

# **SOCIO ECONOMIC IMPACT OF MICRO FINANCE IN THE RURAL TRANSFORMATION OF UTTAR PRADESH: AN EMPIRICAL STUDY**

## **Thesis**

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### **List of Abbreviations**

<b>Sl. No.</b>	<b>Abbreviations</b>	<b>Full form</b>
1.	MF	Microfinance
2.	SHGs	Self-help groups
3.	MFIs	Microfinance Institutions
4.	UPMA	Uttar Pradesh Microfinance Association
5.	RBI	Reserve Bank of India
6.	SFPL	Sonata Finance Pvt Ltd
7.	SVCL	SV Credit Line
8.	NBFCs	Non-Banking Financial Corporations
9.	CMC	Cashpor Micro Credit
10.	SSFL	Spandana Sphoorty Financial Ltd
11.	SML	Share Microfin Limited
12.	AML	Ashmita Microfin Limited
13.	AMPL	Annapurna Microfinance Private Limited
14.	BML	Bandhan Microfinance Limited
15.	UMFL	Utkarsh Microfinance private limited
16.	SUWS	Sahara Utsatga Welfare Society
17.	NGOs	Non-Government Organisations
18.	U.P.	Uttar Pradesh
19.	RRBs	Regional Rural banks
20.	NABARD	National Bank for Agriculture and Rural Development
21.	JLG Model	Joint Liability Group Model
22.	PACSS	Primary Agriculture Cooperative Societies
23.	HRM	Human Resource Management
24.	ICICI	Industrial credit and Investment Corporation of India
25.	HDFC	Housing Development Finance Corporation
26.	CSR	Corporate Social Responsibility
27.	SIDBI	Small Industries Development Bank of India
28.	NRLM	National Rural Livelihood Mission
29.	MIS	Management Information System
30.	FY	Financial Year
31.	NPAs	Non-Performing Assets

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**(Syed Wajihul Hasan Rizvi)**

## **Declaration**

I, Mr. Syed Wajihul Hasan Rizvi hereby declare that the following Ph.D. work Thesis titled “SOCIO ECONOMIC IMPACT OF MICRO FINANCE IN THE RURAL TRANSFORMATION OF UTTAR PRADESH: AN EMPIRICAL STUDY” carried out by me under the supervision of Dr. Vijay Kumar, Assistant Professor, Maharishi School of Commerce and Management, Maharishi University of Information Technology, Lucknow, Uttar Pradesh (**As per MUIT Ph.D. Ordinance 2016**) is my original research work and no part of content has copied from any other sources.

Further, I declare that no part of this thesis entitled “**Socio Economic Impact of Micro Finance in the Rural Transformation of Uttar Pradesh: An Empirical Study**” was earlier submitted for the award of any research degree of any university.

**Place: Lucknow**

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**Signature**

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## **Abstract**

The microfinance is a facility of providing monetary benefits given to entrepreneurs for establishment of their business. It is helpful for small and medium scale enterprises to establish their business. There are various microfinance schemes for the above mentioned objectives. These schemes are run by government directly or indirectly by various microfinance institutions. These financial support not only strengthen the rural economy but also plays an important role at aggregate level at macroeconomic scale. It provides an opportunities to emerging entrepreneurs to handle their financial challenges and capital needs. In developing countries like India the major population is facing the challenges of finance related issues thus this microfinance availability is largely helps to them in this regard.

Both, the central and state government and their institutions provides various types of microfinance to beneficiaries by various schemes. There are various schemes such as Startup India, Make in India, Skill India by central government of India and finance or loan providing schemes by khadi gram udyog, Jila udyog, Startup at state level by Uttar Pradesh State government has played a major role in providing microfinance at grass root level. The microfinance is also helpful developing a particular area, city and state. It has many motives and goals to achieve like, fighting poverty in the country, enhancing employment and growth, currently it is about promoting 'Make in India' program initiated by current government in the country. In India and its neighbour countries, it started holding roots around 1970. Microfinance are aimed at providing loans or credits to the under privileged people at very low or no rate of interests. Some time there are securities in lieu of the credit and some time there is no need of securities. Financial institutes like banks, non-profit organizations are involved in this process of lending loans and money.

It helps in providing better opportunities in front of people so that this can be helped easily in overall standard of living of the people. It indirectly is the easier method of improving life style and living standard as in India, consumer loans are not easy to borrow. There are generally very huge number of formalities which need to be fulfill before becoming eligible for such loans. But microfinances have very limited formalities and people can borrow as low as they want. It all depends on their capacities and need. So, it ultimately helps in supporting weaker section of the

society. It helps filling the gaps between poor or stronger sections of the society. It is a little but strong step in this direction.

The research found that microfinance institutions have created economic balance in the society. It has brought the underprivileged to the mainstream society. Now poor people have also banking access and they are part of the mainstream economy. MFIs have encouraged people to start their own businesses, farmers to improve their farming and become an entrepreneur. Microfinance institutions have proved to be boon for women. The women who were limited to kitchen and children are now supporting their houses with active participation in Self Help Groups activities. SHGs along with eatable items like Aachar and Papad are also trying to establish the lost traditional arts like Warli and Madhubani paintings. Female who were believed to be burden became independent with the help of microfinance. A report found that 84% of all the borrowers were women in the year 2016. Women have become more powerful through MFIs (Dasgupta, R., 2005). The neglected women like widows and dalits got opportunity of becoming independent and offers of working in SHGs through MFIs. They became part of the SHGs and learned new skills like tailoring, animal husbanding, packaging etc. and became monetary self -reliant. MFIs have provided women with self- respect. They helped poor coming out of the trap of moneylenders and get the real benefits by the government.

The objective of the following research is to analyze socio-economic challenges to the beneficiaries of microfinance institutions. The socio-economic challenges like education, income and employment related issues. Along with the following objectives the study also focuses on the issues of women entrepreneurs and finance related issues.

## **Chapter 1**

### **INTRODUCTION**

#### **1.1 Background**

Microfinance are also known as microcredit schemes runs by government for underprivileged citizens who otherwise would not have get an access to digital and financial services. It also helps in providing opportunities to the small-scale entrepreneurs to help them with their financial issues and provide them facilities. In developing countries or in under developed countries, people/entrepreneurs do not have access to the financial facilities easily, to overcome this obstacle, government takes initiatives of microfinance. India also introduced this concept in the country. It is engaged with providing loans, insurance, easy credits like facilities in all the area in the country especially in rural areas. It has many motives and goals to achieve like, fighting poverty in the country, enhancing employment and growth, currently it is about promoting 'Make in India' program initiated by current government in the country. In India and its neighbour countries, it started holding roots around 1970. Initially the objective and aims were limited, with time, the area and scope of microfinancing has increased up to a handsome level, (Mittal, A. (2016). Microfinance are aimed at providing loans or credits to the under privileged people at very low or no rate of interests. Some time there are securities in lieu of the credit and some time there is no need of securities. If everything goes okay, the amount of the granted loan can be increase depending upon the behaviour of the borrowers in the future. Financial institutes like banks, non-profit organizations are involved in this process of lending loans and money. Ghani and Mehmood (2010) define microfinance constitute credit and other financial services of a low financial worth given to microenterprises and family units essentially to energize their profitable exercises as a methods beating the neediness trap.

This thesis has some set objectives and aims. Objectives are the initial intentions which help in framing the structure of the thesis. It helps in giving a set direction which in necessary for a focus research work, (Ray. S., N.D.). The main objectives are mentioned as below.

#### **1.2 History of Microfinance**

First person to think about small financing levels was Lysander spooner who started writing about this subject in early 1800. He understood the importance of small monetary helps to those

entrepreneurs who had issues with initial funding for their starting businesses. Now globally there are approximately 7k microfinance formal, informal institutes serving over 16 million, (Modi, A., Patel, K. J., & Patel, K. M. 2014). Now global leaders jointly aimed at providing more than 100 million poor people. The micro credit group was aimed at achieving main goals; some of them were to boosting the contribution of microfinances towards MF institutes. Their aim was to make a supportive system which will enable users for easy access on the services so that they can feel free to use them more frequently. They are aimed at increasing and involving major partners in future who may contribute in enlarging the concept in future with them and share the similar goals jointly. They aimed at expanding the reach of these services every year and mainly to the needy one the most. Farming has been the main occupation in India and agricultural income always was the centre of contribution in the economy. With modernization people switched to other occupations and with pressure on governments in developing countries, authorities started generating new job opportunities. It diverted the focus from the agricultural work and youth from rural area started shifting to metro cities from villages in the search of the jobs and making career. The contribution of farming and agricultural income in the total gross production of the country reduces to a greater extend. Which resulted in the focus on this sector and again, people, government authorities are taking things in to considerations. Many youngsters now get higher education in technology and engineering. Farming and agriculture so that they may go back to the place of their origins, to start the work in their farms and make optimum use of their lands. Micro financing has helped a lot to these young farmers with easy farming loans. Irrespective of their genders, youngsters now fully dedicated to this industry and micro financing has given them wings, (Mittal, A. 2016). Now they are not limited till growing pulses and wheat, rice in the farms. This sector has many variations since independence and now people are growing mushrooms, capsicum, herbs and fruits on their lands. People have high expectations in the country from these microfinance institutes. Few institutes are performing exceptionally excellent whereas some are managing to remain on track. Whatever is the condition, it is a win-win for borrowers and dreamers in India. Reason for a win-win situation is that these institutes aim at providing sustainable developments to under privileged communities. With a centralised focus on female empowerment, they are working on enhancing the quality and numbers of Self-help groups in rural areas. The aim is to become a true representator of poverty alleviation in the country. The other focus of these institutes is to eliminate the poverty boosting factors rapidly from the

economy. On the other hand, they focus on generating more self-job opportunities for jobless people or qualified people in the country. Now they want to provide and improve skills of rural area tribe or villagers so that they can easily generate some business income through such programmes. There are some certain benefits of these institutes in the states and national levels. Some of them are as under revealed:

- The first benefits of these programmes are that they help increasing and expanding the scope of income for general public who has very limited to no level of income in the society.
- It helps in providing better opportunities in front of people so that this can be helped easily in overall standard of living of the people. It indirectly is the easier method of improving life style and living standard as in India, consumer loans are not easy to borrow. There are generally very huge number of formalities which need to be fulfill before becoming eligible for such loans. But microfinances have very limited formalities and people can borrow as low as they want. It all depends on their capacities and need. So, it ultimately helps in supporting weaker section of the society. It helps filling the gaps between poor or stronger sections of the society. It is a little but strong step in this direction.
- Other benefit of these institutes is that they help in construction of the weaker section, which contributes in the over-all development of the country, (Gulati, R. (2018).
- They lend loans to those, who are most disqualified to get loans for private sectors as there need loads of formalities before getting the money. So, eliminating all those hurdles for women, villagers, physically disabled or dependent people who urge to start something effective and new.
- Other contribution of microfinance organizations is that they help eliminating unemployment from the country. It provides opportunities for Self-help groups; new start-ups and many more new ideas.

- Indirectly it is a reason of generating a habit of little saving among below poverty groups. Which is a good sign for future development in such areas, (Mittal, A. (2016).
- It contributes in the economic cycle as well. When people start businesses or generate other income sources, they tend to generate more income and spend d on life style improvement appliances and over all consumption of goods and services in the market.
- As these are cantered to motivate and empowering women, it speeds up and work on improvement in the education sector in the country. Women do first thing after getting money that they send their ward to the school. Financial stability helps in maintaining the basic education of the students in rural areas, (Mittal, A. (2016).

### **1.3 Functions of Microfinance**

Microfinance initiated by Mohammad Yunus he won a Nobel prize for this too, his idea of providing needful people with the resources in exchange of the interest rate with any collateral security was appreciated globally. Although, the rate of interest in such cases are too high because there is high risk of default in such cases. In India, micro financing covers micro savings, insurance, loans everything for small scale businesses. In some cases, they provide initial or basic training to the entrepreneurs so that they can start businesses without much difficulty. These trainings classes may include things like book keeping; journal entries, cash flow management and other essential things which need to be take care at the commencement of the business. Now these financial institutes diverting these small-scale business men to learn digital banking services so that they can easily avail the services anytime from anywhere. Transitioning discovers India at the focal point of worldwide consideration, the most firmly watched microfinance market on the planet. While its enormous unbanked populace is a huge supporter of this consideration, its quick development, high speculator premium, arranged IPOs and proceeded with solid operational and budgetary execution have moreover provoked the curiosity of speculators, thought pioneers, media and the public the same. Currently the situation of digitalization in the country has improved a lot. Due to cheaper internet prices in the country, even poorer have the access to this facility, (Modi, A., Patel, K. J., & Patel, K. M. 2014).

### **1.4 Significance of Microfinance:**

Microfinance are important as these are aimed at bringing economic balance in the system. It helps poor segment who is underprivileged in many ways. Earlier it was impossible for villagers to get access to banking services, let alone the insurance and savings. They did not have easy access to the credit facilities. They intend to do labourer work out of no available options for their start up ideas. But with the help of microfinance services and initiatives, now many farmers, small scale industries and new startups getting benefits which ultimately helping balancing the economy in the country, (Mittal, A. (2016). Micro financing is supposing to be short or small term but it is widely affecting many other sectors too. For examples, with digital India context and mission of Indian government, everything is linked with virtual or online services. So same goes with microfinance sector as well. Now they want to focus more on digital payments, online transactions and applications which may offer all in one virtual service to the consumers. India is a country of villages, and with the reach of any sector or penetration to this segment, it is going to be widely beneficial for long run. For exam-le, in America, same microfinance schemes helped small business ventures to get up to \$50k loan easily and this helped them to shoot-up their income sources and productivity. In India there are many popular self-help groups which are aimed to give rising opportunities to the women from rural area to become independent and stand confidently. Not only in India, Self-help groups have been recognized worldwide fight poverty in under developed or developing countries. Poor countries use this as a tool to overcome poverty in backward areas. The best thing of self-help groups is that they contribute handsomely in empowering women in many segments and microfinance is working as a helping hand for such groups or initiative. In Indian history, though women have always stood shoulder to shoulder with men be it managing the house-hold cores or children, working in the fields or managing businesses, they have played their parts well, (Dasgupta, R., 2005). But in past few centuries, the condition of women became worst and they were house jailed for years in the name of bearing kids and managing kitchens. But with time, they took initiatives and fought for their equal rights for the studies, which ultimately gave them smartness to deal with business problems and they worked on their own ideas. Now Indian women are working and managing house hold hand in hand efficiently but the situation of women in rural area are still worried some and need attention. They have talent, ideas and courage to take initiatives but funds are the biggest obstacles in the journey of self-independence. Initial or basic trainings have helped them to make huge differences.

Through self-help groups, women in India are making food items like Achaar, Papad, Namkeen, and other snackable items. Along with this, many SHGs have initiated to give a new height to Indian lost tribal arts and traditional paintings like, warli art, Madhubani paintings etc. now Microfinance sector is paying special attention to this long-lost segment of rural women, and helping in empowering them, (Dasgupta, R., 2005) With changes in policies time to time and improvement, focus on women empowerment, females are focusing on many things now. But in rural areas they are still focusing on businesses which need less investment, low cost labours and traditional lift up. All the sectors, be it formal, semi-formal or informal taking interests in women upliftment and providing services all around the country one report of CGAP, in India detailed that there has been a decrease in viciousness rate in India on ladies related wrongdoings in the nation with the presentation of miniature account in the nation. According to another information, ladies will in general compensation credits on schedule and they single conveniently work for the whole families. Numerous social orders accept that inspiring ladies has more noteworthy effect on social environmental factors and way of life in creating nations. Everywhere on the world, the vast majority of the destitute individuals are ladies according to the information accessible, it is supposed to be 70% of the ladies in all out neediness populace., (Muthu. N., n.d.). It appears to be that in the male-overwhelmed condition of North India, the 'karma' of bringing forth first youngster as a child enables a lady to take advantage of lucky breaks for strengthening. These town level discoveries in regards to strengthening are reliable with the outcomes we get for the entire of North India utilizing a different and public dataset. It likewise shows that for the remainder of India, it is instruction and not strengthening, that is a more significant determinant of advance volumes. Saha, B., and Sangwan, N. (2019). They are the most disregarded sexual orientation universally. Thus, miniature financing center around ladies, have managed numerous cultural issues identified with ladies, disparity, statuses, way of life and instruction, opportunity of ladies, this have contributed in required ladies strengthening. Mr AmartyaSen, the Nobel prize victor has (1993) portrayed how various components influences the ascending of and individual in the general public. Social conditions, preferring lawfulcondition, strong government causes individuals to develop. Females borrowers were complete 84% out of all the credit borrowers in the year 2016 in the nation. Females are the home producers and they just can break the pattern of neediness by diminishing snags in the method of development. They are discovered to be most confided in borrowers and alongside this, they pay credits on schedule and deal with their home and work simultaneously.

Through miniature budgetary administrations, 60% of the sign took credits in the rustic zones in India. (Dasgupta, R., 2005).

## **1.5 Microfinance and Uttar Pradesh:**

As we discussed above that this concept hold pace in India with starting of 80's in the country. Since the beginning this sector was facing challenges and with such challenges and opportunities it kept growing and expanding in the country. As a result, it remained inconclusive and comprehends in the Indian market. Such challenges were the reason that policies and MF institutes were shaken due to financial crisis in the state of Andhra in 2009, (Kaur, S., Kaur, H., & Kaur, N.D). Later microfinance started overcoming the crisis, but still lot of efforts were required to establish the lost value and image while maintain the balance between debt and equity. This was the time when these micro financing institutes were literally fighting to remain in the competition and for sustainment in Andhra Pradesh. These were trying hard to restoration for the damaged image in the country. Reserve bank of India issues regulatory guidelines for these institutes and they were left with no option than following these guidelines unconditionally. There were uncertainties in the market and lender banks regarding micro financial institutes or bodies. They all were in dilemma whether they should lend money to them or not because there was no set regulation or act regarding these in the country, (Yadav, S., Kumar, Y., & Dwivedi, R. K. (2017). This situation worked well for the Uttar Pradesh Microfinance department. The state thought of refresh the industry and give I stability and a fresh start. SIDBI took initiative in 2010 al brought all the big players of microfinance sector on one single platform and tried to understand their issues and concerns.

The state planned to understand the issue and then and built an industry association which was imposed to work as were the given guidelines by reserve bank of India. This entire initiative supported the trust factor among lenders and there came many lending banks as lender for different financial institutes countrywide. Although it was mandatory to lend money for commercial banks in property sector lending, (UPMA, 2018) Adding to it was also analysed that any other independent body should be established to handle these transactions. For the same purpose the organization which was setup was SIDBI who was also supported by MFI's which were operating in the state. Later in the year 2011, the organizational structure for this new association was

finalized at Allahabad. In June 2013, the challenges were sorted and to overcome the cause, the new association was formed as Uttar Pradesh Microfinance Association (UPMA) came into effect by December 2013. The headquarters of the same were finalized at Lucknow. The registration of UPMA was done under Society Act 21, 1860 with initial seven members. Later the number of members were exceeded to 10 (Modi, A., Patel, K. J., & Patel, K. M. 2014).

UPMA is made responsible to coordinate between the government bodies, Reserve bank of India, and the industrialists or industrial players. The objective was to develop a bridge between RBI, government and industry leaders so as the communication between the all could be smoothened. Prior to UPMA there were already two central or national bodies working in MFI's but the objective of working these firms were to provide best services in the state. The object of state level organizations are sometime different than those of central or national level agencies. In this case, (Yadav, S., Kumar, Y., & Dwivedi, R. K. (2017). Uttar Pradesh state organizations try to avoid any conflict generating circumstances with national policies and comply with their provided guidelines willingly and work to achieve and fulfil their objectives. Their objective is to work as a protective layer for the micro financing institutes so that crisis like Andhra Pradesh state can be avoid and a minimum level of interest can be maintaining easily, (Field, E., & Pande, R. 2008).

## **1.6 Microfinance Companies in Lucknow, Uttar Pradesh**

Lucknow is the capital city of the state of Uttar Pradesh. UPMA (Uttar Pradesh Microfinance association) is formed in December 2013 and its headquarter is in Lucknow itself, the main aim of this body is to maintain co-ordination with government, RBI and other industrial bodies. Some of the best MFIs are given below; some of head offices are present in Lucknow itself. They all are regulated by RBI.

- **SKS Microfinance Company (SKS)** - SKS is one the best MF company in India and having the largest customers. The main objective of SKS is to eradicate the poverty and work for poor to improve their level of livelihood. Interest rate charges by SKS are 26.7% to 31.4%. In UP, they have many branches in Lucknow and their target customers are mainly women with the aim is to empower them and alleviate the poverty up to some extent with the help of SHG groups.

- **Sonata Finance Pvt Ltd (SFPL)** - SFPL is private organization incorporated in the year of 1995. This is based on various financial activities having visualized with financial inclusions. The aim of SFPL is to provide credits to poor communities to establish small businesses in the society. The target customers are farmers, fishermen, deprived communities and small entrepreneurs. They have approved the livelihood of poor people by providing loan house loan at lowest interest rates. They are not charging any penalty at the time of reimbursement of actual amount. The interest rate charged by SFPL is 22-24 % which is quite lower than other MFIs.
  
- **Margdarshak Financial Services Ltd.** -Margdarshak Financial Services Ltd is a non-government public cooperated company serving since 1996. The aim of the company is to provide funds to community deprived society to uplift them socially and economically in the society for the betterment of state this financial service helps poorer with the start-ups and guiding for better opportunities.
  
- **SV Creditline (P) Ltd- (SVCL)**- SVCL is non-banking financial corporation (NBFC-MFI) . The aim of the company is to empower the women and their livelihood by providing micro credits and to improve the lively conditions of marginalized people of society. The rate of interest offered by the company is 24.7 % and the insurance tenure is 1-3 years. They are providing assistance to their customers easily.
  
- **Jana Small Finance bank**- Jana Small Finance Bank is leading digitalized bank regulated by RBI. There are three branches situated in Lucknow. They are offering saving accounts, internet banking, current account facility, different kinds of loans like personal, business, micro credits, loan against property, gold loan at very attractive interest rates.
  
- **Namra Finance Pvt Ltd**- Namra Finance Pvt Ltd is public NBFC-MFI serving the state since 2012. It is the subsidiary of Arman Financial Services Ltd. they are providing the opportunities to their customers to enhance their livelihood and to uplift themselves from poverty by generating income sources in groups at very reasonable interest rates. They are

offering all kinds of financial services to transform their children life and their community at large scale to meet the goal of financial inclusion. They are ensuring their customers ethics and integrity in mind. They are always ready to stand with the customers and ensuring to provide first class service even in remote areas of the state. They are working in the area of health and education as well.

- **Vedica Credit Capital Ltd**- Vedica group is one of the largest and fastest growing NBFC-MFI serving in many states of India. They are offering all kinds of financial assistance to their customers at affordable rates. They are currently working for the socially and economically deprived community. They are working on JLG Model. Services offered by them are Micro- housing loans, consumer durable loans, two wheeler loans, three wheeler loans and life insurance on monthly as well as on quarterly basis with lowest interest rate.
- **Satya Microcapital Ltd**-Satya Microcapital Ltd is NBFC MFI incorporated in the year of 1995. They are offering individual as well as group loans to uplift the socially deprived society. Their target customers are low income group people. They are adopted Limited Liability Model (LLM) for extending loans & ensuring repayment which in turn allows group of borrowers to share the liability & responsibility to repay loans and build trust in financial institutions and group members. They are providing financial assistance to many households to enhance their livelihood and promote productive environment. (SATYA Micro Capital Limited opens its first branch in Gujarat - brand post - Hindustan Times. (2020, February 27)).
- **Asirvad Microfinance Ltd** - Asirvad microfinance is the subsidiary of Manappuram Finance Ltd.it is a kind of NBFC-MFI. The aim of the organization is to empower poor people for their livelihood and improved the living conditions. They are providing loans to underdeveloped society to generate the income sources and establish small scale businesses. The interest rate charged by the company is 24 %. Along with the personal loan, they are offering SME loan and income generation loans.

- **Cashpor micro credit (CMC)** - CMC launched in the year of 2002, headquarter is situated in Kanpur. Currently, working in 5 states of India with the aim to remove illiteracy, illness and remove the poverty to provide financial assistance to poor people. The target customers are mainly women belong to BPL families in eastern part of the state of UP. They are running many programs to uplift the families belong to BPL like Mini- health check-up programs, water sanitation, Energy program, cloth distribution, self-sustainability and Livelihood programs under which they are providing loans for construction, health education and encourage them at community level.
  
- **SpandanaSphoorthy Financial ltd (SSFL)** - SSFL is the largest Microfinance in India and 6<sup>th</sup> largest in globe. Earlier it was working as NGO in the state of AndhraPradesh with the aim to help poor whose earning was less than Rs 500 but later it is converted into NBFC Microfinance. They are providing JLG loans, personal loans, loan against property and Gold loans with the aim to improve the economic conditions of people.
  
- **Share Microfin Limited (SML)**- SML is NBFC-MFI started working in 1989, currently working in 18 different states of India. The objective of SML is to provide the financial assistance to poor especially to women to create sources of income for self- dependency. They are providing skilled training to rural people for the upliftment and income generation. They follow the JLG model and the loans are available on weekly as well as on monthly basis. They are also working in the field of child education, health and sanitation to uplift the society.
  
- **AsmithaMicrofin Limited (AML)** - AML is one of the top 50 MFI in the world by the Forbes Magazine. AML is non-government organization serving since 2001 in India. They follow the JLG groups with the objective to generate the sources of Income and uplift the livelihood of rural poor people. Their target customers are mainly women, providing loans on weekly as well as on monthly basis. They are mainly focused on women empowerment in terms of monetary as well as non- monetary terms.

- **Annapurna Microfinance Private Limited (AMPL)** - AMPL is a non-banking financial company is serving since 2001 in India with the aim to uplift the rural as well as urban area people. They follow SHG model to provide financial as well as technical support to the livelihood of the women. They are supporting to promote entrepreneur skills in women for various kinds of business activities.
- **Bandhan Microfinance Limited (BML)**- BML is established in 2001 serving more than 20 states of India with the aim to eradicate poverty and women empowerment. They are promoting group activities for the socially disadvantaged group of women with the purpose of improved livelihood and economic development. They supported the developmental activities like in the field of education, health, employment etc. they are not serving as profit entity.
- **Utkarsh Microfinance private Limited (UMFL)** - UMFL is non- government organization offering the all kinds of financial services. They are providing interest rate 7.25 % on their saving account. They are providing micro credits for the small needs of business to boost business growth. They are offering loan up to 1.5 lakhs with the tenure period of 12 months to 24 months with easy repayment in the form of EMI. They are offerings all kinds of insurance like life, health, crop, livestock. Their target audience is the people who belong to lower income groups to uplift them to stand with the society and fulfill their all kinds of household needs.
- **Sahara Utsatga Welfare Society (SUWS)** - SUWS is serving the society since 1998 as NGO with the aim to eradicate poverty and uplift the women in society by providing them work. They are working on those women who are socially as well as economically deprived, to uplift socially in the society.

## 1.7 Microfinance and various Socio Economic Factors in Uttar Pradesh

In India, Microfinance is rapidly growing day by day specially, in rural areas with the aim of financial inclusion with the target of 80 percent of Indian population who even cannot approach to banks for small credits and loans. Many business models like the self-help groups, bank linkage

programs, microfinance institutions (MFIs) are working hard to reach approximately 20 million people who are below the poverty line. Several formal MFIs and small companies come forward to transform themselves into Non-banking finance companies (NBFCs). Many professional companies attract into this sector and convert themselves into NBFCs and find the easier way to attract equity investors and lenders. In spite of rural area, this sector expands and set the new trends in urban areas also. They are providing complete assistance and technical support to their borrowers to eradicate the poverty and to get to know the benefits of microfinance. Even the government of India announced the new microfinance bill to get the strong legal stand for microfinance activities in different sectors of country. Self-help groups are the small group of people belong to different groups who save small amount of money, this has been very popular in south India especially in Andhra Pradesh. At present 500 NGO-MFIs are working actively in the field of microfinance. It is very difficult to measure the effect of Microfinance condition to eradicate the poverty in India. But, in the success of microfinance, people have to be innovative and they need to balance the quality of loans. The biggest challenge is development in the sector of Microfinance, investment potential of the companies, improvements in the skill levels of consumers. (Chakrabarti, R. (2005). In UP, 28 MFIs are working those headquarters are outside the state, total MFIs are working in 68 districts of UP and total 1064 MFIs are operating in the field of Microfinance. Main headquarter of MFIs in UP is in Lucknow. UP is the third largest Indian state where 78 % population belong to rural areas where MFIs are quite popular and loan cycles are continuously going. This will be beneficial to the Microfinance Industry in that particular region. In UP, all types of financial institutions are demanding bribes for approving the loans, 27 percent people borrowed the loan from RRBs, 27 percent from the commercial banks and 10 percent from the credit cooperatives who have to pay bribe to approve their funds. The bribe amount is very large, minimum 10 percent of their loan amount in case of banks and 20 percent in case of cooperatives. The procedures for issue the loans are also very costly and lengthy, to reduce this procedure people pay bribes to approve the loans at once. During this fastest growing economy, rich is becoming more and more rich and poor is becoming poorer which is the major economic crisis for the entire nation. Government of India launched many schemes like rural regional banks (RRBs), cooperatives, Government Schemes, Microfinance institutions to fill the gap, but still there is a huge gap this is the biggest challenge for any state or nation. (Karmakar, K. G. (Ed.). (2008).

In Uttar Pradesh, there is less than 5 % penetration of microfinance industry is there, in other words, Microfinance Industry is less popular in the state of Uttar Pradesh especially in Rural and remote areas. As per the report of NABARD 2014-15, the Microfinance Penetration Index is below.

**Table 1.1: Micro financing and Self-help groups in Uttar Pradesh**

Details of Microfinance	In Numbers
Total No. of SHGs with loan outstanding	224165
No. of SHG member	2914145
No. of MFI Clients	2100000
Total Microfinance Clients	5014145
Share of State to Total	5.505
Total Households	32924266
Share of households to total	13.35
MPI	0.41

*Sources: NABARD 2014-15, the Microfinance Penetration Index*

### 1.7.1 Over-Indebtedness

The main basic problem in UP is over-indebtedness. Over-indebtedness and population goes hand in hand. Needs of the people are proportionally major than the available funds. Over- indebtedness is one of the most serious issue and risk of stability microfinance at both social and industrial level. Over- indebtedness is people are taking loans from the different Microfinance firms and it's very difficult to find out whether the customer have taken loan from multiple institutions or not and debt increased the burden on customers and led to suicides. More than 56 percent of rural areas people are over-indebtedness and 35 percent of urban area people are indebted. Moneylenders were giving money at very high interest rates to fill their pockets in the name of interest. (Mittal, A. (2016).The lack of access of microfinance to poor for any purpose and unaffordable to repay back to agreed conditions. It is not enough for growth, large number of companies are giving loans to reduce the operational cost to low income groups, but due to lack of information in rural areas they could not reach to microfinance. In India, this industry is focusing only on to supply factors like market developments, incentives, intermediaries and competitors etc. Over-indebtedness is a social issue and long-term nature and its measurement should be focused on number of people involved in and up to which extent. Households with higher number of people and the elderly are likely to more indebtedness. The main cause is poor thinking of people about the financial loans to understand the real cost of loan to repay. The main factors linked are transparency of lenders terms and conditions, ability to manage their financial conditions etc. main issue is when people

faced such issues they went to local leaders or politicians to resolve this problem and politicians got the opportunity to score their points and ask MFIs to serve in local areas and the local elements spread the wrong message in local media like newspapers, circulars and word of mouth publicity. MFIs are reducing their operations for particular communities as Many MFIs are blaming to politicians to shut their business in local areas and this is the biggest risk of the business. MFIs gives Loans without collateral which increases the risk of bad debt. (Nandal, S. (2012).

**Table 1.2:Microfinance and various rates.**

<b>Various Rates</b>	<b>Amount</b>
Interest rate charged	Typically 25-35 % annually
Interest on debt	12-15 % lower in large MFIs
Operating Expense ratio	6-15 % depending on level of efficiency
ROA	Typically 3-5 %
Debt/equity	Typically 5-8x
ROE	20-30 %

*Source: (Nandal, S. 2012)*

### **1.7.2 Bank Rate Comparison of MFIs and Banks**

The next biggest challenge is high interest rates in comparison to mainstream banks. The financial success of MFIs is limited when compared to commercial banks in India. Most of the microfinance is charging high interest rate (12-30 %) in comparison to main stream banks or commercial banks (8-12%). Microfinance companies increased the size of the loans and target consumers and the cost of the supervision of the credit is very high. Recently, RBI announced the removal of upper limit of 26 % interest on MFIs Loans. This has been benefitted for the microfinance industry players but this will worse for the consumers. The commercial banks are fixed to charge a rate not exceeding their Prime Lending rate which is the lowest rate. The lowest rate of interest is given to agriculture sector which affects negative to banker's margin due to high transactional cost. (Chakrabarti, R., & Ravi, S. (2011).

### **1.7.3 Microfinance Institutions and Banking System**

In Uttar Pradesh, most of the people in rural areas depend on the financial institutions like any commercial banks or private banks. Private Banks give loans at very high rate of interest and mostly MFIs are registered as NGOs. Indian bank managers are making large profits from the trading of government securities and this is the highest risk for the Indian banks. Most of the private banks and NGOs sanction loan for the shorter period with high rate of interest i.e. why people are mainly dependent on Indian banking System rather than Microfinance industry, (Karmakar, K. G., (2008). This is a big challenge which comes in the way of convincing people to trust microfinances in the state. People rush for easier options with better services and ignore the actual beneficial thing for them.

### **1.7.4 Inadequate Investment Validation**

Many strategies and policies made by government to develop the financial sector and improve the access of finance for rural households and poor. RRBs and Rural cooperative banks are not in condition to meet all the financial needs of people belong to below poverty line. This is the reason; small borrowers have to face insufficient credit information and transaction costs are high for poor dealing with the small amount of funds. Due to the poor management and low incentive funds MFIs management teams are unable to tell the level of quality information which can help the borrower to take right investment decision, (Karmakar, K. G. (Ed.). (2008).

### **1.7.5 Awareness of Financial Services**

The most challenging factor for MFIs in UP is lack of awareness for the services provided by different NGOs, MFIs or NBFCs. What kind of facilities they are providing at which interest rate or time duration? Many factors are there, from those people are unaware. There are still many rural places where people don't know even the name of schemes run by government or various NGOs. People are least bothered about the financial services in their region and this become the biggest hurdle to grow Microfinance industry in UP. One more financial service is there i.e. Micro insurance which is offered by MFIs agents of the insurance companies. Life insurance is quite common, other than Life insurance, asset insurance, loan financed insurance are popular. In rural sector, people are having greatest interest in asset insurance such as crop or weather insurance.

Still, this sector needs to give full freedom and flexibility for setting interest rate to aware the consumers through social media and public publicity, (Ghate, P. (2007).

With the usage of internet services and economical internet packs, digital access has increased in the country. But it is still a challenge to divert the population to get the right and knowledgeable things. People know about different financial institutes but still chose to borrow from informal channels of borrowings like from friends and family. All this is because of the narrow or sometime no awareness among the masses. A person sometimes becomes unable to make fair comparison between interest rates at which the loans are offered from different segments or banks. Naïve and innocent villagers, most of time ends up paying heavier interest rates for a short period of loaned money. This need to be change as early as possible to make micro financing more effective in coming decades.

#### **1.7.6 Microfinance Institutions and Regulatory Bodies**

Microfinance industry is incorporated under various legislations. These are both profit making and non-making agencies which seeks funding from outside sources; few of them are regulated by RBI. There is no single entity that regulate microfinance industry, thus, there is no standard rules and regulations to follow by this industry. Due to absence of regulatory body in this industry NGOs or various MFIs run their own terms. NGOs cannot earn their income from loan activities, which can violate section 11(4) of the income Tax act and can lose their charitable status under Section-12. Microfinance companies are converted into Non-banking financial companies, (NBFCs) which causes additional cost to company. There is no special place for NBFCs in Microfinance industry, for the growth of Microfinance industry these are created by MFIs themselves to regulate the funds at local level. MFIs have choice themselves whether they are incorporated as company or bank or NBFCs. To convert into bank, they have required a license and minimum equity of 100 crores and this is very difficult for any MFI and to incorporate themselves into NBFCs they raise to equity investment up to 2 crores. But if they have to increase the business, they have to raise their capital base. There should be legislative and regulatory framework provided by government to control MFIs, NGOs and small-scale banks which deals particularly small-scale loans or funds. Government should act as facilitator not regulator for this industry, (Ghate, P., 2007).

### **1.7.7 Microfinance Institutions and Various Models**

In India, MFIs are following the Self-help groups Model (SHG Model) or the Joint Liability Group Model (JLG Model). SHGs Model is quite popular in India, SHGs is a group of 10-15 people and growth under this model have been increase in bank credit to MFIs. Both public and private sector banks are considering SHGs financing are profitable. The members of SHGs model are divided into groups whether the Grameen Bank type group or JLG group etc. the loan is a single loan and it is assigned to entire group and task of reimbursement of loan is easy and quite cheap and the interest rate is also cheap in case of SHGs Model. The main advantage of this Model if empowerment of rural women who belong to below poverty line and this has been spread at wide aspect. There are huge numbers of branches of Primary Agricultural Cooperatives Societies (PACSSs). But the loan cycle is much longer, they have to wait each and every individual to pay the loan in the group. In SHG Model, millions of women deal with banks themselves and handle their own accounts and cash handling. Women are trained to book keeping and accounting through this model. The JLG Model is highly scalable and faster turnover, which reduces the risk with the help of joint liability. Commercial banks are also promoting JLG Model with the help of MoU with NABARD which helps banks in capacity building, training and skill development for promoting new JLG institutions. (Ghate, P., 2007).

### **1.7.8 Microfinance Institutions and Transparency**

MFIs have to focus on timely disclosure of financial statements and annual reports. They need to focus on financial transparency or consumer protection issues which is the primary need of this sector and this will strengthen the relationship with stakeholders in near future. MFIs should have same norms and conditions for all the schemes and having the same parameter to evaluate the performance of funds. Now, the rating of MFIs is subsidized by NABARD. Now a days, issues related to interest rates are arising day by day that need to regulate according to the size of the firm. Companies have to regulate capital, resources and their loan losses. (Holvoet, N. 2005). This interest rates and hidden charges by different institutes should be clear to the borrowers to increase the apparency in the rural area. It is needed because they need better facilities and trustworthy lenders who do-not eye on their agricultural properties or sometime to the little whatever they have. They are needy and are not in a situation to pay those hidden and higher rates of interests.

### **1.7.9 Microfinance and Interests Rates**

There is a need to create much awareness of the need of MFIs to charge cost recovering interest rates if they have to survive in market. Financial cost ratio is highest in India as compare to outside world and interest rate is lowest because of high repayment and high productivity. After the crisis in many places in India like in Andhra Pradesh and Maharashtra MFIs need to build their image in other states also like in UP, 3<sup>rd</sup> largest state in nation. They have to issue new product with new repayment policy in the favour of consumers cash flows and need to cut the operational costs. But there has been no major innovation in this industry. There is a need to build up reserves to leverage loans. (Ghate, P., 2007).

### **1.7.10 Microfinance, Government and Stakeholders**

To build the long term and healthy relationship with the government and stakeholders if the biggest challenge in the state of UP. Private players do not indulge easily with the stakeholders and government schemes and rules and regulations, policies. There is a need of new and approved technology to build the relationship with government and customers to provide better services day by day. Technology involvement should be able to provide the doorstep services to customers, cut the operational costs for the customers and easily accessibility of loans to borrowers. This will enable the privacy of the customers, data management for maintaining the transparency of customers' data usage and credibility. (Mittal, A., 2016). Long-term relationships always pays-off in double for every party. It is a win-win most of the time. It helps in gaining the trust, sense of responsibility etc. among the stakeholders.

### **1.7.11 Institutional Inefficiency**

UP is the third largest state of the nation and is highly populated. To build the trust of consumers is the biggest challenge. People are not much aware about things and are not ready to accept the things easily. People do not believe in private sector easily due to failure of few schemes or losses. Sometimes, due to social and political pressure these schemes are not applicable easily to an individual. In the rural areas of UP, word of mouth publicity is very popular, if any person of the village said something that will be ok for the entire village. If anyone has given negative feedback

no one from the village will agree from any schemes in spite of guidance, seminars etc., (Sravani, M., 2013).

#### **1.7.12 Microfinance and Personnel**

Top management of MFIs is unable to manage their employees and give proper instructions to work in market due to lack of complete information of particular sector or region. And there is less wages and low job security and low job satisfaction so it's very difficult to manage the capacity of borrowers and this will reduce the productivity of the employees. (Ghate, P., 2007).

#### **1.7.13 Microfinance and Social Performance Measurement**

MFIs can measure only economic issues of country in terms of monetary. Economic issues like funds, credits, financial status of banks and industry can be easily measured by various tools and techniques because these can be countable things. But it's very difficult to measure the social performance like poverty, social status and their sources etc. there is not any tool which can measure these factors and its cumbersome to measure these factors. This is the one of the major challenges for this industry. (Saha, N., & Huang, W. X., 2007).

#### **1.7.14 Microfinance and Business Related Activities**

Sometimes borrower is not able to return the amount of loan i.e. actual loan as well as rate of interest. MFIs are providing loans to borrowers without any strict rules and regulations that means loan in the form of charity. This will affect the MFIs industry in terms of financial sustainability it is due to the poor management and inadequate implementation of formal as well as informal rules or principles. This is the reason Microfinance industry suffers a lot. (Kumudini, M. (2015). In many cases it was noticed that many times borrowers were in actual situation of paying back the loan along with the interest among but they willingly denied making excuses. There are some numbers of such cases which can-not be avoided and such cases are increasing every day. All these reasons will harm microfinance credentials in long run and this may again create problem like Andhra Crisis in 2009. To avoid such situation, there should be some policies framing from a new start considering all the challenges in the mind and with proper discussion with the experts. So that we can secure micro financial institutes from collapsing and critical situations in future.

### 1.7.15 Microfinance and Human Resource Training Management

MFIs have large number of borrowers and to manage the large number of borrowers there is need of more HRM staff. Due to increase in number the productivity of the staff decreases. Group Lending can be one of the solutions of this problem. HRM also contributes sustainability for the survival of MFIs in the industry. HRM issues are like hiring of new staff, staff incentives and many more things, along with this problem, deficiency of skills and knowledge of the schemes is the major issue. Even the participation of women employees is very less in this industry, women are very good leadership qualities and this industry should move forward with the style of women according to market conditions of MFIs. MFI need qualified and trained staff and having knowledge of MFIs operation regulations, financial management and should have good interpersonal skills to deal with consumers both literate as well as illiterate in rural and urban areas of UP. Even MFIs don't have many financial resources for the training and compete with large MFIs and NGOs. One more issue raised in this industry are low salaries, low incentives, job insecurity, job satisfaction and this is the major reason MFIs does not grow as much they have to grow up to certain level. (Jha, J. K., & Singh, M. (2015).

### 1.7.16 Advantages of Microfinance

There are many advantages of microfinance such as collateral free loans facilities, disburse quick loan under any urgency, helpful to peoples to meet their financial needs, small loan amount etc. The existing products are tabled below and new products category under joint liability group model.

Existing Products	New Products
Small Business Loans	Educational Loan
Agriculture Loan	Housing Loan
Livestock loan	
General Loan	

### 1.7.17 Interest Rate

In terms interest rates MFI are providing funds for their household financial goals like health care, retirement, irrigation, transportation, schooling, education, food security, crop failure many are the factors. MFI are proving loans to borrowers only at the rate of interest not in terms of security.

Usually banks are providing loans in terms of security but for the poor people those who don't have much physical asset it is very difficult to manage loans so this is one of the best benefits of Microfinance industry. With the growth of MFIs and increasing competition among MFIs it is expected that interest rates may fall down. (Devaraja, T. S. (2011).

#### **1.7.18 Entry of Private Banks in Rural Areas**

Major portion of the population of UP is living in rural areas, and it is not easily accessible for them to approach formal institutions for credit. They borrow the funds from informal sector like from relatives, friends, moneylenders etc. Most of the people those who are seeking for the microcredits for their needs they seek for private banks to fulfil their needs. However, this sector has realized the growth opportunity in rural areas and identified the needs and issues related for their optimized growth. Ujjivan is one of the largest MFI working in 24 different states of India. (Prasad, C., & Raju, Y. B. (2009). But majority of the private banks charge higher level of interest rates. Banks like ICICI, HDFC are entering and targeting rural market now. Their target customers are the farmers or people who own any kind of cattle assets or land. They offer services and money in lieu of land and agricultural assets. As per a study, it was found that people in rural area trust these banks and showing interest in them in spite of their higher charged interest rates. This encourages private sector banks to enter these niche markets and they are making every possible effort to penetrate in to this segment. This leaves microfinance institutes at some disadvantage. Micro financial institutes too push hard to win the trust of the individuals, mainly the youngsters in rural area, so that it can benefit and help them achieving the initial objective of these sector banks.

#### **1.7.19 Insurance**

A number of MFIs are providing micro insurance to their micro clients to enhance their household income. The most basic products are health and accidental insurance. Companies like Satin and BASIX provide the short-term insurance for the small products like livestock insurance. The importance of these kind of insurance will get to know by customer at the time of emergency and increases the livelihood by awakening more benefits of insurance. (Bali Swain, R., & Wallentin, F. Y. (2017). Although there is a scheme by central government which offers insurance to all the Jan Dhan Yojana account holders. But many of the farmers and poor villagers do not know about

these facilities. So microfinance also offers basic health insurances like health and accidental insurances. These have been proved quite helpful in need of emergency to the end customers.

#### **1.7.20 Remittance**

The word remittance is very common from decades in India. Migration i.e. the movement of people specially, domestic labour from one place to another for their livelihood. They need fastest and convenient method of transferring the money to their family and relatives. In India, lots of companies, groups and even post offices are providing these kinds of services. MFIs are also offering Remittance services by establishing their channels and tie up with banks. There is role of IT which facilitates the alternate channels and payout mechanisms. (Sravani, M. (2013).

#### **1.7.21 Self-Employment**

With the help MFIs, many groups of people those who belong to both middle and lower class become self-employed. They borrowed the loan for the small activities of business for the rapid growth and sustainability in market. With the help of MFIs, many small business-like fishing, boutiques, activity centres, coaching institutes become self-employed and raised their families so well and stand themselves in market. They are providing financial inclusions to the individualskirana, medical, fair price shop owners and retired teachers. Large number of corporate houses joined hand with MFIs to fulfil the small needs of consumers with 0% financing like T.V., Refrigerators. (Saha, N., & Huang, W. X. (2007). These small initiatives and perks to these underprivileged segments encourage them to fight more for a better place and life style for their coming generations. Little appliances and small other editions in the household give them a feel of satisfaction and luxury, which is necessary for them to over-come the difficulty of the poverty and joblessness.

#### **1.7.22 Infrastructure Support**

With the help of SHGs, infrastructural support like development of roads, transportation facilities and socio-economic development have been possible in the rural region of UP. This will make easy for the people to access the financial funds and create assets. The direct relationship between investments in housing and infrastructure and the incomes of the target families and provides

documentary evidence to convince policy-makers that the sector is viable. MFIs are providing funds to construct the toilets under the mission of Swachh Bharat in the remote areas of Lucknow. Women groups are entrusted with the task of ensuring sanitation, solid waste management, and hygiene of specified areas. The Banks loans will be utilized for the following types of sub-projects: water and sanitation, drainage and sewerage, solid waste management, area development including slum up gradation, industrial waste management and air pollution control; construction of streets, bridges and public transport systems and terminals; market development; and enhancement of the financial and managerial capacity of urban local bodies. These projects are Community-driven, participatory approach to neighborhood infrastructure up gradation and a municipal level integrated plan to ensure external linkages for community infrastructure. The main challenges are changing attitudes are create awareness among people, capacity building, policy makers, diversification, risks, technology, maintain quality and many more. (Kumudini, M., 2015).

### **1.7.23 Corporate Social Responsibility (CSR)**

With its start in the year 1990 the micro financing institutions have run a long way in last three decades. There is the huge number of people who have benefited from these services. The Self Help Groups have also grown a trust and credibility among the borrower as well as other stake holders be it Reserve bank of India, Government of India or its employees. The earning by these self-help groups are deposited in the banks which pays them interest of the savings as well as could be utilized in the time of urgency. The other NGOs and other non-banking institutions have also gained a lot from these services. The operations of various micro-financing institutions are spread over several states. The top institutions are now been regulated by Reserve bank of India and handsome amount of money from these micro financing activities. They are been termed as Non-banking Financial Corporation I .e NBFCs. Becoming NBFCs also provides several privileges which are obtained by banks and register institutions only. These NBFCs speak to a paradigmatic move in Indian microfinance - the change of microfinance from an improvement model that tries to upgrade social prosperity through the instrumentality of business into a business activity, the transcendent objective of which is benefit expansion into a business initiative, the predominant goal of which is profit maximization. Nair, T. S., Postmus, J., & Pradhan, R., 2009).

Under CSR many organizations are working corporate as well as MFIs as their responsibility towards the society. Companies are really focused and they are actually searching the new and innovation ideas to work on this concept and tries harder day by day to reduce the cost and get maximize the benefits of the society. In India, under CSR main focused areas are Health, Education and environment. Companies tries to implement environment healthy policy to produce clean, safe and hygienic products and services to the society. Organizations are also working on the transparent system, employees, relationships, community programmes and society. CSR is not only responsibility of industry but its responsibility of managers, consultants, auditors, teachers and students respectively. If every industry understands the concepts of CSR and they worked collectively our society will flourish. The primary responsibility of companies not only profit making but to fund socially and environmentally.

The most important factor for organizations is Transparency not towards only Profit making but should be socially responsible. These companies are working in every field under CSR like environment, poverty, education, women empowerment, empowerment of youth etc. CSR plays a very vital role towards the reformation of education sector. Education is the fundamental right of each and every citizen of India. Education starts from the mother's womb & continue till the death. It's a never-ending process. Under CSR, the private organizations started partnership between the organizations and with the government at local level to fulfil the demand of pre-primary, primary and secondary education. Both domestic as well as foreign companies come forward to fulfil the demand and supply the requirements operating in India to sustain longer and easily acceptable by local population. According to Michigan Survey conducted in April 2007 by The Detroit News, 77 percent's parents think that if business play a vital role in education world, to provide essential resources like stationary, books, school buildings, uniforms and toilet facility etc. CSR practices is essential not only the welfare of society but for the organizations as well. CSR is a kind of strategic responsibility or we can say managerial successful tool to make a different place in market globally. Over the decades it has been recognized as part of organizations itself where all the managers, investors, shareholders and consumers are involved.

Industry is facing greatest challenge to manage all the activities and to uplift the country's economy as well. Now companies are acting globally not on local or national level they join hands

with the government to resolve any of the social and environment issues like poverty, pollution, wastage of non- renewable substances, education of girl child, gender discrimination etc. under CSR every organizations have different goals like some is having value creation means financially capable or strong. Some are using good leadership qualities of employees to do transparent and ethical business practices. Under CSR guidelines, local small-scale companies would aware about environmental issues like pollution, natural vegetation, plantations etc and they set some standards to save the environment. With the partnership of many NGO's and government, companies have started many projects for the welfare of socially deprived class of society in the sector of education, construction of buildings, providing aids, stationary, books, opening of libraries and also worked on women empowerment. (Narwal, M. and Singh, R., 2013). Its duty of companies to raise employment to decrease the cost of environmental issues and produce goods and services so that economy of any country raised.

CSR is the voluntary actions for the community and societal betterment. CSR helps to increase the literacy level and to rise the lower class of society and raise the awareness about the social and environmental issues of the society. In any country, there is huge gap between the rich and poor to fulfil this bridge CSR is the best move for any country. In India, after the legalization of CSR, majority of the private sector come forward to attain profits, for business growth, to build trust and to attain economic sustainability. (Vancheswaran, A. and Gautam, V., (2011)

#### **1.7.24 Women Empowerment**

According to SHGs model, they are giving opportunity to women to empower themselves in every field of life. Along with the financial support from MFIs women got confidence to do better day by day by their own terms. MFIs uplift the women those who are suffering from the social discriminations like widows and Dalit's. This will reduce the domestic violence also. SHGs groups support the complete areas like complete village development and bring the social changes and help to reduce the poverty of the entire rural regions in the state of UP. MFIs target women as their client, 70 percent of the clients are women in this industry with the help of MFIs, families create income generating sources and reduce the risk to live the better life.

Skill development programs are provided to train the women under entrepreneurship programs like tailoring, farming, packaging, husbandry, pickle making etc. the main factors for the women empowerment are political engagement, mobility & freedom, economic independence, self-confidence & respect, education relevancy, protest against social ills and financial planning & control. Women are more independent than before and have freedom to participate in their family business if required, clearly indicates the empowerment of women.

The other factors represent economic, social and political empowerment through their views. The self-help groups formation through microfinance initiatives has provided opportunities to women to become aware about their rights of equality in the society and participates in the different activities to generate earnings and providing self-employment. Developmental schemes and programmes of SHGs had created opportunities for women. A significant factor for creating status of ladies is monetary autonomy of ladies; microfinance isn't just significant for giving the credit yet in addition supportive in ability improvement and education of women. (Jha, J. K., & Singh, M. (2015). With the increase in the number of micro financing institutions in rural parts, there is a huge population which has benefitted from these services. The researcher has analysed the impact of such SHGs loan program on the rural women.

The study is based on the survey work which is conducted in five Indian states during the years 2000 to 2003. The outcome of the survey strongly demonstrated that the Self-help groups' linkage banks have improved the status of the women in all parts of the state. The lives and status of women in the society have improved due to these self-help groups as they were able to increase their annual net income and also became capable to repay their loans. These loans were ranging from small to large amounts for a period of 1 month to 5 years. Thus is analysed that this has improved the lives of the women in SHGs. Swain, R. B., & Wallentin, F. Y. (2009) the accessibility of financing services to the people who are economically weaker and reside in rural parts of country. The research analyzed the working of self-help groups Bank Linkage initiative; its reach among the rural poor's and examines its status and the output from it. The survey was conducted on a very wide rural population of villages and poor's. The outcomes of the research were that the India rural poor have a very little or almost no access to formal financing services. They are mainly dependent on the unauthorized money lenders who charge huge interest from them.

The micro financing services have worked and tried to fill this gap so as the poor villagers could be saved from the exploitation of the local money lenders. The SHGs Bank linkage were the most preferred and were doing good to reach the needy people but the reach was still very little. The paper has recommended that lack of awareness among the poor rural people is also one among the several reasons that it is yet to reach the heights. The SHGs linkage banks need to very good promotional activities which could build trust among the rural people so as they prefer such institutions over the local vendor and could save themselves from extraordinary interests rate and exploitation. They also need to hire professionals so as the financing could be done well on time without much delay and lesser paper work. In case of local vendors the villagers do not need to do lot of paper work or need to wait for days to get money.

They immediately offer any amount without delays. Some of the people in rural areas need immediate fund for short or very short period of time while other requires the same for a longer period. The micro financing institutions should focus on these facilities. The regulations both legal and formal need to be revised so as they could serve the larger population within a defined time frame. With the government regulations the private sector micro financiers could be promoted and given proper training and development opportunities so as they could grow and provide their services in rural parts of the country. These micro financiers either public or private could help in improving the conditions of the rural poor's as well as will contribute in improving the rural economy. (Basu, P., & Srivastava, P., 2005)

#### **1.7.25 Rural Development**

Microfinance has come to include a broader range of services such as microcredit, savings and micro-insurance etc. The focus of microfinance has not been only on providing small credit, but to integrate it with other developmental activities. Today, microfinance is very much in the agenda of public policy and it has been increasingly used as a vehicle for reaching the otherwise unreachable poor in the country. People need money in different life stages of life like at the time of birth of child, education, rearing and wearing, wedding and then retirement, health issues. Microfinance institutions have made the informal sector more advantageous and welcoming for the poor and low-income people.

As per the example study led by the World Bank and NCAER in 2003 in Uttar Pradesh and Andhra Pradesh around 87 per cent minimal ranchers/landless workers/poor do. The majority of the advantages have gone to moderately happier individuals. It is important to energize the development of microfinance establishments for generous scaling up of the microfinance to keep misuse of the poor from ruling cash moneylenders in the provincial credit area and to amplifying the extent of business openings and neediness annihilation through miniature account creation. It adequately produces work and to continue the pay of the rustic families .More endeavours are expected to elevate and fortify microfinance to advance them path against destitution on the grounds that there is a requirement for opportune and satisfactory accessibility of assets for rustic. Microfinance encourages the rustic individuals to profit and make monetary development openings.

It is changing the degree of country individuals, re-invigorating the helpless network, especially the most mistreated, smothered and ignored network of the provincial society predominantly involving SC/ST.(Chakrabarti, R., & Ravi, S., 2011). In the last few years the SHG Linkage banks have worked well in providing the financial services to people living in the rural areas. The conditions of the people in the southern part of India increased well as compared to people in northern part. The reason for such discrimination is that the people in Southern states got more engaged with these micro financing services while it's speeding up in northern states. The improvement is identified in the net income annually, number of assets and savings among the members of SHGs groups after they used services offered by these micro financing companies. The improvement was also analyzed on the part loan repayment and dependence on the local money lenders also decreased which helped in decreasing the exploitation of the rural poor's. The research also suggested that more and more micro financing services to be offered to rural women's so as to improve the condition of the whole villages. Ghosh, M. (2012).

#### **1.7.26 Higher Standard of Living**

Numerous miniature credit programs have focused on one of the most weak gatherings in the public eye – ladies, who live in families with little or practically no advantages. By giving chances to independent work, numerous examinations have presumed that these projects have fundamentally improved ladies' security, self-rule, self-assurance and status inside the family. It has not just helped the needy individuals to come over the destitution line, yet has likewise helped

them to enable themselves. MFIs are providing both group and individuals funds to raise the high standard of living for poor and below the poverty line. MFIs are proving small funds to small business purposes, for education, to raise the standard of living for women and live in society happily in spite of lots of social issues. (Jha, J. K., & Singh, M. (2015). There are various local MFI's which are helping the people to get the benefit of financing and improve their efficiency in terms of social status. There are several new organizations such as NGOs or non- banking which started working as micro financing institutions and established themselves as a good player in this field.

The commercialization of microfinance is good both for the individuals who are opting for the loans as well as for the companies offering such loans. They are also able to grow themselves by employing number of employees thus contributing towards the betterment of the society. Nair, T. S. (2005). The self-help groups improved the geo-economical conditions of the borrowers. The results are obtained from the district wise data collected from the various states. The linkage of such micro financing institutions is very necessary to study the overall impact on the individual be it a small businessmen or households. The small help groups helped in easy distribution of microfinance among the individual or households. Fouillet, C., & Augsburg, B. (2007, March).

### **1.7.27 Poverty Elimination**

One of the major issues for the growth of the state of UP is poverty. MFIs are one of the industries which tried very hard to eradicate the poverty from not even the state but from the country. MFIs are proving the loans to poor those who don't have any physical assets and raise their standard of living. MFIs are providing loans to groups to eliminate the poverty. Microfinance prevents the borrower from remaining trapped in a debt trap which acierates poverty because local moneylenders offered loans at the interest rate of 60-70 percent. To eradicate the poverty there was the formation of RastriyaMahila Kosh to re-finance of microfinance activities and there was establishment of Small Industries Development Bank of India (SIDBI) for micro credits. And the major step of government is to establish the National bank of Agriculture & Rural Development (NABARD) which led to self-help groups(SHG's). Although commercial banks, regional reserve banks and cooperative banks are playing vital role in microfinance industry to eliminate the

poverty from the country. They have introduced large number of schemes like Swarnajayanti Gram Swarozgar Yojana (SGSY) and SwaShakti to provide rural poor people to show the new direction for poverty alleviation in the state of UP. It is considered as a potential instrument for combating poverty in a sustainable manner. Poverty reduction takes place when the poor are able to generate income. The increase in the level of income develops the living standards of individuals, education and on other poverty related dimensions. (Jha, J. K., & Singh, M. (2015).

### **1.7.28 Literacy Rate**

Microfinance can't not offer only single product to their consumers but they are providing services also. They focused on long term future by increasing their financial capacities to acquire their services in the field of education. MFIs are providing short term educational loans for professional as well as basic courses. MFIs are providing the basic services to deliver low cost education and vocational trainings. BASIX is one of the MFIs who launched vocational training academy to provide education in the rural development of the state. The organization is also offering financial services to poor, this will enforce the long- term client relationships.

UTKARSH is giving seven modules of money related proficiency how to make and deal with a spending plan, how to put something aside for crises and long haul objectives, and about taxpayer driven organizations accessible like extra security. The program meets rural Indians where they are, literally and figuratively. The partakers, the common of who are women, are able to attend trainings in their own village. Trainings are designed for those who are illiterate and have no prior financial knowledge, so Money Plan can reach those most in need. Mass mindfulness crusades assist money with arranging reach significantly more individuals, utilizing enchantment shows and question and answer contests to make budgetary proficiency exercises engaging and essential, highlighting redundancy and testing to reaffirm the lessons learned. (Kamili, S. J. I. (2016). Although, basic education is free in the country, but professional and higher studies are still dream for the rural area students. This small help can change the lives of many in directed efficiently and monitored well.

With propels made in versatile innovation and the more prominent reasonableness of cell phones, portable cash appears to hold incredible potential, portable memberships are expanding at a quicker rate every year.

### **1.7.29 Easily Approachable**

MFIs have hired number of field agents to aware the customers about the funds, they are easily approachable especially to women to fulfill their needs and built the confidence to face the problems of outside world. By borrowing loans, people become self-dependent and can fight with socio cultural issues. Easily accessibility of MF schemes impacted the lives on poor whether the provisions of financial services are on credit basis and savings re improved the lives of the poor in terms of economic, social and politically. MFI has started operation with donor funds. (Prasad, C., &Raju, Y. B. (2009)

### **1.7.30 Financial Sustainability and Expansion**

Equity valuations in the Indian microfinance sector are higher than the financial sector due to the high growth expectations and substantial availability of debt to fuel its rapid expansion. This accessibility of obligation to help development is required to develop as more home grown banks take presentation to the business and elective obligation suppliers enter the market.

MFIs need to take interest in existing as well as new customers with their effective strategic decision-making processes. MFIs are enjoying economy of scale and reduce the costs which helps them to be financial sustainable. Due to growth of Microfinance sector, it is possible to earn high returns through the microfinance lending i.e. why commercial units are also attracted towards this sector. This will the nation financial sustainable. (Kamili, S. J. I. (2016).

### **1.7.31 Impact of Microfinance Industry in Uttar Pradesh**

With the emergence of Microfinance industry in India, it will put the positive impact on country as well as on state. The major Impacts are given below-

- **Economy-** Microfinance sector play a vital role in the upliftment of economy at larger scale. Microfinance sector is quite popular in south areas as compare to north and north east regions. But still it raises the country economy at large extent. Finance is considered the back bone of socio-economic developments and the lack of it thrusts the people in to deprivation and sufferings. (Devaraja, T. S. (2011). There are no huge industries or industrial sectors except in

Noida. So, this is the better opportunity in front of state government to raise concerns and generate incomes from rural areas by motivating people to work from self-help groups or start-ups. This may prove a mile stone in near future. As most of the population in Uttar Pradesh depends on agricultural income and they are poor farmers with no technological equipment in the fields. Many have a little knowledge about the benefits of the farming and how they may increase the total production.

- **Gender Inequality-** MFIs somehow, help to reduce the gender inequalities, they tried hard to fill the gap between male and females by targeting women as premium clients and empower them in every term. They build the confidence in women and generate positive energy to live on their terms in society. This will reduce the domestic violence also. They are now able to handle problems, their recognition in the society is visible, they participate in the public meetings, and bashfulness among the participants particularly in women has come down to a significant level. (Kumudini, M. (2015).
- **Reduce Regional Disparities-** Regional Disparities means wide gap in per capita income, literacy rates, health and education system, level of industries etc. Microfinance sector helps to reduce the regional disparities within the state of UP like good and accessible schooling both in rural and urban region of the state. Better healthcare services and emergence of industrializations in the rural as well as urban region of the state. MFIs allocated scarce resources to the different region of the state. (Chakrabarti, R., & Ravi, S. (2011).
- **Skill Building-** MFIs help to build the skills to poor and vulnerable groups, disadvantaged areas and logging sectors of UP. Many MFIs are opened centres for the skill building programs for self-sustainability. This self-help kind of services are important and have a great value for the self-development among poorer segment. They are more in to self-development activities. These provide training like book keeping, initial farming basics, cash flow management, technical know-how and use of digital methods for purchase and sales of the goods. They provided the services to reform the professional as well as personal qualities with the mastery of new things in unique way. This will excel the people in every field of life. (Devaraja, T. S. (2011). Indian has different folk-art treasure in different states which is losing grip from past few years. Handmade items were always the centre of attraction in the country's culture and

history. By encouraging ladies to re do and rejuvenate the long-lost art culture is a beautiful and effective way to increase standard of living of the villagers and restoration of the art work in the country. Now multi-national companies like eBay. IKEA are also showing interest to purchase local level products and sell them on global platforms. It has given wings to these small-scale business ideas and self-help groups in countries. Skill building can work wonders for these people and all they need is just study and training in right direction.

- **Financial Planning and Budgeting-** Microfinance helps the people those who belong to rural areas as well as urban areas specially BPL families for the planning and budgeting of the family. Women are now free to take decisions to purchase anything for the household purpose and actively plan for their expenses. (Bali Swain, R., & Wallentin, F. Y. (2017).
- **Mobility and Independence-** with the help of MFIs, women got freedom to move outside to reach the panchayat of the village for their problems. Now, women are free to express and do things outside the home. This shows the social empowerment. They are now free to take decisions about their savings and able to meet household and personal requirements that makes the women economically independent. Microfinance ought to be considered inside the business world, and ought to be perceived as a market opportunity inside the entrepreneur framework. (Bali Swain, R., & Wallentin, F. Y. (2017).

### 1.7.32 Limitations of Microfinance in Uttar Pradesh

Microfinance industry is growing day by day since 1980s in India. In spite of number of advantages there are some limitations also. The main limitations of this industry in the state of Uttar Pradesh are-

1<sup>st</sup> major limitation is group borrowing, there is lots of waiting time for the repayment of loans, sometimes one of the persons of the group is paying on time but others take time. No specific benchmark has been set to target the customers, field managers are only target the people who belong to poverty line or below poverty line. Sometimes, employees of MFIs are providing loans to fulfil their targets without check the ability to repayment. Afterwards, there will be huge pressure, extra work and high rate of internal interest rate by group informal agency. And there is

a question mark on financial sustainability also in MFIs. Some of the financial institutions set profit as their benchmark. The SHGs linkage programs at present has no social and economic benchmark for the groups linked on credit in the flexible approach. Segmentation of credit demand based on economic and social status is a key to optimum use of limited resources. So, Microfinance industry should not only target the below poverty line people but to masses. Borrowing the loan by the below poverty line people do not reduce the burden from their heads but this will increase the debt burden and loss of self- confidence. In spite of socio-economic status of people, credit can be put little productive use of resources.

In spite of accomplishing fast development with a CAGR of 86% in credit portfolio exceptional and 96% in borrowers throughout the most recent five years, the microfinance area actually faces a huge neglected interest which implies that it actually has extraordinary potential for proceeded with development.

The major drawback of MFIs is most of the low-income population are living in rural areas or you can say remote areas which are inaccessible. For this kind of population, visiting to banks or financial institutes for loans with low wages is not possible. Along with that, low income population if illiterate and lack of financial knowledge and have no support to access these kinds of services and goods. They rely on local moneylenders for their loans who charge many times more than MFIs and this will eradicate the poverty. (Capital, L. (2010).

## **1.8 Reasons for Limited Growth**

The major drawback faced by people during the operations of the micro financing institutions is that they are not updated and are not able to provide the efficient explanations about the process of obtaining and documents required. The lack of trained professionals by these institutions results in disinterest towards such institutions. Adding to it, the lesser use of technology also restrict them from attaining the desired outcome. The time taken after the application is submitted and the loans are sanctioned is too long which creates the disinterest in the mind of the borrower. The borrower who has any urgent and immediate requirement of funds may not wait for 5-7 days for approval. The major drawbacks of these micro financing institutions are as below:

- Untrained professionals: The lack of untrained professional in the micro financing sector is the reason for less interest by the borrowers. They are least aware about the complete process, discounts in interest rates and other information about the repayment process or before due time repayment etc.
- Time constraints: The rural or small borrowers are in need to immediate funds while these institutions require time after filling of request form and completion of whole process. This distracts the borrowers to visit these micro financing institutions instead of local money lenders.
- Less Technology usage: The micro financing institution situated at remote rural areas doesn't have sufficient technology to connect with the center offices or could transfer the information on timely basis. This is also the main reason for the delay in dis-imbursement of funds to the borrowers.
- Collection & distribution: The lack of different dedicated teams for distribution of funds and collection of funds also results in lack of interest in the minds of the borrower.

The institutions need to focus on these issues so as to improve their business and reach a wider borrower in rural as well as urban and city areas. The people are looking for immediate and instant response for the urgent requirement of money. For the construction of a house the individual will not wait for long to get the payments. They need immediate and quick response for their requirement. Institutions need to focus for long term growth and sustainability. Parikh, T. S. (2006, May).

## **1.9 Significance of Microfinance in Rural Development**

As mentioned above, it is clear that these are purely dedicated to the development of the rural and backward classes in the society. They are working together to eliminate the poverty out of the country. National bank for agriculture and rural development (NABARD) has the responsibilities to set the objectives, in which it lies to frame the policies which are related to the farming and agricultural sector. These microfinance institutes take care of every small need of the needy, like repairing their houses to start dairy business. Any kind of help or service offered by these institutes is a contributor in the development of the economy and backward rural areas in India. Some people may confuse these with charitable or donation work, but these are definitely not charity or donation

work. They offer landings at very low rates or in few cases no interest rates are being charged from the borrowers. This motivates borrowers to execute their business plans which were otherwise in cold bag for a longer period of time. It works as a socio- economic tool. In few states, it has been noticed that people in rural area have become familiar with these institutes and services they offered, so now they demand better services and facilities at branch and ground levels than just getting low credit rates.

In many cases it was found that the employees at these institutes were found to be not so friendly with the customers or borrowers, so most of the population around that branch avoided taking loans from such institutes. Now education reformations in the country have encouraged youngsters to participate in agricultural or farming business. They are not naïve or stupid. They are smart and want to know and learn everything possible related to their work and borrowings. So, because of all these reasons, it was decided that there is need to form new policies with the change in time and requirement of the customers, (Modi, A., Patel, K. J., & Patel, K. M., 2014). There is need of planning new services, new offers, and new technology teaching sessions.

Many non-profit organizations have also taken many initiatives from a prospect to help these underprivileged classes. They try to set up self help groups in rural and backward areas and works with them on ground zero, (Yadav, S., Kumar, Y., & Dwivedi, R. K. (2017). There is a major support system which help these people and this big portion help comes from the non-profit organizations. Some non-profit organizations help getting easy lending from microfinance institutes and guide people in rural areas how they can get maximum benefits out of these. They offer helps at every step which have been proved a huge help in the development of rural areas in India in last 2 decades. 25% of total population in India consists of poorer people which need special attention if country wants to vanish poverty from the country. Most of the poor gentry lives in three major states of India, (Sriram, M.S., 2010).

Uttar Pradesh, Madhya Pradesh and Bihar have the maximum numbers of poor citizens in comparison to the other states. Indian government's strategies to fight poverty have different aspects which are considered, health, education and rural lifestyle improvements are the main out of them. Population is the biggest challenge in the country and this needs to be taken care of

through some population control bill. We can relate poverty to the population density because the states which have maximum poor people have the largest number of population state wise. Uttar Pradesh state is still the number one here as it has the maximum population. Along with this, in recent ten years data, it was found that poorer get easy access to informal landings, NGO's and credit groups for their financial needs. Microfinance works on two approaches in the country. One is self-help groups and the other one is Grameen system. The self-help groups concept works in groups as it is clear from the name itself. It generally consists 10-20 members who gather for a common aim and objective in mind set. They pool their savings or financial sources at one place and this helps them with the initial finances. Such pooling gives them autonomy in having a hold on the functioning of the self-help groups, (Sriram, M.S., 2010). Everything is normally structured in these groups from meetings to financing contributions. All the members come from common economic segment and backgrounds. Once when they get initial stability, they get attached to these credit groups for further better financial services, (Field, E., &Pande, R. 2008).

The Indian Economy at present is at crucial stage. India will become one of the top 5 economies of the world by 2050. The Microfinance industry is placed in larger political economy. The strength and sustainability of Indian microfinance industry is serving the large unmet need of financial inclusions. It has to learn to adjust to new realities of the meltdown that effect to client. It has to manage with the possibilities of harden interest rates and re-price its loans to poor customers. This sector has to meet political as well as customers' expectations. This sector has to learn from the past mistakes. The competition of market is increasing day by day they have to manage according to the competitors present in current market. Regulatory bodies have to change the norms or standardize the rules and regulations.

In this background, the great additions made by SHGs-Bank linkage program in inclusion of provincial populace with money related administrations offer a beam of expectation. This sector reached to maturity level. There will be increasing the attention focused towards the client and geographical diversification and product innovation financial as well as non- financial. Indian MFI has been reached to 20 million clients, other customer products and services providers are beginning to attach greater value to the Microfinance distribution network. Equity valuation of Microfinance sector is more than the financial sector in general and expectations of growth and

expansions are more and more. MFIs may also consider IPOs, although that may not be realistic exit option for all MFIs in short to medium term. We expect growth, innovation and financial performance and expansion to continue on an encouraging path.

These national level challenges are apart from the state level challenges. Uttar Pradesh Sarkar have a long way to fight and give sustain development because of the population and poverty ratio in the state. Being the largest state of the country, Uttar Pradesh has come a long way and it has still miles to go. Poverty alleviation is the first and foremost priority in front of Uttar Pradesh Micro financial Institutes and with coping up the policies of reserve bank of India and support from different non-profit organizations, and government initiatives, it has opened many ways to contribute in the economy. But better services, better offers are required from these micro financial institutes so that they can win the trust of poorer and backward class. They have to ensure that each borrower will get the sense of trust and honesty from employees of micro financial institutes so that they can open up with them about their needs and worries regarding business and work.

## **Chapter 2**

### **REVIEW OF LITERATURE**

Microfinance has come into existence for the up-liftment and growth for the rural community and enhancing the socio economic development of the society. The need for microfinance structure was required due to lack of development in infrastructure and to decrease the poverty and increase the level of income. The existence of microfinance has helped in savings habit in the people and to provide major satisfaction to the community. It has also provided skill based activities to enhance the skills to uplift the socio economic development of the community. The socio economic development through microfinance has helped in development of rural finance and to fulfil financial demands.

**Shamsuddoha, M., & Azad, A. S. M. S. (2004):**

Microfinance or “micro credit”, both, are an important institutional tool for reducing poverty of the poor. Since its commencement till present, there has been incredible growth of organizations i.e. Microfinance Institutions dealing with microfinance/credit actions.

The major aim of the research contains:

- Glance on the microfinance activities executed by MFIs for poverty reduction.
- To review the impact of these activities on the poverty reduction.
- To propose policy procedures for more efficient execution of the programs

In the methods to commence research both primary and secondary statistics have been used during the research. The statistics and information collected from primary and secondary source have been examined using the statistical tools like average, percentage. Parametric and non-parametric tests have been used when required.

From the study conducted researchers came to certain conclusions that:

- Several tools are a possibility to review the economic impact of microfinance program.
- Although putting hard to the effect on impact studies it shows that microfinance may perhaps have contributed to the poverty reduction, the impact is not still extensive.
- Study shows that the degree of positive impact does not match with all program borrowers.

- The borrowers have been intertwined with the loan; without finding any way out from the program and were dependent upon MFIs. Most of the lively members of MFIs being female had to work as maid servants in order to build up adequate sum to pay back the loans of MFIs.
- The by and large achievement of a targeted credit program depends on the reduction of poverty of its clients and on the long-term sustainability of the benefits that have accumulated to the borrowers.
- Currently none of the MFIs is sustainable under strict security so Borrowers' sustainability is questionable.
- The study explains that there are overlapping programs but there is a substantial unmet demand. The demand for additional and improved service products from MFIs is increasing gradually due to limitations with current programs and the limited client outreach by Govt., Banks, and MFIs overall.
- Study entails that MFIs are less interested in the upliftment of financial situation of the poor but more concerned about recovery of loan. Most of the MFIs concentrated their attention on the alteration in earnings of the borrowers.
- MFIs should modify their policy regarding weekly payments as most of the loanees recommended for weekly repayment to be executed after 4 weeks of disbursement.

**Brau, J. C., &Woller, G. M. (2004)**

The intention of this editorial is to bring in the finance academic society to the discipline of microfinance and microfinance establishment (MFIs) and outline for future research. The underprivileged inhabitants have been excluded from recognized financial systems. Exclusion varies from partial separation in developed nation to full or close to full separation in slighter developed countries. Non-existence of access of recognized financial services, the underprivileged have developed an ample variety of informal, community-based financial planning to meet their financial needs. In addition, for last 20 years, growing amount of formal sector organizations (non-government, government, and private) has been introduced for the purpose of meeting those needs. Microfinance is has come to refer commonly to such informal and formal measures offering financial services to the poor. Microfinance offered the potential to lessen poverty while paying for itself and possibly even turning a profit doing well by doing well. These probable accounts for

the developing of microfinance onto worldwide spectrum. Microfinance proposes the finance discipline a possible avenue to make an important diversity in the life of many poor.

**Marino, P. (2005)**

Microfinance could be a powerful tool to enhance rural economic growth and to sustain post-conflict remedy assistance. On the other hand, small study has been carried to look ahead of microfinance's economic advantages, social mobilization, empowerment, stabilization, peace building and commonality through social resources augmentation. This research exhibit that microfinance encourages conflict decree i.e. by empowering members to set-up their own organization. It promotes autonomous measures that facilitate individuals overcome divergence, whereas providing ways to bring natives together, focusing on economic behaviour and co-operation rather than disparity. Likewise, microfinance conjointly encourages reintegration of expatriate and demobilizes soldiers by providing finance to mixed groups linked by joint responsibility. Finally, microfinance is a means to empower people by re-establishment of trust and confidence in one other.

Evaluating reviews of microfinance literature and some cases has established that microfinance collectively has reasonable, accessible source of business providing economic benefits in conflict-affected environments in conjunction with conflict decree, social and political reconciliation, reintegration and empowerment leading to harmony. Microfinance promote conflict resolution by empowering members to set up their own organization, microfinance amalgamate independent procedures that facilitate people get through variance. MFI assist creating a collective voice for peace as people increase cooperation, build social structures with which all can determine equally and work towards a common future. The positive influence of rebuilding assets and emergent trade also develop reconciliation. By providing microfinance to mixed groups including local community members with refugees and former soldiers demanding joint liability for repayment, prospects for reintegration are improved. Microfinance providers have also found that group-based activities contribute to empowerment by let people to regain trust and confidence in one other. Thus, the advantages of microfinance in post-conflict circumstances go well ahead of the economic state to the elusive, enhancing communal resources and empowerment and tributary to peace-building and reconciliation.

**Tara S. Nair, (2005)**

The research has been vitally laid on the aspect of launch of microfinance and its effect on rural society. The impact, if not strategized well can prove an imprudent development. The strategies need to be executed while up scaling the strength in terms of credit and financial sustainability to perform well and with cautious approach. The theory helps the researcher find the impact and to strategize microfinance which will help in future research and developments in this field.

**Basu, J. P. (2006)**

The purpose of the research is to find the propensity of women to take financial decisions on investment and secondly empowering methods involving her behaviour in terms of managing savings with income, taking of loans and taking on decisions on purchase ability. From the analysis it is concluded that the hypothetical model translates about women empowerment depending upon the potential projects which results to increase in empowerment. However the study reveals that it has lot of scope to do further research on the basis of financial aspects. Its only gives the overview of the study done.

**Holvoet, N. (2006)**

This research theory begins with such evidences concerning the effect of microfinance programs on women empowerment. It investigates whether methods that emerge to be very alike may actually have deep variation that can help clarify their totally different results. The target is on group intermediation that is significantly in microfinance programs cantered at women. While group intermediation has shown results in financial profitability in terms of individual programs, it is also more and more promulgated on justice and empowerment grounds. A basic distinction exist involving microfinance programs that use women groups and gender relations as mechanism to develop financial sustainability and programs that utilize the capacity of credit to organize women, create and devote in collective action and change underlying gender relations. T-test is a research methodology tool used to support and produce results for this study. Evaluating the 'empowerment' possibility of microfinance programs all the way through the eyes of institutional and feminist economics makes realizing the degree of difference outcome of very analogous programs whereby credit is concentrated at women through group intermediation. It primarily

unwinds the much discussed 'empowerment' potential of credit in terms of the potential it has to serve as an inducement for bringing women collectively.

**Kiiru, J. M. M. (2007)**

The main objective of the thesis was to research the effect of microfinance on domestic income and measuring household susceptibility to poverty after accessing microfinance. Specifically the study cautions that the ability of households to start micro entrepreneurship solely should not be understood to be sufficient for the development of domestic income.

A random sample of 200 respondents was taken for supporting the research. It was absolutely potential to watch the respondents set about their day nowadays activities while not them fearing that they're being studied. This makes it potential to find out primary the realities of home, community and individual behaviour towards microfinance. Most significantly through participant study it was likely to examine practical issues of how some individual domestic attributes and Lending Groups influence usage of loan, repayment and general household activities that affect domestic incomes.

In conclusion to this study it is argued that there is a job for microfinance as a poverty reduction policy tool but it co jointly lay stress on theory that if microfinance is being chosen as an intervention policy for poverty reduction there needs to set clear objectives for the indicator of economic empowerment for the people. There is need to create a policy structure to incite growth in the venture and in rural economy all together through creation of employment opportunities and an augmentation in the agricultural output. To achieve such objectives over one policy intervention may be required.

**Tenaw, S., & Islam, K. Z. (2009)**

This study reviews the composition of the rural financial services and the role of financial institutions in developing the rural population's livelihood. The objective is to draw attention to some important subject for possible accomplishment and deliberation. The study further underlines the aid by micro credit and cooperatives breaking walls from deep rooted poverty and its important contribution to farm development.

The research evaluation signifies the imperative function of financial services and microfinance in sustaining and improving livelihoods of rural people. Agricultural sector are described by the implementation of poor machinery, dependent on changeable climate, poor infrastructure, small and weak market, and insecure income flows that disallow the admittance of many rural homes. The researcher suggests that efforts are a possibility to develop the rural financial systems of the rural community globally to make certainty for its smooth process, thereby contributing to agricultural yield and dealing with poverty.

**Shil, N. C. (2009)**

The study has been done on the basis to outline objectives on the facts of rural society where poor exist and microfinance plays a key role to outcast poverty i.e. if the poor or unprivileged is facilitated by the services of banking or financial aid is provided then he can make his own destiny and lifestyle. There have been efforts made to make the programme understandable and its usability to perform better and widening its scope commercially. After conducting research conclusion notes suggest that micro credit programs play a vital role in poverty reduction but poor exist everywhere and poverty is not an easy task to be alleviated, reason being different geographical locations have different challenges and cultures thus suggesting microfinance to be highly commercialized to penetrate maximum to the poor in order to facilitate them with financial services beating them with drought, hunger and other challenges. The research conducted values its theory and supports for further study.

**Clement, L. K. (2010)**

Microfinance in post-conflict circumstances has been perceived as an influential tool to enhance local financial growth by empowering the poor through increasing their accessibility to investment capital in type of micro credit. This study was accomplished with the major aim to significantly look at impact of microfinance on the poor at the domestic, micro enterprises and the individual levels. The research conducted with sample size of 172 respondents in order that the researcher assumed it being sufficient to provide appropriate response to the research matter. In the study the researcher exercised inductive analysis approach whereby he applied an inductive analysis process to understand and structure the implication derived from the information.

The theoretical structure provided a helpful approach to understanding transformation produced by micro credit in the lives of the MFI clients at the individual, domestic and micro enterprise stage.

- The theoretical point of view and empirical result show that microfinance has enormous possibility for poverty reduction where the mass of low income population are below poverty threshold and have no right to use the conservative banking structure.
- Given the soaring point of redundancy, microfinance establish efficiency in providing the much desired capital to increase micro enterprises which showed the way to improved standards of livelihood and sustained the increasing informal sector.
- In this point of view, the researcher may well wind up that amid other gains, microfinance in general has certainly helped to develop standard of living of clients' making their life easier.
- In the stir of meeting the challenges of poverty alleviation, this study disclosed that both the MFI and the clients engaged in the microfinance deal are functioning towards common objective. While the former look for profit maximization, the latter is concerned by broadening their social spaces, all with idea to make certain the MFI autonomously grows, poverty reduction increases and gender equality attained.

The thesis does not deal with all the issues nearing the impact of microfinance nor deal with problem pertaining to microfinance impact mostly in post-conflict environments. It is recommended by the research developers that more longitudinal impact research in post-conflict settings should be commenced in future to sharpen understanding of the function of microfinance as an anti-poverty instrument, to bridge the gap in information.

### **Noreen, S. (2011)**

Microfinance plays role in developing women decision making by causative in financial activities. In this study an effort is made to discover the socio economic factors of women empowerment in which microfinance plays crucial economic determinant.

Objectives of research theory conducted –

- To explore varied determinants of women empowerment.
- To investigate the role of microfinance in enhancing decision making control of women at domestic level as compared to other social ingredients or factors.

This study used regression analysis supported by primary data to visualize the link of various socio economic determinants on women empowerment. Women empowerment calculated by constructing simple index by means of five indicators associated to child wellbeing, learning, selection of spouse of children, purchase of goods and decision of using loan. The results disclosed to women empowerment considerably influenced by age, education of spouse, paternal inherited assets, marital status, number of sons alive and microfinance. Further, this study putrefies data with male and female on usage of loan which implies that females using loan by themselves has superior results than used by male members. Another conclusion is that the economic determinant loan amount additionally contributes to the women empowerment at domestic level although its results don't seem to be as expected in our research theory. Lastly, it is concluded that as microfinance is major descriptive variable, this study has some positive role in empowerment however not much was there as was expected. The general conclusion of this study is that the level of women empowerment is not at satisfactory level at the domestic level.

The researchers suggest that microfinance institutions should be brace and should increase their support to poor women having resource. Microfinance institutions should execute appropriate meeting with loan taking individuals educating them about the use of loan in legitimate business. The administration policy on the status of women plays an important role in empowering women in social and economic factors of empowerment.

### **Shanthi, M., &Ganapathi, R., (2012)**

The objective of the research has been to look into social and economic conditions of the rural society and contribution of women towards generation of income. There was a time when males were the only bread earners in the family and women looked after the family. Country like India have major population into rural depends upon agricultural and farming sector. The major aspect of generating income becomes less when the weather conditions like drought or no rainfall affects produce, affecting income generations and farmers wait for favourable time. In all these conditions women have stood forward and took out themselves on field to work and contribute income for the family. Economic development or status has grown in the rural as major of the women has established themselves earning bread for the family. There has been a major contribution and bodies like SHGs have a pivoted role in support for generating income for the women. Various data methods and samplings have been made to support surveys in a particular demography. The

study has been made to conduct research of particular section but it needs to be carried in different regions due to different cultural and environmental backgrounds.

On the conclusion it is stated that while the study has been made for authorities, departments and various other bodies so that they may conduct methods to uplift women empowerment, there is a scope of further development and research to be performed if there is ample scope of development in the region with the research conducted.

### **Hossain, M. K. (2012)**

In the research it was found that income plays a key role in measuring economic poverty but the objective of study was to analyse the other reasons of poverty i.e. social poverty through measuring its impact via randomly sampling data taken on the rural population as 208 individuals. A proportional data were used to analyse the pre and post joining of microfinance operational system and its effect socially. The data resulted in understanding that on the whole the effect of microfinance procedures was affirmative. The study concludes the social effectiveness of microfinance operations on the source of sanitation status, clean water, children's education and health, food with family development. The above study supports my research on various attributes.

### **Onwumere, et.al. (2012)**

One of the main objectives of establishment of microfinance banks was to assist small and medium scale enterprises in raising the productive capacity and level of employment generation, thus alleviating poverty and enhancing human capital growth. The results usually indicated that monetary mediation activities of microfinance banks had negative non-significant impact on poverty index and a positive impact on human capital development at intervals the amount underneath study. The study adopted the OLS regression technique to examine the hypotheses developed.

This conclusion on the study observed that it adopted a holistic view and empirical observation examined the impact of micro credit granted by microfinance banks on poverty alleviation as well as enhancing human capital development from the period of sustained democratic governance. The findings from the hypotheses tested disclosed that micro credit granted by microfinance banks through their financial intermediation role failed to assist in poverty alleviation however increased human capital development at intervals the amount underneath study. The study supports the view

which is required for research development and certain observations enhance scope for more detail observations to be conducted in near research in future.

**Babajide, A. A. (2012)**

The study looks onto the outcome of microfinance on micro small business development. The objectives derived from the study describe:

- ✓ To observe the effects of different loan proceeding (in terms of loan amount and tenor) on micro business expansion.
- ✓ To observe the capacity of Microfinance Banks (given its loan size and rates of interest) towards reforming micro businesses to formal small scale enterprises.

A dual method policy was taken up for this research to develop the legitimacy of the study. The study collectively has primary survey data with secondary facts from bank reports. Multiple Regression Analysis - The study was done to include all firms that had stayed with the microfinance bank for minimum of five years and had received micro loan within this period. The thesis employed panel data and multiple regression analysis to examine a survey of 502 randomly chosen finance enterprises by microfinance banks. The researcher found strong proof that taking privilege through microfinance has no effect on growth of micro and small enterprises but other firms having business size and location established positive effect on enterprise growth. The major conclusion of this research discovered that microfinance banks do not increase growth and development capacity of micro small enterprise. The conclusion recognized the views that the growth of SMEs is not just reliant on bank loans but accessing the correct size of loan at the correct occasion.

**Khan, R. E. A., & Noreen, S. (2012)**

Women Empowerment is one of the significant issues in developing nations. Women being an important part of the society, their contribution in decision making and in economic activities are extremely low. Microfinance here introduced plays a major role in developing women's decision making via involvement in financial activities. The study is an endeavour to look at the socioeconomic factors of women empowerment, especially that have availed the micro credit. The objective of the examination is to observe the determinants of empowerment of women particularly

engaged whole sole on the function of microfinance. The multiple linear regression analysis method has been executed to explore the factors of women empowerment. Sample size on random basis was taken as 400. Women empowerment is calculated by creating simple index based on five ingredients associated to teen fitness, schooling, buying of goods and savings habit decision and choice of companion of kids. The results based on the primary records show that women empowerment is significantly subjective with age, spouse education, paternal hereditary assets, marital status and number of living sons. The research divides facts between the loan operated by women themselves and the loan operated by other members of the family. It is concluded that females operating loan by their own have better result on empowerment of microfinance in comparison to the loans utilized by other members. So, empowerment may be enhanced and developed foremost by increasing the amount of loan subject to the loan utilized by the woman. To wind up, microfinance as a vital substance in this research has shown positive effect on empowerment of women to some extent but still needs more development. It is suggested that major degree of microfinance and its operation by the woman must be certain. Microfinance institutions should reinforce and spread out their support to women for empowerment.

### **Sundaram, A. (2012)**

In this context the research has been conducted with an objective to study the effect of SHGs with respect to socio economic development in India. The SHGs has been performing a vital role in providing training to self-employed, infrastructure growth, technical assistance, interaction among members, gaining self-belief, other behavioural pattern of SHGs members like dealing with strangers, saving habits, political oversight, social gatherings and integrity. Microfinance has played a key role in respect to remove or decrease poverty and social or economic development in rural society. It has been a key player to uplift women empowerment and leveraged them to gain self-confidence and generate income resulting to rise in living standards. After conducting research, conclusion can be drawn that the SHGs play a key part in lifting the situations of the female population and target to remove poverty. Further concluding that in spite of the rigorous hard work taken by SGSY there has been no success to the project.

**Nwankwo, et.al. (2013)**

Microfinance has played a key role in development of rural society in various parts of the globe and countries which are dominant by rural population. The objective of the research was commenced on the basis of determining the impact of microfinance on rural transformation. To support this study research methodology used was descriptive. The results depicts that impact of micro-finance has affected positively on the poor by providing loans and advances for agriculture, investment opportunities, savings mobilization and credit delivery; asset financing and community development financing. On the conclusion it can be said that microfinance institution have a scope and capability to transform the lives of the people and increase their standard of living but there is also some challenges which needs to be addressed and taken care.

**Innocent, et.al. (2013)**

This study establishes the impact of micro-finance on poverty level of rural women farm households. The sample volume was 240 (120 comprising rural women farmer borrowers and non borrowers). Mechanism of information compilation was a set of structured and pre-tested questionnaire executed on both group of rural women farmers. The consequence of the paired t-test explained that micro-finance impacted drastically on yearly farm revenue, farm dimension and fertilizer use level of rural women farmer borrowers. Multi stage random sampling method was applied in the assortment of local government areas, communities and respondents. The range of study taken out comprises the use of mean, frequency count, poverty factor as well as paired t-test. The study revealed that the mean domestic expenses of the rural women farmer borrowers was 21.95 USD) per month whereas that of non-borrowers was 17.78 USD per month. The study demonstrates that poverty occurrence was 0.558 per rural women famer borrowers along with 0.933 for rural women farmer non borrowers. The poverty gap also identified as revenue deficit was 0.4547 for the rural women farmer borrowers and 0.6995 for non-borrowers. The researcher in their conclusion suggested some points for development of rural farmer women with respect to role of administrative bodies and MFI.

The level of financial support by the micro-finance institutions must be augmented as proof shows that the level of poverty experienced by their women clients is soaring. Various governments (Federal, State and Local) impose a larger financial backing on farm inputs particularly inorganic

fertilizers and other agro substance to make readily affordable, accessible and cost effective to all strata of poor rural women. The extension agents should be encouraged to strengthen the aggregation of rural farmers mainly the women into cooperatives. The governments at all levels must initiate a deliberate strategy towards eliminating the institutional, customary and traditional inhibition to rural women's access to land for agricultural purposes.

### **Ihugba, et.al. (2013)**

The study endeavours to present a critical assessment of the discussion on the efficiency of microfinance as a helpful instrument for removing poverty.

The purpose of the study comprises:

- To observe the poverty condition.
- To examine the activities of microfinance bank.
- To observe the success of microfinance banks in the alleviating of poverty.
- Offer idea on solving the issues as a step in enhancing the financial condition of members, thus helping to decrease the rate of poverty.
- To discover if the income group of an individual influence his or her reserves.
- To find if microfinance bank credit show the way to poverty reduction.

Both primary and secondary facts were exercised in producing information on the efficiency of microfinance banks in poverty reduction. Microfinance impact on poverty reduction was studied by a stratified sampling technique where three hundred and eighty two questionnaires (382) were randomly distributed to clients. The end result discovered that bulk of respondents were male comprising 78% whereas women 22% and bulk of the respondents were having marital status (65%), single (33%) divorced (2%). From the result with subject to income categorization, high income class has more capability to save than poor dwelling in rural areas.

The study established that access to financial services boost with level of respondents' income in rural areas along with very high probability of reducing poverty. It may possibly bring to a closure that increase access to formal finance credit has a high probability of poverty alleviation in rural vicinity.

The suggestion made by researcher states that the government and financial institutions in the state must approach ahead for setting up bank branches in the rural areas or create formidable arrangement for providing more credit to the rural dwellers.

**Ike, P. C. (2013)**

The research examines usage of microfinance services and its effect on performance of small scale women business entrepreneurs. 71 recipients and 50 non recipients of microfinance service functioning in unlikely business enterprises were indiscriminately chosen. Records were collected all the way through the use of prearranged questionnaire and evaluated by the use of descriptive statistical tools like means and percentage. The Double-Difference (DD) Estimator is exercised to approximate vary in earnings from pre to post benefiting from microfinance beneficiaries and non beneficiaries. To examine the effect of Microfinance services, the sampling was segregate into two strata i.e. direct beneficiaries and Non beneficiaries of microfinance services. The total sample respondents which were taken for research counts to 121.

It has been recognized that the services offered by microfinance association have enhanced the income strength of small scale women business entrepreneurs. The research has also been able to establish the amount of boost in income due to microfinance services. The research found that over 65% of the beneficiaries had their earnings grew by over 46% due to operation of microfinance services. The findings discloses that as education is an important feature in development of entrepreneurial possible, beginning of formal education in the whole country should be taken up as main concern by government. It is also suggested that training being core services of microfinance establishment should be strongly executed by the MFIs for developing the performance of their client entrepreneurs.

**Mula, G., &Sarker, S. C. (2013)**

The study was conducted with an objective to assess the empowerment of women through microfinance. 144 members from 48 groups of twelve blocks (four SHGs from each block) constituted the sample size. Paired t-test and Impact Index analysis were done where it was revealed that bulk of the members were middle aged and belonged to Scheduled Caste farming family and number of salary creating exercises were embraced by the SHGs. The outcomes

demonstrated positive change showing financial strengthening like salary (65.39%), work (78.94%), venture (66.25%), reserve funds (120.02%), resources (32.44%) and utilization (5.12%) of the individuals in the wake of turning into the part. It was discovered from multiple regression analysis that investment, employment generation and assets were the factors influencing income of the members. At the end it can be concluded that this study showed a positive change in the economic variables in the key areas of income, employment generation, asset building, productive investment, savings which resulted in the socio-economic upliftment of rural women and empowered them in the dimensions of child education, leadership and entrepreneurship ability, technology adoption, decision making etc.

**Das, S. K., &Bhowal, A. (2013)**

SHGs, an exclusive novelty of credit delivery methodology has created optimistic affect on two elementary areas of countrywide progress i.e. women's empowerment and reduction in poverty.

The theory is pursued with main objectives as:

- i. Study the observation of stakeholders (viz. Financial Institutions, Promoters, Donors and Group members) whether or not the options like impact on members of SHGs and their contribution in larger social issues ought to be marginal or core mechanism of superiority for Help Groups.
- ii. To further conclude based on the theory result.

The study is carried out by way of multi-stage sampling methodology to assemble key data. It is discovered that there was no substantial effect of stakeholders on general score upon impact on members of SHGs as marginal or Core issue. Further, different stakeholders viewed that the impact on members of SHGs and their involvement in bigger social issues were supposed to be 'core component' and moreover financial institutions comparatively are not apprehensive about social issues against Donors who are more apprehensive. Primary facts were accumulating from sample of 100 respondents using pre-tested feedback form. Secondary facts were accumulating from reports and journals. The significant variables were formulated and the applicable information gathered from the field was coded and explored by means of SPSS (Statistical Package for Social Sciences). Additionally, the information was supported by Normality Test i.e. Kolmogorov-Smirnov Test, Cronbach Alpha and ANOVA which were pertained in investigating and decoding information. Microfinance institutions aimed the poorer sections with the objective of empowering

them socially and economically. Donors avail funds while MFIs facilitate their recovery and distribution. To conclude, financial institutions are less concerned in respect to social spectrum of members while donors are more apprehensive with the effect on social issues of members.

**Mago, S. (2013)**

The study intends to discover the impact of microfinance on social revolution. Microfinance is the condition to micro loans to the poor. The chapter inquires about ways microfinance influencing social transformation efforts in the state. The main purpose of this thesis is to conduct research on the impact of microfinance on social conversion. The study tries to find how microfinance influences the social transformation efforts through women empowerment and poverty alleviation. The research conducts a qualitative research methodology and an exploratory research design to ascertain the social reality that exists between microfinance and social transformation. Secondary information is used to find this relationship.

The bottom of this theory lies based on its key point to incite research in the field of microfinance and social transformation. There has been an exploratory research design to bring about research on microfinance and social transformation. The government should prioritize microfinance at the core of development planning. Commercial banks should come forward to encourage the development of the microfinance sector.

**Girabi, F., &Mwakaje, A. (2013)**

The objective of this study was to explore the impact of microfinance on agricultural yield by small farmers. In the survey and methodology, 98 respondents were selected randomly from credit and non-credit beneficiaries. The collected data were analyzed through descriptive statistics, multiple regression analysis, and t-test using the Statistical Package for Social Sciences (SPSS). In findings it was observed that credit benefits had high agricultural yield in comparison to the non-credit respondents, reason being credit benefits were comparatively better in accessing markets for agricultural commodities, use of inputs and implementing of better agricultural technologies. The major factors putting a stop to small farmers availing benefits to credit were lack of information, inadequate credit supply and high interest rates.

In the end it can be said that agricultural yield was better with credit benefits in comparison to non-credit benefits as the former were getting easy access to markets and offered great prices, getting cheap labours and having warehouse.

### **Taye, C. (2014)**

Microfinance as means for women empowerment has turn out to be the main topic of several international and regional convention, seminars and workshops. This study examined the involvement of microfinance to the economic empowerment of women taking microfinance program. The pragmatic examination of the study was carried with descriptive statistics and Binomial Logit regression study. The outcome of the study signify that the micro financing program has an encouraging impact on women's economic empowerment as considered by the increased involvement of women in family decision making and study discovered that access to Microfinance has contributed enormously to the economic empowerment of women through progress in their businesses. Moreover, the study demonstrates that access to microfinance has enhanced the status of women at the family and society level.

The major aim of the study is to examine the effect of Microfinance financial service on the economic empowerment of women. The definite purpose of the study is

- ✓ Examine the impact of microfinance services condition in improving women's income and capital growth.
- ✓ To examine the impact of microfinance being behind and increasing women's participation in family decision making.
- ✓ To look into the role of Microfinance in helping domestic revenue.

The research exercised quantitative and qualitative techniques. More significance was given to qualitative technique where quantitative study was used as an addition to the former approach. The study mostly has been focused on qualitative technique with the idea to assess the areas and extent of empowerment resulting from the involvement of microfinance and furthermore recognizing the challenges and difficulty faced by the clients. Source of data i.e. Primary and secondary data were

collected. The study has utilized both probability/non-probability sampling and stratified random sampling technique.

According to the findings from the study, micro financing has provided positive impacts on women's economic empowerment. Women's participation in the MFI program has contributed considerably to the improvement of their income along with development in their access to and control over assets such as livestock and better homes. They have enhanced their household through income generated from loan-financed activities.

Likewise, the loan program improved the saving habits of women clients and control over their savings. In common, this study had discovered that decision making on exercising of loan as a sign of women's economic empowerment was correlated with micro-finance service program. The research highly supports the theory of microfinance being playing a vital role in rural area and supports for further research to make it clearer.

#### **Saidu, et.al. (2014)**

This research made an observation in relationships between socio-economic factors and involvement in decision making among rural farmers. To analyze further data was gathered from 364 respondents using structured questionnaire. It was studied using SPSS version 20. The descriptive analysis discovered an intense level of participation in decision making among rural farmers. Spearman Rho correlation was used to establish relationships between socio-economic factors and participation in decision making. Spearman Rho correlation reflected negative relationship between level of education and involvement in decision i.e. larger section of people in the study areas not educated since some of them acquiring educational qualifications hunt for higher employment opportunities rather collaborating in agricultural activities. In conclusion, it is found while studying that contrary theory between level of education and involvement in decision making i.e. the inferior the level of education higher is the involvement in decision making. This area relates with the insufficiency of micro loan disbursal to rural farmers indicates that micro loan is inadequate to satisfy the socio economic needs and expectations of the literate. The research indicates various attributes which are helpful to support our findings but there is scope of further research and suggestions which can support more through data analysis to future researchers.

**Modi, et.al (2014)**

The key focus to the research has been envisaged on the effect and implications of microfinance towards women empowerment and studying factors (which, what extent) empowering rural women. For analysis via sample data of 205 respondents' vs. 248 questionnaires were taken with response of around 82.66% were approached with non-probabilistic convenience sampling technique where the outcome brought that four of the five factors (i.e. socio-economic status up gradation, independent for life choices, women status in the family/society and positive approach towards kids development) have significant impact on rural women empowerment. The study will help in future planning by govt. and other bodies and microfinance institutions to uplift women empowerment.

The study has pointed out some limitations which create a lot of study and scope to be researched on by various researchers in future like rural women population sampling taken, non-probability convenience sampling method was used to recruit the respondents, so the limitations of this method are important. Therefore researcher can research on other demographic areas through increasing geographical states to gain better overview.

**Ngofa, G. (2014)**

The principle of this study was to have knowledge by assessing the impact of microfinance on the lives of these women in terms of income generation, increasing standards of living and humanizing women's self-esteem. A quantitative quasi-experimental design was introduced with sampling of 86 women related to microfinance who completed a survey on key socio economic indicators relating to the impact of microfinance. Data has been analysed using ANOVA, MANOVA and chi-square test to determine statistical implication and differences between existing and new microfinance users. Results showed women being part of microfinance had better standards of living.

**Alani, G. O., &Sani, J. (2014)**

The research carried out to know the effects of microfinance banks on rural inhabitant. The key principle of the study is to notably review the effects of microfinance bank on the rural inhabitant.

The detailed objectives are

- ✓ Determining if microfinance banks have mobilize savings for rural transformation and intermediation.
- ✓ Explore whether the microfinance banks are providing appropriate and reasonable banking services to the reasonably active poor
- ✓ Establishing whether microfinance banks provide employment opportunities to the rural inhabitants

A survey research technique was applied. Sample of five microfinance banks was chosen by means of judgmental sampling method. Statistics were generated through questionnaire, dialogue and the internet. Z – Test statistical tool was used to test the formulated theory. This method is applicable if one wants to test whether the means of two populations vary.

The study disclosed that the setting up of microfinance banks has key impact on the life of the rural inhabitant by assembling savings for economic intermediation and providing employment opportunities. The purpose of microfinance is both to expand credits to beneficiaries encourage entrepreneurial activities and improve rural financial markets that will offer access to financial services by developing an association involving individuals with financial resources and those who are needy.

**Nithyanandhan, S. H. (2014)**

The objective of study was to find the socio economic status of women in the SHGs in urban areas by evaluating the living environment of the members prior to and subsequent to joining the SHGs programme. Data was collected from amongst members in SHGs where three stage stratified random sampling techniques was executed. Both quantitative and qualitative techniques were exercised in the research. The point of quantitative study was to examine differences in earnings, reserves, assets, expenses, basic facilities and behavioural change in the women prior to and subsequent to the association of the SHGs. These essentials used the Gini Coefficient and Lorenz

curve to discover income disparity and Structural Equation Modeling (SEM) to examine the effect of micro credit in the SHGs women. The qualitative part of the study was to explore into some of the variables covered under the quantitative study. The quantitative and qualitative analysis helps to study the transformation in the social environment, financial status and sustainability of the women in SHGs.

The conclusion drove about the social and economic condition of the women members along with self-confidence and self-esteem had improved and also the level of income, expenses and reserves got enhanced. The results from this research took out that SHGs play a key role in the growth of women. Interaction played a key role in boosting solid bonding, gaining self confidence and developing a status in outside areas like market place, functions and other social gathering.

#### **Ferdousi, F. (2015)**

The theory observes and describes the aim measuring the effectiveness of small finance loans on entrepreneurs' incomes and its modernization through providing reasonably decent loans to the non-poorer or marginal on top of the poverty level entrepreneurs. The research findings support the advocacy of giving loans to entrepreneurs. It is ascertained that larger loans increases financial gain but less creative or out of date business follow can be a hurdle to such financial gain. It is suggested that microenterprise loans should be released after proper scrutiny and monitoring related to proper business skills, information and technologies by MFIs to make sure effective utilization of credit amount. Sampling of 102 questionnaires has been used for this study. The data was analysed using STATA 10 software tools. Simple statistical techniques and econometric models were used to study the data. At the end it can be found that this study revolved measuring the impact of micro enterprise loan on entrepreneurship development and policy implications for microfinance specialist. The research can be initiated further by involving non micro entrepreneurs who have capacity to join going forward.

#### **Vachya, L. (2015)**

Provision of microfinance is one such programme which achieved significance in current period. This programme has completely engaged the SHGs (Self-help groups). Microfinance system can only appendage the responsibility of banks and financial institutions to reduce poverty and

unemployment in the state. The study is an effort to review the impact of microfinance on the transformation in the intensity of earnings and employment of members after joining the SHGs at micro level. To accomplish the above purpose, an in-depth study was performed where the key findings of the study:

- (i) Microfinance activities have changed the living situation of the SHGs members
- (ii) This movement has as well contributed to social empowerment of women.

The research is based on main data and used multi stage stratified proportionate random sampling method. Members were stratified by random sampling based on the cluster and caste from chosen rural community. The total sample size is 582, out of which 176 are Scheduled Castes/Scheduled Tribes (SC/STs), 242 are Backward Castes (BCs) and 164 belong to the Other Castes (OCs) community. The microfinance system brought about an unparalleled transformation in the standard of living of women in rural areas. The main answer of the study is that microfinance activities changed the living situation of the SHGs members, and contributed to social empowerment of women. The researcher further suggest with their own findings that policy measures such as increase in incidence of SHGs meeting, SHGs training programme, enhance in loan amount and making sure efficient consumption of the loan might be positive idea to improve women empowerment, revenue and employment prospects.

**Ene, E. E., &Inemesit, U. A. (2015)**

The basic purpose of this learning was to study about microfinance bank in rural areas effect on transforming the lives of individuals in the society. To analyse the role of microfinance institution in advancing the growth of SMEs. To identify the cause poverty and the role of MFI for its reduction. The study is supported with the research regarding impact of microfinance in promoting financial inclusion using OLS regression method. Another test, unit root was conducted on the variables to examine their level of immobility to avoid false or unauthentic regression results. The findings showed that minimum deposit amount have a favourable relation with saving among rural individuals and the microfinance interest rate had a negative and irrelevant relationship with the rural people loans and advances. It is correct to summarize that financial inclusion is certainly a valuable undertaking to the microfinance sector, administrative bodies' customers.

**Samer, et.al. (2015)**

The purpose of this research was to analyse the role of microfinance on domestic income. A survey conducted with research sample of 780 where stratified random method was used to collect the data from urban and rural districts. The findings observed that microfinance has vastly affected on domestic income of women borrowers who spent three years in the scheme as compared to new borrowers who have not received treatment.

To conclude this study glimpse insight about the role of microfinance on women empowerment in the urban and rural developing geographies. Likewise this study explains that microfinance has scope to make an achievement of new economic policy and develop its model. It also helps in creating jobs for women with less education. Therefore microfinance enhances opportunity for women to play significant role in economic development. There is a scope of research in finding other attributes where it can be mentioned about how to develop growth of small businesses that are supported financially by microfinance system.

**Trivedi, S. H. (2015)**

There is a requirement of overall development of any country in way of economic and social growth. Poverty & lack in socio-economic development has become a barrier in country's growth. Therefore it is very important for a developing country to grow on both hemispheres to become developed. In country like India major population in rural areas there is lack of literacy, resources, absence of employment opportunities & non-availability of credit facilities to meet their expenditure & production needs. Microfinance plays very crucial role in the economy of poor livelihood which has become an effective tool for quiet few years. India has organized many programs & campaigns for eradication of poverty & achieve overall national growth. In India SEWA has introduced the most powerful weapon in microfinance known as Self Help Groups (SHGs) in 1974. SHGs model of microfinance has shown positive results for eradication of poverty, women empowerment & availability of easy credit to the poor. To summarize the research carry certain objectives to support its theory i.e. assessing the role of microfinance for providing benefits of credit to the poor class, over all women empowerment and gender equality, study the effect of microfinance for poverty elimination.

From the above analysis it is concluded that microfinance is an effective tool for reducing poverty & providing stability to the poorer section. Microfinance has been the reason for helping poor getting loans in times of critical situation may be for their business growth, medical treatments etc. Microfinance has been reaching to every corners of the country having touch base where poor people exists through emergence of SHGs. Microfinance has helped women to develop saving habits; poor class has been able to increase their level of income considerably resulting in overall economic development and growth of the country.

**Usha, J. C., & Pradeep, K. V. (2015)**

This analysis research accomplishes to gauge the socio economic impact of microfinance in empowering rural women. Microfinance transforms and strengthens the business and self-respect of rural women. The apparent transformation has occurred due to microfinance initiated program in the middle of the rural women members. Microfinance builds the confidence level and decision making skill of rural women. Microfinance minimized the enslavement of rural women on informal cash lenders. The development in schooling and employment among the rural families are legitimate as an accomplishment of microfinance. Microfinance assists to face the challenges like scarcity of entrepreneurial skill, knowledge skill and expertise amongst the member. This study discloses how microfinance puts itself forward towards socio economic empowerment of rural women. The objective of the study based on research:

- The study is targeted towards role of microfinance in women empowerment
- To evaluate the socio economic impact of microfinance on rural women
- To discover the issues faced by rural women involved in microfinance program
- To relinquish appropriate suggestions for successful poverty mitigation program through women empowerment

Microfinance is an answer for all challenges faced by rural women. Microfinance increase self-confidence, financial sustainability and social group building skills. It supports poor rural women in help facilitate micro credits deprived by other financial institutions.

**Tyagi, D., & Ranjan, S. (2016)**

The study mainly relies on the health aspects of the members of the SHGs and how this affects the lifestyle of the members. The illness becomes the drastic factor amongst the rural poor leading

them to sell of their belongings and go into indebtedness to meet expenses. The study further speaks about outcomes of health among the members of the SHGs in lieu of duration of having SHGs membership in different schemes affecting health practices and results of member households considerably. There has been an increase and positive outcomes in areas of nutrition and health services like higher immunization rates of children, lesser child mortality and reduction in lost working days and better hygiene among the member.

The research was supported by some sampling data conducted in two districts of Uttar Pradesh – Ballia, Rampur where three age groups were taken in SHGs viz.

- (i) Up to two years
- (ii) three to four years
- (iii) five years and above

Random sample of 240 households has been collected from both the districts. To conclude on the study shows that tenure of membership of SHGs and the types of SHGs promoted under different schemes has affected the health practices and outcomes of member households effectively. The SHGs under SBL program led more financial options for better health and larger food stocks than comparable non-beneficiary household. The research do aim major aspects regarding health but it needs support from administrative bodies and facilitate SHGs more to provide other aids to have better health and nutrition effects to protect the poor.

#### **El Hadidi, H. (2016).El Hadidi, H. (2016)**

It is as well destined to attain insights relating to reasons empowering rural women through microfinance services and which and to what amount feature influences mainly. 205 respondents against 248 Questionnaires capitulating a response rate of 82.66% living in rural areas were approached with structured questionnaire by following a Non Probabilistic Convenience Sampling process. After calculating the reliability of scales, correlation and multiple regressions was exercised to test hypotheses through SPSS version 16. Purpose of the research was to explore the impact of microfinance services on rural women empowerment. Nature of the research study was descriptive and data collection technique executed was a survey method. The outcome of multiple regression revealed that four features i.e. Socio-economic status up gradation, autonomy for life preferences, women place in the family/society and optimistic approach towards child growth be able to greatly influence the lives of rural women. Conventionally, rural women's responsibility

was to give support to their spouse and family which confirmed the limitations of women in rural home. The consequences of this study affirm that microfinance has enhanced their financial situation and their capability to add in their family's decision making. On the other hand, the connection amid empowerment of women and affirmative approach towards child growth is fairly weak and insignificant. It is concluded that there is a positive impact of socio-economic status up gradation, autonomy for life choices and women position in the family/society on women empowerment. However, the effect of economic freedom and positive approach towards child growth on the empowerment of women is immaterial. The study moreover indicates that the living standard of their family has become better. With the above conclusions, the subsequent advice is recommended:

1. Microfinance institutions should attempt to broaden further credit facilities to clients to increase their businesses
2. Microfinance institutions ought to offer training programs to rural women to develop women's entrepreneurial ability and decrease the problems which hamper their access to microfinance.
3. Administration should grant tax exemptions and other incentive to the organizations which look for extending credit facilities to rural women as a motive to encourage them towards running small size business.

#### **Apere, T. O., (2016)**

The study explores the impact of microfinance banks on financial development. The experiential perspective of this research used the Augmented Dickey-Fuller Unit Root Test, Co integration test, Error Correction Model (ECM) and the Parsimonious test. Observational evidence from the research has revealed that the behaviour of microfinance bank has the competency to persuade the whole financial system if it is well coordinated. The outcome of the research signifies that microfinance bank loans and household investment had absolute effect on the growth.

The results were acquired using the ECM and the Ordinary Least Square (OLS) technique of evaluation. Based on the interpretation, the following conclusion can be drawn: (i) Microfinance bank loans have an interesting or expansionary effect on real gross domestic product i.e. microfinance bank gives flexible loans to creative and capable micro, small and medium scale

enterprises (MSMEs) proving to be key players in the drive for economic growth. Microfinance bank loans have played a very important role in the economic growth serving as a catalyst. (ii) It is assumed that inflation gives negative impact on gross domestic product therefore it is suggested that more consideration be given to the issue of inflation and its dampening effect on the financial system.

**Suresh, et.al. (2017)**

The objective for this research was conducted to know the impact of socio economic and other variables on the productivity through dairying such as educational status, flock size, family members and landholding were correlated with milk production. 2850 samples from member and non-member groups were taken for the investigation. The basic method adopted for the study was Structured Interview Schedule. The data was collected through personal interviews of the individuals. The research conducted gives an idea and gives scope of future research on it.

**Murad, A. B., & Idewe, I. E. O. (2017)**

The study focus on examining the impact of microfinance institution on economic growth of a country. Microfinance loans are appropriate in growth process, increasing agricultural production and taking applicable steps to enhance per capita income in boosting the economic growth. The study puts forward the multiple regression analysis as the data depicts cross-sectional and time statistics in nature. The research methods adopted in this study is the ex-post-facto research design which is recommended by researchers to be the best in studying of this nature.

Microfinance institutions role in boosting economic growth through improvement within the sustenance of the poor was religiously taken which observes that the impact of microfinance on economic growth can be determined by the time phrase i.e. robust within the short run and weak in the long run. The experiential analysis in this study supports addressing the objectives of the study. The effect of microfinance banks on economic growth observes that microfinance loans have positive impact solely within the short term whereas investment has the long term impact. While drawing conclusion by study it is suggested that microfinance institutions should provide and facilitate loans to improve consumption in the short term while to improve investment and other capital accumulation needs to be targeted for long term.

**H. Yasmeen Sultana, et.al, (2017)**

The major objective of the study lays into the social development and upliftment of women empowerment and identifying the cause of disempowerment i.e. poverty. There have been various measures carried out by govt. and various NGOs to raise women empowerment. SHGs (Self Help Groups) who are a part of same socio economic society have come up to support the cause women empowerment through microfinance. The study emphasizes on empowerment of women belonging to different religion through microfinance. The detriments used for analysis of microfinance vis-à-vis. no. of loan transactions including recovery, loan tenure, the economic, social and knowledge empowerment. Various charts and samplings have been taken to analyze the behaviour of the group in different aspects of economic and social empowerment. The initial data was sampled with 800 respondents through questionnaires in terms of knowing about the details of SHGs, the behaviour of SHGs and their economic and social status. Various test performed are as specified to know the factors:

**Chi Square Test:** Conducted for studying the correlation between various keys like income, savings or other investment and structure of Self Help Groups

**T - Test:** Conducted to know whether being part of SHGs has benefitted the respondents

**ANOVA:** Conducted for comparison on different factors of empowerment among the Muslim with other religious individuals

The researchers finally concluded on the role of SHGs with use of knowledge, skill, perception, behavioural aspects towards the development and empowering women. Microfinance brought more into social empowerment than economic empowerment performing more via skill development through courage and self-confidence. This study can help upcoming researchers to explore the challenges and scope of such interventions in the upliftment of women who are demoralized, discouraged or dispirited.

**E ChukeNwude, Kenneth ChikezieAnyalechi, (2018)**

The aspect of conducting the study was to find the developments in rural area and the impact of microfinance. The basic study reveals the attributes involved in development of rural community i.e. the technique of analysis used as the ordinary least square regression. The impact of

microfinance system paved for the increased savings habit but as agricultural growth. The gap needs to be filled by various means like govt. efforts to ensure infrastructural development and establishment of microfinance institution to boost rural development and encourage environment for farming and agricultural development. The conclusion drawn makes point of economic development in the rural community but agricultural and farming development needs to be concentrated on the basis of administrative support. This suffices the basis of further research development to the researcher going forward.

### **Patel, R., et.al. (2018)**

As microfinance is a key factor in the development of rural society (Eliminating poverty and rise in level of income, Women empowerment). The objective of analysis and research has been to find the effect of microfinance on the underprivileged female. Various samplings and research methods have been taken into consideration for supporting research based key areas like:

- Improvement in quality of food, education, shelter and health services
- Increase in Monthly income and expenses
- Skill development and self-confidence in decision making
- Individuality growth

Current study has been performed with 384 poor women using methods used:

- ✓ Correlation
- ✓ Regression
- ✓ Factor analysis

Further to draw conclusion the above study has revealed that the test and sampling done finds that the women with earning opportunities can result in increase in education standards, food quality, healthgainness, wear related expenses and growth in personal development resulting to women empowerment. There is a future scope in research work in terms of assessing the impact of microfinance project on removal of poverty, rising of living standards through generation of income by women and women empowerment.

**Sussan, M. U., &Obamuyi, T. (2018)**

This study observes the impact of microfinance bank on free enterprise growth. The purpose of this research is to observe the effect of microfinance bank on free enterprise growth. The specific objectives:

- To look at the level of association involving microfinance bank and the improvement of entrepreneurial behaviour.
- To study the amount at which microfinance bank effect the growth of free enterprise.
- To establish the issues militating in opposition to efficient financial support for entrepreneurship growth.

To attain the purpose of the study, three research questions were prepared. The descriptive research design was executed for the research. The people in the study sampled were 734 out of ten (10) chosen entrepreneurial firms. The statistics obtained were examined using Pearson Correlation and ANOVA methods. The result disclosed that microfinance bank has effected very much on the growth of entrepreneurship. On basis of the result, it was recommended that microfinance should be reinforced to promote entrepreneurship. Further, adequate economic, physical and human resources should be provided by various stakeholders for potential, existing startups and would-be SMEs.

This research puts its own findings, conclusion and proposal by the research conducted:

1. The study established considerable association between microfinance bank and entrepreneurship growth
2. Microfinance bank wasn't impactful on the development of entrepreneurship
3. There are issues militate against the effective financing of entrepreneurs by the microfinance banks in the achievement of their purpose

This research has been successful to signify that microfinance is a vital approach in the growth of entrepreneurship activities. Hence, much of the activity needs to be done substantially to increase the contribution and impact of microfinance banks on the growth of the index of business activities of own action (entrepreneurship). Suggestion as per the findings are provided henceforth by researcher -

- a) Sensitize program of microfinance for channelling rural areas like public seminars for proper orientation on the activities of the microfinance and educating them for improving their business.
- b) Microfinance bank should be build up to promote entrepreneurship
- c) Adequate financial, physical and human resources should be provided.
- d) Microfinance banks should add to their prerequisite of other services such as fiscal advice, product marketing, micro insurance, leasing etc. to entrepreneurs.

**Ganesh, B. (2019)**

The theory is written with an objective to give an understanding about importance of microfinance and how it benefits the rural community towards achieving their financial goals. The microfinance institution has range of services which is provided to enhance the development of the rural society to provide benefits. The wide range of financial services like savings and deposits, loans, banking services, insurance etc. have become available to the rural sections and underprivileged individuals resulting them to develop their economic assets and increase their standard of living thus eliminating poverty which has been a bigger role of microfinance. On concluding the study done we understand as a researcher that microfinance plays a key role in developing the rural society where banking has been an isolated service for poor in ways of better standard of living, ways to education and medical facility, earnings thus savings exist.

**Farooqui, N., & Kumar, A. (2019)**

The basic objective of the study has been to identify how the SHGs have played a crucial role in development and growth of their members in the rural society empowering women. The research further lays down the focus on the government schemes which needs to be followed strictly in order to have its effectiveness. On the whole empowering members by way of better socio-economic status, income, mobility and self-development measures need to continue and deal business by themselves. On conclusion drawn with research analysis it is observed that SHGs have played a role in economic development of the women with their performance in social scale and poverty reduction. There have been various factors which have made an effect in functioning of SHGs, microfinance etc. SHGs have helped and provided to women and members to strengthen their approach and develop within themselves building confidence, dealing within and outside the

markets, income generation, social dealings and active decision making. There are certain aspects which need to be taken into consideration which would help the research in future like clear process to be made for microfinance operation.

**Malhotra, G. (2019)**

The research has been aimed on major role of microfinance system on rural area and how much the asset have been created on concrete or elusive base. The research has been done on some states of India mentioning Tamil Nadu, Madhya Pradesh, Andhra Pradesh and Maharashtra. The results and observations generated were that microfinance play a pivotal role in serving rural community find ways through the market to get new opportunities, earn more income, generate saving habits, making investments and upgrade themselves in boosting economic development in children, business or farm and abiding the process of improving skills, specialization, new business ventures.

**Kumar, K. (2019)**

Financial services dynamically contribute to the human and financial growth of the society which helps in providing social safety and defend people from economic upsets. Therefore, every individual should be offered with financial products/services popularly termed as financial inclusion. Financial inclusion is the procedure of make sure access to economic services with timely and sufficient credit but helpless groups such as weaker sections and low income groups at a reasonable cost. The research deals with enabling mechanism of microfinance to the financial inclusion of excluded population, mainly the women into the formal financial sector along with economic empowerment of rural women. The current study has been commenced in the situation of these following objectives:

- To study the perspective of microfinance in empowering the women and to identify the concept of financial inclusion
- Study the impact of microfinance on economic empowerment of women and their level of ability and self-confidence after becoming part of SHGs by promoters, social and income groups
- Offer policy plan to continue women's empowerment through microfinance.

Microfinance has drawn concentration to an entire segment of borrowers who had beforehand been poorly served by the formal financial sector. The 'SHGs – Bank Linkage' program plays a major role in the financial inclusion of poor. Microfinance is a financial service of small measure offered by financial institutions to the poor. A MFI is an organization that takes steps as an edge involving the formal credit delivery institutions and credit seekers, with an intend to assist for the socio economic growth of poor and marginalized inhabitants. MFIs are essential to support micro enterprises and empower local people with women. A Self-Help Group (SHGs) is an enrolled or unregistered gathering of miniature business people having homogenous social and money related foundation deliberately, coming mutually to aggregate modest quantities, to similarly consent to donate to a common fund and to meet their emergency needs on shared help basis. It is a charitable association of people created to achieve certain joint goals, both economic and social. Each group consists of 10-20 members exclusively male, female or mixed.

**Ishtiyag, S., & Mazhar, S. S. (2019)**

The research has been based with objective of visualizing significance of economic aspect resulting in introducing psychological and social empowerment resulting in social change. MFI role in women empowerment with aspects of lifestyle up gradation and psychological and social empowerment. For bringing research objective data was collected where 200 women were sampled across the locations from Northern States of Uttar Pradesh to explain the demographic summary of the respondents, mean and standard deviation is used. ANOVA (regression analysis) is used to develop a correlation between different factors. On the conclusion basis from the study shows that there is a positive relation between economic empowerment by MFIs with psychological and social empowerment of rural women. This study discloses that the agency theory impacts the psychological factor i.e. the management of women on credit in terms of investment and repayments. This might be the reason that there is still a failure in experiencing broad and sustainable empowerment.

**Goyal, V. P., & Goel, M. M.**

The study has been conducted to evaluate the effects of microfinance (socio-economic and cultural aspects) on the individuals. The main objective is to analyze the rise in income of the individuals after becoming the part of the group and taking facility of microfinance. Further it gives vision on

the activities under taken by the members after availing microfinance and affecting their lifestyle. Survey was conducted on 57 members of SHGs through an interview. The socio-economic determinants of the study included

- Occupational category
- Age of pinnacle of the family
- Asset holding
- Educational status
- Social expenditure
- Family size

The socio - economic impact of the microfinance with regards to increase in income, confidence building, lifestyle, social status has been analyzed by using statistical techniques. The result suggests that there is a substantial increase in respect of most of the above determinants. There is requirement for monitoring and assessing with good governance (SMART administration) for having better results for making the microfinance project a success. It has been observed from the study that delivery of micro credit to the poor is more effective and less costly in Self Help Groups (SHGs). This approach can help the rural population to get away with money-lenders and raise their incomes. The exhibition cum sale festivals can be very helpful to the SHGs to advertise their products at a platform with cost effective approach.

## **2.1 Research Gap**

The literature based on the socioeconomic impact of microfinance in the rural transformation of Uttar Pradesh is mentioned above. There are various studies has discussed many issues related with the availability of microfinance in rural areas, government support and policies for microfinance, bank's contribution for loan facilities, growth of Self-help groups and other socioeconomic factors i.e. education, age, gender, income level but none of the study has taken the following factors i.e. income, poverty alleviation, rural and urban economies and education together. Thus, this research study is an attempt to collect the data of selected variables.

## Chapter 3

### RESEARCH METHODOLOGY

#### 3.1 Introduction

The plan of research system introduced here fuses standards, practices, and strategies needed to complete such exploration and meets three targets: it is steady with earlier writing, it gives an ostensible cycle model to doing Design Science examination, and it gives a psychological model to introducing and assessing Design Science research in Information System. The Design Science cycle incorporates six stages: issue Identification and inspiration, meaning of the goals for an answer, plan and improvement, showing, assessment, and correspondence. We exhibit and assess the philosophy by introducing four contextual investigations regarding the Design Science Research Methodology, including cases that present the plan of an information base to help wellbeing appraisal techniques, a product reuse measure, an Internet video communication application, and an Information System arranging strategy. The planned approach adequately fulfils the three targets and can possibly help the acknowledgment of Design Science research in the IS discipline. (Peffer, K., Tuunanen, T., Rothenberger, M. A., & Chatterjee, S. (2007).) As indicated by Rajasekaret. al. (2006), research is a coherent and deliberate quest for new and helpful data on a specific point. It is an examination of discovering answers for logical and social issues through target and precise investigation. It is a quest for information, that is, a revelation of concealed facts. Here information implies data about issues. The data may be gathered from various sources like insight, people, books, diaries, nature, and so forth An examination can prompt new commitments to the current information. Just through examination is it conceivable to gain ground in a field. Examination is finished with the assistance of study, try, perception, investigation, correlation and thinking. Exploration is truth be told universal. All the more unequivocally, research looks for expectations of functions and clarifications, connections and speculations for them.

Experimental examination is a method of picking up information by methods for immediate and circuitous perception or experience. Exact proof (the record of one's immediate perceptions or encounters) can be examined quantitatively or subjectively. Through evaluating the proof or figuring out it in subjective structure, a scientist can address exact inquiries, which ought to be plainly characterized and liable with the proof gathered (as a rule called information). Exploration

configuration shifts by field and by the inquiry being examined. Numerous analysts join subjective and quantitative types of investigation to more readily respond to questions which can't be concentrated in lab settings, especially in the sociologies and in schooling. (Goundar, Sam. 2012). Exploration strategies are an assortment of methods that individuals use when examining a given marvel. They are arranged, logical, and esteem impartial. This means great examination strategies don't "simply occur." Instead, they are intentionally utilized in a way that is intended to amplify the precision of the outcomes. Examination techniques are worried about utilization of any of the accompanying: hypothetical strategies, mathematical methods, test procedures and other pertinent information and devices important for the exploration study. It isn't fundamental that each hypothesis, strategy and data in the subject of examination is helpful for a specific issue. A scientist needs to distinguish and choose materials which are valuable to his exploration study. (Goundar, Sam. 2012).

### **3.2 Data sources**

In program assessment, strategies for information assortment past direct examination exist. Information recovered direct is known as essential information, yet information recovered from prior sources is known as auxiliary information. Primary information sources incorporate data gathered and prepared straightforwardly by the analyst, for example, perceptions, reviews, meetings, and centre gatherings.

### **3.3 Secondary Data Collection**

Optional information sources incorporate data recovered through prior sources: research articles, Internet or library look, and so forth Prior information may likewise incorporate records and information as of now inside the program: distributions and preparing materials, money related records, understudy/customer information, execution surveys of staff, and so on. (<https://cyfar.org/data-sources>)

### **3.4 Research Design**

Research design is the structure of exploration strategies and procedures picked by a researcher. The plan permits researcher to focus on research strategies that are appropriate for the topic and

set up their investigations up for progress. The plan of an examination theme clarifies the sort of exploration (exploratory, overview, correlational, semi-test, survey) and furthermore its sub-type (trial configuration, research issue, elucidating contextual investigation). There are three primary sorts of examination plan: Data collection, measurement, and analysis.(Bhat, A. (2018). Experimental and correlational research design are used by the researcher to explain the research design.

#### **3.4.1 Experimental research design**

Experimental design builds up a connection between the circumstances and logical results of a circumstance. It is a causal plan where one watches the effect brought about by the autonomous variable on the needy variable. For instance, one screens the impact of a free factor, for example, a cost on a reliant variable, for example, consumer loyalty or brand unwaveringness. It is an exceptionally common sense examination plan strategy as it adds to tackling an issue nearby. The autonomous factors are controlled to screen the change it has on the reliant variable. It is regularly utilized in sociologies to watch human conduct by examining two gatherings. Scientists can have members change their activities and study how the individuals around them respond to increase a superior comprehension of social brain research. (Bhat, A. (2018).

#### **3.4.2 Correlational Research Design**

Correlational exploration is a non-trial research plan strategy that assists researcher with building up a connection between two firmly associated factors. This sort of examination requires two unique gatherings. There is no supposition while assessing a connection between two distinct factors, and factual investigation strategies compute the connection between them.(Bhat, A. (2018).

### **3.5 Research Objective**

Research objective portray what researcher hope to accomplish by an undertaking. Research targets might be connected with a speculation or utilized as an objective statement in an examination that doesn't have a theory.

1. To analyse socio-economic challenges to the beneficiaries of microfinance institutions.

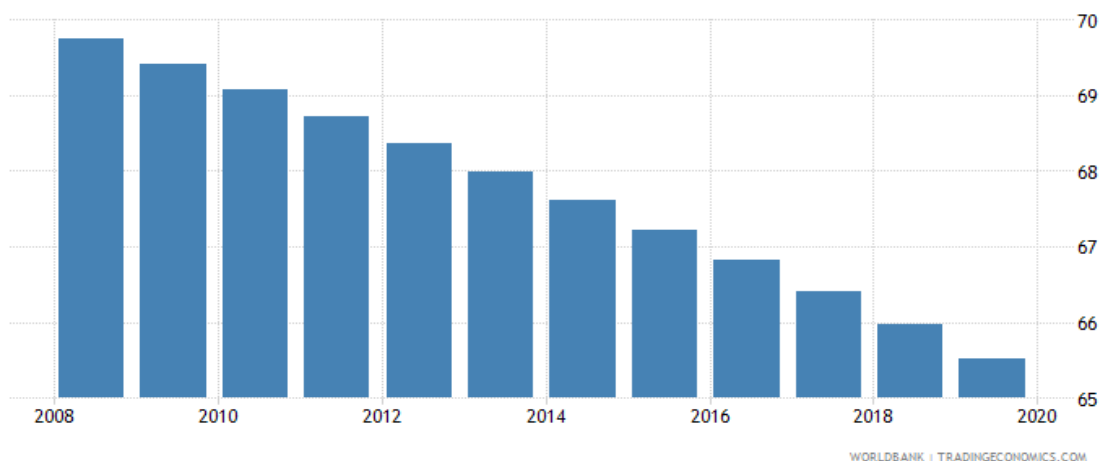
2. To analyse the impact of education and skills to the beneficiaries for business establishments.
3. To analyse the impact of digital facilities and services to the beneficiaries for business development.
4. To analyse the impact of easy loan facilities on women entrepreneur and their empowerment.
5. To analyse the role of Microfinance Institutes in increasing of income
6. To analyse sources for individual and small scale businesses of Microfinance

### 3.6 Choice of the Research Topic

Researcher chooses the concerned topic because microfinance is prevailed in today's scenario and Government taking active step to develop this type of micro credit programs for the development of rural people and their economy. Rural population alludes to individuals living in national territories as characterized by public measurable workplaces. It is determined as the contrast between all out populace and metropolitan populace.

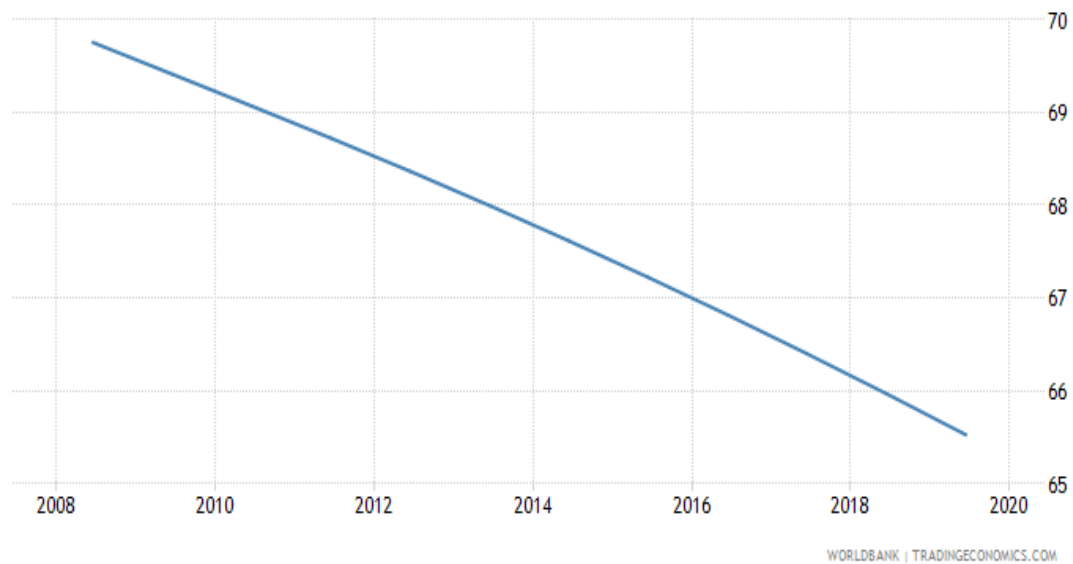
Country population (% of all out populace) in India was accounted for at 65.53 % in 2019, as per the World Bank assortment of improvement pointers, ordered from authoritatively perceived sources. India - Rural population - genuine qualities, chronicled information, conjectures and projections were sourced from the World Bank on November of 2020. (India - Rural Population - 1960-2018 Data, 2020 Forecast)

**Graph 3.1: India - Rural Population**



*Sources: Tradingeconomics.com*

**Graph 3.2: India - Rural Population**



Sources: <https://tradingeconomics.com>

Approximately 65% of population live in rural areas that is very major portion for any country. Hence this is core need to develop them economically. If they developed well then Indian Economy automatically reach at boom. Researcher choosethis topic due to various factor as Timeframe, Timeframe, availability of data and interest of the researcher. Because researcher has keen desire to develop his country and rural people also. The examination needs to add to the removal of a gap in the writing. The exploration can be led to tackle a particular issue. The examination needs to add to the degree of expert advancement of the researcher. (Rationale for the Study - Research-Methodology, 2010)

### **3.7 Hypothesis Development**

A hypothesis, is a particular expectation about prediction that should be watched if a specific hypothesis is precise. It is a clarification that depends on only a couple key ideas. Hypothesis are regularly explicit forecasts about what will occur in a specific report. They are created by considering existing proof and utilizing thinking to deduce what will occur in the particular setting of interest. (opentext.wsu.edu. (n.d.) Hypothesis is developed with the help of parameter and research objective. All the research objectives are based upon some specific parameter. Researcher

has taken out **FIVE** important parameter for the development of objective and hypothesis and are concerned with the problem of the study. Name of the parameter are:

1. Education
2. Development
3. Income
4. Services
5. Sources

### **Hypothesis 1**

**H<sub>0</sub>:** Microfinance needs some basic level of education

**H<sub>1</sub>:** Microfinance does not need any level of education for the operation

### **Hypothesis 2**

**H<sub>0</sub>:** Microfinance contribute for the development of country

**H<sub>1</sub>:** Microfinance does not contribute for the development of country

### **Hypothesis 3**

**H<sub>0</sub>:** Microfinance for increasing the income level in rural areas

**H<sub>1</sub>:** Microfinance does not increase the income level in rural areas

## **3.8 Area and Premise**

The examination depends on both secondary just as primary information gathered from the investigation territory. The necessary information is acquired from the yearly report of NABARD, 99 Status of Microfinance in India, Uttar Pradesh arranging division, District Statistical Office, and so forth For contemplating the function of Microfinance in all tehsils, a particular timetable was set up to gather essential information from the field. Keeping in see the targets of the examination, overview strategy alongside close to home meeting technique has been utilized for the assortment of information. A different timetable has been readied and strictly followed for the assortment of the applicable data. Essential information at singular level has been gathered during the time of October 2019 to April 2020. Keeping in see the destinations of the examination, both even just as measurable test has been utilized for information investigation. No. of MFIs working in the state (counting those having Head Quarters outside) 28, No. of locale of the state where MFIs work 68, No. of Branches 1064 in UP. Area is selected by the researcher is outskirts of Lucknow.

### **3.9 Selection of the Sample**

In this case, researcher have taken a finite population and determine the suitable sample size by using the following Slovin formula -

$$n = \frac{N}{1 + N \cdot e^2}$$

N = population size = 1500

e = margin of error = .05

315.7894737

Now calculated sample size is 315 as calculated with Slovin formula

### **3.10 Variables for Questionnaire**

There are various variables that are used in the questionnaire formation. There are different variables as dependent variables and independent variables. Researcher used some dependent variables because they all are correlated with Microfinance. These are the basis of questionnaire.

1. Education and Skills
2. Digital Facilities and Services
3. Income Generation
4. Women empowerment
5. Sources of Microfinance

### **3.11 Tools used For Data Collection**

Depending upon the source, it can group as primary information or secondary information. Data collection tools are strategies utilized to assemble information from a targeted, select gathering of individuals to evaluate pre-characterized boundaries by dissecting the information and increasing rich bits of knowledge about the equivalent. Information assortment instruments have essentially changed the manner in which organizations work. It assists with understanding clients better and meet and surpass their desires.

### **3.12 Secondary data collection method**

They are the data that is sourced from somewhere that has initially gathered it. This implies that this sort of information has just been gathered by certain analysts or specialists previously and is

accessible either in distributed or unpublished structure. A model is a data accessible on the Government of India, the Department of Finance's site or in different stores, books, diaries, and so on.

### **3.13 Primary data collection method**

Primary information is one which a researcher gathers unexpectedly for a specific reason. Further, this information is 'pure' as in there haven't been any factual tasks performed on them, in addition to they are likewise unique. The Census of India is a case of essential information. Primary data sources are; questionnaires Surveys, observations, experiments, focus groups, interviews, etc. Researcher used Questionnaire method for primary data collection.(Toppr.com, 2018)

### **3.14 Surveys or Questionnaires**

Studies or polls are instruments utilized for gathering information in overview research. They as a rule incorporate a bunch of normalized addresses that investigate a particular subject and gather data about socioeconomics, feelings, perspectives, or practices. Three famous projects that permit you to make online reviews are Google Forms, Survey Monkey, and Poll Everywhere. An incredible (ease) device for reference measurements is Gimlet (*Data Collection Tools*. (2011, June 21).

### **3.15 Tools for Data Analysis and hypothesis testing**

Descriptive statistics attempt to portray the connection between factors in an example or populace. Distinct insights give a summary of information as mean, median and mode. Inferential statistics utilize an irregular example of information taken from a populace to depict and make surmising about the entire populace. It is significant when it is beyond the realm of imagination to expect to look at every individual from a whole populace. (Satake EB. Statistical Methods and Reasoning for the Clinical Sciences Evidence-Based Practice. ) Researcher used descriptive and inferential statistics to analyses the data. This is very essential to the researcher that aware about statistical tools about data analysis and tools about hypothesis testing. Tools proves the researcher's study valid and reliable. Questionnaire are used for collection of data. Collected data are analysed on

frequency and mode distribution method. Different pie and histogram are used for analysing the data and inferences.

### **3.16 Hypothesis testing**

The sample size of this research is 315. There are 315 respondents through questionnaire survey that are analyzed via pie chart and histogram. After analysis this is found that all the objectives and hypothesis are fulfilled. Hypothesis are tested through Z-test and proves the aims and objectives.

## **Chapter 4**

### **MICROFINANCE IN UTTAR PRADESH**

#### **4.1 Introduction**

Microfinance is a hot topic of discussion in economic forum to the poor it has been proven a boon. Microfinance is not a new phenomenon in India. People have historically invested and lent small sums of money from individuals and organisations in the form of self-help in order to launch enterprises or agricultural projects. The rest of the poor are without access to financial services. Microfinance is a scheme that supports vulnerable rural people in repaying their loans and preserving their social and economic standing in their neighbourhoods. Microfinance is an effective instrument for raising poor people's living standards.

Despite the presence of various microfinance organisations in India, microfinance is inadequate. In India, there is a lot of space for microfinance institutions to expand. Microfinance is a broad concept which has been conceptualized by various countries to eliminate various social causes prevailing on their side. Microfinance as a term can be defined as small financing schemes. India's microfinance industry is projected to develop rapidly, thanks to the government's policies to increase financial inclusion and development in the country's unorganised but significant field. Microfinance has developed quickly into a global initiative devoted to providing poor and near-poor households with access to a number of financial resources. Microfinance institutions, also known as micro banks, non-bank financial institutions, non-governmental organisations, or community-based financial institutions, are organisations that offer these services.

These businesses offer a number of financial services, ranging from small business loans to savings accounts, money, and so on. the rise of Microfinance has been constant in last few decades the early findings on the topic can be sought from the era of 33 in Bangladesh however various small and developing countries use the microfinance and its benefits to include the underprivileged people in the formal economy in many small countries and even developing countries more than half of the population is still vulnerable Financial Services most of the people have not seen the face of banks and various financial institution in their life their work regarding money and credit are done money lenders and middleman this create a situation of uncertainty for their inclusion in

the formal economy there has been various efforts by the various institutions to include them in the financial sector but there have been hurdles. On the same microfinance can be used as a tool which can solve the problem of rural backwardness and poverty. This tool is being utilised by many small countries to treat the problem of social and financial backwardness in the rural areas. In India microfinance is a popular term since decade.

In India various non-government organisations, Gramin banks, rural banks and self-help groups are the part of microfinance in the country. By population and approximately by area Uttar Pradesh is one of the largest states of India. It is important to study the impact of microfinance on a large piece of land. Also since UP is the largest state of India the population it has been immensely affected but the social evils such as poverty, illiteracy and many more. The study takes into the account of microfinance in the state of Uttar Pradesh. The study has been done by elaborating the concept of microfinance through various previous researches. The study also elaborates the importance of the state of Uttar Pradesh through studying its demography and cultural background. Financial inclusion is an important concept related to microfinance. The study gives some brief preview of financial inclusion in accordance with microfinance. Further the study into account impact of microfinance on MSF of Uttar Pradesh along with its social impact of microfinance in the Uttar Pradesh has been studied. The role of microfinance in poverty elimination and other social issues have been studied.

## **4.2 Uttar Pradesh at a Glance**

Uttar Pradesh is a very significant state of the nation from the viewpoint of the people, political and financial consciousness, historical and cultural heritage and freedom struggle. Uttar Pradesh is believed to be one of the oldest states present. It's one of the most ancient cradles of Indian civilization. Uttar Pradesh city Varanasi is termed as one of the oldest cities present. Garlanded by the Ganga and Yamuna. The two pious rivers of Indian mythology, Uttar Pradesh is surrounded by Bihar in the East, Madhya Pradesh in the South, Rajasthan, Delhi, Himachal Pradesh and Haryana in the west and Uttaranchal in the north and Nepal touch the northern borders of Uttar Pradesh, it assumes strategic importance for Indian defence.

Its area of 2,36,286 sq. kms. Lies between latitude 24 degree to 31 degree and longitude 77 degree to 84 degree east. Area wise it is the fourth largest State of India. In sheer magnitude it is half of

the area of France, three times of Portugal, four times of Ireland, seven times of Switzerland, ten times of Belgium and a little bigger than England.

However it is also true that no trace Harappa and Mohan-Jodaro were found in the state. But the antiques found in Banda (Bundelkhand), Mirzapur and Merrut relate the state's history to the early Stone Age and Harappan era. In the Vindhyan ranges of Mirzapur district, chalk drawings or dark red drawings by primitive men are extensively found.

According to many as 16.17 percent of the population of India lives in the province. Geographically, after Rajasthan, Madhya Pradesh, Maharashtra and Andhra Pradesh, it ranks sixth and occupies 7.3 percent of India's land area. It spans 240,928 square kilometers in area wise. It has 18 divisions, 75 districts, 915 local bodies, 8135 NyayaPanchayats, for administrative convenience. 13 Local councils, 226 municipal boards, 59163 gram sabhas, 822 development blocks, 180000 post offices, 2885 telephone exchanges, 97941 inhabited villages. It is important to note that the strength of the state's population is 23.7%, of which 65.9% are farmers and 5.6% are factory employees. As per the current pace, its per capita revenue is Rs. 13,262. (UP.GOV.IN)

Uttar Pradesh's economy completely relies on agriculture. Out of its total population 66 percent of the number are farm workers. The state is trying to make progress in the field by various steps such as the expansion of irrigation infrastructure, arrangements for the timely procurement of fertilizers, pesticides and high-yielding crops, encouraging high-yielding varieties of seed use etc.

Being the state with highest population and various regional disparities it becomes important to read about the financial capacity of the state. Microfinance is a great tool helping in the people in rural areas to become financially independent. The study further discusses the history and footprint of microfinance in the state.

#### **4.3 Concept of Microfinance**

Microfinance is financial services for the vulnerable. It helps in bringing money and influence into the hands of disadvantaged and low-income citizens. It empowers them to make their daily choices and map their own ways out of poverty. The incentive, like the challenge, is immense. The word

"micro financing" was coined in the 1970s during the growth of Bangladesh's Grameen Bank, which was founded by Muhammad Yunus, a microfinance pioneer. With the establishment of Grameen Bank in Bangladesh in 1976, Yunus institutionalised microfinance approaches. Since a substantial number of people in developed countries still rely on subsistence farming or simple food trade for a living, smallholder agriculture in these countries has benefited from substantial funding.

This vision of microfinance is about equitable financial structures that are the best way to meet a vast number of people who are disadvantaged and low-income. There are inadequacies in rural access to formal finance and the usurious terms of informal finance for the poor. Microfinance has developed as a broader trend whose goal is "a society in which a wide variety of inexpensive, high-quality financial goods and services, including not only loans but also deposits, insurance, payment services and fund transfers, are available to all, especially vulnerable and economically disadvantaged people and households."(AanchalSinghal andBindu Arora 2018)

Microfinance is a very small loan, which is easy and is mostly used by low income individuals and households in the short term (Chakrabarty, 2015).Over the last decade, attempts have been made to create alternative approaches to financial implementation through states, financial institutions, and non-governmental organisations (NGOs). These microfinance methods have been developed to merge the stability and dependability of structured finance. Microfinance works with the simplicity and versatility of informal finance. They generally entail supplying very small sums of thrift, credit, and other financial resources and goods to the vulnerable. These are done in order to increase income levels and boost living conditions. (Deepak Barman, Himendu P. Mathur and Vinita Kalra 2009)

Microfinance is beneficial as future point of view. Same has been said by Anand in his research. He says that the key mantra for sustainable and long-term economic growth in the country like India can be at timed through Microfinance (Anand, 2008). Microfinance has made a lot of positive achievements in India, despite the fact that it has not achieved miraculous results (Mathew, 2008). India's microfinance sector is one of the world's largest. It has been important in fostering financial inclusion in India

AanchalSinghal et. al describe microfinance as a financial programme by which society's unemployed or low-income earning communities become self-sufficient. Through microfinance they can accumulate money or borrow cash to meet their everyday requirements. Microfinance is offered to vulnerable because of a specific reason. They offer these services to these entities because they have no official way of obtaining financial services. Microfinance is a form of banking programme that offers financial services to unemployed or low-income individuals or groups that would otherwise be unable to access them. In global context microfinance has been accepted as toolkit. It has been accepted as a new instrument for fighting poverty. Mehvish's in his research analysed the effect of microfinance in selected districts of Uttar Pradesh on poverty alleviation. He revealed that in selected districts in Uttar Pradesh, microfinance played an important role in poverty alleviation and job generation. (MehvishMehmood 2017)

Microfinance is a form of financial service offered to consumers to fulfil their usual financial needs. These needs may be concerned with life cycle, economic incentive, and emergency. Micro-credit is described as "programmes that give credit to very poor people for self-employment and other financial and business services" (Micro Credit Summit 1997).

However microcredit and microfinance are mostly used interchangeably. But while seeing for broader perspective they may be seen as different from each other. Microfinance may be viewed in a wider sense to encompass both microcredit and micro savings. Microfinance is a limited-quantity financial service offered by financial institutions to the vulnerable and poor of the rural class. These financial services include variety of services such as deposits, credit, insurance, lending, money transfers, equity investments, and so on. (Dhar P. 2016)

#### **4.4 Development of Microfinance**

Footprints of microfinance are found to be since 1970s. But it has expanded dramatically in scale and breadth since the 1990s. Microfinance has been widely studied with two models of its working. The SHGs-bank linkage model and the MFI model have been the two major alternate distribution channels. The MFI model has recently gained popularity, and it is showing promising progress (Chkrabarty&Sanyal, 2015) in its initial phase of working the microfinance industry was largely focused in southern India (World Bank 2006), but it now has a presence across India.

According to the FICCI study "Promoting Financial Inclusion," the microfinance market, through SHGs-Bank Linkage Programs (SBLP Model) and MFI-Bank Linkage Programs, is now a significant contributor to Financial Inclusion in India (MFI Model).

The contribution of these lending models to the development of financial inclusion is substantiated in this study, which is focused on authentic evidence. MFI is expanding at a fast rate. Now the cover most part of India outreach, in terms of portfolio size and number of clients serving. This has come out as an important aspect of the financial system. (FICCI, UNDP 2011). Microfinance could expand significantly in India. There are two factors contributing in this. One is the SHGs-Bank Linkage Scheme and second is the growth of NGO MFIs.(Jamal, A. and Mazhar, S.S., 2019.)

Ela Bhatt founded SEWA Cooperative Bank in Ahmedabad, Gujarat, in 1974, and it is now one of the country's first modern-day microfinance institutions. The National Bank for Agriculture and Rural Development (NABARD) initially provided financial services to the unbanked, especially women, but later decided to try a new model, now known as Self-help groups (SHGs). In India, the SHGs-Bank linking scheme has 7.9 million SHGs with savings accounts and includes regional rural banks (RRBs), commercial banks, and cooperative banks in its activities.

Microfinance is the offering of small-scale banking services to individuals who have been turned down by banks. Some providers, such as Gujarat's SEWA Bank, began providing microfinance services in the 1970s. Although it was in use, it gained popularity in the 1990s.

The distribution of loans by a group-based approach is at the heart of microfinance. In India, there are two key principles to remember. Bank Linkage Model for Self-help groups (SGH) The Self Support Network is made up of 10 to 20 individuals. These people pool their savings and lend to one another. The very first instant of such group is found to be conceived in the 1980s by NGOs such as MYRADA and PRADAN.

## **4.5 Need of Microfinance**

According to the World Bank's most recent report, India is home to nearly a third of the world's disadvantaged (surviving on an equivalent of one dollar a day). Microfinance is a significant contributor to financial inclusion in India, considering the fact that many central government and

state government poverty alleviation schemes are currently involved. It has made a major contribution to the eradication of suffering over the last few decades. According to research, people who used microfinance were able to increase their wages and therefore their quality of living. Around half of India's population also lacks a savings bank account and is therefore unable to use any financial facilities. Poor people also need financial institutions to satisfy their basic needs, such as consumption, wealth accumulation, and risk reduction.

Microfinance institutions are a good addition to banks, and in some respects, they are much stronger. These institutions not only offer microcredit, but also other financial services such as deposits, insurance, and remittance, as well as non-financial services such as individual counselling, preparation, and encouragement for beginning a business, all in a convenient manner. Many of these services are provided to the creditor's doorstep, and in most situations, with a repayment plan that is suitable for the borrower. All of this comes at an expense, and the interest rates paid by these institutions are higher than those charged by commercial banks, varying from 10% to 30%.

Some contend that the interest rates paid by some of these institutions are too high, whilst others argue that the high interest rates are warranted given the cost of funding and the cost of delivering the service.

#### **4.6 Microfinance in Uttar Pradesh**

Microfinance institutions are not equally spread across India; some states have a higher concentration, while others have a lower concentration. Uttar Pradesh, the third largest Indian state with 77.7% rural population and 296197 households deemed impoverished, strongly shows the need for microfinance. The following data from a study collected with NABARD provides a fair image of the state of microfinance in UP in 2017.

Microfinance organisations represent over 66 percent of the rural population, suggesting a broader scope or impact in terms of servicing a large number of individuals. As a result, it can be argued that microfinance has a broader scope. When looking at the target demographic, it can be seen that microfinance is going out to a larger number of people who are over the poverty line. As a

consequence, the effectiveness and poverty-reduction results of microfinance in society are brought into question because it does not benefit people who are vulnerable. A higher number of loan cycles are an indication of microfinance fulfilment and productivity, but the data indicates that only a limited percentage of beneficiaries have repeated microfinance loans, and the correlation in terms of time period is also poor, which is not a really good indicator for outreach. It was decided that beneficiaries who earned more than one loan from a microfinance institution were not inherently low-income. As a result, the reach of microfinance institutions is disputed, and the effect and commitments to alleviate poverty tend to be a waste of resources because institutions do not reach the real target community. While population above poverty cannot be used as a good predictor of microfinance performance, Poverty-beyond population cannot be a good predictor of microfinance effectiveness, thus posing big questions on the benefits of microfinance. (Ishtiyaq, S. and Mazhar, S.S.,)

In Indian context SHGs and Microfinance Institutions are the two frameworks used in India for microfinance. Both of these distribution models have penetrated deep into different parts of the country. ParjitDhar states that the economy related to microfinance has reached to maximum people in the southern part of India but in the north states like Uttar Pradesh it has still not penetrated top maximum of the population. Poor and marginal populations, deprived communities, and lagging industries need access to secure, fast, and affordable credit and other financial resources in order to accelerate growth and reduce income inequality and poverty.

The opportunity to have an economically and socially marginalised people to further integrate into the economy and contribute effectively to growth, by providing equitable opportunities, allows them to defend themselves from economic shock. Therefore, in order to reduce poverty, geographical drawbacks, reduce inequality and concentrate on building skills of the otherwise overlooked sectors in society, it is extremely necessary for the models of microfinance to be used in the currently unavailable, excluded areas of the country of the formal financial system. (Dhar P. 2016)

## 4.7 Benefits of Microfinance

- Poor do need to maintain themselves. No one else is going to do it for them. In order to have savings, stabilise demand, and defend themselves against threats poor's need something to do. They need financial goods and services. Microfinance functions as a last-mile link for low-income families who are unable to access conventional financial institutions. It provides a bridge between the divide and helps to reduce poverty. Microfinance loans aid low-income families in a number of areas. It helps people by supplying working capital to launch a business. Microfinance is responsible for infusing credit to smooth cash flows and eliminate anomalies in obtaining food, clothes, housing, or education. Microfinance acts as helping hand in economic adversities related to like sickness, theft, or natural disasters.
- Microfinance keeps the borrower from being stuck in a debt trap that worsens poverty. In India, microfinance loans vary in size from \$100 to \$500. These loans come up with annual interest rates usually ranging between 25% and 35%. The microfinance model was developed to assist low-income people. Microfinance is a great tool for addressing basic barriers such as illiteracy, a lack of financial education, and a lack of collateral assets. The model uses existing mutual service mechanisms and networks to foster financial regulatory in the institutions. (Capital, L., 2010.)
- Dasgupta, R., 2001 describes some of the advantage of Microfinance in his paper. Because of microfinance and microfinance institutions the poor are able to mobilize their savings. The microfinance has provided the underprivileged with access to the specified amount of suitable fund. Constant demand and supply of credit has benefitted the market. It has started new market for FI's. The microfinance has made it possible in reducing the transaction price for both creditors and borrowers. Due to microfinance great improvement in restoration can be observed. Microfinance gave birth to a brand new awareness of subsidy less and corruption less credit, system for poor. Microfinance has been phenomenal for women's. It's an extraordinary tool which empowers rural poor women. Further he says that SHG's should be taken as a nice medium to counter social evils.

- Contrary to the popular belief Swaminathan, M., (2007.) explored the potential of microcredit. He searched for the power of microfinances system in meeting the credit needs of the rural poor. He discovered that NGO-led systems have higher processing costs which makes it hard poor to reach. In this way they are unable to address the general problems of the rural poor. He believed that banks could effectively satisfy their needs by offering a wide variety of goods customised to their needs.
- Microfinance helps people get out of poverty by increasing their jobs and wages, which leads to healthier nutrition and schooling for the borrowers' children. This influence would free people from the poverty pit that binds them to a life of suffering. A poverty trap exists as low wages leads to inadequate diet, which leads to low productivity and income, and children's lack of schooling leads to low skills and employment opportunities.

#### **4.8 Role of Self- Help Groups in Uttar Pradesh**

Microfinance is gaining pace in India. Microfinance is poised to become a significant power. Rural finance has adopted the self-help group (SHGs) model. This model includes banks' lending to communities. These communities are mostly vulnerable women with no collateral. SHGs-based microfinance are nurtured and aided by NGOs. SHGs powered by microfinance has become a significant alternative to conventional lending in terms of reaching the poor. This has resulted with profits to both parties. Microfinance has achieved what it is without incurring a fortune in operational and tracking costs. Earlier the banks were in loss in rural region and they shifted their portfolio away from the rural poor.

The Self-Help Community Bank Linkage Model (SBLP) and the "MFI model" are the two major micro credit models prevailing in India (Sinha 2009). Self Help Groups (SHGs) are created and funded by banks in the banking model. In certain cases, formal agencies/NGOs structure SHGs, which are then funded by banks. SHGs are developed and funded by Microfinance Institutions (MFIs) that derive resource funding from a variety of sources in the MFI model.

MFI model is quite popular whereas; the SBLP model is far away the most reached model to the poor's. However these both models are somewhat different to each other. They use different

mechanisms and terms of methodologies. However both involve legal types of institutions participating in service delivery. In the SBLP is run by the government. In the MFI model a private entity is authorized. These institutions are controlled by the Reserve Bank of India.

Special emphasis has been given by the government and NABARD. These both have stressed on the SHGs approach and cooperation with NGOs in their initiatives. Despite the remarkable numbers, microfinance in India is still in its infancy. Over half a million SHGs have been connected to banks over the years. But this is not an all India scenario. It has happened only in few states, mainly in South India. In southern part of India the linkage account for more than three-quarters of the amount. Here Andhra Pradesh leading the way.

Microfinance has meaningful effect on poverty alleviation. On analysing the potential of microfinance with combining its effect with skill and incentive growth for the young, it has the immense potential to shift the socioeconomic profile of India's poor.

India, with the world's highest impoverished population, was an obvious candidate for experimenting with microfinance as a method for poverty alleviation. India's engagement with small credit aimed mainly at the rural poor is hardly recent, considering the country's nationalised formal banking sector's focus on rural and developmental banking for decades. However, due in part to the phenomenal success of institutions like the Grameen Bank in neighbouring Bangladesh, there has been unparalleled interest in microcredit and microfinance in the form of group-lending without collateral in recent years. (Chakrabarti, R., 2005)

Microcredit, described as small loans to the needy, has a long history in India. For a very long time Traders and moneylenders have given loans to the rural poor. The Bollywood has sketched the image of moneylenders as evil in various movies where the moneylender has charged highest rate of interest from the borrower and also has avenged his lands and jewellery in collateral. These were not mere imagination of movies but the reality at the ground in India few decades ago. The poor were highly exploited in rural region for money. In need of money sometimes they were ready to do the unimaginable work at the moneylenders place. Basically the exorbitant interest rates were causing substantial distress and impoverishment for borrowers. This has also resulted in the rise

of undesirable and immoral activities such as bonded labour. Microfinance removes such exploitative activities in favour of loans to the vulnerable at fair but long-term rates.

The microfinance trend in Western and Southern India has gotten the most coverage in India, both in the media and in academic studies. SHARE, BASIX, SEWA, MYRADA, and PRADAN, for example, are the poster boys of Indian microfinance NGOs who have deservedly gained recognition from scholars, the media, and the government.

Over the last few years, Self-help groups (SHGs) have slowly mushroomed in most Indian districts, usually at the behest of some developmental non-governmental organisations (NGOs). Thousands of SHGs now represent millions of poor people, especially women. Given the lack of a readily accessible data base that covers the activities and output of several MFIs and SHGs distributed across a country, it's no wonder that most of the current microfinance study in India, as in most other countries, has concentrated on producing case studies, mostly covering well-known success stories. We try to take a completely different approach in this article (Chakrabarti, R., 2005)

#### **4.9 Bank- linkage in UP**

Since 1996, NABARD has advocated a national bank linking scheme. The reason behind its encouragement was that it provides SHGs with capital outside their own savings credit. Banks usually provide the group with a loan equivalent to four times its savings. Also the amount of loan varies with the performance of the group. As the group matures and its track record progresses, banks are able to lend more. Borrowed and saved funds are rotated within the community by lending, with variable repayment schedules (typically monthly repayment).

SHGs thus invest, save, and repay jointly. SHGs funds may be allocated to one or more members of the group who are individually responsible for repayment to the group, or the group may invest the funds collectively. However the rate of interest vests in the hand off the group. The group has full discretion over the interest rate. It charges its members on average. Approx. estimate says that a member borrows from the group at a rate of about 24% per year. (Barman, D., Mathur, H.P. and Kalra, V., 2009)

In India, the Microfinance Institution (MFI) model and the SHGs-Bank Linkage Model (SHGs-BLM) are used to provide MF. The NABARD-developed SHGs-BLM is widely used throughout the region. SHGs are related to banks in the SHGs-BLM model. Various MFIs meet rural people in areas that are not served by traditional banks under the MFI model. Singhal, A. and Arora, B., 2018.

MFIs are currently operating in 28 states, 9 Union Territories, and more than 600 districts. The disclosing MFIs had nearly 11678 branches scattered across India as of March 2014. (Bharat Microfinance Report 2014). As of March 31, 2014, the total number of clients represented by MFIs was 330 crore. The bulk of these clients (81.82 percent) are represented by NBFC-MFIs, which are usually the bigger ones.

Despite significant systemic shifts in credit institutions and modes of rural credit in the post-independence period, one of the most prevalent and enduring features of rural life in India is the exploitation of the rural masses in the credit market. In most developed countries, a significant segment of the population, especially low-income citizens, has restricted access to formal and semi-formal financial services.

This has created a situation where most of them are forced to rely on their own or informal sources of funding. This demands an unreasonably high expense. Microfinance has arisen as a financial innovation mechanism in this sense, targeting the millions of poor households. The households who are unable to enter traditional banking and financial institutions. Microfinance has become a fulcrum for poor-people development programmes in recent years. In Third World countries it is now visualised as an important tool for poverty alleviation.

#### **4.10 MSMEs and Microfinance**

Microfinance is also a means to help micro-entrepreneurs and small enterprises. Microfinance is used to encourage economic production, jobs, and growth. On the other hand it can also be said as a way for the vulnerable and poor's which enables them to control their resources. This enables poor's to take advantage of economic opportunities. There has been drastic change in the concept visualised. Now it's not only about microfinance but about financial inclusion. (Singhal, A. and Arora, B., 2018).

Small businesses are the most benefit at party of the microfinance has been providing their help to the small entrepreneurs and local business man to start a new business or expand the older one so that they can earn profit. Microfinance provides various loans insurance schemes and other services to these people which benefit them as well. The whole motive behind providing such help is to encourage people for business and ask for their inclusion in the rural economy. The state of Uttar Pradesh being the largest state with more than half of the people residing in rural areas becomes important it to provide wings to its rural people. Various Microfinance schemes powered by government of Uttar Pradesh and Central Government are working towards the Welfare of the people in the Uttar Pradesh.

MSMEs and medium-sized businesses are increasing day by day. People are finding it more convenient to start their own business in spite of searching for nine to five jobs. Also on the other side the existing smaller financial companies willing to recruit more workers. MSMEs are the entities which are vigorously advocated by the state governments in states such as Uttar Pradesh, Bihar and Jharkhand as they employ a large part of the population.

MSMEs typically produce indigenous goods that also lead to the preservation of cultural products. The Micro, Medium and Small Enterprises Government Ministry are primarily responsible for the implementation of programmes for all MSMEs. The biggest problem with MSMEs funding. They are not financially independent entities. They have to depend on some institutions for funding failing to which they collapse. The government has given immense amount of funds for the regularisation of the sector through microfinance. Various MSMEs in Uttar Pradesh are availing the concessions given to MSMEs through MFIs and other government schemes. The present government in the country and the state of Uttar Pradesh emphasise the youths to take up start up and start something new. Their policy is to encourage more and more self-employment. MSMEs play a crucial role in self-employment generation. And Microfinance is great tool for enhancing capacity of MSMEs. So the cycle is related to microfinance in short. Enhancing the capacity and potential of microfinance institutions in states like Uttar Pradesh will result in higher number of self-employment and higher number of industry in the MSMEs sector.

The state of Uttar Pradesh is enriched with many MFIs. There are big institutions involved in Uttar Pradesh including Utkarsh Microfinance Limited and Cashpor Microcredit, as well as government bodies such as the National Bank for Rural Development (NABARD) and Small Industries Development Bank of India. The supply of these loans is done according to SIDBI. The biggest drawback is that these big players are limited to few regions of the state. Private players such as Agora Microfinance Ltd, Hindustan Microfinance, and Power Microfinance Ltd are also involved in this space. However the involvement of private entities is not bad as private players are here to increase the competition which in turn will benefit the borrowers. This is a positive sign for the industry. According to NABARD, Uttar Pradesh is now one of the emerging states for Micros, resulting in an increase in the number of SHGs in the region. The government's National Rural Livelihood Mission (NRLM) is instrumental in the formation of SHGs. (Vani Kapoor)

#### **4.11 Microfinance Institution in Uttar Pradesh**

Access to stable and sustainable financial services/products is generally accepted as a precondition for society's equitable socioeconomic growth. Continued and accessible access to financing provides the disadvantaged and marginalised with access to economic services (physical and financial) and assists in the smoothing of demand and the development of business enterprises. Microfinance institutions (MFIs) have been regarded as an important part of the financial sector in recent years, as MFIs can assist with the financial inclusion agenda. MFIs provide unbanked people with poor-quality financial goods and services. MFIs have improved their coverage across countries and continents in order to overcome supply-side obstacles to financial inclusion. MFIs overcome the supply-side obstacles to financial inclusion by selling tailored financial goods and services to low-income investors who cannot afford to set up physical collateral (Shankar, 2013). Given the size of microfinance operations and the number of clients served, its position in accelerating financial inclusion cannot be ignored by policymakers, and it has been rightly acknowledged as a vehicle for financial inclusion. Singh, V. and Padhi, P., 2019.

Microfinance is a form of financial service that is open to those who do not have complete access to the financial system. They will use microfinance to get loans to start or grow their companies, as well as make savings deposits. The Reserve Bank of India describes microfinance as the providing of small-scale deposits, loans, and other financial services and products to the poor in

rural, semi-urban, and urban areas in order to help them increase their income levels and living standards. The microfinance industry has made considerable strides in getting a deeper understanding of problems affecting institutional efficiency. MFI technology will and has acted as a catalyst for the delivery of a wide variety of services.

In the uplift of socially and economically deprived segments of society, Microfinance institutions (MFIs) play a vital role. Lending access helps families to build up resources and savings to help counter economic and social vulnerabilities. NGOs, credit unions, banking intermediaries and even a few commercial banks are listed in MFIs.

#### **4.12 Technology in Microfinance**

The current Indian government imposes more on the need of digital transactions. Microfinance cannot be excluded from search needs. To robust the framework of microfinance it is important to Mark all the transactions and all the services digitally. In last 34 years the Indian government has mandated the digital transparency across all IT services. Microfinance have to penetrate in the rural most areas of the state of Uttar Pradesh in this digital empowerment can play a crucial role India is connected all citizens so Unique Identification name Aadhar the data in the system can be utilised to reach the most underprivileged community in the state and provide them with credit facilities.

India has been boosting its IT infrastructure since a decade. The current Indian Government emphasises. The Indian microfinance industry is at the very point where technological capacity has stressed its significance. IT can be a strategic instrument for enhancing the performance and efficacy of Microfinance Institutions (MFIs). MFIs can meet more customers with less money by introducing the best Management Information System (MIS) and using multiple techniques such as product and service convergence. IT has influenced nearly every part of the industry in today's period of technological transformation, including engineering, marketing, human resource management, and so on. (Bhatia, A. and Kiran, C.)

#### **4.13 Role of Microfinance in Financial Inclusion**

Financial development is necessary for poor growth, generally specified not only to deepen financial sector but also to increase financial sector performance (Mavrotas, 2009). The fact that financial growth has a positive effect on economic development in every country. It is well known to all and generally understood as well. Financial development contributes to poverty alleviation in turn. Financial growth includes many aspects. It includes from raising the financial sector size-means increasing the number and amount of financial intermediaries to including banks, cooperatives, etc. That also means growing the selection of financial products to reach financial sector clients. The inclusiveness of the financial sector is often very important in Indian contexts than it's simply extension. The financial sector requires a system that helps the vulnerable and is intended to provide the poor with access to financial resources (Sen, 2010). "Financial inclusion seeks, in the structured provision of diverse financial services to change the lives of the disadvantaged, poorer, and marginalised segment of society and make them stable revenues (Reddy, 2017).

Analysis around the world has shown that a well-developed and inclusive financial system has contributed to equal distribution of wealth, expanded economic opportunities and a higher rate of growth. It is well known that India is a developing country. In India people mostly reside in villages and is based on the primary sector (agriculture and allied industries). To reach this population a quotable financial structure with a pro-poor outlook is important (Basu, 2006).

Financial inclusion is main motive of microfinance. The term has been described by the Rangrajan Committee Report of 2008. The report says that "Financial inclusion can be described as the process of ensuring access to financial services and timely and adequate credit where appropriate by disadvantaged groups such as weaker sections and low income groups at an affordable cost." (Barman, D., Mathur, H.P. and Kalra, V., 2009)

For the country's economic growth, inclusive growth and an inclusive financial structure are needed. Financial inclusion is being encouraged by the government of India as a policy initiative to improve economic development and eliminate social and financial inequity. This is because

there is a clear correlation between financial inclusion and economic development (Iqbal & Sami 2017). The government of India and the Reserve Bank of India have made concerted efforts to encourage financial inclusion in India. Apart from other players, MFIs have emerged as a strong tool for fostering financial inclusion across India, according to this report.(Jamal, A. and Mazhar, S.S., 2019). According to the study by Islam 2012, about 31 MFIs are involved in Uttar Pradesh's central districts and play an important role in fostering financial inclusion. It can be concluded that microfinance institutions (MFIs) in India have played a major role in developing financial inclusion (Islam, 2012).

Financial inclusion is an important aspect of microfinance. Microfinance was started to include those people who were excluded from the formal economy since very long. Microfinance schemes are mainly implemented to include poor people and backward people in the economy by providing them money and credit. The loans provided to people through microfinance institutions are helpful to people as well as the society the money e which is utilised by the borrower in turn benefits the society. This can be understood from the fact if a borrower starts a business expand the old business. This makes a part of the economy and both parties are benefited from it. So financial inclusion is a topic which cannot be separated from the microfinance. So the further part of the research takes into the account of the various researches done in accordance with the importance of financial inclusion through microfinance.

Such numbers of citizens who are unavailable with financial services are in majority of the global population. – Many in the developed world do not have access to structured financial services. Very few benefit from deposits, investments, or simple ways of exchanging capital. Many who are able enough to open a bank account frequently face insufficient resources. Houses require multiple connections to funding. It involves contingency preparation and risk reduction. These two being the most relevant thing. Households need alternative for their income. They try every if and but methods to save something. Households are building up buffer savings, allocating investment savings, and purchasing insurance and hedging goods in accordance with insurable contingencies. Houses normally need credit to build livelihoods until these conditions are satisfied. Houses usually need access to credit for livelihoods, consumption and emergencies where these conditions are met (when savings/saving insurance are not available). Generating wealth is another area that

involves financial resources. Households are expected to build wealth through different savings and investment goods, based on their literacy and understanding of risks. Barman, D., Mathur, H.P. and Kalra, V., 2009

The microfinance sector will assist with this by promoting financial inclusion to a significant degree. Microfinance is the distribution of very small loans (microcredit) to help disadvantaged households invest in profitable practises or expand their small businesses. It has since come to provide a larger variety of services, such as deposits, insurance, pawns and remittances, etc. (Tankha, 1999). That is why microfinance is rapidly being used as a way of accessing the financially excluded masses of the world to provide them with all the necessary financial services they need. Several parts of society have been removed from Indian finance market reforms in the search of its goals.

The banking sector concentration in urban areas often resulted in rural retrogression and the suicide of farmers. Extending the influence of the formal financial institutions among the poorest of the poor should seek to rid them of the clutches of the money lender (Mathew, 2008). Microfinance may provide a solution to these socio-economic challenges by financial inclusion.

It is important to remember that financial inclusion, which improves poor households' access to financial resources, aids inclusive financial sector growth (Sen, 2010). Financial inclusion can be accomplished through a number of formal entities. Commercial banks, state-owned banks, rural banks, postal banks, cooperatives, NGOs, and non-bank financial institutions (NBFIs) are examples (Jamal & Alam, 2017). In this case, microfinance is becoming more important. Financial inclusion can be effectively done via microfinance. It brings disadvantaged people into the conventional economy by extending financial assistance to them (Basu, 2006). For poverty alleviation purposes, the rise in income levels, the equal distribution of income and the increase in overall growth rate are important. In other words, financial institutions must target specifically the vulnerable strata of society who do not have sufficient access to financial services.

The Government of India has sincere efforts to encourage financial inclusion in India. Government works along with RBI, SIDBI, NABARD and other financial institutions to include the negligible

community of the society in the formal economy. Some of the key steps in order to do so involves widening the financial sector in terms of entry, encouraging structured financial markets, endorsing SHGs-Bank Linking schemes, promoting MFIs, deploying BC/BF and other operations.(Jamal, A. and Mazhar, S.S., 2019)

#### **4.14 Growth of Microfinance**

Microfinance services in India are now for more than six decades. The story of growth has been tremendous. The further part of the study looks at the growth of microfinance in. A powerful development story is on the Indian microfinance market. The growth success of the liquidity crisis was impressively maintained and improved in the second half of 2009. As of March 2009, the MFIs in India registered an outstanding client base of 22.6 billion dollars. In the last five years, the sector delivered 86% of creditors and 96% of the outstanding portfolio of the CAGR.

The microfinance company has expanded from 14.2 millions to 22.6 million in its user base in the 12 months from March 2008 to March 2009 and is expanding by 59 percent, raising its current portfolio from \$1.5 billion to \$2.3 million. This represents a 14% rise in absolute portfolio outstanding growth and a 33% rise in absolute creditors growth between 2008 and 2009.(Capital, L., 2010)

The Indian microfinance business model's power and long-term feasibility derives from the fact that it meets a significant unmet need for financial inclusion. To date, it has effectively addressed difficulties faced by other financial services companies in addressing the demands of this sector by developing product developments, understanding the diverse needs and skills of the segment, and leveraging the mechanism of shared liability community risk management. Even with exceptionally fast growth in recent years, the model has succeeded in retaining an outstanding portfolio quality.

The large scale of India's new unbanked population and geographical diversity has tremendous potential for sustained fast growth in the microfinance industry. Furthermore, as the market matures, more priority will be placed on customer and regional diversification, as well as financial and non-financial product growth. MFIs are being used as future outlets for providing other goods

and services to low-income and remote communities, in addition to developing their own services. Other customer goods and service companies are starting to put greater value on the microfinance distribution network now that the Indian MFI industry has expanded to over 20 million clients.

As a result of this dynamic growth and maturity, the Indian microfinance market is increasingly regarded as a viable investment target, with trade investors joining the social investment industry's social investors. Equity assessments in the Indian microfinance market, particularly as regards strong growth expectative and large debt available to drive rapid development, are greater than in the financial sector as whole and global MFIs. The short- and medium-term trading of MFI shared assets is projected to be considerable as the MFI revise its business models to expand on unfulfilled demand and cool down over the long term as the industry matures and continues to grow. The short- and medium-term trading in MFI shares is likely to be important, as MFIs re-align their business models to capitalise on unsatisfactory demands and cool off for long periods as the market matures and starts consolidating. When more buyers enter the market, secondary and commercial exit prospects also grow. Greater MFIs should still suggest IPOs, even though this may not be a practical short- to medium-term escape solution for most MFIs. (Capital, L., 2010)

#### **4.15 Social Impact**

Although it's not a medicine pill that will eliminate the yearlong disease soon after engulfing. But it may solve the problems to some extent. It is undoubtedly not a silver bullet. Micro-credit means offering credit and loans for the vulnerable for self-employment and growth of entrepreneurship. Limited sums are usually paid out as deposits, and the maturity period on loans are longer than for commercial banks. Most microfinance institutions work together in the communities in which they exist to provide financial resources for social growth. The solution to pervasive poverty is for the poorest of the poor to get their hands on the growth ladder. The construction ladder hovers above and below it are the lowest of the poor. They don't have the minimum resources to take hold, so they need to rise to the first level. The precondition for financial programmes for consumers who are generally ignored by the credit/finance majority sector is micro-credit. These consumers are turned down by conventional lenders for a number of reasons, including a lack of schooling, living in a remote area, poverty, and so on. Micro-credit and short-term lending programmes are offered by a number of non-governmental organisations. Non-profit foreign and international

organisations, private enterprises, financial institutions, and licenced banks are among them.(Dwivedi, A.K., Dwivedi, P.K. and Dwivedi, N., 2011)

#### **4.16 Microfinance in Poverty Elimination**

“Microfinance services are built to help the underprivileged improve their earning, consolidate their assets, and even achieve a better financial stability in life,” Singh (2008). The drawback of taking out a microfinance loan over a more conventional loan is that the latter is less likely to support the needy. Buckley (1997) represented it as the newest favourite of the donor world, while Karnani (2007) portrays it as the newest magic bullet for alleviating poverty and injustice. Microfinance, according to Greer (2008) is a proven way to change the lives of the vulnerable. Ausburg (2008) points out the need for effective microfinance of a further dimension (training in financial management, communications, management and business development). Dwivedi, A.K., Dwivedi, P.K. and Dwivedi, N., 2011

Microfinance is mostly famous in rural areas. Here people are often farmers or small labours. They are not able to feed their families as expected poverty is an evil that scares India since very long. Most of the Indians are not able to take up two time of food, wear a simple cloth and sleep under a roof at night. Microfinance institutions when provide loans to the people at low rate of interest it becomes a way for poverty elimination. Discussing it in brief it can be said that when people take loans from microfinance institution either they start their own business bar expand their old business. In both conditions the borrower gain something which is in turn improves their standard of living. With higher earning they are able to provide their families with various facilities they are able to feed their families with good food good clothes and sometimes it may be possible that they may also provide a good roof to their families. Microfinance through their small loans and credits is filling the gap between the poorer and the poorest. So it can be said that microfinance institutions play a major role in poverty elimination at the rural level.

A large number of the poor in India will somehow change their financial capital to achieve their goals in relation to their homes and other plans. However, with the advent of microfinance in India, living standards are projected to increase for the poor part of the population (Patil et al., 2008).

Thirty years ago, after an obscure project in Bangladesh, microfinance became a global development operation to lift disadvantaged people out of poverty (Ditcher, 2006).

#### **4.17 Role in Education**

Microfinance in UP is basically in the rural areas. Rural areas are often backward financially and socially. The social backwardness basically means her backwardness in the field of education. Microfinance institutions in Uttar Pradesh are aimed at improving the overall standard of underprivileged people. Microfinance institution in Utah Pradesh are aimed at and overall growth of the rural area. Microfinance institution provide various schemes two people which lets them do you improve their standard of living. Microfinance institutions provide various types of loans and insurance which can have great influence on the lives of poor people. One of the most interesting and most affecting benefits of microfinance can be seen in the education sector where the studies show that with arrival of microfinance the literacy level in the rural areas have been improved consistently. This can be sought from the fact that microfinance through their various schemes is doing something that is improving the social status of the people. Microfinance provides financial help to self-help groups where only ladies work. Ladies take foremost priorities to educate her children's so they can be self-dependent. Microfinance in this way is helping with poor families to improve their literacy level as well as their family's future by providing financial help too. Also poor people are often not able to go for higher studies because of lack of money. They find it difficult to reach various banks to gain the benefit of educational loans as there are more papers unless money at private banks. Microfinance has also proved to be miracle in this sector. Microfinance provides is small educational loan to its borrowers on very low rate of interest which is highly appreciated. In rural areas this also gives proof for highly appreciable role of microfinance in the education sector

#### **4.18 Microfinance building Rural Economy**

Microfinance schemes in India have been a possible vehicle for creating revenue and jobs and alleviating poverty. They are viewed as a significant approach to alleviating poverty and raising living conditions, especially for women. The metrics used for the assessment include the utilization of the available money, the improvement in the level of poverty, the creation of jobs and the amount or percentage of beneficiaries. These services, in addition to the economic gains, have a

social impact on the neighbourhoods where the vulnerable live. In addition, microfinance has come to be seen as a complementary development model which, by linking the broad rural population with formal financial institutions through SHGs, expands the financial service delivery mechanism. In India, the first organisation to note the microfinance phenomena was NABARD. Since then, the spread of microfinance by SHGs has been increasing steadily. NABARD, however, initiated a national pilot project in 1996 to connect the SHGs to the banks. As such, microfinance is making strides in India, too, in its attempts to alleviate poverty and motivate rural women.

#### **4.19 Challenges Ahead**

Microfinance involves various agents which work for the distribution of schemes of his entity. These agents are associated with the microfinance institution directly so that it eliminates the chances of corruption. In informal sector the borrower is often exploited by various means. Moneylenders exploit the poor's by charging higher rate of interest. Sometimes even they take land of the borrower in form of collateral and never give them back. Poor people have been exploited such that they find it difficult to trust the officials of bank as they work on paper mode. The paper sounds as mean to take their houses and lands poor and backwards people, so they hesitate to come up to the banks. The microfinance services should be more and more easy to avail, easier to understand and easiest to repay to the poor's. This will bring a sense of confidence and as sense of trust among them.

Since the money loaned is used for everyday use or consumer goods rather than for business investments, microcredit has pushed vulnerable households into debt traps. Microfinance, like all other entitlement schemes, contributes to financial dependency and reduced wages. Also among the most committed and ambitious new company owners, a substantial percentage have struggled to produce the profits necessary to repay the loan and succeed in the long run due to a lack of experience and professional advice. Furthermore, since the loans are directed at very poor families, they are unable to produce macroeconomic growth. Furthermore, since the loans are directed at very poor families, they are unable to produce macroeconomic growth. In fact, even though microfinance does not fail, it will only build income opportunities for one person at a time while making little improvements to infrastructure, organisations, or private sector capability.

## 4.20 Probable Solutions

The challenges can be solved with plans. The plans that can reboot the microfinance system. Before we conclude we can discuss some plans which can deal with the challenges aged in the field of microfinance. There is need of proper regulatory body. When microfinance was in its beginning, legislation was not a big concern, and individual entities were free to experiment with new organisational models. However, as the sector reaches two decades of high growth, an encouraging regulatory environment that protects stakeholders' interests while still fostering growth is needed. As the scope of microfinance is widening it is important to supervise the field with proper attention. In addition to adequate microfinance sector control, field visits should be used to track situations on the ground and, if necessary, take corrective measures.

This will keep track of the success of different MFIs' ground workers as well as their recovery activities. This will also allow MFIs to follow a proper code of ethics and function more effectively as a result of this. However, the question of viability and cost associated with physical surveillance of this large sector continues to be a concern. Also Instead of decreasing the initial cost, it has been noted that MFIs are opening branches in areas where there are only a few MFIs. Providing financial rewards to MFIs to open new branches in low-microfinance-penetration areas would improve the state's microfinance outreach and eliminate multiple lending. This would also increase the state's rural microfinance penetration. MFIs can provide a comprehensive product offering that covers credit, savings, remittance, financial counselling, and non-financial services such as training and assistance. Since MFIs serve as a bank replacement in places where people do not have access to banks, offering a wide range of goods would enable the poor to take advantage of all services. It has been found that MFIs use a range of interest rate pricing patterns, with some charging premium fees and interest-free deposits (a part of the loan amount is kept as deposit on which no interest is paid).

All of this makes prices rather confusing, and the creditor is powerless in terms of bargaining power as a result. It's important for MFIs to use new technology and IT tools and applications to cut operating costs. MFIs can use new technologies and IT tools and applications to cut operating costs. Though most NBFCs are implementing such cost-cutting initiatives, as evidenced by their low cost per unit of money lent (9 percent to 10%). NGOs and Section 25 businesses have a high

cost per unit of money borrowed, varying from 15 to 35 percent, and should be urged to pursue cost-cutting steps to minimise their running costs. Initiatives such as the introduction of a standard MIS and other applications for all MFIs may also be taken to increase transparency and performance. Funds have been biggest hurdle in the sector. It's important to arrange funds for proper functioning of the system. In the absence of appropriate funds, MFIs' growth and scope are limited, and to resolve this question, MFIs should search at alternative sources of funding for their loan portfolio. Various alternate sources of funds for MFIs include transfer to a for-profit business, such as NBFC, Portfolio Buyout, and Loan Securitization, among others. (essaysauce)

**Table 4.1 The Self-help groups-Bank Linkage Program progress report (2017-18 to 2019-20) Amount Rs. Lakh**

Particulars		2017-18		2018-19		2019-20	
		No. of SHGs	Amount	No. of SHGs	Amount	No. of SHGs	Amount
SHG Savings with Banks as on 31st March	Total SHG Nos.	87.44 (1.95%)	19592.12 (21.59%)	100.14 (14.52%)	23324.48 (19.05%)	102.43 (2.29%)	26152.05 (12.12%)
	All women SHGs	73.9 (0.94%)	17497.86 (22.51%)	85.31 (15.44%)	20473.55 (17.01%)	88.32 (3.53%)	23320.55 (13.91%)
	Percentage of Women	84.51	89.31	85.19	87.78	86.22	89.17
	of which NRLM/SGSY	41.84 (11.76%)	10434.03 (38.15%)	55.8 (33.37%)	12867.18 (23.32%)	57.89 (3.75%)	14312.7 (11.23%)
	% of NRLM/SGSY Groups to Total	47.85	53.26	55.72	55.17	56.52%	.73%
	Of which NULM/SJSRY	4.25(- 22.10%)	1350.8 (19.87%)	4.39 (3.29%)	1614.42 (19.52%)	4.69 (6.83%)	1523.57 (-5.63%)
	% of NULM/SJSRY Groups to Total	4.86	6.89	4.38%	6.92%	4.58%	5.83%

Loans Disbursed to SHGs during the year	Total No of SHGs extended loans	22.61 (19.13%)	47185.88 (21.67%)	26.98 (19.33%)	58317.63 (23.59%)	31.46 (16.60%)	77659.35 (33.17%)
	All women SHGs	20.75 (20.92%)	44558.74 (23.42%)	23.65 (13.98%)	53254.04 (19.51%)	28.84 (21.95%)	73297.56 (37.64%)
	Percentage of Women Groups	91.78	94.43	87.66	91.32	91.67%	4.38%
	Of which NRLM/SGSY	12.7 (43.41%)	25055.18 (44.52%)	16.49 (29.84%)	33398.93 (33.30%)	20.49 (24.26%)	52183.73 (56.24%)
	% of NRLM/SGSY Groups of Total	56.2	53.1	61.12	57.27	65.13%	7.20%
	Of which NULM/SJSRY	1.06 (0.17%)	2424.07 (-9.41%)	1.29 (21.70%)	3419.58 (41.07%)	1.59 (23.26%)	3406.22 (-0.39%)
	% of NULM/SJSRY Groups to Total	4.71	5.14	4.78	5.86	5.05%	39%
Loans Outstanding against SHGs as on 31 March	Total No. of SHGs linked	50.2 (3.55%)	75598.45 (22.76%)	50.77 (1.14%)	87098.15 (15.21%)	56.77 (11.82%)	108075.07 (24.08%)
	No. of all Women SHGs linked	45.49 (6.20%)	70401.73 (24.73%)	44.61 (-1.93%)	79231.98 (12.54%)	51.12 (14.59%)	100620.71 (27.00%)
	Percentage of Women SHGs	90.62	93.13	87.87	90.97	90.05%	93.10%
	of which NRLM/SGSY	27.93 (12.13%)	38225.29 (27.44%)	32.85 (17.62%)	54320.91 (42.11%)	36.89 (12.30%)	67717.07 (24.66%)
	% NRLM/SGSY Groups to Total	55.63	50.56	64.7	62.37	64.98%	62.66%

of which NULM/SJSRY	2.9 (-8.58%)	5350.63 (29.45%)	2.25 (-22.41%)	4110.73 (-23.17%)	2.67 (18.67%)	5466.87 (32.99%)
% ULM/SJSRY- Groups to Total	5.79	7.08	4.43	4.72	4.70%	5.06%

*Source: Annual Report NABARD 2019-20*

Table 4.1 shows the development status of MFIs under Self-help groups-Bank lineage Programme. From table it's observe that Total no SHGs in FY 2017-78 was 87.44 which increased to 100.14 in 2018-19 and then to 102.43 in 2019-20. The percentage of women SHGs increased from 84.51% in 2017-18 to 89.17% in 2019-20. The SHGs under NRLM/SGSY increased from 4.25% in 2017-18 to 4.69 in 2019-20. While SHGs under NULM/SJSRY decreased from 4.86% in 2017-18 to 4.58% in 2019-20. Loans disbursed to SHGs increased from 47185.88 in 2017-18 to 77659.35 in FY 2019-20. While loan disbursed to women SHGs increased from 44558.74 in 2017-18 to 53254.04 in 2018-19 then to 73297.56 in 2019-20. The percentage of women SHGs remained around 91% across three years. The total outstanding loan against linked SHGs increased from 75598.45 in 2017-18 to 108075.07 in 2019-20. The outstanding loan under NRLM/SGSY scheme increased from 50.6 in 2017-18 to 62.66% in 2019-20 whereas under NULM/SJSRY scheme the outstanding loan decreased from 7.08% in 2017-18 to 5.06% in 2019-20.

**Table 4.2 Status of Self Help group bank linkage programmes in accordance with various agency in 2019-20 Note: (Amount in Rupees Lakh)**

Category of Agency	Total Savings of SHGs with Banks as on 31 March 2020		Loans disbursed to SHGs by Banks during 2019-20		Total Outstanding Bank Loans against SHGs as on 31.03.2020		NPAs as on 31.03.2020	
	No. of SHGs	Savings Amount	No. of SHGs	Loans disbursed	No. of SHGs	Loan Outstanding	Amount of Gross NPA	NPA (percent)
<b>Commercial Banks</b>	54,73,833	15,66,217.93	17,96,099	48,43,108.56	32,94,643	71,21,582.37	3,60,466.90	5.06

*Source: Annual Report NABARD 2019-20*

<b>%Share</b>	53.44	59.89	57.09	62.36	58.03	65.89	67.74	
<b>Regional Rural Banks</b>	32,61,879	7,81,127.17	10,93,788	24,23,162.23	18,49,225	30,32,101.28	1,32,526.97	4.37
<b>%Share</b>	31.84	29.87	34.77	31.20	32.57	28.06	24.90	
<b>Cooperative Banks</b>	15,07,611	2,67,859.79	2,56,115	4,99,664.05	5,33,203	6,53,823.59	39,176.55	5.99
<b>%Share</b>	14.72	10.24	8.14	6.43	9.39	6.05	7.36	
<b>Total</b>	<b>102,43,323</b>	<b>26,15,204.89</b>	<b>31,46,002</b>	<b>77,65,934.84</b>	<b>56,77,071</b>	<b>108,07,507.24</b>	<b>5,32,170.42</b>	<b>4.92</b>

Table 4.2 shows agency wise report of BLP scheme in the year 2019-20. The table informs that various agency received a sum of Rs. 26, 15,204.89 as savings from various SHGs registered with them. Out of this whopping sum of money 59.89% of savings were with commercial banks, 29.87 with Regional rural banks and 10.24% with Cooperative banks. Out of total registered SHGS, 53.44 were registered in Commercial banks, 31.84 with RRBs and rest with cooperative banks. In 2019-20 all these agencies distributed an amount of Rs. 77, 65,934.84 to 31,46,002 SHGs. The highest amount of loan i.e. 62.36% was given by commercial banks followed by RRBs and cooperatives banks respectively. As on 31.03.20 the agencies are with outstanding loan of Rs. 108, 07,507.24 from 56, 77,071 registered SHGs. With major amount of loans 63.89% was outstanding with commercial banks. Out of the outstanding loans 4.92% i.e. Rs. 5, 32,170.42 are now converted into non-profitable assets.

**Table 4.3 Agency-wise Average savings, Loan Disbursement and Loan Outstanding (Rper SHG) for 2018-19 & 2019-20**

	<b>Average Savings of SHGs with Banks</b>	<b>Average Loans disbursed to SHGs by Banks</b>	<b>Average Outstanding Bank Loans against SHGs</b>
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	2019-20	2018-19	Change (%)	2019-20	2018-19	Change (%)	2019-20	2018-19	Change (%)
<b>Commercial Banks</b>	28,613	24,175	18.36	2,69,646	2,27,988	18.27	2,16,156	1,91,786	12.71
<b>Regional Rural Banks</b>	23,947	24,986	-4.16	2,21,539	2,07,826	6.60	1,63,966	1,54,500	6.13
<b>Cooperative Banks</b>	17,767	16,398	8.35	1,95,094	1,74,620	11.72	1,22,622	1,09,471	12.01
<b>Total</b>	<b>25,531</b>	<b>23,291</b>	<b>9.62</b>	<b>2,46,851</b>	<b>2,16,119</b>	<b>14.22</b>	<b>1,90,371</b>	<b>1,71,543</b>	<b>10.98</b>

*Source: Annual Report NABARD 2019-20*

Table 4.3 shows a comparative study between FY 2018-19 to FY 2019-20. From the table it is observed that in year there is an increase of 18.36% in the savings of SHGs with commercial banks from year 2018-19 to 2019-20. A decline of 4.16% is observed in the savings with RRBs while there is an increase of 8.35% in savings with cooperative banks. The loans disbursed to SHGs by various agencies increased by 14.22% in FY 2019-20 from 2,16,119 in 2018-19 to 2,46,851 in 2019-20. The loans outstanding with various banks increased by 10.98%. Now there is outstanding loan of 1,90,371 with banks which was 1,71,543 in FY 2018-19.

**Table 4.4 The Progress under MFI-Bank linkage programme during the last 3 years**

Particulars	2017-18		2018-19		2019-20	
	No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
<b>Loans disbursed by banks/FIs to MFIs/MFOs</b>	1922	25515.23	1933	14625.95	4762	20225.99
<b>Loans outstanding against MFIs/MFOs season 31March</b>	5073	32305.92	5488	17760.68	15197	29288.62

*Source: Annual Report NABARD 2019-20*

Table 4.4 depicts the progress under MFI-Bank linkage programme during the span of last 3 years. From the table it is observed that there is an increase in the number of account holders in various banks. The numbers of accounts were 1922 in 2017-18 whereas in 2019-20 it stands at 4762. A decline in the savings in the accounts have been observed i.e. the amount saved with banks were Rs. 25515.23 in 2017-18 has been reduced to 20225.99 in 2019-20. The

outstanding loans which were 32305.92 in 2017-18 have been decreased to Rs. 29288.62 in FY 2019-20.

**Table 4.5 The agency wise details of loans extended to MFIs Loans to MFIs/ MFOs by Banks/Financial Institutions**

Financing Agency	Period	Loans disbursed to MFIs during the year		Loan outstanding against MFIs as on 31 March	
		No. of loan accounts	Amount (R Crore)	No. of loan accounts	Amount (R Crore)
Commercial Banks	2017-18	641	22133.60	1962	26039.52
	2018-19	340	13645.23	1287	15896.47
	2019-20	3621	18626.91	9688	26711.87
Regional Rural Banks	2017-18	13	55.93	358	64.16
	2018-19	6	5.16	37	14.50
	2019-20	8	13.07	144	28.03
Cooperative Banks	2017-18	1248	38.70	2653	68.51
	2018-19	1567	70.56	4080	133.84
	2019-20	1117	493.02	5309	515.93
SIDBI	2017-18	20	3287.00	100	6133.74
	2018-19	20	905.00	84	1715.87
	2019-20	16	1093.00	56	2032.79
Total by all agencies	2017-18	1922	25515.23	5073	32305.93
	2018-19	1933	14625.95	5488	17760.68
	2019-20	4762	20225.99	15197	29288.62

*Source: Annual Report NABARD 2019-20*

From the Table 4.5 it's observed that in 2017-18 all agencies inclusively disbursed an amount of Rs. 25515.23 to 1922 account holders. Out of which 641 were registered with commercial banks, 13 with RRBs, 1248 with cooperative banks and 20 with SIDBI. The outstanding loan during the same year was Rs. 32305.93 from 5073 account holders. The highest amount of outstanding loan was with commercial banks i.e. Rs. 26039.52. In 2018-19 disbursed loan amounts Rs. 14625.95 to 1933 account holders. Out of which 340 were registered with commercial banks, 6 with RRBs, 1567 with cooperative banks and 20 with SIDBI. The outstanding loan during the same year was Rs. 17760.68 from 5488 account holders being highest amount with commercial banks i.e. Rs. 15896.47. In 2019-20 all agencies disbursed an amount of Rs. 20225.99 to 4762 account holders. Out of which 3621 were registered with commercial banks, 8 with RRBs, 1117 with cooperative banks and 16 with SIDBI. The outstanding loan during the same year was Rs. 29288.62 from 15197 account holders. The highest amount of outstanding loan was with commercial banks i.e. Rs. 26711.87.

**Table 4.6 Microfinance Progress- Saving of SHGs to Commercial Banking Public Sector on 31 March 2020**

Sr. No.	Name of Bank	Details of SHGs Saving linked with Banks			Out of Total SHGs - Exclusive Women HGs		Out of Total SHGs –Under NRLM/SGSY Scheme		Out of Total SHGs –Under NULM/SJSRY	
		No. of SHGs	No. of Members	Savings - Amount	No. of SHGs	Savings - Amount	No. of SHGs	Savings - Amount	No. of SHGs	Savings - Amount
	UTTARPRADESH									
1	Allahabad Bank	5395	53945	763.17	1883	315.86	3356	616.02	336	44.84
2	Andhra Bank	114	1368	47.53	113	47.45	99	45.63	14	1.82
3	Bank of Baroda	36652	422700	10185.90	22137	6269.42	7105	1786.45	994	35.72
4	Bank of India	13904	156954	1234.00	7668	633.00	11453	1081.00	2404	122.00
5	Bank of Maharashtra	714	6034	133.62	591	121.20	12	2.10	1	0.05
6	Canara Bank	10001	164946	1814.13	9115	1653.17	5393	1256.02	887	15.75
7	Central Bank of India	11421	225804	2929.16	327	37.28	327	37.28	11	0.04
8	Corporation Bank	68	680	9.08	42	6.88	33	6.01	2	0.00
9	Indian Bank	1119	14547	303.00	1108	300.00	145	27.00	52	4.00
10	Indian Overseas Bank	318	3775	28.11	223	26.12	78	12.51	4	0.00
11	Oriental Bank of Commerce	6080	60800	809.83	3821	697.33	351	58.59	52	14.32
12	Punjab and Sind Bank	3963	39630	588.82	3725	557.27	3111	543.77	852	45.05
13	Punjab National Bank	18081	180810	5664.97	17515	5304.43	17	2.16	17	7.98
14	State Bank of India	7167	88728	4288.00	6092	3645.00	5518	3643.00	502	344.00
15	Syndicate Bank	5493	54937	1092.00	2016	651.00	1528	368.00	165	73.00
16	Uco Bank	9674	103968	381.87	8328	331.88	4554	155.58	4502	185.95
17	Union Bank of India	24718	345996	3333.00	18788	2622.00	18569	2597.00	334	39.00
18	United Bank of India	1425	14267	162.00	1425	162.00	1402	149.00	4	5.00
	Total	156307	1939889	33768.19	104917	23381.29	63051	12387.12	11133	938.52

*Source: Annual Report NABARD 2019-20*

In Table 4.6 Public Sector Commercial banks of Uttar Pradesh a total of 156307 SHGs are registered of which maximum are with Bank of Baroda, followed by Union Bank India, PNB, BOI and more. These registered SHGS constitute a total of 1939889 members who contribute a sum of Rs. 33768.19 as savings with all the banks being maximum with Bank of Baroda. Among all the

registered SHGs there are 104917 women exclusive SHGs registered which contribute a sum of Rs. 23381.29 as savings. Most of women exclusive SHGs are registered with Bank of Baroda, PNB and Union Bank of India. From total registered SHGs there are 63051 SHGs under NRLM/SGSY scheme. They constitute an amount of Rs.12387.12 as savings with banks. While there are 11133 SHGs under NULM/SJSRY scheme contributing Rs. 938.52 as savings.

**Table 4.7 Microfinance Progress- SHGs Savings with Private Sector Commercial Banks as of 31 March 2020**

Sr. No.	Name of Bank	Details of SHGs Saving linked with Banks			Out of Total SHGs		Out of Total SHGs		Out of Total SHGs	
					- Exclusive Women SHGs		- Under NRLM/SGSY Scheme		- Under NULM/SJSRY	
		No. of SHGs	No. of Members	Savings - Amount	No. of SHGs	Savings - Amount	No. of SHGs	Savings - Amount	No. of SHGs	Savings - Amount
UTTAR PRADESH										
1	Axis Bank Limited	0	0	0	0	0	0	0	0	0
2	Bandhan Bank Limited	157	1570	40.62	0	0	0	0	0	0
3	Federal Bank Ltd	21	105	0.18	0	0	0	0	0	0
4	HDFC Bank Ltd.	0	0	0	0	0	0	0	0	0
5	ICICI Bank Limited	5	65	0.19	5	0.19	5	0.19	0	0
6	IDBI Bank Limited	3759	45108	66.24	3167	33.29	3759	66.24	0	0
7	Karnataka Bank Ltd	43	469	1.31	41	1.23	0	0	0	0
8	Nainital Bank Ltd	10	100	0.38	5	0.19	10	0.38	0	0
9	South Indian Bank Ltd	0	0	0	0	0	0	0	0	0
10	YES Bank Ltd.	2421	32871	51.33	2421	51.33	0	0	0	0
Total		6416	80288	160.25	5639	86.23	3774	66.81	0	0

*Source: Annual Report NABARD 2019-20*

From the Table 4.7 it can be seen that in Private sector commercial of Uttar Pradesh a total of 6416 SHGs are registered of which maximum are with IDBI bank limited, YES bank limited and Bandhan bank limited. All these registered SHGs constitute a total of 80288 members who contribute a sum of Rs. 160.25 as savings with all the banks being maximum with IDBI bank.

Among all the registered SHGs there are 5639 women exclusive SHGs registered which contribute a sum of Rs. 86.3 as savings. Most of women exclusive SHGs are registered with IDBI bank and YES Bank. From total registered SHGs there are 3774 SHGs under NRLM/ SGSY scheme. They constitute an amount of Rs. 66.81 as savings with banks whereas there no SHGs registered under NULM/SJSRY schemes in private sector commercial banks.

**Table 4.8 Microfinance Progress- SHGs Savings with Regional Rural Banks as of 31 March 2020**

Sr. No.	Name of Bank	Details of SHGs Saving linked with Banks			Out of Total SHGs - Exclusive Women SHGs		Out of Total SHGs Under NRLM/SGSY		Out of Total - Under NULM/ SJSRY	
		No. of SHGs	No. of Members	Savings - Amount	No. of SHGs	Savings - Amount	No. of SHGs	Savings - Amount	No. of SHGs	Savings - Amount
	UTTAR PRADESH									
1	Aryavart Bank	81075	855442	3262.20	35640	1388.90	63644	2667.06	32	1.28
2	Baroda Uttar Pradesh Gramin Bank									
		99815	1164766	7728.23	77648	5832.77	75039	5612.92	75	5.60
3	Kashi Gomti Samyut Gramin Bank	39130	391300	3551.71	22695	1490.09	29347	2594.33	71	1.70
4	Prathama U.p Gramin Bank	22269	244959	1948.53	20258	1771.17	18919	1648.24	0	0.00
5	Purvanchal Bank	41405	414050	192.65	41405	192.65	41405	192.65	0	0.00
	Total	283694	3070517	16683.32	197646	10675.58	228354	12715.20	178	8.58

*Source: Annual Report NABARD 2019-20*

From the table 4.8 it can be said that in Regional Rural Banks of Uttar Pradesh a total of 283694 SHGs are registered of which maximum are with Baroda Uttar Pradesh Gramin Bank Aryavrat Bank and Purvanchal Bank. These registered SHGS constitute a total of 3070517 members who contribute a sum of Rs. 16683.32 as savings with all the banks being maximum with Baroda UP gramin Bank. Among all the registered SHGs there are 197646 women exclusive SHGs registered in RRBs. These women exclusive SHGs contribute a sum of Rs. 10675.58 as savings. Most of women exclusive SHGs are registered with Purvanchal Bank and Baroda UP Gramin Bank. Out of total registered SHGs there are 228354 SHGs registered under NRLM/ SGSY scheme. These SHGs contribute an amount of Rs. 12715.20 as savings with banks. While on the other hand there

are only 178 SHGs registered under NULM/SJSRY scheme. These SHGs contribute Rs. 8.58 as savings

**Table 4.9 Microfinance Progress-SHG's savings with Co-operative Banks as on 31 March 2020**

Sr. No.	Name of Bank	Details of SHGs Saving linked with Banks			Out of Total SHGs- Exclusive Women SHGs		Out of Total SHGs – Under NRLM/SGSY Scheme		Out of Total SHGs-Under NULM/SJSRY	
		No. of SHGs	No. of Members	Savings - Amount	No. of SHGs	Savings - Amount	No. of SHGs	Savings - Amount	No. of SHGs	Savings - Amount
	<b>UTTARPRADESH</b>									
1	Agra DCCB	63	945	5.62	0	0.00	0	0.00	0	0.00
2	Aligarh DCCB	76	777	3.64	15	1.55	0	0.00	0	0.00
3	Allahabad DCCB	0	0	0.00	0	0.00	0	0.00	0	0.00
4	Azamgarh DCCB	25	127	2.60	0	0.00	4	0.87	21	1.73
5	Bahrach DCCB	0	0	0.00	0	0.00	0	0.00	0	0.00
6	Ballia DCCB	129	1613	10.72	125	10.69	129	10.72	0	0.00
7	Banda DCCB	166	2598	48.90	92	27.10	166	48.90	0	0.00
8	Barabanki DCCB	309	3465	9.75	0	0.00	0	0.00	0	0.00
9	Bareilly DCCB	73	500	4.80	4	0.00	30	1.32	43	3.48
10	Basti DCCB	0	0	0.00	0	0.00	0	0.00	0	0.00
11	Bijnor DCCB	0	0	0.00	0	0.00	0	0.00	0	0.00
12	Budaun DCCB	155	1550	514.70	111	368.59	155	514.70	0	0.00
13	Bulandshahr DCCB	649	7143	28.37	649	28.37	649	28.37	0	0.00
14	Deoria DCCB	0	0	0.00	0	0.00	0	0.00	0	0.00
15	EtahDCCB	125	1375	12.57	117	9.31	125	12.57	0	0.00
16	Etawah DCCB	553	6986	182.27	431	131.28	553	182.27	0	0.00
17	Farrukhabad DCCB	0	0	0.00	0	0.00	0	0.00	0	0.00
18	Fatehpur DCCB	554	4931	8.70	286	4.62	0	0.00	0	0.00
19	Firozabad DCCB	2442	25715	233.23	1653	139.44	421	25.90	0	0.00
20	Ghaziabad DCCB	426	5098	7.45	274	0.56	0	0.00	426	7.45
21	Ghazipur DCCB	22	220	1.66	0	0.00	0	0.00	0	0.00
22	Gorakhpur DCCB	11	174	0.80	11	0.80	11	0.80	0	0.00
23	Hamirpur DCCB	23	345	3.57	5	0.84	23	3.57	0	0.00
24	Hardoi DCCB	0	0	0.00	0	0.00	0	0.00	0	0.00
25	Jalaun DCCB	20	150	4.88	14	3.57	14	4.66	6	0.22
26	Jaunpur DCCB	98	1254	9.03	45	5.35	98	9.03	0	0.00
27	Jhansi DCCB	415	4961	780.00	373	628.00	415	780.00	0	0.00
28	Kanpur DCCB	28	233	0.97	9	0.36	0	0.00	0	0.00
29	Lakhimpur-Khiri DCCB	811	8110	7.97	551	7.29	326	6.92	448	0.45

30	Lalitpur DCCB	424	4296	13.22	120	2.62	212	6.61	0	0.00
31	Lucknow DCCB	2	17	0.04	0	0.04	2	0.04	0	0.00
32	Mainpuri DCCB	0	0	0.00	0	0.00	0	0.00	0	0.00
33	Mathura DCCB	486	4838	7.75	292	5.28	43	1.05	0	0.00
34	Meerut DCCB	237	2452	29.15	19	3.14	0	0.00	0	0.00
35	Mirzapur DCCB	128	1378	9.30	86	6.05	128	9.30	0	0.00
36	Muradabad DCCB	11	145	0.56	3	0.56	0	0.00	0	0.00
37	Muzaffarnagar DCCB	143	1628	4.10	26	0.68	143	4.10	0	0.00
38	Pilibhit DCCB	141	1576	19.33	94	13.68	35	0.45	0	0.00
39	Pratapgarh DCCB	60	704	4.56	60	4.56	30	2.28	0	0.00
40	Raibareilly DCCB	10	100	0.00	6	0.00	0	0.00	0	0.00
41	Rampur DCCB	147	2940	6.24	147	6.24	0	0.00	0	0.00
42	Saharanpur DCCB	1211	11853	126.96	936	101.25	0	0.00	0	0.00
43	Shahjahanpur DCCB	0	0	0.00	0	0.00	0	0.00	0	0.00
44	Sidharthnagar DCCB	0	0	0.00	0	0.00	0	0.00	0	0.00
45	Sultanpur DCCB	0	0	0.00	0	0.00	0	0.00	0	0.00
46	Unnao DCCB	169	1737	46.95	78	38.32	169	46.95	0	0.00
47	Uttar Pradesh STCB	39	395	1.23	39	1.23	0	0.00	0	0.00
48	Varanasi DCCB	0	0	0.00	0	0.00	0	0.00	0	0.00
	<b>Total</b>	10381	112329	2151.59	6671	1551.37	3881	1701.38	944	13.33

*Source: Annual Report NABARD 2019-20*

From the table 4.9 it can be said that in Cooperative Banks of Uttar Pradesh a total of 10381 SHGs are registered of which maximum are with Firozabad, Saharanpur and Lakhimpurkhiri Cooperative Banks. These registered SHGS constitute a total of 112329 members who contribute a sum of Rs. 2151.59 as savings with all the banks being maximum with Jhansi and Baduan Cooperative Banks. Among all the registered SHGs there are 6671 women exclusive SHGs registered in cooperative banks. These women exclusive SHGs contribute a sum of Rs. 1551.37 as savings. Most of women exclusive SHGs are registered with Mathura, Firozabad, Lakhimpurkhiri and Baduan cooperative banks. Out of total registered SHGs there are 3881SHGs registered under NRLM/ SGSY scheme. These SHGs contribute an amount of Rs. 1701.38 as savings with banks. While on the other hand there are only 944 SHGs registered under NULM/SJSRY scheme. These SHGs contributeRs. 13.33 as savings.

**Table 4.10 Microfinance Progress-During the fiscal year 2019-20, public sector commercial banks loans disbursed to SHGs.**

Sr. No.	Name of Bank	Total Loans disbursed during the year		Out of Total – Loan disbursed to Exclusive Women SHGs		Out of Total – Loan disbursed under NRLM/SGSY		Out of Total SHGs –Under NULM/SJSRY	
		No. of SHGs	Loans Disbursed	No. of SHGs	Loans Disbursed	No. of SHGs	Loans Disbursed	No. of SHGs	Loans Disbursed
	<b>UTTARPRADESH</b>								
1	AllahabadBank	1408	1155.43	1315	1071.10	1250	1014.92	158	140.51
2	AndhraBank	24	17.80	24	17.80	19	13.35	5	4.45
3	BankofBaroda	156	37.56	142	33.74	41	14.23	3	1.08
4	BankofIndia	304	167.00	292	157.00	298	162.00	6	5.00
5	Bank ofMaharashtra	92	73.42	14	12.31	21	13.53	70	50.89
6	CanaraBank	917	499.50	890	483.81	603	298.21	49	57.27
7	Central Bank ofIndia	555	132.15	97	15.51	97	15.51	0	0.00
8	CorporationBank	30	8.13	22	6.33	16	5.91	0	0.00
9	Indian Bank	123	142.00	121	139.00	7	33.00	0	0.00
10	Indian Overseas Bank	83	118.45	74	99.92	38	11.96	2	0.11
11	Oriental Bank of Commerce	154	163.90	151	156.40	116	129.70	26	20.20
12	Punjab and Sind Bank	560	642.78	489	550.38	498	592.99	62	49.79
13	Punjab National Bank	2387	994.11	2351	986.34	906	457.40	222	92.24
14	State Bank of India	619	570.00	619	570.00	531	570.00	0	0.00
15	Syndicate Bank	758	507.38	705	432.47	68	38.92	126	54.92
16	Uco Bank	128	128.23	118	113.06	58	38.48	70	89.75
17	Union Bank of India	288	60.00	283	55.00	282	54.00	6	6.00
18	United Bank of India	0	0.00	0	0.00	0	0.00	0	0.00
	<b>Total</b>	8586	5417.84	7707	4900.17	4849	3464.11	805	572.21

*Source: Annual Report NABARD 2019-20*

It can be observed from the table 4.10 that in FY 2019-20 Public Sector Commercial banks disbursed a sum of Rs. 5417.84 to 8586 SHGs. Out of which maximum loan was distributed by Allahabad Bank followed by Punjab National Bank. Out of the total loan disbursed a sum of Rs. 4900.17 was disbursed to 7707 women exclusive Self-help groups. Women exclusive SHGs are mostly registered with Allahabad, Canra and Punjab National Banks. Out of total loan disbursed,

loan disbursed under NRLM/ SGSY scheme amounts to be Rs. 3464.11 which was distributed to 4849 SHGs registered under the same scheme. On the other side the loans disbursed under NULM/SJSRY scheme only 805 SHGs were registered and the loan distributed to them amounts to be 572.21.

**Table 4.11 Private Sector Commercial Banks to SHGs during the year 2019-2020**

Sr. No.	Name of Bank	Total Loans disbursed during the year		Out of Total - Loan disbursed to Exclusive Women SHGs		Out of Total - Loan disbursed under NRLM/SGSY		Out of Total SHGs - Under NULM /SJSRY	
		No. of SHGs	Loans Disbursed	No. of SHGs	Loans Disbursed	No. of SHGs	Loans Disbursed	No. of SHGs	Loans Disbursed
	UTTARPRADESH								
1	Axis Bank Limited	0	0.00	0	0.00	0	0.00	0	0.00
2	Bandhan Bank Limited	0	0.00	0	0.00	0	0.00	0	0.00
3	Federal Bank Ltd	0	0.00	0	0.00	0	0.00	0	0.00
4	HDFC Bank Ltd.	2	1.24	2	1.24	0	0.00	0	0.00
5	ICICI Bank Limited	0	0.00	0	0.00	0	0.00	0	0.00
6	IDBI Bank Limited	0	0.00	0	0.00	0	0.00	0	0.00
7	Karnataka Bank Ltd	0	0.00	0	0.00	0	0.00	0	0.00
8	Nainital Bank Ltd	3	1.55	3	1.55	3	1.55	0	0.00
9	South Indian Bank Ltd	0	0.00	0	0.00	0	0.00	0	0.00
10	YES Bank Ltd.	0	0.00	0	0.00	0	0.00	0	0.00
	Total	5	2.79	5	2.79	3	1.55	0	0.00

*Source: Annual Report NABARD 2019-20*

It can be concluded from the table 4.11 that in FY 2019-20 all the Private Sector Commercial banks disbursed a sum of Rs. 2.79 to 5 SHGs. Out of which maximum loan was distributed by HDFC Bank limited and Nainital Bank Ltd. Rest banks neither have registered SHGs and nor they disbursed loans. The banks registered with HDFC bank and Nainital Bank was women exclusive SHGs and the all the loan were distributed to the same. Only 3 SHGs were registered under NRLM/SGSY scheme and the loan disbursed to the amount of 1.55. Private sector banks have no SHGs registered under NULM/SJSRY scheme.

**Table 4.12 Microfinance Progress –Regional Rural Banks loan Disbursal to SHGs during the year 2019-20**

Sr. No.	Name of Bank	Total Loans disbursed during the year		Out of Total - Loan disbursed to Exclusive Women SHGs		Out of Total - Loan disbursed under NRLM/SGS Y		Out of Total SHGs - Under NULM/SJSRY	
		No. of SHGs	Loans Disbursed	No. of SHGs	Loans Disbursed	No. of SHGs	Loans Disbursed	No. of SHGs	Loans Disbursed
	UTTARPRADESH								
1	Aryavart Bank	3066	4263.04	2565	3581.12	2565	3581.12	0	0.00
2	Baroda Uttar Pradesh Garmin Bank	2016	2241.01	2016	2241.01	2008	2235.81	0	0.00
3	KashiGomtiSamyutGramin Bank	436	780.84	436	780.84	370	711.54	59	69.30
4	Prathama U.P GraminBank	1569	2494.80	1428	2271.91	1334	2120.98	0	0.00
5	Purvanchal Bank	1721	1468.00	1721	1468.00	1721	1468.00	0	0.00
	<b>Total</b>	8808	11247.69	8166	10342.88	7998	10117.45	59	69.30

*Source: Annual Report NABARD 2019-20*

The table 4.12 depicts the loan distributed by RRBs in 2019-20. In FY 2019-20 Regional Rural banks disbursed a sum of Rs. 11247.69 to 8808 SHGs. Out of which maximum loan was distributed by Aryavrat Bank and Prathma UP Gramin Bank. Out of the total loan disbursed a sum of Rs. 10342.88 was disbursed to 8166 women exclusive Self-help groups. Women exclusive SHGs are mostly registered with Allahabad, Canara and Punjab National Banks. Out of total loan disbursed, loan disbursed under NRLM/SGSY scheme amounts to be Rs. 10117.45 which was distributed to 7998 SHGs registered under the same scheme. On the other side the loans disbursed under NULM/SJSRY scheme only 59 SHGs were registered and the loan distributed to them accounts to be 69.30.

**Table 4.13 Microfinance Co-operative Bank Loan Disbursal to SHGs During the Year 2019-20**

Sr. No.	Name of Bank	Total Loans disbursed during the year	Out of Total – Loan disbursed to Exclusive Women SHGs	Out of Total – Loan disbursed under NRLM/SGSY	Out of Total SHGs –Under NULM/SJSRY
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		No. of SHGs	Loans Disbursed	No. of SHGs	Loans Disbursed	No. of SHGs	Loans Disbursed	No. of SHGs	Loans Disbursed
	<b>UTTARPRADESH</b>								
1	AgraDCCB	0	0.00	0	0.00	0	0.00	0	0.00
2	AligarhDCCB	0	0.00	0	0.00	0	0.00	0	0.00
3	AllahabadDCCB	0	0.00	0	0.00	0	0.00	0	0.00
4	BahrichDCCB	0	0.00	0	0.00	0	0.00	0	0.00
5	BandaDCCB	0	0.00	0	0.00	0	0.00	0	0.00
6	BijnorDCCB	0	0.00	0	0.00	0	0.00	0	0.00
7	BudaunDCCB	22	15.50	22	15.50	22	15.50	0	0.00
8	DeoriaKasiaDC CB	0	0.00	0	0.00	0	0.00	0	0.00
9	SaharanpurDC CB	0	0.00	0	0.00	0	0.00	0	0.00
10	VaranasiDCCB	0	0.00	0	0.00	0	0.00	0	0.00
11	EtahDCCB	3	0.42	2	0.30	3	0.42	0	0.00
12	Etawah DCCB	0	0.00	0	0.00	0	0.00	0	0.00
13	Farrukhabad DCCB	0	0.00	0	0.00	0	0.00	0	0.00
14	Fatehpur DCCB	0	0.00	0	0.00	0	0.00	0	0.00
15	Firozabad DCCB	0	0.00	0	0.00	0	0.00	0	0.00
16	Ghaziabad DCCB	0	0.00	0	0.00	0	0.00	0	0.00
17	Gorakhpur DCCB	0	0.00	0	0.00	0	0.00	0	0.00
18	Hamirpur DCCB	0	0.00	0	0.00	0	0.00	0	0.00
19	Hardoi DCCB	0	0.00	0	0.00	0	0.00	0	0.00
20	Jalaun DCCB	0	0.00	0	0.00	0	0.00	0	0.00
21	Azamgarh DCCB	0	0.00	0	0.00	0	0.00	0	0.00
22	Ghazipur DCCB	0	0.00	0	0.00	0	0.00	0	0.00
23	Ballia DCCB	0	0.00	0	0.00	0	0.00	0	0.00
24	Barabanki DCCB	0	0.00	0	0.00	0	0.00	0	0.00
25	Bareilly DCCB	0	0.00	0	0.00	0	0.00	0	0.00
26	Basti DCCB	0	0.00	0	0.00	0	0.00	0	0.00
27	Bulandsahar DCCB	80	65.64	80	65.64	40	32.82	0	0.00
28	Jaunpur DCCB	0	0.00	0	0.00	0	0.00	0	0.00
29	Jhansi DCCB	24	2.49	22	2.24	0	0.00	0	0.00
30	Kanpur DCCB	0	0.00	0	0.00	0	0.00	0	0.00
31	Lakhimpur- Khiri DCCB	0	0.70	0	0.40	0	0.70	0	0.00
32	Lalitpur DCCB	0	0.00	0	0.00	0	0.00	0	0.00
33	Lucknow DCCB	2	1.12	0	0.00	2	1.12	0	0.00
34	Meerut DCCB	2	7.16	0	0.00	0	0.00	0	0.00
35	Mirzapur DCCB	0	0.00	0	0.00	0	0.00	0	0.00
36	Muradabad	3	4.09	3	4.09	0	0.00	0	0.00

	DCCB								
37	Pratapgarh DCCB	0	0.00	0	0.00	0	0.00	0	0.00
38	Raibareilly DCCB	0	0.00	0	0.00	0	0.00	0	0.00
39	Shahjahanpur DCCB	0	0.00	0	0.00	0	0.00	0	0.00
40	Sidharthnagar DCCB	0	0.00	0	0.00	0	0.00	0	0.00
41	Unnao DCCB	0	0.00	0	0.00	0	0.00	0	0.00
42	Mainpuri DCCB	0	0.00	0	0.00	0	0.00	0	0.00
43	Mathura DCCB	0	0.00	0	0.00	0	0.00	0	0.00
44	Muzaffarnagar DCCB	0	0.00	0	0.00	0	0.00	0	0.00
45	Pilibhit DCCB	5	3.51	5	3.51	0	0.00	0	0.00
46	Rampur DCCB	0	0.00	0	0.00	0	0.00	0	0.00
47	Sultanpur DCCB	0	0.00	0	0.00	0	0.00	0	0.00
48	Uttar Pradesh STCB	0	0.00	0	0.00	0	0.00	0	0.00
	Total	141	100.63	134	91.68	67	50.56	0	0.00

*Source: Annual Report NABARD 2019-20*

The table 4.13 shows loans disbursed by Co-operative Banks to SHGs in the financial year the 2019-20. In FY 2019-20 Cooperatives banks disbursed a sum of Rs. 100.63 to 141 SHGs. Out of which maximum loan was distributed by Bulandsehar and Baduan Cooperatives banks. Out of the total loan disbursed a sum of Rs. 91.68 was disbursed to 134 women exclusive Self-help groups. Women exclusive self-help groups are mostly registered with Bulandsehar and Baduan DCCBs. Out of total loan disbursed, loan disbursed under NRLM/ SGSY scheme amounts to be Rs. 50.65 which was distributed to 67 SHGs registered under the same scheme. On the other side the loans disbursed under NULM/SJSRY scheme tends zero as there are no SHGs registered under the scheme.

**Table 4.14 Progress under Microfinance Bank Loans outstanding against SHGs as on 31March2020-Public Sector Commercial Banks**

Amt. Rupees. Lakh

Sr. No.	Name of Bank	Total Bank Loans outstanding against SHGs		Out of Total- Exclusive Women SHGs		Out of Total- NRLM/SGSYSHGs		Out o f Total- NULM/SJSRYSHGs	
		No. of SHGs	Loans O/S	No. of SHGs	Loans O/S	No. of SHGs	Loans O/S	No. of SHGs	Loans O/S
	UTTARPRADESH								
1	AllahabadBank	6921	7318.40	3927	1329.90	3512	1052.41	353	148.72
2	AndhraBank	114	7.40	113	7.40	99	3.95	14	3.45
3	BankofBaroda	8771	5565.87	5423	3040.64	5380	2521.59	101	12.81
4	BankofIndia	1556	875.00	1145	690.00	1307	739.00	202	119.00
5	Bank ofMaharashtra	216	343.94	20	44.13	33	49.66	180	258.26
6	CanaraBank	1668	1301.68	1622	1252.49	639	334.23	695	707.72
7	Central Bank ofIndia	2902	1930.49	329	206.62	329	206.62	17	15.92
8	Corporation Bank	68	36.58	42	10.89	33	6.08	2	6.26
9	Indian Bank	376	435.00	368	426.00	12	24.00	11	26.00
10	Indian Overseas Bank	316	561.77	223	262.54	78	17.52	2	1.51
11	Oriental Bank of Commerce	541	277.00	394	131.19	380	171.89	53	23.60
12	Punjab and Sind Bank	560	440.54	489	358.74	498	388.09	62	52.45
13	Punjab National Bank	5021	4117.10	4873	4006.04	1040	409.56	276	170.00
14	State Bank of India	2262	948.00	2262	948.00	1086	448.00	49	19.00
15	Syndicate Bank	1328	821.57	1274	788.75	200	382.15	289	131.28

16	Uco Bank	3225	1806.57	2767	1575.66	1486	663.28	1554	1098.40
17	Union Bank of India	4141	5852.00	3556	4952.00	3698	2567.00	300	447.00
18	United Bank of India	0	0.00	0	0.00	0	0.00	0	0.00
	<b>Total</b>	39986	32638.91	28827	20030.99	19810	9985.03	4160	3241.38

*Source: Annual Report NABARD 2019-20*

The Table 4.14 shows the outstanding loan against self-help groups by public sector commercial bank. It can be observed that in FY 2019-20 public sector commercial banks the total outstanding loans against SHGs amount to Rs 32638. This was to be paid by 39986 SHGs of which maximum was registered with Bank of Baroda, Allahabad Bank and Punjab National Bank. Out of all registered SHGs 28827 were women exclusive and the loan outstanding them to Rs 20030.99. Most loan were outstanding was with Union Bank of India. In the NRLM/SGSY scheme total of 19810 SHGs were registered and the loan outstanding them amounted 9985.03. Most outstanding loan were of UCO Bank. In NRLM/SGSY only 4160 were registered and the loan outstanding against them amounted to be 3421.38. All outstanding loans were of Union Bank of India.

**Table 4.15 Microfinance In pvt. Sector Commercial Banks Loans Outstanding SHGs Season 31 March 2020**

Sr. No.	Name of Bank	Total Bank Loans outstanding against SHGs		Out of Total- Exclusive Women		Out of Total NRLM/SGSYS HGs		Out of Total SHGs – Under NULM/SJSRY	
		No. of SHGs	Loans O/S	No. of SHGs	Loans O/S	No. of SHGs	Loans O/S	No. of SHGs	Loans O/S
	<b>UTTAR PRADESH</b>								
1	Axis Bank Limited	0	0.00	0	0.00	0	0.00	0	0.00
2	Bandhan Bank Limited	0	0.00	0	0.00	0	0.00	0	0.00
3	Federal Bank Ltd	31	0.00	0	0.00	0	0.00	0	0.00
4	HDFC Bank Ltd.	2	1.00	2	1.00	0	0.00	0	0.00
5	ICICI Bank Limited	0	0.00	0	0.00	0	0.00	0	0.00

6	IDBI Bank Limited	2264	2164.35	2062	1954.47	9	0.94	5	19.23
7	Karnataka Bank Ltd	0	0.00	0	0.00	0	0.00	0	0.00
8	Nainital Bank Ltd	10	5.64	9	5.09	10	5.64	0	0.00
9	South Indian Bank Ltd	0	0.00	0	0.00	0	0.00	0	0.00
10	YES Bank Ltd.	0	0.00	0	0.00	0	0.00	0	0.00
	<b>Total</b>	2307	2170.99	2073	1960.56	19	6.58	5	19.23

*Source: Annual Report NABARD 2019-20*

The table 4.15 shows the outstanding loan against self-help groups by private sector commercial banks. From the table it can be observed that in FY 2019-20 in Private Sector Commercial Banks the total outstanding loans against SHGs amounts to Rs. 2170.99. This was to be paid by 2307 SHGs of which maximum were registered with IDBI bank limited. Out of all registered SHGs 2073 were women exclusive and the loan outstanding against them amounted to 1960.56 Rs. Most loans were outstanding was with IDBI Bank. In the NRLM/SGSY scheme a total of 19 SHGS were registered and the loan outstanding against them amounted to be 6.58. Most outstanding loans were of Nainital Bank Ltd. In the NULM/ SJSRY only 5 SHGs were registered and the loan outstanding against them amounted to be 19.23. All outstanding loans were of IDBI Bank limited.

**Table 4.16 Microfinance Progress- Regional Rural Banks Loans Outstanding Against SHGs Season March 2020**

Sr. No.	Name of Bank	Total Bank Loans outstanding against SHGs		Out of Total -Exclusive Women		Out of Total NRLM/S Banks GSYSHG		Out of Total SHGs –Under NULM/SJSRY	
		No. of SHGs	Loans O/S	No. of SHGs	Loans O/S	No. of SHGs	Loans O/S	No. of SHGs	Loans O/S
	<b>UTTARPRADESH</b>								
1	Aryavart Bank	15277	9322.94	7025	4736.53	13234	8047.28	0	0.00
2	Baroda Uttar Pradesh Gramin Bank	39535	22192.13	26398	15463.35	28097	16154.00	43	23.30
3	Kashi Gonti Samyut GraminBank	20067	5599.18	10140	3947.42	13592	4484.94	74	55.40

4	Prathama U.P Gramin Bank	21708	10166.23	19748	9251.27	18442	8641.29	0	0.00
5	Purvanchal Bank	10001	3787.80	10001	3787.80	10001	3787.80	0	0.00
	<b>Total</b>	106588	51068.28	73312	37186.37	83366	41115.31	117	78.70

*Source: Annual Report NABARD 2019-20*

The table 4.16 shows the outstanding loans against SHGs by RRBs. From table it can be observed that for FY 2019-20 in Regional Rural Banks the total outstanding loans against SHGs amounts to Rs. 51068.28. This was to be paid by 106588 SHGs of which maximum were registered with Prathma Bank, KashiGomti Bank and Baroda UP Gramin Bank. Out of all registered SHGs 73312 were women exclusive SHGs and the loan outstanding against them amounted to Rs. 37186.37. Most loans were outstanding was with Baroda UP gramini Bank. In the NRLM/SGSY scheme total of 83366 SHGS were registered and the loan outstanding against them amounted to be 41115.31. Most outstanding loans were of Baroda UP Gramin Bank. In the NULM/ SJSRY only 117 SHGs were registered and the loan outstanding against them amounted to be 78.70. All outstanding loans were of KashiGomtiSamyutGramin Bank

**Table 4.17 Microfinance Progress- Co-operative Bank Loans Outstanding SGHs Season 31 March 2020**

Sr. No.	Name of Bank	Total Bank Loans outstanding against SHGs		Out of Total- Exclusive Women SHGs		Out of Total- NRLM/SGSYS HGs		Out of Total SHGs -NULM/SJSRYSHGs	
		No. of SHGs	Loans O/S	No. of SHGs	Loans O/S	No. of SHGs	Loans O/S	No. of SHGs	Loans O/S
	UTTARPRADESH								
1	Agra DCCB	4	1.00	0	0.00	0	0.00	0	0.00
2	Aligarh DCCB	7	0.94	3	0.11	0	0.00	0	0.00
3	Allahabad DCCB	0	0.00	0	0.00	0	0.00	0	0.00
4	Bahrich DCCB	0	0.00	0	0.00	0	0.00	0	0.00
5	Banda DCCB	52	11.36	40	8.24	52	11.36	0	0.00
6	Bijnor DCCB	0	0.00	0	0.00	0	0.00	0	0.00
7	Budaun DCCB	155	82.31	155	82.31	155	82.31	0	0.00
8	DeoriaKasia DCCB	0	0.00	0	0.00	0	0.00	0	0.00
9	Saharanpur DCCB	61	33.96	36	28.75	0	0.00	0	0.00
10	Varanasi DCCB	0	0.00	0	0.00	0	0.00	0	0.00
11	Etah DCCB	3	0.30	2	0.20	3	0.30	0	0.00
12	Etawah DCCB	0	0.00	0	0.00	0	0.00	0	0.00
13	Farrukhabad DCCB	0	0.00	0	0.00	0	0.00	0	0.00
14	Fatehpur	474	128.48	271	55.59	0	0.00	0	0.00

	DCCB								
15	Firozabad DCCB	402	100.81	360	90.19	51	11.09	0	0.00
16	Ghaziabad DCCB	6	0.98	0	0.00	0	0.00	6	0.98
17	Gorakhpur DCCB	7	0.37	7	0.37	7	0.37	0	0.00
18	Hamirpur DCCB	23	17.00	5	6.00	23	17.00	0	0.00
19	Hardoi DCCB	0	0.00	0	0.00	0	0.00	0	0.00
20	Jalaun DCCB	19	4.68	13	3.77	14	0.95	5	3.73
21	Azamgarh DCCB	25	9.11	0	0.00	4	2.59	21	6.52
22	Ghazipur DCCB	1	0.09	0	0.00	0	0.00	0	0.00
23	Ballia DCCB	0	0.00	0	0.00	0	0.00	0	0.00
24	Barabanki DCCB	309	17.76	0	0.00	0	0.00	309	17.76
25	Bareilly DCCB	42	34.50	2	4.57	17	8.98	25	25.52
26	Basti DCCB	0	0.00	0	0.00	0	0.00	0	0.00
27	Bulandsahar DCCB	124	47.32	124	47.32	62	23.66	0	0.00
28	Jaunpur DCCB	98	2.41	45	0.93	98	2.41	0	0.00
29	Jhansi DCCB	26	11.40	23	10.26	0	0.00	0	0.00
30	Kanpur DCCB	4	1.78	4	1.78	4	1.78	0	0.00
31	Lakhimpur-Khiri DCCB	737	290.89	482	159.65	253	88.25	447	198.46
32	Lalitpur DCCB	212	142.87	60	58.87	156	122.60	0	0.00
33	Lucknow DCCB	2	0.77	0	0.00	2	0.77	0	0.00
34	Meerut DCCB	35	15.00	11	2.37	0	0.00	0	0.00
35	Mirzapur DCCB	128	46.06	86	30.86	128	46.06	0	0.00
36	Muradabad DCCB	43	26.49	0	0.00	35	25.99	0	0.00
37	Pratapgarh DCCB	50	129.10	50	129.10	25	64.55	0	0.00
38	Raibareilly DCCB	10	0.46	6	0.42	0	0.00	0	0.00
39	Shahjahanpur DCCB	0	0.00	0	0.00	0	0.00	0	0.00
40	Sidharthnagar DCCB	0	0.00	0	0.00	0	0.00	0	0.00
41	Unnao DCCB	22	1.71	11	1.09	22	1.71	0	0.00
42	Mainpuri DCCB	0	0.00	0	0.00	0	0.00	0	0.00
43	Mathura DCCB	21	14.23	3	1.42	15	10.99	0	0.00
44	Muzaffarnagar DCCB	11	15.48	2	4.66	11	15.48	0	0.00
45	Pilibhit DCCB	37	32.90	22	24.10	17	10.40	0	0.00
46	Rampur DCCB	5	4.04	5	4.04	0	0.00	0	0.00
47	Sultanpur DCCB	0	0.00	0	0.00	0	0.00	0	0.00
48	Uttar Pradesh STCB	0	0.00	0	0.00	0	0.00	0	0.00
	<b>Total</b>	3155	1226.56	1828	756.97	1154	549.60	813	252.97

*Source: Annual Report NABARD 2019-20*

The table 4.17 shows outstanding loans of SHGs against Cooperative banks. For FY 2019-20 in Cooperative Banks the total outstanding loans against SHGs amounts to Rs. 1226.56. This was to be paid by 3155 SHGs of which maximum were registered Fatehpur, Lakhimpurkhiri and Baduan Cooperative banks. Out of all registered SHGs 1828 were women exclusive SHGs and the loan outstanding against them amounted to Rs. 756.97. Most loans were outstanding with Lakhimpurkhiri and Pratapgarh cooperatives Banks. In the NRLM/SGSY scheme total of 1154 SHGs were registered and the loan outstanding against them amounted to be 549.60. Most outstanding loans were Baduan and Lalitpur Cooperative Banks. In the NULM/ SJSRY only 813 SHGs were registered and the loan outstanding against them amounted to be 252.967. Most of outstanding loan was of Lakhimpurkhiri DCCB.

**Table 4.18 Progress in Microfinance- NPAs Against Public Sector Com. Bank SHGs Loans as of 31 March 2020**

Sr. No.	Name of Bank	For Total SHGs		Out of Total-Exclusive Women SHGs		For SHGs under NRLM/SGSYY		For SHGs under NULM/SJSRY	
		Amount of NPAs	NPA as %age to Total loans O/S	Amount of NPAs	NPA as %age to Total loans O/S	Amount of NPAs	NPA as %age to Total loans O/S	Amount of NPAs	NPA as %age to Total loans O/S
	UTTARPRADESH								
1	Allahabad Bank	6685.02	91.35	807.29	60.70	558.96	53.11	89.13	59.93
2	Andhra Bank	0.11	1.49	0.11	1.49	0.11	2.78	0.00	0.00
3	Bank of Baroda	2992.07	53.76	2666.83	87.71	1525.23	60.49	0.00	0.00
4	Bank of India	357.00	40.80	221.00	32.03	303.00	41.00	45.00	37.82
5	Bank of Maharashtra	46.35	13.48	1.70	3.85	6.16	12.40	40.19	15.56
6	Canara Bank	566.46	43.52	528.08	42.16	150.96	45.17	270.08	38.16
7	Central Bank of India	1321.80	68.47	130.91	63.36	130.91	63.36	15.91	99.94
8	Corporation Bank	6.77	18.51	0.51	4.68	0.51	8.39	3.13	50.00
9	Indian Bank	68.00	15.63	67.00	15.73	0.00	0.00	0.00	0.00
10	Indian Overseas Bank	334.96	59.63	156.39	59.57	4.31	24.60	0.00	0.00

11	Oriental Bank of Commerce	159.84	57.70	53.02	40.41	88.78	51.65	10.98	46.53
12	Punjab and Sind Bank	333.27	75.65	278.31	77.58	296.53	76.41	36.74	70.05
13	Punjab National Bank	2757.35	66.97	2672.73	66.72	103.25	25.21	0.00	0.00
14	State Bank of India	102.00	10.76	102.00	10.76	34.00	7.59	2.00	10.53
15	Syndicate Bank	369.43	44.97	369.43	46.84	180.00	47.10	55.00	41.90
16	Uco Bank	1493.22	82.65	1306.83	82.94	593.20	89.43	867.61	78.99
17	Union Bank of India	1216.00	20.78	806.00	16.28	678.00	26.41	20.00	4.47
18	United Bank of India	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	<b>Total</b>	18809.65	57.63	10168.14	50.76	4653.91	46.61	1455.77	44.91

*Source: Annual Report NABARD 2019-20*

The table 4.18 depicts the outstanding loans of Public sector banks which are converted into NPA. IN FY 2019-20 in Public sector commercial banks the total amount of outstanding loans against all the SHGs, a sum of 18809.65 was converted into non profitable assets. In comparison to total outstanding loan 57.63% of the outstanding loan was converted into NPA. More than 90% outstanding loan of Allahabad Bank was converted into NPA. In women exclusive SHGs an amount of 10168.14 was converted into NPA which constituted 50.76% of the total outstanding loan. Bank of Baroda and Punjab National Banks have more NPA with women exclusive SHGs. For SHGS registered under NRLM/ SGSY scheme the NPA amounted to be 4653.91 which constituted of 46.61% of total outstanding loan in the scheme. While in NULM/ SJSRY scheme the total amount of NPA was 1455.77 which constituted 44.91% of the total outstanding loan.

**Table 4.19 Microfinance Progress- NPAs against Private Sector Com. Bank SHGs Loans as of 31 march 2020**

Sr. No.	Name of Bank	For Total SHGs		Out of Total-Exclusive Women SHGs		For SHGs under NRLM/SGSY		For SHGs under NULM/SJSRY	
		Amount of NPAs	NPA as %age to Total loans O/S	Amount of NPAs	NPA as %age to Total loans O/S	Amount of NPAs	NPA as %age to Total loans O/S	Amount of NPAs	NPA as %age to Total loans O/S
	<b>UTTARPRADESH</b>								
1	Axis Bank Limited	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2	Bandhan Bank Limited	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3	Federal Bank Ltd	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4	HDFC Bank Ltd.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5	ICICI Bank Limited	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6	IDBI Bank Limited	2122.02	98.04	1924.83	98.48	0.66	70.21	11.65	60.58
7	Karnataka Bank Ltd	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8	Nainital Bank Ltd	4.65	82.45	4.10	80.55	4.65	82.45	0.00	0.00
9	South Indian Bank Ltd	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10	Yes Bank Ltd.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	<b>Total</b>	2126.67	97.96	1928.93	98.39	5.31	80.70	11.65	60.58

*Source: Annual Report NABARD 2019-20*

The Table 4.19 shows the NPA status of Private sector banks. In FY 2019-20 in private sector commercial banks the total amount of outstanding loans against all the SHGs, a sum of 2126.67 was converted into non- profitable assets. In comparison to total outstanding loan 97.96% of the outstanding loan was converted into NPA. Most of the loans of IDBI Bank and Nainital bank were converted into NPA. In women exclusive SHGs an amount of 1928.93 was converted into NPA which constituted 98.39% of the total outstanding loan. Almost all outstanding loans of women exclusive SHGs in IDBI bank have converted into NPA. For SHGS registered under NRLM/SGSY scheme the NPA amounted to be 5.31 which constituted of 80.70% of total outstanding

loan in the scheme. 80% of the outstanding loan of Nainital bank was converted into NPA. While in NULM/ SJSRY scheme the total amount of NPA was 11.65 which constituted 60.58% of the total outstanding loan.

**Table 4.20 Microfinance Progress- NPAs Against Regional Rural Bank SHGs Loans as of 31 March 2020**

Sr. No.	Name of Bank	For Total SHGs		Out of Total-Exclusive Women SHGs		For SHGs under NRLM/SGSYY		For SHGs under NULM/SJSR Y	
		Amount of NPAs	NPA as %age to Total loans O/S	Amount of NPAs	NPA as %age to Total loans O/S	Amount of NPAs	NPA as %age to Total loans O/S	Amount of NPAs	NPA as %age to Total loans O/S
	UTTARPRADESH								
1	Aryavart Bank	5396.47	57.88	2348.53	49.58	4688.21	58.26	0.00	0.00
2	Baroda UttarPradeshGramin Bank	4614.13	20.79	3917.46	25.33	3700.32	22.91	11.02	47.30
3	KashiGomtiSamyutGraminBank	1914.00	34.18	1250.00	31.67	1541.00	34.36	0.00	0.00
4	Prathama U.P GraminBank	1235.27	12.15	1122.09	12.13	1045.97	12.10	0.00	0.00
5	PurvanchalBank	2190.27	57.82	2190.27	57.82	2190.27	57.82	0.00	0.00
	Total	15350.14	30.06	10828.35	29.12	13165.77	32.02	11.02	14.00

*Source: Annual Report NABARD 2019-20*

The Table 4.20 shows NPA status of RRBs. In FY 2019-20 in regional rural banks from the total amount of outstanding loans against all the SHGs, a sum of 15350.14 was converted into non profitable assets. In comparison to total outstanding loan 30.06% of the outstanding loan was converted into NPA. More than half of the loan of Aryvrat and Purvanchal bank was converted into NPA. In women exclusive SHGs an amount of 10828.35 was converted into NPA which constituted 29.12% of the total outstanding loan. Near about 50% outstanding loan of women exclusive SHGs in Aryvrat and Purvanchal bank have been converted into NPA. For SHGS registered under NRLM/ SGSY scheme the NPA amounted to be 13165.77 which constituted of 32.02% of total outstanding loan in the scheme. Approx 60% of the outstanding loan of Aryvrat and Purvanchal bank was converted into NPA. While in NULM/ SJSRY scheme the total amount of NPA was 11.02 which constituted 14% of the total outstanding loan.

**Table 4.21 Microfinance Progress- Non-Performing Assets (NPAs) Against Co-operative Bank Loans to SHGs as of 31 March 2020**

Sr. No.	Name of Bank	For Total SHGs		Out of Total-Exclusive Women SHGs		For SHGs under NRLM/SGSYY		For SHGs under NULM/SJSRY	
		Amount of NPAs	NPA as %age to Total loans O/S	Amount of NPAs	NPA as %age to Total loans O/S	Amount of NPAs	NPA as %age to Total loans O/S	Amount of NPAs	NPA as %age to Total loans O/S
	<b>UTTARPRADESH</b>								
1	Agra DCCB	0.66	66.00	0.00	0.00	0.00	0.00	0.00	0.00
2	Aligarh DCCB	0.94	100.00	0.11	100.00	0.00	0.00	0.00	0.00
3	Allahabad DCCB	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4	Bahrach DCCB	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5	Banda DCCB	6.78	59.68	6.25	75.85	6.78	59.68	0.00	0.00
6	Bijnor DCCB	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7	Budaun DCCB	58.89	71.55	58.89	71.55	58.89	71.55	0.00	0.00
8	DeoriaKasia DCCB	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
9	Saharanpur DCCB	33.96	100.00	28.75	100.00	0.00	0.00	0.00	0.00
10	Varanasi DCCB	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
11	Etah DCCB	0.10	33.33	0.00	0.00	0.10	33.33	0.00	0.00
12	Etawah DCCB	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
13	Farrukhabad DCCB	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
14	Fatehpur DCCB	128.48	100.00	55.59	100.00	0.00	0.00	0.00	0.00
15	Firozabad DCCB	99.76	98.96	89.47	99.20	10.05	90.62	0.00	0.00
16	Ghaziabad DCCB	0.98	100.00	0.00	0.00	0.00	0.00	0.98	100.00
17	Gorakhpur DCCB	0.37	100.00	0.37	100.00	0.37	100.00	0.00	0.00
18	Hamirpur DCCB	17.00	100.00	6.00	100.00	17.00	100.00	0.00	0.00
19	Hardoi DCCB	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
20	Jalaun DCCB	4.68	100.00	3.77	100.00	0.95	100.00	3.73	100.00
21	Azamgarh DCCB	9.11	100.00	0.00	0.00	2.59	100.00	6.52	100.00
22	Ghazipur DCCB	0.09	100.00	0.00	0.00	0.00	0.00	0.00	0.00
23	Ballia DCCB	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
24	Barabanki DCCB	5.69	32.04	0.00	0.00	0.00	0.00	5.69	32.04
25	Bareilly DCCB	34.50	100.00	4.57	100.00	8.98	100.00	25.52	100.00
26	Basti DCCB	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
27	Bulandsahar	20.42	43.15	20.42	43.15	10.21	43.15	0.00	0.00

	DCCB								
28	Jaunpur DCCB	2.41	100.00	0.93	100.00	2.41	100.00	0.00	0.00
29	Jhansi DCCB	7.46	65.44	6.53	63.65	0.00	0.00	0.00	0.00
30	Kanpur DCCB	1.78	100.00	1.78	100.00	1.78	100.00	0.00	0.00
31	Lakhimpur-Khiri DCCB	290.71	99.94	159.47	99.89	88.07	99.80	198.46	100.00
32	Lalitpur DCCB	142.87	100.00	58.87	100.00	122.60	100.00	0.00	0.00
33	Lucknow DCCB	0.77	100.00	0.00	0.00	0.77	100.00	0.00	0.00
34	Meerut DCCB	9.76	65.07	2.37	100.00	0.00	0.00	0.00	0.00
35	Mirzapur DCCB	46.06	100.00	30.86	100.00	46.06	100.00	0.00	0.00
36	Muradabad DCCB	26.49	100.00	0.00	0.00	25.99	100.00	0.00	0.00
37	Pratapgarh DCCB	129.10	100.00	129.10	100.00	64.55	100.00	0.00	0.00
38	Raibareilly DCCB	0.46	100.00	0.42	100.00	0.00	0.00	0.00	0.00
39	Shahjahanpur DCCB	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
40	Sidharthnagar DCCB	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
41	Unnao DCCB	1.71	100.00	1.09	100.00	1.71	100.00	0.00	0.00
42	Mainpuri DCCB	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
43	Mathura DCCB	14.23	100.00	1.42	100.00	10.99	100.00	0.00	0.00
44	Muzaffarnagar DCCB	15.48	100.00	4.66	100.00	15.48	100.00	0.00	0.00
45	Pilibhit DCCB	29.47	89.57	20.67	85.77	10.40	100.00	0.00	0.00
46	Rampur DCCB	4.04	100.00	4.04	100.00	0.00	0.00	0.00	0.00
47	Sultanpur DCCB	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
48	Uttar Pradesh STCB	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total	1145.21	93.37	696.40	92.00	506.73	92.20	240.90	95.23

*Source: Annual Report NABARD 2019-20*

The table 4.21 shows the NPA against outstanding loans of Cooperative banks. In FY 2019-20 in Cooperatives banks, from the total amount of outstanding loans against all the SHGs, a sum of 1145.21 was converted into non profitable assets. In comparison to total outstanding loan 93.37% of the outstanding loan was converted into NPA. All most all the loan of many district cooperative banks was converted into NPA. These district included Jalaun, Ghazipur, Jaunpur, Gorakhpur etc. In women exclusive SHGs an amount of 696.40 was converted into NPA which constituted 92% of the total outstanding loan For SHGS registered under NRLM/ SGSY scheme the NPA amounted to be 506.73 which constituted of 92.20% of total outstanding loan in the scheme. While in NULM/ SJSRY scheme the total amount of NPA was 240.90 which constituted 95.23% of the

total outstanding loan. Conclusively almost every second district cooperative banks lost its loan amount and was converted into NPA.

## **CHAPTER 5**

### **DATA ANALYSIS**

#### **5.1 Data Analysis and Hypothesis testing**

Data analysis is most important ingredients for the research, it reveals the final outcome after analysis that predict about result and validity of the research. Data analysis divulges that objective is fulfilled or not. Hence data analysis is very important for the researcher whether it will be secondary or primary.

The systematic use of statistical and/or logical approaches to explain and demonstrate, condense and recap, and assess data is known as data analysis. The exact and accurate assessment of study findings is a crucial part of ensuring data integrity. Data analysis is the systematic use of statistical and/or logical methods to explain and show, condense and recap, and evaluate data.

The process of gathering, modelling, and analysing data in order to derive insights that aid decision-making is known as data analysis. Depending on the business and the goal of the analysis, there are different ways and approaches for doing it. This study is analysed quantitatively. Data is collected via offline and online both method. Google Forms platform used for generating questionnaire, and hence analysed quantitatively with the help of Pie Chart, Graphs and Histograms. After analysing and after calculation it is found by the researcher that mean chart is very essential in further analysis and interpretation. Hence mean chart is demonstrated by the researcher as under-

**Table 5.1: Table displaying Mean and Standard Deviations**

<b>SL. NO.</b>	<b>Indicators and Parameters</b>	<b>Mean</b>	<b>Standard Deviation</b>
1.	Requirement of Education for running small scale business	1.4921	1.11269
2.	Minimum Level of education required	1.6444	1.274911
3.	For microfinance business and rural transformation is education is helpful	2.819	2.458545
4.	For small scale business in rural transformation skills is helpful	3.1397	2.858571
5.	Requirement of smart phone/digital marketing for small scale business	2.3079	2.105171
6.	For microfinance business in empowering the women entrepreneurs is digital mode/facilities is helpful	2.3302	2.115701
7.	Digital mode process system	1.4317	1.07201
8.	Microfinance services affect the small scale business	3.146	2.819434
9.	Online services is helpful in saving of beneficiaries and in income generation	2.0095	1.658073
10.	Role of customer care centre in small scale business	1.3143	0.792825
11.	Small scale business much affects the individual's income	3.146	2.819434
12.	Microfinance is helpful in increasing income level and business expansion	1.1143	0.540429
13.	Income level and employment microfinance opportunities to small scale business has increased B2B (Business to Business)	1.273	0.73894
14.	Rural level unemployment can be controlled by small scale business	1.1365	0.522509
15.	Small scale business has increased the education level and employment generation for women at rural areas	1.9524	1.613436
16.	Microfinance to women has increased the employment, awareness and empowerment	2.127	1.830951
17.	Availability of collateral free finance to women is helpful in increasing the women entrepreneurs at rural level	1.0825	0.4063
18.	Easy process of microfinance is helpful for women entrepreneurs and women centric SHGs at rural level	1.0159	0.308607
19.	Low interest rate facility, easy loan repayment process is helpful for women entrepreneurs	1	0.251976
20.	Is internet facility, mobile apps, computer knowledge, acts as a digital source of small scale business	1.1778	0.699206
21.	Non-banking financial institution's plays an important source of finance to small scale business	1.8127	1.595629
22.	Major role in providing microfinance	2.9365	2.766007

23.	Institution's like banks, SFBs, MFIs has increased the finance availability for small scale business	0.9841	0

*Sources: Author's own Calculation*

## 5.2 Hypothesis testing

The strategy wherein we select examples to study qualities in a given population is called hypothesis testing. Hypothesis testing is actually an orderly method to test ideas and assumptions regarding a gathering or population.

Hypothesis testing is a strategy for testing a theory about a limited population, utilizing information estimated in an example. In this strategy, we test some hypothesis by deciding the probability that a sample measurement might have been chosen, if the hypothesis with respect to the population boundary parameter were valid. The null hypothesis ( $H_0$ ), expressed as the invalid, is an assertion about a population boundary, for example, the population mean, that is thought to be valid. The null hypothesis is a beginning stage. An alternative hypothesis ( $H_1$ ) is an explanation that straightforwardly negates a null hypothesis by expressing that that the real estimation of a population parameter is not exactly, more noteworthy than, or not equivalent to the worth expressed in the null hypothesis. The alternative hypothesis shapes that what we consider isn't right about the null hypothesis, which is required for Step 2.(Introduction to Hypothesis Testing, n.d.)

### Hypothesis -1

**$H_0$ :** Microfinance needs some basic level of education

**$H_1$ :** Microfinance does not need any level of education for the operation

### In small scale business, education is required

The researcher observing that micro finance needs some basic level of education, so researcher examined on 315 respondent and assume on 95% confidence level .95% of responses thinks that small scale business requires some education because in today's digitalize world, everything is related with internet and digital world, hence education and some knowledge is required to operate the small scale business effectively

$H_0 = 95\%$

$H_1 > 95\%$

$$Z = \frac{X - \mu}{\sigma}$$

X = sample mean,  $\mu$  = population mean,  $\sigma$  = Standard deviation

$$= \frac{1.4921 - 0.95}{1.11269}$$

$$= 0.4864$$

Value of Alpha  $\alpha = 0.05$  (1.645)

$= 0.4864 < 1.645$ , and lie in accepted region of normal distribution curve of

Z-test. Hence null hypothesis is accepted and is proved.

## **Hypothesis 2**

**H<sub>0</sub>:** Microfinance contribute for the development of country

**H<sub>1</sub>:** Microfinance does not contribute for the development of country

## **Economy and development of the country**

After analyzing it is found by the researcher that microfinance plays very active role for the country's economy. Microfinance makes rural women economically very strong and it also eradicate the poverty level of rural side that makes the rural economy very strong, and by up gradation of rural economy, the whole economy of the country can change. Researcher assume at 95% of confidence level,

$$H_0 = 95\%$$

$$H_1 > 95\%$$

$$Z = \frac{X - \mu}{\sigma}$$

X = sample mean,  $\mu$  = population mean,  $\sigma$  = Standard deviation

$$= \frac{2.3302 - 0.95}{2.115701}$$

$$= 0.6523$$

Value of Alpha  $\alpha = 0.05$  (1.645)

$= 0.6523 < 1.645$ , and lie in accepted region of normal distribution curve of Z-test. Hence null hypothesis is accepted and is proved.

### Hypothesis 3

**H<sub>0</sub>:** Microfinance is increasing the income level in rural areas

**H<sub>1</sub>:** Microfinance does not increase the income level in rural areas

#### Increase the income level of rural people

After analysis of questionnaire, researcher found that microfinance plays very well role for enhancing the income level of rural areas whether by women or by men.

$$H_0 = 95\%$$

$$H_1 > 95\%$$

$$Z = \frac{X - \mu}{\sigma}$$

X = sample mean,  $\mu$  = population mean,  $\sigma$  = Standard deviation

$$= \frac{2.1079 - 0.95}{1.827}$$

$$= 0.63377$$

Value of Alpha  $\alpha = 0.05$  (1.645)

$= 0.63377 < 1.645$ , and lie in accepted region of normal distribution curve of Z-test. Hence null hypothesis is accepted and is proved.

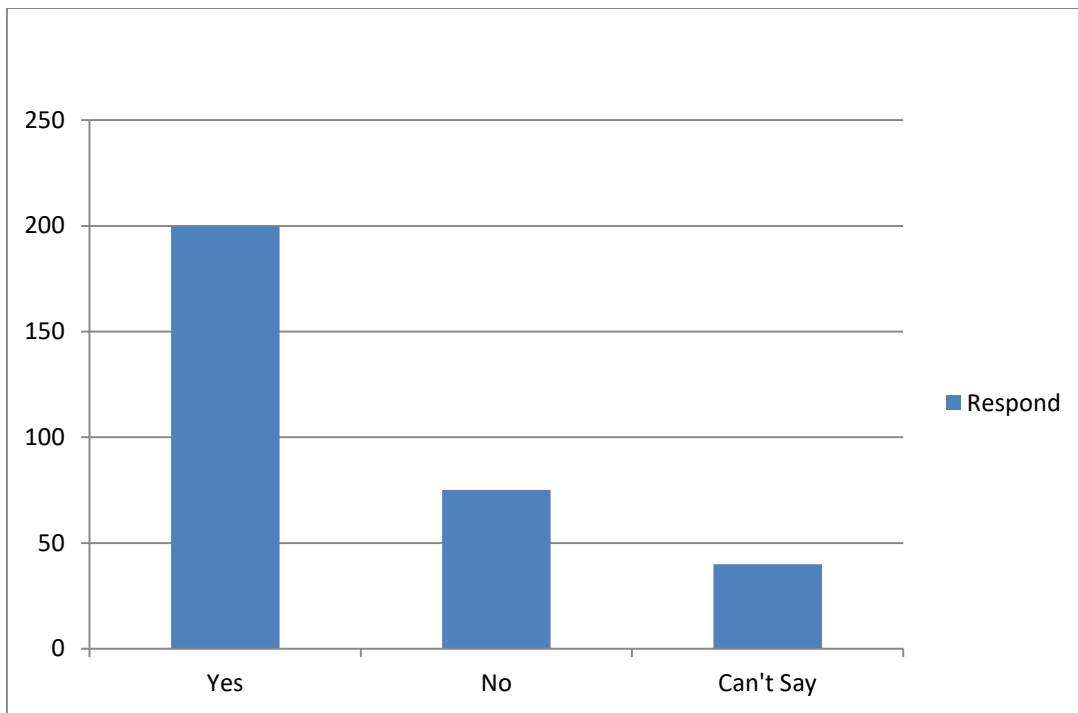
### 5.3 Analysis and interpretation of Socio Economic Impact of Microfinance

**Table 5.2: Requirement of Education for running small scale business**

Sl. No.	Education Required	Response	Percentage
1	Yes	200	63.49
2	No	75	23.81
3	Can't Say	40	12.70

*Sources: Author's own calculation*

**Graph 5.1: Requirement of education for running small scale business**



*Source: Calculated and Design By Author*

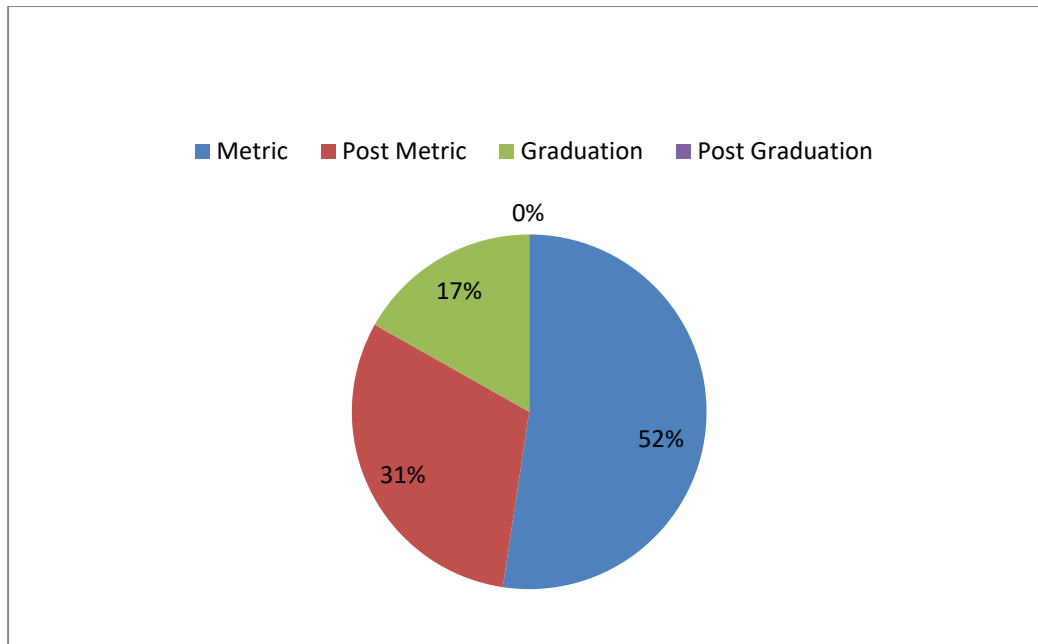
According to the analysis of 315 persons, it is found that for doing small scale business education is required 200 persons respond to yes, 75 person respond to No and 40 persons respond to cannot say.

**Table No 5.3: Minimum Level of Education required**

Sl. No.	Criteria for Education	Response	Percentage
1	Metric	165	52.38
2	Post Metric	97	30.79
3	Graduation	53	16.83
4	Post-Graduation	0	0.00

*Sources: Author's own Calculation*

**Graph 5.2: Minimum Level of education required**



*Source: Calculated and Design by Author*

This analysis is based on the Likert scale according to which it is found that found what minimum qualification is required or needed for doing small scale business is Metric whose responds is 52% people, 31% people responds to Post Metric, 17% of people responds that Graduation is required for doing small scale business and 0%(no people) responds to Post Graduation.

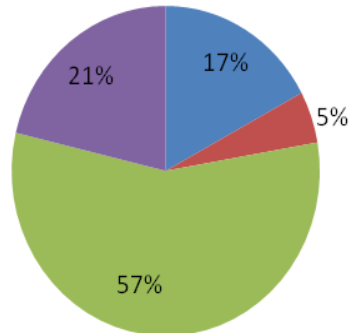
**Table 5.4: For Microfinance business and rural transformation is education is helpful**

Sl. No.	Effect the rural transformation	Responds	Percentage
1	Less	54	17.14
2	Very Less	16	5.08
3	High	178	56.51
4	Very High	67	21.27

*Source: Author's own calculation*

**Graph 5.3: For Microfinance business and rural transformation is education is helpful**

■ Less ■ Very Less ■ High ■ Very High



*Source: Calculated and Design By Author*

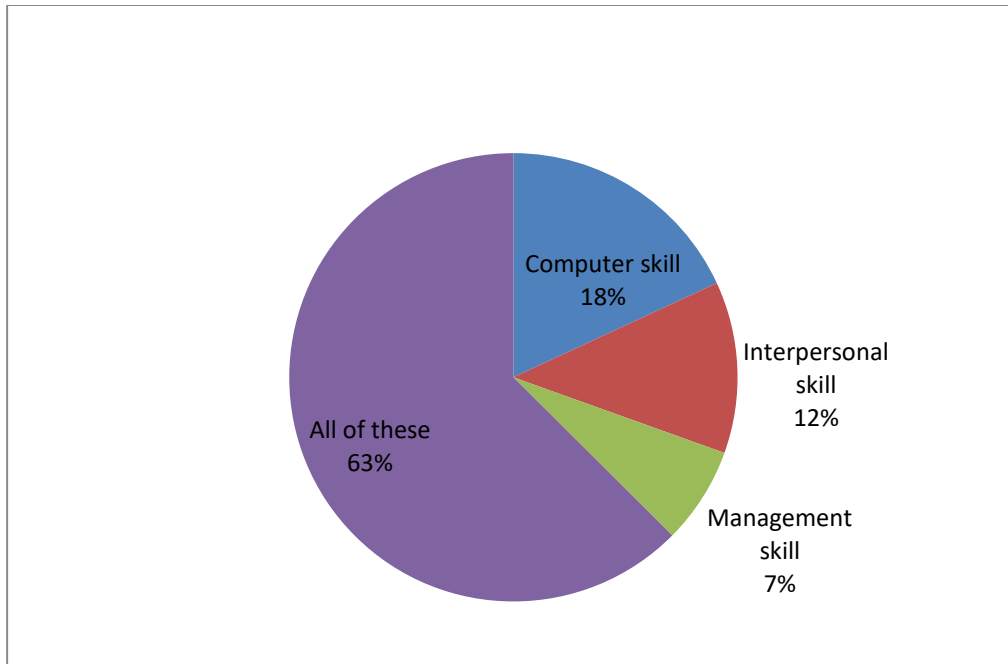
This analysis is based on the Likert analysis which shows that for micro business and rural transformation is education is helpful, in which 17% persons responds to Less, 5% responds to Very Less, 57% responds to high and 21% persons responds to Very High. Hence we say that for Microfinance business and rural transformation education is helpful.

**Table 5.5: For small scale business in rural transformation skills is helpful**

Sl. No.	Type of Knowledge	Responds	Percentage
1	Computer skill	57	18.10
2	Interpersonal skill	39	12.38
3	Management skill	22	6.98
4	All of these	197	62.54

*Source: Author's own calculation*

**Graph5.4 For small scale business in rural transformation skills is helpful**



*Source: Calculated and Design by Author*

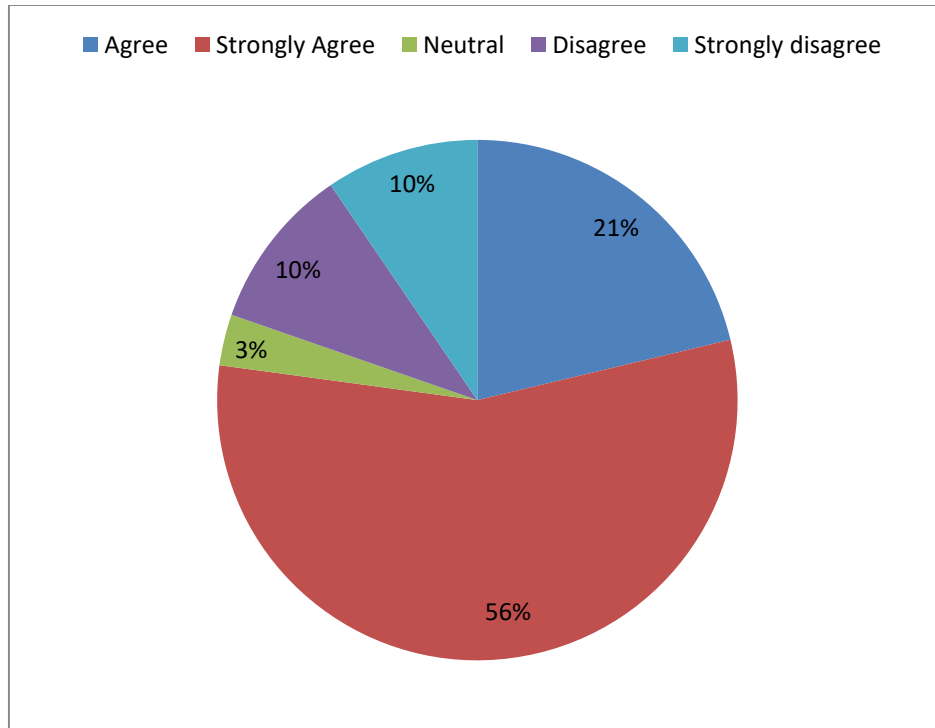
This analysis is based on the Likert analysis which shows that skills is helpful in rural transformation for doing small scale business in which 18% people responds to Computer skills, 12% people responds to Interpersonal skills, 7% people responds to Management education and 63% people responds to all of these skills is required for the rural transformation by doing small scale business.

**Table 5.6: Requirement of Smart phone/Digital marketing for small scale business**

Sl. No.	Android Knowledge	Responds	Percentage
1	Agree	67	21.27
2	Strongly Agree	176	55.87
3	Neutral	10	3.17
4	Disagree	32	10.16
5	Strongly disagree	30	9.52

*Sources: Author's own calculation*

**Graph 5.5: Requirement of Smart phone/Digital marketing for small scale business**



*Source: Calculated and Design By Author*

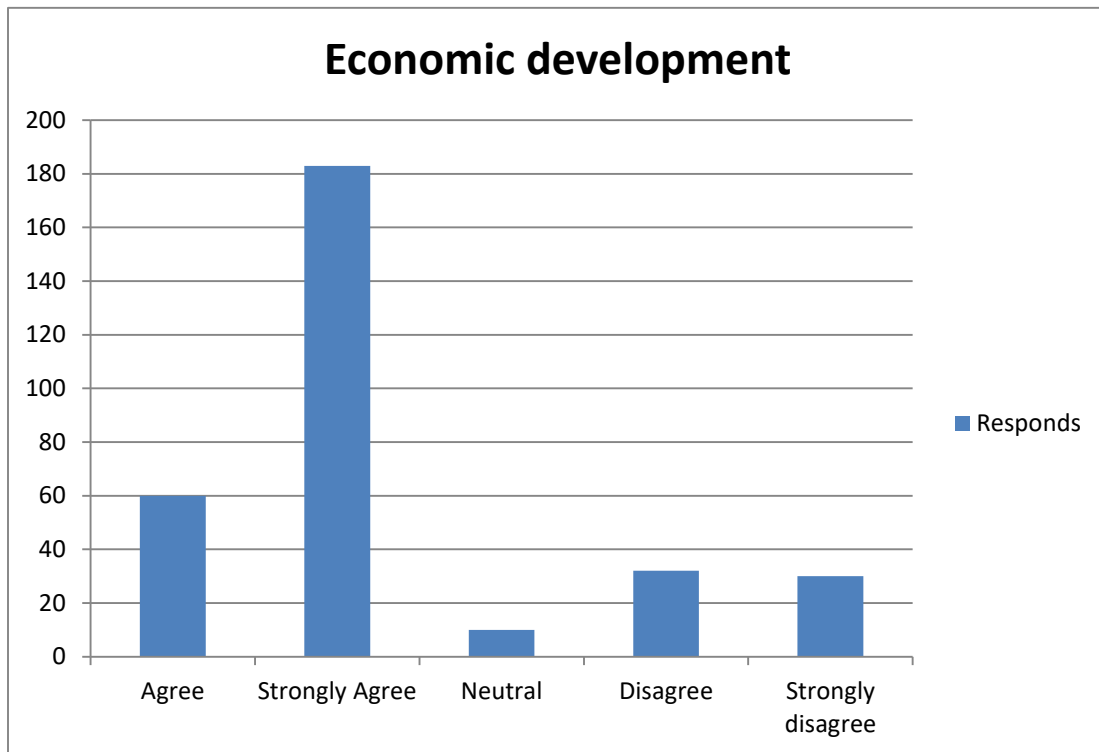
This analysis is based on the Likert analysis which shows that smart phone /digital marketing is required for doing small scale business. According to analysis 21% people are Agree, 56% people are Strongly Agree, 3% people are Neutral, 10% people are Disagree, and 9% people are Strongly Disagree about the knowledge.

**Table 5.7: For Microfinance business in empowering the women entrepreneurs is digital mode/facilities is helpful**

Sl. No.	Development	Responds	Percentage
1	Agree	60	19.05
2	Strongly Agree	183	58.1
3	Neutral	10	3.17
4	Disagree	32	10.16
5	Strongly disagree	30	9.52

*Sources: Author's own calculation*

**Graph 5.6: For Microfinance business in empowering the women entrepreneurs is digital mode/facilities is helpful**



*Source: Calculated and Design By Author*

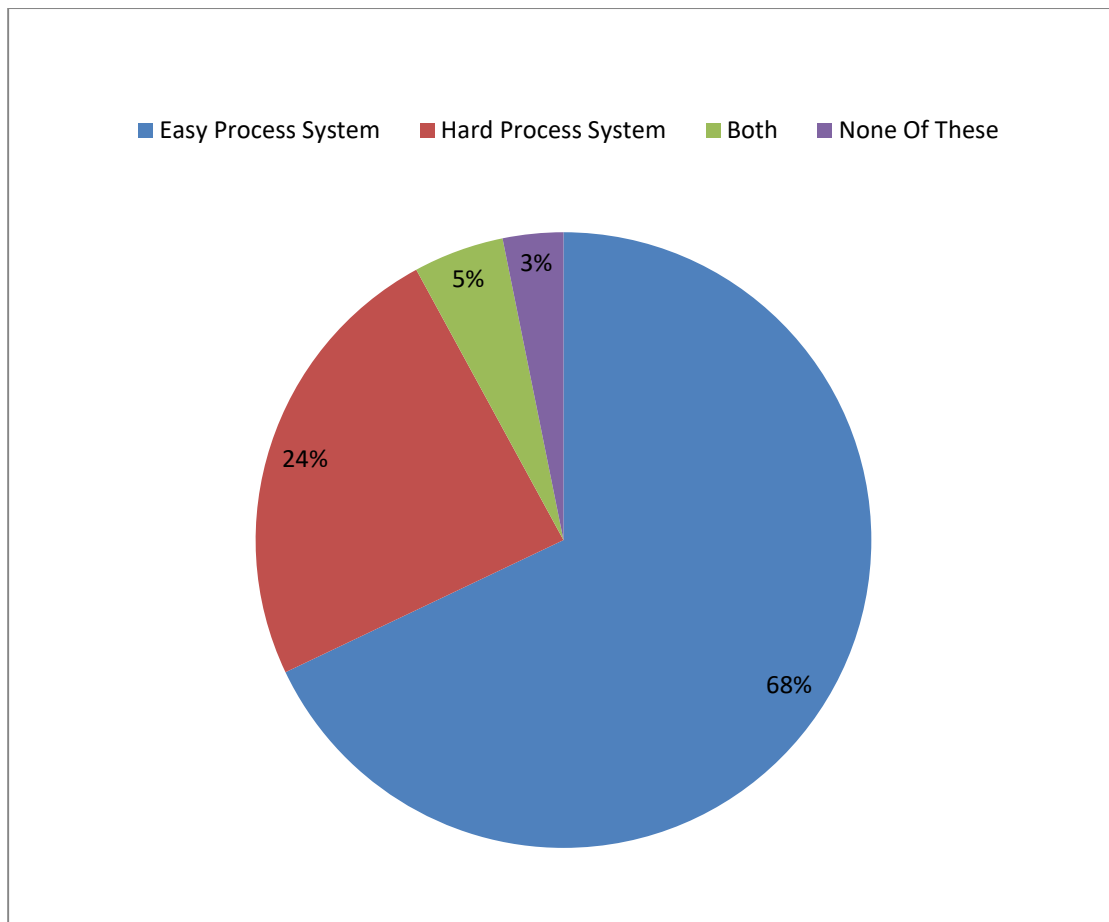
This analysis shows that for proving microfinance in empowering the women entrepreneurs is digital mode/facilities is helpful in which 60 people are Agree, 183 are Strongly Agree, 10 people are Neutral means not able to respond, 32 people are Disagree and 30 people are Strongly Disagree about the digital mode/facilities

**Table 5.8: Digital mode process system**

Sl. No.	Digital Process System	Responds	Percentage
1	Easy Process System	214	67.94
2	Hard Process System	76	24.13
3	Both	15	4.76
4	None Of These	10	3.17

*Sources: Author's own calculation*

**Graph 5.7: Digital mode process system**



*Source: Calculated and Design by Author*

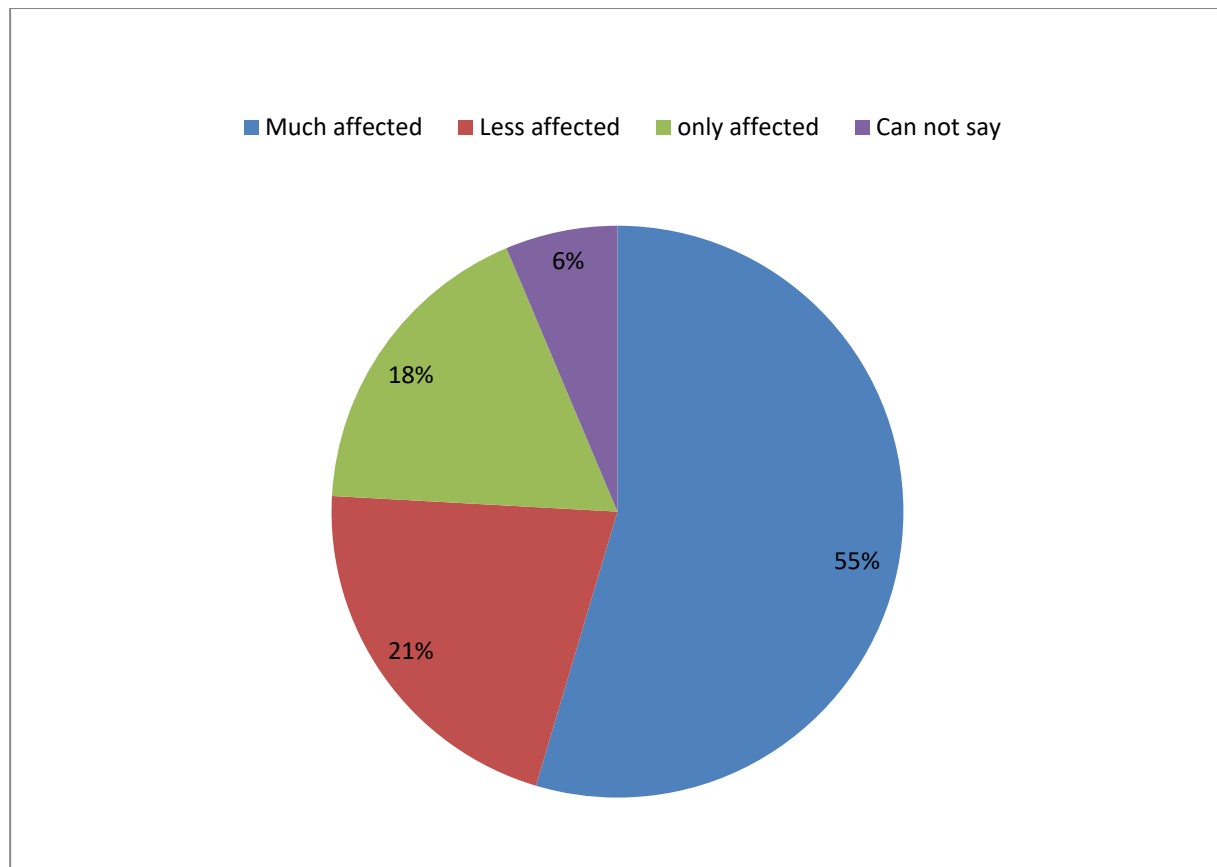
This analysis is based on the Likert analysis which shows that digital mode of money transfer system for small scale business in which 68% people are respond to digital mode system is an Easy process system, 24% people respond to Hard process system, 5% respond to both and 3% of people are not able to say something about the digital mode process system.

**Table 5.9: Microfinance services affect the small scale business**

Sl. No.	Affect of Microfinance services	Responds	Percentage
1	Much affected	172	54.60
2	Less affected	67	21.27
3	only affected	56	17.78
4	Cannot say	20	6.35

*Sources: Author's own calculation*

**Graph 5.8 Microfinance services affect the small scale business**



*Source: Calculated and Design by Author*

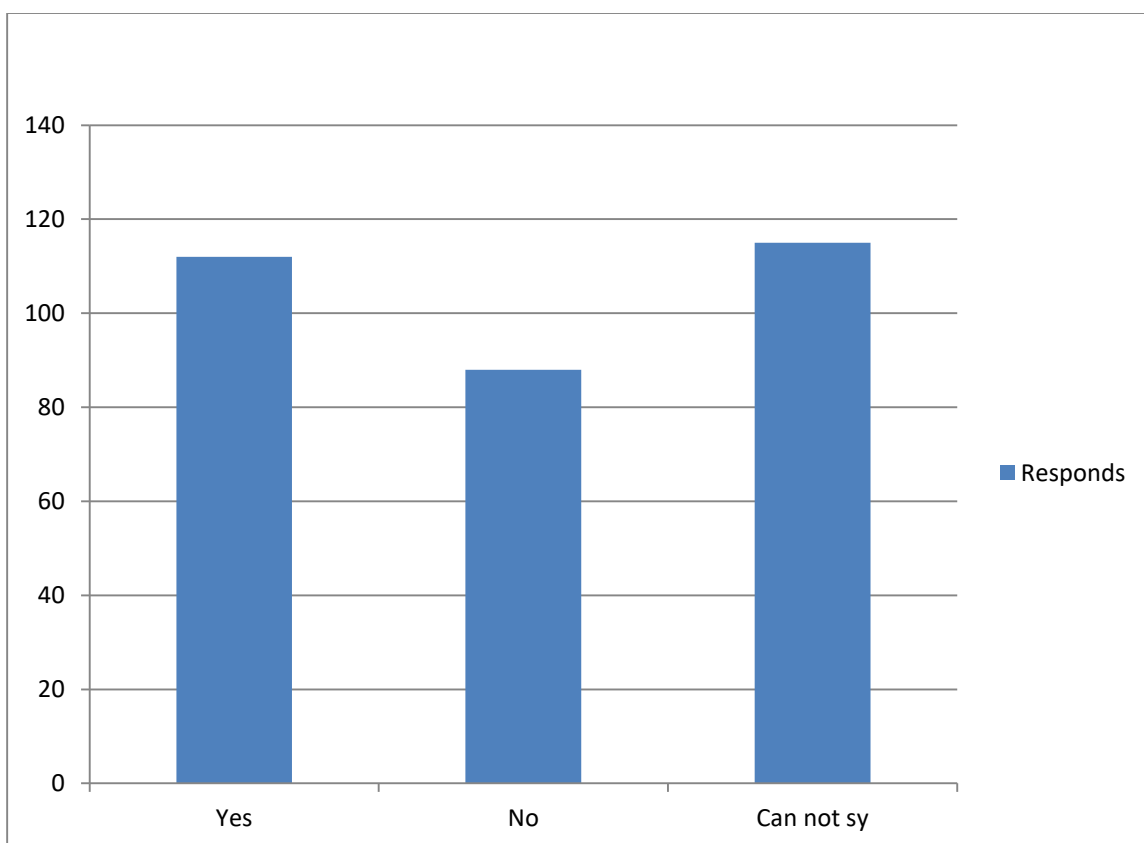
This analysis is based on the Likert analysis, according to which it is found that Microfinance services affect the small scale business for that 55% people responds to Much Affected, 21% people responds to Less Affected, 17% people respond to Only Affected and 6% people are not able to understand the Microfinance services.

**Table 5.10: Online services is helpful in saving of beneficiaries and in income generation**

Sl. No.	Online services	Responds	Percentage
1	Yes	112	35.56
2	No	88	27.94
3	Cannotsay	115	36.51

*Source: Author's own calculation*

**Graph 5.9: Online services is helpful in saving of beneficiaries and in income generation**



*Source: Calculated and Design by Author*

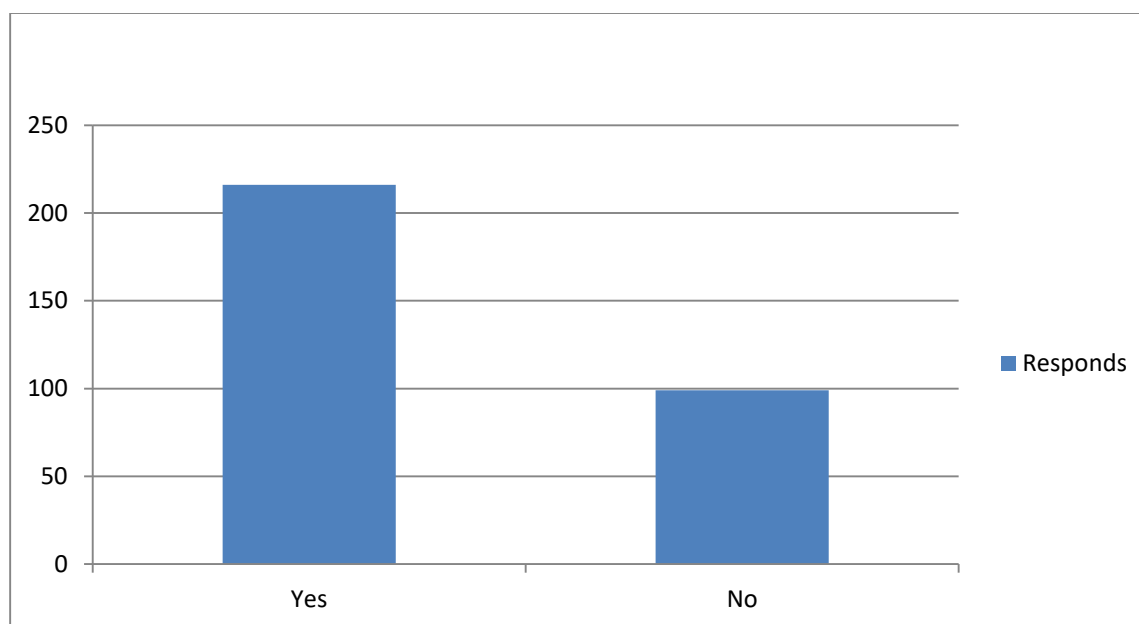
According to the analysis on 315 people it is found that online services is helpful in saving of beneficiaries and in income generation for which 112 people respond to Yes, 88 people respond to No and 115 people are not having any idea.

**Table 5.11: Role of customer care centre in small scale business**

Sl. No.	Customer care centre role	Responds	Percentage
1	Yes	216	68.57
2	No	99	31.43

*Source: Author's own calculation*

**Graph 5.10: Role of customer care centre in small scale business**



*Source: Calculated and Design By Author*

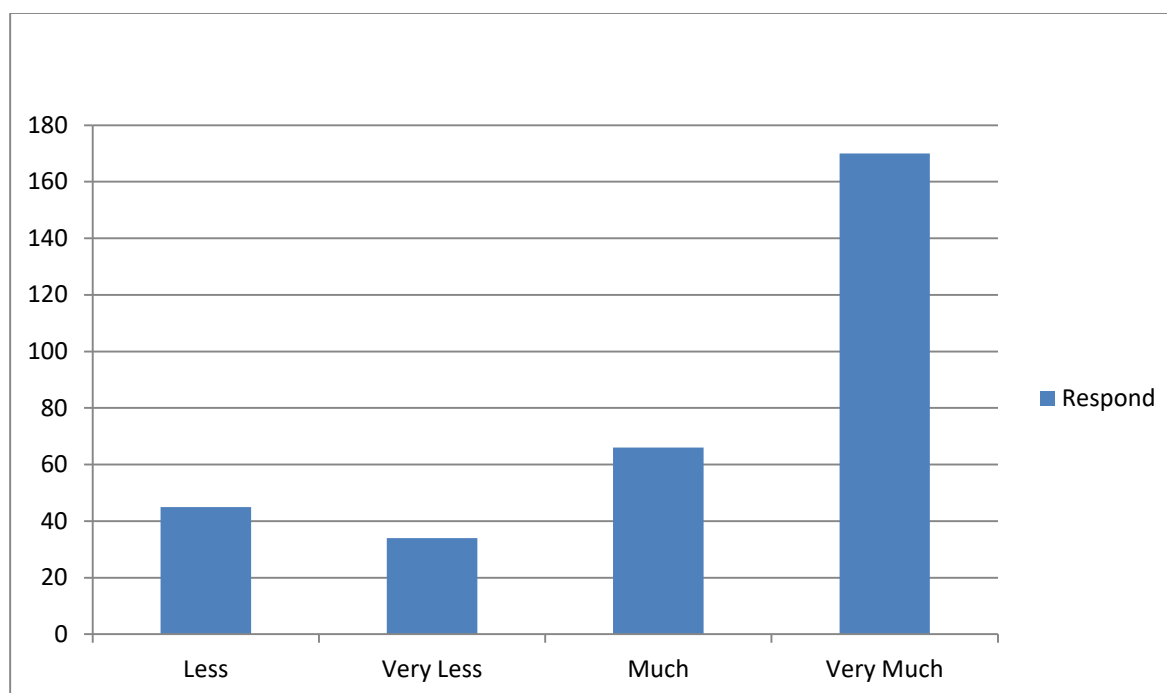
According to the analysis it is found that the customer care service and their support plays an important role in dealing with the various challenges arises in small scale business for which 216 people responds to Yes and 99 people responds to No.

**Table 5.12: Small scale business much affects the individual's income**

Sl. No.	Affects on individual income	Respond	Percentage
1	Less	45	14.29
2	Very Less	34	10.79
3	Much	66	20.95
4	Very Much	170	53.97

*Sources: Author's own calculation*

**Graph 5.11: Small scale business much affects the individual's income**



*Source: Calculated and Design By Author*

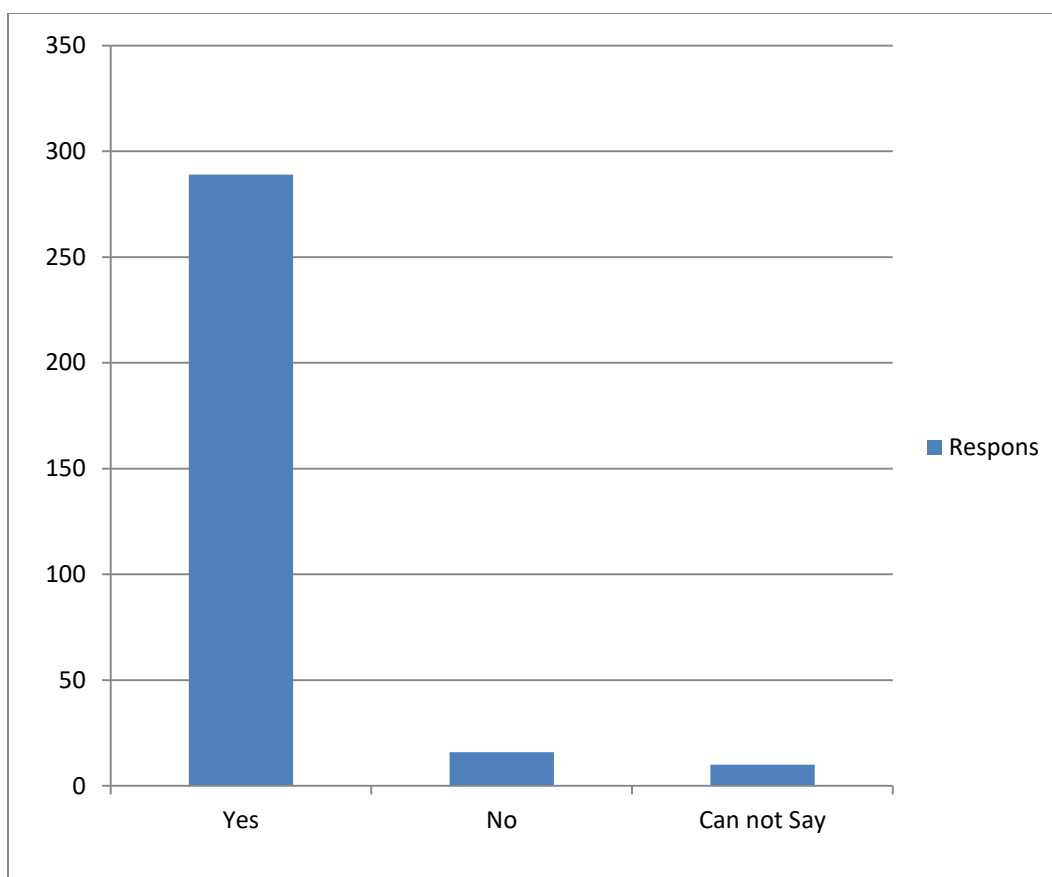
According to the analysis it is found that small scale business affect the income level of individual to which 45 people respond to Less, 34 people respond to Very Less, 66 people respond to Much and 70 people respond to Very Much.

**Table 5.13: Microfinance is helpful in increasing income level and business expansion**

Sl. No.	Increasing income and business expansion	Responds	Percentage
1	Yes	289	91.75
2	No	16	5.08
3	Cannot Say	10	3.17

*Sources: Author's own calculation*

**Graph 5.12: Microfinance is helpful in increasing income level and business expansion**



*Source: Calculated and Design by Author*

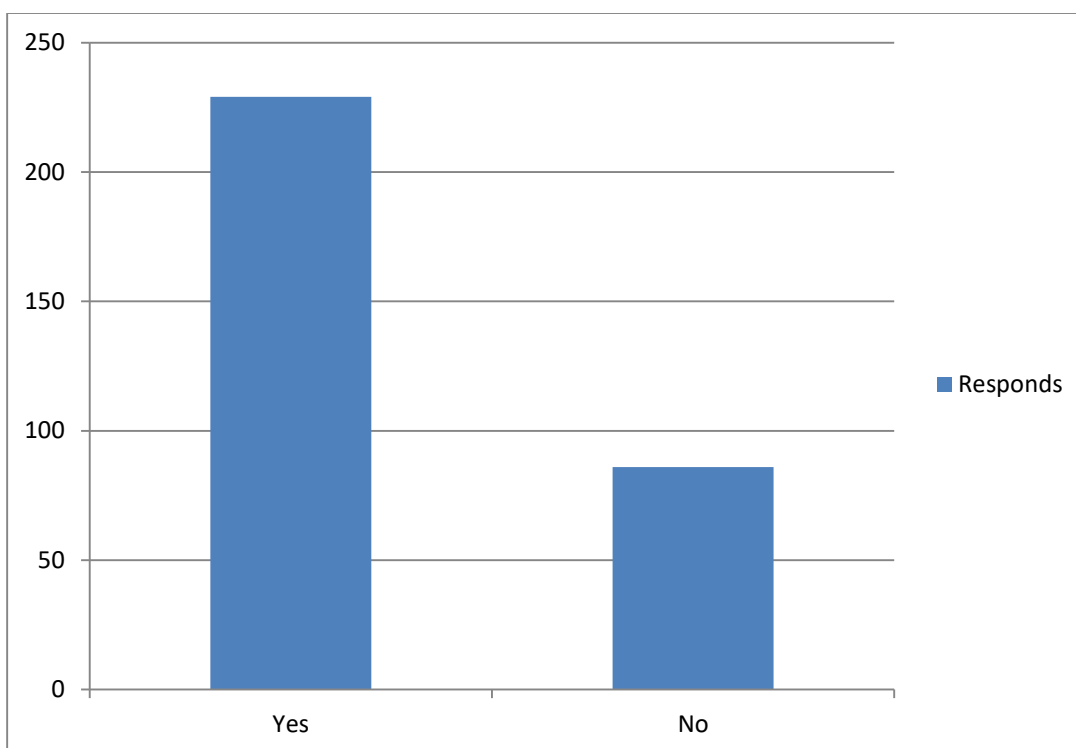
According to the analysis it is found that persons believed that the microfinance is helpful in increasing income level and business expansion for which 289 people are respond to Yes, 16 people respond to No and only 10 number of people responds to Cannot say.

**Table 5.14: Income level and employment Microfinance opportunities to small scale business has increased B2B (Business to Business)**

Sl. No.	Micro finance increased B2B	Responds	Percentage
1	Yes	229	72.70
2	No	86	27.30

*Sources: Author's own calculation*

**Graph 5.13: Income level and employment Microfinance opportunities to small scale business has increased B2B (Business to Business)**



*Source: Calculated and Design by Author*

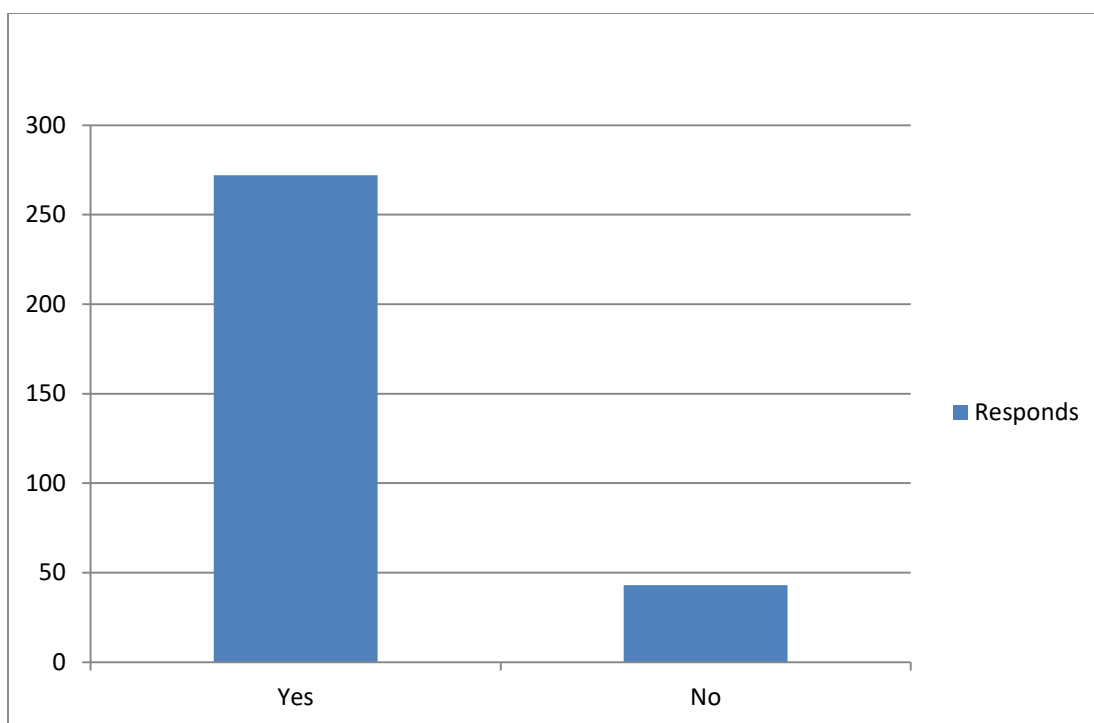
According to the analysis it is found that with the help of Microfinance opportunities it is possible to develop the B2B system and resulted in increasing income level and employment for which 229 people respond to Yes and 86 people respond to No.

**Table 5.15: Rural Level Unemployment can be controlled by small scale business**

Sl. No.	Unemployment can be controlled	Responds	Percentage
1	Yes	272	86.35
2	No	43	13.65

*Source: Author's own calculation*

**Graph 5.14: Rural Level Unemployment can be controlled by small scale business**



*Source: Calculated and Design by Author*

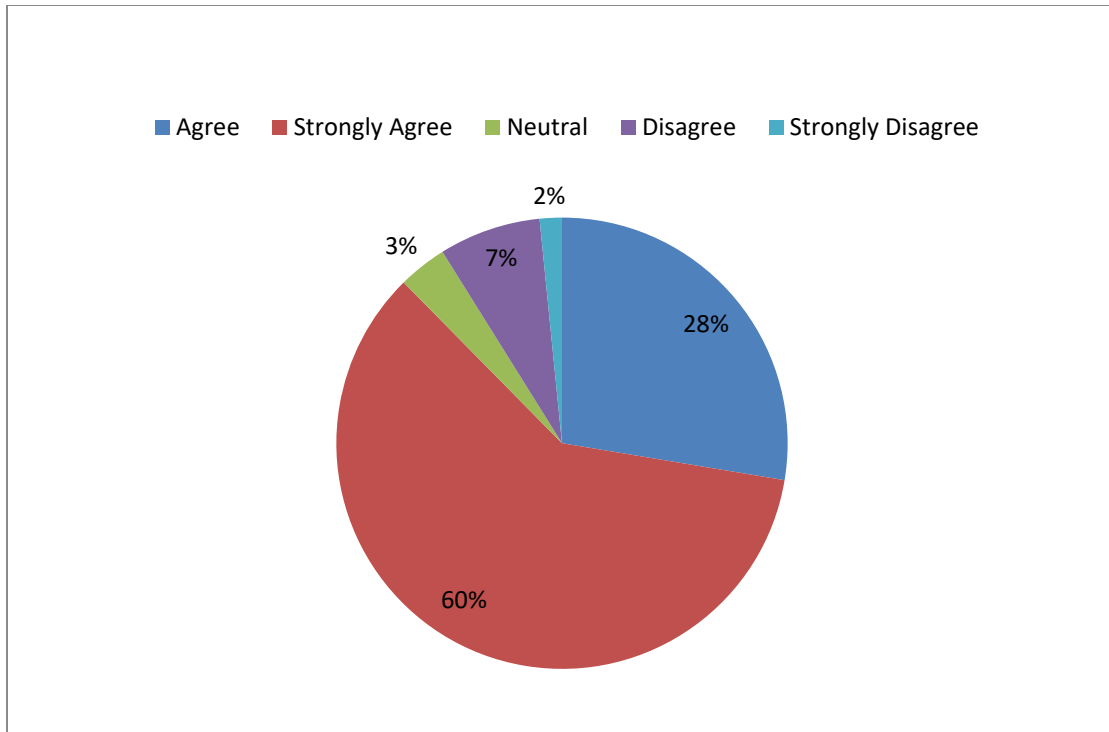
According to the analysis on the 315 people it is found that with the help of small scale business unemployment can be controlled in the rural areas and possible to provide the jobs for the rural people for which 272 people are respond to Yes and 43 people respond to No.

**Table 5.16: Small scale business has increased the education level and employment generation for women at rural areas.**

Sl. No.	Women Empowered	Responds	Percentage
1	Agree	87	27.62
2	Strongly Agree	189	60.00
3	Neutral	11	3.49
4	Disagree	23	7.30
5	Strongly Disagree	5	1.59

*Sources: Author's own calculation*

**Graph 5.15: Small scale business has increased the education level and employment generation for women at rural areas**



*Source: Calculated and Design by Author*

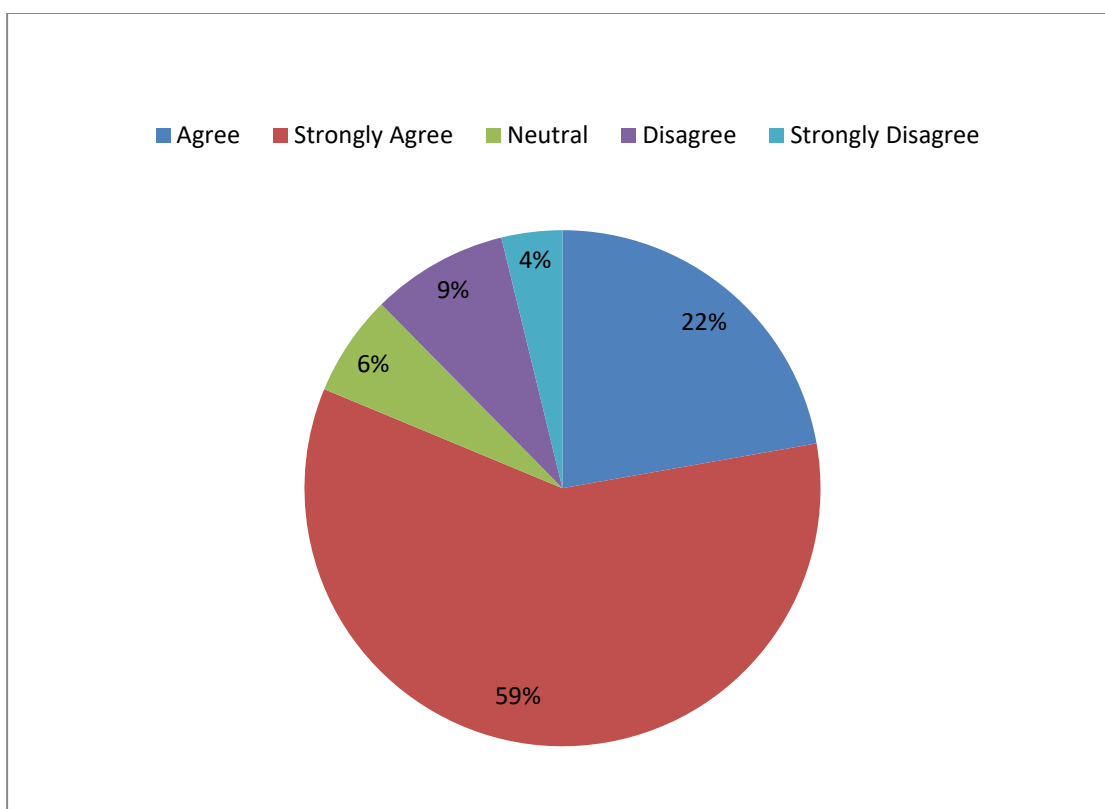
This analysis is based on the Likert analysis which shows that small scale business enables us to empower the women and increased the education level at rural areas, for this 28% people are Agree, 60% people are Strongly Agree and only 3% people are Neutral whereas 7% people are Disagree and 2% people are Strongly Disagree.

**Table 5.17: Microfinance to women has increased the employment, awareness and empowerment**

Sl. No.	Awareness and empowerment	Responds	Percentage
1	Agree	70	22.22
2	Strongly Agree	186	59.05
3	Neutral	20	6.35
4	Disagree	27	8.57
5	Strongly Disagree	12	3.81

*Source: Author's own calculation*

**Graph 5.16: Microfinance to women has increased the employment, awareness and empowerment**



*Source: Calculated and Design by Author*

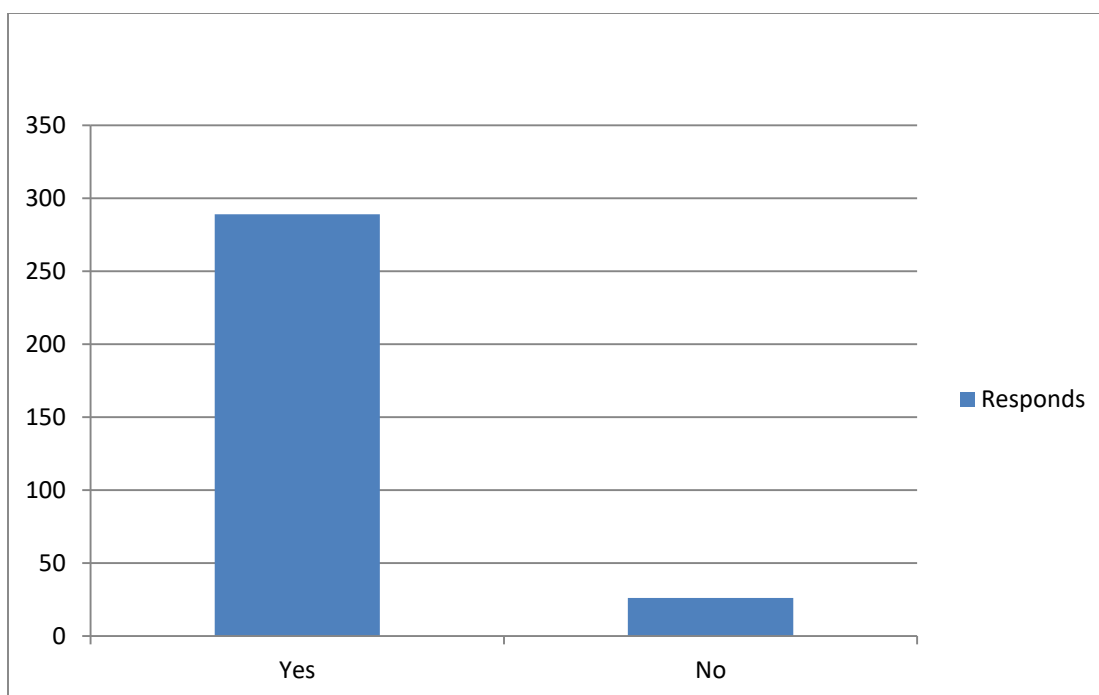
This analysis is based on the Likert analysis according to which it is found that Microfinance to women has increased the employment, awareness and empowerment under various government schemes for which 22% people are respond to Agree, 59% people are respond to Strongly Agree, and only 6% people are respond to Neutral where as 9% people are respond to Disagree and 4% people are responds to Strongly Disagree for the above statement.

**Table 5.18: Availability of collateral free finance to women is helpful in increasing the women entrepreneurs at rural area.**

Sl. No.	No document required	Responds	Percentage
1	Yes	289	91.75
2	No	26	8.25

*Sources: Author's own calculation*

**Graph 5.17: Availability of collateral free finance to women is helpful in increasing the women entrepreneurs at rural area.**



*Source: Calculated and Design by Author*

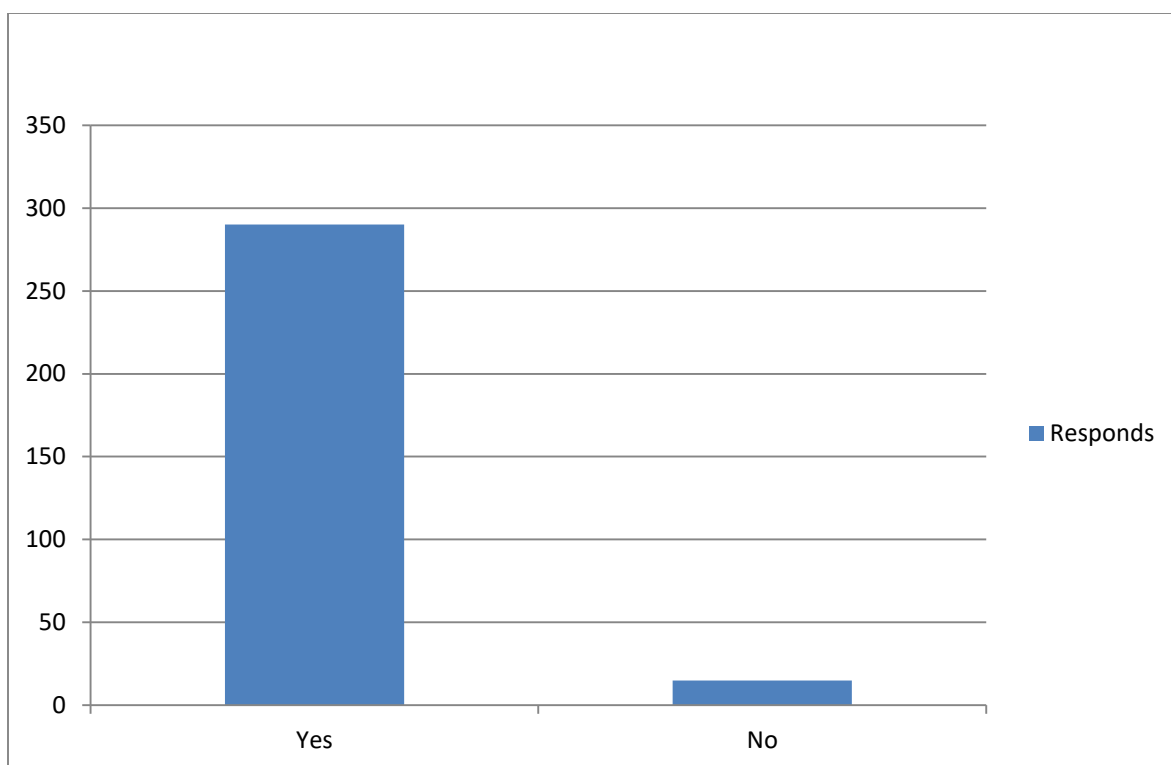
According to the analysis of 315 people it is found that collateral free finance to women entrepreneurs is helpful at rural level. As per the analysis it is clear that 289 people are in support of the above statement and only 26 people are not in support.

**Table 5.19: Easy process of Microfinance is helpful for women entrepreneurs and women centric SHGs at rural level.**

Sl. No.	Process and Services	Responds	Percentage
1	Yes	290	95.08
2	No	15	4.92

*Sources: Author's own calculation*

**Graph 5.18: Easy process of Microfinance is helpful for women entrepreneurs and women centric SHGs at rural level.**



*Source: Calculated and Design by Author*

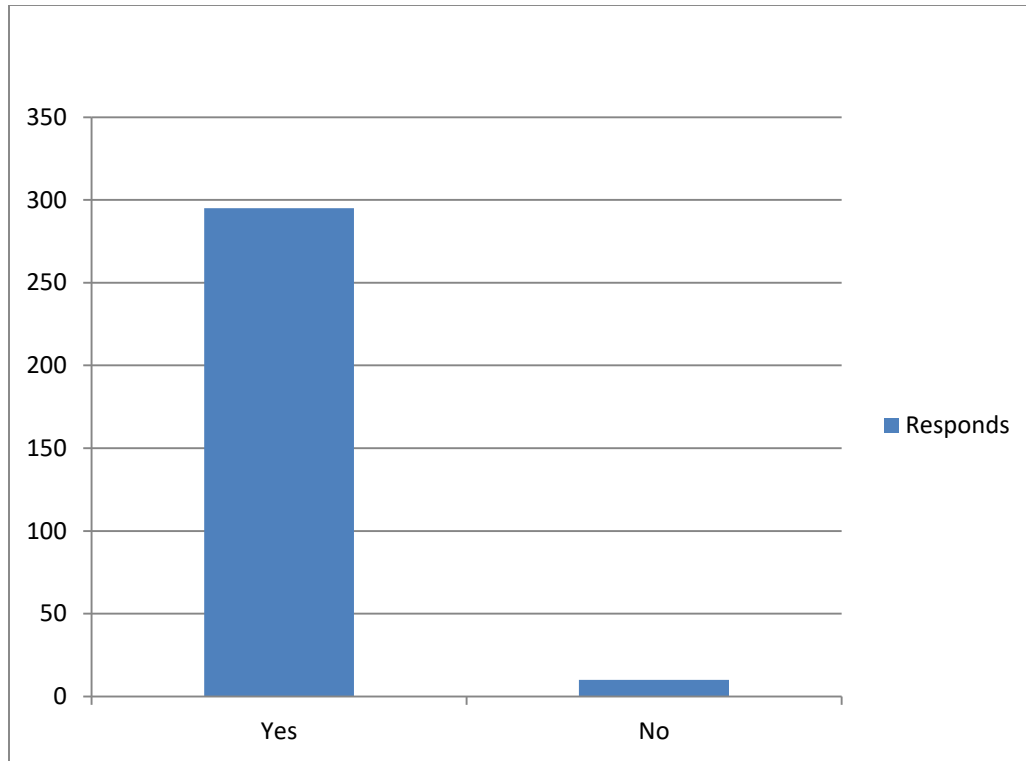
According to the analysis on the 305 people it is found that an easy process of Microfinance is helpful for women entrepreneurs and women centric Self-help groups at rural areas for this statement 290 people are respond to Yes and 15 people respond to No.

**Table 5.20: Low interest rate facility, easy loan repayment process is helpful for women entrepreneurs.**

Sl. No.	Low Interest Rate	Respond	Percentage
1	Yes	295	96.72
2	No	10	3.28

*Sources: Author's own calculation*

**Graph 5.19: Low interest rate facility, easy loan repayment process is helpful for women entrepreneurs**



*Source: Calculated and Design by Author*

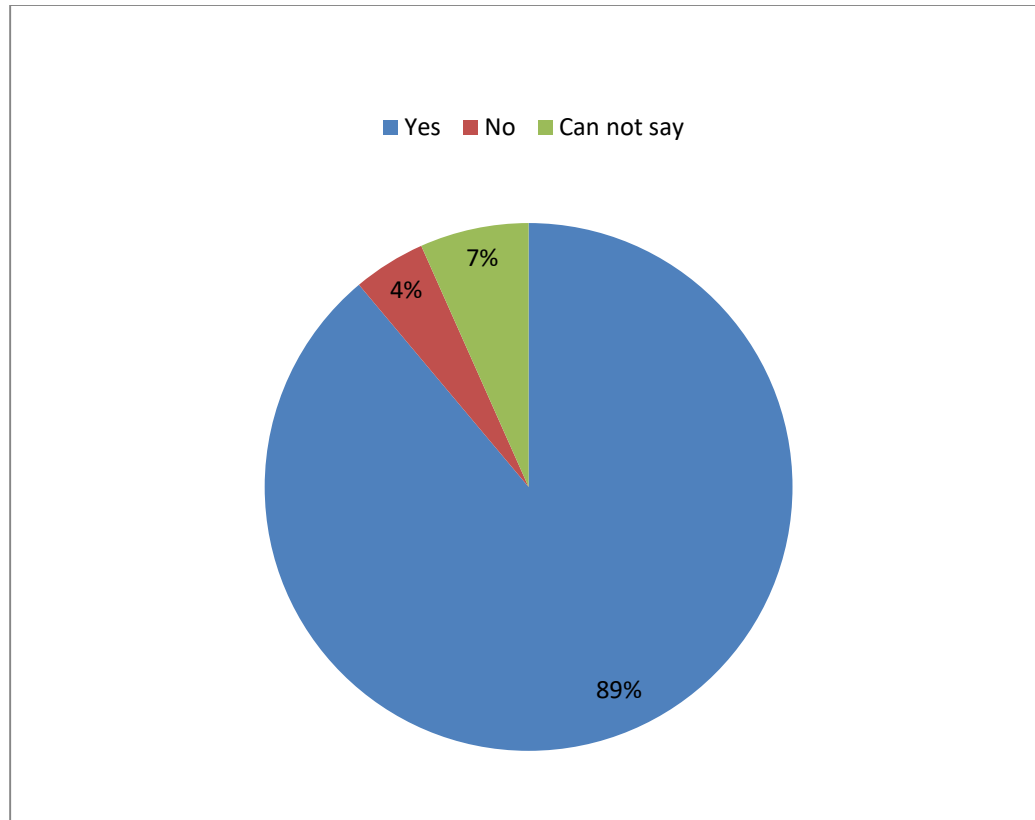
According to the analysis on the 305 people it is found that low interest rate facility, easy repayment is helpful for women entrepreneurs for this 295 people are respond to Yes and 10 people are respond to No.

**Table 5.21: Is internet facility, mobile apps, computer knowledge. acts as a digital source of small scale business**

Sl. No.	Digital Source for business	Responds	Percentage
1	Yes	280	88.89
2	No	14	4.44
3	Cannot say	21	6.67

*Sources: Author's own calculation*

**Graph 5.20: Is internet facility, mobile apps, computer knowledge. acts as a digital source of small scale business**



*Source: Calculated and Design by Author*

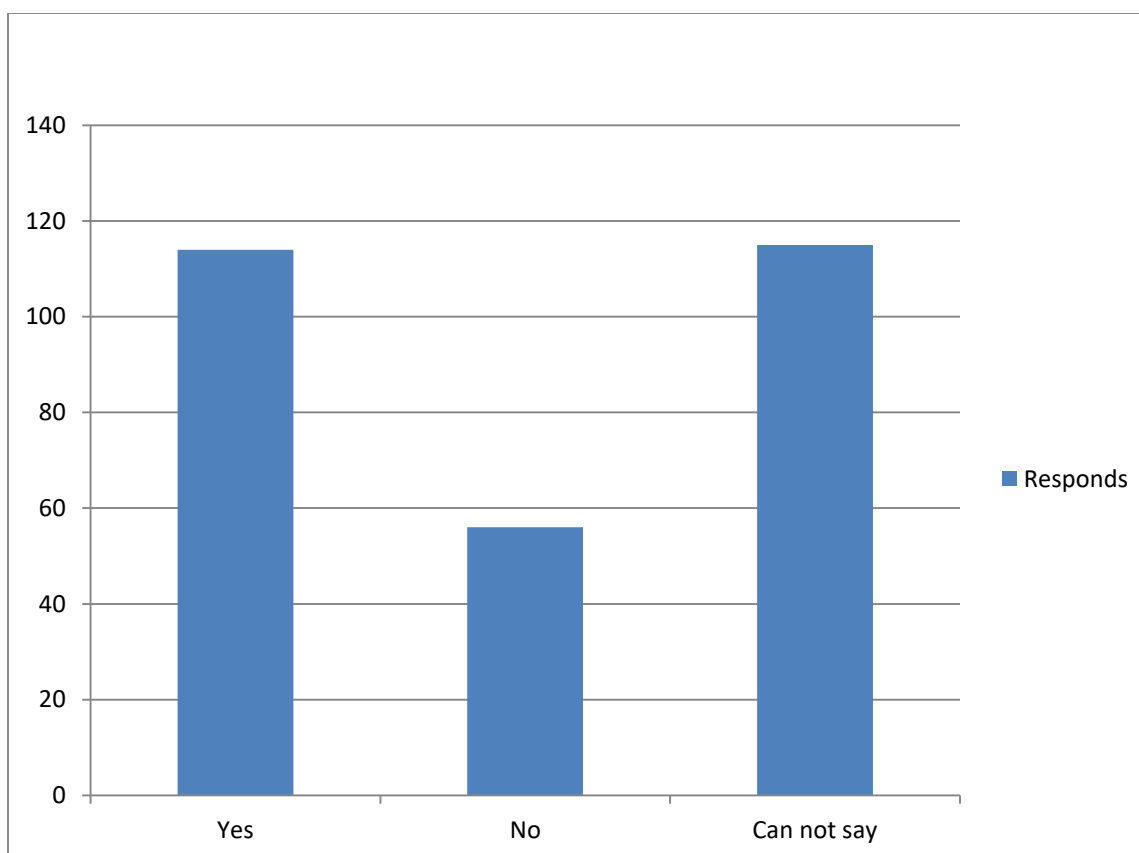
This analysis is based on the Likert analysis which shows that internet facility, mobile apps, computer knowledge is an effective source for doing small scale business for this 89% people are responds to Yes, 4% people are responds to No and only 7% people are responds to Cannot say. In the real world it is also true that these digital gadgets much help in doing small scale business.

**Table 5.22: Non-banking financial institution's plays an important source of finance to small scale business.**

Sl. No.	Non-banking source	Responds	Percentage
1	Yes	114	40.00
2	No	56	19.65
3	Cannot say	115	40.35

*Source: Author's own calculation*

**Graph 5.21: Non-banking financial institution's plays an important source of finance to small scale business.**



*Source: Author's own calculation*

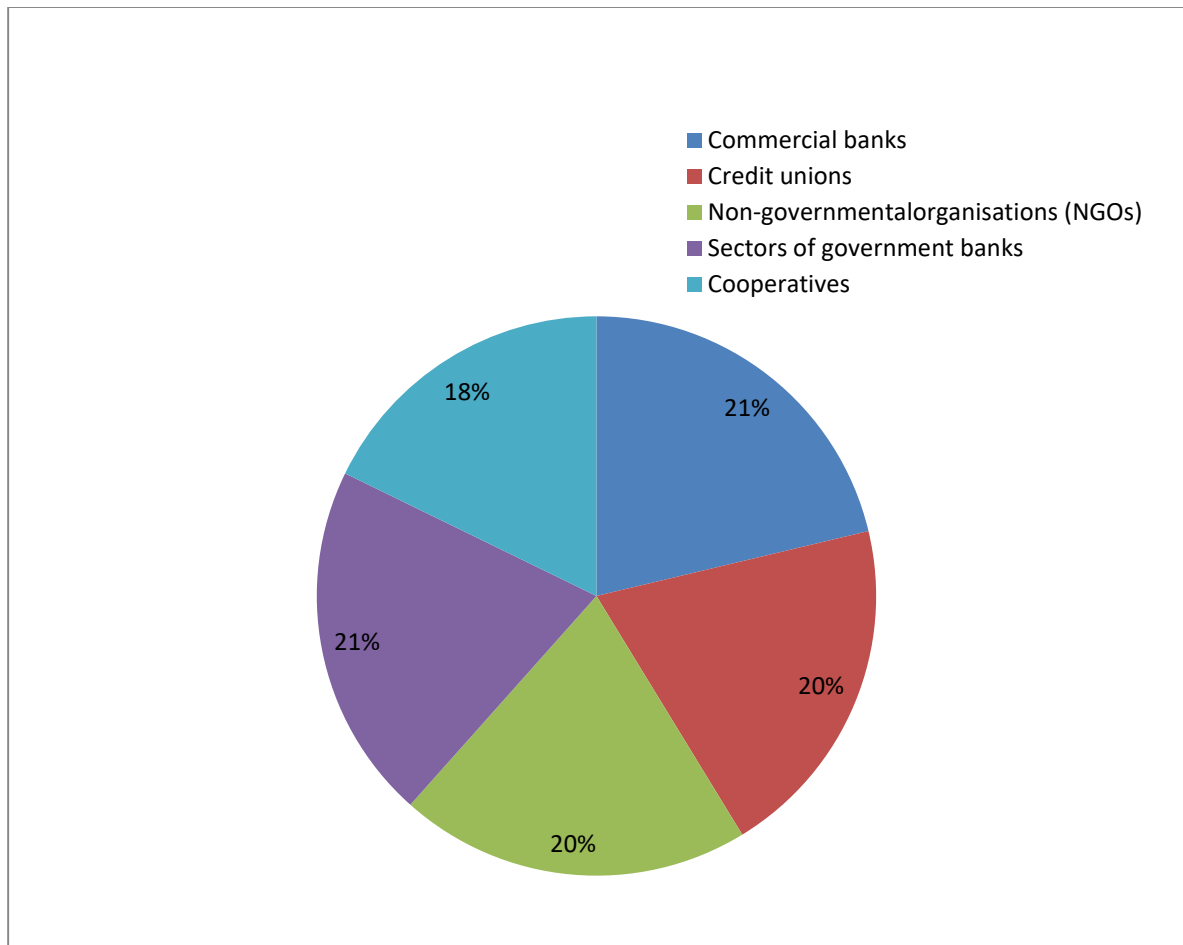
According to analysis on the 285 people it is found that non-banking financial institution plays an important source of finance to small scale business for this statement 114 people are respond to Yes, 56 people are responds to No and only 115 people are not able to decide.

**Table 5.23: Major role in providing Microfinance.**

Sl. No.	Source of Microfinance	Responds	Percentage
1	Commercial banks	67	21.27
2	Credit unions	63	20.00
3	Non-governmental organizations (NGOs)	64	20.32
4	Sectors of government banks	65	20.63
5	Cooperatives	56	17.78

*Source: Author's own calculation*

**Graph 5.22: Major role in providing Microfinance**



*Source: Author's own calculation*

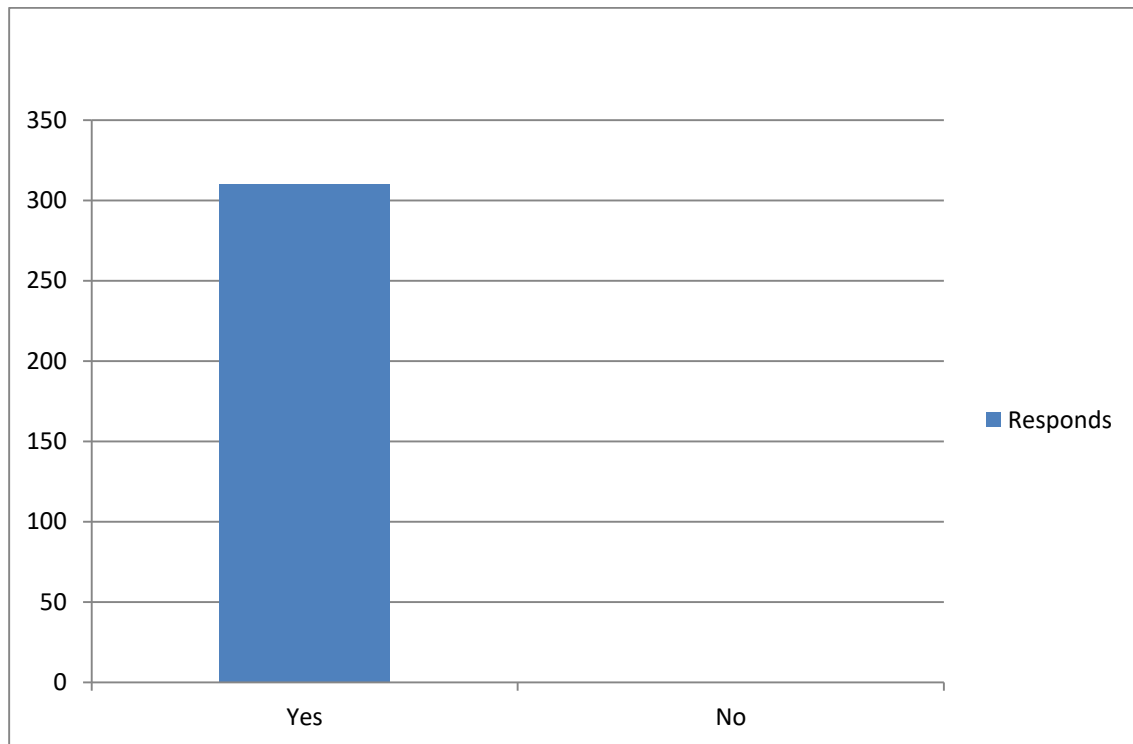
This analysis is based on the Likert analysis and it is found that which plays an important role in providing Microfinance and their participations is as that 21% participations of Commercial banks, 20% participations of Credit Unions bank, 20% participations of NGOs, 21% participations of Sectors of government bank and only 18% participations of Cooperative banks.

**Table 5.24: Institution's like banks, SFBs, MFIs has increased the finance availability for small scale business.**

Sl. No.	Institution's increased finance	Respon	Percentage
1	Yes	310	100
2	No	0	0

*Source: Author's own calculation*

**Graph 5.23: Institutions like banks, SFBs, MFIs has increased the finance availability for small scale business.**



*Source: Calculated and Design by Author*

According to the analysis on the 310 people it is found that institutions like banks, small finance banks(SFBs), Microfinance institutions(MFIs) has increased the finance availability for small scale business for this 310 people are respond to Yes and no one person is available for No.

#### **5.4 Discussion and Findings**

Microfinance institutions are highly appreciable in Uttar Pradesh. Microfinance has been transforming the lives of people of Uttar Pradesh. Microfinance provides various types of loans insurance and small credits to underprivileged people so that they can come in the mainstream economy of the rural area. Microfinance has caused impact on the lives of people with their various services and schemes in Uttar Pradesh. Uttar Pradesh microfinance Association looks after all the stakeholders related with the micro level economy. Microfinance in Uttar Pradesh has been transformed after the formation of a single entity called Uttar Pradesh microfinance Association. This association act as a bridge between Reserve Bank of India, Industrialist and all the microfinance institutions microfinance in UP. MFIs are spread across the most of the districts.

Many of the microfinance institutions namely Margdarshak Finance, Sonata finance, Vedic credit Limited, Aashirwad Finance, etc. Work across districts and provide people with various loans and schemes. The rate of interest varies from very low as low as 2% to as high as 30%. Microfinance has also led women of the state of Uttar Pradesh in coming forward and participating actively and contributing their part in the rural economy. Self-help groups are now financed by microfinance institutions which are actively working for the betterment of women, their families and the society. Microfinance institutions in Uttar Pradesh are actively giving help to small entrepreneurs and those with ideas but lacking money. Microfinance institutions provide money to the start-ups and small businesses to expand their business and work for higher profit. Microfinance institutions play a vital role through women. Women of the society when they earn they tend to send their children's to school with their earnings so that their child can become literate.

Microfinance institutions in Uttar Pradesh are working towards improving the lives of rural people by maintaining their standard of living to a higher position. When people take loan from the microfinance institutions they tend to increase their businesses that tend to increase their works, which in turn gives money. This money is utilised by the people in increasing the ease of living. The money brings appliances, the money brings food, the money brings clothes, the money brings education. In this way the standard of living of the rural people is being raised through microfinance institutions. Microfinance is a government service which has been highly appreciated by the private sector also because everyone wants an overall inclusiveness from the rural area in the economy which results in the higher growth of the nation. Uttar Pradesh has seen transforming changes with the help of microfinance institutions working across the states providing relief to all those in need. It has caused people to believe in bank and banking systems. But there are challenges ahead in the microfinance in Uttar Pradesh. Still there lacks trust among people and the banks with this to be built at the earliest. The loans which are provided by the microfinance institutions are often not returned on the place of it people take more loan to return the previous loan which becomes a cycle of loans and never ends. This needs to be sorted out also so there is lack of awareness in the rural areas about the banks and microfinance institutions people need to be aware of all those benefits and services that can help them in leading a better life. In the conclusion to the research it can be said that microfinance has immense footprints in rural Uttar Pradesh.

**Chapter 6**  
**CONCLUSIONS**

The study was done to understand the microcredit scheme. Microfinance/Microcredit is government run scheme for the citizens who are deprived of financial and digital services. It aims at elevating poverty and increasing employment opportunities mainly in rural areas by providing financial services through simple means. It provides financial services like loans, easy credits and insurance facilities to those small-scale entrepreneurs who find it difficult in reaching the doorstep of big commercial institutions. In the initial stages its motive was limited but with time it has grown immensely. (Mittal, A. (2016). In order to fulfil financial needs of underprivileged people microfinance institutions provide loans at very low rate of interests and with or without security deposits which often is at risk of bad debt.(Nandal, S. 2012). It has come out with immense popularity in rural areas in the recent years because it is free of needless paper trap of big financial institutions.

The main objectives of the research were firstly to get familiar with the problem faced by microfinance institutes and poor people to draft reforms and policies if needed. Second objective was to understand the role of such institutes in poverty eradication. Thirdly to understand how much microfinance is important in the state of Uttar Pradesh's rural and urban regions. Fourth and last objective was to study about various microfinance institutions providing their service in Lucknow, the capital city of Uttar Pradesh.

The researcher found that the history of microfinance can be traced back to early 1800. It was Lysander Spooner who understood the need monetary help for starting small businesses. In developing countries microfinance has come as boon for the agricultural sector, the sector which has been contributing highest to gross domestic product in the countries like India. It has been found that the youth populace which migrated to urban areas leaving the agricultural practices is now engaged in farming now by applying better technology. This happened so as microfinance institutes provided farming loans.

According to the research the microfinance institutes have played a great role in women empowerment. They have been constantly working on uplifting the quality and numbers of self-help groups (SHGs) so that underprivileged women can become self-reliant. On the other side

microfinance help qualified jobless villagers to stand on their feet by providing monetary help for their start-ups.

Microfinance is found to be benefitting the rural people to a great extent. It has improved their ease of living by providing a standard income and eliminating poverty. In the words of Gulati R. (2018), microfinance empowers the weakest section of society. Mittal A. (2016) stated that due to microfinance people started saving little by little as they become financially stable. This has also empowered women to send their children to schools. Because whenever a woman earns she sends her wards to school for education. This research discussed about the Nobel prize winner Md. Yunus whose idea of helping needy people with money in exchange of security deposits and interests rates were praised all over the world. In India, microfinance started around 80's. The research found that Indian microfinance institutions provide basic financial services to people. Such institutions along with loans and insurance provide basic training like book keeping, journal entries, etc. to the small entrepreneurs. It helps them to start their business more swiftly. These institutions are now helping them to debut them into the digital world too as the data prices has become cheaper in the country and access to it has become easy stated Modi, A., Patel, K. J., & Patel, K. M. (2014).

The research found that microfinance institutions have created economic balance in the society. It has brought the underprivileged to the mainstream society. Now poor people have also banking access and they are part of the mainstream economy. MFIs have encouraged people to start their own businesses, farmers to improve their farming and become an entrepreneur. Microfinance institutions have proved to be boon for women. The women who were limited to kitchen and children are now supporting their houses with active participation in Self Help Groups activities. SHGs along with eatable items like Aachar and Papad are also trying to establish the lost traditional arts like Warli and Madhubani paintings. Female who were believed to be burden became independent with the help of microfinance. A report found that 84% of all the borrowers were women in the year 2016. Women have become more powerful through MFIs (Dasgupta, R., 2005). The neglected women like widows and dalits got opportunity of becoming independent and offers of working in SHGs through MFIs. They became part of the SHGs and learned new skills like tailoring, animal husbanding, packaging etc. and became monetary self-reliant. MFIs have

provided women with self- respect. They helped poor coming out of the trap of moneylenders and get the real benefits by the government.

With its starting MF was facing challenges. It was hard for such institutions to balance between debt and equity. In the state Andhra Pradesh such institutions were fighting for their existence because of their financial crisis stated Kaur, S., Kaur, H., & Kaur, N.D. this created a state of uncertainty among the people lending money to such institutes. This uncertainty made Reserve bank of India to issue guidelines for it. The state of Uttar Pradesh saw this crisis as opportunity of strengthening the foundation of microfinance. Uttar Pradesh microfinance department understood the concern of such institutions and took the initiative addressing it along with SIDBI. Following this Uttar Pradesh in 2013 formed Uttar Pradesh Microfinance Association after long discussion to fill communication gap between the stake holders i.e. RBI, government and industry leaders. To avoid any stiff with such national level agencies UPMA was made to comply with the RBI guidelines. (Yadav, S., Kumar, Y., & Dwivedi, R. K. (2017).

After this the capital city of Uttar Pradesh Lucknow saw increase in number of MFIs. Some of the MFIs were SKS Microfinance Company, Sonata Finance Pvt Ltd, Margdarshak Financial Services Ltd, SV Credit line (P) Ltd, Jana Small Finance bank, Namra Finance Pvt Ltd, Vedica Credit Capital Ltd, SatyaMicrocapital Ltd, Asirvad Microfinance Ltd, Cashpor micro credit, SpandanaSphoorthy Financial Ltd, AsmithaMicrofin Limited, Annapurna Microfinance Private Limited, Bandhan Microfinance Limited, Sahara Utsatga Welfare Society etc.

These banks were started with motive to eradicate poverty and provide better living to poor. The study found that microfinance institutions focus on different social group. Some of these focus on women whereas some on farmers some banks encourage fishermen, housekeepers and other backward people whereas some focus on youths. They provide various facilities from loans, insurance to saving accounts and gold loans. Their rate of interest varies from 20 to 30%. Some of these banks provide a high interest up to 7% on saving accounts. These microfinance institutions have proved to be beneficial in improving the rural economy participation in Uttar Pradesh. These institutions have empowered women with skills, youth with startups and farmers with various new crops by helping them monetary.

The study reveals that 28 MFIs with their headquarters outside the state are working in Uttar Pradesh. There are 1064 microfinance institutions working in 68 districts of Uttar Pradesh. The challenges ahead of microfinance institutions are to include the poorer of poor's in the finance sector. There are nearly 20 million poor who need to be included in the banking sector. In the areas where microfinance institutions have become very popular 78% of total population resides in rural areas. With the growing popularity of MFIs many small companies are transforming them to Non-banking finance company and debuting in this sector. Karmakar, K. G. (Ed.). (2008) stated that there is need to fill the gap between rich and poor as the gap is widening in spite of launching efforts like RRBs MFIS and other government schemes. MFIs can play major role in filling this gap. In spite of so much effort still there is something missing. The study found that there is only 5% reach of MFIs in the rural and remote regions of the state of Uttar Pradesh.

The study found that still there are major challenges for microfinance institutions in the state of Uttar Pradesh. The first major challenge which was found is Over-indebtedness. People with higher number of family members mainly take loans from different microfinance firms. They are unable to to understand the loan pay back mechanisms. Over indebtedness is the main cause of suicides in the rural areas. The study found that 56 % of rural region people and 35% of urban area people are indebted. The main cause of such over indebtedness is found that people are unable to reach microfinance institutions and vice-versa. The lack of awareness in rural areas created such problem.

The limited success of microfinance is due to high rate of interests i.e. 12-30% charging in comparison to commercial banks which charge maximum 12% rate of interests. The study found that rural people are more dependent on commercial and private banks. This was so because most MFIs are registered as NGOs and rural people lack trust in such institutions. In spite of different financial schemes, RRBs and cooperative banks by government the need of people below poverty line is unfulfilled. The poor lacks the knowledge of investments and schemes. There are a lot of facilities provided by MFIs and NBFCs like loans, insurance of life and assets. Asset insurance like crop and livestock's is popular in rural areas but still most of the masses are still unaware about. The study found that people know about the financial institutions still prefer to borrow from family and friends because of being deprive of real benefits of microfinance. In the study Ghate P.

(2007) stated that there is need to regulate such financial institutions. The lack of regulatory body causes such institutions to use their own terms and conditions which is not in benefit state of the consumers.

The study found that in India the microfinance institutions follow mainly two models- SHG model and JLG model. It was found that the SHG model is popular among women and empowers them to reach to the banking sector whereas the JLG model reduces the risk in the field. It was found that the state of Uttar Pradesh needs to choose an appropriate model for such institutions. It was felt that the MFIs should follow a transparent system of credit lending. The hidden charges and other hidden procedures need to be told to the borrowers to create trust and understanding among consumers. The MFIs need to disclose their annual reports and financial statements on time to create transparency. Also the MFIs need to create awareness of the need to charge cost recovering interest rate. This is important for their survival in the market. The MFIs in Uttar Pradesh need to build better relations with the entire stakeholder of the system. They need to adopt new technology to lower the operational cost and provide better service to the consumers.

In the study Sravani M. (2013) stated that there is need to publicise the MFIs schemes in rural area of the UP. In spite of so much benefits people still run away from borrowing from such institutes because of unawareness and less popularity. The low wages and low job satisfaction creates difficulty for managers to manage their employees. This creates problem of staff in such institutions. Top officials in MFIs are as unaware of the regional varsity and fail to get the real response of people against such institutions.

The next big challenge ahead of such institutions is to measure the social performance like poverty; social status etc. in spite of so much technological advancement still there is no tool available to measure such things. Also to secure their status in market MFIs need strict rules for repayment of loans. People often fail to pay back the loan as well as interest amount and the MFIs face loss as they provide loan without any security deposits. This way it becomes a charity by the MFIs. Stricter rules may imply somewhat guarantee of repayment. For a better run MFIs need more staff in the service. As the borrowers increase there is need of staff to assist them failing to which the poor gets no help. The lack of employees is major challenge for MFIs. They also need to hire women

in such institutes as they are very good in leadership. These qualities of women can benefit the MFIs. The study found that MFIs need to sort the problem of low wages first. This was found to be main cause for low employees and low job satisfaction.

MFIs provide all types of loan including general loan, education loan, livestock insurance etc. without security deposits. These advantages of MFIs are appreciable in rural areas but still lack trust. It was found that the competition has become tough as of now private banks too have started penetrating the rural areas. With a sense of trust prevailing in rural people and banks, they are now providing loans in exchange of the farmer's livestock and land assets as security deposits. This has created tough competition for MFIs in rural areas as people lack trust among such institutions. It was felt that microfinance needs to be more and more involved in advertising about the insurance schemes. Insurance of health, accidental insurance and insurance of livestock's are very helpful to the concerned people in the time of emergency. It has helped the concerned people in rural areas when they were helpless. With advancement in information and technology, MFIs are also becoming an option for the migrant people in sending money back to their homes. MFIs have helped many small and middle class people to stand on their feet. Because of the help from such institutions a large number of people became able to open their businesses and earn a handsome amount of money.

Microfinance institutions have made infrastructural development possible in rural regions of Uttar Pradesh. With the help of self-help groups development of roads and other socio economic developments have been made possible in the state of Uttar Pradesh. This directly links with the opportunities and investments in the region. Some MFIs in Lucknow have actively participated in Swacch Bharat Abhiyan and have built toilets at a large scale. In this way they have played a role in social life.

Since its start three decades ago MFIs have now become important part of the society. It has benefitted all its stakeholders including Reserve Bank of India. MFIs started as model for social upliftment has turned into profit making organisation. Many small companies want to turn them into NBFCs because of such scope. As corporate social responsibility many institutes wait for innovative ideas in the sector of health, education, and environment. CSR is not only focused on

profit making but at bringing the best in the organization to the society for social cause. Money is needed in every stage of life its birth or death, wedding or any other functions. Poor faced short of money during such times but microfinance institutions have rescued them in such times. The study found that MFIs are changing the life of country individuals, re-establishing the help for helpless and mistreated people. It was found in the study that MFIs have uplifted the standard of living of the rural people. With handsome earning people standard of living have increased. Many Start-ups SHGs and local businesses have developed because of MFIs. The opportunity barren rural region has become opportunity creating regions because of the help from MFIs. Schemes like SwaranJayanti Gram SwarozgarYojana (SGSY) and Swa Shakti were started to help poor people and eradicate poverty. A huge number of efforts have been put by Government of India and state governments to eliminate poverty and MFIs have played important role in it. The establishment of National bank for Agriculture & Rural Development (NABARD) was such a step. After its establishment NABARD has helped lakh of small and underprivileged people.

In the study it was found that MFIs like UTKARSH are providing people with module on spending plan. In this way many MFIs are proving educational loans and other services which in return are increasing the education quotient of rural area. This also motivates people for doing higher studies. Increase in literacy rate is good sign for developing nation. The study suggests that MFIs need to take keen interest in old as well as new customers with an effective strategy.

MFIs have made it possible for rural India to become the part of mainstream economy. But on the other side it indeed needed for rural areas to participate in industrial growth as well. MFIS have made a possible effort in eliminating gender equality by empowering women in male dominated society. It has also helped them in understanding the financial services which they were never known to. It has also reduced regional disparities by establishing equal growth pattern in rural regions. It has sharpened the skill of rural people and empowered them too. MFIs need to be more actively involved in giving loan and checking their ability to repay to avoid faults. MFIs need trained professionals who can make rural people understand the banking schemes and its benefits. MFIs need to be more technology friendly and time bound. MFIs need to put more effort on reaching more and poorer of poorer families as they are now an important part of backbone of rural economy.

## **6.1 Recommendations**

On the basis of the research conclusion, the researches made some recommendations:

- Additional Microfinance banks are supposed to be set up in the region.
- There should be more co-operations and association between the financial institutions and rural inhabitant.
- Rural inhabitant should be educated on how to set up, administer, sustain and increase their business outfits.
- Government should help in creating a national database on citizens or inhabitants.

The research also provides base and ideas to help in providing facts and data enhancing scope for more study and research for future and upcoming researchers.

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# **SOCIO-ECONOMIC IMPACT OF MICROFINANCE IN THE RURAL TRANSFORMATION OF UTTAR PRADESH: AN EMPIRICAL STUDY**

## **QUESTIONNAIRE**

**(Used for Ph.D. Data Collection)**

**Mr. Syed WajihulHasan Rizvi,  
Ph.D. Research Scholar**

The following questionnaire is used for the Ph.D. research work purpose only. The data secrecy is maintained in the interest of beneficiaries. Thank you for taking the time to complete this survey; it should take no more than 10 minutes. Please click on all of the questions to give your valuable informed consent to participate in this study and help us find a favorable result.

The questions is based on the following parameters: A. Socio-economic factors – Education level and skills, Income level, Employment level B. Microfinance related digital facilities and services C. Women Empowerment D. Sources of Microfinance.

1. Do you think education required for running small scale business?  
A. Yes ( )      B. No ( )      C. Cannot say ( )
2. If Yes, What is the minimum level of education required?  
A. Metric ( )      B. Post-metric ( )      C. Graduation ( )      D. Post-Graduation ( )
3. Do you think, Education is helpful for microfinance business and rural transformation?  
A. Less ( )      B. Very Less ( )      C. High ( )      D. Very High ( )
4. Which of the skills is helpful for small scale business in rural transformation?  
A. Computer Skills ( )  
B. Interpersonal skill ( )  
C. Management skill ( )  
D. All of these ( )
5. Do you think, the Smart Phone/Digital Marketing is required for small scale business?  
A. Agree ( )  
B. Strongly Agree ( )  
C. Neutral ( )  
D. Disagree ( )  
E. Strongly Disagree ( )
6. Do you think, the digital mode/facilities for providing microfinance is helpful in empowering the women entrepreneurs?  
A. Agree ( )  
B. Strongly Agree ( )  
C. Neutral ( )

- D. Disagree ( )
- E. Strongly Disagree ( )

7. How you describe the digital mode of money transfer utility for small scale business?

- A. Easy Process System ( )
- B. Hard Process System ( )
- C. Both ( )
- D. Can't Say ( )

8. Do you think that the microfinance services i.e. loan tracking, accounting facilities, etc. affects scale business?

- A. Much Affected ( )
- B. Less affected ( )
- C. Only affected ( )
- D. Can't say ( )

9. Do you think that the availability of online services is helpful in saving of beneficiaries and thus it is helpful in income generation?

- D. Yes ( )
- E. No ( )
- F. Cannot say ( )

10. Do you think that, the customer care service and their support plays an important role in dealing with the various challenges arises in small scale business?

- A. Yes ( )
- B. No ( )

11. Do you think, small scale business affects the income level of individuals?

- A. Less ( )
- B. Very Less ( )
- C. Much ( )
- D. Very Much ( )

12. Do you think, the microfinance availability is helpful in increasing income level and business expansion?

- A. Yes ( )
- B. No ( )
- C. Cannot say ( )

13. Do you think that the opportunities of microfinance to small scale business has increased the B2B system at rural level and it resulted in increasing income level and employment?

- A. Yes ( )
- B. No ( )

14. Do you think, the small scale business is helpful in controlling rural level unemployment?

- A. Yes ( )
- B. No ( )

15. Do you think, the small scale business has increased the education level, social up-liftmen, and employment generation for women at rural level in last few decades?

- A. Agree ( )
- B. Strongly Agree ( )
- C. Neutral ( )
- D. Disagree ( )
- E. Strongly Disagree ( )

16. Do you think that various government schemes for providing microfinance to women has increased the employment, awareness and empowerment

- B. Agree ( )
- B. Strongly Agree ( )
- C. Neutral ( )
- D. Disagree ( )
- E. Strongly Disagree ( )

17. Do you think that the collateral free finance availability to women is helpful in increasing the women entrepreneurs at rural level?

- A. Yes ( )
- B. No ( )

18. Do you think that the easy process of microfinance availability is helpful for women entrepreneurs and women centric Self-help groups at rural level?

- A. Yes ( )
- B. No ( )

19. Do you think that the government and bank promotion for low interest rate facility, easy loan repayment process is helpful for women entrepreneurs?

- A. Yes ( )
- B. No ( )

20. Do you think that the internet facility, information technology, computer knowledge, mobile apps is an effective sources of information for small scale business?

- A. Yes ( )
- B. No ( )
- C. Can't say ( )

21. Do you think that the Non-banking financial institution is plays an important sources of finance to small scale business?

- A. Yes ( )
- B. No ( )
- C. Can't say ( )

22. Which one of the following plays major role in providing microfinance.

- A. Commercial banks
- B. Credit unions
- C. Non-governmental organisations (NGOs)
- D. Sectors of government banks
- E. Cooperatives

23. Do you think that the institutions like Banks, Small finance Bank (SFBs), Microfinance Institutions (MFIs) has increased the finance availabilities for small scale business in last few decades?

A. Yes (   )                      B. No (   )