

DOES MICROFINANCE INSTITUTION'S REACH TO POOR?

(A study of people's perception and awareness about Microfinance Institutions)



GALGOTIAS
UNIVERSITY

Project Report

Submitted in Partial
fulfilment of

Undergraduate
Program

BY

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Declaration

I hereby declare that this thesis entitled “Does Microfinance Institutions reach to the Poorest of the Poor?”: is done for the partial fulfillment of Undergraduate Program is carried out by me for the degree of “Bachelors of Commerce with Honours” under the guidance and supervision of Prof. Nupur Mishra, Galgotias University, India.

The other books, articles and websites, which I have made use of are acknowledged at the respective place in the text. For the present thesis, which I am submitting to the University, no degree or diploma or distinction has been conferred on me before, either in this or in any other University.

Place:

Date:

(Dr. Nupur Mishra)
Research Guide

Acknowledgment

The present piece of work is a part of my Undergraduate Program at the Galgotias University, Greater Noida. This paper on the Microfinance Institutions for the Poor People makes an attempt to broadly explain the concept of Microfinance and Microfinance Institutions (MFI's) and its awareness amongst the people of India. This paper also explains the Importance of Microfinance and the attempt made by the Microfinance Institutions in helping the Poor people and in developing the country.

First and Foremost, I have to thank my research supervisor, **Dr. Nupur Mishra** from Department of **School of Finance & Commerce** at **Galgotias University**. Without her assistance and dedicated involvement in every step through the process, this paper would have never been accomplished. Her valuable and constructive suggestions during the planning and development of this research work helped me a lot. Her willingness to give her time so generously has been very much appreciated.

Secondly, I would like to express my thanks and appreciations to my friends and the people who have willingly help me out with their abilities.

And I am highly indebted to the people who helped me to collect the data for this research paper in this epidemic situation.

Finally, I must express my gratitude towards my parents for providing me with unfailing support and continuous encouragement throughout my years of study and through the process of researching and writing thesis. This accomplishment would not have been possible without them.

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Abstract

This Thesis makes an attempt to give an overview on Microfinance Institutions for the poor. This present paper is aimed to investigate does Microfinance Institutions reach to necessities of the Poor. The ambition of the thesis is to discover the awareness and knowledge about Microfinance amongst people.

The query raised in the research is most important to the Microfinance region, especially, when the role of microfinance Institutions is development of economy, that serves the needs of economically marginalized populations.

This paper also makes an attempt to broadly describe the Microfinance Models “**The Grameen model**” that emerged from the grassroots of poor-focused institutions, Grameen Bank was founded and started by Prof. Mohammed Yunus in Bangladesh. And, “**The Self Help Group Model**” seen as instruments for a range of goals together with empowering girls, developing leadership talents among poor individuals, increasing college enrolments, and rising nutrition and also the use of contraception & other Microfinance models (named Joint Liability Group, Cooperative Society & Difference between JLGs & SHGs).

Data for the study was gathered from different cities & village through online questionnaire. Secondary sources for data collection is also consulted to provide the suitable basis for the study.

Give a woman micro-credit, she, her children, her husband and her whole family will eat for a lifetime." "Microfinance stands as one of the most promising and cost-effective tools in the fight against global poverty." "Microloans enable the poor to lift themselves out of poverty through entrepreneurship."

CHAPTER ONE

INTRODUCTION

Microfinance for the Poor

“**R. P. Christen (1997)** defines microfinance as the means of providing a variety of financial services to the poor, based on market-driven and commercial approaches. These services may include savings, insurance, money transfers and credit. However the microfinance movement to date has generally favoured microcredit, which is the provision of small loans to households who are perceived to be too poor to qualify for loans from formal financial institutions.”

In short, the aim of microfinance is to finance the resource, health care, housing enhancements, little business creation, and alternative wants in below served populations, specifically financial condition and near-poverty level people within the Asian nation and worldwide.

Microfinance Institutions

Poverty is that the main reason for concern in rising the economic standing of developing countries. A microfinance establishment is a company that gives money services to low financial gain populations. the majority provide loans to their members, and lots of provide insurance, deposit and alternative services.

A great scale of organizations is thought to be microfinance institutes. they're those who provide credits and alternative money services to the representatives of poor strata of population.

Microfinance is progressively being thought-about collectively of the foremost effective tools of reducing financial condition by enabling microcredit to the money poor. Microfinance incorporates a vital role in bridging the gap between the formal money establishments and therefore the rural poor. The small Finance establishments (MFIs) accesses money resources from the Banks and alternative thought money establishments and supply money and support services to the poor.

What makes Microfinance to work for poor

Any movement to eliminate hunger and radically cut back financial condition has got to be engineered on a basic understanding: The poor - even the terribly poor even the

inveterately hungry poor - aren't passive victims of their circumstances. they are prepared, willing, and ready to actively use any facilitate offered to them to assist themselves.

The poor have the ability of human spirit, resourcefulness and their social capital the relationship, resilience, the courageousness that change them to survive in conditions that may kill most people United Nations agency haven't grow with them.

With these goodish strengths, simply assume what proportion higher they may do with some facilitate from outside resources and services that support instead of undermine their strengths!

Traditionally, facilitate has come back from public agencies and charities with dramatically uneven and un-satisfactory results, particularly in poorer countries. The non-public sector has long offered facilitate within the type of merchandise and services for the betterment, however there has been a burst of experimentation in precisely the past twenty years in serving the poor furthermore.

Microfinance establishments create cash from the poor by providing them loans, a secure place to avoid wasting, and alternative money services (life insurance, for instance). This works as a result of the poor area unit usual to paying terribly high interest rates to urge loans after they would like them, sometimes from a neighborhood usurer. Microfinance organizes itself to supply a way higher money deal to the poor United Nations agency area unit searching for loans to start out or expand their little businesses or to pay faculty fees, or to switch the roof, or to wear down a medical emergency.

In the case of microfinance, the direct approach suggests that that specialize in poorer communities, that specialize in ladies in those communities WHO move often in teams, and dealing with those teams to deal with not solely monetary desires however additionally their non-financial desires for education and health.

Freedom from Hunger contends that microfinance works best for the poor once it's integrated with health and education services. The distinctive contribution to the microfinance movement has been to point out that microfinance establishments of the many differing types, as well as credit unions and rural banks, will increase their business and monetary success by giving teams of girls in rural areas each loans and learning opportunities at constant conferences with constant maintenance staff. And we've been ready to do rigorous analysis that shows this mix, wide spoken as integrated services, works for the poor, manufacturing a lot of assured ladies, a lot of profitable businesses, higher nourished youngsters.

It works as a result of the poor, even the inveterately hungry poor square measure prepared, willing, and ready to actively use any facilitate offered to them to assist themselves.

OBJECTIVE OF THE MICROFINANCE

The main objective of Microfinance is economic development and improvement in the status of the low income group and focuses mainly on the poor, marginalized and those who generally have limited or no access to formal financial services.

The major objective of Microfinance are therefore providing poor with the access to financial services as well as an opportunity for them to build their financial capacity and ability to grow to financial self-sufficiency.

Microfinance therefore provides women with the easiest opportunity to access the financial backing they need to start their own businesses and a chance to actively participate in the economy. Microfinance has improved the status of women and made them more active in decision-making in a way not possible before. Such empowerment also contributes tremendously to gender equity and family welfare.

Microfinance has become a multi-purpose tool that development actors use to tackle not mere financial needs of communities but also many other aspects of peoples' lives. New businesses, jobs, increased incomes, better health and welfare among community members are among the other objectives that now come hand in hand with microfinance.

Statement of Microfinance Problem

Microfinance Institutions generally reach a combination of poor and non-poor people. Do they reach the poorest? Microfinance Institutions staff have treated clients badly, encouraging them to take on bigger and bigger loans and disgracing the indebted clients in public and threatening them psychologically and physically.

In India, the politicians and newspapers claim this has led to scores of 'microfinance suicides'. Whether the link between being indebted to an MFI and committing suicide is as direct as the media infer is unclear. What is clear is that the performance indicators used by many Microfinance Institutions put pressure on field staff to achieve financial targets and ignore their social performance. Most of these Microfinance Institutions have concentrated around the same towns and rural hinterlands and often they serve the same set of households, encouraging multiple loans.

Objective of the Study

Principal objective of the research is

- studying Indian Microcredit Industry and to explore the awareness about Microfinance amongst people & its significance.
- Analysing - significant Impacts of Microfinance Companies on Poor section of the society.
- To identifying & exploring different Microfinance Models.

The sub objective are as follows:

- The study seeks to examine what is wrong and right with Microfinance.
- To study the future of Indian Microfinance Industry.
- To forecast implications on Microfinance for the poor of the poorest.

Significance of the study

Micro finance is to supply micro credit to people living in utter poverty and has no reach to the conservative and formal financial products. With a huge segment of the world's underprivileged, India is likely to have a large possible demand for microfinance. For this reason, it makes sense to consider the changing face of microfinance for rural development in India. Women are essential part of the society. The role of women in economic activities and decision making is very low. Micro financial schemes play vital role in increasing women's participation in economic activities and decision making.

Basically, Microfinance Institutions provides various opportunities with their services to low income people who can not avail those services from regular banks. So, this thesis study and examine that does Microfinance Institutions reach to the poor? And help the poor people by providing loans and other services for their betterment and development in the economy.

Scope of the study

Microfinance in India is still presently too small to create a massive impact in poverty alleviation, but if pursued with skill and opportunity development of the poor, it holds the promise to alter the socioeconomic face of the India 's poor.

This paper will examine the problems associated with mainstream microfinance institutions i.e., problem associated with the legal, regulatory, organisational systems. What should be the desired changes brought in these, to make them more effective?

Limitation of the study

The present study has also been conducted under certain limitations, that are:

- ◆ This study wishes to understand the topic (Does Microcredit Institution reach to the poorest) but only conduct a study with 100 participants. Considering that the Indian population has around 1.38 billion people. So, I have considered the sample size in relation to the population of the study.
- ◆ I don't have any expertise of conducting research papers and educational papers of such an outsized size separately, the scope and depth of discussions during this paper is compromised in several levels compared to the works of knowledgeable students.
- ◆ Data can be collected through various ways: interviews, surveys, questionnaire, etc. I was only able to collect primary data through online surveys because of this COVID -19 epidemic and was not able to collect data from poor people because they does not have sufficient education and technology to fill the online survey.
- ◆ Most of the data is collected from secondary source of data collection (journals, internet, books, research paper etc. all mentioned in the references). Related secondary data is sometimes not available or accessing available data is difficult/impossible.
- ◆ I have had limited ability to gain access to the appropriate type or geographic scope of participants. So, who had responded to the survey, may not truly be a random sample?
- ◆ The study was also constrained by time. The research was conducted over a period of one & half month.

CHAPTER TWO

Literature Review

"To argue that banking cannot be done with the poor because they do not have collateral is the same as arguing that men cannot fly because they do not have wings." **Muhammad Yunus**.

Overview

Immobilizing poverty is a quality trait of the modern Indian economy. The central government and state government-run multiple poverty reduction programs. The microfinance sector has experienced growth over the past few decades. Microfinance in India is more than just an economic tool, often representing the empowerment of historically alienated and financially dependent communities. The government of India and Reserve Bank of India have been pro-active in encouraging 'Financial Inclusion'. As many factors contribute to deprivation, its most obvious reflection is that household income is insufficient. The common issue is how wealth and income should be distributed. The more common belief connects together that no person should live in poverty. To solve this various NGOs were opened but the result was unsatisfactory.

As per Asian Development Bank book named "Understanding the poverty in India" National personal income estimates indicated a financial condition incidence of twenty-seven.5% in 2004-2005. The incidence of financial condition in Republic of India may be a matter of key concern for policy analysts and educational researchers each due to its scope and strength. Implying that over one quarter of the population in Republic of India lives below the personal income.

According to world-Bank report, (2008) up to 43% of Indian children are undernourished, while more than twenty million children are out of school and over 35% of Indians are illiterates. The extremely below par people are largely involved in livelihood type of activities in India. There was constant growth from 2011 to 2016 in women entrepreneur but it also shows the decreasing trend in 2017 and only shows the 1% decrease that does not affect the growth and importance of microfinance in women creditors in India.

Concept of Microfinance

Microfinance collectively refers to the supply of savings, loans, and other basic financial services like insurance, to the poor. As the poor people cannot avail these financial services from the formal commercial banks because of collateral requirements. Microfinance tends to satisfy the needs of the poor entire of these conditions (Karlan and Goldberg, 2007). Microfinance (MF) can be called a novel approach to provide saving and investment facility to the poor around the globe. Improved access and efficient provision of savings, credit, and insurance facilities particularly can enable the poor to smoothen their consumption and manage their risks better, gradually build their asset base, develop their business, enhance their income earning capacity, and enjoy an improved quality of life.

In India, Microfinance mainly operates through Self Help Groups (SHG's), Non-Government NGO's and Credit Agencies.

Microfinance, according to McGuire and Conroy (2000), is "the provision of financial services, primarily savings and credit, to poor households that do not have access to formal financial institutions." In November 1998, the Task Force on Supportive Policy and Regulatory Framework for Microfinance set up by NABARD defined microfinance as "the provision of thrift, credit and other financial services and products of very small amounts to the poor in rural areas, semi urban areas or urban areas and helps to enabling them to raise their income levels and improve living standards" (Sharma, 2001; Reddy, 2005, Reji, 2009). These financial services, according to Satish (2005) and Dasgupta (2006), generally include loans, deposits, money transfers, payment services, and insurance to poor and low-income households and their microenterprises. However, the expression microfinance denotes offering the financial services to "Zero or low-income beneficiaries" according to Torre and Vento (2006).

The term 'microfinance' and 'microcredit' are often used equivalently but in reality, there is the difference between the two. Microcredit is the add-on of small loans to entrepreneurs too poor to qualify for traditional bank loans. Microfinance is a broader concept surrounded not only the addition of credit to the poor, but also the provision of other financial services like savings, insurance and cash withdrawals (Dasgupta, 2006; Nagayya and Rao, 2009).

History of Microfinance

It all began when the economist professor Muhammed Yunus from Bangladesh began making small loans to poor families in neighbouring villages in an effort to break their cycle of poverty during the countrywide famine of the 1970s. His loans were successful in elevating the poor families, and he received timely repayment. Unsuccessful in further self-financing the expansion of this project, he sought governmental assistance. This led to the foundation of the Grameen bank. Mr. Yunus also received the Nobel Peace Prize in 2006.

In Europe, Franciscan monks formed the Mounts of Piety in the 15th century to reintegrate the poorest populations into community life. The first savings and loan cooperative opened in 1879 in Germany's Rhineland. But these financial inclusion models proved insufficient to stem the tide of poverty in what was still known as the "Third World" in 1970. Modern microfinance thus emerged in one of the world's poorest countries: Bangladesh. Muhammad Yunus, an economics professor, came to a staggering observation: the free market had failed to keep famine from ravaging his country. The effort to fight poverty, including aid and subsidies, was not achieving its aim, and the banking system was incapable of providing for these poor populations.

In the village of Jobra, Yunus decided to give a personal loan to a group of 42 women to help them start a business and it worked. The female makers of bamboo stools took advantage of the loan to increase their productivity, before repaying the sum in its entirety. The act established the basic principles of modern microfinance: combatting poverty through microcredit, and primarily serving women in emerging countries.

Grameen Bank

Grameen Bank has prearranged regular banking practice by disconnecting the need for collateral and founded a banking system based on accountability, creativity, participation and reciprocal trust. Grameen Bank gives credit to the poor people in Bangladesh, without any security. At Grameen Bank, credit is a cost effective weapon to fight poverty and it serves as a compulsion in the overall development of socio-economic conditions of the poor who have been kept outside the banking track on the ground because they are poor and hence not bankable. The founder of "Grameen Bank" – Muhammad Yunus, and its Managing Director, cleared that if financial resources can be made available to the poor people on terms and conditions that are appropriate and reasonable". These millions of small people with their millions of small chasings can add up to create the biggest development wonder.

Grameen Bank has 8.349 million borrowers from which 97% of whom are women on October, 2011. Grameen Bank has 2,565 branches that provides services in 81,379 villages, covering more than 97% of the total villages in Bangladesh.

Grameen Bank's positive impact on its poor and formerly poor borrowers has been documented in many independent studies carried out by external agencies including the World Bank, the International Food Research Policy Institute (IFPRI) and the Bangladesh Institute of Development Studies (BIDS).

Self Help Group (SHG's)

Self-improvement Gatherings (SHGs) are causal relationship of individuals who decide to meet up to discover approaches to improve their day to day environments. Self-improvement Gatherings (SHGs) are little gatherings of needy individuals and the individuals from a SHG face comparable issues. They help one another, to take care of their issues. SHG advance little investment funds among their individuals and the reserve funds are kept with the bank. This is the regular store for the sake of the SHG and the SHG gives little advances to its individuals from its normal reserve.

The source of self-improvement gathering can be followed is from Grameen bank of Bangladesh, which was established by Mohamed Yunus. SGHs were begun and shaped in 1975 and In India NABARD started in 1986-1987.

The requirement for SHG's are:

A Committee established under the chairmanship of Dr. C. Rangarajan to set up a far-reaching report on 'Money related Inclusion in the Country' that recognized the four significant explanations behind absence of monetary incorporation:

- Not ready to give insurance security,
- Poor credit retention limit,
- Insufficient reach of the foundations, and
- Weak people group organize.

Self-improvement Gathering potential can help rustic creation and utilization. As of late, Self Help Groups produce Rs 1.76 lakh crore motivating force bundle reported by the association account clergyman to battle COVID 19. One of the declarations

included multiplying insurance free credits to ladies Self Help Groups (SHGs) from Rs 10 lakh to Rs 20 lakh. This will help 63 lakh SHGs covering 7 crore families.

Joint Liability Groups

A Joint Liability Group (JLG) is a casual gathering containing in a perfect world of 4 to 10 people meeting up for the motivations behind profiting bank advance either separately or through the gathering system against common assurance. The Joint Liability Groups individuals are for the most part occupied with comparable sort of monetary movement in the Agriculture/Non-Farm segment/Allied. Financial Inclusion Network and Operations (FINO) has been doing Joint Liability Group (JLG) lending on behalf of various banking partners and on its own books since 2008.

Both Self Help Group (SHG) and Joint Liability Group (JLG) models are channels for financial inclusion of poor. These people generally lack hard collateral/security and hence, the groups are formed in which peer pressure acts as social collateral. Members in the group are generally from the neighbourhood and trust each other and want to work together for poverty alleviation(reduction). There are some differences in the functioning and formation of Self-Help Groups and Joint Liability Groups which are as follows:

- Self Help Group (SHG) model is mainly used by banks for lending. NABARD promote SHG-Bank linking. While Joint Liability Group lending is mainly used by MFIs.
- Self Help Groups have group size of 10-20 members while Joint Liability Group have smaller group size of 5-10 members.
- Self Help Groups are more formal structure as compared to Joint Liability Group. Self Help Groups has positions defined like secretary, treasurer which act as an interface of all Self-Help Group members with the financial institutions. All members of Joint Liability Group have to directly interact with financial institutions themselves.
- Self Help Groups members make regular savings and deposit it with the financial institution. Lending to Self Help Group is based upon the amount of savings that Self-Help Groups has in the bank account. Generally, loan amount is 5 times the amount of savings. Joint Liability Group model is mainly used for lending only irrespective of savings.
- In case of Self-Help Groups lending is done on the name of Self-Help Groups not individuals i.e. group lending is done while in case of Joint Liability Group lending is done to individual members though all members are guarantor of each

other. Self Help Groups members generally undertake same activity and work together while Joint Liability Group members invest loan amount for different purposes.

CHAPTER THREE

Research Methodology

Introduction

Research approach is the way through which scientists need to lead their exploration. It shows the way through which these scientists plan their concern and target and present their outcome from the information acquired during the examination time frame. It is the particular methods or strategies used to recognize, select, process, and examine data about a point. In an examination paper, the philosophy segment permits the peruse to fundamentally assess an investigation's general unwavering quality and legitimacy. The system segment addresses two principle questions: How was the information gathered or produced? How was it breaking down?

To address the key research goals, this exploration utilized both subjective and quantitative strategies. This exploration utilizes the mix of essential and optional sources. The subjective information underpins the quantitative information examination and results. The outcome got is triangulated since the analyst used the subjective and quantitative information types in the information examination. The investigation zone, information sources, and examining methods were talked about under this area.

The Study Area

“Population refers to the complete set of individuals having common characteristics in which the researcher is interested” according to Fraenkel and Warren [4] studies.

The population of the study was determined based on random sampling system. This data collection was conducted from March 20, 2020 to May 5, 2020, through questionnaire from different towns and villages.

Data Sources

Like stated earlier, there are two types of data: **primary** and **secondary**.

Primary data

Primary Data are first-hand information collected by the surveyor. The data so collected are pure and original and collected for a specific purpose. They have never undergone any statistical treatment before. The collected data may be published as well.

The primary data is collected through Questionnaires and Surveys.

Secondary Data

Auxiliary information is inverse to essential information. They are gathered and distributed as of now. They can be utilized as a wellspring of information and utilized by assessors to gather information from and lead the examination. Optional information is unclear as in they have experienced measurable treatment at any rate once.

The major source of data for this project is collected through

- Journal
- Internet
- Books
- Websites

CHAPTER FOUR

Data Analysis & Interpretation

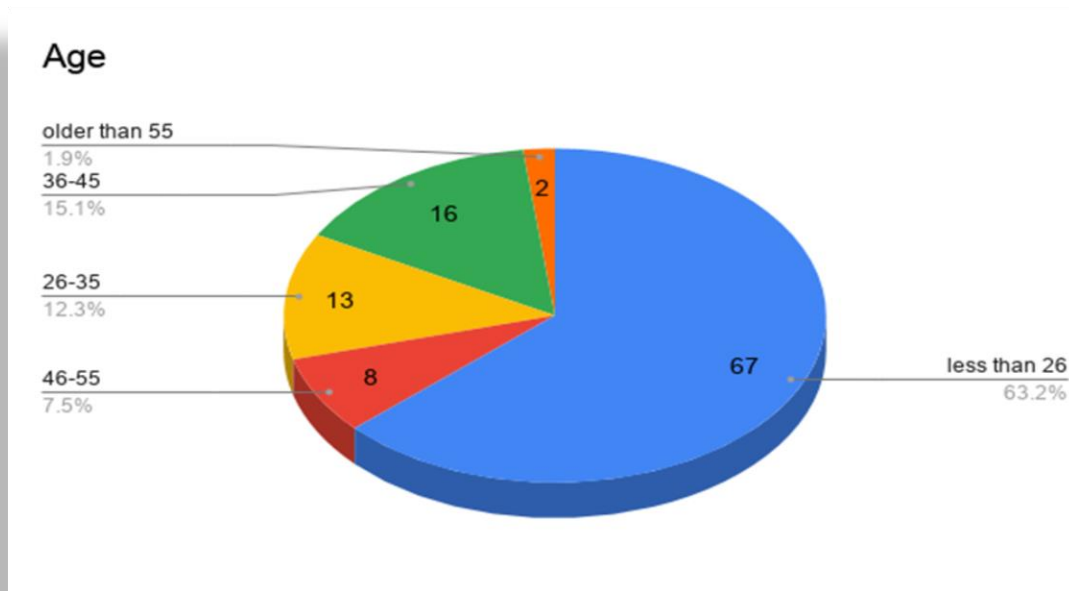
Graphical Analysis

Age of Respondents

Table 1. Shows the age of the Survey-Participants

Age	Frequency	Percentage (%)
Less than 26	67	63.2
26-35	13	12.3
36-45	16	15.1
46-55	8	7.5
Older than 55	2	1.9
Total	107	

Fig. 1



The above table and chart show the age group of the survey-respondents. As above table show, the total number of Participation are 107 and the how many people responds to

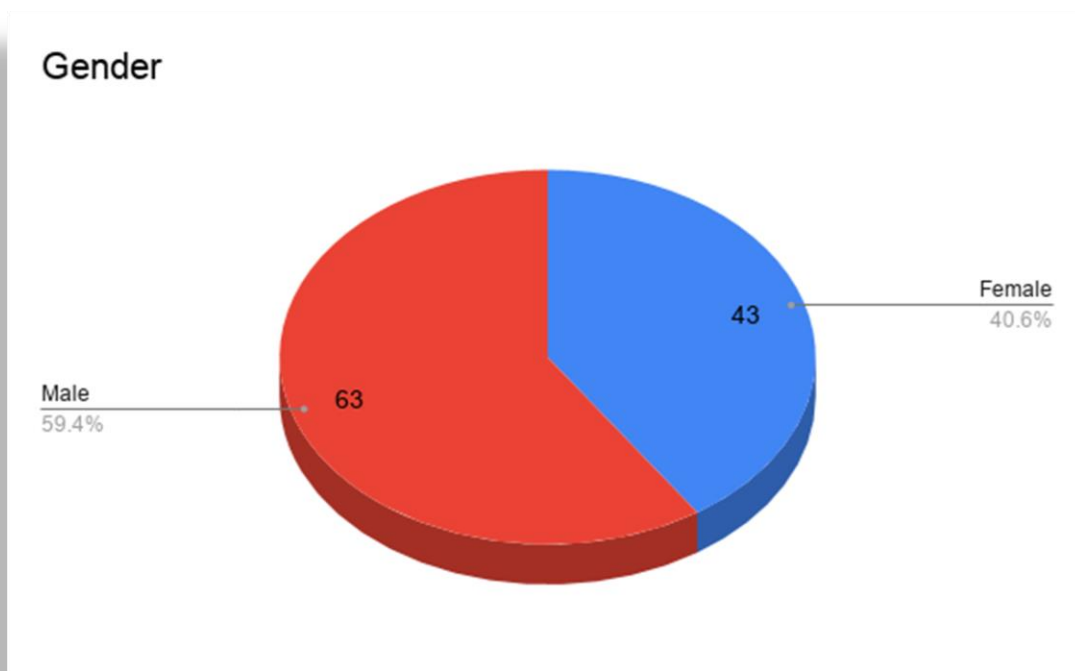
certain age of group. The Chart below categorised as Pie-chart and show the percentage of different age group of responses. High majority of respondents are of less than 26 age group (63.2%), 12.3% of 26 - 35 age group, 15.1% of 36 - 45 age group and the rest are of 46-55 age group (7.5%) and 1.9% of survey participation is from older people.

Gender of Respondents

Table 2. Showing the gender of respondents

Gender	Frequency	Percentage (%)
Male	63	59.4
Female	43	40.6
Others	-	-
Total	106	

Fig.2



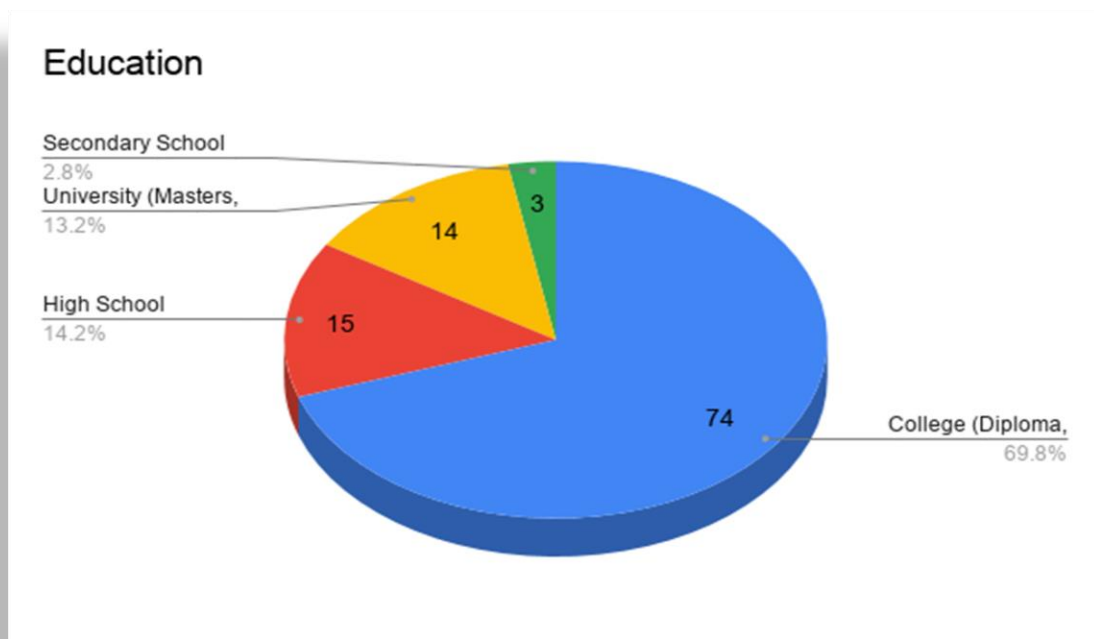
The above table and chart show the gender of the respondents. As the table show, the total number of respondents are 106 and the how many Males, Females & Other category of people given responses. The Chart below categorised as Pie-chart and show the percentage of different gender (59.4% are male respondents & 40.6% are female respondents).

Education achieved by the Respondents

Table 3. Highest level of Education achieved by the Respondents

Highest level of Education achieved	Frequency	Percentage (%)
Secondary School	3	3
High School	15	13
College (Diploma, Bachelors)	74	70
University (Masters, PhD)	14	14
Total	106	

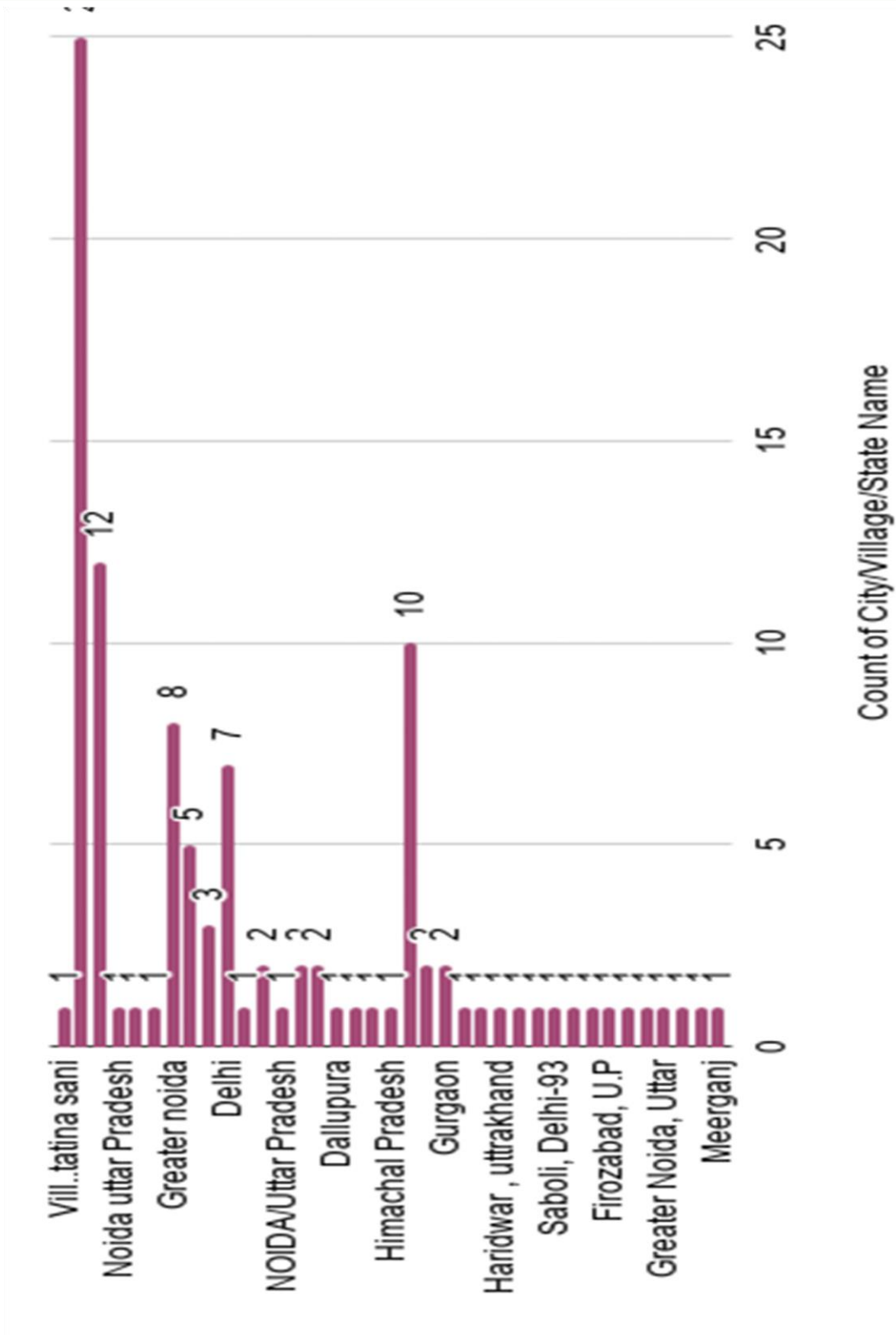
Fig. 3



The above table and chart show the Education achieved by the respondents. As the table show, the total number of respondents are 106 and the levels of schooling respondents has successfully completed. The Chart below categorised as Pie-chart and show the percentage of up to which extent the respondents achieved the Education. Most of the survey participation had achieved or pursuing college level of education (69.8%), 14.2% achieved University level of education. Whereas 13.2% achieved education up to High school and rest up to secondary school (2.8%).

City/Village/State

Fig. 4 Location of the Respondents



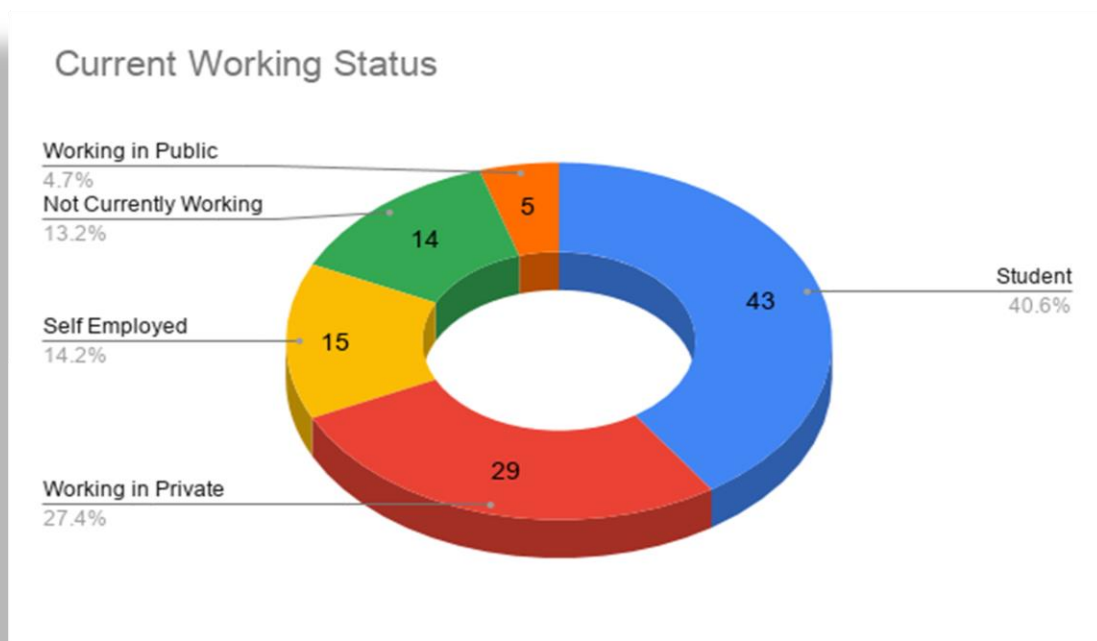
The above graph shows the location by the respondents. As the graph show, the total number of respondents are 105 who shared their town's/village's name. The Chart is categorised as Bar Chart and show the percentage of respondents from different cities or villages.

Current Working Status of Respondents

Table 4. Showing the current working status of Respondents

Working status	Frequency	Percentage (%)
Student	43	40.6
Working in Private Sector	29	27.4
Working in Public Sector	5	4.7
Self Employed	15	14.2
Not Currently Working	14	14
Total	106	

Fig. 5



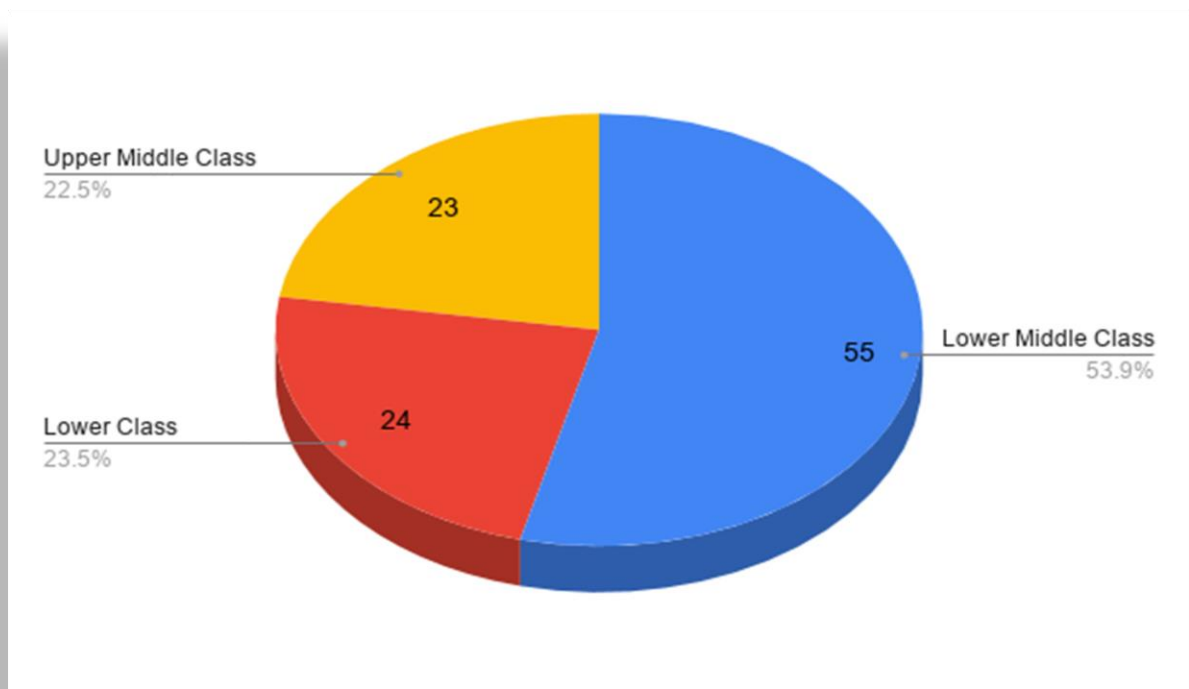
The above table and graph state that 40.6% survey participants are students, 27.4% works in Private sector, 14.2% participants are self-employed 4.7% are working in public sector and the rest 13.2% are currently not working.

At the moment, considering the current income of the population

Table 5. Showing the classification of current income of Respondents

Current income classifies as:	Frequency	Percent
Lower Class	24	23.5
Lower Middle Class	55	53.9
Upper Middle Class	23	22.5
High Class	-	-
Total	102	

Fig. 6



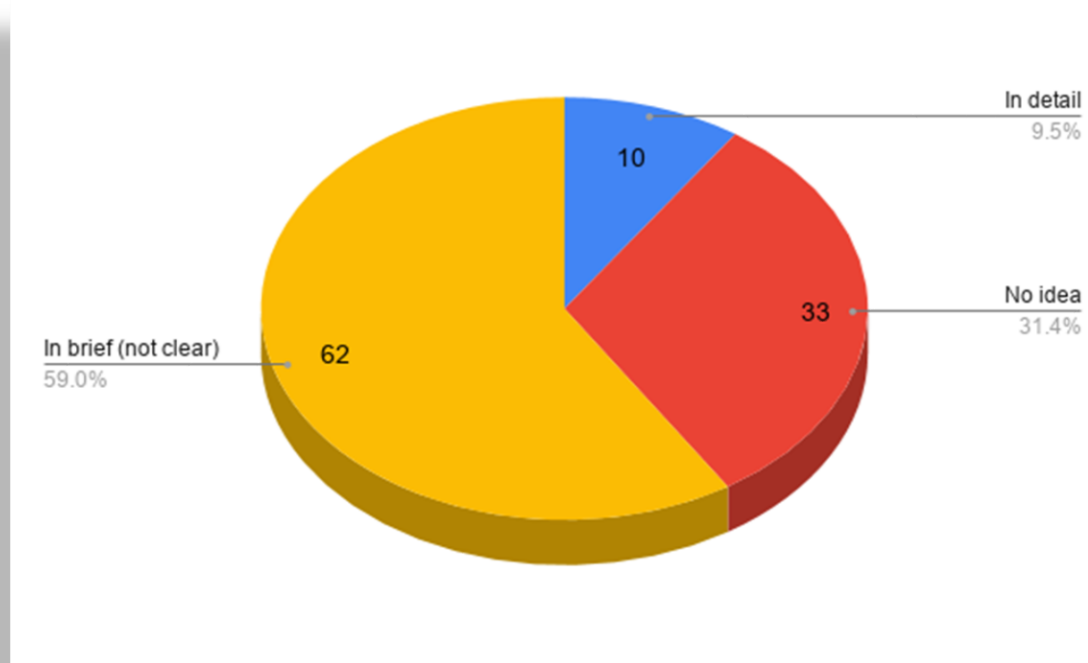
The above table and chart show that the half of the participants are from lower middle-class family (52.6%), 24.7% are lower class family and the rest of the survey participants are from upper middle-class family (22,7%).

Let's see how much the population knew about microfinance?

Table 6. showing the awareness about the Microfinance

Microfinance Knowledge	Frequency	Percent
In detail	10	9.5
In brief (not clear)	62	59.0
No idea	33	31.4
Total	105	

Fig. 7.



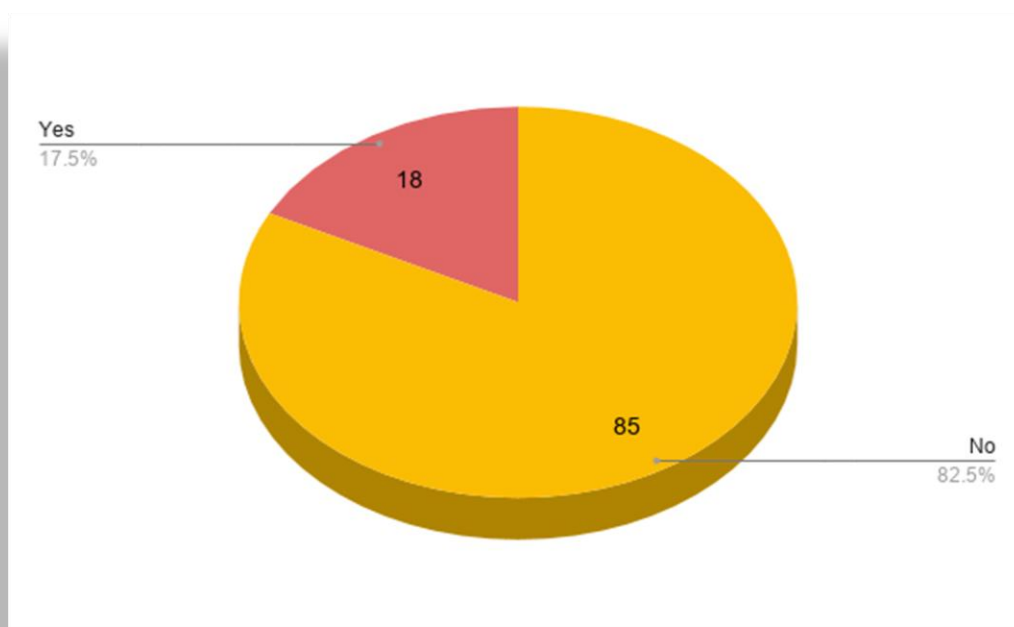
In the above table and graph, it is stated that most of the people doesn't have a clear vision and knowledge about Microfinance. Only 9.5% of the people know in detail about the microfinance. The Microfinance institutions should increase their promotional activities so that most of the people get aware about them and the poor people avail services from it. 31.4% of the population doesn't aware of the microfinance institutions and the services provide by them for poverty reduction.

How many people become a client of Microfinance?

Table 7. showing the awareness about the Microfinance

Client		
Yes	18	17.5
No	85	82.5
Total	103	

Fig. 8



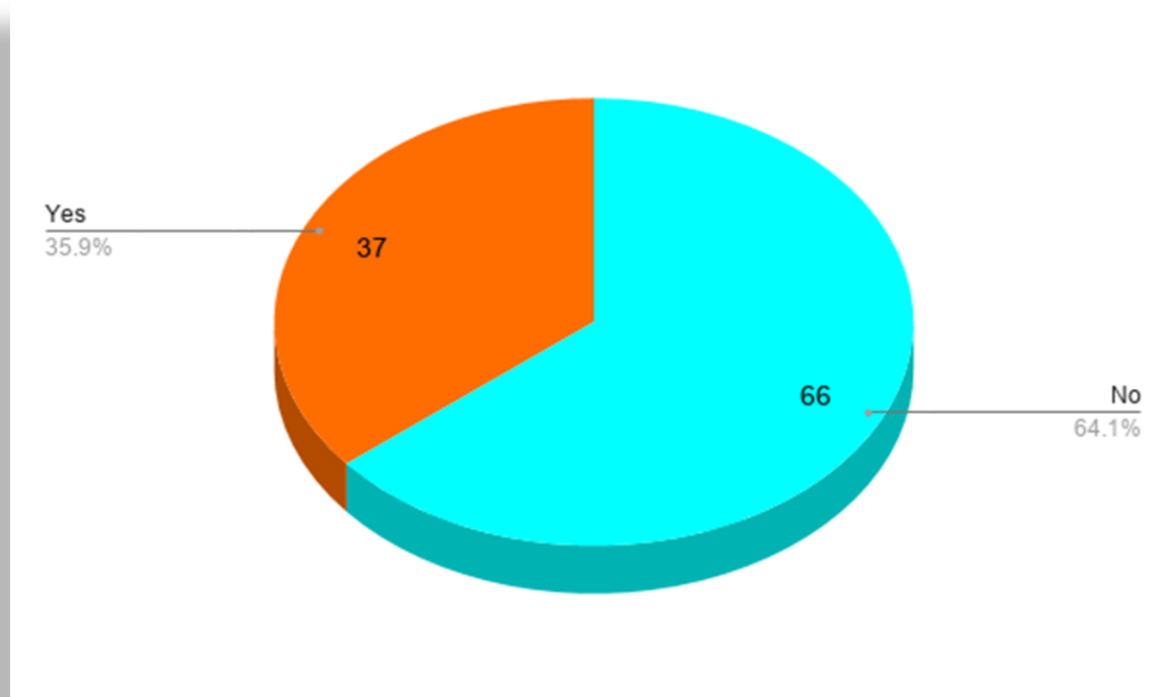
The sample taken in this research is of 103 people in which only 17.5% of the people has been a client of Microfinance and the rest 82.5% never been Microfinance's Institutions Clients.

Knowledge about client of microfinance?

Table 8. showing the detail about microfinance clients

Microfinance Client?		
Yes	37	35.9
No	66	64.1
Total	103	

Fig. 9



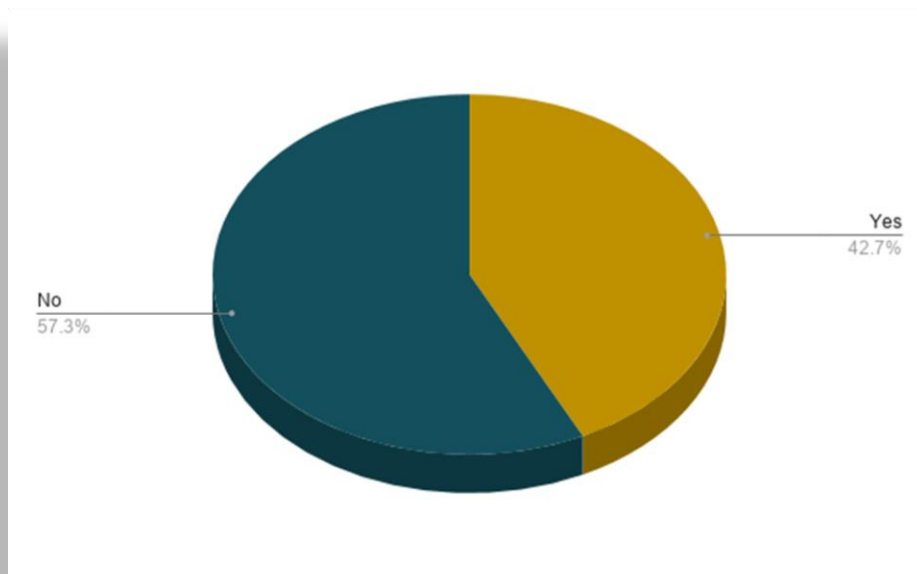
In the above table and Pie- chart it is shown that 35.9% people know about the client of microfinance who have been availing the financial services like loan, savings, insurance etc. which they can not avail from regular banks.

Do people might be interested in getting microfinance in future?

Table 9. showing the detail about microfinance clients

Raw Labels	Frequency	Percentage (%)
Yes	42	42.7
No	57	57.3
Total	99	100

Fig. 10



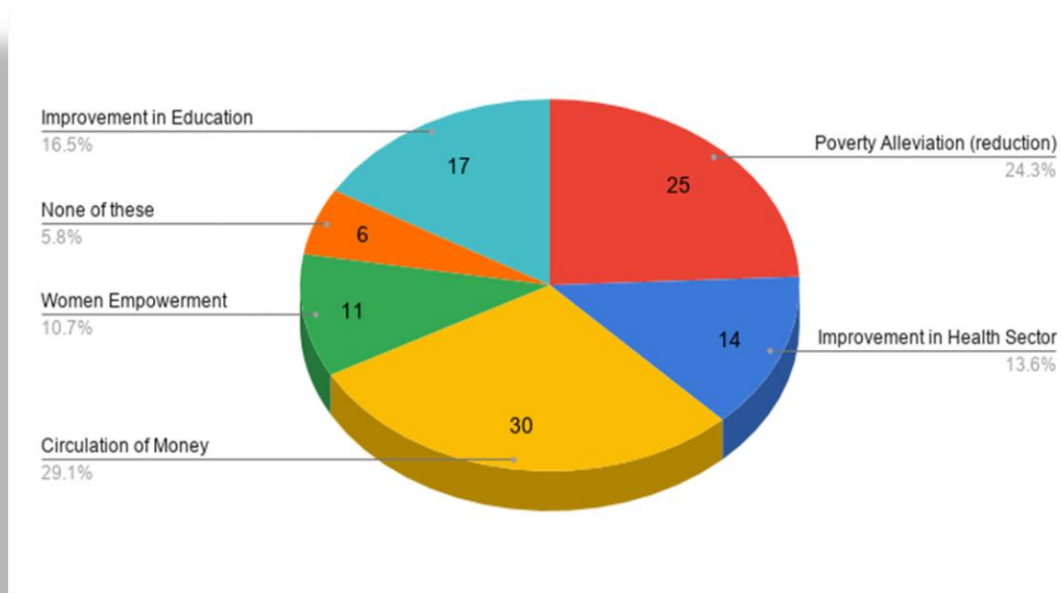
In the above table and chart, it is shown that 42.7% of the people are interested in getting microfinance services. They are interested in small loan without presenting any collateral and the rest 57.3% are not interested in small loans and services given by the Microfinance Companies.

Objective of microfinance

Table 10. Showing the opinion of people on MF's Objective

Row Labels	Frequency	Percentage (%)
Circulation of Money	30	29.1
Improvement in Education Sector	17	16.5
Improvement in Health Sector	14	13.6
None of these	6	5.8
Poverty Alleviation (reduction)	25	24.3
Women Empowerment (blank)	11	10.7
Grand Total	99	

Fig. 11



According to the table and the chart above, the main objective of microfinance is circulation of money. But microfinance institutions like Grameen Bank was founded to reduce the poverty, to provide the opportunities to poor people. 24.3% of the people stated the fact that the main objective of Microfinance is Poverty Alleviation. And as

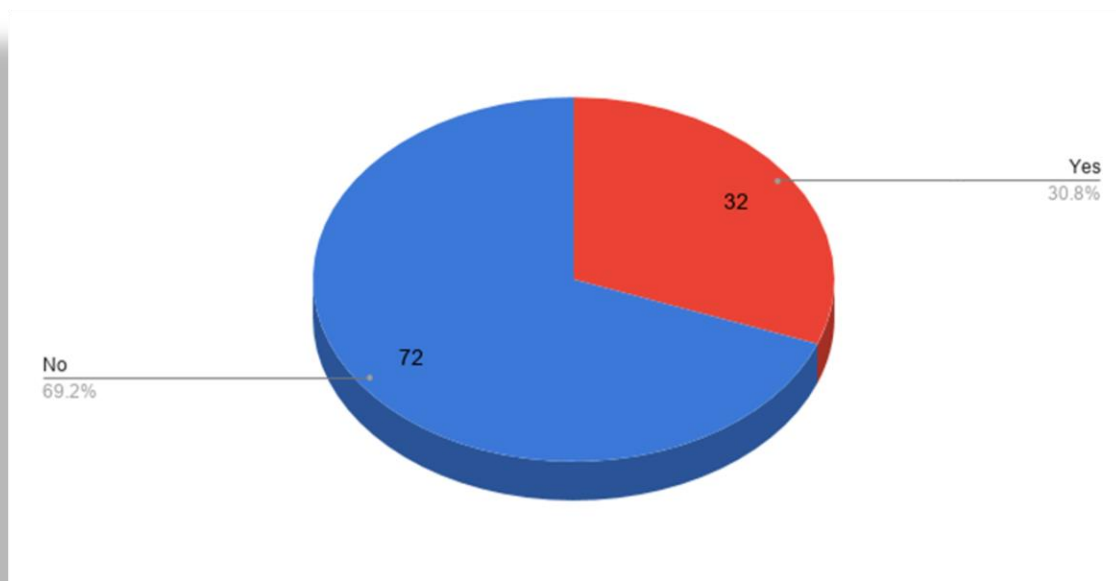
per the 10.7% of the people women empowerment is the main objective. Self Help Groups was created to help those women who wants earn for themselves and for their families.

Does the people in India aware about the microfinance institutions?

Table 11. Showing the knowledge about any Microfinance Institutions.

Row Labels	Frequency	Percentage (%)
No	72	69.2
Yes	32	30.8
Grand Total	104	

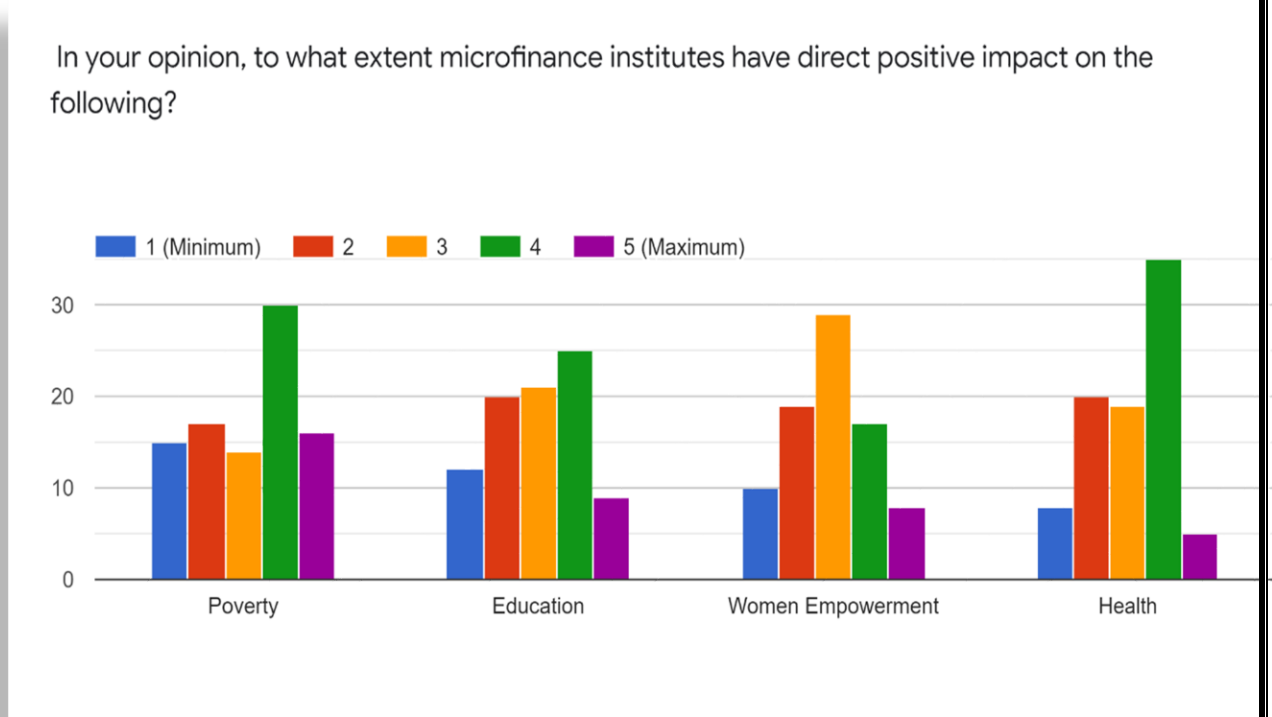
Fig.12



As per the data collected through questionnaire only 30.8% of the people are aware of Microfinance Institutions and the rest 69.2% doesn't have any idea.

what positive impact microfinance institutes have?

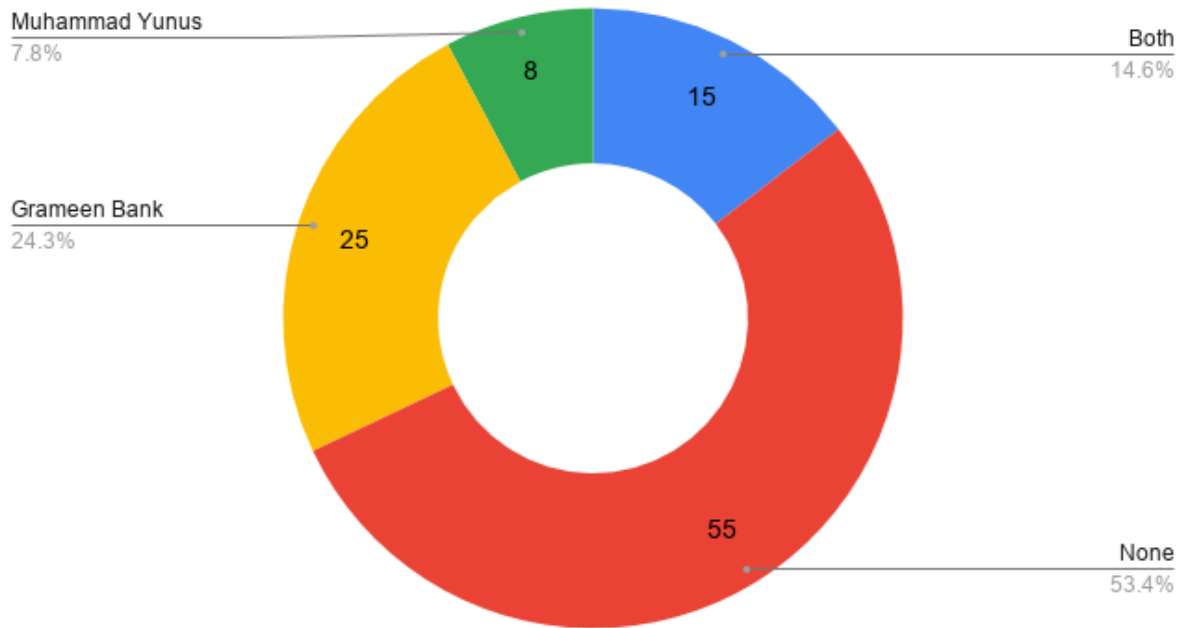
Fig. 12



In the above Histogram graph, as per the 35 respondents the most positive impact of microfinance is in health, then, 30 respondents' states that direct positive impact of MFI's is on Poverty and 29 participants opinion is Women Empowerment.

Have you heard about any the following?

	Frequency	Percentage (%)
Muhammad Yunus	8	7.8
Grameen Bank	25	24.3
Both	15	14.6
None	55	53.3
Total	103	



CHAPTER FIVE

Findings of the Study

- ◆ This study shows that 60% respondents are males and 40% respondents are Female.
- ◆ 62% of the respondents are in the age group of less than 25 years which shows that the new generation is more aware about these financial services.
- ◆ The study shows that Microfinance has been doing a good job but the awareness about these institutions amongst people are not much better.
- ◆ In this research we analyse the data and interpretation are that Microfinance Institutions need to increase their promotional activities.

- ◆ Since 2001, Indian's education programs have brought nearly 20 million children to primary school.

- ◆ Over the previous 15 years WBG has put \$3 billion in elevating a one of a kind way to deal with the improvement of country employments in India - by engaging poor rustic ladies.

- ◆ Since 2000, WBG ventures have contributed over \$3.4 billion in financing for rustic water flexibly and sanitation. This has helped around 36 million individuals in 40,000 towns to increase better access to drinking water.

Conclusion of the study

Over the most recent few years, the microfinance division has seen promising development on the rear of the quickly developing Indian economy. The division has been associated with offering formal credit to underserved low-salary families and miniaturized scale, little and medium ventures. In this way it brings about expanding the commitment of these portions to India's general GDP. Ladies are exceptionally spoken to in independent work and working little salary creating exercises. Microfinance can possibly powerfully affect ladies' strengthening and that is the reason Microfinance gives work to the poor ladies who have no different methods for money and help them develop. Proof has demonstrated that it can't be expected that credits got by ladies are fundamentally enabling. The Gender-related goals need in this way to be clarified while setting out on plot structure, and steps taken to guarantee that ladies are bolstered in building up their own uses for budgetary administrations.

From our study, we have come to the conclusions that there is a positive and noticeable impact of microfinance activities on the living standards, poverty alleviation, and empowerment among the poor people especially in the rural backdrop.

Future of Microfinance

Microfinance sector which grew at a compounded rate of 48 per cent in the last five years has a potential for further growth as its penetration is only one-fourth of the addressable market, said by a KPMG report.

The total number of microfinance accounts was 9.33 crore at the end of March 2019. Microfinance industry posts 38% growth in 2018-19. Microfinance in India showed rapid, regionally-balanced and resilient growth in 2018-19, said Harsh Shrivastava, chief executive officer, MFIN.

There has been rapid growth seen in Microfinance in past years and hope future holds the same. Microfinance achieve their main objective to reduce poverty to its extent.

New investment channels: Microlenders are majorly dependent on commercial banks for debt and equity funding. The sector must develop partnerships with private donors like foundations, development agencies, NGOs, venture capital and social impact investing through corporate social responsibility funds, global trust funds and other financial sources.

New business models: The need to conserve capital for lowering dependence on external funding has led to the emergence of new business models for smaller Microfinance Institutions.

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