, 1 district in Meghalaya, 9 districts in Odisha, 2 districts in Sikkim, 3 districts in Uttarakhand, 6 districts in Punjab, 1 district in Jharkhand, and 3 districts in Rajasthan, India.

They primarily focus on women as their target beneficiaries and lends them credit on group basis. Uttrayan uses the Group Based (JLG) microcredit lending model, in which loans are made to people who are liable for the group as a whole.

Product and Services: Microcredit Loans are often provided for useful projects and income-generating endeavours including farming and related activities, raising animals, and small enterprises engaged in manufacturing and commerce. Although Uttarayan has taken attempts to offer Micro housing Loan and Education Loan to its consumers, loans are often not granted for housing or personal use.

- They provide small and general loan to clients who are engaged in agriculture, small trading and small business.
- They also provide housing loan to the members amounting to Rs 20,000-75,000 who wish to improve their housing condition
- Apart from income generating loan and housing loan they also offer education loan to the members who are in need for money for the education of their child.

2.6 Regulatory framework of MFIs in west Bengal

Microfinance institutions can be defined as an institution that aims to meet the financial need of the low-income strata of the society. Rural women, small wagers and farmers/ peasants are those members of society that fall under the low-income group and do not have the privilege of visiting banks to apply for loans in order to cater their financial need with regard to their occupation. Microfinance Institutions has been established with a view to serve the financial needs of those who do not fall under the category of people whose financial needs can be served by formal banks.

Microfinance Industry has experienced a remarkable growth over the last few years and so regulation of the industry became an important concern for the government and Microfinance

Services Regulation Bill was introduced to regulate the industry so that it does not experience any intrusion in its operations and to ensure that financial assistance is provided to individuals who are eligible either individually or through group mechanism for purposes to be attained by them.

Self Help Groups (SHGs), Joint Liability Groups (JLGs), Grameen Bank Model and Rural Cooperatives are some of the models under which Microfinance Institutions achieves the aim of providing microfinance services and including the poor in the financial system.

Microfinance Industry in India has to undergo many challenges and it is not easy for MFIs to operate smoothly without any hitch. Since, the main area of operation of any MFI is to serve the poorer section of the society, over-indebtedness is a common challenge faced by them as members are found borrowing funds from different available sources.

In India the Legal framework for MFIs have been established with regard to its registration and other criteria which are broadly classifies as

- ❖ Societies -
- ❖ Trust -
- ❖ Sec 8 Companies -
- ❖ NBFC-MFIs -
- ❖ Cooperative Societies –

Considering the important role that Microfinance Institutions discharge in attaining the objective of financial inclusion, understanding the laws and regulation which governs this mechanism has become quite important.

A stir created in the industry after the microfinance issue which occurred in Andhra Pradesh and at the same time rise in the microfinance industry unfolded several prudential and non-prudential norms made by the governing bodies of the country to monitor the functioning of such institutions which has a far-reaching effect on development of the country.

- **Societies Registration Act 1860**

Mostly NGOs are registered under this act as these organizations are set up as voluntary and not for profit organizations, the microfinance services offered them fall under the legal umbrella of Societies Registration Act 1860.

According to the Societies Registration Act 1860 “a society can be formed for the promotion of literature, science or fine arts or the diffusion of useful knowledge/ political education or for charitable purpose.” However, the purposes have been amended from time to time by the state government and charitable activity sustained to be the fundamental among all purpose for which such institutions are formed.

The advantages that MFIs registered under this act experiences are: the process of registration is quite simple and easy; record keeping by such institutions are simple and the regulations are also easy and uncomplicated; since it is operated by the members only there are low chances of intervention by the regulators; since the operations are mostly of charitable nature it is exempted from tax; it can act as an agency for the insurance companies to provide micro-insurance.

Certain disadvantages of being a charitable institution, it is not appropriate in the light of for-profit organization and sustainable financial goals of microfinance organizations; the exemptions given to the society with regard to tax can be challenged by the Income Tax Department on the question whether the operations of the institution are charitable or not; as per Sec 45s of RBI Act 1934, unincorporated bodies are not allowed to take payments from public and any organization registered under the Societies registration Act and Trust Act are considered unincorporated bodies hence, it is illegal for them to collect from the clients; since these organizations are not allowed for deposit mobilization or collecting from the public, it is unable to grab the interest and attention from the commercial investors interested in microfinance; as these organizations are managed by its members it is considered to be less professional and efficient by investors and they feel it is risky for them to invest in these MFIs thus avoid making investments in them; Moreover as per the Sec 45S of the RBI Act 1934 any unincorporated body is not allowed to accept deposits from the public, and organizations registered under this Act are considered to be unincorporated thus they are not allowed to accept deposits from its clients.

- **Indian Trust Act 1882**

MFIs which are registered under the Indian Trust Act, 1882 are either a public charitable trust or a private determinable trust with defined beneficiaries or members.

Sec 6 of the Act states that the key component of a trust are i) the three parties-the author, trustee, beneficiary, ii) secondly the declaration of the trust is stated, iii) thirdly the certainty of

the subject matter of the trust is stated and iv) lastly the certainty of the objects of the trust is stated.

A public trust is that trust which is formed mainly for interest and welfare of the public at large. These trusts are primarily charitable or religious trusts and are of permanent and indefinite character whereas private trusts are those where the interest is laid on one or more individuals who are or within a given time may be, surely ascertained. “In the words of the Supreme Court, the distinction between a private and a public Trust is that whereas in the former the beneficiaries are specific individuals, in the latter they are general public or a class thereof. While in the former the beneficiaries are persons who are ascertained or are capable of being ascertained, in the latter they constitute a body which is incapable of being ascertainment”.

The private trusts are governed by the Indian Trust Act, 1882, public trusts are governed by the general law.

There are certain advantages and disadvantages of registration under the Indian Trust Act and these are very similar to the organizations registered under the Societies Act. Nevertheless, even though the IRDA validates NGOs which are registered under the Societies Act to be the channel for distribution of micro-insurance, when it comes to trust there is no such transparency. Moreover, public trusts are considered to be more unsuitable with regard to tax and exemptions because the exemptions provided to Societies may be applicable to trust only to the extent the Income Tax department accepts their activity as charitable.

- **Not for Profit Companies registered under Section 8 of Companies Act, 2013**

Any organization which is granted a license under Sec 8 of the Companies Act 2013 can be registered as a company with a limited liability without adding either ‘Ltd’ or ‘Pvt. Ltd’ to its name and also becomes eligible for exemptions from certain provisions of the Companies Act, 1956. It also enjoys certain advantages like leverage capacity, easy processes in terms of registration and compliance with regulatory requirements and also low regulator interference. Some of the disadvantages of being registered under the sec 25 of Companies Act are with regard to deposit mobilization, not being considered as an attractive option for equity mobilization and also lack of clarity on ceiling.

For a company which is already registered under the Companies Act of 2013 with an object of promotion of commerce, science, arts, religion, charity or any other useful purpose and the central government is satisfied with the fact that the object of the company is restricted to the

ones mentioned above ; and the constitution of the companies also states that the application of fund or other income are made in promoting its objects and prohibits payment of any dividends to its members, then such a company are allowed to get registered under Section 25 of the Companies Act.

- **Non-Banking Finance Companies**

“According to Section 45-I of the RBI Act, an NBFC is a company which carries on any of the following activities as its business or part of its business:

- Lending;
- Receiving of deposits;
- Acquisition of shares, stocks or other securities;
- Hire-purchase or leasing;
- Insurance;
- Chit Funds and;
- Lotteries.”

As per the definition, any company which undertakes microfinance as an activity inevitably becomes an NBFC and has to comply with all the regulations of a company.

NBFCs are Non-Banking Financial Companies which are also known as Non Banking Financial Institutions which provides bank like financial services but does not hold a banking license and hence are not subject to banking regulations and surveillance by the federal or state authorities which are applicable to traditional banks.

In context of Indian financial sector NBFCs have played a significant role especially for the small clients by reducing the gap in the demand and supply of the financial services and meeting the credit demand which was unmet by the traditional banks. The NBFC experienced rapid growth due to its localized presence, by being more customer oriented in comparison to banks and having minimal documentation requirement.

Some of the advantages of being registered with the RBI as a NBFCs are;

- **Investor Confidence:** As they are recognised and regulated companies for carrying out microfinance activities, MFIs that are registered as NBFCs have a greater level of investor confidence. Institutional lenders and banks also have a high level of trust.

- MFIs classified as NBFCs face limited regulation if they do not accept deposits. If they do not take public deposits, they are subject to minimal rules. Despite the fact that the majority of impoverished clients are missing out on a critical financial resource, if deposit acceptance is not permitted, this service lowers the amount of risk. If the MFI is not receiving deposits, the regulation will be substantially tightened.
- Attractive Alternative for Social Investors: NBFCs are the most favoured option for social investors interested in the industry, although having a relatively high equity investment ceiling. NBFCs have a reasonably disciplined and competent management because to their regulated framework. The exit path for such investors is also reasonably safe compared to other forms of MFIs because the ownership structure is clearly set out. This aids them in transferring their given equity to the NBFC. Given the transparency requirements that such NBFCs must meet on a variety of fronts, the inclination of such investors to put their money into them grows considerably.
- Upscaling Operations: With a regulated set-up, disciplined and competent management, and a high degree of investor trust, MFIs may easily scale up their operations.

- **Co-operative Banking Model**

Only the State Cooperative Banks, District Central Cooperative Banks, and Primary Cooperative Banks (Urban Cooperative Banks, or UCBs), are recognised as cooperative banks under the Banking Regulation Act. Primary Cooperative Banks (also known as Urban Cooperative Banks, or UCBs) are the appropriate category of cooperative banks for MFIs. Under the Cooperative Societies Act of the relevant governments, Urban Cooperative Banks are registered. Under the Multi-State Cooperative Societies Act (MSCA) 2002, UCBs with a multistate presence must register. While the management and administrative functions of UCBs are still under the control of the respective state governments (for banks registered under the State Cooperative Societies Act) or the federal government, the RBI is the regulatory and supervisory authority of UCBs for their banking operations (for the banks registered under the MSCA 2002). This model is registered with Bagnan Mahila Bikash Cooperative Credit Society Ltd. (BMBC), situated in Bagnan, West Bengal, and Shri Mahila Sahakari Bank Ltd., also known as SEWA Bank, based in Ahmadabad, Gujarat.

The capacity to take demand and time deposits, the cheap capital requirement, and the availability of clearing-house services are the relative benefits of cooperative MFIs.

Dual control, problems that are worse if the relevant state does not have a Mutually Aided Cooperative Societies (MACS) Act, and a negative public perception of cooperative banks as a result of recent governance and management issues that led to the failure of several such banks are the relative drawbacks. Due to these failures, it is currently very challenging to get fresh licences from the RBI.

- **Andhra Pradesh Mutually Aided Cooperative Societies' Act (APMACS Act) 1995**

Many MFIs in Andhra Pradesh now use the AP MACS Act of 1995 as their organisational structure. The rules governing cooperative organisations in many other states have been altered or updated using this statute as a model. The APMACS Act's provisions are more or less mirrored in the laws of other states. There are presently several important cooperatives. Thrift Societies in Andhra Pradesh (MACTS). The PWMACTS in Vishakhapatnam, the Indur MACTS Federation in Nizamabad, and the ACTS Mahila MACTS established in Chittoor are some instances of such MACTS that function well. In comparison to cooperative societies established under conventional cooperative laws, MFIs have the following relative advantages: ease of formation and management; ability to accept deposits; minimal interference from regulators; and client-centricity, which allows for the mobilisation of equity from clients.

- **State Acts on Mutually Aided Cooperative Societies**

In order to increase the autonomy and freedom from governmental involvement of cooperatives, many states have amended their cooperative societies legislation. This law was initially enacted in Andhra Pradesh and served as a template for many other states that approved new laws to amend their state cooperative society acts. Some states have taken things a step further and implemented changes that will have a significant impact on how MFIs operate. Among these states, Orissa, Bihar, Madhya Pradesh, and Karnataka need special mention. The other state legislation do not have this provision, however the Orissa act permits SHGs to join cooperative societies.

The Annapurna Mahila Cooperative Credit Society in Mumbai, the Indian Cooperative Network for Women (of the Working Women's Forum) in Chennai, Ankuram Sangamam Poram in Hyderabad, and Pushtikar Laghu Vyaparik Pratishthan in Jodhpur are notable examples of cooperatives operating under the conventional acts. Some district cooperative banks, such DCCB Bidar (in northern Karnataka), have also begun to show a keen interest in

microfinance. Only Andhra Pradesh, which invented this regulatory structure, has had a considerable influence thus far from the state-level MACS Acts.

2.7 Conclusion

Microfinance Institutions (MFIs) are essential for addressing financial disparities among low-income and underserved communities, particularly in developing countries like India. This chapter has offered a detailed analysis of their geographical reach, client engagement, loan portfolios, and the variety of financial products and services they provide. It emphasizes how MFIs foster financial inclusion through offerings like credit, micro-insurance, savings, and pension plans, while also underlining their role in building capacity and enhancing financial literacy.

The different delivery models of microfinance—such as the Grameen Bank Model, Self-Help Group Model, Joint Liability Group, Individual Lending Model, and Village Banking Model—showcase various strategies to reach unbanked populations. These approaches enhance access to financial services, encourage self-reliance, and empower disadvantaged communities, particularly women entrepreneurs.

A central theme of this chapter focuses on the situation of MFIs in West Bengal, evaluating their impact, regional reach, and resilience during crises, including the Covid-19 pandemic. While MFIs have demonstrated admirable adaptability in providing financial support during economic challenges, they still face significant issues like over-indebtedness, regulatory hurdles, and maintaining financial sustainability.

Regulatory frameworks are crucial for promoting ethical lending practices, protecting consumers, and ensuring the long-term viability of MFIs. The Code of Conduct for MFIs aims to ensure responsible lending while prioritizing borrower protection. Nonetheless, ongoing policy updates and technological innovations are essential to boost operational efficiency and expand outreach.

To conclude, the microfinance sector has made noteworthy progress in enhancing financial inclusion in India, yet its enduring success hinges on sustainable growth strategies, regulatory improvements, and the integration of digital financial services. Future research should concentrate on evaluating impact, embracing digital transformation, and assessing policy effectiveness.

Chapter 3

Conceptual framework

There are two sections in this chapter. The definition, scope, and methodology of socio-economic development are provided in the first section. The secondary data collection methodology is described in the second section. The experiences from the survey visit are also covered in this section of the chapter.

3.1 Theoretical Framework

Addressing poverty and generating employment opportunities stand as central objectives within the realm of socioeconomic development. These aims have garnered remarkable attention in both developing and underdeveloped nations. Microfinance has emerged as a potent instrument in the battle against poverty, job creation, and the enhancement of the welfare of impoverished populations. It has demonstrated its capacity to not only uplift the economically challenged but also act as a catalyst for empowering underserved groups, particularly women. By granting them the means to manage enterprises and make autonomous decisions, microfinance fosters a sense of self-worth and efficacy.

Moreover, microfinance assumes a pivotal role as a vehicle propelling the realization of the millennium development goals. These encompass essential ambitions like reducing extreme poverty and hunger by fifty percent, fostering gender parity, and attaining universal primary education.

In essence, microfinance entails providing an array of financial offerings such as loans, insurance, savings opportunities, deposits, and payment services to impoverished and low-income households who are excluded from traditional financial options due to their inability to provide collateral (Johnson & Rogaly, 1997; Ledgerwood, 1999; Littlefield, Murdugh, & Hashemi, 2003; Robinson, 2001). The fundamental idea behind this approach is that by extending financial services, individuals from economically disadvantaged backgrounds can engage in the economic marketplace by establishing and nurturing their own small-scale enterprises. This, in turn, enables them to enhance their household conditions, effectively manage their businesses, and attain a level of autonomy in decision-making.

Indian policymakers have acknowledged the significance of microfinance in attaining socioeconomic and millennium development objectives. Consequently, they have established numerous institutions aimed at providing essential financial and non-financial services to a

substantial segment of the population residing in impoverished conditions, and who lack access to formal financial avenues.

In recent times, a limited number of evaluations have been carried out to uncover the influence of microfinance institutions in West Bengal on the well-being of their clients, as well as their empowerment and the performance of their small-scale enterprises. Notable examples include research conducted by Chakraborty (2011), Kar (2014), Biswas (2014), Chaudhuri (2014), which affirm that microfinance institutions have demonstrated substantial and positive effects on both client well-being and the operational performance of micro and small enterprises. This positive impact is evidenced by heightened asset accumulation and increased income generation at both the household and micro/small enterprise levels, alongside advancements in empowerment.

They emphasize that microfinance services assist the impoverished in elevating household incomes, enhancing children's educational enrolment, and enriching overall quality of life. Moreover, microfinance has been shown to have a positive influence on the performance of micro and small businesses by aiding the impoverished in augmenting the earnings and scale of their enterprises.

Despite the fact that a significant portion of research on West Bengal microfinance institutions has affirmed the noteworthy impact of microfinance on client well-being, these studies have not been immune to criticism. Firstly, a prevalent characteristic of these studies has been a pronounced focus on the outcomes of microfinance, rather than delving into the underlying factors and processes. Secondly, only a limited subset of these studies has offered insights into the broader spectrum of financial intermediation services, particularly with respect to loans. However, the determinants of nonfinancial services, particularly social intermediation services, have received inadequate attention. Thirdly, the evaluation of microfinance performance has predominantly revolved around economic metrics such as household and micro/small business income and expenditures. Conversely, dimensions of performance beyond economics, such as empowerment, improvements in household conditions, and aspects like health and nutrition, have been notably overlooked.

3.2 Conceptual Framework

A conceptual framework has been created to comprehend the impact of Microfinance Institutions on the socio-economic welfare of their consumers, and it is displayed in Figure below. This was created based on a preliminary literature evaluation on the effects of

microfinance. Key elements that make up the conceptual framework: microcredit services, nonfinancial services, client characteristics, Social Intermediation Services and Beneficiaries wellbeing.

Firstly, the growth of poor people's socioeconomic conditions and the fight against poverty are being driven by financial services. According to Ledgerwood (1999), the financial services provided by microfinance are often referred to as credit and saving, insurance, payment, and repayment services.

In order to support self-employment, microfinance organizations mainly provide loans, which are small amounts of credit given to low-income people at reasonable interest rates. The conditions of these loans have a significant impact on household development, small business performance, and customer well-being. For instance, increasing the loan amount is essential to grow the market and the size of micro and small businesses. Client satisfaction is greatly impacted by loan disbursement flexibility, which includes prompt response times, simple service access, and unambiguous service terms communication. Furthermore, it's crucial to take into account how flexible the loan repayment policy is, taking into account elements like the interest rate, grace period, and repayment duration. (Hulme, 1996; Ledgerwood, 1999; Robinson, 2001), in order to assess the impact of microfinance services on the wellbeing of their consumers.

Savings service is another product of microfinance that takes two forms: mandatory and voluntary savings. Mandatory saving refers to the value of savings that microfinance clients must accumulate as a condition of receiving a future loan, while voluntary saving refers to the amount of MFI clients' savings that is not required as a condition of an existing loan. Savings, both compulsory and voluntary, are crucial for improving the poor's capacity to deal with uncertainty shocks, lowering the cost of lending, and securing permanent funding sources (Ledgerwood, 1999; Robinson, 2001). An important factor in assisting less fortunate people in obtaining larger loans and improving their financial stability is the interest rate on their deposited savings. Additionally, having access to savings accounts enables low-income people to handle unforeseen financial setbacks.

Second, for clients to use financial services effectively and enhance their personal and business success, non-financial services like enterprise development training are essential. Due to fierce competition brought about by the commercialization of microfinance institutions, these organizations are being forced to improve and streamline their products. They have

therefore increased their clientele, making them more sustainable. However, improving the quality and affordability of microfinance services is crucial to achieving wider outreach. Most people agree that one of the most important ways to maximize the advantages of financial services for customers is through entrepreneurial and business development training.

Financial services and business and entrepreneurship training should be combined to create successful entrepreneurs. Microfinance, according to Ledgerwood (1999), is more than just giving people money; it also aids in the development of their skills and abilities. Training in project management, time management, business strategy, planning, marketing, finance, leadership, motivation, delegation, communication, and negotiation are just a few of the many different kinds of business training available.

Thirdly, the role of social mediation services in facilitating access to collateral-free financial services is widely recognized. These services play a crucial role in establishing social connections among group members, thereby enhancing social capital. Social intermediation involves investing in the development of both human resources and institutional capabilities. This investment aims to empower marginalized groups, enabling them to become self-reliant and participate in formal financial processes (Hulme, 1996).

The formation of groups holds significance for both lenders and borrowers. Lenders aim to minimize the costs associated with microfinance services by expanding their reach extensively, without requiring physical collateral. Simultaneously, they seek to mitigate the risks stemming from information asymmetry. The concept of group liability has emerged as a pivotal strategy for tackling the challenges posed by information asymmetry. It achieves this through mechanisms like peer monitoring and screening functions, effectively addressing the risk of adverse selection. Furthermore, group members enjoy improved access to loan services, the potential to secure larger loans, and the benefits of information sharing. These dynamics collectively contribute to enhancing the overall performance of group members.

The study done in West Bengal is supported by the framework shown in figure, which takes into account the models used in past studies to assess the impact of microfinance schemes on Socio-economic impact of beneficiaries. Investigating the underlying connections between the microfinance loan and household assets, consumption, income, children's education, self-esteem, vulnerability and wellness is the primary focus of this study.

In order to evaluate the impact of microfinance on the socio-economic well-being among the beneficiaries, a summary of the variables used in this study is shown in Figure. The chart displays the various loan types, microfinance services (including loans and non-financial items), and lending techniques used to provide these services to the beneficiaries.

The requirements for getting access to microloans are also shown in Figure 3.1. The Socio-economic components are given to demonstrate how the borrowers' actions enhance the welfare of their families. What effects do microfinance programmes have on household wellbeing? How much do microfinance programmes influence poverty reduction among the beneficiaries?

The relevance of microfinance interventions and developments in the credit market were explored and discussed in this chapter's discussion. The chapter addressed the connection between microfinance initiatives and its impact on the socio-economic conditions of the beneficiaries. In connection to microfinance programmes, the chapter critically evaluates many aspects of socio-economic impact.

In addition, the chapter assesses several contextual concerns and analytical techniques used in earlier research to assess the impact of microfinance services. The results of the current research on the effect of microfinance on reducing poverty are variable and contradictory. The methodological techniques and units of evaluation utilised in the impact studies were primarily responsible for this.

Furthermore, the various microfinance programmes used in different nations as well as the economic, social, and cultural backdrops of the study's domain might influence the variations in outcomes found in these empirical investigations.

But in terms of the impact of microfinance intervention, each of the research yielded a different set of results. It is necessary to look at the effects of the intervention on several factors in order to properly assess the effects of microfinance. Thus, this will aid in the creation of the best products to fulfil the demands of both the target beneficiary and the intermediary beneficiaries in separate research, which will aid policy makers. The method will give decision-makers the ability to gauge the precise interventional component that made the programme successful and the extent of its influence.

According to some research, microfinance is a magic bullet for eradicating poverty since it is seen to have a positive impact on the identified variables of asset accumulation, child education, income, self-confidence, self-respect, and consumption. The literature assessment,

however, reveals that these researches used various methodological stances. Contradictory results were found in various research that used comparable methodologies to investigate the impact of microfinance interventions. They demonstrated that microfinance does not reduce poverty and that because of the particular factors that have an impact on the capacity of poor borrowers, particularly farmers, loan is frequently not made available to the poorest consumers.

There is a need to further research and assess the impact of microfinance within the West Bengal environment in light of the diverse and inclusive effects. The focus of this study will be on one effect assessment unit (poverty/household), which will be conducted in West Bengal. Additionally, the review of the literature, which included West Bengal, revealed that many of these studies were carried out without taking into account the borrowers' hypothetical conditions.

The research has been dominated by various conclusions on the efficacy of microfinance as a newly developing strategy to combat poverty. The aforementioned analysis of the literature critically demonstrates that family well-being can be positively impacted in some cases. However, the initiatives are thought to have a negative effect or, at least in comparison, no effect on livelihood. It is challenging to generalise the findings of these empirical investigations due to the lack of agreement on the criteria used to measure microfinance performance.

These ambiguous findings in the literature give the justification for our investigation in West Bengal.

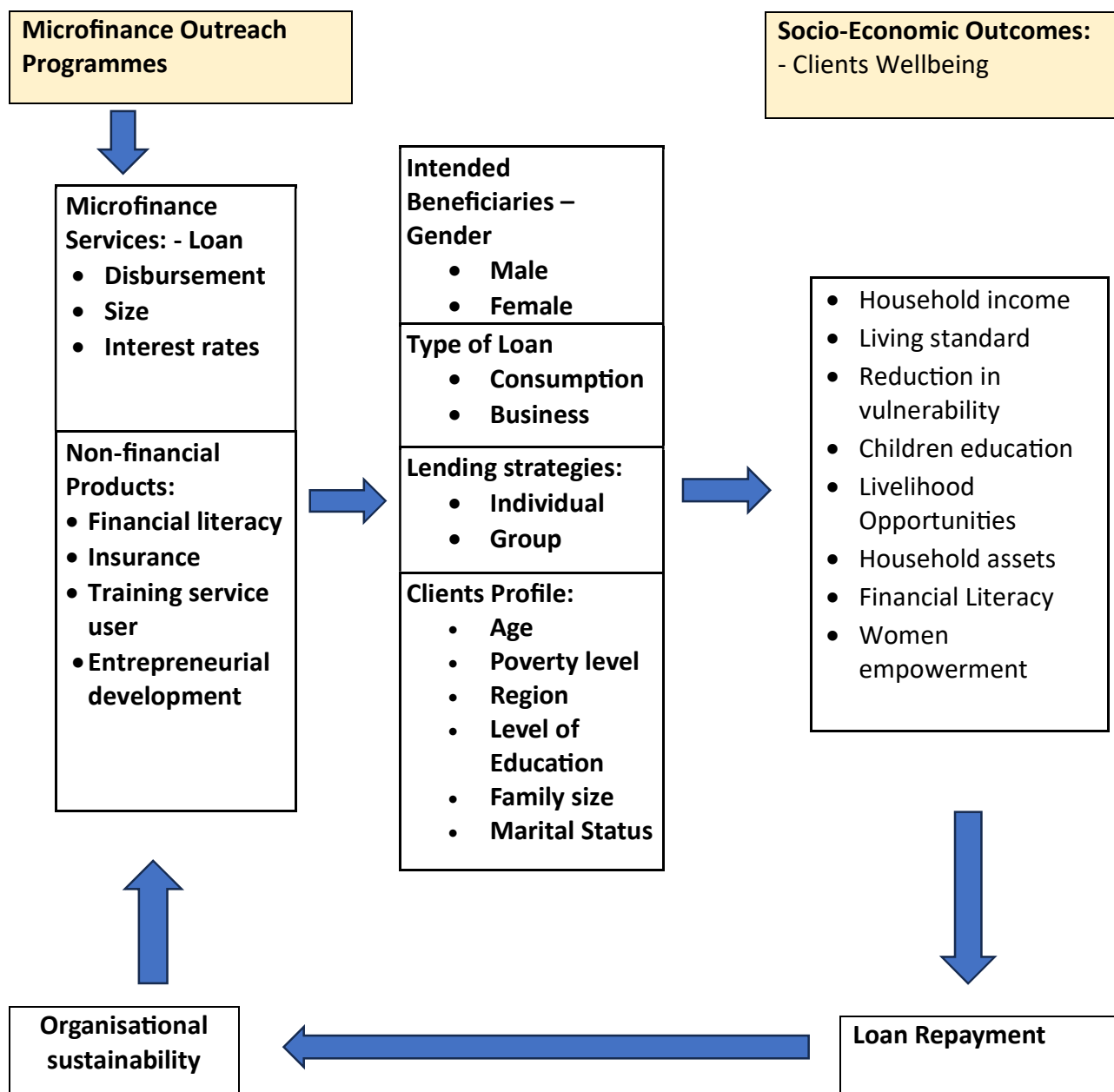
The main emphasis of this study is to investigate the underlying relationships between the microfinance loan and income & savings, living standard, reduction in vulnerability, children's education, Livelihood opportunities, health and nutrition and women empowerment.

Table 3.1 Variables from literature

Variables	Literatures
Income	Montgomery, Bhattacharya, and Hulme (1996); Chen (1992); Mosley (1996); Creevey (1994); Omar, M. A., & Inaba, K. (2020); Mahmood, T., Arby, M. F., Hussain, T., & Sattar, A. (2016).
Savings	Churchill (1995); Oswald, K (2014); Morgan, P. J., & Long, T. Q. (2020).
Living standards	Weerasinghe, I. M. S., & Dedunu, H. H. (2017); Mahmood, T., Arby, M. F., Hussain, T., & Sattar, A. (2016).
Reduction in vulnerability	Hulme and Mosley (1996); Oswald, K (2014); Ullah & Khan. (2017).
Children education	Pitt and Khandkar (1995); Peace and Hulme (1994); Creevey, Ndour, and Thiam (1995); Becchetti, & Conzo, (2014); Maldonado & Vega (2008).
Livelihood Opportunities	Chen (1992); Mosley (1996); Buvinic, Berger, Jaramillo (1989); Hasan, Singh, Agarwal, & Kushwaha, (2022); Eshetu (2014).
Household assets	Montgomery, Bhattacharya, and Hulme (1996); Mosley (1996); Creevey (1994); Creevey, Ndour, and Thiam (1995); Churchill (1995); Gumbo, T. (2010); Bhuiya, Khanam, Rahman & Nghiem (2016); Muhumed, M. M. (2016).
Financial Literacy	Cohen, M., & Nelson, C. (2011); Morgan, P. J., & Long, T. Q. (2020); Grohmann, A., Klühs, T., & Menkhoff, L. (2018).
Women empowerment	
Economic security	Schuler and Hashemi (1994); Khan, Bhat & Sangmi, (2023); Mutai, & Osborn (2014).
Decision making	Schuler and Hashemi (1994); Chen (1992); Creevey (1994); Murshid, N. S. (2018); Lavoori, & Paramanik, (2014).
Political and social awareness	Schuler and Hashemi (1994); Chen (1992); Khan, Bhat & Sangmi, (2023); Habib, M., & Jubb, C. (2012); Dash, Prasad, & Koshy (2016).
Mobility	Schuler and Hashemi (1994); Murshid, & Ball, A. (2018); Singh, S., & Cready, C. (2015); Khan, Siddiqui, Saeed, Azam, (2019).
Psychological Empowerment	Chen (1992); Khan, Bhat & Sangmi, (2023); Hansen, N. (2015); Dash, Prasad, & Koshy (2016)

Source: Compiled by the researcher

Figure 3.1: Framework to analyse Socio-economic Impact on the beneficiaries.



Source: Remodelled by Author (adopted from: Bakare (2017), Al-Shami, et al., (2014))

It is commonly known that microfinance can help reduce poverty and promote socioeconomic development, especially in developing nations. It offers financial services to people without access to traditional banking systems, mainly small loans. By enhancing their financial stability and encouraging entrepreneurship, microfinance aims to empower low-income people, particularly women. Numerous studies have emphasized the contribution of microfinance to raising household income, advancing financial literacy, and advancing gender equality, such as those conducted by Yunus (1999) and Morduch (1999). By taking into account a number of variables, including loan accessibility, lending strategies, and results, this framework seeks to examine the ways in which microfinance programs affect the socioeconomic well-being of their beneficiaries.

In addition to financial services, microfinance institutions (MFIs) also provide non-financial services. The main function of financial services is the disbursement of loans, which vary in size and interest rate. According to Armendáriz and Morduch (2010), the effective distribution of loans and the capacity of borrowers to make use of them are essential to microfinance's success. Programs for financial literacy, insurance, business training, and assistance with entrepreneurial development are among the non-financial services offered by MFIs. Financial education and training may enhance loan utilization and repayment rates, which in turn may improve borrowers' economic outcomes, according to research by Karlan and Valdivia (2011).

Low-income groups are the primary target of microfinance loans, which are intended for people without access to traditional banking. Gender, age, poverty level, region, education level, family size, and marital status are some of the factors used to categorize beneficiaries. A study by Khandker (2005) found that women make up the majority of microloans because they are more likely to invest in household welfare and productive endeavours. There are two types of loans: business loans, which are meant for entrepreneurial endeavours, and consumption loans, which are used for necessities. Individual and group lending are the two categories into which microfinance institutions' lending practices fall. Group lending, as discussed by Ghatak and Guinnane (1999), is widely used in microfinance as it fosters peer monitoring, reduces default rates, and increases accountability.

The socioeconomic impact of microfinance on borrowers and their households is substantial. Numerous studies have looked at how it affects important metrics like living standards, household income, and vulnerability reduction. In a randomized assessment of microfinance

initiatives, Banerjee et al. (2015) discovered that having access to small loans boosts financial stability and business activity.

Key socio-economic outcomes include:

Household Income: Microfinance enables individuals to invest in income-generating activities, leading to increased earnings. According to research by Pitt and Khandker (1998), microcredit increases household income, especially when loans are taken out for business.

Living Standards: By being able to afford better housing, healthcare, and nutrition, beneficiaries who have improved financial access are able to improve their living conditions.

Reduction in Vulnerability: Access to credit provides financial security, allowing households to cope with economic shocks and emergencies. Zeller and Sharma's (2000) research highlights how microfinance can help lower economic vulnerability.

Education of Children: Higher household incomes result in more children enrolling in school and fewer dropping out. According to a 2009 study by Deininger and Liu, microfinance helps kids achieve better academic results.

Livelihood Opportunities: By giving people the money they need to launch or grow their businesses, microfinance encourages entrepreneurship.

Household Assets: To ensure long-term financial stability, borrowers can purchase assets like equipment, cars, or livestock.

Financial Literacy: By assisting recipients in improving their financial management abilities, training programs lessen the possibility of debt traps.

Empowerment of Women: By granting them authority over their financial resources, microfinance has long been acknowledged as a means of empowering women. According to Kabeer (2005), women's social standing and decision-making abilities are enhanced by having access to microcredit.

Since it maintains the viability of lending institutions, loan repayment is an essential part of microfinance. A number of variables, including loan utilization, lending tactics, and borrowers' financial literacy, affect repayment rates. Because of peer pressure and group accountability, group lending models typically have higher repayment rates (Cull, Demirgüç-Kunt, & Morduch, 2009). For MFIs to keep offering financial services to marginalized communities, sustainability is crucial. On-time loan repayment allows institutions to reach a

wider audience and assist more people. According to research by Hermes and Lensink (2011), MFIs with a strong financial foundation are better able to reduce poverty over the long run.

3.3 Hypothesis Formulated

1. Null Hypothesis: There is no significant change in access to bank account after joining the MFI.
2. Null Hypothesis: There is no significant change in monthly income after joining the MFI.
3. Null Hypothesis: There is no significant change in occupation status after joining the MFI.
4. Null Hypothesis: There is no significant change in savings habit of the beneficiaries after joining the MFI
5. Null Hypothesis: There is no significant impact of skill development program on livelihood generation
6. Null Hypothesis: There is no significant impact of financial literacy program on improving literacy level
7. Null Hypothesis: There is no significant impact of financial literacy program on knowledge of banking operations
8. Null Hypothesis: There is no significant impact of participation in financial literacy program on improved literacy level.
9. Null Hypothesis: There is no significant impact of participation in financial literacy program on knowledge of banking operations.
10. Null Hypothesis: There is no significant impact of MFI on the income of the beneficiaries.
11. Null Hypothesis: There is no significant impact of MFI on the living standard of the beneficiaries.
12. Null Hypothesis: There is no significant impact of MFI on the living standard of the beneficiaries.
13. Null Hypothesis: There is no significant impact of MFI on Education of children.
14. Null Hypothesis: There is no significant impact of MFI on Health and Nutrition.
15. Null Hypothesis: There is no significant impact of MFI on housing condition of the
16. Null Hypothesis: There is no significant impact of MFI on Financial Literacy of the beneficiaries.

17. Null Hypothesis: There is no significant impact of MFI on Women economic empowerment.
18. Null Hypothesis: There is no significant impact of MFI on Women decision making power.
19. Null Hypothesis: There is no significant impact of MFI on Women political and social awareness.
20. Null Hypothesis: There is no significant impact of MFI on freedom of movement of women.
21. Null Hypothesis: There is no significant impact of MFI on psychological empowerment of women.

3.4 Case Studies

Case Studies 1:

Manika a 24 years old lady was a homemaker and her husband worked as a daily labor in a textile factory earning a small amount of money with which they had to run a family of 5 members. They lived in a nuclear family with one son one daughter and an old mother in law. The income which her husband earned was just enough to give them food for two times a day but nothing beyond that and Manika was concerned and determined to give her children a better life and a bright future for which she had to send them to school but it was not possible with the income that her husband earned. She asked him to manage some money but it was not easy for them to get money as nobody would lend them thinking that they would not be able to return the amount.

All this while one of her neighbours who was her friend discussed about Sampark and invited her to join the next meeting which was supposed to be held in her house. Manika went there and discusses her concerns with the loan officer who suggested her to become a member of that group in order to get the loan and she received her first loan which was of Rs 10,000. This amount gave her a new hope and she invested this amount to open a small grocery shop in her home itself and it gave her good returns, after paying her first instalment she received another loan of a little higher amount and she continued investing in her grocery shop by increasing the variety of goods sold by her and now she has the busiest shop in her locality where she sits with her mother-in-law and run the shop. The business has helped her to augment her income and helped her save money for her children's future. Some days when her husband is on leave, he also accompanies her in the shop. The small amount of loan which she received from the

MFI helped her as a stepping stone in improving her family living standard and securing a bright future for her children. Manika feels had she not received the small amount of loan; she could not have reached where she is now

Case Study 2:

This case study demonstrates the life-changing effects of microfinance on Rinku, a determined woman from a rural area. She demonstrated how microfinance can empower women and improve socioeconomic development by using it to create a sustainable livelihood despite having little money and a family to support.

Rinku was a homemaker who lived in a home with her husband and three kids: two sons and a daughter. Her husband's meager income from his work as a daily wage laborer in agriculture barely covered their household expenses. Rinku realized that finding a second source of income was crucial to securing her family's future as financial strains mounted.

Even with her perseverance, Rinku had a difficult time getting financial assistance. No one was willing to lend them money because they were afraid, they wouldn't be able to pay it back, so she asked her husband to look for financial support. Their access to conventional financial institutions was further limited by their lack of formal employment and collateral.

Officials from Sarala, a microfinance organization, introduced Rinku to the organization at an important stage while they were holding awareness campaigns about financial aid for women through group mechanism. She went to a group meeting, motivated by the opportunity, and spoke with the loan officer about her financial difficulties. After receiving their advice, she joined the women's self-help group, which gave her access to much-needed funding. She began a handmade basket business with a ₹10,000 initial loan, bringing in extra cash for her family. She purchased a cow with ₹15,000 after successfully repaying the loan, increasing her revenue from dairy sales. She was encouraged by her progress and received a ₹50,000 loan from Sarala, which enabled her to expand her business and purchase four more cows.

She increased her revenue from dairy sales by obtaining ₹15,000 to buy a cow after successfully repaying the loan. Inspired by her success, Sarala gave her a ₹50,000 loan, which helped her expand her business and purchase four more cows. As her income increased, she made sure that her loans were repaid on time, raised her family's standard of living, and improved her kids' education. As an example of the transformative power of microfinance in promoting

economic growth and women's empowerment, Rinku became a role model in her community through her entrepreneurship and financial independence.

Conclusion

This chapter examined microfinance's theoretical foundations and how it affects socioeconomic growth. It emphasized how microfinance organizations can enhance financial inclusion, business performance, and household income. The study highlighted important elements that together improve beneficiaries' well-being, including social intermediation, non-financial services, and microcredit services. Notwithstanding the beneficial effects of microfinance, the chapter also recognized the need for additional study to fill in the gaps in the assessment of non-financial services and wider socioeconomic effects. Policymakers and financial institutions can create more efficient microfinance plans to optimize their advantages for low-income groups by comprehending these dynamics.

Chapter 4

Analysis and Discussions

Part A: Analysis of data collected from Beneficiaries.

4.1 Introduction

The present chapter centres on the examination and discourse of the numerical and non-numerical information procured via the surveys and interviews conducted during the field investigation. Using a variety of statistical methods, the information gathered from the microfinance institution's respondents regarding the diverse aspects of microfinance's impact on socio-economic development is examined. The quantitative data is analysed using SPSS in light of the research questions and hypotheses outlined for this study in order to identify any likely correlations between the provision of microfinance and its effects on the beneficiaries.

The researcher is able to address the research questions derived from the gaps in the literature by using the outcomes of the analysis that the research's respondents had provided. This makes it possible to accomplish the goals and objectives of the research. The chapter is structured with three primary sections within it. The results of the quantitative data gathered from microfinance service users via use questionnaires are the subject of the first section's descriptive analysis and cross tabulations, while the second section deals with the findings of the regression analysis with an emphasis on the effect on the socioeconomic status of the borrowers.

The last section deals with the descriptive analysis of the responses collected from the MFI official. This section deals with the various information about the Microfinance Institutions. A reliability test was conducted on the questionnaire (Annexure) to ensure internal consistency between the data and the value used to calculate Cronbach's Alpha. A Likert scale with five points, representing Strongly Agree (5), Agree (4), Neutral (3), Disagree (2), and Strongly Disagree (1), was used to collect the responses of 460 respondents. In light of this, the test was administered and the responses coded. Cronbach's Alfa was found to be 0.92, which is greater than 0.7 and indicates that the data was gathered with sufficient reliability for analysis.

The Kolmogorov–Smirnov test was used to see if the data followed a normal distribution pattern. It was found from the results that the data did not follow a normal distribution and accordingly tests were run to analyse the primary data collected.

Nature of the Data Collected

The following variables were considered to analyse the impact of MFIs on the socio-economic conditions of the beneficiaries.

- | | | |
|------------------------------|------------------------------------|----------------------------------|
| 1. Income | 2. Living Standard | 3. Insurance |
| 4. Education | 5. Training and Development | 6. Health & Nutrition |
| • Assets | 8. Housing Condition | 9. Financial Literacy |
| 10. Women Empowerment | | |

were the dependent variables on which the impact of MFIs was analysed and the independent variable through which the impact was examined were

- | | |
|---|------------------------------------|
| 1. Access to Bank Account after joining MFIs | 2. Years of association and |
| 3. Amount of last loan taken | 4. Number of loans taken |

The data under various dimensions were collected through multiple options, dichotomous options and Likert scale through the structured questionnaire. The collected data were then coded as

- '1' for 'yes' and '2' for 'No' for dichotomous questions
- '5' for 'Strongly Agree'; '4' for 'Agree'; '3' for 'Neutral'; '2' for 'Disagree' and '1' for 'Strongly Disagree'.
- Similarly for multiple option questions '1' was taken as a code for **first option**; '2' for **second option**; '3' for the **third option** and likewise.

4.2 Descriptive analysis and Cross tabulation

This section shows a breakdown of the microfinance clients' demographic characteristics. In order to answer the research questions and ultimately support the attainment of the goals and objectives of the study, it is helpful to analyse these variables.

Microfinance Institutions offers loan to both men and women however women are its main target client because it has been seen from previous studies that women generally do not like to become a loan defaulter and pays off the loan in time.

In this study it was seen that out of the sample size of 460 respondents there was only one male respondent and the remaining 459 were female respondents. The one male respondent was a client of ASA India International from the Burdwan district.

Age

Age plays an important variable to analyse the impact of any program on the beneficiaries as it has always been seen that the younger people are more inclined towards becoming a part of a programme and take the benefit of the same. It was seen that maximum respondents 208 (45.2%) belonged to the age group of 36-45 years; where 47 (10.2%) belonged to Burdwan; 45(9.8%) of the respondents belonged to Hooghly; 42 (9.1%) of the respondents were from Nadia and 74(16.1%) were from North 24 Parganas.

149 (32.4%) of the total respondents belonged to the age group of 26-35 years where 53 that is 11.5% were from North 24 Parganas; 36 (7.8%) were from Nadia; 30 (6.5%) each from Burdwan and Hooghly district. Only 31 respondents, which was (6.7%) of the total respondents belonged to the age group of 18-25 years and the remaining that is 72 (15.7%) of the total respondents belonged to the age group of 46-60 years.

Table 4.1: Age

Variables	Districts				Total
	Burdwan	Hooghly	Nadia	North 24 Parganas	
Age					
18-25	3(0.7%)	5(1.1%)	8(1.7%)	15(3.35)	31(6.7%)
26-35	30(6.5%)	30(6.5%)	36(7.8%)	53(11.5%)	149(32.4%)
36-45	47(10.2%)	45(9.8%)	42(9.1%)	74(16.1%)	208(45.2%)
46-60	20(4.3%)	20(4.3%)	15(3.3%)	17(3.75%)	72(15.7%)
TOTAL	100(4.3%)	100(4.3%)	101(22.0%)	159(34.6%)	460(100%)

Figures in brackets are percentages

Source: Author's field survey

Educational Qualification

Educational Qualification demonstrates the respondents' educational background and how it may affect the handling and application of microloan credit. This study suggests that a respondent's educational background is crucial for helping them escape poverty. Based on the information collected regarding the educational background of microfinance recipients, most of the respondents that 151(32.8%) of the total respondents have completed their education only till primary education followed by 105 (22.8%) of the respondents having an educational

qualification till secondary education; 89 of the respondents that is 19.3% were literate and 86 which was 18.7% were literate which means they were able to read and put signatures where required.

Table 4.2: Educational Qualification

Educational qualification	Burdwan	Hooghly	Nadia	North 24 Parganas	Total
Illiterate	18(3.9%)	17(3.7%)	13(92.8%)	41(8.9%)	89(19.3%)
Literate	23(5.0%)	16(3.5%)	28(6.1%)	19(4.1%)	86(18.7%)
Primary	32(7.0%)	37(8.0%)	33(7.2%)	49(10.7%)	151(32.8%)
Secondary	21(4.6%)	25(5.4%)	19(4.1%)	40(8.7%)	105(22.8%)
Higher secondary	6(1.3%)	5(1.1%)	8(1.7%)	10(2.2%)	29(6.3%)
TOTAL	100(21.7%)	100(21.7%)	101(22.0%)	159(34.6%)	460(100.0%)

Figures in brackets are percentages

Source: Author's field survey

Religion:

Many times, religion is viewed as a barrier to gender equality. There are many tales of violence against women committed for religious reasons. Consequently, the problems of equal opportunity for women and religion are usually written off as being too complicated to even consider addressing. Regardless, a fundamental aspect overlooked here is religious liberty.

Of the total respondents the religion of the respondents was classified as either Hindu or Muslim and the data revealed that 350 (76.1%) were Hindu whereas 110 (23.9%) were Muslims.

Table 4.3: Religion

Religion	Burdwan	Hooghly	Nadia	North 24 Parganas	Total
Hindu	70 (70.0%)	88 (88.0%)	84 (83.2%)	108 (67.9%)	350 (76.1%)
Muslim	30 (30.0%)	12 (12.0%)	17 (16.8%)	51 (32.1%)	110 (23.9%)
TOTAL	100 (100.0%)	100 (100.0%)	101 (100.0%)	159 (100.0%)	460 (100.0%)

Figures in brackets are percentages

Source: Author's field survey

Type of family

Of the total respondents 371(80.7%) respondents had Nuclear family and 89 (19.3%) of the respondents were living in Joint family.

Table 4.4: Type of family

Type of family	Burdwan	Hooghly	Nadia	North 24 Parganas	Total
Nuclear	77 (77.0%)	86 (86.0%)	77 (76.2%)	131 (82.4%)	371 (80.7%)
Joint	23 (23.0%)	14 (14.0%)	24 (23.8%)	28 (17.6%)	89 (19.3%)
TOTAL	100 (100.0%)	100 (100.0%)	101 (100.0%)	159 (100.0%)	460 (100.0%)

Figures in brackets are percentages

Source: Author's field survey

Poverty Status

233 respondents which is 50.7% of the total respondents belonged to Below the poverty line and were holders of BPL card whereas 227 (49.3%) of the respondents were Above the Poverty line.

Table 4.5: Poverty Status

Poverty status	Burdwan	Hooghly	Nadia	North 24 Parganas	Total
BPL	54 (54.0%)	38 (38.0%)	55 (54.5%)	86 (54.1%)	233 (50.7%)
APL	46 (46.0%)	62 (62.0%)	46 (45.5%)	73 (45.9%)	227 (49.3%)

Figures in brackets are percentages

Source: Author's field survey

Caste

Majority of the respondents belonged to General caste that is 60.7% of the total respondents.

88 respondents which was 19.1% of the total respondents were Scheduled Caste only 3 respondents which is 0.7% were ST and 90 were belonged to other castes.

Table 4.6: Caste

Caste	Burdwan	Hooghly	Nadia	North 24 Parganas	Total
General	63 (13.7%)	72 (15.7%)	61 (13.3%)	83 (18.0%)	279 (60.7%)
SC	15 (3.3%)	20 (4.3%)	22 (4.8%)	31 (6.7%)	88 (19.1%)
ST	0 (0.0%)	1 (0.2%)	0 (0.0%)	2 (0.4%)	3 (0.7%)
Others	22 (4.8%)	7 (1.5%)	18 (3.9%)	43 (9.3%)	90 (19.6%)
TOTAL	100 (21.7%)	100 (21.7%)	101 (22.0%)	159 (34.6%)	460 (100.0%)

Figures in brackets are percentages

Source: Author's field survey

Region

302 respondents which is 65.7% of the respondents were taken from rural areas and 158 respondents which is 34.3% were from semi-urban areas.

Table 4.7: Region

Region	Burdwan	Hooghly	Nadia	North 24 Parganas	Total
Semi urban	34(7.4%)	45(9.8%)	26(5.7%)	53(11.5%)	158(34.3%)
Rural	66(14.3%)	55(12.0%)	75(16.3%)	106(23.0%)	302(65.7%)
TOTAL	100(21.7%)	100(12.0%)	101(22.0%)	159(34.6%)	460(100.0%)

Figures in brackets are percentages

Source: Author's field survey

In the semi-urban category, there were 34 respondents from Burdwan (7.4%), 45 from Hooghly (9.8%), 26 from Nadia (5.7%), and 53 from North 24 Parganas (11.5%), making a total of 158 respondents (34.3%). In the rural category, there were 66 respondents from Burdwan (14.3%), 55 from Hooghly (12.0%), 75 from Nadia (16.3%), and 106 from North 24 Parganas (23.0%), totalling 302 respondents (65.7%). Total number of respondents across all regions was 460, with the percentages summing up to 100%.

This data provides a comprehensive overview of the distribution of respondents across different regions, allowing for an analysis of the representation of semi-urban and rural populations in the study.

Marital Status

It was observed that 452 (98.3%) respondents were married and 8 (1.7%) of the respondents were widowed. From the survey conducted during the primary data collection, it was observed that MFIs offers loan to married women only.

Table 4.8: Marital Status

Marital status	Burdwan	Hooghly	Nadia	North 24 Parganas	Burdwan
Married	97(21.1%)	100(21.7%)	98(21.3%)	157(34.1%)	452(98.3%)
Widowed	3(0.7%)	0(0.0%)	3(0.7%)	2(0.4%)	8(1.7%)
TOTAL	100(21.7%)	100(21.7%)	101(22.0%)	159(34.6%)	460(100.0%)

Figures in brackets are percentages

Source: Author's field survey

Occupation of the Beneficiaries before and after joining MFI

The data revealed that there was a change in the occupation of the beneficiaries, after being a part of the MFIs for a number of years. There was a significant change among women who were just engaged in the housework before joining the MFI. It was seen there was a decrease in the number of women who were engaged in housework from 325 respondents to 168 respondents and there was an increase in the number of beneficiaries who were Self Employed. It results showed that before joining the MFI, there were only 78 (17.0%) respondents who were self-employed but after joining MFI, number of beneficiaries who were engaged in self-employed increased to 257 which is 55.7% of the total population.

However, no significant change could be seen in the occupation status of people who were engaged in farming, labour and service.

Table 4.9: Occupation of the Beneficiaries before and after joining MFI

Variables	Districts				Total
	Burdwan	Hooghly	Nadia	North 24 Parganas	
Occupation before joining MFI					
Housework	72(15.7%)	63(13.7%)	66(14.3%)	124(27.0%)	325(70.7%)
Farming	7(1.5%)	6(1.3%)	9(2.0%)	2(0.4%)	24(5.2%)
Labour	5(1.1%)	3(0.7%)	7(1.5%)	2(0.4%)	17(3.7%)
Self Employed	14(3.0%)	25(5.4%)	15(3.3%)	24(5.2%)	78(17.0%)
Service	2(0.4%)	3(0.7%)	4(0.9%)	7(1.5%)	16(3.5%)
TOTAL	100(21.7%)	100(21.7%)	101(22.0%)	159(34.6%)	460(100.0%)
Occupation after joining MFI					
Housework	36(7.8%)	30(6.5%)	34(7.4%)	68(14.8%)	168(36.5%)
Farming	4(0.9%)	6(1.3%)	9(2.0%)	0(0.0%)	19(4.1%)
Labour	2(0.4%)	0(0.0%)	0(0.0%)	1(0.2%)	3(0.7%)
Self Employed	55(12.0%)	63(13.7%)	54(11.7%)	85(18.5%)	257(55.9%)
Service	3(0.7%)	1(0.2%)	4(0.9%)	5(1.1%)	13(2.8%)
TOTAL	100(21.7%)	100(21.7%)	101(22.0%)	159(34.6%)	460(100.0%)

Figures in brackets are percentages

Source: Author's field survey

This analysis suggests that the MFI intervention has led to a notable transition in the occupation status of the beneficiaries, with a substantial increase in self-employment opportunities. This shift may indicate the impact of microfinance on empowering individuals to engage in entrepreneurial activities and generate income through self-employment.

Details about the loan

Table 4.10: Details of the loan

Motivated to join MFI	Burdwan	Hooghly	Nadia	North 24 Parganas	Total
Relatives	10 (10.0%)	11 (11.0%)	15 (14.9%)	23 (14.5%)	59 (12.8%)
Friends	80 (80.0%)	71 (71.0%)	70 (69.3%)	122 (76.7%)	343 (74.6%)
MFI officials	9 (9.0%)	18 (18.0%)	12 (11.9%)	14 (8.8%)	53 (11.5%)
Others	1 (1.0%)	0 (0.0%)	4 (4.0%)	0 (0.0%)	5 (1.1%)
Total	100 (100.0%)	100 (100.0%)	101 (100.0%)	159 (100.0%)	460 (100.0%)

Figures in brackets are percentages

Source: Author's field survey

It was observed that majority of respondents, 343 respondents which was 74.6% of the total respondents were motivated by their friends and neighbours to join MFI to bring a change in their socio-economic condition. 59 (12.8%) respondents were motivated by their relatives to join the institutions and 53 (11.5%) respondents were joined MFI on being motivated by the MFI officials.

Reason for joining MFI

The table provides a cross-tabulation of various variables related to the reasons for joining microfinance institutions (MFIs) across different regions. The variables include factors such as the ease of the application process, demand for security, interest rates, provision of loans to low-income people, income increase for others, incentive programs, and decision-making based on advice.

For example, in the "Easy Process" category, it shows the distribution of respondents who found the process easy or not across different regions. Similarly, the table provides the distribution of respondents based on their responses to other factors such as demand for security, low rate of interest, provision of loans to low-income people, income increase for others, incentive programs, and decision-making based on advice.

This cross-tabulation allows for a comparative analysis of these factors across different regions, providing insights into the preferences and experiences of the respondents in each region regarding their involvement with MFIs

Table 4.11: Reason for joining MFI

Variables	Region				
	Burdwan	Hooghly	Nadia	North 24 Parganas	Total
Easy Process					
No	48 (48.0%)	37 (37.0%)	54 (53.5%)	67 (42.1%)	206 (44.8%)
Yes	52 (52.0%)	63 (63.0%)	47 (46.5%)	92 (57.9%)	254 (55.2%)
Total	100 (100.0%)	100 (100.0%)	101 (100.0%)	159 (100.0%)	460 (100.0%)
No Demand for security					
No	95 (95.0%)	91 (91.0%)	86 (85.1%)	145 (91.2%)	417 (90.7%)
Yes	5 (5.0%)	9 (9.0%)	15 (14.9%)	14 (8.8%)	43 (9.3%)
TOTAL	100 (100.0%)	100 (100.0%)	101 (100.0%)	159 (100.0%)	460 (100.0%)
Low Rate of Interest					
No	100 (100.0%)	95 (95.0%)	100 (99.0%)	148 (93.1%)	443 (96.3%)
Yes	0 (0.0%)	5 (5.0%)	1 (1.0%)	11 (6.9%)	17 (3.7%)
TOTAL	100 (100.0%)	100 (100.0%)	101 (100.0%)	159 (100.0%)	460 (100.0%)
Provides Loan to low-income people					
No	40 (40.0%)	33 (33.0%)	36 (35.6%)	56 (35.2%)	165 (35.9%)
Yes	60 (60.0%)	67 (67.0%)	65 (64.4%)	103 (64.8%)	295 (64.1%)
TOTAL	100 (100.0%)	100 (100.0%)	101 (100.0%)	159 (100.0%)	460 (100.0%)
Others have increased their income					
No	94 (94.0%)	95 (95.0%)	96 (95.0%)	144 (90.6%)	429 (93.3%)
Yes	6 (6.0%)	5 (5.0%)	5 (5.0%)	15 (9.4%)	31 (6.7%)
TOTAL	100 (100.0%)	100 (100.0%)	101 (100.0%)	159 (100.0%)	460 (100.0%)
Incentive programs are offered					
No	98 (98.0%)	98 (98.0%)	99 (98.0%)	157 (98.7%)	452 (98.3%)
Yes	2 (2.0%)	2 (2.0%)	2 (2.0%)	2 (1.3%)	8 (1.7%)

TOTAL	100 (100.0%)	100 (100.0%)	101 (100.0%)	159 (100.0%)	460 (100.0%)
On Advice					
No	96 (96.0%)	98 (98.0%)	98 (97.0%)	156 (98.1%)	448 (97.4%)
Yes	4 (4.0%)	2 (2.0%)	3 (3.0%)	3 (1.9%)	12 (2.6%)
TOTAL	100 (100.0%)	100 (100.0%)	101 (100.0%)	159 (100.0%)	460 (100.0%)

Figures in brackets are percentages

Source: Author's field survey

The table depicts that there are various reasons which motivates the beneficiaries to get associated with the MFI and avail their services. Some of the reasons are mentioned above and form the reasons mentioned above; easy process to avail loan and Loan provided by the MFI to low-income people were the primary reasons which encouraged them to become a part of the institution.

The data provided shows the distribution of responses related to various factors across different regions, including the ease of the application process, demand for security, interest rates, provision of loans to low-income people, income increase for others, incentive programs, and decision-making based on advice.

Easy Process:

The proportion of respondents who found the application process easy. For example, 52% of respondents in Burdwan, 63% in Hooghly, 47% in Nadia, and 92% in North 24 Parganas found the process easy.

No Demand for Security:

The responses reflect the percentage of respondents who reported no demand for security. For instance, 5% of respondents in Burdwan, 9% in Hooghly, 15% in Nadia, and 14% in North 24 Parganas indicated no demand for security.

Low Rate of Interest:

In this category, the responses indicate the proportion of respondents who preferred low interest rates. For example, 5% of respondents in Hooghly and 1% in North 24 Parganas expressed a preference for low interest rates.

Provides Loan to Low-Income People:

The responses represent the percentage of respondents who reported that the Microfinance Institution provides loans to low-income people. For instance, 60% of respondents in Burdwan,

67% in Hooghly, 65% in Nadia, and 103% in North 24 Parganas indicated that the institution provides loans to low-income people.

Others have Increased their Income:

This category reflects the percentage of respondents who reported an increase in income for others. For example, 6% of respondents in Burdwan, 5% in Hooghly, 5% in Nadia, and 15% in North 24 Parganas indicated an increase in income for others.

Incentive Programs are Offered:

The responses indicate the proportion of respondents who reported the availability of incentive programs. For instance, 2% of respondents in Burdwan, Hooghly, and Nadia, and 2% in North 24 Parganas indicated the availability of incentive programs.

On Advice:

This category reflects the percentage of respondents who reported made decision of joining the MFI based on advice. For example, 4% of respondents in Burdwan, 2% in Hooghly, 3% in Nadia, and 3% in North 24 Parganas indicated making decisions based on advice.

This analysis provides a detailed understanding of the responses across different regions, offering insights into the preferences and experiences of the respondents in each region regarding their involvement with Microfinance Institutions.

Reason for taking loan

The table below depicts the reason for taking from the MFI and the collected data revealed that majority of the clients wanted loan from the MFIs as a capital to start their new venture which was 40% of the total respondents followed by 124 respondents which was 27% of the total respondents who took loan form the MFIs for the expansion of their existing business. 187 beneficiaries took loan from the MFIs for their husbands' business.

Table 4.12: Reason for taking loan

Reason for taking loan		Frequency	Percent
New business	No	273	59.3%
	Yes	187	40.7%
	Total	460	100.0%
Expansion of existing business	No	336	73.0%
	Yes	124	27.0%
	Total	460	100.0%
Husband's business	No	276	60.0%
	Yes	184	40.0%
	Total	460	100.0%

Source: Author's field survey

Years of Association

Year of association is an important variable to assess the impact of any programme.

The data below reveals the data on years of association which shows that 156 clients were associated with the MFIs between 3-5 years followed by 149 clients who were associated for more than 5 years. Out of 460 respondents 5 were such who joined the institution recently and 35 or 7.6% has been associated for last one year.

Table 4.13: Years of Association

Years of Association	Frequency	Percentage
Recently	5	1.1%
For last one year	35	7.6%
1-3 years	115	25.0%
3-5 years	156	33.9%
More than 5 years	149	32.4%
Total	460	100.0%

Source: Author's field survey

The provided data presents the distribution of respondents based on the duration of their association with the Microfinance Institutions (MFIs). The table shows the number of respondents and the corresponding percentages for each duration category.

Recently: 5 respondents (1.1%) have recently associated with the MFIs.

For the last one year: 35 respondents (7.6%) have been associated with the MFIs for the last one year.

1-3 years: 115 respondents (25.0%) have been associated with the MFIs for 1-3 years.

3-5 years: 156 respondents (33.9%) have been associated with the MFIs for 3-5 years.

More than 5 years: 149 respondents (32.4%) have been associated with the MFIs for more than 5 years.

This provides an insight into the duration of association of the respondents with the MFIs, indicating the distribution of clients based on their length of engagement with the microfinance programs.

Table 4.14: No. of times loan was received

No. of times loan was received	Frequency	Percentage
One	39	8.5%
Two	96	20.9%
Three	124	27.0%
Above	201	43.7%
Total	460	100.0%

Source: Author's field survey

The table below depicts the number of times loan was taken by the beneficiaries from the MFI and it was analysed that more than 43% of the total respondents availed loan for more than 3 cycle followed by 27% who have taken loan for only three cycles till date.

The provided data presents the frequency and percentage distribution of the number of times loans were taken by beneficiaries from a Microfinance Institution (MFI). The analysis indicates that out of the total 460 respondents, 39 individuals (8.5%) took loans once, 96 individuals (20.9%) took loans twice, 124 individuals (27.0%) took loans three times, and 201 individuals (43.7%) took loans more than three times. This data provides a comprehensive overview of the borrowing behaviour of the respondents, highlighting that a significant proportion of the beneficiaries have availed loans multiple times from the MFI.

This information is crucial for understanding the borrowing patterns and the extent of reliance on microfinance services among the respondents. It also sheds light on the frequency of loan utilization, which is essential for assessing the impact and effectiveness of microfinance interventions in meeting the financial needs of the beneficiaries.

Rate of Interest

The data revealed that most of the beneficiaries were satisfied with the rate of interest charged by the MFIs while there were many who were neutral with the rate of interest and 56 client which stands as 12.2% were dissatisfied with the interest rate.

The reason for dissatisfaction was that they thought the rate of interest to be very high for them which makes it difficult for them to repay the loan.

The ones who were neutral also felt that it was high for them but since they have no better option available from where they can avail loan with such ease, they are neutral with the rate of interest charged by the MFIs.

Table 4.15: Satisfaction level with Interest Rate

Satisfaction level	Frequency	Percentage
Very Satisfied	74	16.1%
Satisfied	230	50.0%
Neither satisfied nor dissatisfied	100	21.7%
Dissatisfied	56	12.2%
Total	460	100.0%

Source: Author's field survey

Insurance

The provided data presents the frequency and percentage distribution of whether Microfinance Institutions (MFIs) provide insurance to the beneficiaries. The analysis indicates that out of the total 460 respondents, 40 individuals (8.7%) reported that MFIs do not provide insurance, while 420 individuals (91.3%) stated that MFIs do provide insurance. This data provides insights into the extent of insurance coverage provided by MFIs to the beneficiaries, which is a crucial aspect of financial inclusion and risk mitigation for the clients.

The availability of insurance through MFIs can significantly impact the financial security and resilience of the beneficiaries, particularly in the context of unforeseen events or emergencies. It also reflects the efforts of MFIs in offering comprehensive financial services to their clients, contributing to their overall well-being and economic stability.

Table 4.16: Insurance Facility provided by the MFIs

Insurance Facility provided by the MFIs	Frequency	Percent
No	40	8.7%
Yes	420	91.3%
Total	460	100.0%

Source: Author's field survey

Insurance matches need

The data in the next table presents the frequency and percentage distribution of how well the insurance provided by Microfinance Institutions (MFIs) matches the needs of the beneficiaries. The analysis indicates that out of the total 460 respondents, 40 individuals (8.7%) reported that the insurance was not applicable to their needs, 101 individuals (22.0%) found the insurance to be perfectly matching their needs, 172 individuals (37.4%) found the insurance to be matching their needs, 142 individuals (30.9%) found the insurance to be somewhat matching

their needs, and 5 individuals (1.1%) reported that the insurance was mismatched with their needs.

This data provides insights into the alignment of the insurance offerings with the specific needs of the beneficiaries, which is crucial for ensuring the effectiveness and relevance of the insurance services provided by MFIs. It also reflects the importance of tailoring insurance products to the diverse needs and circumstances of the beneficiaries, contributing to their financial security and risk management

Table 4.17: Insurance matches need

Insurance matches need	Frequency	Percent
Not Applicable	40	8.7%
Perfectly Matching	101	22.0%
Matching	172	37.4%
Somewhat matching	142	30.9%
Mismatched	5	1.1%
Total	460	100.0%

Source: Author's field survey

Cross tabulation between Savings, Access to Bank account and household income among the rural and semi urban respondents.

A crosstab was made to analyse access to bank account; savings habit and household income of the beneficiaries by segregating them in rural and semi-urban areas.

Regarding bank accounts, family income and ownership of house ownership, the respondents' information is reported in this section of the descriptive analysis. This demonstrates even more how the factors influencing credit provision relate to microfinance provisions. The clients of microfinance in the rural and urban areas utilized for this study provided the data for this purpose.

Of the 460 clients/beneficiaries among whom survey was conducted and primary data was collected it was found that 450 (97.8%) beneficiaries have access to bank account which confirm with one of the study, Chawla (2014) which stated that most of the clients of the MFI have a bank account. Based on the respondents' geographical location regarding their banking attitudes, 295 (64.1%) of the respondents who were surveyed in semi-urban areas had bank accounts prior to receiving microfinance benefits. 155 responders, or (33.7%) of the rural strata, had bank account. Table below reveals that, in both urban and rural regions, 10 respondents, or 2.2% of the sample, do not keep a personal bank account. Of the microfinance service users

in the study, 7 (or 1.5%) do not have a bank account in the rural areas, while 3 (0.7%) do not have a regular bank account in the semi-urban areas.

To ascertain the effect of the savings advice given by the microfinance institution on the respondents surveyed in this study, the attitudes of the microfinance clients toward saving were examined. SPSS was used to analyse the information obtained from the questionnaire survey. Table below displays the findings regarding the respondents' attitudes towards saving for urban and rural clients. The results of the quantitative data analysis indicated that most of the beneficiaries had formed saving habits, and the qualitative information gathered from the respondents surveyed for this study as well as the microfinance institutions confirmed these findings. The study revealed that out of 460 respondents 372 respondents that is 80.9% of the client practiced savings habit out of which 236 respondents belonged to the rural region and 136 were from the semi-urban region.

It was found from the analyses that 88 (19.1%) still do not save money out of which 66 or 14.3% were from rural areas and 22 or 4.8% were from the semi-urban region. One of the reasons given by them for not saving money was that the earnings are small enough to meet the day-to-day needs of the family which leads to inability to save for future.

Data on monthly income depicted that majority of respondents fell into the income group of Rs 10000-15000. 187 respondents that is 40.7% of the total respondents fell in this income group where 129 of them were from rural region and 58 from semi-urban region. 163 respondents fell into the income category of Rs 15000-20000 followed by 68 respondents who fell into the income group of Rs 5000-10000. Out of 460 respondents only 2 respondents fell into the income group of Rs 25000 and more.

Due to its significant impact on the household income of the service users, the respondents' home ownership is considered significant in this study. According to Table, of the 460 respondents surveyed for this study, 332 (or 72.2%) owned their homes prior to applying for microfinance. These results are in line with those of Mahmood (2013), who discovered that most microfinance clients in Pakistan owned their homes. According to the geographical distribution of home ownership, 240 respondents—or 52.2%—lived in rural areas, while 92 respondents—or 20%—lived in semi-urban areas.

128 respondents stay in a rented house wherein 62 respondents were from rural region and 66 were from the semi-urban areas.

Table 4.18: Cross tabulation between Savings, Access to Bank account and household income among the rural and semi urban respondents

Variables	Region		
	Semi urban	Rural	Total
Access to Bank Account			
No	3(0.7%)	7(1.5%)	10(2.2%)
Yes	155(33.7%)	295(64.1%)	450(97.8%)
Total	158(34.3%)	302(65.7%)	460(100.0%)
Do you save money			
No	22(4.8%)	66(14.3%)	88(19.1%)
Yes	136(29.6%)	236(51.3%)	372(80.9%)
TOTAL	158 (34.3%)	302(65.7%)	460(100.0%)
Monthly Income of Household			
Upto 5000	0(0.0%)	7(1.5%)	7(1.5%)
5000-10000	13(2.8%)	55(12.0%)	68(14.8%)
10000-15000	58(12.6%)	129(28.0%)	187(40.7%)
15000-20000	70(15.2%)	93(20.2%)	163(35.4%)
20000-25000	17(3.7%)	16(3.5%)	33(7.2%)
More than 25000	0(0.0%)	2(0.4%)	2(0.4%)
Total	158(34.3%)	302(65.7%)	460(100.0%)
Ownership of House			
owned	92(20.0%)	240(52.2%)	332(72.2%)
rented	66(14.3%)	62(13.5%)	128(27.8%)
Total	158(34.3%)	302(65.7%)	460(100.0%)

Figures in brackets are percentages

Source: Author's field survey

Cross tabulation between Amount of Loan and wellbeing of Family.

This section provides a descriptive analysis of different variables considered for the well-being of the beneficiaries.

Variables such as increase in income, increase in savings, reduction in debts, improvement in monthly consumption, improvement in savings mentality, improvement in household diet, Improvement in Living Standard, Improvement in Nutritional level, Improvement in family social status, Reduction in vulnerability, Improvement in emergency finances, Ability to pay children fee, Livelihood opportunities increased, increase in household Assets, Source of Fuel Improved, Improvement in sanitation.

It is noteworthy that a majority of the participants expressed agreement or strong agreement that they have witnessed a rise in all the aforementioned metrics subsequent to utilizing the microfinance program.

Table 4.19: Cross tabulation between Amount of Loan and Increase in Income

Variables	Amount of Loan					
	within 5000	5000- 10000	10000- 20000	20000- 30000	above 30000	Total
Increase in Income						
SD	0(0.0%)	0(0.0%)	0(0.0%)	0(0.0%)	0(0.0%)	0(0.0%)
D	0(0.0%)	18(3.9%)	7(1.5%)	6(1.3%)	1(0.2%)	32(7.0%)
N	0(0.0%)	0(0.0%)	3(0.7%)	1(0.2%)	1(0.2%)	5(1.1%)
A	0(0.0%)	11(2.4%)	78(17.0%)	119(25.9%)	36(7.8%)	244(53.0%)
SA	2(0.4%)	0(0.0%)	31(6.7%)	84(18.3%)	62(13.5%)	179(38.9%)
TOTAL	2(0.4%)	29(6.3%)	119(25.9%)	210(45.7%)	100(21.7%)	460(100.0%)

Figures in brackets are percentages

Source: Author's field survey

The table provided shows the distribution of respondents based on the amount of loan and the corresponding increase in income. The numbers in parentheses represent the frequency and percentage of respondents in each category.

For the "Increase in Income" variable, the table indicates the following:

For the "Amount of Loan" categories ranging from "within 5000" to "above 30000", the frequency and percentage of respondents in each category are provided.

The "Total" row provides the overall frequency and percentage distribution for the entire dataset.

For example, in the "Amount of Loan" category "within 5000", there were 2 respondents (0.4%) who reported an increase in income. In the "5000-10000" category, 29 respondents (6.3%) reported an increase in income, and so on for the other loan amount categories.

The table provides a comprehensive overview of the relationship between the amount of loan and the reported increase in income for the respondents.

Table 4.20: Cross tabulation between Amount of Loan and Increase in Savings

Savings Increased	within 5000	5000-10000	10000-20000	20000-30000	above 30000	Total
SD	0(0.0%)	0(0.0%)	2(0.4%)	3(0.7%)	0(0.0%)	5(1.1%)
D	2(0.4%)	24(5.2%)	38(8.3%)	46(10.0%)	18(3.9%)	128(27.8%)
N	0(0.0%)	0(0.0%)	8(1.7%)	16(3.5%)	7(1.5%)	31(6.7%)
A	0(0.0%)	5(1.1%)	42(9.1%)	84(18.3%)	45(9.8%)	176(38.3%)
SA	0(0.0%)	0(0.0%)	29(6.3%)	61(13.3%)	30(6.5%)	120(26.1%)
TOTAL	2(0.4%)	29(6.3%)	119(25.9%)	210(45.7%)	100(21.7%)	460(100.0%)

Figures in brackets are percentages

Source: Author's field survey

The table provided shows the distribution of respondents based on the amount of savings and the corresponding percentages for different loan amount categories. The numbers in parentheses represent the frequency and percentage of respondents in each category.

For the "Savings Increased" variable, the table indicates the following: For the "Amount of Loan" categories ranging from "within 5000" to "above 30000", the frequency and percentage of respondents in each category are provided.

The "Total" row provides the overall frequency and percentage distribution for the entire dataset. For example, in the "Savings Increased" category "within 5000", there were 2 respondents (0.4%) who reported an increase in savings. In the "5000-10000" category, 29 respondents (6.3%) reported an increase in savings, and so on for the other loan amount categories.

This data provides insights into the relationship between the amount of loan and the reported increase in savings for the respondents.

Table 4.21: Cross tabulation between Amount of Loan and Reduction of Debt.

Debts reduced	within 5000	5000-10000	10000-20000	20000-30000	above 30000	Total
SD	0(0.0%)	0(0.0%)	0(0.0%)	0(0.0%)	0(0.0%)	0(0.0%)
D	0(0.0%)	2(0.4%)	5(1.1%)	3(0.7%)	2(0.4%)	12(2.6%)
N	0(0.0%)	12(2.6%)	2(0.4%)	17(3.7%)	1(0.2%)	32(7.0%)
A	2(0.4%)	12(2.6%)	76(16.5%)	120(26.1%)	57(12.4%)	267(58.0%)
SA	0(0.0%)	3(0.7%)	36(7.8%)	70(15.2%)	40(8.7%)	149(32.4%)
TOTAL	2(0.4%)	29(6.3%)	119(25.9%)	210(45.7%)	100(21.7%)	460(100.0%)

Figures in brackets are percentages

Source: Author's field survey

The table provided shows the distribution of respondents based on the amount of debt reduced and the corresponding percentages for different loan amount categories. The numbers in parentheses represent the frequency and percentage of respondents in each category.

For the "Debts Reduced" variable, the table indicates the following:

For the "Amount of Loan" categories ranging from "within 5000" to "above 30000", the frequency and percentage of respondents in each category are provided.

The table examines how 460 respondents' perceptions of debt reduction relate to loan amounts. 58% of respondents agreed, and 32.4% strongly agreed, that loans helped them pay off their debt. There was very little disagreement—just 2.6% of respondents said they disagreed. Larger loans are thought to have a greater impact on debt reduction, as demonstrated by the fact that the majority of respondents (45.7%) fell into the 20000–30000 loan category, which also had the highest levels of agreement. On the other hand, smaller loans - such as those under Rs 5,000 - were underrepresented and were thought to be less successful at lowering debt. Overall, the data points to a favourable relationship between debt reduction and loan size.

Table 4.22: Cross tabulation between Amount of Loan and Monthly Consumption

Monthly Consumption	within 5000	5000-10000	10000-20000	20000-30000	above 30000	Total
SD	0(0.0%)	0(0.0%)	0(0.0%)	0(0.0%)	0(0.0%)	0(0.0%)
D	0(0.0%)	0(0.0%)	5(1.1%)	3(0.7%)	0(0.0%)	8(1.7%)
N	0(0.0%)	2(0.4%)	2(0.4%)	0(0.0%)	1(0.2%)	5(1.1%)
A	2(0.4%)	19(4.1%)	59(12.8%)	78(17.0%)	41(8.9%)	199(43.3%)
SA	0(0.0%)	8(1.7%)	53(11.5%)	129(28.0%)	58(12.6%)	248(53.9%)
TOTAL	2(0.4%)	29(6.3%)	119(25.9%)	210(45.7%)	100(21.7%)	460(100.0%)

Figures in brackets are percentages

Source: Author's field survey

The table provided shows the distribution of respondents based on the amount of loan and the corresponding percentages for different categories related to monthly consumption. The dataset displays people's perceptions of how loans affect their monthly expenses. With 53.9% strongly agreeing, the majority of respondents (roughly 97%) agreed or strongly agreed that taking out a loan increased their monthly consumption. Just 2.8% of respondents were neutral or disagreed. The strongest correlation was found between higher spending and larger loans, particularly those in the 20,000 - 30,000 range. Despite having fewer responders, smaller loans—such as those under 5,000 - still had a beneficial effect. According to the data, loans typically enable people to spend more on their necessities or way of life. This data provides insights into the relationship between the amount of loan and the reported improvement in monthly consumption for the respondents.

Table 4.23: Cross tabulation between Amount of Loan and Improvement in Savings mentality

	Amount of Loan					
Savings mentality improved	within 5000	5000-10000	10000-20000	20000-30000	above 30000	Total
SD	0(0.0%)	0(0.0%)	0(0.0%)	0(0.0%)	0(0.0%)	0(0.0%)
D	0(0.0%)	10(2.2%)	15(3.3%)	15(3.3%)	9(2.0%)	49(10.7%)
N	0(0.0%)	10(2.2%)	16(3.5%)	25(5.4%)	14(3.0%)	65(14.1%)
A	2(0.4%)	8(1.7%)	70(15.2%)	117(25.4%)	55(12.0%)	252(54.8%)
SA	0(0.0%)	1(0.2%)	18(3.9%)	53(11.5%)	22(4.8%)	94(20.4%)
TOTAL	2(0.4%)	29(6.3%)	119(25.9%)	210(45.7%)	100(21.7%)	460(100.0%)

Figures in brackets are percentages

Source: Author's field survey

The table provided shows the distribution of respondents based on the amount of loan and the corresponding percentages for different categories related to the improvement in savings mentality. This data provides insights into the relationship between the amount of loan and the reported improvement in savings mentality for the respondents. The table illustrates how borrowers' saving mindsets have been impacted by loans from Microfinance Institutions (MFIs). With 54.8% agreeing and 20.4% strongly agreeing, a sizable majority of respondents (75.2%) agreed or strongly agreed that borrowing money from MFIs improved their attitude toward saving. 14.1% were neutral, and only 10.7% disagreed. Borrowers in the 20000-30000 range reported the greatest improvement in saving mentality among the various loan categories, demonstrating the important role that mid-sized loans play in promoting financial discipline. Although there was little representation of smaller loans (such as those under 5,000), the general pattern suggests that MFI loans have a favourable effect on saving behaviours and motivate borrowers to handle their money better.

Table 4.24: Cross tabulation between Amount of Loan and Improvement in household diet

Improvement in household diet	within 5000	5000-10000	10000-20000	20000-30000	above 30000	Total
SD	0(0.0%)	0(0.0%)	0(0.0%)	0(0.0%)	0(0.0%)	0(0.0%)
D	0(0.0%)	0(0.0%)	3(0.7%)	3(0.7%)	1(0.2%)	7(1.5%)
N	0(0.0%)	16(3.5%)	5(1.1%)	12(2.6%)	0(0.0%)	33(7.2%)
A	2(0.4%)	10(2.2%)	81(17.6%)	122(26.5%)	63(13.7%)	278(60.4%)
SA	0(0.0%)	3(0.7%)	30(6.5%)	73(15.9%)	36(7.8%)	142(30.9%)
TOTAL	2(0.4%)	29(6.3%)	119(25.9%)	210(45.7%)	100(21.7%)	460(100.0%)

Figures in brackets are percentages

Source: Author's field survey

The data provided represents the distribution of respondents based on the improvement in household diet across different categories. The numbers in parentheses indicate the frequency and percentage of respondents in each category.

The table shows how borrowers' household diets have improved as a result of loans from Microfinance Institutions (MFIs). With 60.4% agreeing and 30.9% strongly agreeing, the majority of respondents (91.3%) agreed or strongly agreed that MFI loans improved household diets. 7.2% of respondents were neutral, and just 1.5% disagreed. The greatest improvement was reported by borrowers with loans between 20,000 and 30,000, indicating that mid-sized

loans greatly encourage dietary improvements. Although they were not as well represented, smaller loans (such as those under 5,000) were nevertheless associated with favourable results. All things considered, the data shows that MFI loans are essential for raising people's standard of living because they allow them to buy better, healthier food for their families.

Table 4.25: Cross tabulation between Amount of Loan and Improvement in Living Standard

Improvement in Living Standard	within 5000	5000-10000	10000-20000	20000-30000	above 30000	Total
SD	0(0.0%)	0(0.0%)	0(0.0%)	0(0.0%)	0(0.0%)	0(0.0%)
D	0(0.0%)	4(0.9%)	3(0.7%)	1(0.2%)	2(0.4%)	10(2.2%)
N	0(0.0%)	10(2.2%)	8(1.7%)	17(3.7%)	1(0.2%)	36(7.8%)
A	2(0.4%)	13(2.8%)	87(18.9%)	137(29.8%)	67(14.6%)	306(66.5%)
SA	0(0.0%)	2(0.4%)	21(4.6%)	55(12.0%)	30(6.5%)	108(23.5%)
TOTAL	2(0.4%)	29(6.3%)	119(25.9%)	210(45.7%)	100(21.7%)	460(100.0%)

Figures in brackets are percentages

Source: Author's field survey

The data provided represents the distribution of respondents based on the improvement in living standards across different categories. This reveals that Microfinance Institutions (MFIs) are making a real difference in people's lives. A huge percentage, 90% of borrowers agreed that MFI loans helped them improve their living standards. Many (66.5%) found these loans helpful, while others (23.5%) felt they were extremely beneficial.

Interestingly, loans between ₹20,000 and ₹30,000 seemed to have the biggest positive impact. Even smaller loans, though less common in the survey, still showed positive outcomes.

Overall, this data highlights how MFI loans can be a lifeline for many, allowing them to improve their homes and overall quality of life.

Table 4.26: Cross tabulation between Amount of Loan and Improvement in Nutritional Level

Improvement in Nutritional level	within 5000	5000-10000	10000-20000	20000-30000	above 30000	Total
SD	0(0.0%)	0(0.0%)	0(0.0%)	0(0.0%)	0(0.0%)	0(0.0%)
D	0(0.0%)	0(0.0%)	3(0.7%)	3(0.7%)	1(0.2%)	7(1.5%)
N	0(0.0%)	16(3.5%)	5(1.1%)	12(2.6%)	0(0.0%)	33(7.2%)
A	2(0.4%)	10(2.2%)	81(17.6%)	122(26.5%)	63(13.7%)	278(60.4%)
SA	0(0.0%)	3(0.7%)	30(6.5%)	73(15.9%)	36(7.8%)	142(30.9%)
TOTAL	2(0.4%)	29(6.3%)	119(25.9%)	210(45.7%)	100(21.7%)	460(100.0%)

Figures in brackets are percentages

Source: Author's field survey

The data provided represents the distribution of respondents based on the improvement in nutritional levels across different categories. While larger loans often lead to greater improvements in nutrition, even smaller loans can make a tangible difference in people's lives. Nearly three-quarters of borrowers who received loans between ₹20,000 and ₹30,000 felt their nutritional levels improved. This is a significant number, showing the potential of larger loans to significantly impact families' well-being. On the other hand, around a third of borrowers who received smaller loans below ₹5,000 also reported positive changes in their nutrition. This highlights that even modest loans can have a positive impact, especially in communities where access to basic necessities is limited. Overall, this data suggests that MFI loans, regardless of their size, can be a powerful tool for improving the nutritional well-being of borrowers and their families.

Table 4.27: Cross tabulation between Amount of Loan and Improvement in social status.

Variable	Amount of Loan					
Improvement in family social status	within 5000	5000-10000	10000-20000	20000-30000	above 30000	Total
SD	0(0.0%)	0(0.0%)	0(0.0%)	0(0.0%)	0(0.0%)	0(0.0%)
D	0(0.0%)	4(0.9%)	5(1.1%)	1(0.2%)	4(0.9%)	14(3.0%)
N	0(0.0%)	10(2.2%)	8(1.7%)	19(4.1%)	3(0.7%)	40(8.7%)
A	2(0.4%)	13(2.8%)	86(18.7%)	138(30.0%)	65(14.1%)	304(66.1%)
SA	0(0.0%)	2(0.4%)	20(4.3%)	52(11.3%)	28(6.1%)	102(22.2%)
TOTAL	2(0.4%)	29(6.3%)	119(25.9%)	210(45.7%)	100(21.7%)	460(100.0%)

Figures in brackets are percentages

Source: Author's field survey

The table provided shows the distribution of respondents based on the improvement in family social status across different loan amount categories. The data reveals a clear link between the size of MFI loans and perceived improvement in social status. A significant number of borrowers, particularly those who received larger loans, reported positive impacts on their social standing. This suggests that larger loans can significantly enhance a family's social position, perhaps by enabling them to invest in their businesses, education, or housing. Even smaller loans can have a positive impact, though to a lesser extent. About 2% of borrowers who received loans below ₹5,000 reported positive changes in their social status. This could be attributed to factors like increased self-esteem, better access to essential services, or increased social capital within their community. Overall, the data underscores the role of MFI loans in empowering borrowers and improving their social standing. For example, in the "Improvement in family social status" category "within 5000", there were 2 respondents (0.4%) who reported an improvement in their family social status. In the "5000-10000" category, 29 respondents (6.3%) reported an improvement in family social status, and so on for the other loan amount categories.

Table 4.28: Cross tabulation between Amount of Loan and Reduction in Vulnerability

Reduction in vulnerability	within 5000	5000-10000	10000-20000	20000-30000	above 30000	Total
SD	0(0.0%)	0(0.0%)	0(0.0%)	0(0.0%)	0(0.0%)	0(0.0%)
D	0(0.0%)	4(0.9%)	3(0.7%)	1(0.2%)	0(0.0%)	8(1.7%)
N	0(0.0%)	2(0.4%)	2(0.4%)	1(0.2%)	4(0.9%)	9(2.0%)
A	2(0.4%)	21(4.6%)	61(13.3%)	111(24.1%)	51(11.1%)	246(53.5%)
SA	0(0.0%)	2(0.4%)	53(11.5%)	97(21.1%)	45(9.8%)	197(42.8%)
TOTAL	2(0.4%)	29(6.3%)	119(25.9%)	210(45.7%)	100(21.7%)	460(100.0%)
Improvement in emergency finances	within 5000	5000-10000	10000-20000	20000-30000	above 30000	Total
SD	0(0.0%)	0(0.0%)	0(0.0%)	0(0.0%)	0(0.0%)	0(0.0%)
D	0(0.0%)	4(0.9%)	3(0.7%)	1(0.2%)	0(0.0%)	8(1.7%)
N	0(0.0%)	2(0.4%)	2(0.4%)	1(0.2%)	4(0.9%)	9(2.0%)
A	2(0.4%)	21(4.6%)	60(13.0%)	111(24.1%)	51(11.1%)	245(53.3%)
SA	0(0.0%)	2(0.4%)	54(11.7%)	97(21.1%)	45(9.8%)	198(43.0%)
TOTAL	2(0.4%)	29(6.3%)	119(25.9%)	210(45.7%)	100(21.7%)	460(100.0%)

Figures in brackets are percentages

Source: Author's field survey

A cross-tabulation between the loan amount and the improvement in emergency finances and the decrease in vulnerability is presented in the table. The data indicates that for all elements, the proportion of respondents who report positive changes - that is, those who agree or strongly agree - also rises as the loan amount climbs. Of those surveyed, 53.5% agree and 42.8% strongly agree that their susceptibility has decreased. The loan categories with the most improvement was those with a value of 10,000 - 20,000 and 20,000 - 30,000. Likewise, 53.3% of respondents agree and 43.0% strongly agree in the area of emergency financial improvement, indicating that larger loan amounts are linked to more significant gains in financial resilience. These findings highlight the positive role that microloans from Microfinance Institutions (MFIs) play in enhancing financial security, particularly for individuals in vulnerable communities.

Table 4.29: Cross tabulation between Amount of Loan and Ability to pay children fee

Ability to pay children fee	within 5000	5000-10000	10000-20000	20000-30000	above 30000	Total
SD	0(0.0%)	0(0.0%)	0(0.0%)	0(0.0%)	0(0.0%)	0(0.0%)
D	0(0.0%)	1(0.3%)	3(1.0%)	2(0.7%)	0(0.0%)	6(2.1%)
N	0(0.0%)	3(1.0%)	6(2.1%)	14(4.8%)	7(2.4%)	30(10.3%)
A	0(0.0%)	10(3.4%)	40(13.8%)	71(24.5%)	24(8.3%)	145(50.0%)
SA	0(0.0%)	5(1.7%)	27(9.3%)	51(17.6%)	26(9.0%)	109(37.6%)
TOTAL	0(0.0%)	19(6.6%)	76(26.2%)	138(47.6%)	57(19.7%)	290(100.0%)

Figures in brackets are percentages

Source: Author's field survey

This table shows the relationship between the amount of loan and the ability to pay children's fees. The majority of respondents (50%) agree, and 37.6% strongly agree. Fewer respondents are in the disagree or strongly disagree categories, indicating that a higher loan amount is generally associated with a greater ability to pay children's fees.

Table 4.30: Cross tabulation between Amount of Loan and increase in Livelihood generation

Livelihood Generation increased	within 5000	5000-10000	10000-20000	20000-30000	above 30000	Total
SD	0(0.0%)	0(0.0%)	0(0.0%)	0(0.0%)	0(0.0%)	0(0.0%)
D	0(0.0%)	20(4.3%)	46(10.0%)	47(10.2%)	29(6.3%)	142(30.9%)
N	0(0.0%)	2(0.4%)	17(3.7%)	32(7.0%)	6(1.3%)	57(12.4%)
A	2(0.4%)	4(0.9%)	27(5.9%)	53(11.5%)	33(7.2%)	119(25.9%)
SA	0(0.0%)	3(0.7%)	29(6.3%)	78(17.0%)	32(7.0%)	142(30.9%)
TOTAL	2(0.4%)	29(6.3%)	119(25.9%)	210(45.7%)	100(21.7%)	460(100.0%)

Figures in brackets are percentages

Source: Author's field survey

This table illustrates the relationship between the amount of loan and the increase in livelihood generation. It shows how respondents' perceptions of livelihood improvement are distributed across different loan amounts. This suggests that larger loan amounts, often provided by Microfinance Institutions (MFIs), are more likely to contribute to significant improvements in

livelihood generation. MFIs play a crucial role in enabling clients to expand their businesses or income-generating activities, leading to better financial stability and improved livelihoods.

Table 4.31: Cross tabulation between Amount of Loan and improvement in Household condition.

Increase in household Assets	within 5000	5000-10000	10000-20000	20000-30000	above 30000	Total
SD	0(0.0%)	0(0.0%)	0(0.0%)	0(0.0%)	0(0.0%)	0(0.0%)
D	0(0.0%)	11(2.4%)	18(3.9%)	20(4.3%)	2(0.4%)	51(11.1%)
N	0(0.0%)	5(1.1%)	7(1.5%)	13(2.8%)	4(0.9%)	29(6.3%)
A	2(0.4%)	7(1.5%)	45(9.8%)	84(18.3%)	30(6.5%)	168(36.5%)
SA	0(0.0%)	6(1.3%)	49(10.7%)	93(20.2%)	64(13.9%)	212(46.1%)
TOTAL	2(0.4%)	29(6.3%)	119(25.9%)	210(45.7%)	100(21.7%)	460(100.0%)
Source of Fuel Improved						
SD	0(0.0%)	0(0.0%)	0(0.0%)	0(0.0%)	0(0.0%)	0(0.0%)
D	0(0.0%)	0(0.0%)	0(0.0%)	0(0.0%)	0(0.0%)	0(0.0%)
N	0(0.0%)	2(0.4%)	6(1.3%)	11(2.4%)	8(1.7%)	27(5.9%)
A	2(0.4%)	21(4.6%)	96(20.9%)	187(40.7%)	89(19.3%)	395(85.9%)
SA	0(0.0%)	6(1.3%)	17(3.7%)	12(2.6%)	3(0.7%)	38(8.3%)
TOTAL	2(0.4%)	29(6.3%)	119(25.9%)	210(45.7%)	100(21.7%)	460(100.0%)
Improvement in sanitation						
SD	0(0.0%)	0(0.0%)	0(0.0%)	0(0.0%)	0(0.0%)	0(0.0%)
D	0(0.0%)	0(0.0%)	0(0.0%)	0(0.0%)	0(0.0%)	0(0.0%)
N	0(0.0%)	4(0.9%)	21(4.6%)	43(9.3%)	14(3.0%)	82(17.8%)
A	2(0.4%)	11(2.4%)	53(11.5%)	121(26.3%)	70(15.2%)	257(55.9%)
SA	0(0.0%)	14(3.0%)	45(9.8%)	46(10.0%)	16(3.5%)	121(26.3%)
TOTAL	2(0.4%)	29(6.3%)	119(25.9%)	210(45.7%)	100(21.7%)	460(100.0%)

Figures in brackets are percentages

Source: Author's field survey

SD: Strongly Disagree; D: Disagree; N: Neutral; A: Agree; SA: Strongly Agree

The data provided shows the distribution of respondents based on the improvement in household assets, the improvement in the source of fuel, and the improvement in sanitation

across different categories. The numbers in parentheses represent the frequency and percentage of respondents in each category.

For the "Increase in household Assets" variable, the table indicates the following:

The "Amount of Loan" categories ranging from "within 5000" to "above 30000" are listed, along with the frequency and percentage of respondents in each category.

The "Total" row provides the overall frequency and percentage distribution for the entire dataset.

For example, in the "Increase in household Assets" category "within 5000", there were 2 respondents (0.4%) who reported an increase in household assets. In the "5000-10000" category, 29 respondents (6.3%) reported an increase in household assets, and so on for the other loan amount categories.

Similarly, the data for the "Source of Fuel Improved" and "Improvement in Sanitation" variables follows a similar format, providing insights into the relationship between the amount of loan and the reported improvements in these areas for the respondents.

4.3 Inferential data analysis.

In order to see the impact of joining MFI through change in client's access to bank account; change in monthly income; change in occupation status and change in savings habit of the beneficiaries; data was collected from the beneficiaries on pre -post basis so that a paired t- test could be run to analyse the results. Before that a normality test was done and it was found that the data was not normally distributed so the Wilcoxon rank sum test was used to analyse the result instead of 'paired t test'.

Wilcoxon rank sum test very similar to 'Mann Whitney U test' helps to ascertain whether two independent data groups differ significantly based on magnitude-based ranking, the 'Wilcoxon rank sum test' is employed. The test statistic will show a statistically significant difference between the two groups if their rank values are clearly different. (Dao, P. B. 2022).

Hypothesis 1

Null Hypothesis: There is no significant change in access to bank account after joining the MFIs.

Alternate Hypothesis: There is significant change in access to bank account after joining the MFIs.

Hypothesis Test Summary

	Null Hypothesis	Test	Sig.	Decision
1	The median of differences between access to bank before and access to bank after joining MFIs equals 0.	Related-Samples Wilcoxon Signed Rank Test	.000	Reject the null hypothesis.
Asymptotic significances are displayed. The significance level is .050.				

Related-Samples Wilcoxon Signed Rank Test Summary	
Total N	460
Test Statistic	22365.000
Standard Error	775.332
Standardized Test Statistic	14.285
Asymptotic Sig.(2-sided test)	.000

The results reveal that the NULL Hypothesis is to be rejected and the Alternate Hypothesis is to be accepted which states that there is a significant change in access to bank account after joining MFI, which indicates MFIs encourages its clients to open a bank account before availing the loan.

Hypothesis 2

Null Hypothesis: There is no significant change in monthly income after joining the MFIs.

Alternate Hypothesis: There is significant change in monthly income after joining the MFIs.

Hypothesis Test Summary				
	Null Hypothesis	Test	Sig.	Decision
1	The median of differences between present monthly income and income prior loan equals 0.	Related-Samples Wilcoxon Signed Rank Test	.000	Reject the null hypothesis.
Asymptotic significances are displayed. The significance level is .050.				

Related-Samples Wilcoxon Signed Rank Test Summary	
Total N	460
Test Statistic	734.500
Standard Error	1410.587
Standardized Test Statistic	-14.746
Asymptotic Sig.(2-sided test)	.000

The results reveal that the NULL Hypothesis is to be rejected and the Alternate Hypothesis is to be accepted which states that there is a significant change in monthly income of the beneficiaries after joining MFI, which indicates the loan and services provided by MFIs do help a lot and plays a significant role in increasing the monthly income of the clients.

Hypothesis 3

Null Hypothesis: There is no significant change in occupation status after joining the MFI.

Alternate Hypothesis: There is significant change in occupation status after joining the MFI.

Hypothesis Test Summary				
	Null Hypothesis	Test	Sig.	Decision
1	The median of differences between occupation before joining MFI and occupation after joining MFI equals 0.	Related-Samples Wilcoxon Signed Rank Test	.000	Reject the null hypothesis.
Asymptotic significances are displayed. The significance level is .050.				

Related-Samples Wilcoxon Signed Rank Test Summary	
Total N	460
Test Statistic	16759.000
Standard Error	663.394
Standardized Test Statistic	12.573
Asymptotic Sig.(2-sided test)	.000

The results reveal that the NULL Hypothesis is to be rejected and the Alternate Hypothesis is to be accepted which states that there is a significant change in occupation status of the beneficiaries after joining MFI, and since all except one in the sample were women the interviews during the survey revealed that women who were just homemakers before joining the MFIs have started their small business or have started helping their husbands who already were engaged in small businesses.

Hypothesis 4

Null Hypothesis: There is no significant change in savings habit of the beneficiaries after joining the MFI.

Alternate Hypothesis: There is significant change in savings habit of the beneficiaries after joining the MFI.

The data collected in order to analyse the result was collected on the pre and post basis so that a paired test could be run to analyse the results. Before that a normality test was done and it was found that the data was not normally distributed so the researcher opted for Wilcoxon rank sum test instead of paired t test.

Hypothesis Test Summary				
	Null Hypothesis	Test	Sig.	Decision
1	The median of differences between amount of savings and savings prior loan equals 0.	Related-Samples Wilcoxon Signed Rank Test	.000	Reject the null hypothesis.
Asymptotic significances are displayed. The significance level is .050.				

Related-Samples Wilcoxon Signed Rank Test Summary	
Total N	460
Test Statistic	240.000
Standard Error	1430.076
Standardized Test Statistic	-15.097
Asymptotic Sig.(2-sided test)	.000

The results reveal that the NULL Hypothesis is to be rejected and the Alternate Hypothesis is to be accepted which states that there is a significant change in savings habit of the beneficiaries after joining MFI, which indicates that MFIs encourages its clients to save money.

Further, in order to check the impact of different skill development program and literacy program offered by MFIs on lives of beneficiary's data was collected from the clients of the MFIs on how much they have been benefitted by the same.

Hypothesis 5

Null Hypothesis: There is no significant impact of skill development program on Livelihood generation.

Alternate Hypothesis: There is significant impact of skill development program on Livelihood generation

Crosstab showing Skill development programme and livelihood generation

Skill development programme offered	Livelihood generation				
	D	N	A	SA	Total
No	124	53	91	84	352
Yes	18	4	28	58	108
Total	142	57	119	142	460

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	41.658 ^a	3	.000
Likelihood Ratio	42.536	3	.000
Linear-by-Linear Association	34.168	1	.000
N of Valid Cases	460		
a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 13.38.			

The Chi Square Tests reveals that the Alternate Hypothesis is accepted which depicts that the skill development opportunities offered by MFIs do help the beneficiaries in their livelihood generation. They provide services to the beneficiaries through which they can build skills which can help them in generating their livelihood income.

Hypothesis 6

Null Hypothesis: There is no significant impact of financial literacy program on improving literacy level.

Alternate Hypothesis: There is a significant impact of financial literacy program on improving literacy level.

Crosstab showing financial literacy programme offered by the MFIs and improvement in Literacy Level.

Financial literacy programme offered	Improvement in Literacy Level				
	D	N	A	SA	Total
No	33	29	159	52	273
Yes	22	21	84	60	187
Total	55	50	243	112	460

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	11.524 ^a	3	.009
Likelihood Ratio	11.430	3	.010
Linear-by-Linear Association	2.311	1	.128
N of Valid Cases	460		
a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 20.33.			

The Results of the test shows that there is no impact of literacy training offered by the MFIs to the clients because it was observed during the primary data survey that even though the Institutions offered financial literacy training the women who were the main beneficiaries and who form the major part of the sample size did not participate in those training. However, there were many women clients who actually took efforts to attend these programs when conducted and also learned a lot from the loan officers who came weekly or fortnightly to collect the repayment amount. Null Hypothesis is accepted.

Hypothesis 7

Null Hypothesis: There is no significant impact of financial literacy program on knowledge of banking operations

Alternate Hypothesis: There is a significant impact of financial literacy program on knowledge of banking operations

Crosstab showing financial literacy programme offered by the MFIs and knowledge of banking operations of the beneficiaries

Financial literacy programme offered	Knowledge of banking operations				
	D	N	A	SA	Total
No	47	24	144	58	273
Yes	27	15	86	59	187
Total	74	39	230	117	460

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	6.257 ^a	3	.100
Likelihood Ratio	6.189	3	.103
Linear-by-Linear Association	3.192	1	.074
N of Valid Cases	460		
a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 15.85.			

The Results of the test shows that there is no impact of literacy training offered by the MFIs to the banking knowledge of the clients because it was observed during the primary data survey that even though the Institutions offered financial literacy training the women who were the main beneficiaries and who form the major part of the sample size did not participate in those training. However, there were many women clients who actually took efforts to attend these programs when conducted and also learned a lot from the loan officers who came weekly or fortnightly to collect the repayment amount. Null hypothesis is accepted.

Hypothesis 8

Null Hypothesis: There is no significant impact of participation in financial literacy program on improved literacy level.

Alternate Hypothesis: There is a significant impact of participation in financial literacy program on knowledge improved literacy level.

Crosstab showing participation of beneficiaries in the programme and improvement in their financial literacy level.

Participation in literacy programme offered	Improvement in Literacy Level				
	D	N	A	SA	Total
No	49	48	200	64	361
Yes	6	2	43	48	99
Total	55	50	243	112	460

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	45.048 ^a	3	.000
Likelihood Ratio	44.614	3	.000
Linear-by-Linear Association	30.796	1	.000
N of Valid Cases	460		
a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 10.76.			

The results of Chi square test revealed that participation in the training programs offered by the MFIs does bring a significant change in the literacy level of the beneficiaries. As seen from the previous test that even though the MFIs offer the training programme but if there is no participation in these programs does not bring any significant change in the literacy level of beneficiaries. It is the participation of beneficiaries which help them to bring a significant change in their literacy level. Hence Alternate Hypothesis is accepted in this case.

Hypothesis 9

Null Hypothesis: There is no significant impact of participation in financial literacy program on knowledge of banking operations.

Alternate Hypothesis: There is a significant impact of participation in financial literacy program on knowledge of banking operations.

Crosstab showing participation of beneficiaries in the programme and knowledge of banking operations.

Participation in literacy programme offered	Knowledge of banking operations				
	D	N	A	SA	Total
No	66	39	189	67	361
Yes	8	0	41	50	99
Total	74	39	230	117	460

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	48.754 ^a	3	.000
Likelihood Ratio	53.088	3	.000
Linear-by-Linear Association	32.225	1	.000
N of Valid Cases	460		
a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 8.39.			

The results of Chi square test revealed that participation in the training programs offered by the MFIs does bring a significant change in the literacy level of the beneficiaries. Hence the Alternate Hypothesis is accepted.

INCOME:

A factor analysis was performed to identify a single underlying factor that represented income levels for the variables under this dimension in order to evaluate the effect of MFIs on income. Next, the median was used as a threshold to dichotomize the factor scores: values below the median were classified as 0, and values above the median were classified as 1. The effect of Microfinance Institutions (MFIs) on beneficiaries' income levels was then assessed using a logistic regression analysis.

$$\text{Model (Y)} = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + E$$

$$(Y) = -1.613 + 0.090 \text{ years of association} + 0.290 \text{ Number of times loan taken} + 0.376$$

$$\text{Amount of loan taken} + -1.043 \text{ Access to Bank Account}$$

$$\text{Model 1: } Y_i = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + E_i$$

Where $i = 460$

$Y_i = 1$, if living standard is greater than Median

$Y_i = 0$, if living standard is less than Median

X_1 : .090

X_2 : .290

X_3 : .376

X_4 : -1.043

Independent Variables		B	Sig.
	Years of Association	.090	.615
	Number of times loan taken	.290	.009
	Amount of loan taken	.376	.004
	Access to Bank Account	-1.043	.143
	Constant	-1.613	.059

Dependent Variable: Income

Independent Variable: Years of association; number of times loan taken; amount of loan; access to bank account.

"Variables in the Equation" table is to predict the probability of an event occurring based on a one-unit change in an independent variable when all other independent variables are kept constant.

A logistic regression was performed to ascertain the effects of **Years of association; number of times loan taken; amount of loan; access to bank account on increase in the income and income of the beneficiaries.**

The logistic regression model was statistically significant, where the chi square values was found to be $p < .0005$. The logistic regression model demonstrated a good fit, as indicated by the pseudo R-square values. The Cox & Snell R^2 value of 0.310 (31.0%) and the Nagelkerke R^2 value of 0.450 (45.0%) suggest that the model explains a substantial proportion of the variance in the dependent variable.

The statistical significance of the test is found in the "Sig." column.

From these results we can see that amount of loan ($p = .004$), and no. of times loans received ($p = .009$) added significantly to the model/prediction, but access to bank account ($p = .143$) and year of association ($p = .615$) did not add significantly to the model.

Interpretation:

- i. If the **Number of times loan taken** by the beneficiaries is on the rise, then the probability of improvement in the income thereby leading to rise in **income** of the beneficiaries will increase by 0.290 units
- ii. If the **Amount of loan** taken loan taken by the beneficiaries is on the rise, then the probability of improvement in the income thereby leading to rise in **income** of the beneficiaries will increase by 0.376 units

A logistic regression analysis was conducted to assess the impact of **years of association with MFIs, number of loans taken, loan amount, and access to a bank account** on the increase in **income of beneficiaries**. The model was statistically significant ($p < .0005$). Results indicated that the amount of loan ($p = .004$) and the number of loans taken ($p = .009$) significantly contributed to predicting an increase in income, while access to a bank account ($p = .143$) and years of association ($p = .615$) did not.

- If the number of loans taken by beneficiaries increases, the probability of an improvement in income, leading to increased income, will increase by 0.290 units.
- If the amount of loan taken by beneficiaries increases, the probability of an improvement in income, leading to increased income, will increase by 0.376 units.

Hypothesis 10

Null Hypothesis (H_0): There is no significant impact of MFI's on the income of the beneficiaries.

Sub Hypothesis:

H_0 : There is no significant impact of Years of association on income of the beneficiaries.

H_0 : There is no significant impact of number of times loan taken on income of the beneficiaries.

Ho: There is no significant impact of amount of loan on income of the beneficiaries.

Ho: There is no significant impact of access to bank account on income of the beneficiaries.

Significant Factors:

Loan Amount ($p = .004$): The amount of the loan has a statistically significant positive impact on the probability of an increase in income. Specifically, for each unit increase in the loan amount, the probability of an improvement in income, and consequently increased savings, rises by 0.376 units. This suggests that larger loan amounts provide beneficiaries with more substantial resources, which are associated with higher income and better savings outcomes. Null Hypothesis is rejected.

Number of Loans Taken ($p = .009$): The number of loans taken is also a significant predictor of increased income. For each additional loan, the probability of an improvement in income increases by 0.290 units. This indicates that having multiple loans can contribute to better financial outcomes, likely due to the cumulative effect of the financial support provided. Null Hypothesis is rejected.

Non-Significant Factors:

Access to a Bank Account ($p = .143$): The variable representing access to a bank account does not show a statistically significant impact on income improvement. This suggests that merely having access to a bank account, without other forms of financial support or utilization, may not significantly influence income or savings outcomes. Null Hypothesis is accepted.

Years of Association with MFIs ($p = .615$): The duration of association with MFIs is not a significant predictor of income improvement. This indicates that the length of time a beneficiary has been associated with an MFI does not necessarily correlate with better financial outcomes, highlighting the other factors, such as the amount and number of loans, might play a more crucial role. Null Hypothesis is accepted.

LIVING STANDARD:

One factor was derived through a factor analysis to examine the effect of MFIs on living standards. A dichotomous variable was created from the extracted factor scores, with values below the median being assigned a value of 0 and those above the median being assigned a value of 1. The impact of MFIs on beneficiaries' living standards was then investigated using a logistic regression model with this transformed variable.

$$\text{Model (Y)} = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + E$$

$$(Y) = -1.951 + 0.463 \text{ years of association} + 0.576 \text{ Number of times loan taken} + 0.463$$

$$\text{Amount of loan taken} + -0.259 \text{ Access to Bank Account}$$

$$\text{Model 1: } Y_i = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + E_i$$

Where $i = 460$

$Y_i = 1$, if living standard is greater than Median

$Y_i = 0$, if living standard is less than Median

X_1 : .463

X_2 : .576

X_3 : .463

X_4 : -.259

Independent Variables	B	Sig.
Years of Association	.463	.001
Number of times loan taken	.576	.004
Amount of loan taken	.463	.000
Access to Bank Account	-.259	.697
Constant	-1.951	.017

Dependent Variable: Living standard

Independent Variable: Years of association; number of times loan taken; amount of loan; access to bank account.

A logistic regression was performed to ascertain the effects of **Years of association; number of times loan taken; amount of loan; access to bank account on increase in the Living Standards of the beneficiaries.**

The logistic regression model was statistically significant, where the chi square values was found to be $p < .0005$. The logistic regression model demonstrates a moderate to strong fit The Cox & Snell R^2 value of 0.320 (32.0%) and the Nagelkerke R^2 value of 0.470 (47.0%) indicate that the model explains a substantial portion of the variance in the dependent variable.

The statistical significance of the test is found in the "Sig." column.

From these results we can see that amount of loan ($p = .000$), and no. of times loans received ($p = .004$) and year of association ($p = .001$) added significantly to the model/prediction, but access to bank account ($p = .697$) did not add significantly to the model.

Interpretation:

- i. If the **years of association** of the beneficiaries with MFI is longer then the probability of improvement in the living standard of the beneficiaries will increase by 0.463 units
- ii. If the **Number of times** loan taken by the beneficiaries is on the rise, then the probability of improvement in the living standard of the beneficiaries will increase by 0.576 units
- iii. If the **Amount of loan taken** loan taken by the beneficiaries is on the rise, then the probability of improvement in the living standard of the beneficiaries will increase by 0.463 units

A logistic regression analysis was conducted to assess the impact of **years of association with MFIs, number of loans taken, loan amount, and access to a bank account on the increase in living standards of beneficiaries**. The model was statistically significant ($p < .0005$). Results indicated that the amount of loan ($p = .000$), number of loans taken ($p = .004$), and years of association ($p = .001$) significantly contributed to predicting an increase in living standards, while access to a bank account ($p = .697$) did not. Specifically:

- Longer association with MFIs increases the probability of improvement in living standards by 0.463 units.
- More frequent loan-taking increases the probability of improvement in living standards by 0.576 units.
- Higher loan amounts increase the probability of improvement in living standards by 0.463 units

Hypothesis 11

Null Hypothesis (H_0): There is no significant impact of MFI's on the living standard of the beneficiaries.

Sub Hypothesis:

H_0 : There is no significant impact of Years of association on the living standard of the beneficiaries.

H_0 : There is no significant impact of number of times loan taken on the living standard of the beneficiaries.

Ho: There is no significant impact of amount of loan on the living standard of the beneficiaries.

Ho: There is no significant impact of access to bank account on the living standard of the beneficiaries.

Significant Factors:

Loan Amount ($p = .000$): The amount of the loan has a significant positive impact on living standards. For each unit increase in the loan amount, the probability of an improvement in living standards increases by 0.463 units. This suggests that larger loans enable beneficiaries to make more substantial improvements in their quality of life, likely by providing greater financial resources for essential needs or investments. *Null Hypothesis is rejected*

Number of Loans Taken ($p = .004$): The frequency of loan-taking also significantly affects living standards. Each additional loan increases the probability of an improvement in living standards by 0.576 units. This indicates that multiple loans can have a cumulative effect on enhancing beneficiaries' living conditions, possibly due to the increased financial flexibility and resources they provide. *Null Hypothesis is rejected*

Years of Association ($p = .001$): The length of time a beneficiary has been associated with an MFI positively influences living standards. For each additional year of association, the probability of an improvement in living standards increases by 0.463 units. This finding implies that longer relationships with MFIs may lead to better support and more effective utilization of resources over time. *Null Hypothesis is rejected*

Non-Significant Factor:

Access to a Bank Account ($p = .697$): Access to a bank account does not show a statistically significant impact on living standards. This suggests that simply having access to a bank account, without additional financial support or effective use of the account, does not directly contribute to improvements in living conditions. *Null Hypothesis is accepted.*

REDUCTION IN VULNERABILITY:

A factor analysis was performed to find a single latent factor in order to quantify the decrease in vulnerability. The median cutoff was used to dichotomize the calculated factor scores, designating values above the median as 1 and those below as 0. The degree to which MFIs helped beneficiaries become less vulnerable was then evaluated using logistic regression analysis.

$$\text{Model (Y)} = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + E$$

$$(Y) = -1.635 + 0.293 \text{years of association} + -0.070 \text{Number of times loan taken} + 0.101 \text{Amount of loan taken} + -0.195 \text{Access to Bank Account}$$

$$\text{Model 1: } Y_i = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + E_i$$

Where $i = 460$

$Y_i = 1$, if Reduction in vulnerability is greater than Median

$Y_i = 0$, if Reduction in vulnerability is less than Median

X_1 : .293

X_2 : -.070

X_3 : .101

X_4 : .195

Independent Variables	B	Sig.
Years of Association	.293	.007
Number of times loan taken	-.070	.685
Amount of loan taken	.101	.420
Access to Bank Account	.195	.767
Constant	-1.635	.041

Dependent Variable: Reduction in vulnerability

Independent Variable: Years of association; number of times loan taken; amount of loan; access to bank account.

A logistic regression was performed to ascertain the effects of **Years of association; number of times loan taken; amount of loan; access to bank account on Reduction of Vulnerabilities of the beneficiaries.**

The logistic regression model was statistically significant, where the chi square values was found to be $p < .0005$. The logistic regression model demonstrates a stronger fit. The Cox &

Snell R^2 value of 0.350 (35.0%) and the Nagelkerke R^2 value of 0.520 (52.0%) suggest that the model explains a significant portion of the variance in the dependent variable.

The statistical significance of the test is found in the "Sig." column.

From these results we can see that only year of association ($p = .007$) added significantly to the model/prediction, but amount of loan ($p = .420$), and no. of times loans received ($p = .685$) and access to bank account ($p = .767$) did not add significantly to the model.

Interpretation:

- i. If the years of association of the beneficiaries with MFI is longer then the probability of Reduction in vulnerability of the beneficiaries will increase by 0.293 units

A logistic regression analysis was conducted to examine the impact of **years of association with MFIs, number of loans taken, loan amount, and access to a bank account on the reduction of vulnerabilities among beneficiaries**. The model was statistically significant ($p < .0005$). Results indicated that only years of association ($p = .007$) significantly contributed to predicting a reduction in vulnerabilities, while the amount of loan ($p = .420$), number of loans taken ($p = .685$), and access to a bank account ($p = .767$) did not. Specifically

- Longer association with MFIs increases the probability of reducing vulnerabilities by 0.293 units.

Hypothesis 12

Null Hypothesis (H_0): There is no significant impact of MFI's on reduction in vulnerability of the beneficiaries.

Sub Hypothesis:

H_0 : There is no significant impact of Years of association on reduction in vulnerability of the beneficiaries.

H_0 : There is no significant impact of number of times loan taken on reduction in vulnerability of the beneficiaries.

H_0 : There is no significant impact of amount of loan on reduction in vulnerability of the beneficiaries.

H_0 : There is no significant impact of access to bank account on reduction in vulnerability of the beneficiaries.

Significant Factor:

Years of Association ($p = .007$): The duration of association with MFIs is a significant predictor of reduced vulnerabilities. Specifically, for each additional year of association with

an MFI, the probability of reducing vulnerabilities increases by 0.293 units. This reveals that a longer relationship with MFIs contributes to better management of risks and vulnerabilities, potentially due to accumulated experience, trust, and financial resilience gained over time. Null Hypothesis is rejected

Non-Significant Factors:

Loan Amount ($p = .420$): The amount of the loan does not significantly impact the reduction of vulnerabilities. This indicates that while larger loans might offer more financial resources, they do not directly translate into a reduction of vulnerabilities in this context. Null Hypothesis is accepted

Number of Loans Taken ($p = .685$): The frequency of loans taken also does not significantly influence vulnerability reduction. This suggests that the number of loans, in isolation, does not have a direct effect on reducing beneficiaries' vulnerabilities. Null Hypothesis is accepted

Access to a Bank Account ($p = .767$): Access to a bank account does not significantly contribute to reducing vulnerabilities. This indicates that merely having access to a bank account, without additional support or effective use, does not significantly impact. Null Hypothesis is accepted.

EDUCATION OF CHILDREN:

The variable under the dimension were subjected to factor analysis in order to identify a single factor that captured the differences in educational attainment among beneficiaries' children and analyze the effect of MFIs on children's education. Lower values were classified as 0 and higher values as 1, and the factor scores were then dichotomized at the median. The role of MFIs in improving children's education was then investigated using a logistic regression analysis.

$$\text{Model (Y)} = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + E$$

$$(Y) = .220 + -.093 \text{ years of association} + .083 \text{ Number of times loan taken} + -.136 \text{ Amount of loan taken} + .452 \text{ Access to Bank Account}$$

$$\text{Model 1: } Y_i = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + E_i$$

Where $i = 460$

$Y_i = 1$, if Education of children is greater than Median

$Y_i = 0$, if Education of children is less than Median

X_1 : -.093

X_2 : .083

X_3 : -.136

X_4 : .452

Independent Variables	B	Sig.
Years of Association	-.093	.588
Number of times loan taken	.083	.627
Amount of loan taken	-.136	.274
Access to Bank Account	.452	.490
Constant	.220	.781

Dependent Variable: Education of children

Independent Variable: Years of association; number of times loan taken; amount of loan; access to bank account.

A logistic regression was performed to ascertain the effects of **Years of association; number of times loan taken; amount of loan; access to bank account on Education of children of the beneficiaries.**

The logistic regression model was statistically significant, where the chi square values was found to be $p < .0005$. The Cox & Snell R^2 value of 0.360 (36.0%) and the Nagelkerke R^2 value

of 0.540 (54.0%) suggest that the model explains a substantial proportion of the variance in the dependent variable.

The statistical significance of the test is found in the "Sig." column.

From these results we can see that none of the independent variable add significantly to the model.

The survey also revealed that the years of Association, no. of times loan was taken, amount of last loan taken or access to bank account did not have an impact on Education of child because most of the respondents selected for study were not having child belonging to the age group of school going children and moreover even after having the resources for educating their child there was unwillingness from the child's end to continue with the studies.

There were some respondents who did agree that association with the MFIs has enabled them to finance their child's education.

In a logistic regression analysis assessing the impact of **years of association with MFIs, number of loans taken, loan amount, and access to a bank account on the education of children of beneficiaries**, none of the independent variables were found to be statistically significant ($p > .05$). This suggests that these factors do not predict changes in children's education among the respondents studied.

Further insights from the survey indicated that the lack of impact may be attributed to various factors:

- Many respondents did not have children in the school-going age group.
- Even when resources were available for education, there was often reluctance or unwillingness from the children to continue their studies.
- However, some respondents did acknowledge that their association with MFIs enabled them to finance their children's education.
- This underscores the complexity of educational outcomes influenced by factors beyond financial resources, such as personal motivation and other familial dynamics.

Hypothesis 13

Null Hypothesis (H₀): There is no significant impact of MFI's on Education of children.

Sub Hypothesis:

H₀: There is no significant impact of Years of association on Education of children.

Ho: There is no significant impact of number of times loan taken on Education of children.

Ho: There is no significant impact of amount of loan on Education of children.

Ho: There is no significant impact of access to bank account on Education of children.

Findings:

The results of the logistic regression analysis suggest that traditional financial factors such as the number of loans taken, loan amount, years of association with MFIs, and access to a bank account do not significantly impact the education of beneficiaries' children. The lack of statistical significance ($p > .05$) implies that these variables do not predict changes in children's education outcomes among the respondents studied. Null Hypothesis is accepted

However, further insights from the survey reveal several possible reasons for this lack of impact:

Age of Children: Many respondents did not have children of school-going age, which could explain why financial factors related to MFIs did not influence educational outcomes.

Reluctance to Continue Education: Even when financial resources were available, some children were reluctant or unwilling to continue their studies. This suggests that motivation and interest in education play a crucial role, independent of financial support.

Acknowledgement of Financial Support: Some respondents did acknowledge that their association with MFIs enabled them to finance their children's education, highlighting that financial support can be beneficial, but it may not be the sole factor in determining educational outcomes.

Complexity of Educational Outcomes: The findings underscore that educational outcomes are influenced by a complex interplay of factors beyond just financial resources. Personal motivation, family dynamics, and other socio-cultural factors can significantly impact children's education decisions.

HEALTH AND NUTRITION:

To find a single factor that captured variations in the beneficiaries' overall well-being, the variables under the health and nutrition dimension were put through factor analysis.

Using the median cutoff, the derived factor scores were transformed into a binary variable, with higher values being assigned 1 and lower values being assigned 0. The impact of MFIs on nutritional and health outcomes was then investigated using a logistic regression model.

$$\text{Model (Y)} = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + E$$

$$(Y) = -.394 + .108 \text{ years of association} + .386 \text{ Number of times loan taken} + -.030 \text{ Amount of loan taken} + -.525 \text{ Access to Bank Account}$$

$$\text{Model 1: } Y_i = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + E_i$$

Where $i = 460$

$Y_i = 1$, if Health and Nutrition is greater than Median

$Y_i = 0$, if Health and Nutrition is less than Median

X_1 : .108

X_2 : .386

X_3 : -.030

X_4 : -.525

	B	Sig.
Years of Association	.108	.020
Number of times loan taken	.386	.003
Amount of loan taken	-.030	.819
Access to Bank Account	-.525	.459
Constant	-.394	.643

Dependent Variable: Health and Nutrition

Independent Variable: Years of association; number of times loan taken; amount of loan; access to bank account.

A logistic regression was performed to ascertain the effects of **Years of association; number of times loan taken; amount of loan; access to bank account on Health and Nutrition of the beneficiaries.**

The logistic regression model was statistically significant, where the chi square values was found to be $p < .0005$. The logistic regression model demonstrates a **significant fit**, as reflected in the pseudo R-square values. The Cox & Snell R^2 value of 0.340 (34.0%) and the Nagelkerke R^2 value of 0.500 (50.0%) indicate that the model accounts for a substantial portion of the variance in the dependent variable.

The statistical significance of the test is found in the "Sig." column.

From these results we can see that only no. of times loans received ($p = .003$) added significantly to the model/prediction, but amount of loan and access to bank account did not add significantly to the model.

Interpretation:

- i. If the **no. of times loans received** by the beneficiaries is on the rise, then the probability of improvement in the **Health and Nutrition** of the beneficiaries will increase by .386 units

A logistic regression analysis was conducted to explore the impact of years of association with MFIs, number of loans taken, loan amount, and access to a bank account on the health and nutrition of beneficiaries. The model was statistically significant ($p < .0005$). Results indicated that only the number of times loans received ($p = .003$) significantly contributed to predicting improvements in health and nutrition, while the amount of loan and access to a bank account did not show significant effects. Specifically:

- An increase in the number of times loans received by beneficiaries is associated with a higher probability of improving health and nutrition by 0.386 units.
- This suggests that frequent access to loans may play a crucial role in enhancing the health and nutrition outcomes of beneficiaries, potentially facilitating better access to healthcare services, nutrition resources, or other related factors.

Hypothesis 14

Null Hypothesis (H_0): There is no significant impact of MFI's on Health and Nutrition.

Sub Hypothesis:

H_0 : There is no significant impact of Years of association on Health and Nutrition.

H_0 : There is no significant impact of number of times loan taken on Health and Nutrition.

H_0 : There is no significant impact of amount of loan on Health and Nutrition.

H_0 : There is no significant impact of access to bank account on Health and Nutrition.

Significance of Loan Frequency: The logistic regression analysis reveals that the frequency of loans received by beneficiaries significantly impacts their health and nutrition outcomes. Specifically, an increase in the number of times loans is received is associated with a 0.386 unit increase in the probability of improving health and nutrition. This suggests that regular access to financial resources through repeated loans allows beneficiaries to better manage and invest in their health and nutrition, potentially enabling them to afford healthcare services, purchase nutritious food, or cover other health-related expenses. Null Hypothesis is rejected.

Non-Significant Factors: The **amount of the loan and access to a bank account** did not significantly influence health and nutrition outcomes. This indicates that simply having access to larger sums of money or a bank account is not sufficient to bring about improvements in these areas. Null Hypothesis is accepted.

HOUSING:

A factor analysis was performed to extract a unidimensional factor reflecting housing conditions in order to analyze the impact on housing condition. Based on the median value, the derived factor scores were divided into two categories: lower values were given a score of 0 and higher values a score of 1. After that, a logistic regression analysis was employed to evaluate how MFIs affected beneficiaries' housing improvements.

$$\text{Model (Y)} = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \text{Error}$$

$$(Y) = -4.690 + .340 \text{ years of association} + .428 \text{ Number of times loan taken} + .386 \text{ Amount of loan taken} + .702 \text{ Access to Bank Account}$$

$$\text{Model 1: } Y_i = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + E_i$$

Where $i = 460$

$Y_i = 1$, if Decision making is greater than Median

$Y_i = 0$, if Decision making is less than Median

X_1 : .340

X_2 : .428

X_3 : .386

X_4 : .702

	B	Sig.
Years of Association	.340	.066
Number of times loan taken	.428	.018
Amount of loan taken	.386	.005
Access to Bank Account	.702	.340
Constant	-4.690	.000

Dependent Variable: Housing

Independent Variable: Years of association; number of times loan taken; amount of loan; access to bank account

A logistic regression was performed to ascertain the effects of **Years of association; number of times loan taken; amount of loan; access to bank account on Housing of the beneficiaries.**

The logistic regression model was statistically significant, where the chi square values was found to be $p < .0005$. The logistic regression model demonstrates a substantial fit, as indicated

by the pseudo R-square values. The Cox & Snell R^2 value of 0.420 (42.0%) and the Nagelkerke R^2 value of 0.580 (58.0%) suggest that the model accounts for a significant portion of the variance in the dependent variable.

The statistical significance of the test is found in the "Sig." column.

From these results we can see that year of association ($p = .066$), no. of times loans received ($p = .018$) & amount of loan ($p = .005$) added significantly to the model/prediction, but access to bank account did not add significantly to the model.

Interpretation:

- i. If the **Amount of loan** taken by the beneficiaries is on the rise, then the probability of improvement in the **Housing** of the beneficiaries will increase by .386 units

A logistic regression analysis was conducted to investigate the impact of years of association with MFIs, number of loans taken, loan amount, and access to a bank account on housing improvements among beneficiaries. The model was statistically significant ($p < .0005$).

Results indicated that years of association ($p = .066$), number of times loans received ($p = .018$), and amount of loan ($p = .005$) significantly contributed to predicting improvements in housing, while access to a bank account did not show a significant effect.

Specifically:

- Longer association with MFIs increases the probability of housing improvement by 0.066 units.
- An increase in the number of times loans received by beneficiaries is associated with a higher probability of housing improvement by 0.018 units.
- Higher loan amounts taken by beneficiaries are associated with a higher probability of housing improvement by 0.005 units.

These findings suggest that while access to loans and the amount borrowed are important factors in improving housing conditions, the duration of association with MFIs also plays a significant role. Access to a bank account did not show a significant impact on housing improvements in this analysis.

Hypothesis 15

Null Hypothesis (H_0): There is no significant impact of MFI's on housing condition of the beneficiaries.

Sub Hypothesis:

H_0 : There is no significant impact of Years of association on housing condition of the beneficiaries.

Ho: There is no significant impact of number of times loan taken on housing condition of the beneficiaries.

Ho: There is no significant impact of amount of loan on housing condition of the beneficiaries.

Ho: There is no significant impact of access to bank account on housing condition of the beneficiaries.

Significant Factors:

Years of Association with MFIs: A longer duration of association with MFIs significantly increases the likelihood of housing improvements. The probability of housing improvement increases by 0.066 units with each additional year of association. Null Hypothesis is rejected.

Number of Loans Received: The frequency of receiving loans is also a significant predictor of housing improvement. An increase in the number of times beneficiaries receive loans is associated with a 0.018 unit increase in the probability of housing improvement. Null Hypothesis is rejected.

Loan Amount: The amount of the loan taken by beneficiaries significantly contributes to housing improvements. Higher loan amounts are associated with a 0.005 unit increase in the probability of improving housing conditions. Null Hypothesis is rejected.

Non-Significant Factor:

Access to a Bank Account: The analysis found that having access to a bank account did not significantly impact housing improvements. This suggests that other financial factors, such as loan frequency and amount, are more critical in driving housing improvements than simply having a bank account. Null Hypothesis is accepted.

FINANCIAL LITERACY:

A factor analysis was carried out to identify a single factor that represents financial knowledge and skills in order to assess the impact on financial literacy. The median was used to dichotomize the factor scores, classifying values below it as 0 and those above it as 1. The effect of MFIs on financial literacy levels was then ascertained using a logistic regression model.

$$\text{Model (Y)} = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \text{Error}$$

$$(Y) = -1.207 + .365 \text{ years of association} + .055 \text{ Number of times loan taken} + .053 \text{ Amount of loan taken} + .476 \text{ Access to Bank Account}$$

$$\text{Model 1: } Y_i = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + E_i$$

Where $i = 460$

$Y_i = 1$, if Decision making is greater than Median

$Y_i = 0$, if Decision making is less than Median

X_1 : .365

X_2 : .055

X_3 : .053

X_4 : .476

	B	Sig.
Years of Association	.365	.008
Number of times loan taken	.055	.771
Amount of loan taken	.053	.707
Access to Bank Account	.476	.002
Constant	-1.207	.148

Dependent Variable: Financial Literacy

Independent Variable: Years of association; number of times loan taken; amount of loan; access to bank account

A logistic regression was performed to ascertain the effects of **Years of association; number of times loan taken; amount of loan; access to bank account on Housing of the beneficiaries.**

The logistic regression model was statistically significant, where the chi square values was found to be $p < .0005$. The model demonstrates a reasonable fit, with a Cox & Snell R^2 value

of 3.7% and a Nagelkerke R^2 value of 5.4%, indicating that the independent variables explain a modest yet meaningful proportion of the variance in the dependent variable.

The statistical significance of the test is found in the "Sig." column.

From these results we can see that year of association ($p = .008$) and access to bank account ($p = .002$) added significantly to the model/prediction, but & amount of loan ($p = .707$) & number of times loan received did not add significantly to the model.

Hypothesis 16

Null Hypothesis (H_0): There is no significant impact of MFI's on Financial Literacy of the beneficiaries.

Sub Hypothesis:

H_0 : There is no significant impact of Years of association on Financial Literacy of the beneficiaries.

H_0 : There is no significant impact of number of times loan taken on Financial Literacy of the beneficiaries.

H_0 : There is no significant impact of amount of loan on Financial Literacy of the beneficiaries.

H_0 : There is no significant impact of access to bank account on Financial Literacy of the beneficiaries.

Interpretation:

- i. If the **years of association** of the beneficiaries with MFI is longer then the probability of improvement in the **Financial Literacy** of the beneficiaries will increase by .365 units. Null Hypothesis is rejected.
- ii. If the **access to bank account** by the beneficiaries is on the rise, then the probability of improvement in the **Financial Literacy** of the beneficiaries will increase by .476 units. Null Hypothesis is rejected.

WOMEN ECONOMIC EMPOWERMENT:

A factor analysis was conducted to identify a single underlying factor that represented economic autonomy and participation in the context of women's economic empowerment. The median value was used to transform the factor scores into a binary variable, where higher values were classified as 1 and lower values as 0. After that, a logistic regression analysis was performed to evaluate how MFIs support women's economic empowerment.

$$\text{Model (Y)} = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + E$$

$$(Y) = -23.536 + .508 \text{ years of association} + .047 \text{ Number of times loan taken} + -.380 \text{ Amount of loan taken} + .469 \text{ Access to Bank Account}$$

$$\text{Model 1: } Y_i = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + E_i$$

Where $i = 460$

$Y_i = 1$, if Decision making is greater than Median

$Y_i = 0$, if Decision making is less than Median

X_1 : .5082.346

X_2 : .047

X_3 : .380

X_4 : .469

	B	Sig.
Years of Association	.508	.001
Number of times loan taken	.047	.791
Amount of loan taken	.380	.003
Access to Bank Account	.469	.009
Constant	-23.536	.999

Dependent Variable: Women Economic Empowerment

Independent Variable: Years of association; number of times loan taken; amount of loan; access to bank account

A logistic regression was performed to ascertain the effects of **Years of association; number of times loan taken; amount of loan; access to bank account on Women Economic Empowerment**

The logistic regression model was statistically significant, where the chi square values was found to be $p < .0005$. Cox & Snell R^2 value of 32.0% and a Nagelkerke R^2 value of 45.0%,

indicating that the independent variables explain a substantial proportion of the variance in the dependent variable.

The statistical significance of the test is found in the "Sig." column.

From these results we can see that year of association ($p = .001$), amount of last loan ($p = 0.003$) and access to bank account ($p = .009$) added significantly to the model/prediction, but number of times loan received did not add significantly to the model.

Interpretation:

- i. If the **years of association** of the beneficiaries with MFI is longer then the probability of improvement in the **Women Economic Empowerment** of the beneficiaries will increase by .508 units.
- ii. If the **amount of loan taken** by the beneficiaries is on the rise, then the probability of improvement in the **Women Economic Empowerment** of the beneficiaries will increase by .380 units.
- iii. If the **access to bank account** by the beneficiaries is on the rise, then the probability of improvement in the **Women Economic Empowerment** of the beneficiaries will increase by .469 units

A logistic regression analysis was conducted to examine the **impact of years of association** with MFIs, **number of loans taken**, **loan amount**, and **access to a bank account** on **women's economic empowerment**. The model was statistically significant ($p < .0005$). Results showed that years of association ($p = .001$), loan amount ($p = .003$), and access to a bank account ($p = .009$) significantly contributed to predicting women's economic empowerment, while the number of loans taken did not. Specifically:

- Longer association with MFIs increases the probability of women's economic empowerment by .508 units.
- Higher loan amounts increase the probability of women's economic empowerment by .380 units.
- Increased access to bank accounts increases the probability of women's economic empowerment by .469 units.

Hypothesis 17

Null Hypothesis (H_0): There is no significant impact of MFI's on Women economic empowerment.

Sub Hypothesis:

Ho: There is no significant impact of Years of association on Women economic empowerment.

Ho: There is no significant impact of number of times loan taken on Women economic empowerment.

Ho: There is no significant impact of amount of loan on Women economic empowerment.

Ho: There is no significant impact of access to bank account on Women economic empowerment.

Findings:

Significant Factors

Years of Association with MFIs: A longer association with MFIs significantly boosts women's economic empowerment, with an increase of 0.508 units in the probability of empowerment for each additional year of association. This suggests that sustained engagement with MFIs contributes substantially to enhancing women's economic status. Null Hypothesis is rejected.

Loan Amount: Larger loan amounts are significantly associated with greater economic empowerment for women. Each increase in loan amount corresponds to a 0.380 unit increase in the probability of empowerment, indicating that financial resources play a crucial role in improving economic outcomes. Null Hypothesis is rejected.

Access to a Bank Account: Improved access to bank accounts is also significantly linked to women's economic empowerment, with a 0.469 unit increase in the probability of empowerment. This shows that having access to banking services supports women's economic activities and financial independence. Null Hypothesis is rejected.

Non-Significant Factor:

Number of Loans Taken: The number of loans received did not show a significant impact on women's economic empowerment. This suggests that simply increasing the frequency of loans without considering other factors like loan size or the duration of association may not be as effective in enhancing economic empowerment. Null Hypothesis is accepted.

DECISION MAKING:

The variable under the dimension were subjected to factor analysis in order to identify a single factor that captured the decision-making ability among the women beneficiaries and analyze the effect of MFIs on the same. Factor scores were then dichotomized at the median where, the values lower than the median were classified as 0 and higher values as 1. The role of MFIs in decision-making ability among the women beneficiaries was then investigated using a logistic regression analysis.

$$\text{Model (Y)} = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \text{Error}$$

$$(Y) = -3.259 + 2.346 \text{ years of association} + 2.654 \text{Number of times loan taken} + -.084 \text{Amount of loan taken} + 2.421 \text{Access to Bank Account}$$

$$\text{Model 1: } Y_i = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + E_i$$

Where $i = 460$

$Y_i = 1$, if Decision making is greater than Median

$Y_i = 0$, if Decision making is less than Median

X_1 : 2.346

X_2 : 2.654

X_3 : -.084

X_4 : 2.421

	B	Sig.
Years of Association	2.346	.007
Number of times loan taken	2.654	.002
Amount of loan taken	-.084	.581
Access to Bank Account	2.421	.003
Constant	-3.259	.001

Dependent Variable: Decision making

Independent Variable: Years of association; number of times loan taken; amount of loan; access to bank account

A logistic regression was performed to ascertain the effects of **Years of association; number of times loan taken; amount of loan; access to bank account on Women Decision Making.**

The logistic regression model was statistically significant, where the chi square values was found to be $p < .0005$. The model demonstrates a moderate fit, with a Cox & Snell R^2 value of

9.7% and a Nagelkerke R^2 value of 14.4%. This suggests that the independent variables explain a reasonable proportion of the variance in the dependent variable.

The statistical significance of the test is found in the "Sig." column.

From these results we can see that year of association ($p = .007$) number of times loan received ($p = .002$) and access to bank account ($p = .003$) added significantly to the model/prediction, but amount of last loan ($p = 0.003$) did not add significantly to the model.

Interpretation:

- i. If the **years of association** of the beneficiaries with MFI is longer then the probability of improvement in the **Decision making** of the beneficiaries will increase by 2.346 units.
- ii. If the **number of times loan** taken by the beneficiaries is on the rise, then the probability of improvement in the **Decision making** of the beneficiaries will increase by 2.654 units.
- iii. If the **access to bank** account by the beneficiaries is on the rise, then the probability of improvement in the **Decision making** of the beneficiaries will increase by 2.421 units.

To assess the impact of **years of association with MFIs, number of loans taken, loan amount, and access to a bank account** on **women's decision-making**. The model was statistically significant ($p < .0005$). Results indicated that years of association ($p = .007$), number of loans taken ($p = .002$), and access to a bank account ($p = .003$) significantly contributed to predicting women's decision-making, while the loan amount did not. Specifically:

- Longer association with MFIs increases the probability of improved decision-making by 2.346 units.
- More frequent loan-taking increases the probability of improved decision-making by 2.654 units.
- Greater access to bank accounts increases the probability of improved decision-making by 2.421 units.

Hypothesis 18

Null Hypothesis (H_0): There is no significant impact of MFI's on Women decision making power.

Sub Hypothesis:

H_0 : There is no significant impact of Years of association on Women decision making power.

H_0 : There is no significant impact of number of times loan taken on Women decision making power.

H_0 : There is no significant impact of amount of loan on Women decision making power.

Ho: There is no significant impact of access to bank account on Women decision making power.

Significant Factors:

Years of Association with MFIs: A longer association with MFIs significantly improves women's decision-making abilities, with an increase of 2.346 units in the probability of better decision-making for each additional year of association. This suggests that sustained engagement with MFIs enhances women's confidence and skills in making decisions. Null Hypothesis is rejected.

Number of Loans Taken: The frequency of loan-taking also significantly contributes to improved decision-making. Each additional loan taken increases the probability of better decision-making by 2.654 units. This indicates that regular access to loans helps women develop better financial management and decision-making skills. Null Hypothesis is rejected.

Access to a Bank Account: Increased access to bank accounts is significantly associated with improved decision-making, with a 2.421 unit increase in the probability of better decision-making. This highlights that having banking services available supports women in making informed and effective financial decisions. Null Hypothesis is rejected.

Non-Significant Factor:

Loan Amount: The amount of the loan does not significantly impact women's decision-making abilities. This suggests that the size of the loan is less critical compared to the frequency of loans and access to banking services in improving decision-making. Null Hypothesis is accepted.

POLITICAL AND SOCIAL AWARENESS:

The variable under the dimension were subjected to factor analysis in order to identify a single factor that captured the political and social awareness among the women beneficiaries and analyze the effect of MFIs on the same. Factor scores were then dichotomized at the median where, the values lower than the median were classified as 0 and higher values as 1. The role of MFIs in creating political and social awareness among the women beneficiaries was then investigated using a logistic regression analysis.

$$\text{Model (Y)} = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + E$$

$$(Y) = -2.306 + 1.030 \text{ years of association} + 1.007 \text{ Number of times loan taken} + .113 \text{ Amount of loan taken} + 1.204 \text{ Access to Bank Account}$$

$$\text{Model 1: } Y_i = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + E_i$$

Where $i = 460$

$Y_i = 1$, if political and social awareness is greater than Median

$Y_i = 0$, if political and social awareness is less than Median

X_1 : 1.030

X_2 : 1.007

X_3 : .113

X_4 : 1.204

	B	Sig.
Years of Association	.233	.014
Number of times loan taken	.190	.275
Amount of loan taken	-.200	.117
Access to Bank Account	1.271	.113
Constant	-1.954	.034

Dependent Variable: Political and Social awareness

Independent Variable: Years of association; number of times loan taken; amount of loan; access to bank account

A logistic regression was performed to ascertain the effects of **Years of association; number of times loan taken; amount of loan; access to bank account on Women Political and Social awareness.**

The logistic regression model was statistically significant, where the chi square values was found to be $p < .0005$. The model demonstrates a reasonable fit, with a Cox & Snell R^2 value of 16.5% and a Nagelkerke R^2 value of 22.0%, suggesting that the independent variables explain a moderate proportion of the variance in the dependent variable.

The statistical significance of the test is found in the "Sig." column.

From these results we can see that year of association ($p = .014$) added significantly to the model/prediction, but number of times loan received ($p = .275$) amount of last loan ($p = 0.117$) and access to bank account ($p = .113$) did not add significantly to the model.

Interpretation:

- i. If the **years of association** of the beneficiaries with MFI is longer then the probability of rise in the **social and political awareness** of the beneficiaries will increase by 0.233 units

A logistic regression analysis was conducted to examine the **impact of years of association with MFIs, number of loans taken, loan amount, and access to a bank account on women's political and social awareness**. The model was statistically significant ($p < .0005$). Results showed that only years of association ($p = .014$) significantly contributed to predicting political and social awareness, while the number of loans taken, loan amount, and access to a bank account did not. Specifically:

- Longer association with MFIs increases the probability of a rise in political and social awareness by 1.030 units.

Hypothesis 19

Null Hypothesis (H_0): There is no significant impact of MFI's on Women political and social awareness.

Sub Hypothesis:

H_0 : There is no significant impact of Years of association on Women political and social awareness.

H_0 : There is no significant impact of number of times loan taken on Women political and social awareness.

H_0 : There is no significant impact of amount of loan on Women political and social awareness.

H_0 : There is no significant impact of access to bank account on Women political and social awareness.

Significant Factor:

Years of Association with MFIs: A longer association with MFIs significantly increases women's political and social awareness, with a 1.030 unit increase in the probability of enhanced awareness for each additional year of association. This suggests that sustained engagement with MFIs is crucial for improving women's understanding of political and social issues. Null Hypothesis is rejected.

Non-Significant Factors:

Number of Loans Taken: The frequency of loans does not significantly impact women's political and social awareness. Null Hypothesis is accepted.

Loan Amount: The size of the loan is not a significant factor in predicting political and social awareness. Null Hypothesis is accepted.

Access to a Bank Account: Access to a bank account does not significantly contribute to women's political and social awareness. Null Hypothesis is accepted.

MOBILITY:

The variable under the dimension were subjected to factor analysis in order to identify a single factor that captured the freedom of movement of the women beneficiaries and analyze the effect of MFIs on the same. Factor scores were then dichotomized at the median where, the values lower than the median were classified as 0 and higher values as 1. The role of MFIs in freedom of movement of the women beneficiaries was then investigated using a logistic regression analysis.

$$\text{Model (Y)} = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + E$$

$$(Y) = -2.306 + 1.030 \text{ years of association} + 1.007 \text{ Number of times loan taken} + .113 \text{ Amount of loan taken} + 1.204 \text{ Access to Bank Account}$$

$$\text{Model 1: } Y_i = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + E_i$$

Where $i = 460$

$Y_i = 1$, if Mobility is greater than Median

$Y_i = 0$, if Mobility is less than Median

X_1 : 1.030

X_2 : 1.007

X_3 : .113

X_4 : 1.204

	B	Sig.
Years of Association	1.030	.009
Number of times loan taken	1.007	.003
Amount of loan taken	.113	.473
Access to Bank Account	1.204	.002
Constant	-2.306	.012

Dependent Variable: Mobility

Independent Variable: Years of association; number of times loan taken; amount of loan; access to bank account

A logistic regression was performed to ascertain the effects of **Years of association; number of times loan taken; amount of loan; access to bank account on Women Mobility**

The logistic regression model was statistically significant, where the chi square values was found to be $p < .0005$. The model demonstrates a good fit, with a Cox & Snell R^2 value of 5.3% and a Nagelkerke R^2 value of 8.4%, indicating a modest yet meaningful proportion of variance explained in the dependent variable.

The statistical significance of the test is found in the "Sig." column.

From these results we can see that year of association ($p = .009$), number of times loan received ($p = .003$) and access to bank account ($p = .002$) added significantly to the model/prediction, but amount of last loan ($p = 0.473$) did not add significantly to the model.

Interpretation:

- i. If the **years of association** of the beneficiaries with MFI is longer then the probability of rise in the **mobility** of the beneficiaries will increase by 1.030 units
- ii. If the **number of times** loan taken by the beneficiaries is on the rise, then the probability of rise in the **mobility** of the beneficiaries will increase by 1.007 units
- iii. If the **access to bank account** by the beneficiaries is on the rise, then the probability of rise in the **mobility** of the beneficiaries will increase by 1.204 units

A logistic regression analysis was conducted to assess the impact of **years of association with MFIs, number of loans taken, loan amount, and access to a bank account on women's mobility**. The model was statistically significant ($p < .0005$). Results indicated that years of association ($p = .009$), number of loans taken ($p = .003$), and access to a bank account ($p =$

.002) significantly contributed to predicting women's mobility, while the loan amount did not. Specifically:

- Longer association with MFIs increases the probability of improved mobility by 1.030 units.
- More frequent loan-taking increases the probability of improved mobility by 1.007 units.
- Greater access to bank accounts increases the probability of improved mobility by 1.204 units.

Hypothesis 20

Null Hypothesis (Ho): There is no significant impact of MFI's on freedom of movement of women.

Sub Hypothesis:

Ho: There is no significant impact of Years of association on freedom of movement of women.

Ho: There is no significant impact of number of times loan taken on freedom of movement of women.

Ho: There is no significant impact of amount of loan on freedom of movement of women.

Ho: There is no significant impact of access to bank account on freedom of movement of women.

Significant Factors

Years of Association with MFIs: A longer association with MFIs significantly improves women's mobility, with an increase of 1.030 units in the probability of enhanced mobility for each additional year of association. This indicates that extended engagement with MFIs supports women in gaining greater freedom and flexibility in their movements. Null Hypothesis is rejected.

Number of Loans Taken: The frequency of taking loans is significantly associated with better mobility. Each additional loan taken increases the probability of improved mobility by 1.007 units, suggesting that regular financial support helps women to move more freely, possibly by enabling them to travel for work or personal reasons. Null Hypothesis is rejected.

Access to a Bank Account: Increased access to bank accounts is also significantly linked to improved mobility, with a 1.204 unit increase in the probability of better mobility. This implies that having access to banking services facilitates financial transactions and planning, which can enhance women's ability to move around more easily. Null Hypothesis is rejected.

Non-Significant Factor

Loan Amount: The amount of the loan does not significantly impact women's mobility. This suggests that while the presence of loans and access to banking services are important, the size of the loan alone does not play a critical role in improving mobility. Null Hypothesis is accepted.

PSYCHOLOGICAL EMPOWERMENT:

The variable under the dimension were subjected to factor analysis in order to identify a single factor that captured the Psychological empowerment of the women beneficiaries and analyze the effect of MFIs on the same. Factor scores were then dichotomized at the median where, the values lower than the median were classified as 0 and higher values as 1. The role of MFIs in psychological empowerment of the women beneficiaries was then investigated using a logistic regression analysis.

Model: $(Y) = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + E$

$(Y) = -2.365 + 2.441 \text{ years of association} + -.007 \text{ Number of times loan taken} + .202 \text{ Amount of loan taken} + .286 \text{ Access to Bank Account}$

Model 1: $Y_i = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + E_i$

Where $i = 460$

$Y_i = 1$, if psychological empowerment is greater than Median

$Y_i = 0$, if psychological empowerment is less than Median

X_1 : .286

X_2 : .202

X_3 : -.007

X_4 : 2.441

	B	Sig.
Years of association	.286	.004
Number of times loan taken	.202	.006
Amount of loan	-.007	.967
Access to bank account	2.441	.001
Constant	-2.365	.012

Dependent Variable: Psychological Empowerment

Independent Variable: Years of association; number of times loan taken; amount of loan; access to bank account

A logistic regression was performed to ascertain the effects of **Years of association; number of times loan taken; amount of loan; access to bank account on Women Psychological empowerment**

The logistic regression model was statistically significant, where the chi square values was found to be $p < .0005$. The logistic regression model demonstrated a good fit, as indicated by the pseudo R-square values. The Cox & Snell R^2 value of 0.590 (5.9%) and the Nagelkerke R^2 value of 0.990 (9.9%) suggest that the model explains a substantial proportion of the variance in the dependent variable.

The statistical significance of the test is found in the "Sig." column.

From these results it was found that year of association ($p = .004$), number of times loan received ($p = .006$) and access to bank account ($p = .001$) added significantly to the model, but amount of last loan ($p = 0.967$) did not.

Interpretation:

- i. If the **years of association** of the beneficiaries with MFI is longer then the probability of improvement in the **psychological empowerment** of the beneficiaries will increase by 0.286 units
- ii. If the **number of times** loan taken by the beneficiaries is on the rise, then the probability of improvement in the **psychological empowerment** of the beneficiaries will increase by 0.202 units
- iii. If the **access to bank account** by the beneficiaries is on the rise, then the probability of improvement in the **psychological empowerment** of the beneficiaries will increase by 2.441 units

A logistic regression analysis was conducted to assess the impact of years of association with MFIs, number of loans taken, loan amount, and access to a bank account on women's psychological empowerment. The model was statistically significant ($p < .0005$). Results indicated that years of association ($p = .004$), number of loans taken ($p = .006$), and access to a bank account ($p = .001$) significantly contributed to predicting psychological empowerment, while the loan amount did not. Specifically:

- Longer association with MFIs increases the probability of improved psychological empowerment by 0.286 units.
- More frequent loan-taking increases the probability of improved psychological empowerment by 0.202 units.
- Greater access to bank accounts increases the probability of improved psychological empowerment by 2.441 units.

Hypothesis 21

Null Hypothesis (H₀): There is no significant impact of MFI's on psychological empowerment of women.

Sub Hypothesis:

H₀: There is no significant impact of Years of association on psychological empowerment of women.

H₀: There is no significant impact of number of times loan taken on psychological empowerment of women.

H₀: There is no significant impact of amount of loan on psychological empowerment of women.

H₀: There is no significant impact of access to bank account on psychological empowerment of women.

Significant Factors:

Years of Association with MFIs: A longer association with MFIs significantly enhances women's psychological empowerment, with an increase of 0.286 units in the probability of improved psychological empowerment for each additional year of engagement. This suggests that sustained involvement with MFIs contributes to increased self-confidence and mental well-being. Null Hypothesis is rejected.

Number of Loans Taken: The frequency of loan-taking also significantly contributes to psychological empowerment. Each additional loan taken increases the probability of improved psychological empowerment by 0.202 units, indicating that regular financial support helps women feel more capable and empowered. Null Hypothesis is rejected.

Access to a Bank Account: Greater access to bank accounts is significantly associated with enhanced psychological empowerment, with a 2.441 unit increase in the probability of improved psychological well-being. This highlights that having access to banking services plays a crucial role in boosting self-esteem and mental strength. Null Hypothesis is rejected.

Non-Significant Factor:

Loan Amount: The amount of the loan does not significantly impact psychological empowerment. This suggests that while frequent financial support and access to banking services are important, the size of the loan itself is less critical in enhancing psychological well-being. Null Hypothesis is accepted.

Findings and Observations:

- i. The results of the study provide significant knowledge about how microfinance institutions (MFIs) affect the socioeconomic circumstances of their clients. According to the demographic analysis, women made up the majority of respondents (99.8%), highlighting the critical role MFIs play in empowering women. As women are the main recipients of microfinance services, this emphasizes how important MFIs are to advancing gender inclusivity and women's economic empowerment.
- ii. The majority of responders (45.2%) were between the ages of 36 and 45, indicating that middle-aged women are more likely to use microfinance services. People in this age range are more likely to look for financial support for household necessities or business endeavours since they are in the prime of managing their financial and family obligations.
- iii. The respondents' educational backgrounds showed that 32.8% had only finished primary school, underscoring the importance of MFIs in providing financial inclusion for those with less education. Since low levels of education frequently make it difficult for low-educated women to access formal financial services, MFIs are an essential tool for enhancing their financial literacy and economic engagement.
- iv. Additionally, the study found that 50.7% of the participants were from Below Poverty Line (BPL) households, confirming that MFIs primarily target economically vulnerable and marginalized groups. This research highlights how microfinance can help reduce poverty by giving people without access to traditional banking services financial access.
- v. Beneficiaries' employment status before and after joining MFIs changed significantly. 70.7% of the respondents were only involved in housework before joining MFIs. Nonetheless, self-employment rose sharply from 17% to 55.7% after the association, indicating that microloans were essential in empowering women to work for a living. This change demonstrates how microfinance empowers women by encouraging entrepreneurship and boosting their financial independence.

- vi. Friends and neighbours were the main source of motivation for joining MFIs (74.6%), and starting new businesses (40.7%) or growing existing ventures (27%), respectively, were the main reasons for obtaining loans. Women's participation in microfinance programs was greatly aided by peer pressure, underscoring the value of community networks in advancing financial inclusion.
- vii. Joining MFIs greatly increased access to bank accounts; 97.8% of respondents now had active bank accounts. This improvement shows that by encouraging banking practices among the poor, MFIs are promoting financial inclusion in addition to lending credit. With 80.9% of the beneficiaries engaging in regular savings, saving habits also improved, demonstrating the beneficial effects of microfinance in promoting budgeting and long-term planning.
- viii. 58% of respondents agreed that microfinance loans helped reduce debt, and the majority of respondents (91.9%) reported an increase in income levels. The positive effect of MFIs on household income was further demonstrated by the cross-tabulation analysis, which showed that a sizable percentage of respondents (40.7%) fell into the Rs. 10,000–15,000 income bracket.
- ix. Access to bank accounts, monthly income, occupation status, and saving behaviours all showed statistically significant improvements after the MFI intervention, according to the inferential data analysis using the Wilcoxon Rank Sum Test. The role of microfinance in reducing poverty is validated by this statistical evidence, which shows how well MFIs improve different facets of beneficiaries' socioeconomic lives.
- x. To determine the main factors affecting the living standards of microfinance recipients, a logistic regression analysis was performed. Independent variables in the model included access to bank accounts, the number of loans taken, the amount of loans taken, and the years of association.
- xi. The findings showed that beneficiaries' living standards were significantly improved by years of association ($p = 0.001$), number of loans taken ($p = 0.004$), and loan amount ($p = 0.000$). This suggests that the socioeconomic well-being of the beneficiaries is enhanced by longer association with MFIs, more frequent borrowing, and larger loan amounts. However, there was no statistically significant effect of bank account access on living standards ($p = 0.697$), suggesting that merely having access to a bank account does not always result in noticeable gains in quality of life.

- xii. The amount of the loan was found to be the most important variable influencing different aspects of the beneficiaries' well-being among the significant variables. Income growth, debt reduction, better nutrition, and higher living standards were all consistently positively impacted by this variable. The results highlight how crucial it is to supply sufficient funding in order to optimize the effects of microfinance initiatives on reducing poverty.
- xiii. All things considered, the logistic regression analysis reaffirms how important MFIs are to promoting economic empowerment and enhancing the socioeconomic circumstances of underserved communities. The findings highlight the necessity of customized microfinance products that support sustainable development and cater to the various needs of beneficiaries.

Conclusion:

This chapter analysis emphasizes on how microfinance institutions can improve the socioeconomic status of their beneficiaries, especially women from underserved communities. According to the descriptive analysis, MFIs primarily serve women, encouraging gender inclusivity and giving them the confidence to start their own businesses. The beneficiaries' notable gains in self-employment, savings practices, and income highlight the beneficial effects of microfinance interventions on reducing poverty.

These results are further supported by the inferential data analysis, which shows statistically significant gains in income levels, savings patterns, and bank account accessibility. Key variables like years of association, number of loans taken, and loan amount were found to be important determinants of living standards by the logistic regression analysis. The most reliable and significant predictor of socioeconomic well-being among these was the amount of loans taken out.

These results highlight how crucial it is to supply sufficient funding and encourage enduring relationships with MFIs in order to optimize the effects of microfinance initiatives. The study reaffirms MFIs' function as enablers of women's empowerment, poverty reduction, and financial inclusion, all of which support the larger objective of sustainable development. In order to ensure greater outreach and long-lasting improvements in the socioeconomic circumstances of marginalized communities, future microfinance programs should keep customizing their offerings to meet the various needs of beneficiaries.

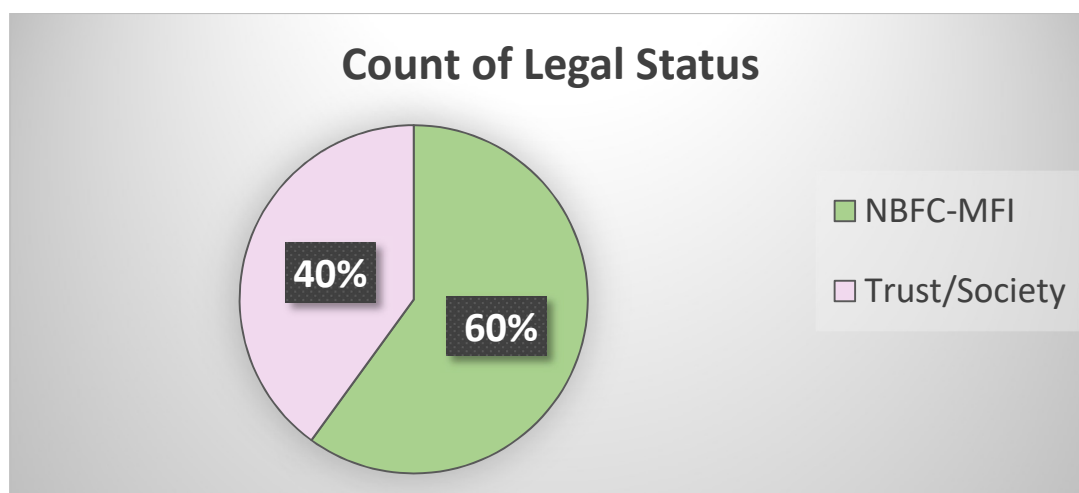
Part B: Descriptive Analysis of data collected from MFIs

Table 4.32: Brief profile of MFIs

Sl. No.	MFI	Date of establishment	Legal status	Mission
1	Barasat Sampark	2006	Trust/Society	“Socio- economic development by empowering poor women”.
2	Seba Rahara	2006	Trust/Society	“To create opportunities for the distressed, disadvantage and deprived segments of the society with a prime focus on poor women so that they can attain socio – economic empowerment and substantial social and economic development”.
3	Belghoria Jankalyan Samity	2006	Trust/Society	“To ensure economic empowerment of underprivileged women through providing microfinance services including credit, education and health”.
4	STEP	2010	Trust/Society	“To provide low income and disadvantaged families with sustainable adapted and innovative financial, business development, access to employment and social services”
5	Sarwadi Finance Private Limited	2017	NBFC-MFI	“1) To bring positive change in the lives of micro-entrepreneurs through provision of credit and training. 2) To improve our efficiency by continually reviewing our back-office operations. 3)To improve our service quality and outreach on the field”.
6	Grameen Shakti Microfinance Services Private	2017	NBFC-MFI	“1.) To empower financially excluded & economically backward underserved women by offering range of financial services, in a manner sustainable for all stakeholders. 2.) To ensure income generation and livelihood promotion of marginalized section of the community so that they can acquire economic freedom and an access to improved health care services and basic education”.
7	Sarala Development and Microfinance Pvt Ltd	2014	NBFC-MFI	“To catalyse empowerment of sustainable women micro-entrepreneurship in underprivileged families across India through the provision of relevant financial services”.
8	ASA India International	2008	NBFC-MFI	“We have a strong commitment to financial inclusion and socio-economic progress”.
9	jankalyan Financial Services Private Ltd.	2017	NBFC-MFI	“To improve the standards of living of millions of Indians engaged in micro, small and medium enterprises across the country through a wide range of financial services”.
10	Uttrayan Financial Services Pvt. Ltd	2014	NBFC-MFI	“Providing cost effective financial services and integrated community development, for the economic and social empowerment of women leading to better livelihood opportunities”.

Source: Compiled by author

Figure 4.1: Legal Status of MFI



It can be seen that of the MFIs selected for study 60% which indicates 6 of them were NBFCs whereas 40% or 4 of them were Trust/ Society.

Table 4.33: Target Market of MFIs

Sl. No.	Name of MFI	Client Base of Target Market			
		Women	Client residing in rural area	Client residing in urban area	Workers with insecure status
1	Barasat Sampark	1	2	3	4
2	Seba Rahara	1	-	-	-
3	Belghoria Jankalyan Samity	1	2	4	-
4	STEP	1	1	1	1
5	Sarwadi Finance Private Limited	1	-	-	-
6	Grameen Shakti Microfinance Services Private	1	-	-	-
7	Sarala Development and Microfinance Pvt Ltd.	1	2	3	4
8	ASA India International	1	2	3	4
9	Jankalyan Financial Services Private Ltd.	1	2	3	-
10	Uttrayan Financial Services Pvt. Ltd	1	2	3	-

Source: Author's field survey

Based on the information collected, it was found that:

1. The majority of MFIs in West Bengal have ranked "women" as their primary target market, with a rank of 1. This suggests that these MFIs focus their services and products on serving women clients.

2. After women, "clients living in rural areas" have been ranked as the second most important target market by these MFIs. This indicates that reaching clients in rural areas is a significant priority for these institutions.

3. "Clients living in urban areas" are ranked third in terms of target markets for the selected MFIs in West Bengal. While they are still a focus, they may not be as prominent as women and rural clients.

Apart from this Belghoria Jankalyan Samity also focusses on unbanked population and Sarwadi Finance Private Limited prioritises clients based upon the situation that may vary subject to the area of business

This information suggests that these MFIs have a strong emphasis on serving women and reaching clients in both rural and urban areas, with women being the primary target group. This approach aligns with the goals of many MFIs, which often aim to provide financial inclusion and support to underserved populations, including women and those in rural areas.

Table 4.34: Development objectives of MFIs

Name of MFI	Development Objectives							
	Access to financial services	Poverty Reduction	Employment generation	Developing Start ups	Growth of existing Business	Child education	Health improvement	Women empowerment
Barasat Sampark	3	4	1	6	5	7	8	2
Seba Rahara	-	1	3	4	5	7	6	2
Belghoria Jankalyan Samity	3	2	4	0	5	7	8	1
STEP	-	-	-	-	-	-	-	-
Sarwadi Finance private limited	-	-	-	-	-	-	-	-
Grameen Shakti Microfinance Services Private	3	2	5	7	6	0	4	1
Sarala Development and Microfinance Pvt ltd	2	3	1	0	0	0	0	4
ASA India International	1	3	5	4	6	0	7	2
Jankalyan Financial Services Private Ltd.	0	2	3	0	5	4	0	1
Uttrayan Financial Services Pvt. Ltd	2	3	1	0	0	0	0	4

Source: Author's field survey

(Note: Ranking has been done where '1' represent as the most important followed by 2,3,4,5,6, &7)

The data collected from the MFIs selected for the study, on their development objectives revealed that majority of the MFIs focusses on Women Empowerment and Employment Generation followed by poverty reduction.

After discussion with the officials of MFIs it was found that they believe that putting their focus on women empowerment will fulfil their ultimate objective of financial inclusion and poverty

reduction as it is seen from past studies and researches as well that women are the best person to whom loan can be provided because if loan is provided to a man, that will lead to empowerment of just one single person but if loan is given to a woman it will lead to empowerment of the entire family.

- **Belghoria Janakalyan Samity, Grameen Shakti Microfinance Ltd and Janakalyan Financial Services Pvt. Ltd.** has given 1st rank to women empowerment as their development objectives whereas women empowerment has been placed in the 2nd rank by **Barasat Sampark, Seba Rahara and ASA International.**
Sarala Development Microfinance Pvt. Ltd and Uttarayan Financial Services Pvt. Ltd. has placed women empowerment in the 4th place.
- Employment Generation has been placed in the 1st place as a development objective by **Barasat Sampark, Sarala Development Microfinance Pvt. Ltd and Uttarayan Financial Services Pvt. Ltd.**
- Poverty Reduction has been placed in the 1st place by **Seba Rahara.**
- **STEP and Sarwadi Finance Pvt. Ltd** did not give any rank to any of the development objectives stating that they do not focus on just one of the development objective as the main objective rather catering the requirement of the beneficiaries is their main objective.

Apart from the above-mentioned objective **BJS** also focusses on financial literacy as one of the development objectives.

Table 4.35: Products and Services delivered by MFIs

Name of MFI	Products offered							
	Income Generating loan	Entrepreneurship loan	Credit for household consumption	Education loan	Housing Loan	Water and Sanitation loan	Health loan	Emergency loan
Barasat Sampark	✓	×	×	×	×	×	×	×
Seba Rahara	✓	×	×	✓	×	✓	×	×
Belghoria Jankalyan Samity	✓	✓	✓	✓	✓	✓	×	×
STEP	✓	×	✓	×	×	×	×	×
Sarwadi finance private limited	✓	✓	✓	✓	✓	✓	✓	✓
Grameen Shakti Microfinance Services Private	✓	✓	✓	×	✓	✓	×	×
Sarala Development and Microfinance Pvt Ltd	✓	×	×	×	✓	×	×	×
ASA India International	✓	✓	×	×	×	×	×	×
Jankalyan Financial Services Private Ltd.	✓	×	×	✓	×	×	×	×
Uttrayan Financial Services Pvt. Ltd	✓	✓	×	✓	✓	×	×	×

Source: Author's field survey

MFIs offer a wide array of products and services for its beneficiaries so that the beneficiaries are able to develop and improve their lives with the help of the aid that the MFI offers to them.

- From the above table it can be seen that all the MFIs provide income generating loan for their beneficiaries.
- Entrepreneurship loan and Credit for household consumption are provided by some of the MFIs
- It can be seen that Emergency loan that is loan to meet any kind of emergency and health loan is only provided by Sarwadi Finance Pvt. Ltd.
- The data from the table also shows that Water and sanitation loan is also provided by Seba Rahara, Belghoria Janakalyan Samity, Sarwadi Finance Pvt Ltd. & Grameen Shakti Microfinance Services Ltd.
- Education Loan and Housing loans are also provided to the beneficiaries.

- Besides the above mentioned loan, Seba Rahara also offers Solar Loan and Medical Loan.
- While data collection it was found that MFIs do not provide loan for Business purpose that deal with prohibited goods and services or causes excessive pollution or child labour
- During the pandemic the MFIs distributed soaps, sanitisers, provided counselling to the borrowers about the pandemic and also suggested remedies for the same.

Services Offered

Apart from different products that MFI offers to its beneficiaries, MFI also provides a number of services to help its beneficiaries to improve their standard of living.

Table 4.36: Services offered

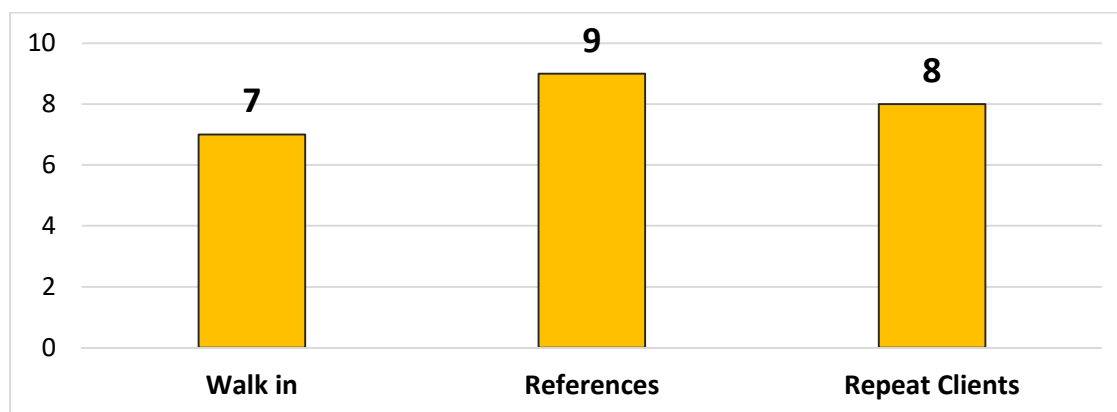
Name of MFI	Services offered				
	Health	Education	Business Development	Financial Inclusion	Graduating Programme
Barasat Sampark	✗	✗	✗	✓	✗
Seba Rahara	✗	✗	✗	✓	✗
Belghoria Jankalyan Samity	✗	✓	✓	✓	✓
STEP	✓	✓	✓	✓	✗
Sarwadi Finance Private limited	✗	✗	✗	✓	✗
Grameen Shakti Microfinance Services Private	✗	✗	✓	✓	✗
Sarala Development and Microfinance Pvt ltd	✗	✗	✓	✓	✗
ASA India International	✓	✗	✗	✓	✗
Jankalyan Financial Services Private ltd.	✗	✗	✗	✓	✗
Uttrayan Financial Services Pvt. Ltd	✗	✗	✗	✓	✗

Source: Author's field survey

- Of the MFIs selected for the study all of them offered financial inclusion services followed by Business Development Services which is offered by Belghoria Jankalyan Samity, STEP, Gramin Shakti Microfinance Pvt. Ltd. and Sarala Development and microfinance Pvt. Ltd. where the MFIs help the beneficiaries in developing their business.

- Health services are also provided by the MFIs where they provide free check-ups and medicines for the beneficiaries in the rural districts. ASA India International and STEP offers health services where they run mobile vans for eye check-ups and primary health checkups.

Figure 4.2: How customers come to know about the MFIs



Source: Author's field survey

- The chart represents that the beneficiaries mostly come to know about the MFIs and apply for the Loans and avail services of the organisation through references. They generally come to know about the credit facility through the friends or neighbours.
- Secondly most the respondents are repeat clients who after repayment of one loan apply for the next one.

How does MFI advertise the product

When it comes to advertising or making the people aware of its products and services, it can be seen that majority of MFI go for word of mouth to promote or advertise their products or services followed by door to door advertising where the MFI officials visit the house of the individual after research and make them aware as to how they can take advantage of the products and services offered by the MFIs and improve their socio-economic life.

Only two MFIs Sarwadi and Grameen Shakti distribute leaflets and brochures to make the needy aware of the products and services.

Table 4.37: Mode of Advertisement

Name of MFI	Mode of Advertisement		
	Word of Mouth	Door to Door	Brochures/ Leaflets
Barasat Sampark	✕	✓	✕
Seba Rahara	✓	✕	✕
Belghoria Jankalyan Samity	✕	✓	✕
STEP	✓	✕	✕
Sarwadi Finance Private limited	✓	✓	✓
Grameen Shakti Microfinance Services Private	✓	✓	✓
Sarala Development and Microfinance Pvt ltd	✓	✕	✕
ASA India International	✓	✓	✕
Jankalyan Financial Services Private ltd.	✓	✕	✕
Uttrayan Financial Services Pvt. Ltd	✓	✕	✕

Source: Author's field survey

Financial product offered

STEP offers Mobile Banking services.

Table 4.38: Non-Financial services

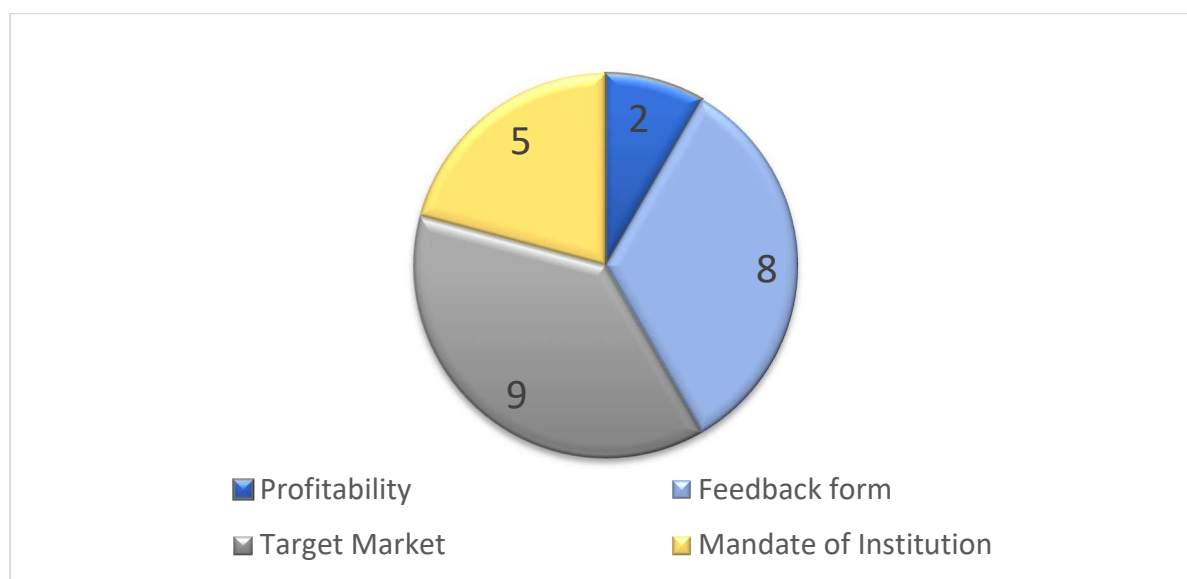
Name of MFI	Non-Financial services						
	Financial Literacy	Basic Health Nutrition Education	Basic Medical services	Special Medical services	Enterprise Skill development	Business Skill Development	Management of family business
Barasat Sampark	-	-	-	-	✓	-	-
Seba Rahara	✓	-	-	-	-	-	-
Belghoria Jankalyan Samity	✓	✓	-	-	✓	✓	✓
STEP	✓	✓	-	-	✓	✓	✓
Sarwadi Finance Private Limited	-	-	-	-	-	-	-
Grameen Shakti Microfinance Services Private	✓	-	-	✓	-	-	-
Sarala Development and Microfinance Pvt Ltd.	✓	-	-	-	-	-	-
Asa India International	✓	-	-	✓	-	-	-
Jankalyan Financial Services Private Ltd.	✓	-	-	-	-	-	-
Utrayan Financial Services Pvt. Ltd.	✓	-	-	-	-	-	-

Source: Author's field survey

Apart from helping the less privileged with their financial needs, MFIs also helps them with their non-financial needs like Financial Literacy, Basic Health Nutrition Education, Basic Medical services, Special Medical services, Enterprise Skill development etc.

From the data collected from the MFIs it was seen that majority of MFI offer financial literacy program and enterprise skill development.

Figure 4.3: Factors considered by MFI for designing products

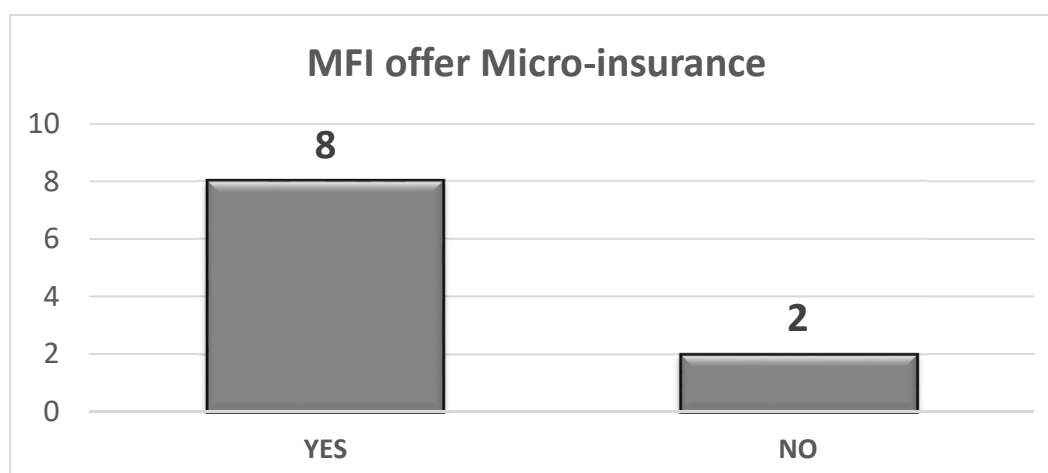


Source: Author's field survey

The factors that play an important role in designing the product of the MFI were majorly the target market for whom the products are to be designed and delivered, followed by feedback form which shows that the MFIs primarily focusses on the requirement or demand of the beneficiaries to whom it wishes to serve and accordingly designs the product from them.

- **None of the MFIs take any deposits or collateral while giving loans to the beneficiaries.**

Figure 4.4: Insurance



Source: Author's field survey

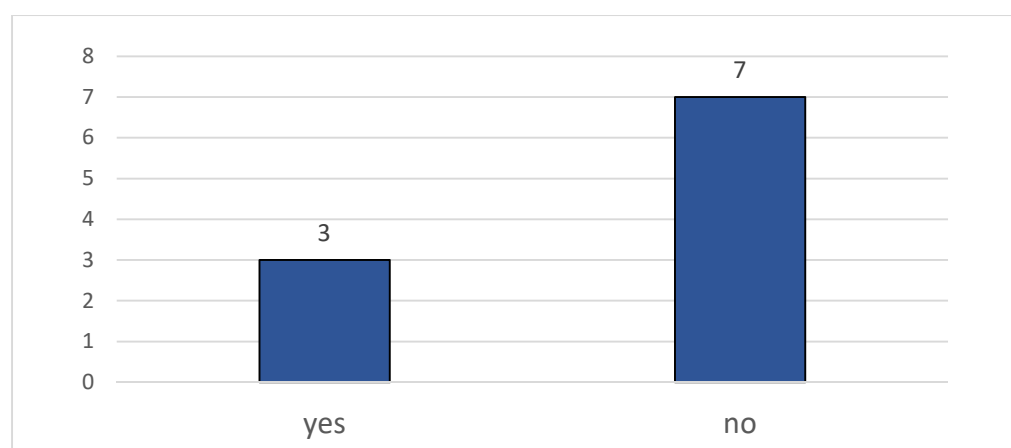
Of all the MFIs 8 of them offers micro-insurance. A tool to meet the requirement of the beneficiaries in their vulnerable times.

Table 4.39: Micro-insurance Products

Name of MFI	Micro-insurance Products						
	Credit life insurance	Life insurance	House insurance	Livestock insurance	Health insurance	Rainfall insurance	Crop insurance
Barasat Sampark	-	✓	-	-	-	-	-
Seba Rahara	-	-	-	-	-	-	-
Belghoria Jankalyan Samity	-	-	-	-	-	-	-
STEP	✓	-	-	-	-	-	-
Sarwadi Finance Private Limited	✓	-	-	-	-	-	-
Grameen Shakti Microfinance Services Private	✓	-	-	-	-	-	-
Sarala Development and Microfinance Pvt Ltd.	✓	-	-	-	✓	-	-
Asa India International	✓	-	-	-	-	-	-
Jankalyan Financial Services Private Ltd.	✓	-	-	-	-	-	-
Uttrayan Financial Services Pvt. Ltd.	✓	-	-	-	-	-	-

Source: Author's field survey

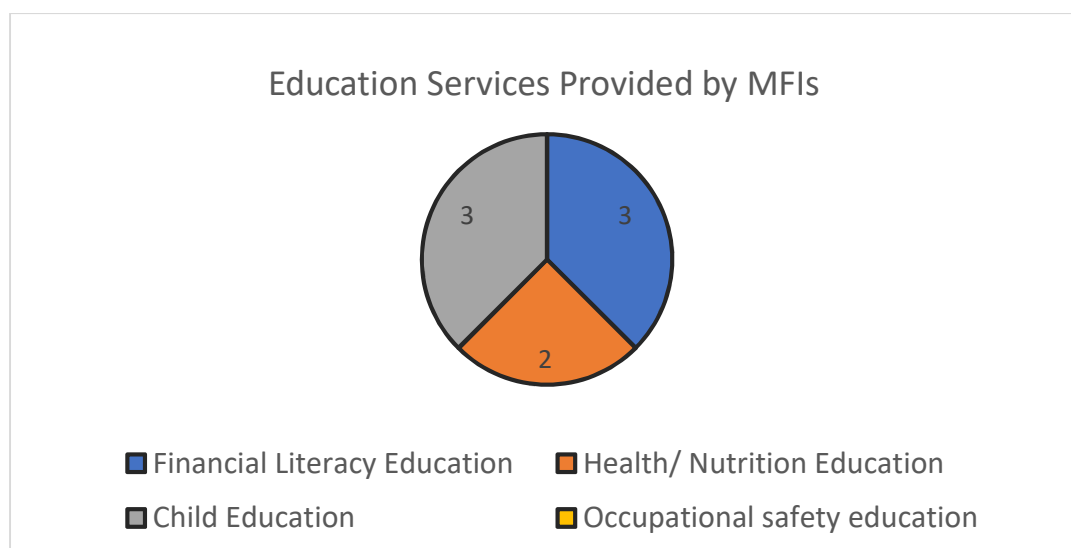
While collecting primary data it was seen that all the MFIs taken under consideration for the study which represents the population of the MFI as a whole offered credit life insurance and life insurance to its beneficiaries.

Figure: 4.5 MFI offer Education Services

Source: Author's field survey

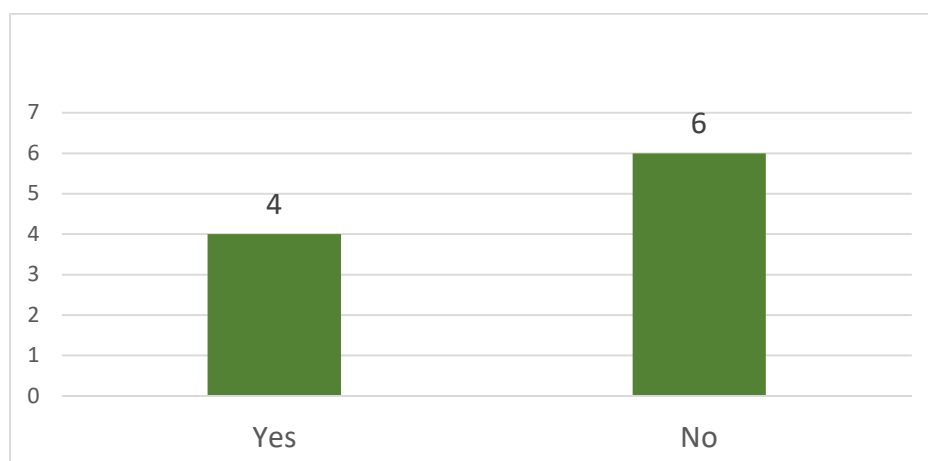
Only 3 MFIs which are **Barasat Sampark**, **STEP** and **Jankalyan Financial Services pvt ltd.** offer education services to the clients while others do not.

Figure 4.6: Education services provided



Source: Author's field survey

Figure 4.7: Does MFI offer Health Services.



Source: Author's field survey

Out of the MFIs from where the data was collected, only four MFIs namely Jankalyan Financial Services Ltd., Barasat Sampark, ASA International and STEP offer Health Services and the remaining MFIs reported that they do not offer Health Services.

Table 4.40: Health Services

Name of MFI	Health Services					
	Basis Medical Service	Special Medical Service for women & Children	Health Loan	Mobile Van Treatment	Out Patient Clinic	Medicine at lower prices
Barasat Sampark	✓	-	✓	-	✓	-
Seba Rahara	-	-	-	-	-	-
Belghoria Jankalyan Samity	-	-	-	-	-	-
STEP	-	-	✓	-	-	-
Sarwadi Finance Private Limited	-	-	-	-	-	-
Grameen Shakti Microfinance Services Private	-	-	-	-	-	-
Sarala Development and Microfinance Pvt Ltd.	-	-	-	-	-	-
Asa India International	-	-	-	✓	-	-
Jankalyan Financial Services Private Ltd.	-	✓	-	-	-	-
Uttrayan Financial Services Pvt. Ltd.	-	-	-	-	-	-

Source: Author's field survey

Under the non-financial services, it was observed that only some of the MFIs offer health services like basic medical services, special medical services for women and children, Moving van treatment etc.

The provided data lists various Microfinance Institutions (MFIs) along with the types of health services they offer. The health services are categorized as follows:

Basic Medical Service: Fundamental healthcare services provided by the MFI.

Special Medical Service for Women & Children: Healthcare services targeting the specific needs of women and children.

Health Loan: Loans offered specifically for covering healthcare costs.

Mobile Van Treatment: Healthcare services provided through a mobile clinic or van.

Out Patient Clinic: Services provided to patients who are not admitted to the hospital.

Medicine at Lower Prices: Medications offered at discounted rates.

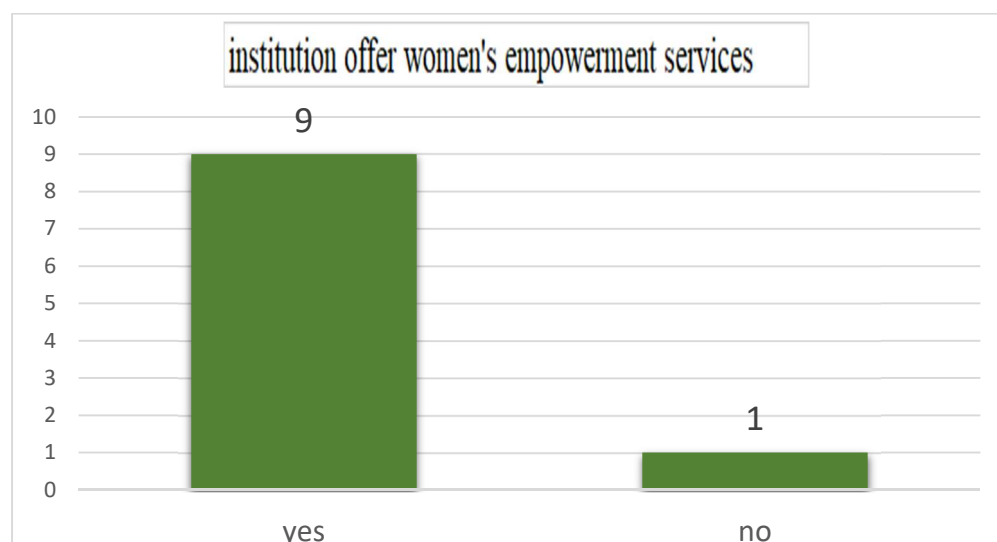
The presence of a health service offered by an MFI is indicated with a checkmark (✓), while a dash (-) represents the absence of that service.

From the data, the following points are noted:

- BARASAT SAMPARK provides the most diversified health services among the listed MFIs, offering Basic Medical Services, Health Loans, and Out Patient Clinic facilities.
- STEP offers Health Loans but does not provide any other health services.
- JANKALYAN FINANCIAL SERVICES PRIVATE LTD. is the only MFI that offers Special Medical Service for Women & Children, indicating a focus on this demographic group.
- ASA INDIA INTERNATIONAL is unique in providing Mobile Van Treatment but does not offer any other health services listed.

The majority of the MFIs (SEBA RAHARA, BELGHORIA JANKALYAN SAMITY, SARWADI FINANCE PRIVATE LIMITED, GRAMEEN SHAKTI MICROFINANCE SERVICES PRIVATE, SARALA DEVELOPMENT AND MICROFINANCE PVT LTD, and UTTRAYAN FINANCIAL SERVICES PVT. LTD) do not offer any of the health services listed.

Figure 4.8: Institution that offers Women Empowerment services

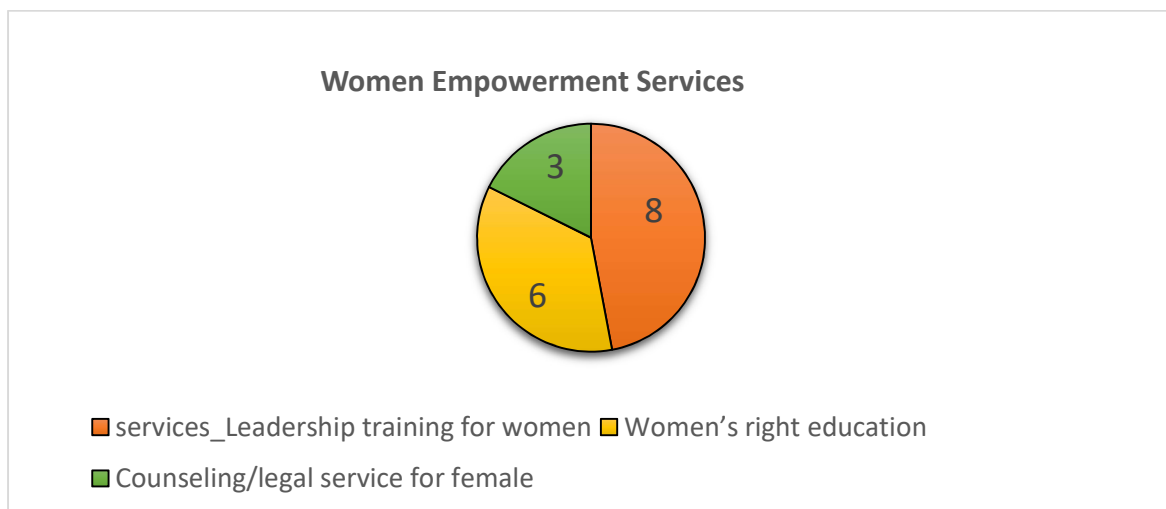


Source: Author's field survey

Women are the major target client for most of the MFIs as it is seen from the previous studies as well that women have been a better client than men as women tend to repay loan on time and also help in development of the overall household.

Hence MFIs focus on women as their target client and also try to empower them.

Figure 4.9: Types of Women Empowerment Services



Source: Author's field survey

The MFIs offers a number a services to empower the women. The data collected showed that MFI provide leadership training, they enlighten the women about their rights which they generally are unaware due to lack of education and provides counselling and legal services to the clients.

Table 4.41: Steps taken to identify Clients need

Name of MFI	Steps taken to identify Clients need			
	Market research to identify clients need	Market research for development of new products	Client satisfaction assessment	Interview with existing client.
Barasat Sampark	✓	✓	✓	✓
Seba Rahara	✓	✗	✗	✓
Belghoria Jankalyan Samity	✓	✓	✓	✓
STEP	✓	✓	✗	✓
Sarwadi Finance Private Limited	✓	✓	✓	✓
Grameen Shakti Microfinance Services Private	✓	✓	✗	✓
Sarala Development and Microfinance Pvt Ltd.	✓	✓	✓	✓
Asa India International	✓	✓	✓	✓
Jankalyan Financial Services Private Ltd.	✓	✗	✗	✓
Uttrayan Financial Services Pvt. Ltd.	✓	✓	✓	✓

Source: Author's field survey

In order to reach out to their clients and design their products as per the need of the clients, MFIs does extensive research to identify the regions where they can pool out their target beneficiaries and also does research to identify the areas of concern for them so that it can make their products as per their requirement. MFIs also conduct a client satisfaction survey and interview with the existing clients to cater to their needs as well.

Table 4.42: Drop Out Rate

MFIs	Dropout rate in the Last financial year.
Barasat Sampark	Less than 15%
Seba Rahara	15-30%
Belghoria Jankalyan Samity	15-30%
STEP	Less than 15%
Sarwadi Finance Private Limited	Less than 15%
Grameen Shakti Microfinance Services Private	Less than 15%
Sarala Development and Microfinance Pvt Ltd.	Less than 15%
Asa India International	Not Disclosed
Jankalyan Financial Services Private Ltd.	15-30%
Uttrayan Financial Services Pvt. Ltd.	Less than 15%

Source: Author's field survey

The drop-out rate of the clients was mostly less than 15%, in some of the MFIs the drop out was found to be between 15-30%. However, ASA India International did not disclose about its drop-out rate.

An analysis of the given data reveals that a majority of the listed MFIs have a drop-out rate of less than 15%, indicating a relatively low rate of client discontinuation.

Three MFIs, SEBA RAHARA, BELGHORIA JANKALYAN SAMITY, and JANKALYAN FINANCIAL SERVICES PRIVATE LTD., have a higher drop-out rate in the range of 15-30%, suggesting these MFIs may be experiencing challenges in retaining clients compared to the others on the list.

One MFI, ASA INDIA INTERNATIONAL, has not disclosed its drop-out rate. The lack of this data point makes it difficult to include it in the overall analysis or to compare it with the other MFIs.

Avoidance of Over-Indebtedness

Before approving the loan, evaluation of borrower's repayment capacity and loan affordability is done by all the MFIs.

Table 4.43: Steps to avoid Over-indebtedness

Name of MFI	Steps to avoid Over-indebtedness				
	Evaluation of client's ability to repay loan	Checking credit history	Designing products to meet client's business need	Continuous track of client's debt level	Peer assessment
Barasat Sampark	✓	✓	✗	✓	✗
Seba Rahara	✓	✓	✗	✓	✗
Belghoria Jankalyan Samity	✓	✓	✗	✗	✓
STEP	✓	✓	✗	✗	✗
Sarwadi Finance Private Limited	✓	✓	✓	✓	✓
Grameen Shakti Microfinance Services Private	✓	✓	✗	✗	✗
Sarala Development and Microfinance Pvt Ltd.	✓	✓	✓	✗	✓
Asa India International	✓	✓	✓	✓	✓
Jankalyan Financial Services Private Ltd.	✓	✓	✗	✗	✗
Uttarayan Financial Services Pvt. Ltd.	✓	✓	✗	✗	✓

Source: Author's field survey

In order to evaluate the over-indebtedness of client that is to check whether the client will be able to repay the loan on time the MFIs, all the MFIs before granting loan to the clients check the repayment capacity and their credit history is checked.

Further few MFIs design their product in such a manner that the clients do not fail to repay the loan and continuous assessment of debt level and peer assessment of the clients are also done to avoid over indebtedness of the client.

The data provided outlines the steps various Microfinance Institutions (MFIs) take to avoid over-indebtedness of their clients. The steps considered are:

Evaluation of client's ability to repay the loan; Checking credit history; Designing products to meet client's business needs; Continuous track of client's debt level; Peer assessment.

Each MFI's approach to these steps is indicated with a checkmark (✓) for steps they implement and a cross (✗) for those they do not. The MFIs included are BARASAT SAMPARK, SEBA RAHARA, BELGHORIA JANKALYAN SAMITY, STEP, SARWADI FINANCE PRIVATE LIMITED, GRAMEEN SHAKTI MICROFINANCE SERVICES PRIVATE, SARALA DEVELOPMENT AND MICROFINANCE PVT LTD, ASA INDIA INTERNATIONAL, JANKALYAN FINANCIAL SERVICES PRIVATE LTD., and UTTRAYAN FINANCIAL SERVICES PVT. LTD.

The analysis of the data indicates the following:

- SARWADI FINANCE PRIVATE LIMITED and ASA INDIA INTERNATIONAL are the only two MFIs that implement all five steps to avoid over-indebtedness.
- STEP and GRAMEEN SHAKTI MICROFINANCE SERVICES PRIVATE have the least measures in place, as they only implement the first two steps and do not engage in designing products to meet client's business needs, tracking client's debt levels, or peer assessment.
- The most commonly adopted measures across the board are the evaluation of the client's ability to repay the loan and checking credit history, as all listed MFIs have these measures in place.
- Designing products to meet client's business needs and peer assessment are the least implemented measures, with only a few MFIs considering these steps.
- Continuous tracking of client's debt level is also not universally adopted, with several MFIs not engaging in this practice.

Transparent pricing

- All the MFIs selected for the study said that all the prices, terms and condition of all financial products are fully disclosed to the beneficiaries which also includes interest charges, insurance premiums as well.
- All the MFIs make written communication in local languages for easy understanding of rules and regulations and of the beneficiaries and also the terms and conditions of all the productions.
- In case any penalty or prepayment fees exist at all, they are disclosed to the beneficiaries before loan contracts are signed.

Table 4.44: Appropriate Collection Practices

	Name of MFI	Loan Collection Method		
		Group/ Centre Collectio	Individual collection	Over the counter payments to MFI
1	Barasat Sampark	✓	✓	✗
2	Seba Rahara	✓	✗	✗
3	Belghoria Jankalyan Samity	✓	✗	✗
4	STEP	✓	✗	✗
5	Sarwadi Finance Private Limited	✓	✗	✗
6	Grameen Shakti Microfinance Services Private	✓	✗	✗
7	Sarala Development and Microfinance Pvt Ltd.	✓	✗	✗
8	Asa India International	✓	✗	✗
9	Jankalyan Financial Services Private Ltd.	✓	✗	✗
10	Utrayan Financial Services Pvt. Ltd.	✓	✗	✗

Source: Author's field survey

Loan collection Method:

The data provided lists various Microfinance Institutions (MFIs) along with the methods they use for loan collection. There are three different loan collection methods indicated:

Group/Centre Collection: Where loan repayments are collected in a group setting or at a central location.

Individual Collection: Where loan repayments are collected from individuals, potentially at their homes or places of work.

Over the Counter Payments to MFI: Where clients make repayments directly to the MFI, likely at a branch or designated office.

Each MFI's approach to loan collection is marked with a checkmark (✓) if they use that method and a cross (✗) if they do not.

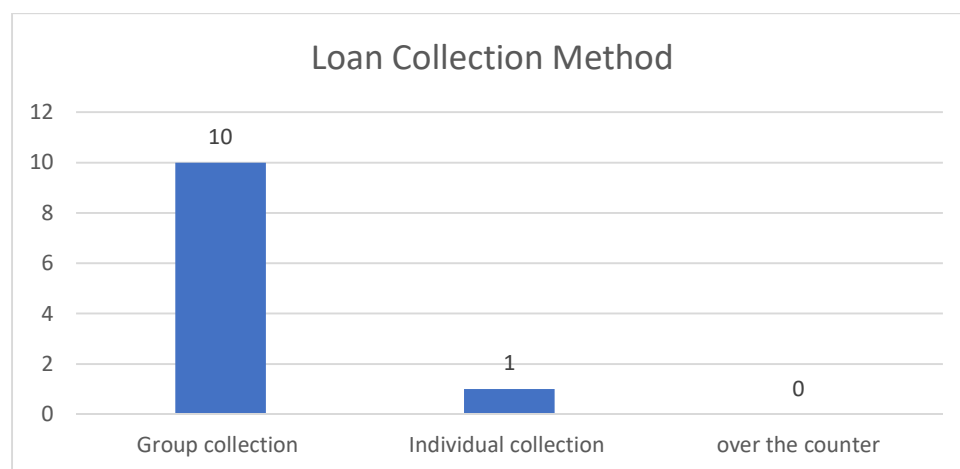
The MFIs included are BARASAT SAMPARK, SEBA RAHARA, BELGHORIA JANKALYAN SAMITY, STEP, SARWADI FINANCE PRIVATE LIMITED, GRAMEEN SHAKTI MICROFINANCE SERVICES PRIVATE, SARALA DEVELOPMENT AND MICROFINANCE PVT LTD, ASA INDIA INTERNATIONAL, JANKALYAN

FINANCIAL SERVICES PRIVATE LTD., and UTTRAYAN FINANCIAL SERVICES PVT. LTD.

The analysis of the data shows:

- All the listed MFIs use Group/Centre Collection as a method for loan repayment.
- BARASAT SAMPARK is the only MFI that also uses Individual Collection. This indicates a dual approach to loan collection, potentially increasing convenience for clients and the MFI's reach.
- None of the MFIs have opted for Over the Counter Payments to MFI as a loan collection method. This could be due to various reasons, such as logistical challenges, client preferences, or the MFIs' operational strategies.
- The predominant use of Group/Centre Collection suggests that this method may be the most efficient or effective for these MFIs, perhaps due to the nature of their loans, the communities they serve, or the infrastructure available to them.

Figure 4.10: Loan Collection Practices



Source: Author's field survey

Table 4.45: Steps taken by MFI in case of failure in repayment by clients.

Name of MFI	Steps taken by MFI in case of failure in repayment by clients:			
	Grace period	Other members have to pay	Pressure for repayment	Adjustment with Collateral.
Barasat Sampark	✗	✗	✗	✗
Seba Rahara	✓	✗	✗	✗
Belghoria Jankalyan Samity	✓	✗	✗	✗
STEP	✓	✗	✗	✗
Sarwadi Finance Private Limited	✓	✓	✗	✗
Grameen Shakti Microfinance Services Private	✓	✓	✗	✗
Sarala Development and Microfinance Pvt Ltd.	✓	✓	✗	✗
Asa India International	✓	✗	✗	✗
Jankalyan Financial Services Private Ltd.	✓	✓	✗	✗
Utrayan Financial Services Pvt. Ltd.	✓	✓	✗	✗

Source: Author's field survey

Even though MFIs check the credibility of the client before granting its loan, there is quite a possibility that he/she may fail to repay the loan amount on the due date. In such a case the MFIs need to take steps in order to discourage this failure in repayment of loan.

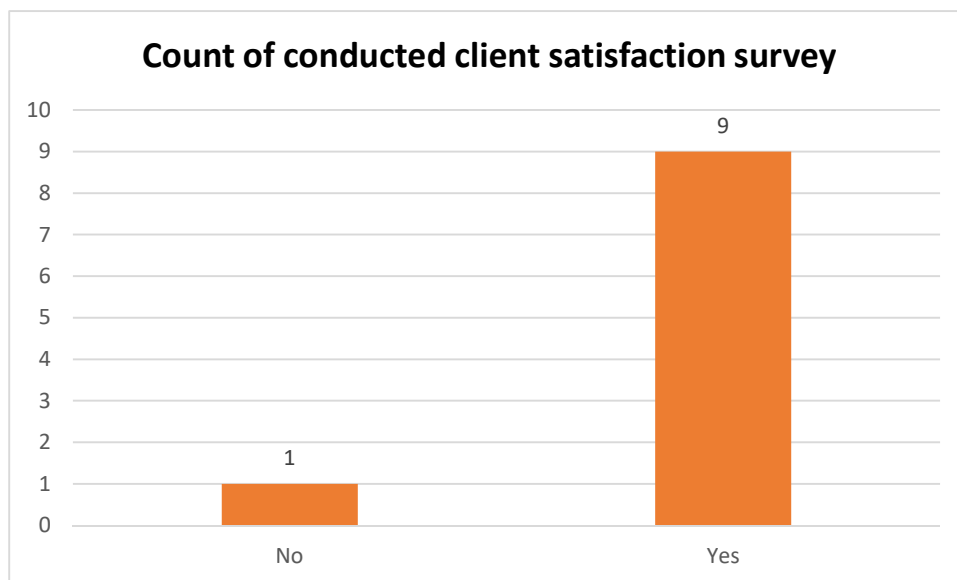
The results from the data collected exhibits that in general the institution does not take any severe action in general and allow them some grace period to repay the loan and in some cases the members of the group are required to pay in case of default in payment by any one of the group members. However, there is no pressure from the MFI official on the defaulters.

Grievance Redressal

It was found that all the MFIs selected for the study that is 100% of the population maintained a mechanism to handle customer complaints. This shows that customers feedback plays an important role in designing and serving the beneficiaries as the main intention is to serve the

less advantaged, and it is very important for the MFIs to identify their grievances so that actions can be taken accordingly.

Figure 4.11: client satisfaction survey

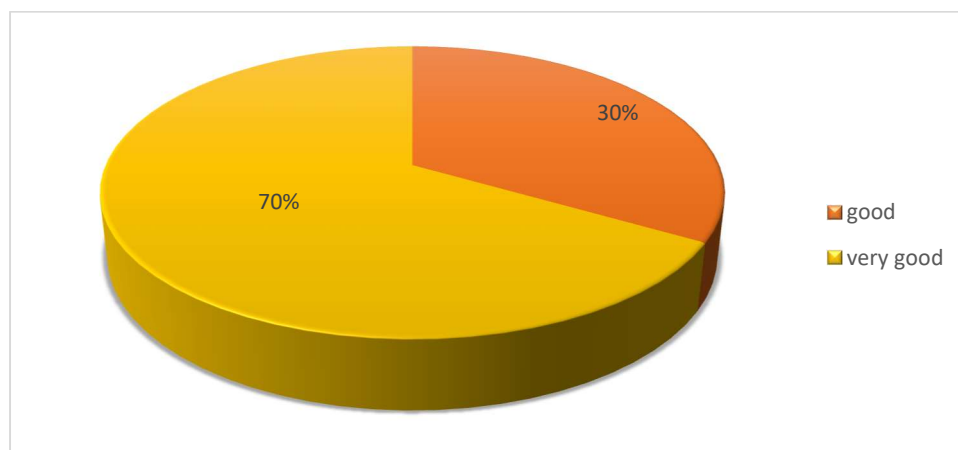


Source: Author's field survey

9 of the MFIs revealed that they conduct client satisfaction survey at a regular interval which shows that they take into consideration their need and requirement before designing the products and services.

Only Grameen Shakti Microfinance Services Ltd. said that they don't conduct any client satisfaction survey, however, they maintain a close contact with their beneficiaries through the loan officers who convey the need and requirements of the clients to the MFIs.

Figure 4.12 : Opinion of Beneficiaries towards of MFIs:



All the MFIs revealed that the result of client satisfaction survey conducted by them showed that the clients or beneficiaries were satisfied with the services and products offered by the institutions and in the opinion of the beneficiaries these institutions are good or very good in what the institutions are doing.

Findings and Observation

- I. The study's MFI profile shows that 60% of the chosen institutions are NBFC-MFIs, with the remaining 40% being either trusts or societies. With a special emphasis on empowering women through financial inclusion and livelihood support, the majority of MFIs prioritize socioeconomic development. Their mission statements support the more general objectives of reducing poverty, fostering entrepreneurship, and facilitating access to basic services like healthcare and education.
- II. In terms of the target market, women make up the majority of all MFIs' customers, underscoring their dedication to financial empowerment based on gender. The next most important demographic after women is rural clients, suggesting a high level of outreach to underserved communities with low incomes. Although they are still a focus, urban clients are not as important. Some MFIs also focus on workers with unstable employment and the unbanked, which further demonstrates their aim of uplifting the economic status of vulnerable groups.
- III. The majority of MFIs give women's empowerment and job creation top priority when it comes to development goals, with poverty alleviation coming in second. According to MFI officials interviewed, there is a strong belief that supporting women contributes to the development of the entire household and community. Some organizations, like Belghoria Jankalyan Samity, place a strong emphasis on financial literacy in addition to providing conventional microfinance services. It's interesting to note that some MFIs claimed that they don't concentrate on a single goal but rather address each beneficiary's unique needs individually.
- IV. MFIs provide a wide range of goods and services, and income-generating loans are accessible to everyone. A number of MFIs additionally offer housing loans, education loans, household consumption credit, and entrepreneurship loans. There are fewer institutions that offer emergency and health loans, making them more selective financial products. Furthermore, some MFIs provide specialized loans to support sustainable development projects, such as loans for solar energy and loans for water and sanitation.

- V. MFIs provide a range of services to improve their clients' well-being in addition to financial products. Every MFI prioritizes financial inclusion services, making sure that credit and financial literacy initiatives are accessible. Business development services are also provided by select institutions, assisting clients in expanding their enterprises. Some MFIs have expanded their assistance to health services, providing subsidized medications, mobile health vans, and free medical examinations to increase access to healthcare, especially in rural areas.
- VI. Usually, community networks and word-of-mouth recommendations introduce clients to MFIs and their offerings. A sizable portion of borrowers are repeat customers who apply for new loans after successfully repaying prior ones, and many borrowers find out about microfinance opportunities through friends and neighbours. This indicates that communities have a high degree of trust and reliance on MFIs.
- VII. In terms of advertising, the majority of MFIs rely on direct door-to-door contacts and word-of-mouth promotion. Potential clients are visited by field officers who inform them of the financial services that are available and promote involvement. Brochures and leaflets are distributed for promotional purposes by a small number of organizations. Notably, STEP distinguishes itself by providing mobile banking services, which make it easier for customers to complete transactions.
- VIII. MFIs offer non-financial services like enterprise skill development programs and financial literacy courses in addition to financial assistance. The goal of these services is to give recipients the skills and information they need to run their companies successfully. Basic health education is another component that some MFIs incorporate into their community outreach initiatives.
- IX. MFIs use a combination of target market analysis and customer feedback to guide their product development. Designing financial products according to the unique requirements and preferences of their beneficiaries is a top priority for institutions. Notably, none of the MFIs demand deposits or collateral in order to approve loans, which increases low-income borrowers' access to financial aid.
- X. Another essential service is insurance; to help their clients in times of financial difficulty, eight out of ten MFIs provide micro-insurance. The most widely offered products are credit life and life insurance, which guarantee beneficiaries and their families financial security in trying times.

- XI. Only three MFIs actively provide educational support to their clients, indicating a limited availability of education services. In a similar vein, only four MFIs offer medical assistance, such as basic health checkups and discounted medications, limiting access to health services. To provide healthcare services in remote areas, some MFIs operate mobile health vans.
- XII. MFIs use market research, client satisfaction surveys, and in-person interviews with current beneficiaries to gain a deeper understanding of their clients' needs. This aids in their prioritization and allows them to customize financial products appropriately. Institutions also make sure that companies using their services don't support illegal activities like child labour or environmental degradation.
- XIII. MFIs take a number of steps to keep their clients from having excessive debt. Institutions thoroughly assess borrowers' ability to repay loans, look up credit histories, and keep an eye on current debt levels before granting them. In order to guarantee that their clients can fulfil their repayment commitments without experiencing financial hardship, certain MFIs also create products that are in line with their business needs.
- XIV. The most common methods of collecting loan repayments are group or centre-based collection models, in which borrowers repay their debts in an accessible location. Additionally, only one MFI uses individual collection techniques. Over-the-counter payments at branch offices are not accepted by any of the organizations.
- XV. MFIs typically take a lenient stance when loan defaults occur in loan repayment. In order to preserve loan repayment discipline, they provide grace periods for repayment and, in certain situations, permit group members to cover for defaulters. Notably, MFIs prioritize the welfare of their clients over coercive recovery measures and avoid aggressive collection tactics.
- XVI. Every MFI has well-established grievance redressal procedures in place to guarantee that client complaints are handled effectively. Nine out of ten institutions regularly conduct client satisfaction surveys, highlighting their dedication to providing customer-centric service. Through field officers who collect feedback informally, even the MFI that does not carry out formal surveys stays in close contact with beneficiaries.
- XVII. The majority of MFIs report that their client dropout rate is less than 15%, which is a comparatively low rate. Dropout rates at a few institutions are marginally higher, ranging from 15% to 30%. It is challenging to evaluate ASA India International's client retention trends because the company did not reveal its dropout rate.

- XVIII. The procedures for loan application, approval, and monitoring were consistent across all of the microfinance institution's branches that were visited. This uniform strategy was used in all branches to reduce default rates, according to loan disbursement officers surveyed for the qualitative study. Maintaining a uniform operational approach was also meant to stop prospective customers from taking advantage of irregularities in loan processing. This is in line with research in the field of microfinance, which shows that when a prospective borrower is turned down for a loan at one of the microfinance bank's branches, they frequently try to get one from another (Mahmood, 2013; Salia, 2015). Usually, the organization permitted borrowers to organize their own groups in order to provide microloans under a group guarantee system. However, loan officers helped people join groups if they couldn't find one on their own. The microfinance bank also created an internal technique for determining borrowers' ability to repay loans, even though group collateral significantly lowers default rates. As part of this assessment, the client's business location, farmland, and revenue streams were visited. The institution was able to ascertain the location and longevity of the clients' current businesses thanks to these visits.
- XIX. the provision of microfinance loans under group guarantee, the microfinance bank usually allowed the members to form their own group. However, if a potential customer is unable to find a group; the loan officers assist these potential customers to find a group. Whilst group collateral helps to reduce default rate, the microfinance bank designed an in-house approach to assess the repayment ability of the service users. This includes visiting the client's enterprise, agricultural land and income. This visit helps the microfinance bank to know the location and duration of their existing businesses.

Conclusion

The current study emphasizes how important MFIs are to advancing socioeconomic development, women's empowerment, and financial inclusion. The majority of MFIs offer a range of financial products, including microinsurance, entrepreneurship loans, and income-generating loans, with a focus on women and rural clients. Some institutions offer support for business development, education, and health in addition to financial services. Standardized loan approval procedures guarantee openness and reduce the dangers of excessive debt. MFIs continue to use customer complaint procedures, ethical collection methods, and client-centered product designs. All things considered, MFIs are essential catalysts for economic expansion, helping marginalized communities become financially independent.

Chapter 5:

Conclusion and Recommendation

Conclusion

The objectives of the current study were to assess how Microfinance Institutions (MFIs) affected the socioeconomic advancement of beneficiaries of West Bengal. The study offers important insights into how MFIs support income generation, women's empowerment, poverty alleviation, and general socioeconomic welfare based on the thorough examination of secondary and primary data.

The results indicate that MFIs are essential in helping the underprivileged and disenfranchised segments of society, especially women, access financial services. According to the study, the majority of beneficiaries come from low-income backgrounds and have little access to official financial services. The main reasons for joining MFIs were the targeted financial products that catered to income-generating activities, the ease of loan accessibility, and the lack of collateral requirements.

According to the analysis, most of the beneficiaries used the loans for small business and self-employment purposes, which significantly raised household income. After joining MFIs, women's employment patterns showed a noticeable change from housework to self-employment. Furthermore, the beneficiaries' standard of living, health awareness, and decision-making skills were all improved by their access to MFIs' financial literacy, business development training, and health services.

Furthermore, the study found that MFIs help women feel more valuable and participate more in household decision-making, which in turn empowers them. The beneficiaries' social and economic lives have been profoundly impacted by the provision of microcredit in conjunction with non-financial services like training and health awareness initiatives.

Even with the benefits, some issues were noted, including excessive debt, inadequate non-financial services, and low financial literacy among recipients. To guarantee the long-term viability of their interventions, the study emphasized the necessity for MFIs to embrace more transparent and inclusive practices.

Recommendations

Drawing from the study's results, the following suggestions are put forth to improve MFIs' effectiveness in raising the socioeconomic standing of their clients.

- i. **Non-Financial Services Growth:** To assist beneficiaries in better managing their businesses and finances, MFIs should improve their non-financial services, such as workshops on financial literacy, skill development training, and business development.
- ii. **Marketing of Insurance and Savings Products:** Beneficiaries can develop financial resilience and reduce risks related to medical emergencies and income fluctuations by promoting voluntary savings and providing microinsurance products.
- iii. **Diversifying Loan Offerings:** MFIs ought to provide a range of loan products, including housing, health, and education loans, that are suited to various socioeconomic requirements.
- iv. **Programs to Empower Women:** It is necessary to implement special programs and capacity-building projects targeted at improving women's leadership, decision-making, and entrepreneurial abilities.
- v. **Ethical Behaviour and Open Pricing:** To avoid excessive debt and guarantee equitable treatment of customers, MFIs must implement clear pricing policies and suitable collection procedures.
- vi. **Financial Services via Digital:** The implementation of digital financial services, like digital payment systems and mobile banking, can increase MFI operational efficiency and promote financial inclusion.
- vii. **Consistent Monitoring and Evaluation of Impact:** In order to assess the socioeconomic results of microfinance interventions and pinpoint areas in need of development, regular impact assessment studies ought to be carried out.
- viii. **Mechanism for Redressing Grievances:** Beneficiaries will be able to voice their concerns and increase client satisfaction if an efficient grievance redressal system is established.
- ix. **Cooperation with NGOs and the Government:** To increase their reach and improve the effectiveness of their initiatives, MFIs ought to work with governmental bodies, non-governmental organizations, and neighbourhood associations.
- x. **Campaigns to Raise Awareness of Financial Inclusion:** To inform recipients about different financial services and products, their rights, and the significance of making loan payments on time, awareness campaigns ought to be planned.

Future Scope

The current study has provided useful information about the role of MFIs in socioeconomic development, but more research is needed to examine the long-term effects of microfinance on empowering women and reducing poverty. Comparative studies carried out in different states and regions can provide a more thorough understanding of the effectiveness of microfinance interventions. Future research can also focus on how digital financial services and social intermediation enhance the socioeconomic outcomes of microfinance programs.

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Details about the MFI

- ## Personal Details

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Details about the Loan

1. Who motivated to join MFI? i) Relatives ii) Friends iii) MFI officials iv) Others
2. Motivation behind joining Microfinance Institutions:
 - i) Easy process to sanction loan ii) Do not demand the security to sanction loan
 - iii) Sanctions loan at relatively low rate of interest iv) Provides loan to low income people v) Others have increased their income through this program vi) Incentive programs offered vii) On advise
3. When did you join Microfinance Programme?
 - i) Recently ii) For last 1 year iii) 1-3 years iv) 3-5 years v) More than 5 years
4. Have you received any loan? i) Yes ii) No
5. No. of times you received loan? i) one ii) two iii) three iv) Above
6. Amount of Last loan taken:
 - i) within Rs.5,000 ii) Rs.5,000-10,000 iii)Rs.10,000-Rs.20,000
 - iv) 20,000-30,000 v) above 30,000
7. Have you kept any collateral for taking loan: i) Yes ii) No
8. If yes, types of collateral: i) Cash ii) Gold/Ornaments iii) Cattle iv) Deed of Land/House v) Others
9. Reason for taking loan:
 - i) Starting New Business ii) Expansion of existing business iii) Husband's business
 - iv) Purchase of new asset/furniture v) Repaying old debt/loan vi) Purchase of Land
 - vii) Purchase of Gold ornaments viii) Emergencies ix) Children's education
10. Utilized it for the reason for which it was taken: i) Yes ii) No
11. If No, actual utilization of loan:
 - i) Starting New Business ii) Expansion of existing business iii) Husband's business
 - iv) Purchase of new asset/furniture v) Repaying old debt/loan vi) Purchase of Land
 - vii) Purchase of Gold ornaments viii) Emergencies ix) Children's education
12. The procedure of obtaining loans from MFIs is easier than conventional banking?
 - i) Yes ii) No
13. Do you re-lend the money taken from the MFI? i) Yes ii) No
14. Does the MFI check repayment capacity before sanctioning loan? i) Yes ii) No
15. Whether your loan is insured? i) Yes ii) No

16. Barriers that come across while acquiring Finance through Microfinance?
- i) Documentation process ii) Non-availability of large amount iii) Delay in process
iv) High interest rate v) Others
17. Loan repayment period: i) Daily ii) Weekly iii) Fortnightly iv) Monthly v) Quarterly
18. Have you ever failed to repay the loan on time? i) Yes ii) No
19. Steps taken by the MFI for failure:
- i) Extra time for repayment ii) Others have to repay iii) Pressurize for repayment
iv) Deduct from collateral v) Others _____
20. Will you apply for loan to this MFI after repaying the current loan? i) Yes ii) No
21. Do you perceive changes in socio-economic status after joining MFI?
- i) Remained same ii) Increased iii) Decreased iv) Can't say

Rate of Interest

1. Are you satisfied with the rate of interest?
- i) Very satisfied ii) Satisfied iii) Neither Satisfied nor Dissatisfied iv) Dissatisfied
v) Very Dissatisfied
2. Preferable rate of interest : i) 15-18% ii) 18-24% iii) 24-27%

Income & Savings

1. No. of source of income **Before joining MFI:** _____
After joining MFI: _____
2. Access to bank account **Before joining MFI:** _____
After joining MFI: _____
3. Present monthly income: i) Up to Rs.5,000 ii) Rs.5,000-10,000 iii) Rs.10,000-15,000
iv) Rs.15000-20000 v) Rs.20000-25000 vi) More than 25000
4. Monthly income prior taking the loan: i) Up to Rs.5,000 ii) Rs.5,000-10,000
iii) Rs.10,000-15,000 iv) Rs.15000-20000 v) Rs.20000-25000 vi) More than 25000
5. Income has increased after taking loan?

- a) Strongly Agree b) Agree c) Neutral d) Disagree e) Strongly disagree
6. Do you save money? i) Yes ii) No
 7. Amount of monthly saving? i) Nil ii) Upto Rs.1,000 iii) Rs.1,000-2,000
iv) Rs.2001-3000 v) Rs.3001- 4000 vi) Rs.4001-6000 vii) More than Rs.6000
 8. Monthly savings prior taking the loan i) Nil ii) Upto Rs.1000 iii)Rs.1000-2000
iv) Rs.2001-3000 v)Rs.3001-4000 vi)Rs.4001-6000 vii)More than Rs.6000
 9. Saving has increased after taking loan from the MFI?
a) Strongly Agree b) Agree c) Neutral d) Disagree e) Strongly disagree
 10. Savings mentality in secured investment avenues has improved
a) Strongly Agree b) Agree c) Neutral d) Disagree e) Strongly disagree
 11. Your debts have reduced (moneylenders, relatives, friends)
a) Strongly Agree b) Agree c) Neutral d) Disagree e) Strongly disagree

Living Standard

1. Monthly consumption has increased.
a) Strongly Agree b) Agree c) Neutral d) Disagree e) Strongly disagree
2. Change in the household's diet after joining MFI.
a) Strongly Agree b) Agree c) Neutral d) Disagree e) Strongly disagree
3. Your family living standard increased after joining MFI.
a) Strongly Agree b) Agree c) Neutral d) Disagree e) Strongly disagree
4. Concern regarding taking nutritional foods for family members has improved.
a) Strongly Agree b) Agree c) Neutral d) Disagree e) Strongly disagree
5. Monthly expenditure on health and education of children has increased.
a) Strongly Agree b) Agree c) Neutral d) Disagree e) Strongly disagree
6. Your family social status increased after joining MFI.
a) Strongly Agree b) Agree c) Neutral d) Disagree e) Strongly disagree

Insurance

1. Does the MFI provide any insurance? i) Yes ii) No
2. Name of the insurance: i) Credit life insurance ii) Health insurance
iii) Life insurance iv) Cattle insurance v) Agricultural insurance
3. Whether the insurance premium and the benefits of the insurance matches with your need and capacities?

- i) Perfectly matching ii) Matching iii) Somewhat matching iv) Mismatched
v) Fully mismatched
- 4. Types of insurance you need:
- 5. Reduction of vulnerability of risks
 - a) Strongly Agree b) Agree c) Neutral d) Disagree e) Strongly disagree
- 6. Improved family's finances in meeting emergencies
 - a) Strongly Agree b) Agree c) Neutral d) Disagree e) Strongly disagree

Education

- 1. No. of children in the family (above the age of 3yrs):
- 2. No. of children studying in school/colleges:
- 3. Number of School drop-out children:
- 4. Reasons for drop-out: i) Financial crisis ii) At own will iii) Being a girl
iv) Due to illness v) Repeated failure in class vi) School at remote area
vii) support day to day affairs in family viii) Lack of security in school
ix) Lack of toilet for girls in school x)Others
- 5. Facilities availed by your children from the school runs by the MFI
 - i)Free Books/Stationery ii)Scholarship iii)Mid-day meal iv) others
- 6. Have you participated in any educational camp organized by the MFI: i) Yes ii) No
- 7. Able to pay your children's school fees/children education.
 - a) Strongly Agree b) Agree c) Neutral d) Disagree e) Strongly disagree
- 8. Education of girl child:
 - a) Strongly Agree b) Agree c) Neutral d) Disagree e) Strongly disagree

Training and Development

- 1. Does MFI provide any skills development training or workshop for income generation?
 - i) Yes ii) No
- 2. What skill development training did you receive? pl. specify
- 3. Have you benefitted from the training?
 - i) Yes ii) No iii) Can't Say
- 4. Livelihood opportunity has improved
 - a) Strongly Agree b) Agree c) Neutral d) Disagree e) Strongly disagree

Health&Nutrition

1. Have you taken any health loan from the MFI? i) Yes ii) No
2. Does the MFI provide any health facilities? i) Yes ii) No
3. Types of health facilities provided? i) Mobile van treatment ii) Free doctor's checkup
iii) Medicine at discounted price iv) Others
4. Membership in this programme has enabled you to avail better medical services..
a) Strongly Agree b) Agree c) Neutral d) Disagree e) Strongly disagree
5. You are aware about health services
a) Strongly Agree b) Agree c) Neutral d) Disagree e) Strongly disagree
6. Awareness of family planning
a) Strongly Agree b) Agree c) Neutral d) Disagree e) Strongly disagree
7. Knowledge about nutrition
a) Strongly Agree b) Agree c) Neutral d) Disagree e) Strongly disagree

Assets

1. Do you have any land except your housing? i) Yes ii) No
2. Do you any plan to purchase land? i) Yes ii) No
3. Have you been able to increase asset after joining MFI? i) Yes ii) No
4. Types of assets purchased after joining MFI?
i) Ornaments ii) Home appliances iii) Motor vehicles iv) Immovable property
v) Nothing vi) Any other item purchased (Business Assets)_____
5. Participation in Microfinance increased household assets
a) Strongly Agree b) Agree c) Neutral d) Disagree e) Strongly disagree

Housing

1. Have you received any housing loan/assistance from the MFI? i) Yes ii) No
2. Structural Condition of House: i) Kuccha House ii) Semi-pucca iii) Pucca House
3. Ownership of dwelling house before Loan: i) Owned ii) Rented iii) Leased
Ownership of dwelling house after Loan: i) Owned ii) Rented iii) Leased
4. Have been able to develop your housing condition after joining MFI
a) Strongly Agree b) Agree c) Neutral d) Disagree e) Strongly disagree
5. Types of development after joining MFI:
i) Repairing ii) Flooring iii) New building iv) Roofing v) others

6. Source of drinking water: i)Hand pump ii)Well iii) Pond iv)Supply water v)Street tap
7. Your source of drinking water has improved
8. a) Strongly Agree b) Agree c) Neutral d) Disagree e) Strongly disagree
9. Source of cooking fuel: i)LPG ii) wood and dung iii)electric iv)others
10. Your source of cooking fuel has improved
 - a) Strongly Agree b) Agree c) Neutral d) Disagree e) Strongly disagree
11. Access to safe sanitation facilities after joining MFI
 - a) Strongly Agree b) Agree c) Neutral d) Disagree e) Strongly disagree

Financial Literacy

1. Do you have any Bank Pass book? i)Yes ii)No
2. Are you aware about the use of money, loan and banking? i)Yes ii)No
3. Does the MFI provide any financial literacy training? i)Yes ii)No
4. Have you participated in the training? i)Yes ii)No
5. Have you benefited from the training? i)Yes ii)No
6. Improvement in literacy level
 - a) Strongly Agree b) Agree c) Neutral d) Disagree e) Strongly disagree
7. Participation in Microfinance creates knowledge about banking operations.
 - a) Strongly Agree b) Agree c) Neutral d) Disagree e) Strongly disagree

Women Empowerment

Economic security

- i. Contribution to family monthly expenditure.
 - a) Strongly Agree b) Agree c) Neutral d) Disagree e) Strongly disagree
- ii. Acquired skills for income generation
 - a) Strongly Agree b) Agree c) Neutral d) Disagree e) Strongly disagree
- iii. Employment status has changed (From unemployed to employed)
 - a) Strongly Agree b) Agree c) Neutral d) Disagree e) Strongly disagree

Decision making

- i. You are able to use the loan amount effectively and efficiently
 - a) Strongly Agree b) Agree c) Neutral d) Disagree e) Strongly disagree
- ii. Your decision making power gained after joining MFI
 - a) Strongly Agree b) Agree c) Neutral d) Disagree e) Strongly disagree

- iii. Express opinion freely.
 - a) Strongly Agree b) Agree c) Neutral d) Disagree e) Strongly disagree
- iv. You are able to take decision about the use of income generated.
 - a) Strongly Agree b) Agree c) Neutral d) Disagree e) Strongly disagree
- v. You have control over savings.
 - a) Strongly Agree b) Agree c) Neutral d) Disagree e) Strongly disagree
- vi. Participate in deciding the sale or purchase of property of family
 - a) Strongly Agree b) Agree c) Neutral d) Disagree e) Strongly disagree
- vii. You take decisions for your children.(education, marriage)
 - a) Strongly Agree b) Agree c) Neutral d) Disagree e) Strongly disagree

Political and social awareness

- i. Awareness about minimum age of marriage.
 - a) Strongly Agree b) Agree c) Neutral d) Disagree e) Strongly disagree
- ii. Member of any political party.
 - a) Strongly Agree b) Agree c) Neutral d) Disagree e) Strongly disagree
- iii. Cast vote in elections to the candidate of your choice
 - a) Strongly Agree b) Agree c) Neutral d) Disagree e) Strongly disagree
- iv. Microfinance leads to social and political empowerment
 - a) Strongly Agree b) Agree c) Neutral d) Disagree e) Strongly disagree
- v. Reduction in Family violence
 - a) Strongly Agree b) Agree c) Neutral d) Disagree e) Strongly disagree

Mobility

- i. Freedom of movement (market, festivals, village fairs etc).
 - a) Strongly Agree b) Agree c) Neutral d) Disagree e) Strongly disagree
- ii. Participation in social campaigns
 - a) Strongly Agree b) Agree c) Neutral d) Disagree e) Strongly disagree
- iii. It has become easier to socialize with members in local community
 - a) Strongly Agree b) Agree c) Neutral d) Disagree e) Strongly disagree

Psychological Empowerment

- i. Your self-confidence has increased after joining MFI
 - a) Strongly Agree b) Agree c) Neutral d) Disagree e) Strongly disagree
- ii. You feel self-dependent after joining MFI

- a) Strongly Agree b) Agree c) Neutral d) Disagree e) Strongly disagree
- iii. You gained respect and recognition in the family.
- a) Strongly Agree b) Agree c) Neutral d) Disagree e) Strongly disagree

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Questionnaire for the MFIs

Questionnaire for Ph. D Research Work titled “The Socio-Economic Impact of Microfinance Institutions: A study with reference to West Bengal.”

(Only for Research purpose and privacy will be strictly maintained)

GENERAL INFORMATION ABOUT THE MICROFINANCE INSTITUTION :

Name of MFI:

Date of establishment:

Legal Status: i) NEFC ii) TRUST/SOCIETY iii) SEC.8 COMPANY

No. of districts in which you operate:

Main funding sources: i) Grants ii) Savings iii) Loans iv) Shareholder

Capital

Mission Statement of the MFI	
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Information on Outreach to the poor

Beneficiaries who represent the target market (Please rank them in order of importance beginning with "1" as the most important.)	i) Women ii) Adolescents and youth (below 18) iii) Clients residing in urban areas iv) Clients residing in rural areas v) Workers with insecure status(no assets and uncertainty on daily employment e.g.) casual laborers, landless tenants, etc) vi) No specific target/All population vi) Other (please specify)
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Development objectives specifically taken up by the institutions? (Please rank them in order of importance beginning with "1" as the most important.)	i) Increased access to financial services ii) Poverty reduction iii) Employment generation iv) Development of start-up enterprises v) Growth of existing businesses vi) Children's schooling vii) Health improvement viii) Women empowerment xi) Other (please specify)	
Poverty status of the clients that your institution aims to reach.	i) BPL ii) APL iii) Any specific income limit _____ iv) No specific poverty target	
Does the MFI use any Poverty Assessment tool or Index to measure the client's poverty level (Housing index, Food security index, Mean test etc) If yes, Please specify	i) Yes ii) No	
What is your lending model?	i) SHG Model ii) JLG Model iii) Others, Please specify	
Do you provide loan to the individuals who are outside the concept of JLG and SHG?	i) Yes ii) No	
Please list any product(s) or service(s) (financial or non-financial) offered by your institution that is specifically designed to target the poorest of the poor (excluded).		
Percentage of SC,ST, Minority and General Clients	SC____% ST____%, Minority ____% General ____%	
PRODUCTS AND SERVICES		
Do you conduct any training/induction programme before the loan is sanctioned/ disbursed?	i) Yes ii) No	

Please indicate which credit products your institution offers.	i) Income generating loan ii) Entrepreneurship loan iii) Microcredit for other household need/consumption iv) Education loan v) Housing loan vi) Water and Sanitation vii) Housing Facility viii) Health loan ix) Emergency loan x) Other (please specify)	
Does your MFI provide training for enhancement of client's business knowledge and skills? If yes, what type of training is imparted and what type of business knowledge and skills you intend to enhance in clients?	i) Yes ii) No Pl. specify:	
Services Provided	i) Health ii) Education iii) Business Development Service iv) Financial inclusion v) Graduating Programme	
How do your customers come to know about you?	i) Walk in ii) References iii) Repeat Clients iv) Any Other	
How do you market or advertise your product?	i) Word of Mouth ii) Door to Door iii) Leaflets/Brochures iv) Others	
How often do you go for product promotion campaign?	i) less than 3 months ii) 3-6 months iii) less than 1yr iv) more than 1 yr	
Other financial services offered by the institution.	i) Debit card/ Credit card ii) Mobile Banking Service iii) Saving Facilitation Service iv) Remittance Service v) Micro leasing vi) Micro pension vii) Other (Please specify)	

Other non financial services offered by the institution	i) Financial literacy ii) Basic health-nutrition education iii) Basic medical services iv) Special medical services v) Enterprise skill development vi) Business skill development vii) Management of family budget viii) Other (Please specify)
Factors which are considered while designing financial services for the clients.	i) Profitability ii) Feedback from clients iii) Target market demand iv) Mandate of Institution v) Others (Please specify)
Does your institution take deposits/collateral? If yes, what types of collateral does the institution take	i) Yes ii) No i) Land and house ii) Ornaments iii) Cash collateral iv) Live stock v) Third party guarantee vi) Other (Please specify)
Does the MFI offer voluntary savings products to the customers?	i)Yes ii) No
Does your institution offer micro-insurance?	i)Yes ii) No
If yes, please indicate the micro-insurance products offered by your institution.	i) Credit life insurance ii) Life Insurance iii)House Insurance iv) Live stock insurance v) Health Insurance vi)Rainfall insurance vii)Crop insurance viii)Workplace insurance ix) Other (please specify)
Does your institution offer education services to the clients?	i) Yes ii) No

If yes, please indicate the services offered by the institution.	i) Financial Literacy Education ii) Basic Health/nutrition education iii) Child education iv) Occupational safety and health in the workplace education v) Other (Please specify)
Does your institution offer health services?	i) Yes ii) No
If yes, please indicate the services offered by the institution.	i) Basic Medical service ii) Special medical service for women and children iii) Health Loan iv) Mobile Van Treatment v) Out Patient Clinic vi) Medicine at lower price vii) Other (Please specify)
Does your institution offer women's empowerment services?	i) Yes ii) No
If yes, please indicate which services your institution offers:	i) Leadership training for women ii) Women's right education/gender issue training iii) Counseling/legal service for female victims of violence iv) Other (Please specify)
Does the MFI use market research to identify the needs of clients and potential clients?	i) Yes ii) No
How does your institution identify the need of clients and potential clients?	i) Market Research for development of new products ii) Clients satisfaction assessment iii) Interview with existing clients iv) Other (Please specify)

Are there any purposes/ needs for which your MFI does not provide loan to clients? If yes pl. specify such purposes/ need		i) Yes ii) No
Role played by you in providing health care services during pandemic? Pl. specify		
Financial services offered during pandemic? Pl. specify		
Do you use modern technology to serve poor client at lower cost:		i)Yes ii)No
If yes, what are the technology:	i) Mobile banking ii) ATM iii) Debit/Credit card iv) Other (Please specify)	
What is the drop-out rate in the last financial year?	i) more than 30% ii) 15-30% iii) less than 15%	
AVOIDANCE OF OVER-INDEBTEDNESS		
Does the loan approval process require evaluation of borrower repayment capacity and loan affordability?	i) Yes ii)No	
Efforts to prevent over-indebtedness?	i) An evaluation of the client ability to repay the loan ii) Checks on client credit history and existing debt iii) Loan products are flexible enough to meet clients business need iv) Management regularly obtains information about debt levels among its clients v) Peer assessment (in group methodologies)	
TRANSPARENT PRICING		
Are the prices, terms and conditions of all financial products fully disclosed to the customer prior to sale, including interest charges, insurance premiums etc?	i)Yes ii)No	
Whether the written communications to the clients are made in local language?	i)Yes ii)No	
Do loan officer disclose penalty and pre payment fees before loan contracts are signed?	i)Yes ii)No	

APPROPRIATE COLLECTIONS PRACTICES	
Loan collection method:	i) Group/Centre collection method ii) Individual collection through collectors iii) Over the counter payments to MFI office iv) Other (Please specify)
What steps are taken in case of failure in repayment by any clients The MFI considers rescheduling of loans for the clients in case of any unexpected situations like national disaster, change in political/economic environment etc.	i) Grace period for repaying ii) Other group members have to pay iii) Pressure for repayment iv) Adjustment with collateral v) Others (Please specify) i)Yes ii)No
Does the MFI explain the customer's right, responsibilities and collection process before disbursement of loan?	i) Yes ii) No

GRIEVANCE REDRESSAL

Mechanism maintained to handle customer complaints?	i) Yes ii) No
Is there a hotline or call center with toll free access available to clients?	i) Yes ii) No
Have you ever conducted client satisfaction survey?	i) Yes ii) No
In your opinion how do your beneficiaries assess your Institution?	i) Very good ii) Good iii) Satisfactory

Date:

Place:

Signature of the Respondent: