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RESEARCH ARTICLE

IMPACT OF MICRO FINANCE ON SOCIO ECONOMIC DEVELOPMENT: AN EMPIRICAL STUDY ON SELECTED SHGS OF COASTAL DISTRICTS OF ODISHA

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ABSTRACT

In today's development process, rural Self Help Groups (SHGs) are empowered to overcome many of weaknesses. These are created to mobilize the resources of the individual members for their collective economic development; to uplift the living conditions of the poor; to create a habit of savings to utilize local resources, to mobilize individual skills for group's interest; to create awareness about rights, to assist the members financially at the time of need for entrepreneurship development, to identify problems, analyzing and finding solutions in the group, to act as a media for socio-economic development of the village; to develop linkages with institutions of Micro finance; to organize training for skill development; to help in recovery of loans; to gain mutual understanding to develop trust and self-confidence; to build up teamwork.; to develop leadership qualities and to use as an effective delivery channel for rural credit. In this research paper, the authors attempt to discuss the micro finance and its impact on socio economic development in selected coastal districts of Odisha.

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INTRODUCTION

In recent years, micro finance has gained growing recognition as an effective tool in improving the quality of life and living standards of the poorest of the poor. This recognition has given rise to a movement that now has a global outreach and has penetrated in the remote rural areas, besides slums and towns. Micro finance is the provision of financial services such as savings, loans and insurance for the poor segment of the society who are unable to obtain such services from the formal financial sector. Micro Finance Institution (MFI) is the institution whose major business is the provision of micro finance services. While many factors contribute to poverty, its most obvious manifestation is insufficient household income. Both the extent of income-generating opportunities and ability to respond to such opportunities are determined to a great degree by access to affordable financial services. Increasing access of poor households to micro finance is therefore, being actively pursued worldwide. Once exclusively the domain of donors and experimental projects, micro finance has evolved during the last decade with prospects for viability, offering a broader range of services and significant opportunities for expansion. Development practitioners, policy makers, and multilateral and bilateral lenders, recognize that providing sufficient and efficient micro finance services is important for a variety of reasons. Improved access to micro finance services can enable the poor to smooth out their consumption, manage their risks better, build their assets, develop their micro enterprises, enhance their income-earning capacity, and enjoy an improved quality of life. Micro finance services have a significant and positive impact on the alleviation of poverty and thus, improving on specific socio-economic variables such as children's schooling, household nutrition status, and women's empowerment.

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Review of Literature

A number of studies have been conducted by different scholars and academicians to analyze the role of micro finance in increasing the income levels of the beneficiaries and thus, helping in alleviation if not elimination of poverty. Some of the important studies in this area are presented below. Hossain (1988) conducted a study regarding impact assessment of Grameen Bank's micro finance program in Bangladesh. The study undertook a comparison between 30 Grameen Bank members and eligible non-members in Grameen Bank situated in such villages. It was found that participation in Grameen Bank's micro finance program had a positive impact on various economic activities of the members and helped in alleviating poverty. The average household income of Grameen Bank members was 43 per cent higher than that of target non-members, and 28 per cent higher than eligible non-members. Grameen Bank members spent 8 per cent more per capita on food and 13 per cent more on clothing than target non-members and 35 per cent more on food and 32 per cent on clothing than target households in comparison villages. Todd (1996) mentioned in his study that 19 out of the 27 households which have come out of the poverty group (70 percent) are partnerships or are run by a dominant woman. He observed that two or three incomes are better than the one earned traditionally by the male household head. Several incomes make a family less vulnerable to disaster in any one line of business. Pitt and Khandker (1998) had studied the impact of micro finance on poverty in Bangladesh. Data was collected through a survey containing 1798 households (1538 participants and 260 non-participants) in three Bangladeshi rural development programs, i.e. Micro finance programs of the Grameen Bank, Bangladesh Rural Advancement Committee (BRAC) and Bangladesh Rural Development Board (BRDB). To find the impact, borrowers were compared to the people in non-program villages. Results of the study showed that for every Taka (currency of Bangladesh) lent to a female member, the consumption increased by 18 Taka whereas for men this figure was 11 Taka. Further, the study showed that the poverty rate of BRAC members fell by around 15 per cent for moderate poor and 25 per cent for ultra poor. Similar results were found for the other two programs. This rate of poverty reduction appeared to decline with the increase in duration of membership and cumulative loan size. Thus, the reduction in the level of poverty was variable and declined with the passage of time.

World Bank (1999) survey for the mid-term review of the poverty alleviation and micro finance project among 675 micro-credit borrowers in Bangladesh showed that there had been positive change in the economic and social status of the surveyed borrowers. The survey showed that income had increased in the case of 98 per cent of borrowers, 89 per cent of the borrowers accumulated new assets and 29 per cent had purchased new land either for homestead or for agriculture. Food intake, clothing and housing had improved by 89, 88 and 75 per cent of the borrowers respectively. Improvement in sanitation conditions and child education was marked by 69 percent and 75 percent respectively of the borrowers. The improvements had been mainly achieved due to the increased level of self- employment of women participants. Rahman (1999) observed that micro finance borrowers have had to sell household assets or their own food supplies, or have to leave their homes in search of wage labour in urban areas to repay their loans. There are other cases to the effect that delinquent borrowers of micro finance institutions are ostracized by Joint Liability Groups (JLGs) and communities while they become destitute in their communities. One would observe that these are extreme cases. If a beneficiary of micro finance loan misutilised the proceeds of the loan, then he has himself to blame. That does not mean that the system has failed. This, of course, calls for care as to who should be admitted to micro finance services. Character of the borrower should be verified by the micro finance operators. “Know Your Customer (KYC)” norms have a role to play as in the mainstream banking, even in microfinance practice. Puhazhendhi and Satyasai (2000) in their NABARD sponsored study covered 560 sample households from 223 SHGs spread over 11 States across India. For assessing the impact of the program, a comparison of pre and post-SHG situation was made. With a view to quantify the empowerment of SHG members, economic and social empowerment index was computed for each household by using the scoring technique. The findings of this study showed 33 per cent rise in average annual income from pre to post-SHG situation. Forty percent of this incremental income was generated by non- farm sector activities. The estimated employment days per household worked out to 375 person days during post-SHG situation registering an increase of 17 per cent from pre-SHG situation. Sample households took up 200 additional economic activities by utilizing 85 per cent of the borrowed funds for productive purposes. The share of families living below the poverty line was reduced by 20 per cent in post-SHG situation. The social empowerment of sample SHG members in terms of self-confidence, involvement in decision-making, better communication etc. also improved in a significant way.

Mayoux (2001) in his research observes that access to micro finance services (credit, savings, insurance and pensions) is still highly unequal between men and women. Of course, there are abundant literatures and empirical evidences that considerable efforts were made in the 1990s to increase women access to small loans and savings facilities. The author further observed that micro finance is being promoted as a key alleviation strategy to enable poor women and men to cope with the adverse economic and social impacts of structural adjustment policies and globalization. Manimekalai and Rajeswari (2001) studied the socio-economic background of self-help group women in rural micro-enterprises in Tamil Nadu and examined the factors which had motivated the women to become SHG members and eventually entrepreneurs. The researchers analyzed the nature of economic activities and the performance in terms of growth indicators such as investment turnover, employment, sources of finance, product marketing and other related aspects. For the purpose of the study, a sample of 150 SHG members was selected from 5 blocks of Tiruchirapalli district of Tamil Nadu. The nature of micro-enterprises run by the groups included trade, agriculture, animal husbandry, processing of food, tailoring, gem cutting, catering, petty shop, bamboo based units and agro-based units. The study found that women SHGs earned the highest profit from agriculture, followed by trade related activities and catering services. The income of the SHG women almost doubled after taking up micro-enterprises.

Mishra et al (2001) studied the impact of rural SHGs on generation of income and employment among the beneficiaries in Faizabad district of eastern Uttar Pradesh. For the purpose of the study, five SHGs in Amaniganj block of the district were selected randomly. It was observed that SHG members were mainly from OBC community whose main occupations were agriculture, small businesses, labor etc. 93 percent of the SHG members were male and only 7 percent were female. Majority of the members were from below the poverty line. The average monthly savings ranged from Rs. 15 to Rs. 50. Repayment performance was good. The results of the survey showed that SHGs have helped to increase the income of the participants by 10 to 15 percent. Mishra and Hossain (2001) in their study assessed the impact on Mahila Mandal (a rural SHG in Orissa) in terms of empowerment of rural women and employment generation through program participation. The group was working under the development agency for the poor and tribal awakening, a leading NGO of Kalahandi district. The impact was assessed by comparing the pre (1996) with post (2001) SHG situation of the program participants. The study found that till the year 2001, 26.67 percent of the families started non-farm activities, 40 percent adopted small family norms, 45 percent consumed food with vegetables, 58 percent had food security to manage the lean season and interestingly, all the member families have become literate. The study revealed that the average net income per member per year increased from Rs. 6465 to Rs. 15325 through scientific cotton cultivation, livestock maintenance and small business like retail shop, dry fish trading etc. Rajashekhar (2002) in his study examined the economic benefits of the micro finance program. He concluded from the study that micro finance program often benefit the non-poor, savings are not high enough to reduce vulnerability and loan amount is not large enough to reduce poverty.

Kumaran (2002) found that the micro enterprises, which were set up by the SHGs promoted by NGOs and banks were more viable and sustainable when compared to the micro enterprises of SHGs promoted by DRDA. He reasoned that this is due to the differences in the quality of technical training and escort services provided to the entrepreneurs by the NGOs in comparison to DRDAs. Misra (2006) in his paper assessed the socio-economic impact of SHG- bank linkage program in India. A field research was undertaken by the researcher to study the impact of micro finance program covering 93 client households from 5 SHGs from 3 different locations of western and central part of India. The group members who were in the program for at least two years were included in the survey. It was found that the entire group members were saving regularly at fixed intervals and dependence on money-lenders was eliminated for two-third of the clients. The social development index of group members measured on Likert scale showed a definite positive trend after joining SHGs. Loan repayment rate was also very high. But, while measuring economic development, it was found that just 6 per cent of the members had taken up any economic activity in post-group formation period. Bank credit and savings were used mostly for consumption and other emergency needs. While the program had a definite impact on building social capital, but it had marginal impact on income level.

Sarangi (2007) evaluated the impact of micro finance program on rural poor households in some backward regions of Madhya Pradesh. For the purpose of study, Betul, a tribal region and Sehore, a relatively prosperous region were selected. The researcher examined three most popular group based micro finance programs, i.e. government sponsored SGSY program, NABARD's SHG- bank linkage program, and World Bank promoted Swashakti program.180 participants of three programs from two districts were selected through multistage random sampling method. Non-participant households were selected with a ratio of 1:2 to participants in each village. In order to make comparisons, t-test, analysis of variance, and regression techniques were used. Impact assessment results showed a significant positive effect of program participation on increase in the income of the households. It was found that the income of households reporting self-employment in off-farm activities was much higher for the participant households than their counterparts. Indicators of consumption items including clothing and footwear seemed to obtain high average values for the participant households than non-participants. Swain and Wallentin (2007) carried out a study titled "Empowering Women through Micro Finance Evidence from India", submit that micro finance programs have been increasingly promoted in India because of their positive economic impact and the belief that they empower women. According to them, within the South Asian context, women empowerment is a process in which women challenge the existing norms and culture to effectively improve their well being. The paper investigated the impact of micro finance on women empowerment, using 2000 and 2003 Indian Household Survey data. The authors found that most micro finance institutions target women with the explicit goal of empowering them. Given the fact that a few studies have successfully investigated the impact of micro finance on women's empowerment, the authors examined a few methods of measuring the impact used by other researchers including, construction of an index/indicator of women empowerment. They concluded that measuring women empowerment by constructing indices is not an appropriate technique as it allows the use of arbitrary weights. Finally, the authors settle on a technique which estimates empowerment as a latent rather than an observed variable. The analysis indicated that on an average, there was a significant increase in women's empowerment of the SHG members group.

Brewer (2007) observed that lending to small firms is difficult because of the problems of information asymmetry. However, innovative ways to address the problems have the potential to increase credit availability to the firms. The two different innovations in small business financing are: increased usage of credit scoring technology and the introduction of micro finance lending institutions. Though these two approaches make use of different technologies, they provide a valuable picture of how lending to small firms is evolving over time. Berger and Frame (2007) provide an excellent analysis and discussion of the usage of credit scoring technology by large banks in lending to small businesses. "The technology is changing the relationship between the small business borrower and his bank, relying more on easy verifiable and quantifiable financial data rather than on information obtained via long-term relationships".

The credit scoring technology briefly discussed in this paper simply consist of scores awarded to the prospective borrower with respect to various character traits as may be determined by the lender, such as age, type of work, period of relationship with the bank etc. A bench mark score was determined and decision made to lend or not to tend with the score compared to the bench mark score. The technique is unbiased and non emotional. It is highly recommended in micro finance credit operations as it ensures less of credit failure and higher rate of loan repayment. Das and Nanda (2008) analyzed the role of micro finance in sustainable rural development in Orissa and found that although the bank linkages with SHGs are proved to be fruitful but this does not happen in some of the cases. Banks in general and commercial banks in particular are pro rich with profit orientation as the main objective. The study points out that poor work experience and lack of interest of banks in serving the poor restricted the growth of micro finance in Orissa. Patre (2008) in his study concluded that there is an urgent need for government to initiate proper steps on the working of self-help groups as SHG- bank linkage model has not made substantial impact in poverty belts of India. The members should be provided training in micro enterprises so that the credit availed by them can be used productively. The commercial banks must provide a greater linkage to self-help groups in providing them higher amount of bank loans. Abdullah and Fortaine (2008) in their study opined that commercial banks in most developing countries exclude poor clients by imposing strict rules and regulations. The demand of the product and services offered by commercial banks is low among the poor not because they do not need financial services, but the product and services are not designed to meet their requirements. The excuse made by commercial banks to deal with poor includes the high cost of small transactions, lack of traditional collateral, geographic isolation and simple social prejudice.

Das and Shams (2012) in their study investigated whether micro finance participation brought any changes in livelihoods and found that the grants based approach had positive impacts on micro finance participation of the ultra-poor households. They further found that formation of a socially homogeneous lending group helped the members more actively participate in micro finance. Impact assessment of micro finance participation showed that productive asset holding and per capita income were positively affected. Goel and Goyal (2013) in their study based on the survey data from 16 States of India found that the average annual income before joining the SHG was Rs 41710 and the was found to be Rs. 82964 after joining the SHG. This increase in income has been found significant at 5 percent level of significance. It was found that number of members in a SHG was 6 to 15 in 80 percent of the groups whereas the ideal number is found to be 5. This fact has also been advocated by Mohammad Yunus while explaining the experiences of micro finance in Bangladesh. The increase in income has resulted into good repayment as 47 (82 percent) of the members of the SHGs have admitted that they are repaying the loan regularly. 94 percent of the members have expressed that they have no difficulty in marketing of their products.

Significance of the Study

Poverty is pervasive in our economy and attempts to alleviate it have not yielded the desired results. Therefore, it is necessary to review the severity of poverty in the country with a view to assessing how non banking financial companies, particularly micro finance institutions could help to reduce the incidence. It is also necessary to understand how micro finance institutions could contribute to economic development of the nation by enhancing the productive capabilities and welfare of a largely distressed/vulnerable segment of the society.

Objectives of the Study

The objective of this study is to examine the strategic implications of Non Banking Financial Companies–Micro Finance Institutions (NBFC-MFIs) on the economic development of weaker sections of society in Odisha. The study was conducted with the following objectives:

- To delve into the respondents' preferences for various sources of finance, the formal and informal.
- To analyze the nature and extent of micro finance services provided by NBFCS/MFIs in selected coastal districts of Odisha.
- To assess the extent to which NBFC-MFIs have successfully helped in improving the standard of living in the state.
- To analyze the inter and intra relationship among NBFC-MFIs responsible for the growth of micro finance industry as a whole in the state of Odisha

Research Hypotheses

Based on the objectives stated above, the following research hypotheses are formulated.

a.H_o: Overall satisfaction level does not have any impact on the beneficiaries gender-wise towards NBFC-MFIs assistance.

H_1: Overall satisfaction level does have impact on the beneficiaries gender-wise towards NBFC-MFIs assistance.

b.H_o: Overall satisfaction level does not vary significantly over the duration of the relationship between beneficiaries and NBFC-MFIs.

H_1: Overall satisfaction level varies significantly over the duration of the relationship between beneficiaries and NBFC-MFIs.

c.H_o: Overall satisfaction level does not vary significantly over the social category of the beneficiaries towards NBFC-MFIs.

H_1: Overall satisfaction level varies significantly over the social category of the beneficiaries towards NBFC-MFIs.

Scope of the Study

The scope of the present study is limited to the strategic implications of NBFC-MFIs on poverty alleviation among the rural beneficiaries of the state. It used cross-sectional data collected from respondents in selected areas of the state. The cross-sectional data obtained from questionnaires administered enabled the researcher to assess the impact and effectiveness of micro finance institutions in alleviating poverty in the state. The study targets the customers of NBFC-MFIs between the age group18 and 60 who are gainfully employed and can repay loans. The study has also targeted the employees of NBFC-MFIs and their attitude towards beneficiaries has been examined. However, the study is limited to local NBFC-MFIs and how they constitute effective strategies for poverty alleviation and economic development of the state and its beneficiaries. The central theme of the work is opinion survey from the beneficiaries of the SHGs and Micro Finance Institutions (MFIs) on their specific strategies for economic development of members.

MATERIALS AND METHODS

The study on this score has used two groups of samples. To study the nature and extent of micro finance services provided by NBFCs/MFIs, the perception of the employees of MFIs and the perception of beneficiaries towards NBFCs/MFIs, a sample consisting of 350 beneficiaries of SHGs and 82 employees of NBFCs/MFIs were selected from the coastal districts of Balasore, Cuttack, Khurda and Puri.

Table 1. Descriptive Statistics of the Sample (Beneficiaries)

Characteristics of the Sample	Sample (N)	Mean	Standard Deviation (SD)	Maximum (Max)	Minimum (Min)
Age	350	35.79	4.07	45	28
Income per month	350	12457.14	4153.87	22000	6000
Household Size	350	4.75	0.95	7	4
No. of Children	350	2.75	0.66	4	2
Duration of relationship with MFIs	350	4.01	1.47	6	1
Frequency of visit to MFIs	350	3.72	1.87	6	0

Table 2(a). Satisfaction * Gender Cross Tabulation

			Gender		Total
			Male	Female	
Satisfaction	Not Satisfied	Count	19	16	35
		% Within Satisfaction	54.3%	45.7%	100.0%
		% Within Gender	7.4%	17.2%	10.0%
		% of Total	5.4%	4.6%	10.0%
	Some Extent Satisfied	Count	94	23	117
		% Within Satisfaction	80.3%	19.7%	100.0%
		% Within Gender	36.6%	24.7%	33.4%
		% of Total	26.9%	6.6%	33.4%
	Satisfied	Count	91	35	126
		% Within Satisfaction	72.2%	27.8%	100.0%
		% Within Gender	35.4%	37.6%	36.0%
		% of Total	26.0%	10.0%	36.0%
	Highly Satisfied	Count	53	19	72
		% Within Satisfaction	73.6%	26.4%	100.0%
		% Within Gender	20.6%	20.4%	20.6%
		% of Total	15.1%	5.4%	20.6%
Total		Count	257	93	350
		% Within Satisfaction	73.4%	26.6%	100.0%
		% Within Gender	100.0%	100.0%	100.0%
		% of Total	73.4%	26.6%	100.0%

Table 2(b). Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	9.535[a]	3	.523
Likelihood Ratio	9.033	3	.029
Linear-by-Linear Association	.520	1	.471
N of Valid Cases	350		

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 9.30.

Table 3(a). Level of Agreement of the Sample (Beneficiaries)

Level of Agreement	Different Districts				Total
	Khurda	Cuttack	Puri	Balasore	
Highly Satisfied	25 (26.3%)	21 (21.9%)	10 (11.1%)	20 (29.0%)	76 (22%)
Satisfied	24 (25.3%)	35 (36.5%)	22 (24.4%)	15 (21.7%)	96 (27%)
To some extent satisfied	37 (38.9%)	35 (36.5%)	33 (36.7%)	28 (40.6%)	133 (38%)
Not Satisfied	5 (5.3%)	4 (4.2%)	22 (24.4%)	5 (7.2%)	36 (10%)
Not At All Satisfied	4 (4.2%)	1 (1.0%)	3 (3.3%)	1 (1.4%)	9 (3%)
Total	95	96	90	69	350

Table 3(b). Overall Satisfaction of the Sample (Beneficiaries)

Level of Agreement	Frequency	Percent
Not at all Satisfied	9	3.0
Not Satisfied	36	10.0
Some Extent Satisfied	133	38.0
Satisfied	96	27.0
Highly Satisfied	76	22.0

Table 4. Factors responsible for the discontentment of beneficiaries

Factors	No. of Beneficiaries	% of Beneficiaries
Service provided in the field	21	6
Ambiguity in the affiliation of the MFIs/NBFCs	63	18
Quality of services	168	48
Lack of clarity in the policies	77	22
Resource allocation as per the commitment	21	6

Table 5(a). Satisfaction *Duration : Cross Tabulation

			Satisfaction				Total
			Not Satisfied	Some Extent Satisfied	Satisfied	Highly Satisfied	
Duration	Less than one Year	Count	8	11	12	16	47
		% Within Satisfaction	22.9%	9.4%	9.5%	22.2%	13.4%
		% Of Total	2.3%	3.1%	3.4%	4.6%	13.4%
	One to three Years	Count	1	14	10	18	43
		% Within Satisfaction	2.9%	12.0%	7.9%	25.0%	12.3%
		% Of Total	0.3%	4.0%	2.9%	5.1%	12.3%
	More than three Years	Count	26	64	95	38	223
		% Within Satisfaction	74.3%	54.7%	75.4%	52.8%	63.7%
		% Of Total	7.4%	18.3%	27.1%	10.9%	63.7%
	3.00	Count	0	28	9	0	37
		% Within Satisfaction	0.0%	23.9%	7.1%	0.0%	10.6%
		% Of Total	0.0%	8.0%	2.6%	0.0%	10.6%
Total		Count	35	117	126	72	350
		% Within Satisfaction	100.0%	100.0%	100.0%	100.0%	100.0%
		% Of Total	10.0%	33.4%	36.0%	20.6%	100.0%

Table 5(b). Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	61.886[a]	9	.620
Likelihood Ratio	66.552	9	.325
Linear-by-Linear Association	8.356		.004
N of Valid Cases	350		

a. 3 cells (18.8%) have expected count less than 5. The minimum expected count is 3.70.

Table 6(a). Satisfaction * Caste: Cross Tabulation

			Caste				Total
			General	OBC	SC	ST	
Satisfaction	Not Satisfied	Expected Count	17.7	1.7	13.3	2.3	35.0
		% Within Caste	6.2%	5.9%	15.0%	13.0%	10.0%
		% Of Total	3.1%	0.3%	5.7%	0.9%	10.0%
	Some Extent Satisfied	Expected Count	59.2	5.7	44.5	7.7	117.0
		% Within Caste	33.3%	29.4%	34.6%	30.4%	33.4%
		% Of Total	16.9%	1.4%	13.1%	2.0%	33.4%
	Satisfied	Expected Count	63.7	6.1	47.9	8.3	126.0
		% Within Caste	42.4%	52.9%	27.1%	26.1%	36.0%
		% Of Total	21.4%	2.6%	10.3%	1.7%	36.0%
	Highly Satisfied	Expected Count	36.4	3.5	27.4	4.7	72.0
		% Within Caste	18.1%	11.8%	23.3%	30.4%	20.6%
		% Of Total	9.1%	0.6%	8.9%	2.0%	20.6%
Total		Expected Count	177.0	17.0	133.0	23.0	350.0
		% Within Caste	100.0%	100.0%	100.0%	100.0%	100.0%
		% Of Total	50.6%	4.9%	38.0%	6.6%	100.0%

Table 6(b). Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	16.285[a]	9	.061
Likelihood Ratio	16.309	9	.061
Linear-by-Linear Association	.897	1	.344
N of Valid Cases	350		

a. 4 cells (25.0%) have expected count less than 5. The minimum expected count is 1.70.

In order to have a representative sample, the size of the sample was equally drawn from four coastal districts of Odisha. To understand the perception, attitude, etc. of the employees of NBFCs/MFIs, 82 employees were randomly selected from the 100 branch offices of NBFCs/MFIS operating in the aforesaid districts. This study is based on the primary data derived from two different sets of pretested structured questionnaires, one for the employees of MFIs/NBFCs and the other for beneficiaries. For the purpose of collecting primary data from the employees of MFIs/NBFCs, convenience sampling technique has been applied. For the purpose of studying the objectives mentioned above, the statistical techniques namely descriptive statistics, cross tabulation, chi-square, weighted average score, etc. have been used.

Data Analysis and Interpretation

It can be observed from the Table 1 that the average age of the respondents included in the sample is around 35.79 years with the minimum and the maximum being 28 years and 45 years respectively. The average house hold size to which they belong is 4.75 with the maximum being as high as 7 and the minimum being 4.The average monthly income is around Rs.12457 with a standard deviation of Rs.4153.87 which clearly shows that the maximum income of Rs.22000 is an exception. The average number of children of the respondents is 2.75 with the minimum and the maximum being 2 and 4 respectively. Finally, the duration for which they are with some kind of relationship with MFIs is close to 2 years on an average. It is clear from the above output in Table 2 that the Chi-Square Value is 9.535, degree of freedom (df) is 3 and the p value is 0.523, which is less than the tabulated value at 0.05 level of significance. So it can be concluded that the null hypothesis is accepted. Therefore, it is clear that there is no association between the overall satisfaction and gender of the beneficiaries. As per the Table 3, it is found that 49% of the beneficiaries were satisfied with the MFIs in their respective places and 38 percent of the beneficiaries were satisfied to some extent with the MFIs. However, 13% of the beneficiaries were not satisfied because of several reasons.

Table 4 shows the various reasons of discontentment of members of SHGs towards NBFCs/MFIs. It is observed from the table that 48 percent of beneficiaries are dissatisfied with MFIs due to the poor quality of services offered to them, whereas 22% of beneficiaries are dissatisfied because of the lack of clarity in the policies framed by MFIs. Similarly, 18% of beneficiaries are dissatisfied because of the ambiguity in the affiliation of the MFIs/NBFCs and 12% of beneficiaries are not satisfied due to the less resource allocation as per the commitment. On the other hand, 6 % of the beneficiaries are dissatisfied with poor service provided in the field. It is found that the Chi-Square value is 61.886, degree of freedom is 9 and p value is .620 which is less than the tabulated value at 0.05 level of significance. So it can be concluded that the null hypothesis is accepted. Thus, the overall satisfaction level does not vary significantly over the duration of the relationship between the beneficiaries and the MFIs.

It is found that the Chi-Square value is 16.285, degree of freedom is 9 and p value is .061 which is less than the tabulated value at 0.05 level of significance. Hence, it can be concluded that the null hypothesis is accepted. Therefore, it is confirmed that overall satisfaction level does not vary significantly over the social category of the beneficiaries.

Major findings of the study

Following are the major findings of the study

- It is observed that more than 73.4% of the beneficiaries are male and 26.6% of the beneficiaries belong to the female category.
- Further, it is noticed that a large number of beneficiaries belong to the age group of 36-45 years (52.57%) followed by 25-35 years age group (46.86%).
- Researchers classified all the beneficiaries on the basis of the social category to which they belong. Interestingly, it is observed that general category beneficiaries of MFIs are more in the sample (almost 60%), followed by SC (24%) and OBC (17%). Representation of ST is negligible (0.5%).
- Researcher tried to classify the respondents according to the duration of their relationship with MFIs and found that almost 90% of the respondents are having relationship with MFIs whose length is not more than 3 years.
- It can be observed that the average house hold size to which they belong is 4.75 with maximum being as high as 7 and minimum being 4. The average monthly income is around Rs.12457 with a standard deviation of Rs.4153.87 which clearly shows that the maximum income of Rs.22000 is an exception. The average number of children of the respondents is 2.75 with minimum and maximum being 2 and 4 respectively. And the duration for which they are with some kind of customer relationship with MFIs is close to 2 years on the average.
- Over and above, Researcher has collected response on an item called Overall Satisfaction Score (OSS) measured in a five point Likert scale, with 1 being least and 5 being the highest score. The purpose of this was to examine the relationship of some of the demographic variables with the overall satisfaction level of the customers of these MFIs. It is also found that 49% of the beneficiaries were satisfied with the MFIs in their respective places. Further, 38 percent of the beneficiaries were satisfied to some extent with the MFIs, whereas 13% of the beneficiaries were not satisfied because of several reasons.
- From the analysis it can be noted that majority of the members of the SHGs have been benefited looking at the satisfaction level and their long duration of association with the NBFCs/MFIs

Conclusion

The present study has highlighted various factors which the NBFCs/MFIs should consider to make the micro finance reach the most deserving section of the society. An analysis of the nature and extent of the micro finance services provided by the NBFCs/MFIs would make both present and potential customers aware of the various schemes that are meant for them. This study is going to help the NBFCs/MFIs serving in the several parts of the country towards the eradication of poverty and uplift of rural poor. This study will also act as an eye opener for the service providers in improving the standard of living of the people. Besides, this will also help the several Non Government Organisations in helping the weaker section of the society.

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