

MICROFINANCE AND ITS SOCIAL ACCEPTABILITY: A CASE STUDY AMONG THE VILLEGES UNDER DHEKIAJULI BLOCK, SONITPUR, ASSAM

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Abstract

Development of a country is mainly dependent on the availability of financial resources, as it has the capability to encourage productive sources. Microfinance has been working as a helping hand towards the upliftment of living standard of people in rural areas. Microfinance is a small source of financial services which was introduced to stabilise earnings of people with productive investment.

At present it has been seen that people are borrowing more to meet their personal use rather than investing in productive sources, which encouraging more debt than earning. In this study researcher wants to identify the reasons behind the non-acceptance of MFIs in the society according to its main motives. This study has been carried out on the basis of primary data. Due to some communication gap between service provider and the receiver people are still unaware of the meaning of productive nature. So, they failed to utilised borrowed fund in its best possible way. Because of some employee's irresponsible nature also productive investment is still far away from reality. So, it's been suggested by the researcher to train their personnel properly before sending them to the field. It is also important to design their service in such a way which can bound borrowers to invest at least half of their borrowings in productive sources which will help them to repay on time.

Keywords: productive sources, MFIs, social acceptance, socio-economic impact, social acceptability.

I. INTRODUCTION

To develop a country, it is important to look after all the parts of the country viz rural and urban. So that differences can be reduced. Economic development is very much dependent on the soundness of rural areas as more than half of the population i.e., 68.84% (source: Google) live in rural areas. To develop rural areas financial availability is utmost important, since it leads to encouragement of entrepreneurship and employment generation. For the development of the country's economy, development of living standard of rural people is needed with the best source of financial tools and techniques which can satisfy their financial and non-financial needs.

Microfinance comprises of small financial services which includes small credit, savings, insurance etc. It is a source of small financial needs. Microfinance was introduced by Dr. Mohammad Yunus in the year 1976 in Bangladesh with the formation of Grameen bank which is known as loaning bank. Microfinance defined by Reserve Bank of India, "Microfinance is an economic development tool whose objective is to assist the poor to work their way out of poverty. It covers a range of credit, many other services such as savings, insurance, money transfer, counselling, etc." It was introduced to reduce the financial scarcity of people mainly in rural areas. Microfinance is a source of small credit of rural as well as urban people who are in need of funds. Microfinance charges less rate of interest than other source of

funds. It is a convenient source of funds as compared to other formal source of fund. Microfinance is a tool for the upliftment of the rural industrial sector as it encourages people in developing ideas by lending convenient funds. It encourages employment by encouraging educated and uneducated youths for transforming their ideas into productive channels. It is a provision for self-employment and developing living standard of people. Microfinance is the best source of investing and borrowing of small funds. It has been launching certain projects which is based on productive nature to alleviate poverty. To some extent it has been proving itself as poverty alleviator as well as social uplifter. Microfinance works as a great motivator to society in reducing gender inequality too.

Lots of microfinance institutions have been serving people with their specified services in Assam. But not all the MFIs are getting popularity in every region. In the specified area of study, the MFIs like, Bandhan bank, RGVN MF Ltd (North-East Small Finance Bank), Annapurna MF Pvt. Ltd., Ujjivan Small finance bank, Arohan, Satin Credit Care Network Ltd., Utkarsh Small Finance Bank, Asirvad MF Ltd. Bank, Prochesta MF Pvt. Ltd, Adhikar MF Pvt. Ltd are mostly Known MF institutions. Among all the MFIs serving in the region, Bandhan Bank, RGVN Microfinance Ltd, Arohan, Satin Credit Care Network Pvt. Ltd., Ujjivan Small Finance Bank etc. are popular among the people around the region.

To maintain earnings investment of borrowed fund is utmost important in other productive areas. As microfinance borrowing contains less formalities as compared to other formal source of borrowings, people take advantages of huge borrowings without investment plans. people with no planning of investment borrow fund for personal use which leads to huge debt. Lots of people are using microfinance loans for meeting their other non-productive needs. It results in wastage of funds as borrowed funds do not give any earnings in return. In the real sense microfinance has been launching its projects for encouraging self-employment in the society by lending funds. But people are not accepting microfinance according to its main motive.

Microfinance and Social acceptability

Social acceptance is termed as the acceptance of certain activities or functions by society without changing the originality of the act. To be successful in any area of service acceptance of targeted people are utmost important. Acceptance cannot be justifiable if it is accepted by changing its actual form. So, it is said that people who are targeted for the service concerned must be aware of the main objective of the service provided.

Along with borrowing commercial loans, people are borrowing more for their personal use. Main aim of targeting low-income group is to standardise the living standard of them. But in practice, people are accepting those services for fulfilling their personal requirement rather than investing in other source. Since, money from Microfinance can be borrowed to develop certain business concern with suitable plans and policies. But in real sense, people taking those funds as personal rather than debt. As a result, society has been suffering from illness of debt, which is very crucial in nature. This illness leading to insufficiency in repayment and causing more debt from other source.

Repayment: Burden or Encouragement

Microfinance has been lending funds against productive motive. So that repayment become easy for the borrowers. Investment in productive sources leads to constant earning and stabilisation of living standard of people. Repayment with ease can only be possible with proper utilisation of funds. For the smooth functioning of repayment activity Microfinance Institutions expect people to invest funds in productive sources.

People who invest in handicrafts, boutiques, art and craft etc can repay with ease in a short period. Loans can work as a force to work as they have to repay within a stipulated time period. But for most of the cases it is not possible to get the return say piggery, poultry, fishery farming etc. Since these require a specific time period to grow. For these cases, repayment in a short span of time can never be an encouragement rather it becomes a term of stress and illness towards the financial status of the borrower.

Gender equality and women empowerment

MFIs have been targeting women as their main factor for lending. From the beginning MFIs have been focusing on giving employment to the women by lending productive loans. With the help of bank linkage model MFIs targeting mainly village women to lend. In the bank linkage model MFIs work with the help of NGOs. NGOs create SHGs to lend and use knowledge of women in creating business sectors. If people intentionally show faulty reasons to borrow funds, then it becomes wastage of funds instead of development. Huma Rehman et al. (2015), found that the Microfinance not only uplift the financial status but also uplift social status. But in reality, borrowing funds cannot define the upliftment of borrower. It requires proper channelisation and utilisation of borrowed funds. CS Reddy & Sandeep Manak (2005), found in their paper that there are lots of technical and non-technical issues in governance of SHGs. For the empowerment of women, targeting women for lending is not sufficient. Proper arrangement of training program for women is important to empower women in practice.

Microfinance and Poverty

Microfinance has been contributing tremendous support towards the upliftment of financial status of people. In the era of financial crisis, MFIs introduced itself as a permanent avenue for micro services for low-income group. MFIs targeted mainly village women to lend productive loans. MFIs provide productive financial assistance towards the society. poverty can only be eradicated by investing in productive sources. Raising for investing in productive sources and investing in personal use cannot eradicate poverty. For stabilising financial status and living standard of people proper financial management is important instead of using in personal purpose which is unproductive in nature.

Lending funds and providing facilities are not only sufficient to eradicate poverty. Peoples' acceptance of facilities is also important to revive society. To fulfil the motive behind the launching of microfinance services acceptance of society is important as well. Since Microfinance has been launching different schemes in the market to earn profits, it is the responsibility of people to respond according to

the scheme launched. To be successful in any concern, proper management is utmost important from the both side of the parties. Borrowers with business plans can only be succeed if they have proper knowledge of fund management.

Microfinance and its impact on society

Microfinance has been proving itself as a weapon towards the improvement of society. There are lots of evidence in the society which proved Microfinance as a tool to stabilise the living standard of people. It is also clear that the Microfinance was introduced to provide micro service to the society against the motive of money with money. Microfinance in all over the world has been serving as a weapon to uplift the society with availability of funds. People who have innovative ideas can transform their ideas into the projects they dream about with the help of microfinance. As the microfinance has targeted women to extend their services in the society, lots of women have been experiencing positive changes in their lives. Along with the positive changes many people have faced the problems of financial crisis also. People who are unable to utilise the borrowed fund they are suffering from huge financial crisis, since they have to repay the borrowed fund on time.

For the purpose of the present study is concern with the responds of society according to its scheme launched. Since, microfinance is very much concern about its earnings against service provided, borrowers must be ready with the proper fund management tools and techniques. But, due to lack of proper knowledge and understanding of scheme, borrowers respond in opposite direction of its services. Due to which, people are suffering from huge debt and less creditworthiness position in the society. So, it's a study comprises of examining the peoples' responds towards the services of microfinance and its impact on society.

2: Review of literature:

This chapter highlights the previous literatures reviewed by the researcher for a strong base of concept regarding the subject laid down for the study. All the literatures reviewed by the researchers to gain knowledge about the topic which is related to microfinance services by different MFIs working in the society are stated

according to the period and arranged chronologically below:

□ s Reddy and Sandeep Manak (2005), in the paper, “Self-Help Groups: A keystone of microfinance in India- women empowerment and social security”, researchers attempt to explain about the emphasis laid down by self-help group in solving financial and non-financial problems of people by the help of NABARD. Researchers not only identified the benefits of creations of SHGs but also highlighted the drawbacks of governance of SHGs. Researchers concluded that for better result of poverty alleviation would be take place only with proper supervision of management of borrowed micro funds.

□ Jhon Weiss et al. (2011), in the study, “Microfinance and Poverty in Asia: what is the evidence?”, attempt to find out the cost effectiveness of microfinance towards poor and the overall impact of funds on permanent alleviation of poverty. Through this study researchers found that due to some financial risk factors and unattractiveness of clients make difficult to reach the actual poor in practice.

□ G. Mula & SC Sarker (2013), in the titled, “Impact of Microfinance on women empowerment: an economic analysis from Eastern India”, carried a study in Cooch Behar District of Eastern India to find out the impact of MF through SHGs in the society. They selected four SHGs to conduct their survey regarding the services of MF and its impact on women empowerment. They found that with the help of SHGs members are getting benefited with more investments, employment opportunity and more assets. In this study researchers adopted t-test and Impact Index analysis for the better interpretation of the information gathered. Researchers concluded with the result that SHGs have been contributing efficient services in the upliftment of the economic as well as the social status of beneficiaries also contributes to the country’s economic development.

□ SM Monirul Hassan & Md Maidul Islam (2019), in the study, “The Socio-Economic Impact of Microfinance in the Poor Family: A study from Bangladesh”, examined the role of MF in eradication of poverty from Bangladesh. The researchers stated that in some extend people around the Bangladesh have improved their living style and getting success

in partial form. Though the people around the Bangladesh are getting benefited by MF in some extend, the researchers found some vague result about the successfulness of people in the real word of investments. Still there is a need of proper investigation about, whether it has been improved in real sense or not? They concluded the study with the statement that to understand the proper role of MF in Bangladesh, a proper in-depth investigation is needed.

□ Huma Rehman et al. (2020), in the study with the titled, “Role of microfinance institutions in women empowerment: A case study of Akhuwat, Pakistan”, conducted a research work to assess the role of MFIs in empowering women economically, socially, politically, and empowerment related to health and education of the beneficiaries. In this study researchers used both qualitative and case study method to get reliable data for the achievement of the objective of the study. Authors mainly focused on the gender equality matter of the society. They found that women are more authoritative as compared to men in the management of family and buying goods for family. From the study they found that women are getting changes in their lives after receiving interest free loans from MFIs. Researchers found that overall economic status has been improved and MF has a great influence on the women empowerment in the society.

Research Gap

It has been seen that most of the research papers are carried out to find out the positive impact of the microfinance towards the society. There are lots of negative impact also which has been affecting society in certain areas. So, along with benefits it is also important to verify the negative impact of the microfinance. In this study a small emphasis has been taken by the researcher to find out the actual response of society according to its main motive. Only the availability of fund cannot justify the positive impact on the people. It is also important to verify the uses of available funds in the purposes for which it was launched. So, along with determining positive impact of Microfinance, evaluation of other negative impact is also important to determine the overall impact in the society.

Problem statement

In this present study responds of people towards the services of MFIs according to its originality

is taken as the main objective. People around the world are experiencing tremendous micro services from MFIs. It is a suitable source of funds for small credit needs with less rules and regulations. Along with huge financial availability there exist lots of drawbacks also. Since people have to follow less formalities to get credit from MFIs, most of the people show faulty reasons to borrow. At the time of borrowing show the productive reason of borrowing but used in personal use which is unproductive in nature. It becomes wastage of resources, if the borrowed fund is utilised in other sectors, against which reason the fund was not borrowed. Again, factors like, lack of understanding capacity, unwillingness to invest, prior debt, lack of ideas etc also work as hindrance in the path of the best utilisation of resources. Due to those aforementioned reasons, people failed to upgrade their financial position by utilising borrowed funds, which leads to low credit worthiness position in the society.

Before assessing any response of beneficiary, it is utmost important to know about the knowledge of beneficiaries regarding its service providers. Only after determination of the knowledge of beneficiaries, reasons of negative impact of microfinance can be identified. Further the emphasis has been taken to find out the changes of living standard and financial position of beneficiaries with actual utilisation of the borrowings in the project applied for at the time of borrowing. Availability of fund and regular repayment cannot justify the development of beneficiaries. creation of productive sources and earning constant return is necessary for better financial stability and the actual positive impact on the beneficiary.

3. Objective of the study:

Under this research paper, emphasis has been given to understand the behaviour of beneficiaries towards the microfinance services. To get proper insight into the subject matter of the study following objectives have been set:

- To determine the socio-economic impacts of MF amongst the beneficiaries.

4: Research Questions:

To fulfil the aforementioned objectives following questions have been framed:

1. Whether the beneficiaries of microfinance services could perceive the services as a ladder for financial success?
2. Whether socio-economic status of the beneficiaries make any positive changes after availing microfinance services?

5: Scope and Significance of the study

This present study is conducted in the villages of Dhekiajuli block, which belongs to Sonitpur District, Assam. Sonitpur district contains seven blocks with the population of 19.2 lakhs according to 2011 census and Dhekiajuli block is one of them. There are 380 villages under Dhekiajuli block with the 4,70,018 persons according to 2011 census.

The main key factor for this paper is the beneficiaries of microfinance. Researcher attempt to investigate the best utilisation of resources which lend by MFIs. To get proper insight into the subject matter of this study researcher carried a survey with the help of a pre-structured questionnaire among the beneficiaries of MFIs of the area. People around the region can explore many business areas, since it characterised by different culture with different taste and preferences of people. This study will help the people and other institutions to get a picture of the availability of micro services and their utilisation. Other researchers can re-investigate the topic in other regions by modifying research objectives and questions for getting more insight into the matter. This paper can help financial institutions to understand the attitude, behaviour and responds of people towards the financial services. This can also give a market potential to financial institutions in introducing new services the best suitable for the low-income group and to set strict rules to force people to channelise borrowed funds in productive areas. NGOs, government departments, financial institutions can also use the results for the improvements of their services towards society. The implications and suggestions can be used for the improvements of the functioning of financial departments. This paper can also be helpful in evaluating the

improvement of financial and living standard of people along with economy of the country.

6. Research methodology

In this study all the information were collected from the villages under Dhekiajuli block which is belong to Sonitpur District, Assam. This study is exploratory in nature. This study is based on both primary and secondary data. All the information for this study were collected from the customers of microfinance in three selected villages of the targeted area.

In this project report descriptive research design had been chosen as it contains impact on society. This is a study which was systematically structured and pre-planned. Information collected by using questionnaire and schedule were properly structured according to the requirement of the study. Different variables of society related to microfinance services were analysed to get answers of research questions. To explain the situations analysed descriptive research design was adopted in this research paper. Under this study selection of respondents were taken place in three stages. In the first stage, the block which has biggest number of villages under Sonipur District had identified and selected Dhekiajuli block as the main area for survey. In the second stage, purposively three villages were selected from the 380 villages under Dhekiajuli Block in Sonitpur District, Assam. In the third stage, case study was conducted among the beneficiaries of MFIs in those selected villages through the pre-structured questionnaire.

For the purpose of this study information were collected from both primary and secondary source of data. Though this study mainly based on primary data, secondary data were served as main base to conclude the stated objective of this study

Primary data: All the collection and verifications of facts and figures for this paper were undertook in the 3 selected villages which are belong to Dhekiajuli Block in Sonitpur District, Assam.

Secondary Data: To get insight into the services of microfinance secondary source of data helped researcher in real sense. Previous journal and articles helped researchers to carry research work in proper manner.

Sampling Technique

In this present study a block with biggest numbers of villages amongst the other blocks under same district which is Sonitpur District had identified first. The selected block is known as Dhekiajuli Block. Then from the total number of villages under Dhekiajuli Block researcher conveniently choose two villages, where these two selected villages have almost same number of populations and choose another one which has populations more than the sum of two former selected villages. Since the living standard, quality of lives, infrastructure and communication facility around the targeted area are similar, beneficiaries of these 3 villages were selected to survey. To get the answers of stated research questions case study was conducted among the beneficiaries of microfinance institutions in these 3 selected villages.

Sample Size: For the purpose of this present study 3 villages were selected to get relevant answers of research questions, 360 beneficiaries were got after conducting a case study with the help of pre-structured questionnaire. So, the sample size of this research paper is 360, which is the number of beneficiaries of microfinance identified in the 3 selected villages, and some beneficiaries were unable to respond due to some unavoidable reasons of those beneficiaries

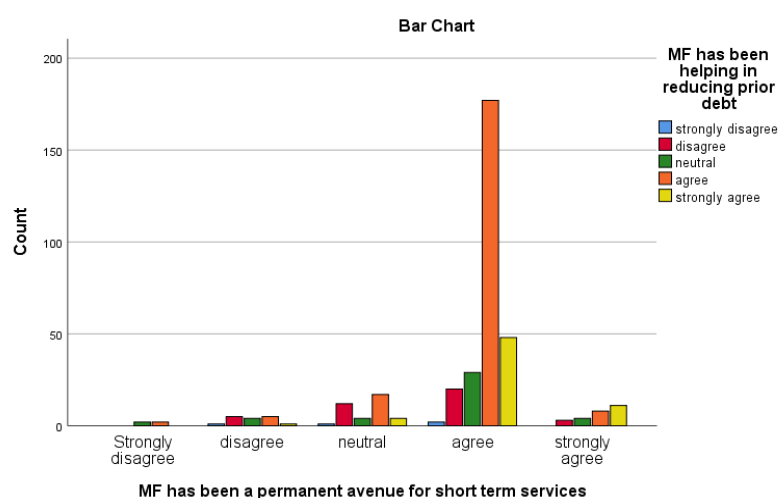
Analysis and interpretation: For the proper analysis and interpretation of the all information gathered from the beneficiaries' researcher used SPSS and Excel. To describe all the information and data, different diagrams had been used by the researcher like, bar diagram pie charts, histogram etc. in this study

7: Data Analysis and Interpretation

Table 7.1: *MF as a permanent avenue of finance and its contribution in reducing the size of prior debt:*

		MF has been helping in reducing prior debt					Total
		strongly disagree	Disagree	neutral	agree	strongly agree	
MF has been a permanent avenue for short term services	Strongly disagree	0	0	2	2	0	4
	disagree	1	5	4	5	1	16
	neutral	1	12	4	17	4	38
	agree	2	20	29	177	48	276
	strongly agree	0	3	4	8	11	26
Total		4	40	43	209	64	360
Source: Primary field survey							

Fig 7.1: *MF as a permanent avenue of finance and its contribution in reducing the size of prior debt:*



Source: table 7.1

Interpretation: From the table 7.1 and figure 7.1, it is seen that the respondents who had agreed on the statement of microfinance being the permanent avenue for short term financial services and helping in reducing prior debt 177 (49.17% of 360) respondents have match their statement that agreed on both the statements, 11(3.05%) respondents have highly agreed and

very less respondents have disagreed on both the statements. From the details shown in the table 7.1 and figure 7.1, it is clear that more than half of the respondents have agreed that MF has been proving itself as a permanent avenue for short term financial services and reducing their size of prior debts taken mostly from informal sources.

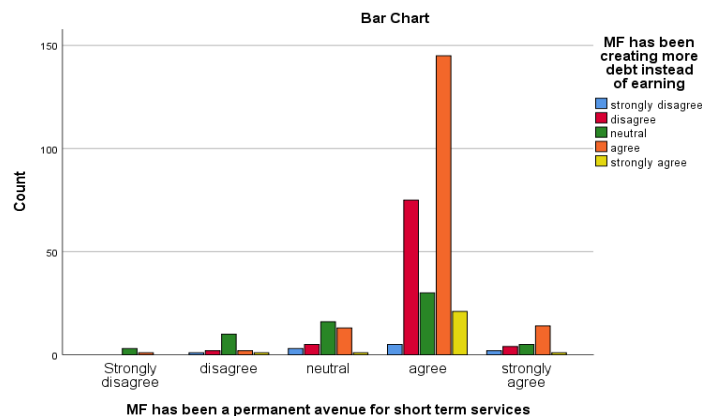
Table 7.2: *MF as a permanent avenue of finance and its influence in creation of debt instead of earning:*

Count

		MF has been creating more debt instead of earning					Total
		strongly disagree	disagree	neutral	agree	strongly agree	
MF has been a permanent avenue for short term services	Strongly disagree	0	0	3	1	0	4
	disagree	1	2	10	2	1	16
	neutral	3	5	16	13	1	38
	agree	5	75	30	145	21	276
	strongly agree	2	4	5	14	1	26
Total		11	86	64	175	24	360

Source: primary field survey.

Fig 7.2: *MF as a permanent avenue of finance and its influence in creation of debt instead of earning:*



Source: table 2

From the table 7.2 observed that amongst the 302 respondents who had agreed on the statement of MF being the permanent avenue for short term services, 181 respondents had agreed that MF loans are creating more debts instead of earning. MFIs promote to take loan on easy terms and conditions but they are offering very short period for repayment. They are simply allowing 7-15 days as gap between two instalments for repayment. As a result, the borrowers are getting less time to see income out

of their newly started business. There are instances that during very short gestation period of the new business, like poultry farming, before the chicks grow to a grown-up chicken the borrowers have to repay their loan. and their repayment date falls. In spite of having scope for borrowing beneficiaries felt that MF has been creating more debt due to having very less repayment gap of loans. Figure 7.2 is used for the better and clear representation of the data recorded in the table 7.2.

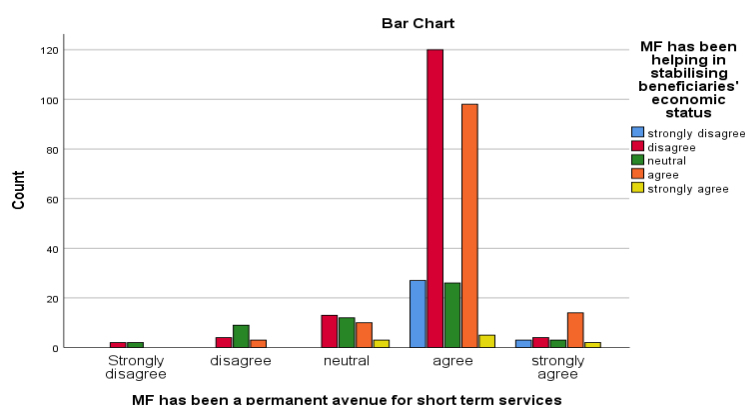
Table 7.3: MF as a permanent avenue of finance and its contribution in stabilising beneficiaries' economic status:

Count

		MF has been helping in stabilising beneficiaries' economic status					Total
		strongly disagree	disagree	neutral	agree	strongly agree	
MF has been a permanent avenue for short term services	Strongly disagree	0	2	2	0	0	4
	disagree	0	4	9	3	0	16
	neutral	0	13	12	10	3	38
	agree	27	120	26	98	5	276
	strongly agree	3	4	3	14	2	26
Total		30	143	52	125	10	360

Source: primary field survey.

Fig 7.3: MF as a permanent avenue of finance and its contribution in stabilising beneficiaries' economic status:



Source: table 7.3

From the details recorded in the table 3, it has been found that out of 276 respondents who had agreed on the statement of MF being the permanent avenue only 98 respondents (35.51% of 276) had agreed on the statement of stabilising beneficiaries' financial status. More number of respondents had disagreed, i.e., 120 respondents (43.48% of 276) and 27 respondents (9.78%) had highly disagreed on the statement. It is clear that though MF proving itself as a permanent avenue for short-term

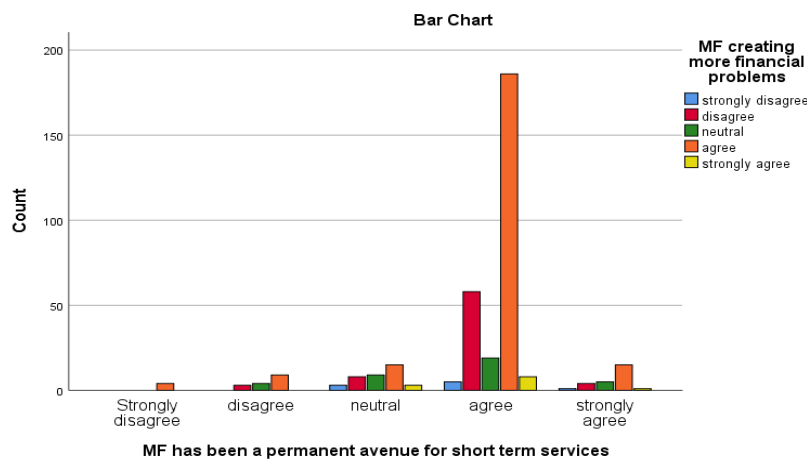
services, but it failed to stabilising the beneficiaries' financial status. They do not provide project wise gestation period to get back the return of investments and after a very less period of borrowing beneficiaries has to pay their instalments. This has been creating a negative financial position in the society and leads to huge debt burden in the heads of beneficiaries. To maintain more clarity and transparency figure 3 is used to depict all the data.

Table 7.4: *MF as a permanent avenue and its contribution in increasing financial problems:*

		MF creating more financial problems					Total
		strongly disagree	disagree	neutral	agree	strongly agree	
MF has been a permanent avenue for short term services	Strongly disagree	0	0	0	4	0	4
	disagree	0	3	4	9	0	16
	neutral	3	8	9	15	3	38
	agree	5	58	19	186	8	276
	strongly agree	1	4	5	15	1	26
Total		9	73	37	229	12	360

Source: primary field survey.

Fig 7.4: *MF as a permanent avenue and its contribution in increasing financial problems*



Source: 7.4

Interpretation: Table 7.4 showing that out of 276 respondents who had agreed on the statement of microfinance has been a permanent avenue for the short-term services only 58 respondents had disagreed on the statement of creating more financial problem of beneficiaries by the MF lending. 186 respondents (i.e., 67.39% of 276) had agreed on the statement of creating more financial problems. Since it is a form of easy availability of services with less rules and regulations, people used to borrow funds to fulfil their personal needs and give less emphasis in the creating of constant earning avenues, which is leading to more financial problems. There are

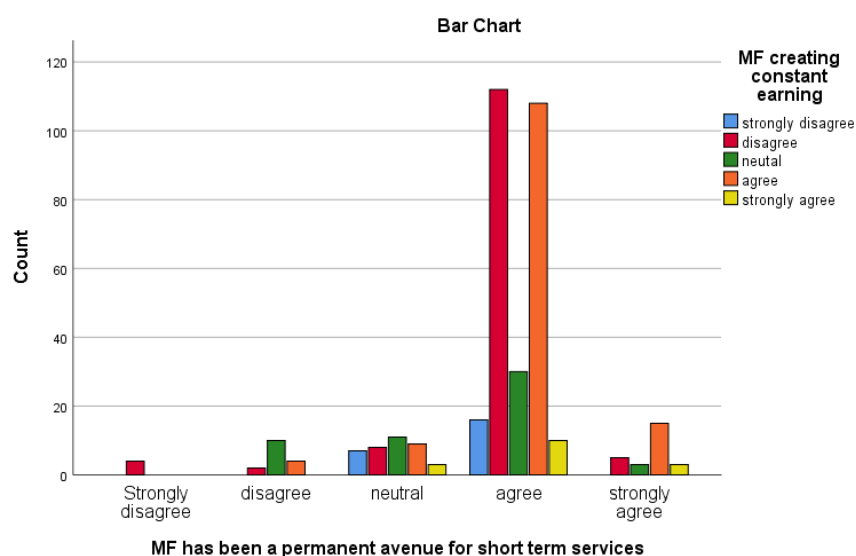
lots of business opportunities in the society and with those available opportunities people can earn a handsome profit margin. Due to lack of optimum utilisation of funds people cannot able to repay loans with ease and have to borrow more funds from other informal sources or other MFIs. At the same time beneficiaries has to arrange money for the repayment of instalments after a very less period of borrowing, in practice getting back the return of most of the project is impossible. The less gestation period is the main reason for the deteriorating financial condition of the beneficiaries. Figure 4 is used for the better representation of data recorded.

Table 7.5: *MF as a permanent avenue of finance and its contribution in creating more earnings:*

		MF creating constant earning					Total
		strongly disagree	disagree	neutral	agree	strongly agree	
MF has been a permanent avenue for short term services	Strongly disagree	0	4	0	0	0	4
	disagree	0	2	10	4	0	16
	neutral	7	8	11	9	3	38
	agree	16	112	30	108	10	276
	strongly agree	0	5	3	15	3	26
Total		23	131	54	136	16	360

Source: primary field survey.

Fig 7.5: *MF as a permanent avenue of finance and its contribution in creating more earnings:*



Source: table 7.5

Interpretation: Table 7.5 showing that out of 276 respondents who had agreed on the statement of

MF being the permanent avenue for short term financial services, 108 (39.13%) and 10 (3.62%) respondents were agreed and highly agreed on the statement of creating constant earning by investing MF borrowings. But, 112

(40.58%) respondents disagreed and 16 (5.79%) respondents highly disagreed on the statement of creating more earning. From the details recorded, it is clear that people are earning very less constant earning from the

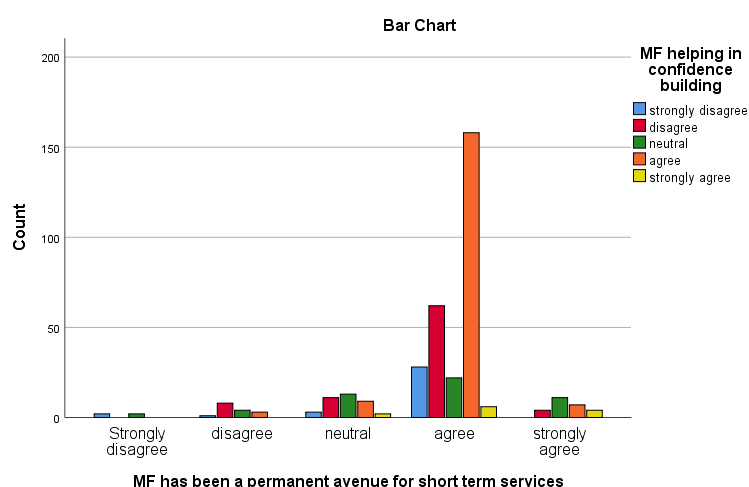
investment of MF borrowings. Borrowing from MFIs with less formalities are easy, but coming out from the chain of borrowing and repayment is very difficult. Though some percent of beneficiaries are investing their borrowings in the productive areas, it is very difficult to say that they are earning a constant profit. For more clarity and better understanding of details figure 7.5 has used to represent the data recorded in the table 7.5.

Table 7.6: MF as a permanent avenue and its contribution in confidence building of beneficiaries:

Count

		MF helping in confidence building					Total
		strongly disagree	disagree	neutral	agree	strongly agree	
MF has been a permanent avenue for short term services	Strongly disagree	2	0	2	0	0	4
	Disagree	1	8	4	3	0	16
	Neutral	3	11	13	9	2	38
	Agree	28	62	22	158	6	276
	strongly agree	0	4	11	7	4	26
Total		34	85	52	177	12	360
Source: primary field survey.							

Fig 7.6: Figure showing the details of MF being permanent avenue and its impact on confidence building of beneficiaries



Source: table 7.6

Interpretation: From the table 7.6 it is observed that respondents who agreed on the statement of MF being the permanent avenue for the short term services 158 (57.25%) respondents also agreed that microfinance has been helping beneficiaries in confidence building with the arrangement of instant and easy source of services with less rules and regulations as compared to formal banking sector. MFIs are proving itself as a permanent source of short term and small financial services in the society and providing a ready money market to borrow. Most important part of the MFIs is that they target women to extend their services. So, the

women are getting a ready market from where they can borrow and can start their own source of earning. In this part of the financial matter women are getting confident and trying to utilise their knowledge, skill and borrowing capacity. Remaining numbers of respondents have the mixed feelings of disagreed and neutral since beneficiaries have to face lots of discomforts if they failed to repay one time of instalments in any period. This situation also leads to decrease the confidence of beneficiaries. Figure 7.6 is the representation of the data recorded in the table 7.6 with more clarity.

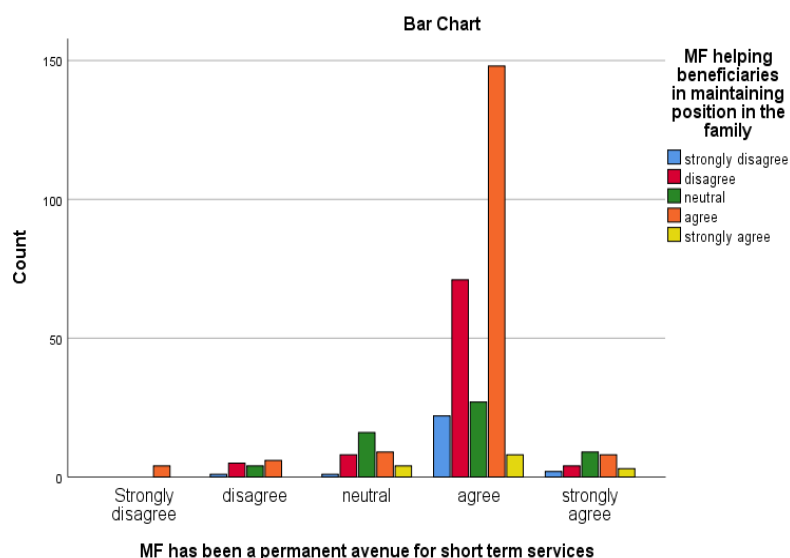
Table 7.7: *MF as a permanent avenue of finance and its contribution towards the maintaining position in the family by beneficiaries:*

Count

		MF helping beneficiaries in maintaining position in the family					Total
		strongly				strongly	
		disagree	disagree	neutral	agree	agree	
MF has been	Strongly disagree	0	0	0	4	0	4
a permanent	disagree	1	5	4	6	0	16
avenue for	neutral	1	8	16	9	4	38
short term	agree	22	71	27	148	8	276
services	strongly agree	2	4	9	8	3	26
Total		26	88	56	175	15	360

Source: Primary field survey.

Fig 7.7: *MF as a permanent avenue of finance and its contribution towards the maintaining position in the family by the beneficiaries:*



Source: table 7.7

Interpretation: Table 7 shows that respondents agreed on the statement of permanent avenue out of 276 respondents 148 respondents (53.62%) agreed on the statement of helping beneficiaries in maintain family position also. There a belief in the terminology of MFIs, women are more managerial as compared to men. So, they target women in the society to lend. Though they ask for the signature for a guarantor who must be a male family member of the beneficiary, the

direct borrower must be a woman. Now with the help of MFIs' borrowing capacity women are getting a preference in the family as well as in the society. By borrowing from available MFIs, women can help family members in developing any business and can encourage entrepreneurship by herself. By earning a constant profit beneficiary are experiencing financial independency and contributing in the management of family as well. Figure 7 is based on the data recorded in the table 7.

Table 7.8: *MF as a permanent avenue of finance and its contribution to self-reliance of beneficiaries:*

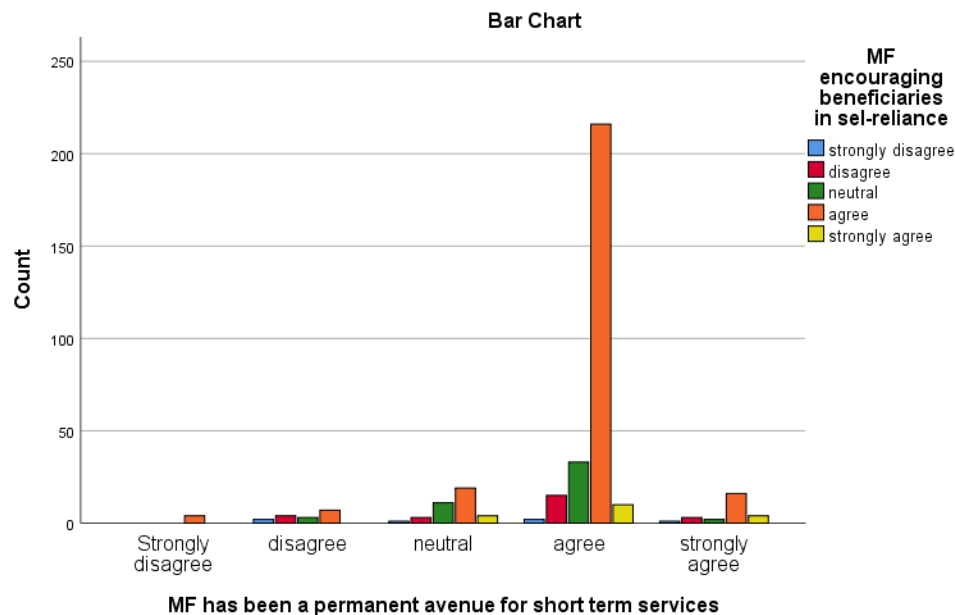
Count

		MF encouraging beneficiaries in self-reliance					Total
		strongly disagree	disagree	neutral	agree	strongly agree	
MF has been a permanent avenue for short term services	Strongly disagree	0	0	0	4	0	4
	disagree	2	4	3	7	0	16
	neutral	1	3	11	19	4	38
	agree	2	15	33	216	10	276
	strongly agree	1	3	2	16	4	26

Total	6	25	49	262	18	360
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Source: Primary field survey.

Fig 7.8: MF as a permanent avenue of finance and its contribution to self-reliance of beneficiaries:



Source: table 8

Interpretation: From the table 7.8, observed that out of 276 respondents who agreed on the permanent avenue of MF 216 respondents are also agreed on the statement of being encouraged by MF to get self-reliance with the arrangement of financial assistance by MFIs. Though it involves lots of disadvantages like less repayment gap, no strict regulations for the

productive investments, complex procedure of interest charged etc. people can borrow funds in a short period of time and can fulfil their financial needs. MFIs are providing a ready market for borrowing with less formalities. There is an opportunity available in the form of MFIs from where people can borrow to encourage own earning concern and self-employment. Figure 7.8 is the representation of data recorded in the table 7.8.

Table 7.9: MF as a permanent avenue of finance and its contribution to reduce gender equality:

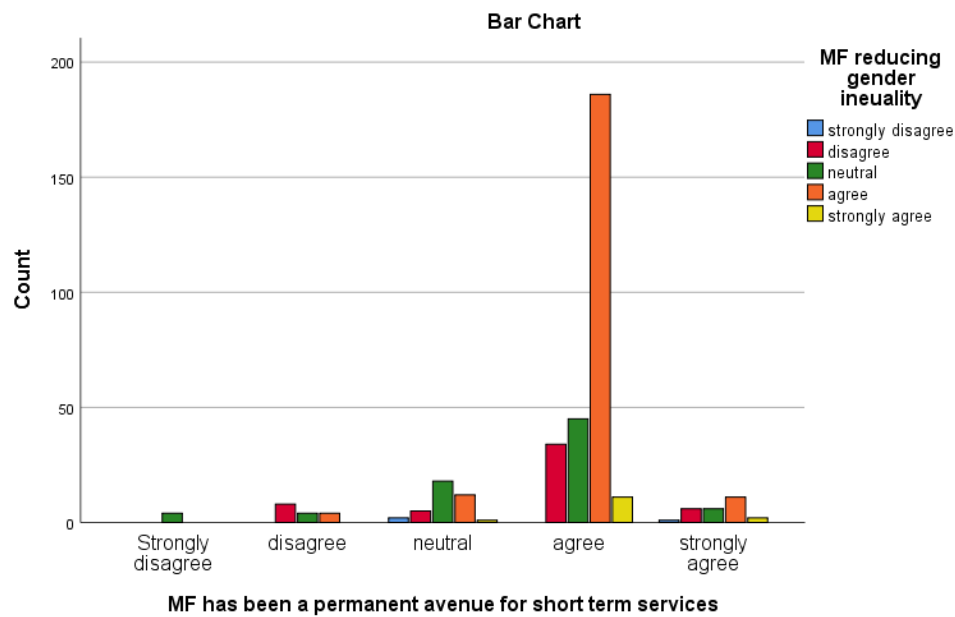
Count

		MF reducing gender inequality					Total
		strongly disagree	disagree	neutral	agree	strongly agree	
MF has been a	Strongly disagree	0	0	4	0	0	4
permanent	disagree						
avenue for	disagree	0	8	4	4	0	16

short term	neutral	2	5	18	12	1	38
services	agree	0	34	45	186	11	276
	strongly agree	1	6	6	11	2	26
Total		3	53	77	213	14	360

Source: Primary field survey.

Fig 7.9: MFIs as a permanent avenue of finance and its contribution to reduce gender inequality



Source: table 7.9

Interpretation: Figure 7.9 representing the data recorded in the table 7.9. From the table 9 observation has been made that out of 276 respondents who agreed on being permanent avenue for short-term services 186 respondents also agreed on the statement of reducing gender inequality in the society since women can fulfil financial needs of them along with their family from MFIs. MFIs has been helping women entrepreneurs by arranging financial as well as non-financial services to encourage business

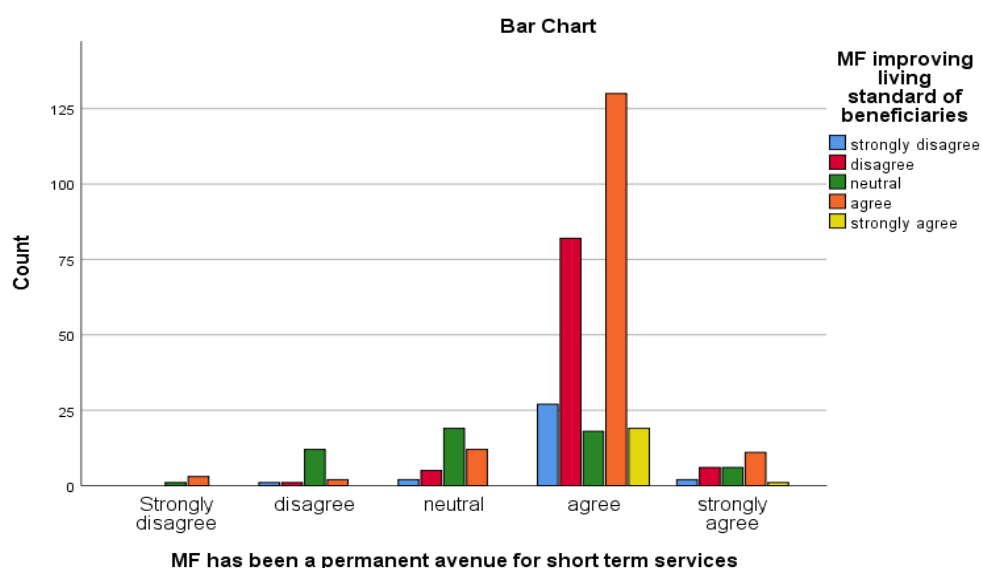
concerns. Additionally, husbands and other guarantors can borrow funds from MFIs with the help of women. These kinds of services are helping women in reducing gender inequality in the society.

Table 7.10: *MF as a permanent avenue of finance and its contribution in the living standard of beneficiaries:*

Count

		MF improving living standard of beneficiaries					Total
		strongly disagree	disagree	neutral	agree	strongly agree	
MF has been a permanent avenue for short term services	Strongly disagree	0	0	1	3	0	4
	disagree	1	1	12	2	0	16
	neutral	2	5	19	12	0	38
	agree	27	82	18	130	19	276
	strongly agree	2	6	6	11	1	26
Total		32	94	56	158	20	360
Source: Primary field survey.							

Fig 7.10: *MF as a permanent avenue of finance and its contribution in the living standard of beneficiaries:*



Source: table 7.10

Interpretation: Figure 7.10 representing the information observed from the table 10. Table 10 showing that the respondents who agreed on the statement of MF being permanent avenue for short-term services 130 respondents out of 276 also agreed on the statement of stabilisation of beneficiaries' financial status by the MF also.

130 respondents had matched their response on both the statement. 39.49% respondents had disagreed on the statement and remaining 6.52%, i.e., 18 respondents had neutral on the statement. That means though the 53.98% of 276 respondents matched their statement, it is only 41.39% of 360 respondents, the total sample size of the study. More than half of the total

respondents did not match their response on these two statements. According to the responses of the beneficiaries though the microfinance has been arranging continuous micro services towards the society, it is not helping beneficiaries in maintaining their financial status with full extend. To the some extend MFIs are enhancing social status of the beneficiaries but at the same time they are lack in maintaining financial position of the beneficiaries. Though they are providing their financial services with ease and comfort at the beginning, by the passing of time, it becomes difficult for the beneficiaries to maintain the loan instalments if they do not have any regular source of income. These actions encouraging more financial instabilities and people are suffering from huge debt position.

Results of the study

□ Microfinance helping beneficiaries in repaying prior debt by arranging funds with less formalities.

□ Though microfinance helping beneficiaries in repaying prior debt it creating other financial problems. Repayment become tough if loans are not invested in productive source and create more debt instead of earning. Beneficiaries have to borrow from other sources to repay microfinance instalments which create more debt and deteriorate financial status of beneficiaries.

□ With the productive lending microfinance has been helping beneficiaries in establishing an identity in the society along with confidence building. At the same time beneficiaries are losing their confidence when they failed to repay instalments and need to borrow from other sectors to repay. This creating more debt and leads to financial problems.

□ Most of the beneficiaries have to borrow from other sources to repay instalments since return is impossible in a very short span of time. Certain projects like live-stock, agriculture etc requires at least 3 months to get back the return. So, borrowers have to borrow more extra fund to repay prior MFIs' loan till the get back of profits.

□ Beneficiaries are facing problems in understanding the interest charging system of MFIs and the calculation system of repayment

period. Its creating confusion in the minds of beneficiaries whether they have been charged higher amount with the principal amount by the MFIs.

□ Short repayment gap has been hampering the beneficiaries' financial position. This also creating threats in the path of constant earning due to its heavy burden of repayment from the initial period of the borrowing.

□ People have experienced a positive result in terms of social factors. MF has positive social impacts towards the beneficiaries. From the beginning MF has been giving special importance to the women and targeted women to sell their loans. There is a market available specially for women to borrow and can encourage own concern. Which creating a scenario of women empowerment and confidence building in the society. Along with the financial independency now women have been earning its own identity in the family as well as in the society.

Suggestions:

□ At the very beginning MFIs should verify their interest charging system and repayment of loan instalments procedures. Most of the beneficiaries are facing difficulties in repaying back-to-back instalments due to its less gestation period of instalment payment. They should design their repayment procedures according to the projects applied for borrow by the beneficiaries. Repayment system should not be same for all types of projects applied for. There should be a difference between the projects which give instant profits and the projects which need a specified time period to give returns. They should also keep a provision for the borrowing of working capital if any beneficiary needs a limited amount for the maintenance of its concern. So that borrowers can arrange their funds according to its project carried on.

□ If the beneficiaries do not have proper knowledge, capacity, ideas etc. MFIs should arrange proper training programmes to enhance the capacity of beneficiaries to carry a permanent source of earning by utilising borrowed funds from any MFI.

- MFIs should make mandatory for the beneficiaries to give updates of the continuance of their business concerns for the further borrowings.
- MFIs should make a strict rule of compulsory investment of a minimum fixed percentage of total borrowings. So that repayment become easy for the beneficiaries and cannot harm their financial position at any cost.
- Since most of the beneficiaries of MFIs are belong to low-income group and less capable of being utilised the borrowed funds, proper training, consultancy services, time to time verification of their projects by the officials are utmost important. So, the higher authority of MFIs should be punctual in verifying all the details of the beneficiaries for the better results of the MF services.

Conclusion

Financial adequacy is a must needed factor to develop a country's economy. A Balance must be maintained in all the sector of the country. To develop the financial as well the social status people there must be the presence of financial adequacy. People have to be capable of fulfilling all the financial as well as the non-financial needs with its best possible manner. Financial adequacy depends on the best suited for of financial services which can fulfil the financial needs of all income groups in the society. Microfinance has been serving people throughout the world with its tremendous service packages. By the passing of time, it is getting more popularity in all over the world. People from village areas are getting more attracted towards the MFIs since they do not have to visit the head offices to avail the services. MFIs themselves come to the doorsteps of the people to serve them and maintain very less formalities at the time of lending. People from low-income group are getting a permanent avenue for borrowing small amount of money to fulfil their financial as well as non-financial needs. Microfinance has proved itself as the best suited form of finance for low-income group because of its simple form of lending. but the borrowers have to suffer with heavy burden of instalments due to its less gestation period of repayments. MF promote itself as a simple and easy source of borrowing but do not differentiate between the terms of

repayments. Everyone has to follow the same type of repayment procedures. Which is creating more financial problems instead of stabilising beneficiaries' financial positions. Beneficiaries are aware of the actual form of lending of MF which is productive in nature but very less used to utilise in the productive sources and some failed to continue their projects due to lack of management capacity. MF has a negative impact towards the financial position of the beneficiaries. However, people around the targeted area are having positive social impact in some extend. Since the MF has been giving preferences towards the women and encouraging self-employment, women are experiencing financial independency with the help of MFIs. Because of the opportunities provided by the MFIs most of the women are trying to establish their identity in the society. Though the MFIs are getting too much popularity in the society it has lots of loopholes to rectify. For the overall positive results MF has to redesign its system.

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