

**A STUDY ON ROLE OF MFIs IN SOCIO-ECONOMIC
DEVELOPMENT OF RURAL POPULATION- IN
CONTEXT OF EASTERN U.P**

THESIS

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BABASAHEB BHIMRAO AMBEDKAR UNIVERSITY, LUCKNOW**

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2020

DECLARATION

I, Om Prakash Singh, Ph.D. scholar hereby declare that the thesis titled “**A STUDY ON ROLE OF MFIs IN SOCIO-ECONOMIC DEVELOPMENT OF RURAL POPULATION- IN CONTEXT OF EASTERN U.P**” has been prepared by me under the supervision of **Dr. Ramesh Kumar Chaturvedi**, Assistant Professor, Department of Rural Management, School for Management Studies, Babasaheb Bhimrao Ambedkar University (A Central University), Lucknow. No part of this thesis has formed the basis for the award of any degree, diploma or fellowship previously. Further, I declare that the material embodied in the present work is based on the original research work and the indebtedness to others has been duly acknowledged at relevant places. I also declare that the thesis is essentially free from all kinds of plagiarism.



15.12.2020

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CERTIFICATE

This is to certify that the thesis titled “**A STUDY ON ROLE OF MFIs IN SOCIO-ECONOMIC DEVELOPMENT OF RURAL POPULATION- IN CONTEXT OF EASTERN U.P**” submitted by **Mr. Om Prakash Singh** is an original research work and has not been previously submitted in part or full for the award of any other degree or diploma to this or any other university.

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विभागाध्यक्ष
ग्रामीण प्रबंधन विभाग
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लखनऊ-२२६०२५

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CHAPTER – I

INTRODUCTION

CHAPTER I: INTRODUCTION

1.0 Introduction

In India, the poor always struggle in search their basic needs of food, shelter, clothes and dwellings. They are not able to manage in mobilization of basic necessity to develop their enterprises and their dwellings. It is very clear that they want to associate them with mainstream of society but no one try to help to promote them to connect in main stream of society. They want to become self reliance, and have enthusiasm to do some small and micro type of informal business to survive them. They want to do something for their betterment but they have lack of financial resources. They try to borrow money from banks but they donot have sufficient document and credit assets to get the loan. To see the situation of poors a great Bangladeshi thinker, social entrepreneur, banker, economist, and civil society leader thought to improve the financial conditions of poorest of the poor in the society to connect them with mainstream of society. He developed a concept of microfinance. The concept of Microfinance was developed in 1976. Prof Muhammad Yunus who set up the Grameen Bank as experiment, on the outskirts of Chittagong University campus in the village of Jobra, Bangladesh.

After the development of this concept several microfinance institutions came up and have succeeded in reaching the poorest of the poor, in rural and remote area and have devised new ground-breaking strategies with time for the fulfillment of the vision of poor. Micro finance has attracted a total attention at global and national level in recent past due to its wide range of impact on provision of financial services to the poorest.

Microfinance includeds the provision of collateral free loans to poor spacialy rural and slum people, at full-cost of interest rates that are repayable in frequent installments. Borrowers are organized into various groups in informal way and peer pressure among them, which reduced the risk of default. In current scenario Microfinance is being considered as one of the most important and an effective tool for poverty alleviation. Microfinance is an effective Mechanism through which to disseminate precious information on ways to improve the socio economic status (health, education, legal rights, sanitation and other living standards), which are of

relevant concerns for the poor. In line with microfinance, many micro-credit programs have targeted one of the most vulnerable i.e. Very weaker and helpless groups in society – basically women, who live in households with little or almost no assets. By providing opportunities for self-employment, many studies have concluded that these programs have significantly improved women's security, autonomy, self-reliance and status within the poor household.

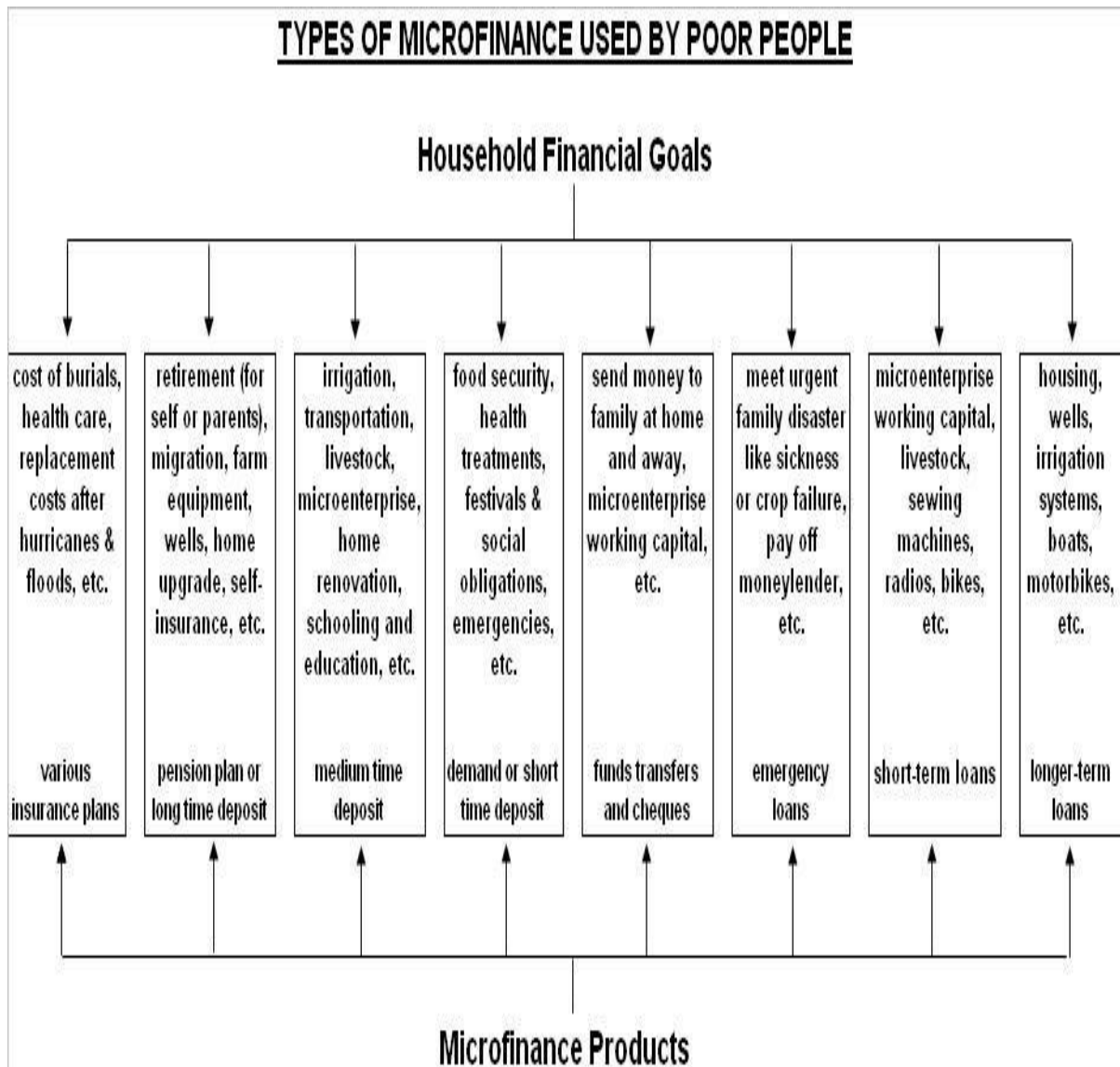
According to Hubka, A.; Zaidi, R. (2005), Microfinance has special beauty of credit methodology, which employs effective collateral substitute for short-term and working capital loans to micro-entrepreneurs. According to authors the level of a country's

poverty has long been linked with measures of its socio-economic development. Fallavier, P. (1998), have reported that little consideration was given to the social reorganization of the natural resources e.g. empowerment vs. alienation of poor people, sustainable use vs. depletion of the environment

1.1 Microfinance Institutions Helps in -

- Empowerment of rural and very weaker section of society by improving their access to the formal credit system by various techniques of Microfinance activities in a cost effective and sustainable manner.
- Through various financial services like savings, credit, money transfers, insurance etc. in small amounts for the poor to enable them to raise their economic status and improve living.
- Eradicating Poverty and unemployment.
- Promoting the education level of poor and slum Children.
- Improving Health conditions of Women and Children
- Empowering to rural women through small and micro level of assistance.

Diagram No-1.0 Types of microfinance used by poor people



Source: Brett Matthews, Mathwood Consulting Company.

In India, during early 1980's, the banking policies were very tough to get the loan and loan procedures and systems were not favorable to meet the needs of poor. The poor people were especially dependent on moneylenders. Moneylenders were giving loan with flexible way on high interest rate. While role of government was as an enabler, not as a direct provider of financial services. The lack of government policies and human weaker capacity was the key constraint. Only one organisation, i.e. NABARD recommended that alternative policies, flexible systems and loan procedures should be applied to save the poor people from the clutches of the moneylenders. In this way, the concept of microfinance was introduced in banking sector. Microfinance can be considered as a great mechanism for socio-economic up gradation. Microfinance plays a vital role in poverty alleviation and economic development. For this innovative concept Mohammed Yunus was awarded the Noble Prize, with setting up of the Grameen Bank in Bangladesh.

According to (Holcombe (1997, Successful microfinance can be defined on the basis of three main characteristics: sustainability, outreach, and its impact. Sustainability refers to the ability of a program to continue over a period of time, preferably without any ongoing subsidies. While its outreach refers to the number of beneficiaries reached and targeting of the poor. Impact of program or activity or phenomenon refers to its ability to assist the beneficiaries or poor households and individuals to improve their economic status and remain out of poverty, which is the ultimate objective of microfinance provision.

1.2 Basic Features of Microfinance:

1. Microfinance is a financial skim which plays a vital role in rural and urban village (slums) finance.
2. The borrowers of this skim are belongings from the low income group.
3. Loans are provided in small amount, i.e called as micro loans.
4. Microfinance is short very short term loans with frequency of repayment.
5. Loans are offered to poors without any credit report without any collateral and are generally taken for income generation purpose.

6. Microfinance is not profit oriented rather more service-oriented.
7. Microfinance motivates lower income groups to take hold of the self-employment opportunities.
8. Microfinance has two main mechanisms for the delivery of its financial services for beneficiaries.
9. Relationship-based banking for individual entrepreneurs and small businesses firms.
10. Group-based models, where several micro and small level entrepreneurs come together to apply for loans and other services as a group.
11. Currently microfinance deals in multiple services such as micro credit loans general loans, savings, insurance, transfer services, etc.
12. Microfinance is one of the most impactful and necessary Poverty Alleviation Strategies.
13. Microfinance is basically supply to the poor households to micro and small entrepreneurs.

1.3 Definitions and Key Concepts

Some definitions of key concepts are as bellow

1.3.1 Finance

Finance can be simply defined as the management of capital, money, asset or funds. In Ordinary Finance deal with each and every aspect related to money. Its not only deal with money but also with the market. It is prominent branch of economics which deals with the Fund allocation, investment, merger and acquisition and management.” On preview business, currently Finance is treated as both, art as well as science. Finance is regards as a family of business activities which includes the organization, marketing, and cash management, instruments, assets, liabilities and risk. We should not be confuse in role of finance as arts and science because art work related to product development and science is work in Measurement and analysis of financial

data Financial system serves the interest of both public and private sectors and the . It pools the money from individual, institutional or from third party investors who transfer money directly online, RTGS, NEFT or through intermediaries to other individuals, firms and government which allocate the resources and transact business. It is very clear that finance is directly related to economy and “Economy” works as social institution which organizes the society production, utility, consumption and distribution of products and services, all of this activity needs finance.

It is clear that these financial needs are fulfilled either by financial institutions or by non-financial institutions through financial market with the help of some mechanism, which carry on transfer of funds from lenders to ultimate borrowers. The financial market assists to lender and borrower in raising capital, transfers the risk, transfer of liquidity and facilitates international trade. In financial market suppliers may be of both categories organized and unorganized. They are controlled in different ways due to differences in control and regulations. The term finance can be categories in two parts (a) Microfinance (b) Macro finance.

1.3.2 Microfinance

Microfinance is a set of financial assistance provided to poor population, which basic aim is to incorporate loans, savings, deposits, insurance, transfer services etc. It is an socio- economic development approach that involves providing financial services, through micro financial organizations and institutions, to low- income groups, where the market fails to provide appropriate services.

Otero M. and Rhyne E. (1994), states that “microfinance creates access to productive capital, human capital addressed through educational, skill development program, vocational training, and social capital build through creating representatives, local organization building, promoting, and strengthening human right, enabling poor to move out of poverty.

Microfinance provides poor and weaker section of society self employed population to create productive capital, to protect their capital, to deal with their risk and avoid the destruction of capital. Microfinance create wealth among the population who lack them.

In India there are three types of sources which provide Microfinance services to rural and poor people:

- Formal type of institutions, called rural banks.
- Semiformal type of institutions called Non-government organizations (NGOs).
3- Informal organizations, they called as moneylenders and shopkeepers.
- Over the past 40 years microfinance especially through Non-government organizations has become an increasingly common method for alleviating poverty.

1.3.3 Micro-credit:

Micro-credit is a component of microfinance and it is the extension of small loans to entrepreneurs basically, who are very poor or weaker section to qualify for traditional bank loans. Especially in developing country like India, micro-credit enables very poor people to engage in self-employment projects that generate income to these poors, thus allowing them to improve the standard of living for themselves and their families.

1.3.4 Micro-savings:

Micro savings are saving activates which allow poor people to save small amounts of money for his/ her future use. This saving account has no any provision of any minimum balance. These savings accounts allow poor and financially weaker households to save in order to meet unexpected expenses and plan for future investments.

1.3.5 Micro-insurance:

Insurance is a system which shares the risk of insurance holders. While micro insurance is an instrument by which small business owner and other small organizations make a payment to share risks. Access to micro insurance enables small business entrepreneurs to concentrate more on developing their businesses.

1.4 Micro finance Institutions (MFIs):

An organization which is engaged in extending micro credit loans and other financial services to poor population for the source of income generation and self-employment activities. Micro finance Institution is an informal banking system and not a part of the formal banking industry or government organization. It can also be referred to as a NGO (Non-Government Organization).

Reserve Bank India (2006), permitted banks to utilize the services of NGOs, MFIs (other than NBFCs) and other Civil Society Organizations as intermediaries in providing micro financial services through the use of business facilitator and business correspondent. According to the guideline of RBI these banks were allowed to do 'Cash in-cash out' transactions at a location much closer to the rural population.

1.5 Models of Microfinance Services

India has become a hub of the largest microfinance system in the world. There are various models are available which deliver of microfinance services. Some important models has been discussed by the researcher:

1.5.1 Community Banking Model

This model is very formal in nature somewhere it is treated as semiformal model which treats the whole community as one unit to provide microfinance to the members. This banking model was initiated by NGOs with the help of some other organizations who are already engaged in community capacity building. Its main objective of this model is to prepare the community members an expert in performing various financial activities of bank.

1.5.2 Co-Operative Model

This model is the association of autonomous group of people who have taken the membership of any cooperatives. The members of the group are united voluntarily to meet their socio-economic and cultural needs. This model is democratic in nature and member controlled as a democratic institution. This model focuses on member financing and saving activities. These financial cooperatives have the special characteristics of self-generating capital, self-governed, middle and lower income

group of society with financial services.

1.5.3 Credit Union Model

This model is union of a formal particular group, institution or organization and known as formal financial institution which objective is saving their money together and rented to poors with a democratically pre determined rate of interest. This model is based on two major facts

1. “Self-help and member driven nature”. According o this model, Credit unions are known as “not for profit financial cooperatives.
2. “Saving and loan cooperatives” because this model works on principle of co-operatives.

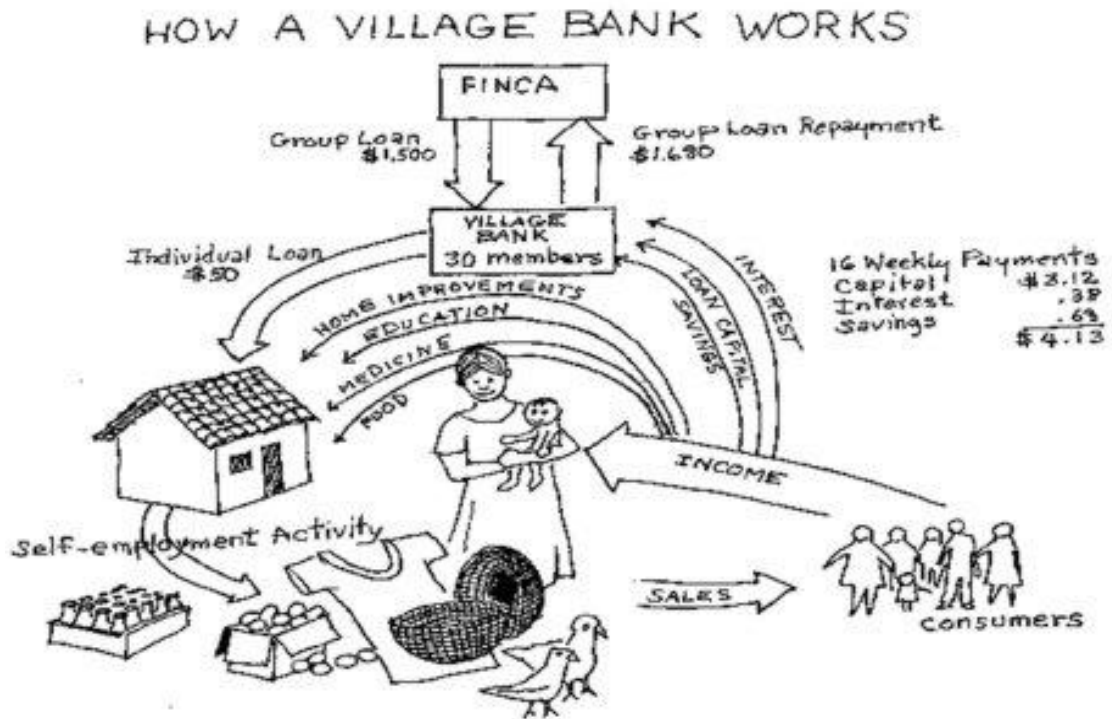
1.5.4 Individual Banking Model

This model based on credit lending; where micro loans are given directly to individuals belonging to weaker section of the society. This model does not insure to payment and formation of group.

1.5.5 Village Banking Model

This is a specific model which was formed by 25- 30 low income individuals as an association called FINCA International. This banking model is primarily formed by women’s from villages. This model performs community based thrift and credit association with an objective to improve the socio-economic background and living standard of the members through promotion of self-employment activities. Village Banking Model functions in micro level village based bank and pools the initial fund from external sources. According to objective, of this model, Market rate of interest is charged from members with the guarantee of repayment.

Fig No-1.1 Functioning of village banks



Sorce: dominikfincatanzania.wordpress.com

1.5.6 Rotating Saving and Credit Association (ROSCA)

This is a type of democratic association formed by 5-50 members for making a regular cyclical contribution and generates a common fund. They rented this fund to the member in each cycle in the form of loan. The beauty of this model is that no outside financial agencies are allowed to involve in ROSCA.

1.5.7 Kisan Credit Card Model (KCC)

This model is one of the innovative ideas which launched in 1998-99 by NABARD. This model gives facility to provide microfinance facility to financially weaker class farmers for agriculture purpose. **KCC skeem** was launched to help the poors, timely and adequate credit support to the farmers for their agricultural needs in a flexible and cost effective manner. The main objective of this model is to increase the agricultural productivity of formers. There is an urgent need of making loans and advances by different periods.

Fig No-1.2 Kisan credit card



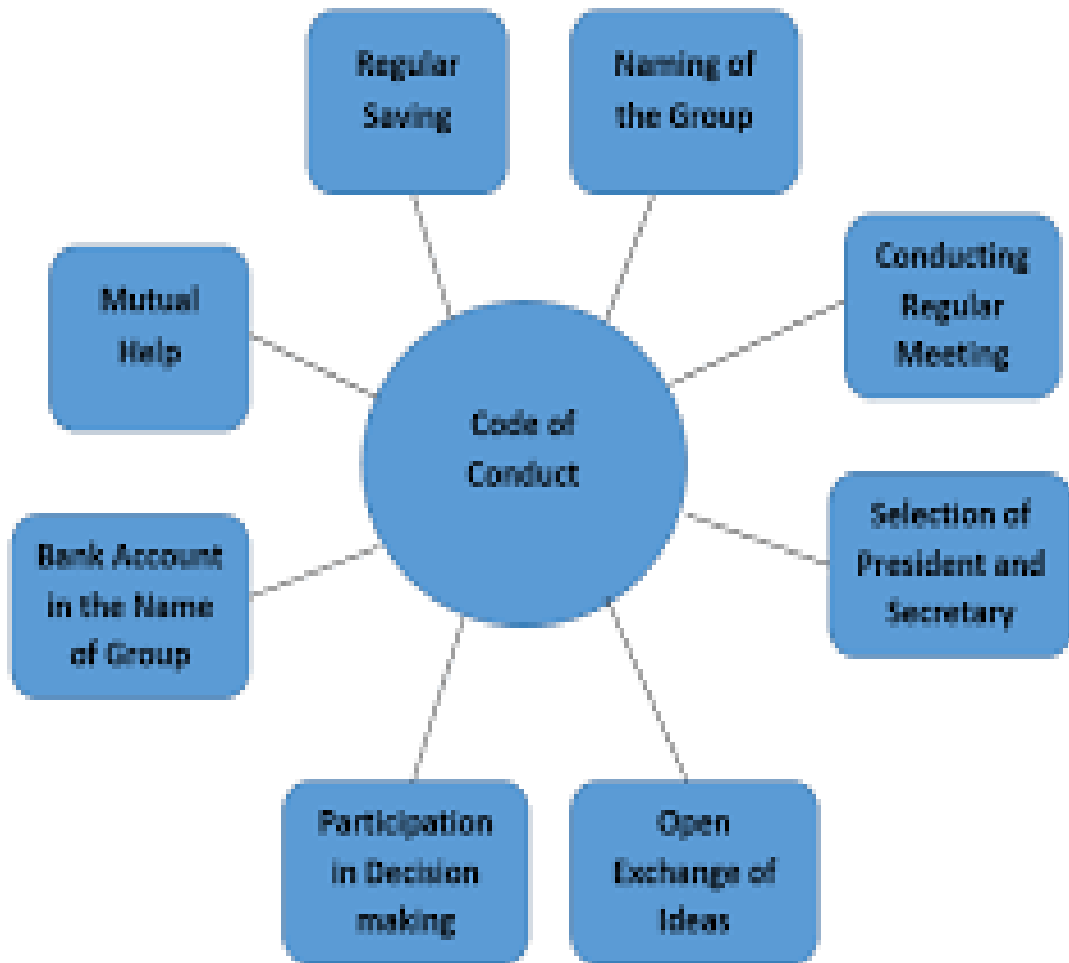
Source- Kisan Credit Card- By Central Government2020

1.5.8 Self Help Group (SHG)

It is group of poor women who have similar needs and wants. It can be called as homogeneous group of poor, women, user etc. Who have common interest of their development? This model is based on the principal of for the people and of the people”. The small group consists of socially and economically homogeneous in nature of rural people who voluntarily agrees to contribute to common fund which will be lend to the members for their social and economic empowerment as per the democratic way.

According to NABARD (1995), “Self Help Group ” is the homogeneous group of rural poor people voluntarily governed, to save some of the money out of their earning.

Model No.:1 Role of SHGs



Source- civilserviceindia.com

1.6 Poverty: Concepts and Measures

In developed and under developed countries, poverty and unemployment rate have been become the subject of discussion. Often poverty is described as the enemy of society and it is thought to be the gross violation of our civilization. Poverty and unemployment have been become a curse, not only for the individual who is poor, but for society, community, nation and world at large. Poverty compels society to think that famine, misery and deprivation are natural curse of life, and the poor and slum people are not entitles for living a better lives.

Nobel laureate Professor Amartya Sen (1983). Stated that the causation of starvation and famines and proposed the entitlement approach as an alternative method for understanding poverty. Prof. Amartya Sen (1999) in his book

, "Development as Freedom", Explains that how in a world of unprecedented increase in overall opulence, and millions of people who are living in the Third World still lack freedom. He has written that even if poor people are not technically slaves, they are denied elementary freedoms and remain imprisoned in one way or another by socio - economic deprivation, political and cultural authoritarianism. In all over world poverty has become a common feature. The characteristics of poverty varies country wise and its defined an the basis of living stander of that particular country. According to World Bank report a person earning less than of US \$ 1.25 and 2 US \$ a day is called poor. According to World Bank report 30% population of the world comes under the BPL.

According to report of Shaha (2012) the GDP of 41 poor countries are less than total welth of only 7 people of the world .In 21s century 1 billion people cannot read the books or cannot write their name. According to his suggestion in report what the world spent every year on weapons was needed to put every child into school. It is tragedy that it didn't happen and near to 1 billion live in Poverty. 640 million people have not their adequate shelter, 400 million population have no access to safe and pure drinking water; 270 million of the population are away from health services and ; 10.6 million of children die before the age of 5. Poverty is a social as well as economic phenomenon in which a section of the society unable

to fulfill even its basic requirements to survive his/her life. In general a person who

is unable to fulfill his/her minimum nutritional needs due to insufficient income considered to be poor. According to report released in (1996), from World Bank, the root causes of poverty is as bellow:

- A.** Lack of employment opportunities (i.e., high rate of unemployment).
- B.** Lack of physical assets, land and capital.
- C.** Unavailability of markets where the poor can sell goods and services easily.
- D.** Low endowment of human capital.
- E.** Lack of proper utilization of natural resource as leading to environmental degradation and
- F.** reduced Productivity.
- G.** Improper access to assistance for those living at the margin and those who Victimized by transitory poverty.

1.7 Unemployment: Concepts and Measures

According to above report of World Bank it is very clear that unemployment is one of main causes of poverty, so unemployment contributes to poverty, reports also show that there is direct relationship between unemployment and poverty. Means high level of unemployment indicates poverty level will be higher.

On the basis of macroeconomic views, unemployment can be understand from many other dimensions because unemployment can be based on contemporary measures which has different characteristics. As we know that hidden unemployment figures are not record in most cases of unemployment can be measure on the basis of demand-supply models in macroeconomics text. Poverty can be measure on the basis of consumer index.

In India if a person working 8 hours a day for 273 days of the year is regards as employed on a standard person year basis of the recommendations of the committee of experts on unemployment estimates set up by the Planning Commission.

1.8 Socio-Economic background of Uttar Pradesh

India is one of the oldest civilizations, the 7th largest country in area and 2nd largest country in population of the world. India is a rich heritage of diversified culture. It has become self reliance in agricultural production and is now the Tenth Industrialized Country in the World.

India covers the total area of 32, 87,263 square. Km. Which is extending from North (the Snow- covered) Himalayan heights to the tropical rain forests in the South(Kanyakumari). It accounts for a meagre 2.4 % of world surface area of

135.79 million sq. Km. India is the union of States and comprised of 29 States and 9 Union territories.

Uttar Pradesh is one of the largest state called Hindi speaking heartland of India and its enriched by Ganga, Yamuna Rivers and plain area which covers geographical area , 6.88 % of the country's,. Some part of it is plateau of Bundelkhand. Uttar Pradesh accounts 20.42 crore populations. According to census report (2011), Uttarpradesh encompassing 2,43,290 square kilometers and have 75 districts, 901 blocks and 200 million inhabited villages. The state has population density of 829 people per square kilometers while the total population density of country is 382 people per square km.. The total population of the state was 8.8 corers in 1971. It increased to 11.1 corers in 1981 and then reported to be

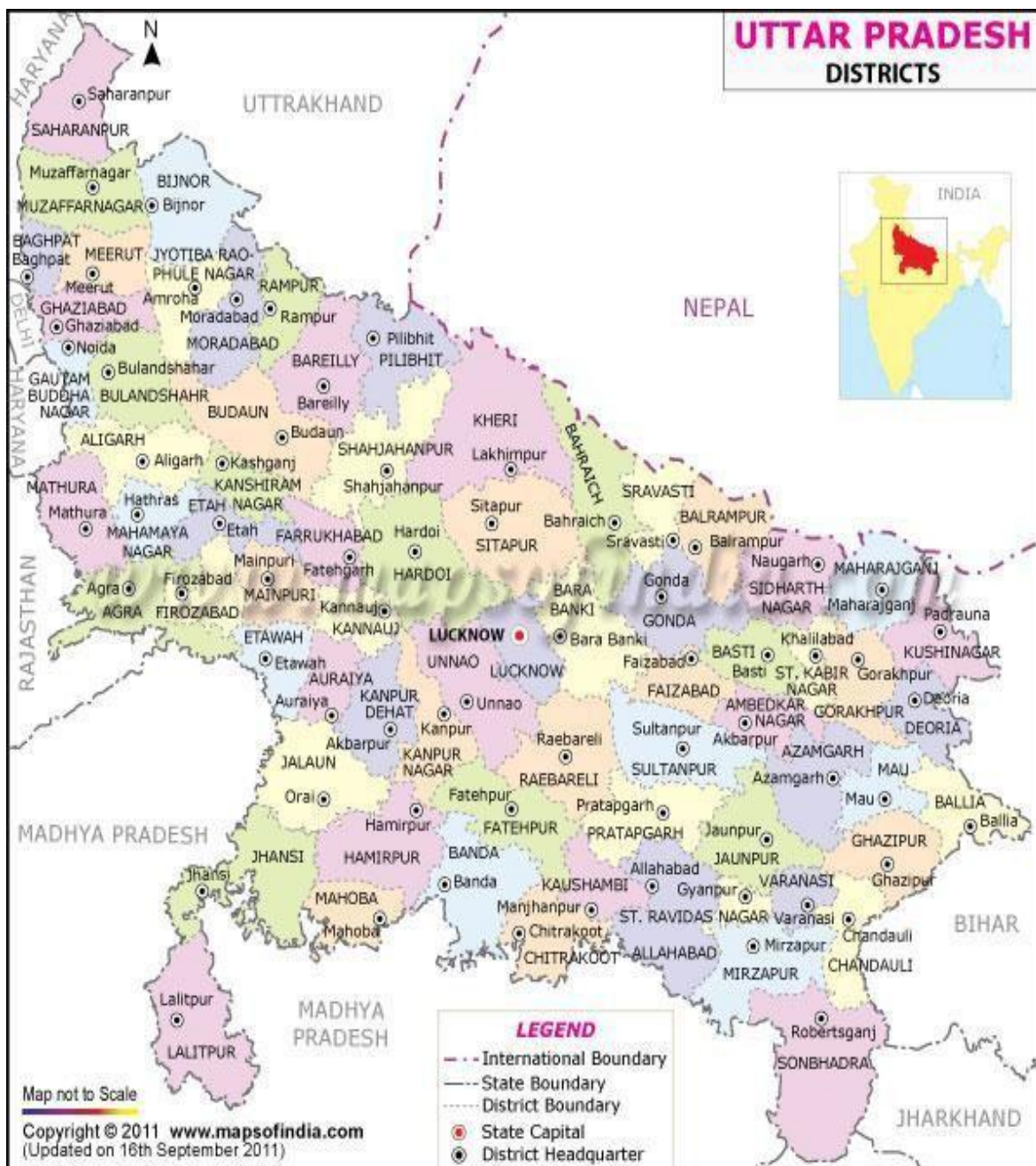
19.9 corers in 2011 while in 2019 estimated population is 20.42 crore.in cereal production, milk production, animal wealth, sugarcane and sugar production, potato production, rail line strength and the branch of commercial banks and post office Uttar Pradesh occupies the first position in india. It is unfortunate that the level of urbanization is lower than most other states of India. According to census (2011), approximately, 80% population of Uttar Pradesh resides in rural area spread over 97,942 inhabited villages. On the basis of economy, whole state has been divided into four regions, Eastern region (start from Ballia to Western region ends upto GreterNoida), Central region, and Bundelkhand region.

1.9 General Profile of Uttar Pradesh:

Uttar Pradesh is known as “Hindi speaking Heartland” of India. As per census report 2011, total population of Uttarpradesh is 19.96 crore and contains geographical area of 2.41 Lakh sq. Km. according to report nearly 80 per cent population lives in rural area. It has 72 districts. Its boundary is associated with otherpradesh of India like Rajasthan, Haryana, Madhyapradesh, Chhattisgarh, Uttrakhand, Bihar and Jharkhand. Its boundary is connected to Nepal.

Uttar Pradesh follows the collectivist nature of society and has good amount of the human and natural resource; according to the regional diversification this state is very helpful in its socio-economic development.

Map 1: District-wise map of Uttar Pradesh



1.10 Profile of Social Development in Uttar Pradesh:

Uttar Pradesh is one of the best civilized states of India. This state has diversified nature where 1 people belonging to diverse ethnic, religious and social groups have been coming to this region and settling here. If we talk about the social development, it is very necessary to discuss the religion and social groups of Uttar Pradesh. According to 2011 census, state has 16.50 % population, 79.80 % per cent of the State Population was Hindu. While, Muslims is 14.23 % of population. The remaining 2.30% are Kristina, and Shikh population is 1.72%. According to census report 2011, the total houseless population in Uttarpradesh is 3, 29,125 and their literacy rate is 37.17%. While the literacy rate of houseless people in India is 56.07%. In state 29.43 % population are living below poverty line.

1.10.1 Human Development in Uttar Pradesh:

It is very important to understand the human development ratio .Now a day Human Resource development are given high priority in every country. It is more frequently used indicator of any country. The Human Development index is measurement scale of any country has been developed by United Nation Development Programme (UNDP. According to HDI report 2018, the human development index of Uttarpradesh is 0.596.

Table: 1.1 Progress of Human Development in U.P.						
Index	Year Improvement in %			Year Improvement in %		
	1991	2001	2005	1991-2001	2001-2005	2018
HDI	0.5709	0.4249	0.5442	28.08	4.90	0.596
GDI	65.12	0.4910	0.5277		7.47	
Deprivation Index	-----	54.53	-----	-16.26	-----	

Source: Computed for the Report (*Human Development Report, Uttar Pradesh*)

Table: 1.2 Comparison of Population size and population growth rate in Uttar Pradesh and India since 2001 to 2011

Census Year	Uttar Pradesh (in Lakh)	India (in Lakh)	Share of U.P. in India (per cent)	Decadal Growth rate (percent)	
				U.P.	India
2001	1662*	10286	16.16*	(+)25.80	(+)21.34
2011	1995*	12101	16.48*	(+)20.09	(+)17.64

Source: Human development Report (2008). In Uttar Pradesh and Census report of India 2011.

From the table, and census report, 2011 indicate that in year 2001 decadal growth rate of population in Uttar Pradesh was 25.80 per cent, while in 2011 the population growth rate has declined and growth rate declined from 25.80 to

20.09 per cent. On the basis of report Researcher can say that in this decade population growth rate in Uttar Pradesh. It is clear that it is higher than the total growth rate of Indian population.

Table1.3 Comparison of Population density in Uttar Pradesh and India

Year	Population density India (Per square km.)	Population density of Uttar Pradesh (per square km.)
1981	216	377
1991	267	554
2001	325	690
2011	382	828

Source: Census report (2011) and Sankhiya dairy Uttar Pradesh 2012.

From above table, and comparison of census report, of 1981, 1991, 2001 and 2011, the population density of Uttar Pradesh is more than two times in compare of total density of India. We can say in limited resources high population pressure on land in Uttar Pradesh, It might hamper and negatively affected the socio-economic development of the state. If population pressure increases the problems of malnutrition, problem of unemployment, poverty and education facility is affected as well as increases the problems of better care of health facility and infrastructure. Thus on the basis of it can be calculated that population pressure disturbs the development process of Uttar Pradesh.

Table 1.4 Comparison of Sex ratio of Uttar Pradesh and India

Year	Uttar Pradesh India		India	
	Sex Ratio of whole age groups	Sex ratio (0-6 Year)	Sex Ratio of whole age groups	Sex ratio (0-6 Year)
1981	882	935	934	962
1991	876	927	927	945
2001	898	916	933	927
2011	908	899	940	914

Source- Economic survey of Uttar Pradesh 2010-2011

From table it is clear that in 1981 sex ratio was 882 in Uttar Pradesh and India, 934. Census report (2011)0 shows that the sex ratio there is some improvement, as it rose to 908 in Uttar Pradesh but it is much lower than the total sex ratio of India which is 940 in India. In above table according to report, the sex ratio of children of age group 0-6 year is better than average sex ratio in previous decade in Uttar Pradesh and India. According to above table in 1991 the sex ratio of 0-6 year age group also declined in Uttar Pradesh and India. On the basis of report researcher can say frankly that with improvement in economic development and medical facility increases and comparative sex ratio declined in the Uttar Pradesh and in India.

1.10.2 Economic Profile of Uttar Pradesh

In India, Uttarpradsh is one of the most backward states in Economy. Since the characteristics of Uttar Pradesh is pre- dominance of the agricultural sector with heavy dependence on Monsoon. In Uttarpradesh, population is very high and percentage of marginal and small land holdings, or unskilled labors, over population pressure according to resources, small/ negligible manufacturing sector, structural deficiencies in infrastructure, glaring regional imbalances(in east Uttarpradesh no single manufacturing unit is available) and sluggish

economic growth. These aspects are briefly highlighted below.

1.10.3 Income Levels and Growth

Economy as well as social development of any state or country depends upon the income levels or per capita income of that state or country. In terms of per capita income, U.P. is among the ‘low income category’ States only upper to Bihar, according to report of NSDP PPP and conversion rate from IMF (209-20) is (₹ 70,419) and also bellow to Madhya Pradesh and Orissa (₹ 1,01,587). Moreover, due to sluggish economic growth in U.P., the gap in per capita income of the State is and that of the country has been increasing. Per capita income in U.P., which was almost equal to the national average in the beginning, which is right now near to half of the national average per capita income level.

Table no1.4

Sr. No	Rank	State	NSDP per capita (Nominal) 2017-18	NSDP per capita (Nominal) 2018-19	NSDP per capita (Nominal) 2019-20
1	1	Goa	₹ 4,22,155	₹ 4,58,304	NA
2	2	Delhi	₹ 3,28,985	₹ 3,65,529	NA
3	30	Jharkhand	₹ 69,265	₹ 76,019	NA
4	31	Manipur	₹ 65,008	₹ 69,978	NA
5	32	Uttarpradesh	₹ 58,821	₹ 66,512	₹ 70,419
6	33	Bihar	₹ 38,631	₹ 43,822	NA

Source: List of Indian states and union territories by GDP per capita, NSDP PPP, conversion rate from IMF (2020).

Table shows that economic status of Uttarpradesh is very poor. According to released data Uttarpradesh is on second to the bottom line of per capita income. It is over all situation of per capita income shows that the rural population is in very bad situation and in Ballia, Ajamgarh, Mau, Ghazipur microfinance companies provide loan to different groups of

women only on the basis of their signature on weekly EMI basis. One of the person of the company come a fix day of the week to collect the money from these women.

1.11. Factors Responsible for Poverty in Uttar Pradesh

- Most of the population live in rural area
- Dependency of rural population on agriculture
- Discontinuous in income of rural population.
- Population ratio is high in compare to in compare to land.
- Low per capita income
- Inequality of Social distribution
- Women literacy rate is low
- Participation of women is very low in economic activities.
- Lack of Industrialization

1.12. Need for Study

It is evident that social development, economic development, educational development and psychographic factors do occur in the decision- making. Understanding why and how contributes to Microfinance. All these factors are essential in understanding the whole process of understanding the role of microfinance on impact of rural population. This research study examined the role of microfinance and how is it related to the benefits of poor people. In addition, this study has gone further in depth than previous studies to examine the psychographic factors associated with the MFIs. Since psychographics plays the role in the decision-making process of the utilization of MFIs. Little attention has been emphasized on the impact of these factors on socioeconomic development. Along with this, in this study it has been checked and tested the differences according to demographic variables.

1.13. Purpose of the Study

The purpose of this study is manifold. At first to find out the effect of microfinance on socioeconomic development of rural population. Secondly to investigate the relationship between s psychographic factors and MFIs.. Thirdly to check that psychographics i.e. different type of personality has a correlation among themselves or not. Fourth to check that combination of these personalities and demography has any significant role with MFIs. Finally, researcher tries to check whether demographic factors have any relation with MFIs and socioeconomic developments.

1.14. Significance of the Study

This research study is relevant for rural population, marketing professionals as well as the academicians. On the basis of study psychographics of rural population specifically towards the MFIs and the impact on socioeconomic development. This study has contributed a model showing the relationship psychographics poor population belonging to rural area and utilization of MFIs. Marketers should integrate the psychographic components to develop his/ her products according to their socioeconomic status so that it leads to purchase. These psychographic components will be very helpful for the policymakers to study in different aspects of living standard as well as general consumption behaviour.

1.15. Scope of the Study

The scope this research study is in the following ways:

1. The study is limited to rural population viz., farmers, labors, daily vases population , unorganized workers
2. The study subjects utilization of MFIs of some selected personalities and only socio economic development of villages of some selected districts eastern Uttar Pradesh.



CHAPTER- II

**REVIEW
OF
LITERATURE**

CHAPTER II: REVIEW OF LITERATURE

2.0 Introduction

A literature review is the detail discussion about the facts and reality related to study in the form of published information of a particular topic in a meticulous subject area for a certain time period. It is an evaluative and analytical report of given information found in the literature related to given area of study. A review of literature attributes summary of the sources which gives important information about the study. Literature review provides a support to the readers about the relevance of the given information through cited sources. The format of a literature review might be different for different disciplines and assignments.

This chapter provides an appraisal of literature related to microfinance users, the role of microfinance, the role of MFIs in socio-economic development of rural population as well as various definitions and dimensions of social, economic and development and a discussion on the role of role of MFIs. This chapter defines and describes the complexity of MFIs, during decision-making.

2.1 Microfinance – An Overview

Gaur (2010) “Micro Credit –on Rural Orientation “defined Microfinance as a set of financial activities provided to poor population, which basic aim is to incorporates loans, savings, deposits, insurance, transfer services etc. He stated that microfinance as a promising strategy for financial inclusion in India. The author has tried to emphasize on the concept of micro-credit, its strengths and weaknesses. As the percentage share of total rural credit, microfinance sector holds 0.68 % in year 2001 and 6.27% in the year 2006. He has emphasized that the microfinance has shown positive impact on reduction of poverty and improving socio-economic life of rural population through children’s education, food security and nutritive diet. On the other hand due to high interest rate on given loan of MFIs poor performance of banking system, exclusion of the poorest among poor, abuse of its recovery practices retards its further development and growth. In his book author has suggested adoption of anticipatory and proactive measures to remove lacuna of the system.

Panigrahi and Shobhit (2008), have defined the microfinance as a system that provides Small and micro loans to poor and baseless entrepreneurs in specific to small and micro scale self-employed cottage and home based businesses which becomes the newest silver bullet for alleviating poverty. According to authors the tremendous growth of microfinance institutions occurs in India, due to the loopholes in Indian banking systems. They have emphasized that the potential of microfinance is more in India as compared to other part of world due to availability of 7.5 crore poor and their demand for small loans.

Mamun and Fontaine (2008), have defined that microfinance as an instrument to impel the money lender out of business and to bridge the socio economic gap created by rural population, cooperatives and commercial banks. It is a collection of banking practices build to provide small & micro loans and accepting saving deposits. The authors emphasized that out the commercial bank negligence towards the poorer with a well excuse of higher transaction cost, lack of collateral and geographic isolation. According Mamun and Fontaine, microfinance enables the self employed people to create productive capital along with protecting existing one which helps them to build assets and hold wealth. Further, they compared two approaches of Microfinance i.e. Institutionalism and welfares. The former rejects the subsidy concept in alleviating poverty while the latter supports subsidized interest rate for immediate improvement of economic safety.

Kamdar, (2007), defined Microfinance as an instrument which provides financial services to poors, whose income is very low and unstable but their needs are sudden and urgent. Microcredit movement resulted in empowerment of poors basically, women by bringing both social and economic changes. The reports of CRECER, BRAC, SEWA indicates opposite to the fundamental principle that the members invested their increased income on children's education followed by consumption leading towards better socio-economic life but the slums and poors of Mumbai, Maharastra show no long term fundamental change in the lives of borrower as well as no improvement of children education. According to her, not all micro investment

Produces give favorable result because of effect of external as well as internal infrastructure like natural calamities, lack of skill knowledge and investment in low return activities. According to her different Micro financial services models play

different role in delivering, its advantages loopholes, impact and problems of high credit cost and reason behind it (tiny transaction). As the sources of micro funding concern in different countries, the informal sector charges interest rate is 24 to 72% annually whereas the formal source charge is 10 to 29%. The MFIs charges interest rate is 18 to 80% over different countries. Kamdar has mentioned that Microfinance as a program to alleviate measured poverty and to achieve this challenge she emphasized strengthening Self Help Groups movement through creating capacity building, reducing transaction cost, diversifying portfolios, and opening up access to financial market to clients.

2.2 Micro-credit:

Micro-credit is a component of microfinance and it is the extension of small loans to entrepreneurs basically, who are very poor or weaker section to qualify for traditional bank loans. Especially in developing country like India, micro-credit enables very poor people to engage in self-employment projects that generate income to these poors, thus allowing them to improve the standard of living for themselves and their families.

Micro Credit is type of financial service provided to those individuals that lack collateral, steady employment and a verifiable credit history and on the basis of record they cannot meet even the most minimal qualifications to gain access to traditional credit. This beneficiaries group of individuals includes artisans, tiny and small industries, grocers, vegetable vendors, hokers', rickshaw pullers, informal vendors or roadside retailers and the like. Other activities include farming, poultry, cattle rearing, piggery, fishery etc.

Prof. Muhammad Yunus (1976) launched a research project to examine the possibility of designing a credit delivery facility to provide banking service targeted to the rural and poor people. In October 1983, the Grameen Bank of Bangladesh project was transformed into an independent bank by government legislation. The organisation and its founder, Dr. Muhammad Yunus, were jointly awarded the Nobel Prize for peace in 2006; the organisation's low-cost housing program won a World Habitat Award in 1998. In 2005, The United Nations declared the International Year of Microcredit.

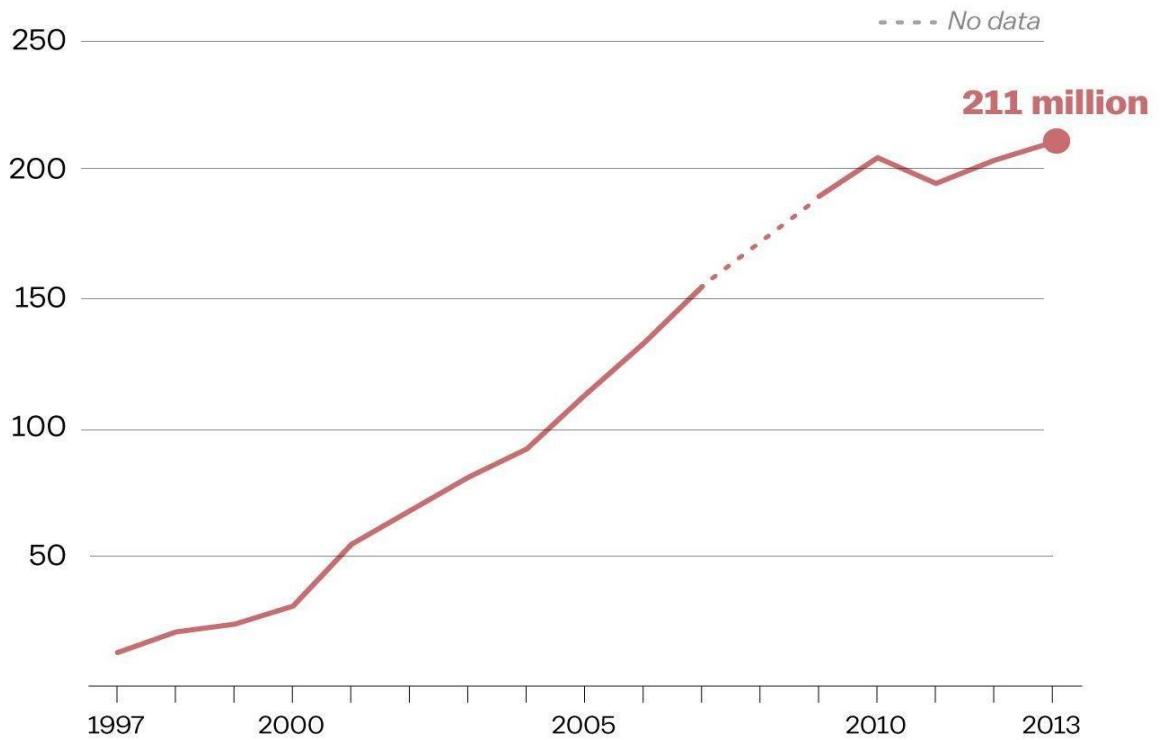
Fig2.1 Basket-weavers in Kerala, funded by microcredit



Basket-weavers in Kerala, funded by microcredit. Credit: ESAF/IPS (Oct 9, 2011)

Diagram no-2.1

Total number of microcredit borrowers



Source: Microcredit Summit Campaign 2015 report

Vox

2.3 Micro finance Institutions (MFIs):

An organization which is engaged in extending micro credit loans and other financial services to poor population for the source of income generation and self-employment activities. Micro finance Institution is an informal banking system and not a part of the formal banking industry or government organisation. It can also be referred to as a NGO (Non-Government Organization). These institutions is considered as one of the most effective tools of reducing poverty by enabling microcredit to the financial weaker section of the society. It plays a significant role in bridging the gap between the formal financial institutions and the rural poor and financially weaker section of the society. These Institutions borrow the loans from the Banks and other mainstream formal Financial Institutions and provide financial and support services to the poor populations.

Union Budget (1998-99), Government announced that NABARD would endeavor to ensure credit linkage of 2 lakh Self Help Groups in a period of 5 years.

Swarna Gram Swarojgar Yojana (SGSY) (1999), was launched with an amalgamation of government programmes like Integrated Rural Development Program(IRDP) and allied schemes like Training of Rural Youth for Self- Employment (TRYSEM), for the development of rural population particularly Women and Children in Rural Areas , it was a olistic programme to eradicate poverty by using the vehicle of SHGs for purveying microcredit for all rural poor especially the people belongings from bellow povert line (BPL) families.

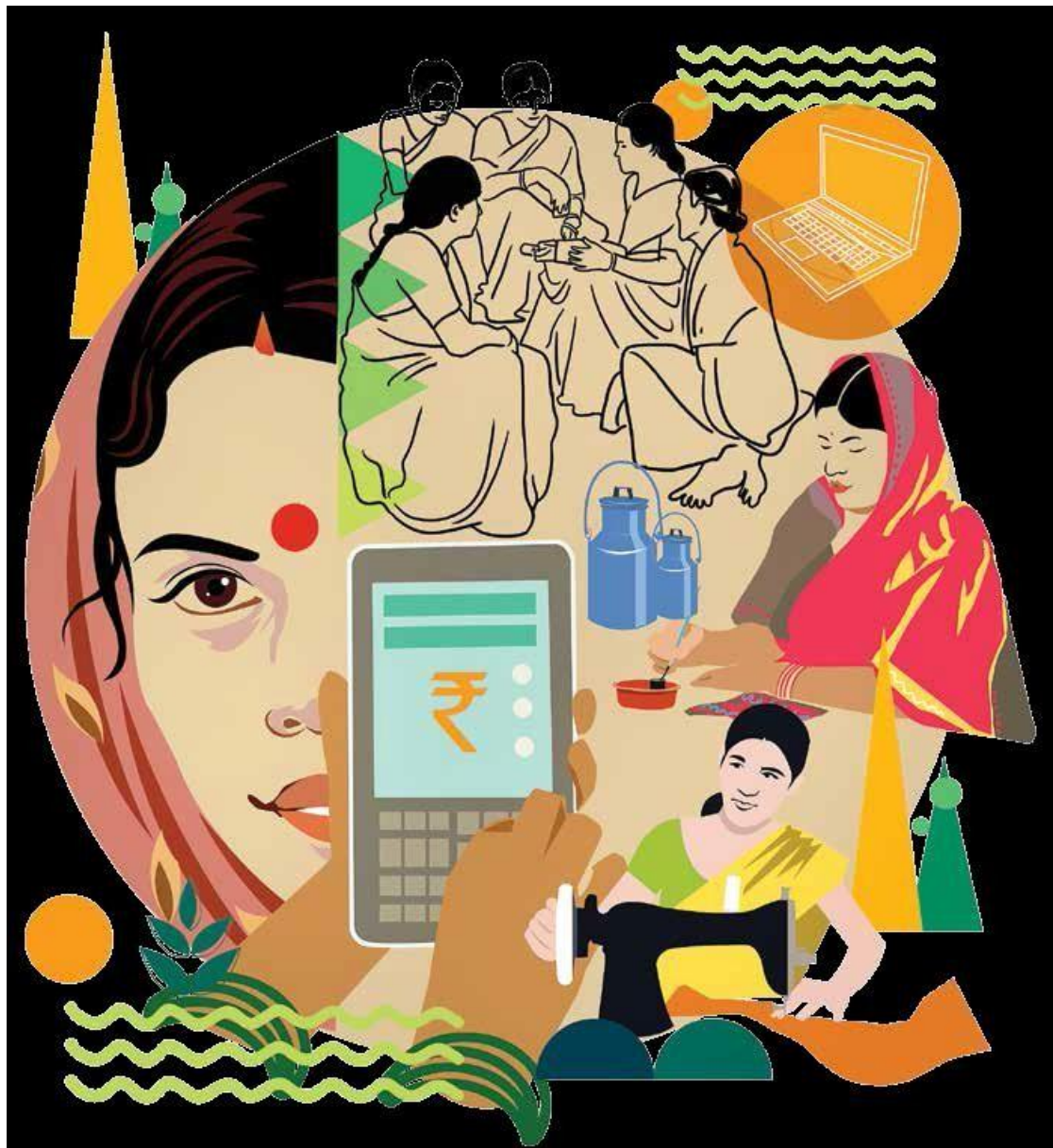
RBI (2006), issued guidelines for Branchless banking initiative in the rural areas through use of Business Correspondents and Business Facilitators. NABARD (2008), establishes NABFINS, a subsidiary bank of NABARD to provide financial services to rural population in two broad areas mainly Agriculture and Microfinance. A Committee was formed named “Committee on Financial Inclusion” Based on the recommendations of this committee two Funds, namely the “Financial Inclusion Fund (FIF)” for meeting the cost of developmental and promotional interventions for ensuring financial inclusion and the “Financial Inclusion Technology Fund (FITF)”, were launched to meet the cost of technology adoption were set up at NABARD with an overall corpus of R500 crore each.

In 2012, The Self Help Group -Bank Linkage Program was renewed thrust with the launch of SHG-2. In same year program (Women self Help Group –Bank (W SHG) was also launched for the special assistance of women.

In year 2015, The Self Help Group Strategic Advisory Board was constituted in NABARD with the help of various stakeholders as well as representatives of DFS, NRLM, RBI, Bankers and Domain Experts to focus on strategic action plan on SHG BLP, The objective was to digitization, livelihood promotion and connecting with a proper eco system to facilitate greater credit flow to the Self Help Groups

EShakti (2016)pilot project was extended to additional 23 districts in by Indian Government. EShakti (2017) pilot project extended to 75 more districts thus covering total 100.

Fig2.2 .NABARD initiatives



Source- NABARD (2017-18) Microfinance in Indi

2.4 Functioning of microfinance:

Mahajan Vijay and Nagasri G. (1999), reported that India is one of the largest emerging market for microfinance in world. According to them however, the demand needs to be organised and converted into effective demand. The need of credit for the poor should be backed by willingness to pay the price for the financial services. Only then the demand is sustainable. Micro Finance institutions should offer sustainable financial services and reach a stage of high access and high sustainability, which is up to the desired level. There is emerging market competition from mainstream banks as they are able to cross-subsidize their micro-credit operations and charge interest rates below cost.

Hollis and Sweetman (1998), stated mid-19th century Irish loan funds and find that Microfinance institutions were able to lend to the poor at the competitive interest rates without subsidies. These Irish Microfinance institutions combated informational and enforcement problems while operating at a surplus in a market that formal sector banks would not serve. *Perry (2002)* stated that there is Indirect evidence that the poor may not mind paying high interest rates can be drawn from where Microfinance institutions clients borrow funds to become moneylenders, presumably successfully lending at rates higher than their Microfinance institutions charges. According to **James C. Brau, and Gary M. Woller (2004)**, poor who cannot obtain Microfinance institutions membership are thus willing to pay rates higher than that charged by the MFI.

According to NABARD (2002), which covering 560 households from 223 Self Help Groups in 11 States of India, elucidated that there has been a positive result in enhancing the living standard of Self Help Groups members in case of asset ownership. According to report the average value of asset including livestock and uses of consumer durable goods has increased considerably. The housing facilities of the rural and poor people is improved, they have been used from the mud walls to thatched roofs to brick walls and tiled roofs. Report indicates that almost all members developed saving habit in the post Self Help Groups. The trend of borrowing loans come down in contrast the loan for income generating purpose has increased considerably during the pre- Self Help Groups period. Report clearly indicates that the number of overall repayment of loans improved and the average net income per

household has increased about 33% and the employment of rural population increased by 18% between the pre and the post SHG conditions.

Aghion and Morduch (2005), in their study observed that microfinance can make a real and positive difference in the lives of those served, they also stated that microfinance is neither a panacea nor a magic bullet against poverty irradiation, and it cannot be expected that microfinance works everywhere and for everyone. Study indicates that much as there have been mixed statistical impacts of microfinance poor people and has been no widely acclaimed that robustly shows strong impacts but most of studies suggest the possibility of good welfare impact.

According to Vani Kamath (2010), in the study of access to banking and scope for microfinance in Gulbarga District, Karnataka: according to study of Financial Inclusion on Below Poverty Line (BPL) Families” summarized in his thesis the points like There is a significant difference between Financial inclusion and lack of awareness by rural households. Thesis indicates that there is a significant difference between the financial inclusion and institutional negligence by banking system. Finding also indicates that there is a significant difference between household perceptions about the formal and informal sources of finance. According to his findings there is a significant difference between access to a savings account and usage of that account. It is very important that there is no significant difference in the perceptions of households between Self Help Group Savings and chit funds.

2.5 Impact of financial products on the lives of Poor:

According to *James Roth*, Kirkpatrick et al (2002), “Microfinance is a bit of a catch all-term which refers to the provision of financial products targeted at poor or low-income population. Microfinance is a type of financial services includes credit, savings and insurance products. A series of micro financial institutions has emerged from the provision of these services, name micro-credit, micro-savings and micro-insurance”. According to *Snodgrass and Sebstad (2002)*, researches used a wide range of indicators to measure the quality of life of the poor and households” of microfinance organizations clients.

Khan, M, A. and Rahaman, M. A., (2007), stated that several microfinance institutions are working in Bangladesh for the last few decades for rural poor people and women.

According to researcher Grameen Bank, BRAC, ASA and PROSHIKA are some of the prominent microfinance institutions in which work for the betterment of poors of Bangladesh. These organizations are working tremendously to the empowerment of rural population, poverty reduction and improvement of living standards for the poors in Bangladesh. Currently these institutions are not only working in Bangladesh but also providing help and support, and are the source of motivation to other Micro Finance Institutions of the world. There are some arguments that the interest rate of Micro Finance Institutions is high, but the researchers in their study stated that most of the respondents did not agree on this issue and found it to be reasonable. According to study,MFIs are contributing not only in alleviating the poverty and improving the living standards of the rural and poor people, but also in offering extensive human development programs in Bangladesh.

Knight and Farhad (2008), In their study reported that micro finance directly improves quality of life of poor population and promotes poverty reduction. By getting loans in easy way the client feel very comfortable and become self employed and protect him/her for the external threats. By getting employment they become self-reliance and rose from the poverty line and the poverty decreased. Micro finance is in the initial stages to get loan for small business and in these stages most of the rural peoples do not know about the beauty of micro finance. Some peoples take it negatively that micro finance where the result of micro finance is impacted negatively. Overall it is found that the examples where the result of micro finance is more positive than the negative should be highlighted so that more poor people get benefit from micro finance and cross the poverty line.

Verma, Renu.(2008), through her study expected that microfinance can play a significant role in poverty alleviation and rural development. In the recent past Microfinance has, become one of the more promising ways to use core development funds to achieve the goal of poverty alleviation. She has also stated that certain microfinance programs have gained prominence in the development field and beyond. The ultimate goal of MFIs is to attain social and economic empowerment. These microfinance institutions may very well have had a major impact on improving the standard of living of millions of rural and poor people as well as on promoting economic development of rural areas. Therefore microfinance institution has become

one of the utmost active involvements for economic enablement of the poor people.

Parvin (2009) conducted research a study on Self Help Groups(SHG) and women Empowerment a conceptual perspective and defined empowerment as a process whereby the powerless get their power and can share of control of resources and decision making. Power is exercised in social, education, economic and political relations between individual and various social groups and women in general while poor women particularly are powerless because of no control over resources as decision making.

Ravikumar, (2016), “ in his study the Contribution of Microfinance in empowering the women entrepreneurs in Gulbarga city, Karnatka” According to his study women entrepreneurs have been empowered in the different sections of their business operations and social status under the dynamic guidance and support of micro finance institutions(MFIs) and if women entrepreneur is given a proper guidance and skill development training further that will definitely enhance the profitability of the enterprises and the future will be bright, prosperous and self independent.

Fig- 2.3 .Functioning of MFIs



Source: Lending to a peer group in India through a MFI representative (wandx.co.)

2.6 The Economics of Joint Liability Group Lending

Generally speaking, microfinance programs provide credit to the poor, either through joint liability group lending or through individual-based lending. While the latter comes close to traditional banking, involving a direct relationship between the program and an individual, the joint liability lending approach uses groups of borrowers to which loans are made. With joint liability lending the group of borrowers is made responsible for the repayment of the loan, i.e. all group members are jointly liable. Thus, if one group member does not repay her loan, others may have to contribute so as to ensure repayment. Non-repayment by the group means that all group members will be denied future access to loans from the program. In this way, group lending creates incentives for individual group members to screen and monitor other members of the group and to enforce repayment in order to reduce the risk of having to contribute to the repayment of loans of others and to ensure access to future loans. Thus, joint liability group lending stimulates screening, monitoring and enforcement of contracts among borrowers, reducing or erasing the agency costs of the lender. Moreover, the group lending structure is also expected to be more effective in providing such activities as compared to the lender, because group members usually live close to each other and/ or have social ties. They are therefore better informed about each other's activities. Since joint liability group lending stimulates screening, monitoring and enforcement within the group, and since it improves the effectiveness of these activities due to geographical proximity and close social ties, repayment performance of group loans is expected to be high. Several theoretical models confirm that joint liability group lending leads to more and more effective screening, monitoring and enforcement among group members.

Some of these models explicitly focus on the properties of joint liability lending related to mitigating information asymmetries. Some other models specifically discuss the role of social ties within group lending in improving repayment performance of groups. In spite of the abundance of theoretical literature, there has been surprisingly little empirical evidence of whether and how microfinance actually helps to reduce existing information asymmetries. This is, at least partly, due to the difficulty of obtaining reliable data on the working of these programmes and the behaviour of their participants. Most of the available empirical studies address the general question of whether joint liability group lending improves repayment performance of groups, using different types of proxies for screening, monitoring and enforcement behaviour taking place within groups. Wenner (1995) provides one of the first

empirical studies on the determinants of repayment of groups. His analysis indicates that repayment performance of groups improves when groups have written (formal) rules stating how members should behave. This variable implicitly measures screening, monitoring and enforcement activities that take place within the groups. Another variable that is found to determine repayment is the location of groups: if groups are located in remote areas this reduces their possibilities for access to alternative sources of credit, which stimulates them to ensure group repayment as much as possible in order to have future access to loans. Sharma and Zeller (1997), using data of 128 groups from four group lending programmes in Bangladesh, show that repayment problems increase when there are more relatives in the same group. This supports the hypothesis that screening, monitoring and enforcement among relatives does not take place or at least is less effective, since relatives may more easily collude against the programme and delay repayment. Second, the results indicate that if borrowers are more credit rationed this increases repayment performance. This result can be taken as evidence for the fact that group members have more incentives to screen, monitor and enforce if they have no alternative credit sources. Third, Sharma and Zeller (1997) find that groups that were formed using a self-selection (screening) process show a better repayment performance.

Zeller (1998), Moreover, he shows that groups with internal rules and regulations demonstrate better repayment rates, a result that was also reported in Wenner (1995). An influential study is carried out by Wydick (1999), who uses data of 137 groups from a group-based lending programme. Wydick finds evidence for the fact that the average distance between group members negatively influences repayment performance, whereas the knowledge one member has of the weekly sales of other members is positively related to repayment performance. Both variables are assumed to measure monitoring activities within groups. However, he also finds evidence that social ties within groups reduce the pressure members put on each other to repay loans. Paxton et al. (2000) use data of 140 groups from a group-based lending programme in Burkina Faso. They show that the homogeneity of the group in terms of their ethnicity, occupation, income etc., reduces its repayment performance. This may indicate that if members are more homogeneous they have lower incentives to screen, monitor and enforce each other and/or may start to collude against the programme. They also show that social pressure within groups is positively related to repayment

Performance. Finally, they find that the quality of the group leader in running the group is

positively related to repayment performance, which may be seen as evidence for the fact that the group leader plays a prominent role in screening, monitoring and enforcement within the group.

. Their most interesting result is that social ties between group members are not necessarily positive in promoting group repayment, which contrasts the generally accepted view in the literature.

2.7 Financial Performance and Outreach:

A second important issue raised in the literature on microfinance deals with the sustainability of microfinance programmes. Providing microfinance is a costly business due to high transaction and information costs. At present, a large number of microfinance programmes still depend on donor subsidies to meet the high costs, i.e. they are not financially sustainable. In the 1990s, the importance of financial sustainability of microfinance institutions gave rise to an important debate between the financial systems approach and the poverty lending approach (Robinson, 2001). If both approaches agree on the ultimate goal, which is to serve as many poor people as possible in a sustainable way, the means by which these goals should be reached differ fundamentally. The financial systems approach, on the one hand, emphasises the importance of financial sustainable microfinance programmes. On the other hand, the poverty lending approach concentrates on using credit to help overcome poverty, primarily by providing credit with subsidised interest rates. Ultimately, the debate comes down to the question whether subsidising interest rates is justified. The advocates of the poverty reduction approach would argue that the poor cannot afford higher interest rates; hence that financial sustainability ultimately goes against the aim of serving large groups of poor borrowers. The financial services camp, however, claims that empirical evidence neither shows that the poor cannot afford higher interest rates nor that there is a negative correlation between the financial sustainability of the institution and the poverty level of the clients. The debate between the two approaches has not been concluded yet, although the most recent microfinance paradigm seems to favour the financial systems approach. The main argument to support this view is that large-scale outreach to the poor on a long-term basis cannot be guaranteed if microfinance institutions are incapable of standing on their own feet. Nonetheless, there remains a huge variety in microfinance institutions, some of which can be characterised as subsidised credit institutions, whereas others are becoming sustainable commercial financial institutions. This new microfinance paradigm has stimulated research

on financial performance and financial efficiency of microfinance institutions. Hulme and Mosley (1996), for instance, provide alternative measures of financial performance of some microfinance institutions. By using the Subsidy Dependence Index (SDI) devised in Yaron (1992), indicating how much higher the interest rates charged to borrowers would have to be in order for the institution to cover all operating costs, Hulme and Mosley show that almost all institutes in their sample are still subsidy dependent. Morduch (1999a) provides a similar calculation for the Grameen Bank. He shows that, in order to become subsidy independent, the Grameen Bank would have needed to increase the lending rates by some 75% between 1985 and 1996.

Find that the extremely poor benefit more from microfinance than the moderately poor. However, most of the evidence on the depth of outreach of microfinance institutions suffers from being anecdotal and case study driven. The existing studies do not systematically explain differences in depth of outreach of microfinance institutions, nor do they explicitly explore whether there is a trade-off between the depth of outreach versus the strife for financial sustainability. The existing literature on microfinance focuses almost entirely on group lending, while hardly paying attention to other approaches to microfinance lending, e.g. individual-based lending. In the light of the current move to individual-based lending systems (even the most well-known examples of group-based lending, the Grameen Bank of Bangladesh and BancoSol of Bolivia now use individual-based models) this is a bit surprising. There is a general descriptive discussion in the literature on the advantages of group loans over individual loans (Conning, 1999; Morduch, 1999b). Some authors prefer individual loans because they are assumed to be more flexible, whereas others are in favour of group loans. However, until now there has been no systematic and rigorous comparison of group-based versus individual-based microfinance institutions. Cull et al. (2007) are the first to provide such systematic comparison. The results of the analyses are extremely interesting and highly policy relevant. Individual-based microfinance institutions seem to perform better in terms of profitability, but the fraction of poor borrowers and female borrowers in the loan portfolio is lower than for group-based institutions. The study also shows that a rise in interest rates, above a certain threshold, leads to a worsening of portfolio quality in case of individual-based lending, whereas this relation does not exist for the group-based microfinance institutions. This confirms the hypothesis that screening and monitoring by peers in group-based systems helps to overcome problems of moral hazard and adverse selection. The study also suggests that individual-based microfinance institutions, especially

if they grow larger, focus increasingly on wealthier clients (mission drift), whereas this is less so for the group-based microfinance institutions. Most importantly, the study strongly underlines the importance of institutional design in considering trade-offs in microfinance.

Barr, Michael S. (2005), “ in his book *Microfinance and Financial Development* stated that To enhance international development, the United Nations Organization (UNO) had announced the millennium development goals, aimed to eradicate poverty by 2015. According to report of Ibid,(2005), In the recognition of microfinance, the United Nations Organisation celebrated the year 2005 as a year of micro-credit⁵, as a result this financing instrument is perceived worldwide as a very effective mean against fight of hunger and poverty eradication mainly in developing countries. For the achievement of this goals Government body , various donors and NGOs around the world responded very enthusiastically with plans and promised to work together as a team towards the realization of these goals.

Basu, P., Srivastava, P. (2005), In their research study stated that India's rural poor currently have very little access to formal financial resources and Microfinance organisations approaches are trying to fill the gap. Among these efforts, the growth of Self Help Group Banks Linkage has been very remarkable, but their efforts outreach remains modest in terms of the proportion of poor households population served. ***Basu, P., Srivastava, P through their research*** also recommended that, if Self Help Group Bank Linkage is to be scaled-up to offer mass access to finance for the rural needy population. It is very important to pay more attention toward the promotion of high quality Self Help Groups that are sustainable, clear targeting of clients, and ensuring that banks linked to Self Help Groups price loans at cost-covering levels. At the same time, Basu, P., Srivastava, P stated that, in an economic diversification as vast and varied as India's, there is scope for diverse microfinance approaches to coexist at the same time. In their research they found that private sector micro-financiers need to acquire greater professionalism. According to them the role of government is to help by creating a flexible policies architecture for microfinance innovations, including through a more enabling policy, legal remittances, and regulatory framework. Finally, they concluded that, while microfinance can, at minimum, serve as a quick way to deliver finance to the rural and poor population, the medium-term strategy to scale-up access to financial assistance for the poor who should be to "graduate" microfinance clients to formal financial institutions.

Muhammad Yunus, on 13th October 2006, the Nobel Peace Prize winner through GrameenBank, showed himself to be a leader who has managed to translate its visions into practical action for the benefit of millions of poor people, not only in Bangladesh, but also in many other countries of world. According to report on www.grameen-info.org, to provide loans to poor population without any financial security had appeared to be an impossible idea.

Joseph Lalrinliana and Easwaran Kanagaraj (2006) in their article “SHGs and Tribal Development in Mizoram” in their study on Mizo Tribe that Self Help Groups are emerging as major agents of development and empowerment of weaker sections in the rural and slum areas. In India, since the beginning of the Ninth plan, most of the development activities are channeled through Self Help Groups. In all the parts of the country Self Help Groups are organised by Non- government organisations (NGOs) facilitate them by providing small and micro fund, organisational base and training credit etc. In most parts of India, Self Help Groups are considered the agents of empowerment of rural population specifically women.

Jasmine (2008), studied on topic Self Help Groups and its impact on poverty alleviation in Ramanathapuram district of Tamil Nadu. Various NGOs work on Self Help Groups nourishment and growth in the District, but among them only TRMM and SMSSS are major players and have greater share in membership. Researchers stated clearly the role of Microcredit in promoting Self Help Groups members socio-economic lives and as a measure to remove poverty through increased income. Therefore in order to overcome the problems agricultural sector and growth of Self Help Groups the measures like market linkage for members, formation of state level empowered committee for selection of Non-Government bodies and uniformity in all Microfinance schemes of different departments.

Thakur A. And Sharma P. (2009) , reported in their study on Microfinance for Rural Women Empowerment“ and found that rural women has been underestimated and discriminated against all walks of life despite of their substantial contribution towards households and development of national economy.

Kumar. S.(2012) , in his study on capacity building through women group and Stated the capacity building as the assistance that is provided to entities, spacialy societies in developing countries, which have a need to develop certain skill or competence, or in general for upgrading of performance ability. Capacity building skill not only enhances the ability and

skills at individual level but also it helps to realize the full potential.

According to Rajendran and Raya (2010) the impact of microfinance on the empowerment in psychological, economic and social aspects and managerial skills of leaders of Self Help Groups and their attitude in Vellore concluded that:

Microfinance developed psychological and social empowerment than economic empowerment. Rajendran & Raya (2010) stated that age and education is not having any influence on empowerment as well as on managerial skill development among rural population specially rural women. According to them impact of micro finance is appreciable in confidence building, skill development and rural empowerment. According to their study there is no any positive impact in sustainable rural development especially reduction of poverty creation of employment opportunities and creation of assets in rural areas. They found that there is appreciable development in planning, coordination, decision making and financial skills among the respondents. Their study indicates that the micro finance has moderate impact on communication, organizing, competency and technical, marketing skills and entrepreneurial skills is only.

According to study of Girabi and Mwakaje, the impact of micro-credit in Tanga region of Tanzania on 268 households respondents in (2013), a good proportion of women households respondents told that they were highly involved in decision making process after taking a loan from MFIs than before. 50% of the respondents only acquired more skills and the remaining acquired fewer skills. According to the study on women, the respect of women which was increased in the eyes of their husbands and community after their participation in credit schemes. The study indicates that the success of women is due to cooperation and necessary assistance from their husbands, good marketing of the designed products, their hard work, efficient management, training and skills and other factors were the inadequacy of funds, lack of skills and high running costs.



CHAPTER –III

RESEARCH

METHODOLOGY

CHAPTER-III: RESEARCH METHODOLOGY

3.0 Establishing the Research Objectives

Research objectives motivate a researcher to present a clear and in-depth understanding of the problem which is determined by nature of problem. For solving the specific problem; Objectives provide accurate information, which is compulsory to solve the problem. For this study objectives are as bellow.

1. Explore the factors that contribute in measuring performance of Micro Finance Institutions.
2. To study the role of Micro Finance in socio-economic development in rural population of Eastern U.P.
3. Role of Psychographics profile in performance of MFIs.
4. Develop a model on socio- economic development through Micro Finance

3.1 Developing Statement for Analysis

A research Statement for Analysis is a tentative and formal statement which is dictated on the basis of research objectives. Which presents the expected relationship between two are more than two independent and dependent variable (Creswell, 1994).According to Leedy and Ormrod (2001), Statement for Analysis define the purpose.

3.1.1 Statement for Analysis with respect to relationship between Micro Finance and socio-economic development in rural population:

The relationships between the two variables – Microfinance and socio-economic development in rural population have been hypothesized and are represented by the second Statement for Analysis H01 and for detail study of association of the independent and the dependent variables which is stated below. Statement for Analysis assessed the relationship between the Micro Finance and dimensions of socioeconomic variable (education, social & economic). This has been hypothesized and represented by the second Statement for Analysis H01 and its sub hypotheses which range from H01a to H01c. The Statement for Analysis expresses the association of the independent and the dependent variables and stated below.

H01: Micro Finance does not play any role in socio-economic development in rural population

H01a: Micro Finance does not play any role in educational development in rural population

H01b: Micro Finance does not play any role in social development in rural population

H01c: Micro Finance does not play any role in economic development in rural population

3.1.2 Statement for Analysis with respect to relationship between psychographic (personality) components and performance of MFIs.

The relationships between the two components – psychographic and performance of MFIs of poor population have been hypothesized and are represented by the first Statement for Analysis H01 and for detail study of association of the independent and the dependent variables which is stated below.

3.2 Psychographic profiles

In this study is opted on the basis of various literatures of personality of microfinance users has been opted as a psychographic factor of microfinance beneficiaries which oriented to rural and poor class beneficiaries and these personality dimensions reflect Economic oriented, social oriented, Materialism and Risk taking behaviour. Statement for Analysis assessed the relationship between the four personality dimensions and performance of MFIs. This has been hypothesized and represented by the first Statement for Analysis H02 and its sub hypotheses which range from H02a to H02d. The Statement for Analysis expresses the association of the independent and the dependent variables and stated below.

H02: Psychographic profile does not play any role in performance of MFIs

H02a Economic oriented profile does not play any role in performance of MFIs.

H02b: social oriented profile does not play any role in performance of MFIs.

H02c: Materialism profile does not play any role in performance of MFIs.

H02d: Risk taking behavior does not play any role in performance of MFIs.

3.3 Variables of the Study:

In this study researcher has taken the variables are 1– Dependent variable and 2-Independent variable & 3- Categorical variable.

3.3.1 Dependent variable

The variable which is being measured in an experiment is known as dependent variable. In simple way we can say, if a variable which values is determined by other variables (factors) or which value depend on other variable. In this study researcher is looking at how the MFIs changes in the socio-economic development and psychographics of MFIs users.

Changes into microfinance causes changes into socioeconomic development. i.e. For Example in equation $Y = 3x_1 + 4x_2 + c$, 3,4 and c are constant then y is dependent variable and its value depend upon x_1 and x_2 .

1- Socio-economic development

3.2.2 Independent Variable

According to Random House Kernerman Webster's College Dictionary (2010), A variable in a functional relation whose value determines the value or values of other variables, as x_1 and x_2 in the relation $y = 3x_1 + 4x_2 + c$ In this research study researcher has his interest to check the impact of Microfinance on psychographic variables i.e. Personality factors on Socioeconomic of MFIs clients. So Microfinance behaves as independent variables. This is mentioned bellow in detail. In equation $y = 3x_1 + 4x_2 + c$, 3,4 and c are constant, x_1 and x_2 are independent variable which value can be changed automatically

1. Microfinance
2. Psychographics
3. Perceived performance of MFI

3.2.3 Categorical variable: These variables are varying general in nature comes under the general information of researcher. These variables are demographic profile of the respondents such as Gender, age, education, income, marital status, house hold size, Income level etc. as mentioned bellow:

A. General Information

- (i) Gender of respondent: (a) Male () (b) Female ()
- (ii) Age. 1- 18-25() 2. 26-35 () 3. 36-45 () 4.46-60 ()
- (iii) Marital status. Married () Unmarried ()
- (iv) Religion: 1. Hindu () 2. Muslims () 3. Sikh () 4. Christian () 5. Other ()
- (v) Category 1. General () 2. O.B.C. () 3. S.C. () 4. S.T. ()
- (vi) Total Income (Month) 1- Bellow 5000 () 2- 5000 to 10000() 3- 10001 to 15000 ()
- (vii) Hose hold Size : 1- Upto 2 () 2- 3 to 5 () 3- 6 to 8 () 4- 9 to 11 () 5- More than 11
- (viii) House is? 1. Pucca () 2. Semi Pucca () 3. Kacha () 4. Hut ()
- (ix) Education level. 1. Illiterate () 2.can sign () 3. up to 5th () 4.up to 8th () 5.up to 12th ()
- (x) Occupation of microfinance users before availing microfinance
1. Agriculture () 2. Trading Business () 3.Providing Services () 4.Daily Wages Labour ()
- (xi) Current Occupation of microfinance users after availing microfinance
1. Self Employed () 2.Agriculture () 3.Trading Business () 4.Providing Services ()
5.Industry () 6.Daily Wages Labor ()
- (xii) Duration of Association with Microfinance Programmes
- 1-Within 1 Year () 2- For last 1 -3 Years () 3- For last 3-5 Years () 4- More than 5 Years ()
- (xiii) Loan Amount acquired by Microfinance Users
- 1- 5000- 8000 () 2- 8001– 11000 () 3- 11001-14000() 4- 14001-17000 ()
- (ivx) Installment Facility for Repaying Loan;
- 1-Weekly () 2- Fortnightly ()3- One month ()

B- Impact of MFIs on Income, Employment and Living Status

Particular Increased Constant Decreased

(a)Income

(b)Employment

3.3 Research Design

The research design is a blue print of the research study which indicates the researcher to reach up the level of concept of the study. It also guide the researcher, where he has to go and how he has to go there, what instrument is required to reach there. It is very technical in nature and very important part of the study. If technical part is wrong then there is no value of that research study. It directs the researcher and provides master plan or a blue-print of all the methods and procedures or conceptual structure within which research is conducted. In several type of research, the research design, guides the researcher to follow the specific procedure of sampling, sample size, data collection and analysis of data to ensure that the study will ultimately address to a relevant problem (Kothari, 2004). The research problem in this thesis is to assess the **A Study on Role of MFIs in Socio-Economic Development of Rural Population- In Context of Eastern U.P**

For the verification of theory, this research work favors mixed method approach. Thus research design is mixed, both quantitative as well as qualitative in nature. While to solve the problem, descriptive method of research designs is applied.

Sugiyono (2012) has stated that descriptive analysis is the analysis used to analyze and generalize the data by describing or depicting the data that has been collected as it is without any selective observation to make concrete conclusion.

In this study basic research design process is descriptive in nature. It describes the statistical relationship among the variables. The study is cross-sectional in nature. The reason for design is employed.

3.4 Concept of the study

It is broad aspect of the study which is very important and without it we cannot start the research study. Before starting the research study a researcher should be very clear about the concept. But it is very clear that researcher cannot conduct the research directly on any concept. In this study researcher has focused on the main concept like socio-economic development, MFIs, Microfinance and psychographics.

3.5 Development of Constructs

Every concept has specific constructs, which is pinpoint of the research. For the measurement of concept the understanding of construct is very important. Without which researcher cannot develop the measurement scale. If researcher understands the construct of the concept of his/her research. Then he/she can easily measure the concept. After careful examination the research areas on the basis of available, resources, researcher has framed some constructs for this study, which included “education, social & economic” development of MFIs users and, identification of psychographic factors i.e. Personality (Economic oriented, social oriented, Materialism and Risk taking behavior of poor population).

3.6 Measurement Scales

In this study, inputs from some standard measurement scales have been used to measure the (educational development, social & economic development, and psychographics and performance of MFIs) of reliability and validity have already been verified in the earlier studies on the basis of inputs from literature reviewed items for measuring various variables of the study are developed. like Aziza Geleta Dessalegn (2013) in his thesis the title “The role of microfinance in poverty reduction” and Priyanka Bargal (2014) in her thesis Effectiveness of microfinance in development of slum areas of Indore city, Madhya Pradesh. The reliability of all scales also has been tested in this study through cronbach’s alpha test of every measurement scale and has been found more than 0.65. The cronbach,s value of scales show that scales are reliable to measure the variables.

3.6.1 Educational development scale

1	Your literacy level has increased
2	Your education level has increased
3	Your knowledge for the work has increased
4	Your skills have increased

3.6.2 Economic development scale

5	Regarding the business to be started with the loan amount
6	Regarding the use of income generated by the business
7	You can take decision of house infrastructure/ smokeless chullah/ house Repair
8	You can take decision for house hold purchase like equipment/ live stock
9	You have enhanced your income
10	You have better market linkage
11	You have better linkage with banks
12	You can manage work independently
13	You have enhanced your Saving

3.6.3 Social development scale

14	Interaction within the community has increased
15	Interaction with outside has increased
16	You have freedom to visit outside of your living
17	You actively participate in decision making in the family
18	You can express your views independently
19	Your family/people respect you and your decision

3.6.4 Psychographics Scale

1	Regarding the business to be started with the loan amount
2	Regarding the use of income generated by the business
3	You can take decision of house infrastructure/ smokeless chullah/ house repair
4	You can take decision for house hold purchase like equipment/ live stock
5	You have enhanced your income
6	You have better market linkage
7	You have better linkage with banks
8	You can manage work independently
9	You have enhanced your Saving
10	Interaction within the community has increased
11	Interaction with outside has increased
12	You have freedom to visit outside of your living
13	You actively participate in decision making in the family
14	You can express your views independently
15	Your family/people respect you and your decision
16	You have freedom for willful dress
17	You have freedom to choose life partner
18	You have freedom to use family planning
19	You have fear of failure
20	You solve the problems independently
21	You think you will be able to manage the time within the time available
22	You don't have confidence to work

3.6.5(A) Perceived performance of MFIs Scale

1	MFI has helping us to generate employment
2	MFI has helping to trained us to perfume skilled job
3	MFI has helping us to manage our expenses and savings
4	MFI help us to sale our product in market
5	MFI help us to utilize our money
6	MFI give us timely loan
7	MFI assist us to give repeat loan

3.6.5(B) Perception towards impact of MFIs Scale

Section C (I) Before being MFIs Client	
1	My living status was good before using MFI
2	My employment status was good before using MFI
3	My income status was better before using MFI
Section C (II) After being MFIs Client	
4	My living status has increased after using MFI
5	My employment status has increased after using MFI
6	My income status has increased after using MFI

3.6.6 Questionnaire Design (Instruments & Tools)

Researcher has applied one of the most important instruments as structured schedule to collect the data from primary sources. It consists of three pages as a survey instrument which is stranded questionnaire. The questions relevant to this thesis are found in two parts. First part includes the demographic profile of the respondents and second part is Socio-economic development, psychographic, perceived performance of MFI and Perception towards MFIs. The five-point Likert scale (Likert, 1932) ranging from (a strongly agree to (e) strongly disagree is used questionnaire is adopted for the study of three major variables namely socioeconomic development of poor's, Psychographics of poor and performance of microfinance along with demography as a categorical variable. To check the internal

consistency pilot studies is conducted and after analysis of data researcher found the good result with Cronbach's alpha test more than (0.65).

As mentioned earlier the questionnaire had three different sections and grouped into two parts. The first part comprises descriptive questions regarding demographic profile. The second part has been divided into three section part (A,B& C) which contains a pool of 39 items. The first section (Section A) contain 26 items in which 1 to 19 measure the socioeconomic development, the 5 to 26, identify the personality of MFIs clients, Section (B) contains 27 to 33 i.e 7 items measures the perceived performance of MFIs and section C(I)& Section C(II) are from 34 to 39 measures the perception of MFIs clients before and after using the services of MFIs. The interval scale variables in the second part of questionnaire are measured through five point Likert scale rating from 5 to 1. (5) Meant that the respondent strongly agreed with the statement and (1) Meant that the respondent strongly disagreed with the statement.

3.6.7 Types of Data and sources:

As we know there are two types of sources of data. 1- Primary data sources and 2-secondary data source and researcher utilize utilized as per his/her need in the form of primary data and secondary data. Marketing researcher mostly uses primary data sources because this type of research is mostly longitudinal in nature. This data is collected through one on one interview at the place of discussion or questionnaire/schedule survey. While the review of literature or some data for references is a secondary data type and the sources of this literature are available in books, literature on the retail sector, Journals of Marketing, sociology, psychology, online, Google searc, periodicals, business reports and websites etc. In this study researcher has used both type of data.

3.6.7.1 Primary data

Researcher has used primary data collected through structured schedule as research instrument, which is consisting of the set of questions like dichotomous, Likert-type five point scale questions. This questionnaire comprises of nominal and interval scale.

3.6.7.2 Secondary Data

In this research study the researcher has collected the secondary data through Print media like books, magazines, Research Papers, Departmental as well as central library of BBAU, from various issues of RBI publications, annual reports of the banks and microfinance institutions, related books, from the office records of regional and district offices. Researcher has also used information published by the government bodies, research reports and thesis related to microfinance, social development Economic development etc.

3.7 Population of study

As the present study is based on Role of MFIs in Socio-Economic Development of Rural Population- in Context of Eastern U.P hence every poor who is users of Microfinance and staying in the region is a potential respondent for the existing research questionnaire and is a part of the population. So this population is consisting of all the male and female client of MFIs who are poor or very poor and hailing from different socio-economic classification.

3.8 Selection of the Sample and Sample Unit

The population for our study encompasses the rural and poor population who have been clients of microfinance institutions (either MFIs under NGO bank linkage or NBFC-MFI) in Ballia, Ghazipur, Mau, Deoria, Jaunpur region of Eastern Uttar Pradesh. Due to time and money constraints, researcher intends to draw inferences based on selected samples. In this study convenient sampling method has been adopted. Since data is related to microfinance clients, all the people associated with MFIs in Eastern Uttar Pradesh make the universe of the study among them those having similar socio-economic background make the potential population for the study. On the basis of population of the study, which each large and vast, yet their each homogeneity in terms of socio-economic characteristics of the population, therefore researcher has assumed that sample will enable to estimate the population parameter of interest. The researcher has included those poor / extremely poor families which are without any sizable income generating asset or posses a Below Poverty Line (BPL) card issued by Government. Since the regulation of MFI itself broadly defines the economic status of its clients, much emphasis wasn't put on filtering respondents through evaluating their poverty level. Selected respondents are truly the representative of characteristics of the members of the universe of MFIs.

3.8.1 Sampling Procedure

Researcher has used structured schedule for collecting the data by interviewing the clients attached to the MFIs. The respondents for the interview were selected on convenience, basis because a complete list of Microfinance users cannot be obtained and also the clients are not easily available for interaction. So based on convenience data was collected from those clients who were available at time of field visit fulfilling the criteria of sample unit. Researcher has chosen 5 districts of eastern Uttar Pradesh, and 10 villages from each district. While 8 respondents from each village.

3.8.2 Sample size and Sampling Plan

A sample of 300 plus is deemed fir for multivariate analysis, so the researcher has opted the sample size of 400 respondents. The final schedules have been offered to 400 respondents who are to be the users of MFI of different demographic level, of different psychographics, of different villages and of different districts of Eastern Uttar Pradesh.

3.8.3 Execution of Survey and Collection of Data

It is very important part of research. Survey of this study has been conducted between August 2019 to June 2020, in this research, most of the data collection was completed by the end of February 2020, only some leftover responses were collected in June 2020. Researcher has used schedule because most of the respondents are not able to read the questions. So data are collected through a structured schedule and relevant hypotheses were tested statistically. A scheduled was prepared which was administered to 400 respondents. A total 550 schedules were used in set of 11 per village, (110 from Ballia, 110, from Ghazipur, 110 Mau, 110, from Deoria and 110 from Jaunpur). Out of 550, 438 respondents gave relevant information. Out of 438, 389 were fully completed. Hence the rest 49 responses were not included in data analysis. 11 responses were further taken by researcher from 3 villages of Jaunpur Districts. In this way total number of complete responses was collected from 400 respondents.

3.8.4 Statistical Analysis Techniques

Researcher has used The Statistical Package for the Social Sciences Program (SPSS) version 16.0. The entered data set is screened and examined for incorrect data entry, missing values, normality and outliers. In this research study, descriptive statistics is applied inform of

frequency distribution tables, percentages, pie charts, where necessary to ensure proper understanding of the data collected. For the analysis of data and to find out the result of different objectives researcher has used descriptive analysis. Further Exploratory Analysis, t-test, Correlation, Multiple Regression analysis are applied to test the Statement for Analysis when expressed as testable hypotheses.

3.8.4.1 Univariate Analysis

Univariate analysis analyses the single variable. At present research study the univariate analysis method are used for identifying the descriptive nature of the data. The categorical variables gender, age, education, occupation, income level and residence of the respondents are identified by using univariate method of analysis.

3.8.4.2 Correlation

Correlation is a bi-variate analysis method which measures the association (strength) of the relationship between two variables. Correlation varies from -1 (perfect negative linear relationship) to 1 (perfect linear relationship) via 0 (random relationship). Correlation is usually reported in terms of its square (r^2), interpreted as percent of variance explained. For example, if ($r^2 = 0.25$), then the independent variable is said to explain 25% of the variance in the dependent variable. In this study researcher try to find out the co-relation between psychographic variable (Social status, Economic status with independent factors like employment, Occupation

3.8.4.3 Multivariate Analysis

In case of more than one independent or dependent variables Multivariate analyses is used. In present study factor analysis is used as multivariate analysis.

3.8.4.3.1 Factor Analysis

Factor analysis is a multivariate analysis technique which identify whether the correlation between a set of observed variables stem from their relationship to one or more latent variables in the data, each of which takes the form of a linear model. The main purpose of factor analysis is to reduce the number of variables and to detect the structure of relationships between two or more variables. In this research study factor analysis is used to test the construct validity of the Socioeconomic (Educational, social and economic improvement) and

psychographics i.e. (social development, economic development, materialism & risk taking behavior) scale. Factor analyses are used to reduce attribute space from a larger number of variables to a smaller number of groups or factors.

There are several different types of factor analysis, with the most common being principal components analysis (PCA), which is preferred for purposes of data reduction. However, common factor analysis is preferred for purposes of causal analysis and for confirmatory factor analysis in structural equation modeling, among other settings.

3.8.4.3.2 Multiple Regressions

A time-honored technique going back to Pearson's 1908 use of it, is employed to account for (predict) the variance in an interval dependent, based on linear combinations of interval, dichotomous, or dummy independent variables. Multiple regression can establish that a set of independent variables explains a proportion of the variance in a dependent variable at a significant level (through a significance test of R^2), and can establish the relative predictive importance of the independent variables (by comparing beta weights). Power terms can be added as independent variables to explore curvilinear effects. Cross-product terms can be added as independent variables to explore interaction effects. One can test the significance of difference of two R^2 's to determine if adding an independent variable to the model helps significantly. Using hierarchical regression, one can see how most variance in the dependent can be explained by one or a set of new independent variables, over and above that explained by an earlier set. Of course, the estimates (b coefficients and constant) can be used to construct a prediction equation and generate predicted scores on a variable for further analysis.

The simple regression equation takes the form $y = b_1x_1 + c$. The b's are the regression coefficients, representing the amount the dependent variable y changes when the corresponding independent changes 1 unit. The c is the constant, where the regression line intercepts the y axis, representing the amount; the dependent y will be when all the independent variables are 0. The standardized versions of the b coefficients are the beta weights, and the ratio of the beta coefficients is the ratio of the relative predictive power of the independent variables.

Associated with multiple regressions is R^2 , multiple correlations, which is the percent of variance in the dependent variable, explained collectively by all of the independent variables.

Multiple regression shares all the assumptions of correlation: linearity of relationships, the same level of relationship throughout the range of the independent variable ("homoscedasticity"), interval or near-interval data, absence of outliers, and data whose range is not truncated. In addition, it is important that the model being tested is correctly specified. The exclusion of important causal variables or the inclusion of extraneous variables can change markedly the beta weights and hence the interpretation of the importance of the independent variables.

In simple regression in which an outcome is predicted by a single predictor variables. In our study, a simple regression has been performed to understand socioeconomic development through MFIs.

Where the independent variables perceived performance of MFIs is used as a independent variable which are mentioned in research methodology in part 2 and section B from statement no. 27 to 33 and in section (A) Social and Economic development have been used as dependent variables.

This test is included under univariate analysis here as it measures the effect of one independent variable on the dependent variable to fulfill the objective no four.

3.9. Ethical Consideration

In any Research study of Ethical consideration is very important because it involves issues of harm, consent deception, privacy and the confidentiality of data. While at the time of collecting the data respondent are informed in brief about the intension of study and its purpose as an academic study. Respondent are free to give the answer of the questions and no one is forced to answer the questions which they are not feeling comfortable to answer. Keeping the research ethics in mind, the individual's name and address of the respondents are not used in the study. High confidentiality is maintained for all the respondents of the research. Confidentiality assured of the protection to the respondents by ensuring that sensitive information given by them is not disclosed. It also assured them that research data cannot be traced to the individual or organization providing it (Collis and Hussey, 2009).Some respondents requested to share their visiting cards with the researchers but at the case of their wish of being to remain anonymous they are not pressurized.

3.10 Conclusion

This research study is of descriptive nature and has followed the quantitative research method. The researcher has adopted interview technique through a structured schedule for collection of data. At the outset, the researcher has chosen convenience sampling method because population of microfinance clients is unidentified. Researcher has collected the data using convenience sampling method from Ballia, Ghazipur, Deoria, Mau and Jounpur districts and responses are taken from the rural area who are beneficiaries of MFIs.

Size of the universe cannot be defined because every individual who is MFIs client is a possible respondent for this particular study. The sample size has been consisting of 400 respondents across the rural part of the region. The structured, un-disguised schedule is constructed from standard questions of relevant literature as a research instrument. For collecting data; researcher has conducted structured survey with the help of standard schedule. However, secondary data has been collected from print media like books, magazines, research articles on Google scholars, Shodh Ganga and such other websites, related company literature. The Statistical Package for the Social Sciences Program (SPSS) version 16.0 is used in this study for all the statistical inferences and assessments. The entered data set is screened and examined by frequency analysis; factor analysis, correlation and regression analysis are applied to test the propositions. Researcher has used 22 psychographics statements of (social, economic, materialism and risk taking) plus 4 education variables means total 26 variables for factor analysis to find out five major dimensions to contribute towards the estimating the microfinance institutions based on the perception of respondents the statements are mentioned the questionnaire in part -2 A. In part 2B there are 7 statements which measure the perceived performance of MFI. Also a five point Likart scale of 6 statements (3 statements for perception prior to becoming MFI client and 3 statements for post becoming MFI clients) are used to measure the perception of respondents (who are clients of MFIs) towards change in their socio-economic well being due MFI services.



CHAPTER – IV

**DATA ANALYSIS
AND
INTERPRETATION**

4.0 Introduction

This research study is based on primary data based on rural population and dealt with the sample size i.e. Microfinance users drawn out from various demographic levels. Hypothesis is used to test the theoretical models based on demographic, Education, Economic, Social Materialistic and risk taking personality on microfinance users.

This chapter unfolds the results based on the data analysis and its implications. Findings and analysis of the study are based on the propositions and hypothesis formulated by the researcher. The findings of this study are descriptive in nature which reflects the characteristics of the respondents. In this study for the clarification of constructs internal consistency and reliability of the items are also discussed. In this research study, standard SPSS version 16.0 software is used for analyzing the data. SPSS provides descriptive analysis of quantitative data for each variable. Data analysis deals with response rate to survey and information of the categorical variable of the respondents. In this chapter findings and analysis of the data, have been discussed.

Factor analysis is applied to validate the scale adapted in the study. In following section outcome of factor analysis (EFA) is presented to revalidate the scale. EFA was run on all the 26 items, as per expectation five scales are obtained. Each of them are presented in table 4.01 to 4.05

Measurement of impact of microfinance on Education development the standard scale has been used by researcher (Kaur, Kuldeep2014). The scale consists of four items and was found valid and reliable in the pilot study in the research methodology section.

Table: 4.01 Reliability and Validity statistics – Educational development

	Eigen Value	4.312
	Total Variance Explained	18.060
	Cronbach's Alpha	0.791
	Items	Factor Loading
1	Your literacy level has increased	0.811
2	Your education level has increased	0.752
3	Your knowledge for the work has increased	0.831
4	Your skills have increased	0.770

Analysis:

Above Table shows that Educational development of MFIs users explained 18.060% of the variance which consist of 4 items like Your literacy level has increased, Your education level has increased, Your knowledge for the work has increased, Your skills have increased. These all items have high factor loadings, more than 0.70 which is considered good (Field, 2001).The reliability score i.e. Cronbach's Alpha at 0.791 which indicates a very good level of reliability for this measure (Field, 2001).

Table 4.02: Reliability and Validity statistics – Economic orientation

	Eigen Value	3.120
	Total Variance Explained	11.423
	Cronbach's Alpha	0.711
	Items	Factor Loading
5	Regarding the business to be started with the loan amount	0.518
6	Regarding the use of income generated by the business	0.871
7	You can take decision of house infrastructure/ smokeless chullah/ house repair	0.839
8	You can take decision for house hold purchase like equipment/ live stock	0.712
9	You have enhanced your income	0.718
10	You have better market linkage	0.613
11	You have better linkage with banks	0.661
12	You can manage work independently	0.581
13	You have enhanced your Saving	0.654

Analysis:

Above Table shows that Social orientation of MFIs users explained 11.43% of the variance which consist of 9 items. From table it is clear that these all items have good factor loadings, more than 0.50 which is considered good (Field, 2001).The reliability score i.e. Cronbach’s Alpha at 0.711 which indicates a good level of reliability for this measure (Field, 2001).

Table 4.03: Reliability and Validity statistics – Social orientation

	Eigen Value	2.895
	Total Variance Explained	11.489
	Cronbach's Alpha	0.702
	Items	Factor Loading
14	Interaction within the community has increased	0.700
15	Interaction with outside has increased	0.681
16	You have freedom to visit outside of your living	0.503
17	You actively participate in decision making in the family	0.514
18	You can express your views independently	0.549
19	Your family/people respect you and your decision	0.612

Analysis: Above Table shows that Economic orientation of MFIs users explained 11.48% of the variance which consist of 6 items. From table it is clear that these all items have good factor loadings, more than 0.50 which is considered good (Field, 2001).The reliability score i.e. Cronbach's Alpha at 0.702 which indicates a good level of reliability for this measure (Field, 2001).

Table 4.04: Reliability and Validity statistics – Materialistic nature

	Eigen Value	1.789
	Total Variance Explained	10.152
	Cronbach's Alpha	0.775
	Items	Factor Loading
20	You have freedom for wilful dress	0.712
21	You have freedom to choose life partner	0.682
22	You have freedom to use family planning	0.654

Analysis: Above Table shows that Materialistic nature of personality of MFIs users explained 10.152% of the variance which consist of 3 items. From table it is clear that these all items have good factor loadings, more than 0.60 which is considered good (Field, 2001). The reliability score i.e. Cronbach's Alpha at 0.775 which indicates a good level of reliability for this measure (Field, 2001).

Table 4.05: Reliability and Validity statistics Risk taking

	Eigen Value	4.584
	Total Variance Explained	16.158
	Cronbach's Alpha	0.698
	Items	Factor Loading
23	You have fear of failure	0.648
24	You solve the problems independently	0.728
25	You think you will be able to manage the time within the time available	0.643
26	You don't have confidence to work	0.642

Analysis: Above table shows that Risk taking orientation of personality of MFIs users explained 16.158% of the variance which consist of 4 items. From table it is clear that these all items have good factor loadings, more than 0.60 which is considered good (Field, 2001). The reliability score i.e. Cronbach's Alpha at 0.698 which indicates a medium level of reliability for this measure (Field, 2001).

4.1 Reliability Analysis of whole Scale

From above statistical tables of reliability scale, the Cronbach's Alpha values of all variables, are different of different variables and are 0.70 or more than 0.70. While the reliability of all items of different variables based on standardized items is > 0.70 , which show the high reliability of items.

4.2. Analysis of Demographic Profile of the Respondents

Below table shows the response of microfinance users belonging to the rural area of eastern Uttar Pradesh. In which with the help of well-structured schedule, the researcher has collected the exact data of 400 respondents. The mean and standard deviation of the demographic variable are as bellow.

Table No 4.06:- Descriptive Statistics Demographic Profile of the Respondent

Demographic variable	No.of Respondents	Mean	Std. Deviation	Range
Gender	400	1.70	0.460	1
Age	400	2.64	0.773	3
Marital status	400	1.2250	0.41811	1
Religion	400	1.2825	0.45078	1
Category	400	2.3225	0.70693	2
Income	400	1.33	0.491	2
Household size	400	2.79	1.086	4
House type	400	3.3225	0.88343	2
Education	400	2.60	0.849	3
Occupation before using MFI	400	2.26	1.483	3
Occupation after using MFI	400	2.8600	1.62697	5
Duration of Association with MF Program	400	1.9700	0.77821	3
Loan amount	400	2.1825	0.68217	3
Pay installment	400	1.3600	0.59269	2

Source: Primary

Analysis:

The above table shows the demographic wise response of respondents where the standard deviation of all the variables are lesser than half of their mean value.

4.3. Sample Statics of Demographic factors of Respondents

Demographic profile is extracted through certain categorical variables such as gender, age, income etc. These are also treated as independent variables for performing certain analysis subsequently. Data on these variables are collected in first section of questionnaire. We are measuring their impact or influence on dependent variables as and when required in study. Frequency tables and graphical analysis are performed on demographical variables to understand important aspects of these variables of interest. A variable wise detail analysis is mentioned below.

4.3.1 Gender analysis

Gender is an important factor in this study, which gender is mainly the user of MFIs. Gender is first variable in demographic segmentation. In this study researcher also check the psychographic profile of the population which will also differ according to the gender. Male and female both works under different types of needs and wants and they will utilise the microfinance on the basis of different parameters. Since needs, wants, expectations, personality and utilisation of money of men are different than women. So it is very important for the researcher to study this variable.

Table No-4.07: Classification of respondents based on gender

Valid	Gender	Frequency	Percent	Cumulative Percent
		Male	121	30.2
	Female	279	69.8	100.0
	Total	400	100.0	

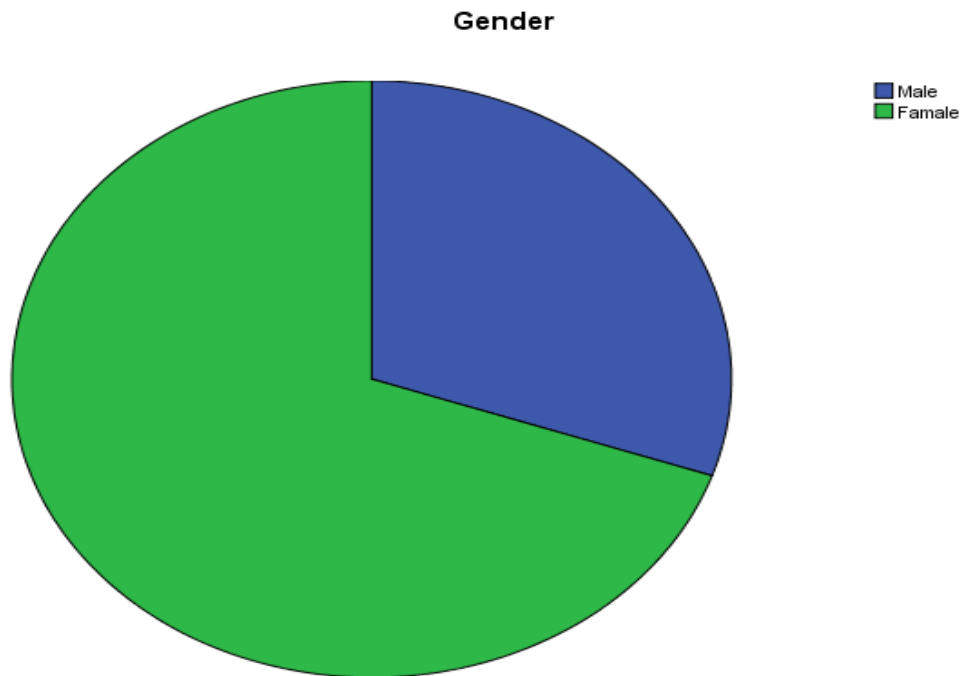
Source: primary data

Analysis: In this study participation of male is 121 while female is 279 out of 400 respondents' means 30 percent male while female is near to 70 percent.

Finding

On the basis of analysis researcher can say that women population are more user of MFIs in eastern Uttar Pradesh region. In other word we can say that MFs motivates the female members of the rural areas to become beneficiaries. Aziza Geleta Dessalegn (2013) in his thesis the title "The role of microfinance in poverty reduction" and has Priyanka Bargal (2014) in her thesis title "Effectiveness of microfinance in development of slum areas of Indore city, Madhya Pradesh" have found the same case.

Graph 1: Graphical representation of Gender



4.3.2 Age analysis

As the age of people increases their needs and responsibilities increases, mainly the burden of family and children increases them with increases age. In this particular study, researcher segmented the microfinance users on the basis of their age.

Table No 4.08-: Classification of respondents Age wise

	Age	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18 -25	16	4.0	4.0	4.0
	26-35	169	42.2	42.2	46.2
	36-45	158	39.5	39.5	85.8
	46-60	57	14.2	14.2	100.0
	Total	400	100.0	100.0	

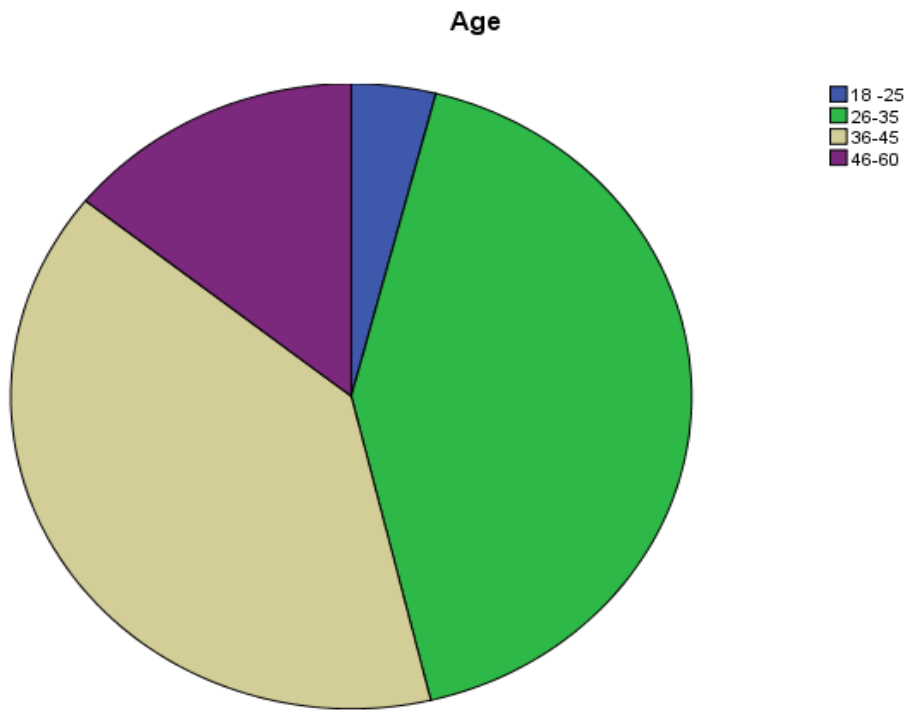
Source: Primary data

Analysis

In this research study researcher has taken the age group between 18 years to upto 60 years. 42.2 percent of the microfinance users (majority) belong to the age group of 26 to 35 years of the age group while 39.5 % MFIs users are belonging from the age between 36 to 45 years. While 14.2 percent MFIs beneficiaries are belong to the age group of 46 to 60 years, the ages 45 to 50 years, 4.0 percent consumers are between the age 15 to 20 years and remaining 2 percent are of the age of above the 60 years. MFIs beneficiaries between 18 to 25 years are only 4 percent.

Finding: From analysis it researcher can say that unmarried rural population have no much burden and they do not think the need of MFIs but after 25 if these poor rural population get married then their family responsibility is going to increase and they think to do something for their family and children and opt to take the loan from MFIs. Similar result has been found by Priyanka Bargal (2014) in her thesis effectiveness of microfinance in development of slum areas of Indore city, Madhya Pradesh.

Graph No2: Graphical representation of Age



4.3.3 Marital status wise analysis

Marital status of population have also affects the needs and wants of the poor. Since after marriage responsibility is going to drastically changed. People think about their family survival and how can to shape their future etc and for that they want to do some small business. It is clear that without money they cannot do anything. So in this situation MFIs may be helpful for them.

Table No 4.09: Classification of respondent's marital status wise

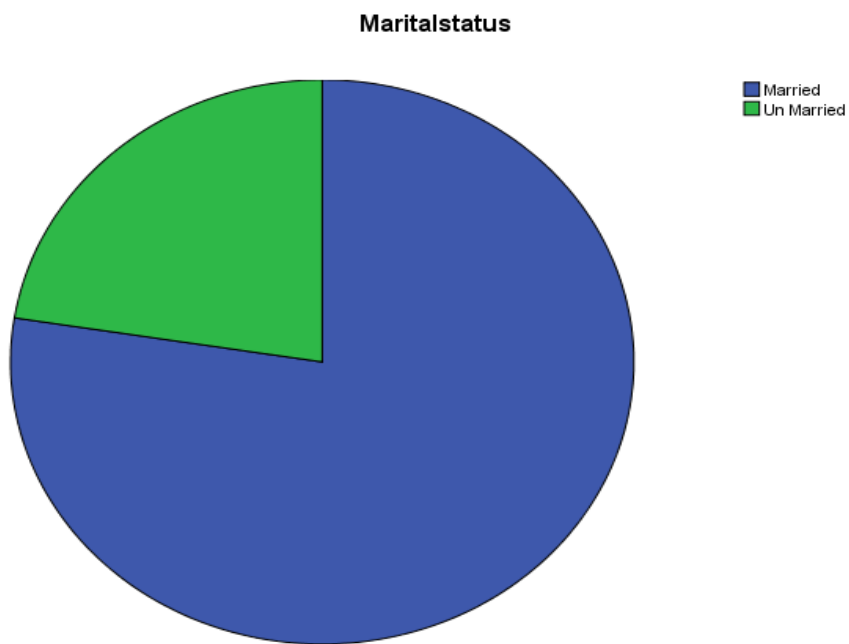
	Marital status	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Married	310	77.5	77.5	77.5
	Un Married	90	22.5	22.5	100.0
	Total	400	100.0	100.0	

Source: primary data

Analysis

From above table shows that among the 400 respondents of microfinance users 310 i.e. 77.5 percent that maximum members are married. The rest of the respondents are single. This 22.5 percent of respondents belong to unmarried category. Similar result has been found by Priyanka Bargal (2014) in her thesis effectiveness of microfinance in development of slum areas of Indore city, Madhya Pradesh.

Graph 3 : Graphical representation of marital status



4.3.4 Religion wise analysis

Researcher tries to check the impact of MFIs on religion wise. In the eastern Uttar Pradesh region only two Hindu and Muslim religions are there while Hindu population is much more in compare to Muslim.

Table No 4.10-: Classification of respondents Religion wise

	Religion	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Hindu	287	71.8	71.8	71.8
	Muslim	113	28.2	28.2	100.0
	Total	400	100.0	100.0	

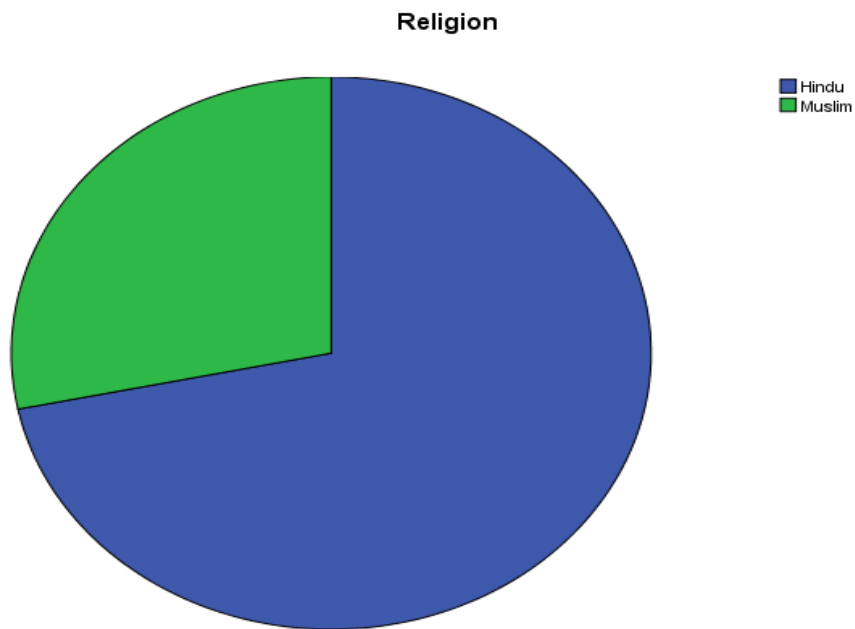
Source: Primary data

Analysis:

From above table it is clear that 72 percent population belonging to Hindu religion is MFIs users. While 28 percent belonging to Muslim community.

Finding It is clear that much more Hindu population live in rural area that are very poor and take the assistance of MFIs.

Graph 4: Graphical representation of Religion



4.3.5 Category analysis

In eastern Uttar Pradesh region OBC and SC caste are very backward where most of these categories have no land for agriculture. In other words they have only their house and they are labor class people and survive their life and their family with their daily wages. So it is very important for the researcher to study about the category of this population.

Table No 4.11-: Classification of respondents Category wise

	Category	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	General	56	14.0	14.0	14.0
	OBC	159	39.8	39.8	53.8
	SC	185	46.2	46.2	100.0
	Total	400	100.0	100.0	

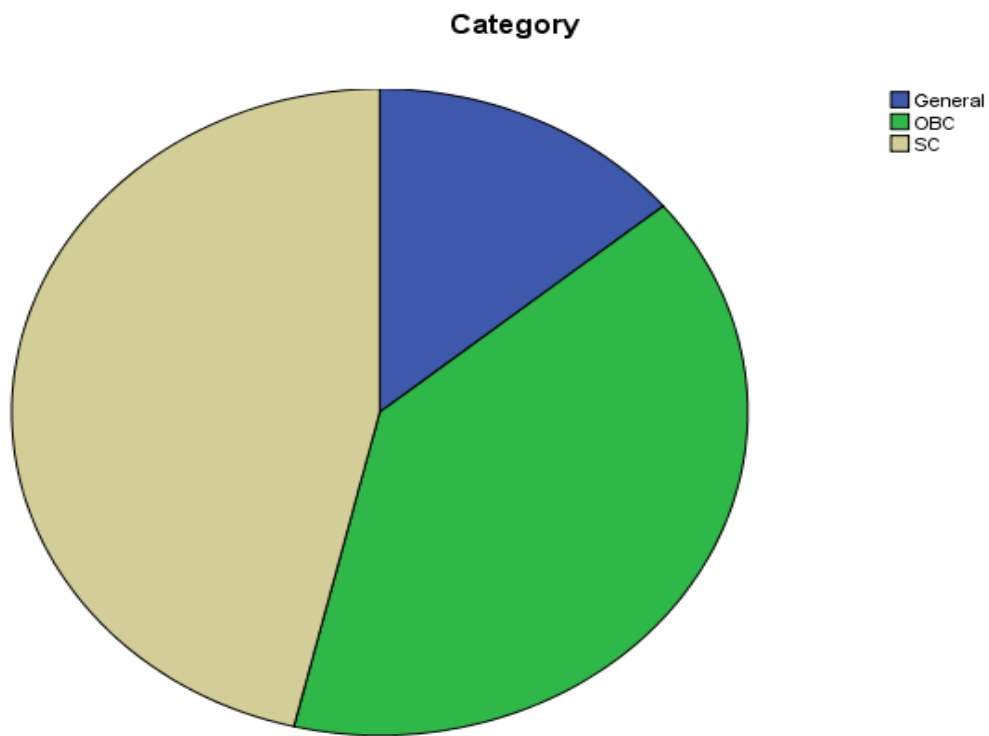
Source: Primary data

Analysis:

From above table it is clear that out of 400 respondents 159 i.e. 40 percent population are OBC, and 185 i.e. 46 percent population belongs to SC community.

Finding: From data analysis it is clear that 86 percent microfinance user belongs to SC and OBC category while 14 percent belongs to general category.

Graph 5: Graphical representation of Category



4.3.6 Total Household Income wise Analysis

Family income directly influenced the living standard. The income level of rural population is very less in comparison to family size. This income is not sufficient for their survival. These lower income people can spend the money only on the necessary items. Income is too low that they cannot take care of their children and their education also.

Table No4.12:- Statistical Classification of Income

	Income (Monthly)	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Up to Rs. 5,000	273	68.2	68.2	68.2
	Between 5,001- 10,000	123	30.8	30.8	99.0
	Between Rs. 10001 -15,000	4	1.0	1.0	100.0
	Total	400	100.	100.0	

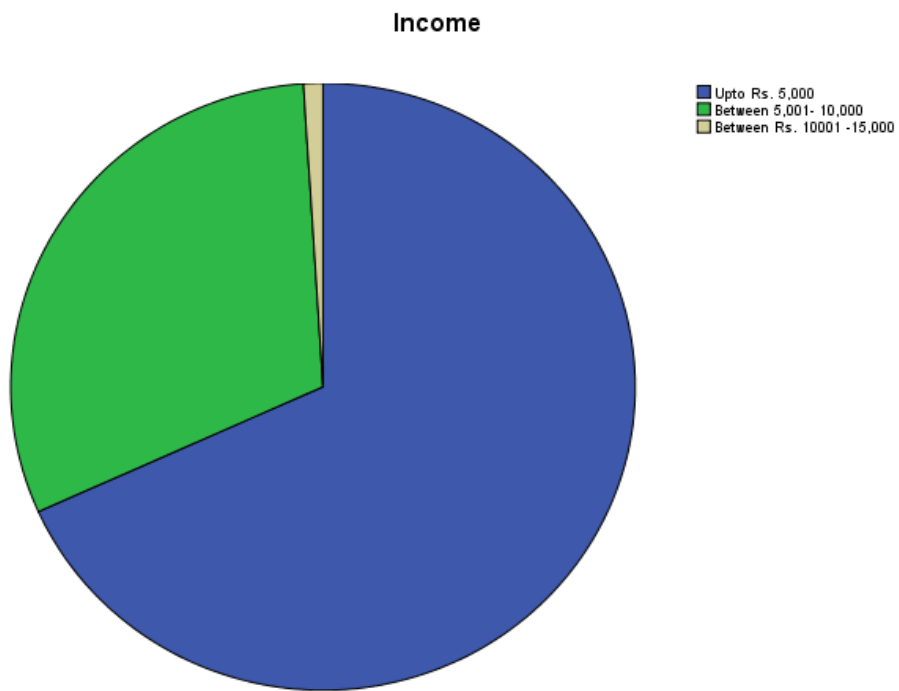
Source: Primary data

Analysis:

Out of the 400 respondents selected for the study, 273 respondents, i.e. 68 percent MFIs users earn up to rupees 5,000 per month, 123 users, i.e. 31 percent MFIs users earn rupees 5,001 to Rupees 10,000 per month while 4 users i.e. 1 percent users earn Rs.10, 001 - 15,000 per month.

Finding: From analysis it is clear that 99 percent rural population earn not more than 10,000 per month in which 68 percent are up to 5000. It shows up till now economic conditions of rural population are very poor. Similar result has been found by Priyanka Bargal (2014) in her thesis effectiveness of microfinance in development of slum areas of Indore city, Madhya Pradesh.

Graph- 6 Graphical representation of Total Household Income



4.3.7 Household size wise analysis

Household size is big challenge to manage it for the head of society. In village most of the family is combine family. For the better livelihood of family members, head of the family do some arrangement. In this regard the study and understanding of this categorical variable is needed for the researcher.

Table No4.13:- Household size wise classification of MFIs user's

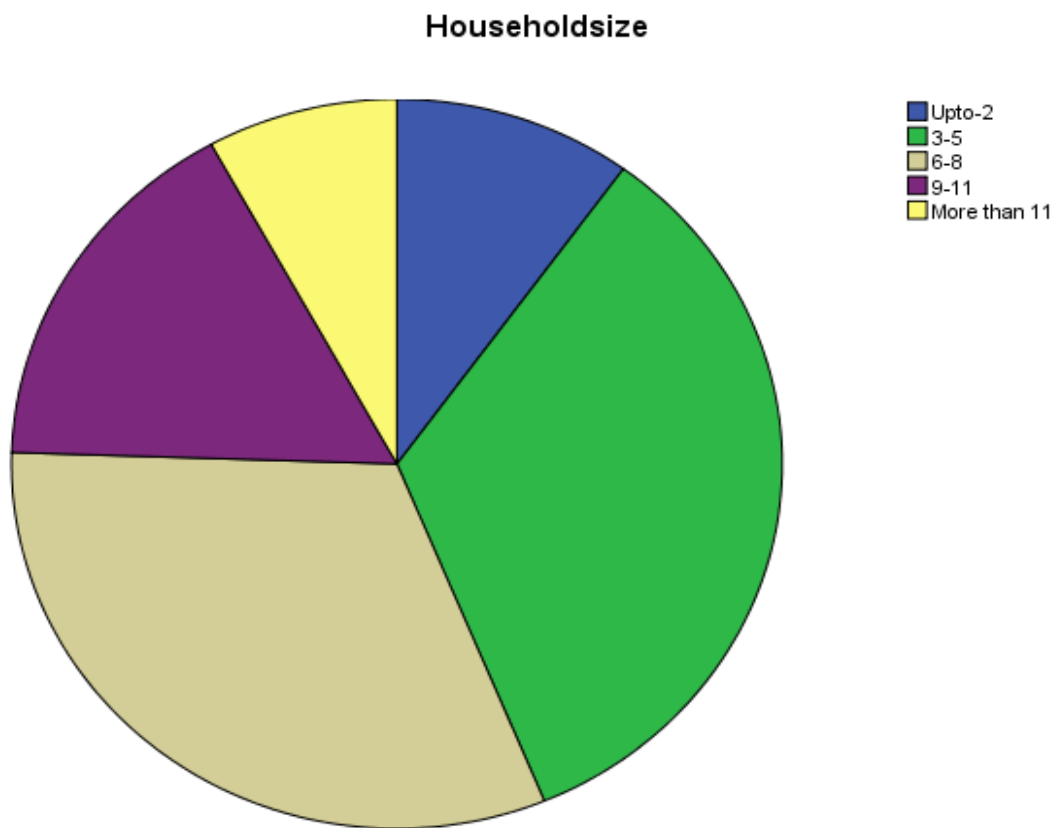
	Household size	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Upto-2	40	10.0	10.0	10.0
	3-5	135	33.8	33.8	43.8
	6-8	127	31.8	31.8	75.5
	9-11	66	16.5	16.5	92.0
	More than 11	32	8.0	8.0	100.0
	Total	400	100.0	100.0	

Source: primary data

Analysis:

From the above table it is clear that in 400 respondents, 65 % the family have 3 to 8 numbers of household size. It is tough task for the head of the family to manage them without any income.

Graph- 7 Graphical representation of Total Household size



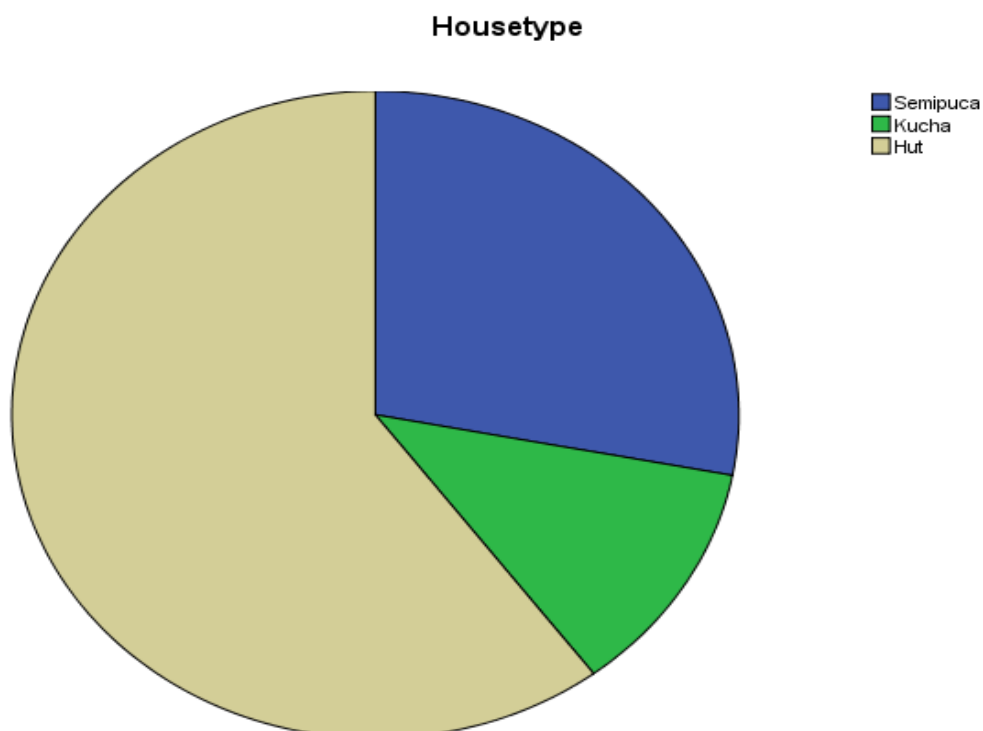
4.3.8 Household type wise analysis

Table No4.14-: Household type wise classification of MFIs user's

	House type	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Semipuka	112	28.0	28.0	28.0
	Kucha	47	11.8	11.8	39.8
	Hut	241	60.2	60.2	100.0
	Total	400	100.0	100.0	

Source: Primary data

Graph- 8 Graphical representation of Total household type



4.3.9 Education wise analysis

Studies indicate that income level also depends upon the educational background. Without education we cannot do the skill works. Highly educated people are mostly aware of the trends of works and earnings. On the basis of this, researcher felt that demographic classification on the basis of education can place the worth in the study.

Table No4.15-: Education wise classification of MFIs user's

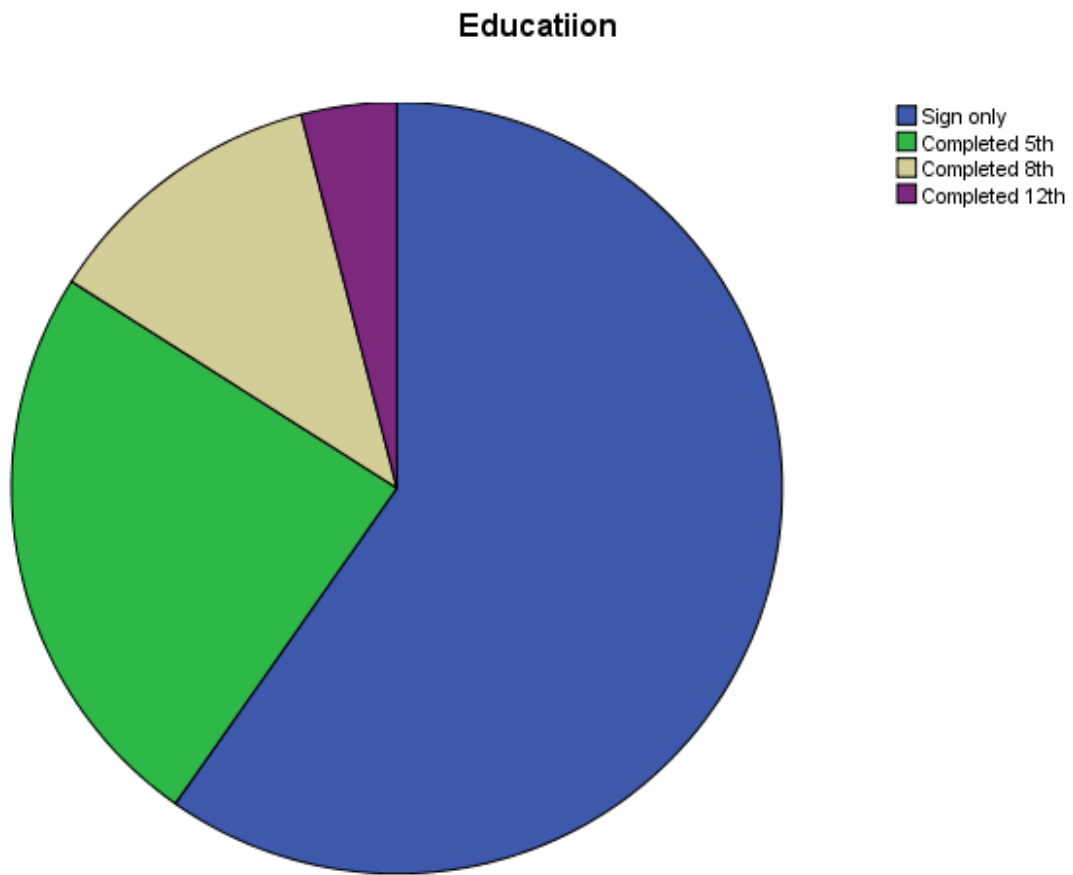
	Education	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Sign only	239	59.8	59.8	59.8
	Completed 5th	97	24.2	24.2	84.0
	Completed 8th	48	12.0	12.0	96.0
	Completed 12 th	16	4.0	4.0	100.0
	Total	400	100.0	100.0	

Source: Primary data

Analysis

Majority of the MFIs users are (60 percent) only do the sign. While 24 % of the respondents have completed their 5th class only and 12% are 8th passed.

Graph- 9: Graphical representation of Educational background of MFIs users



4.3.10 Occupation before using MFIs wise analysis

Rural population is mostly poor and they have no job or informal type of job and occupation. Researcher tries to check the occupational status before and after applying the MFIs.

Table No4.16-: Classification of occupation before MFIs using respondents

	Occupation before MFI using	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agriculture	230	57.5	57.5	57.5
	Providing service	2	0.5	0.5	58.0
	Daily wage labor	168	42.0	42.0	100.0
	Total	400	100.0	100.0	

Source: Primary data

Analysis

From the above table it is clear that before joining microfinance, 230 respondents of 400, i.e. 57.5% percent of the respondents were agricultural labourers. 168 respondents i.e. 42% percent of population works on daily wages, while only 2, i.e. 0.5 % percent respondents were engaged in job of providing services.

Graph- 10: Graphical representation of occupation before MFIs using respondents.

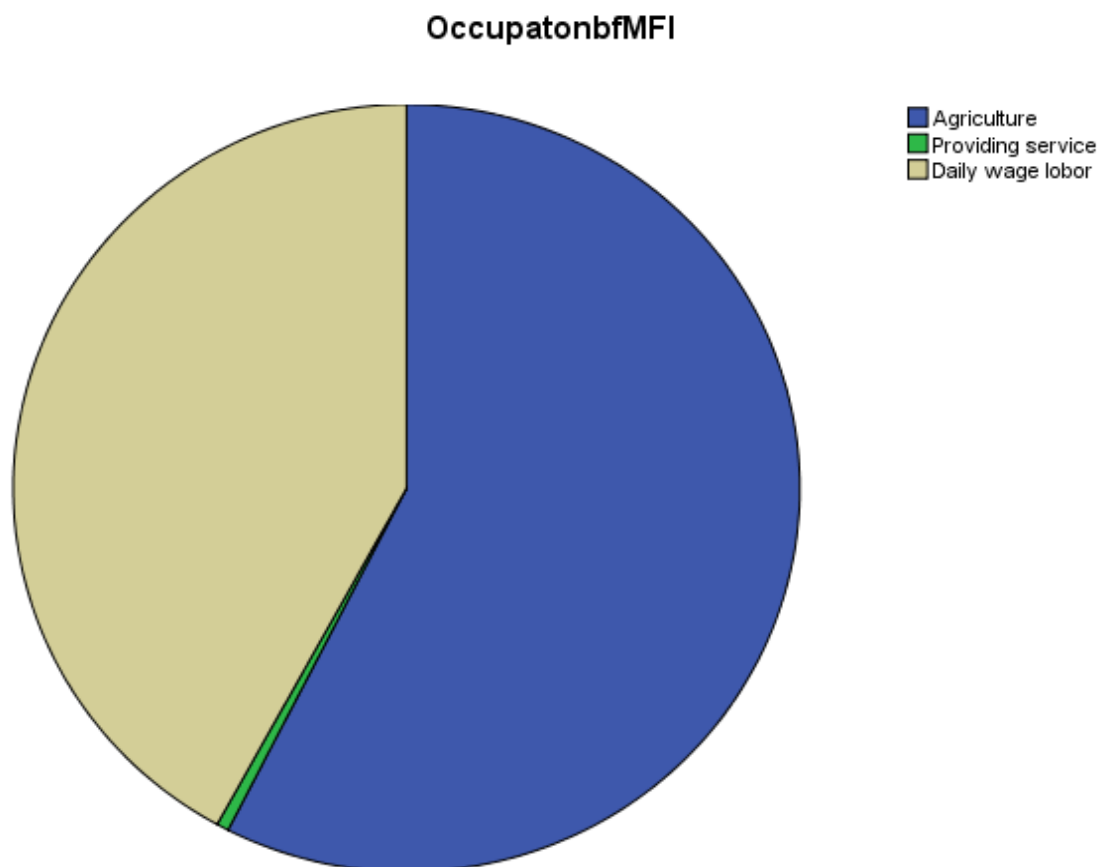


Table No4.17-: Classification of occupation after MFIs using respondents

	Occupation after MFI	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Self-employed	72	18.0	18.0	18.0
	Agriculture	152	38.0	38.0	56.0
	Trading business	64	16.0	16.0	72.0
	Providing service	48	12.0	12.0	84.0
	Daily wage labor	64	16.0	16.0	100.0
	Total	400	100.0	100.0	

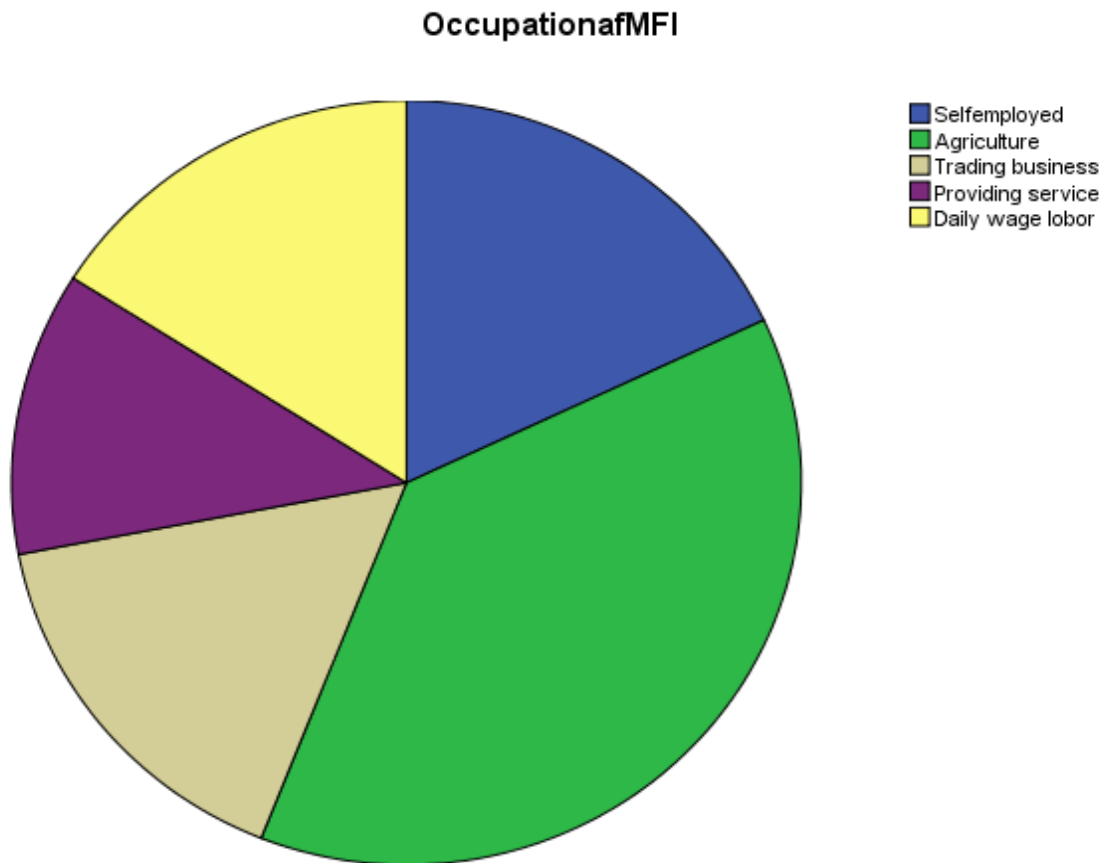
Source: Primary data

From the above data, it can be seen that after availing microfinance, dependency of respondents from agriculture sector have been dropped from 230 to 152 or from 57.5% to 38%, while daily wages labours decrease from 168 to 72 , i.e. decreased from 42 % to 16 %, while self-employment of respondents have been increased from 0 to 72 , i.e. from 0% to 18% . 64 Respondents i.e 16% respondents have started their trading business From above table it is clear that 48 respondents i.e. 12% out of 100% percent respondents have been involved as service providers as newspaper hawkers.

Finding:

It shows that after association with MFIs the rural population have started other trading business or they have become self-employed, and their dependency form agriculture has been decreased a lot. Similar result has been found by Priyanka Bargal (2014) in her thesis effectiveness of microfinance in development of slum areas of Indore city, Madhya Pradesh.

Graph- 11: Graphical representation of occupation after MFIs using respondent's statics



4.3.11 Analysis of Duration of Association of Microfinance Users with Microfinance Program wise.

Researcher tries to understand the perception of association with Microfinance of rural population because duration of association gives the experience to understand MFIs in better way.

Table No4.18:- Statistical classification of duration of Association of MFIs user's with Microfinance Program

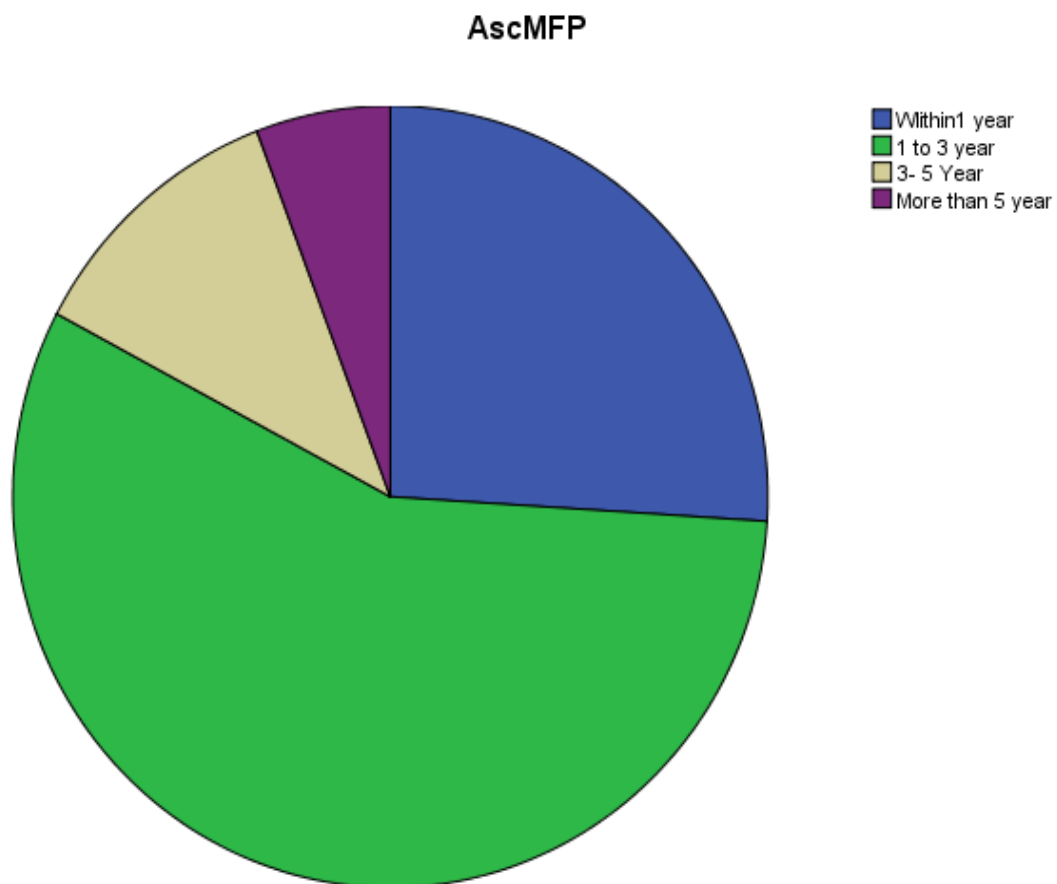
	Association MFP	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Wlithin1 year	104	26.0	26.0	26.0
	1 to 3 year	227	56.8	56.8	82.8
	3- 5 Year	46	11.5	11.5	94.2
	More than 5 year	23	5.8	5.8	100.0
	Total	400	100.0	100.0	

Source: Primary data

Analysis:

From above table the data shows that out of 400, 104 respondents i.e. 26% population informed that they are associated with microfinance Institutions within 1 year. While 207, i.e. Around 57% respondents stated that they are the active users of microfinance programme between 1 to 3 years.46 respondents i.e. around 11.5 % of respondents informed that they use Microfinance between 3–5 years. Out of 400, only 23 respondents, i.e. around 6 % MFIs users are associated more than 5 years. Similar result has been found by Priyanka Bargal (2014) in her thesis effectiveness of microfinance in development of slum areas of Indore city, Madhya Pradesh.

Graph- 12: Graphical representation of Association of MFIs user's with Microfinance Program



4.3.12 Analysis of received loan amount

Since MFIs companies give loan without any security but loan is amount of Microfinance loan depends upon credit of users and paying capacity. Before giving loan MFIs do the home survey and observe the paying capacity. So this variable is one of the most important factors to study it for the researcher.

Table No4.19-: Statistical classification of loan amount received by MFIs users

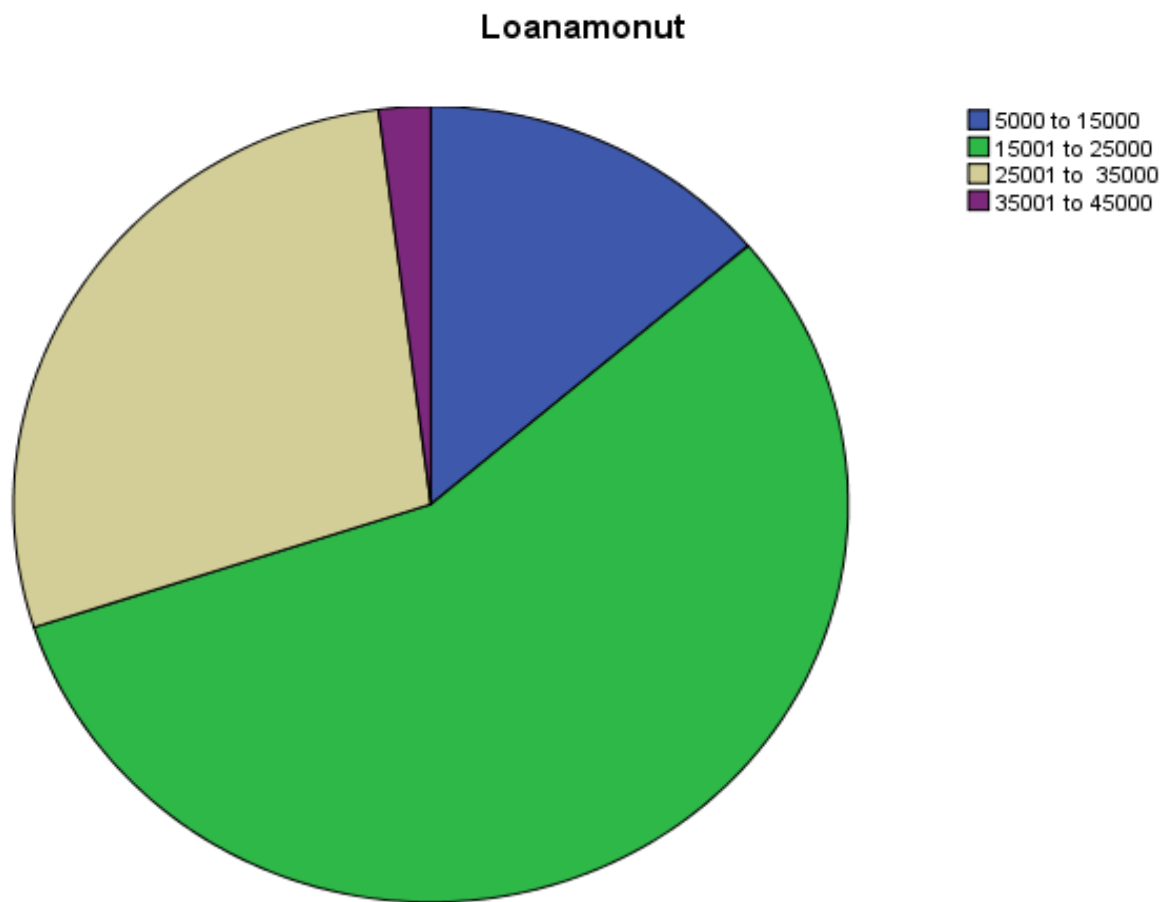
	Loan amount (In Rs.)	Frequenc y	Percent	Valid Percent	Cumulative Percent
Valid	5000 to 15000	55	13.8	13.8	13.8
	15001 to 25000	225	56.2	56.2	70.0
	25001 to 35000	112	28.0	28.0	98.0
	35001 to 45000	8	2.0	2.0	100.0
	Total	400	100.0	100.0	

Source: Primary data

Analysis:

From above table the data shows that out of 400, 225 respondents i.e. 56% population informed that they have taken loan up to Rs.2500, While 112, and i.e. Around 28% respondents stated that they have taken loan up to Rs.35000. 55 respondents i.e. around 14 % of respondents informed that they have taken loan up to Rs.1500 while only 2 % have taken up to Rs. 4500.

Graph- 13: Graphical representation of loan amount received by MFIs users



4.3.13 Analysis of Installment Facility for Repaying Loan

Rural population is very poor so they cannot pay the loan in one or two times so for the comfortability in paying, microfinance company take care of these poor population and fix it in term wise, So researcher want to understand the frequency of payment.

Table No4.20:- Statistical classification of Pay installment by MFIs users

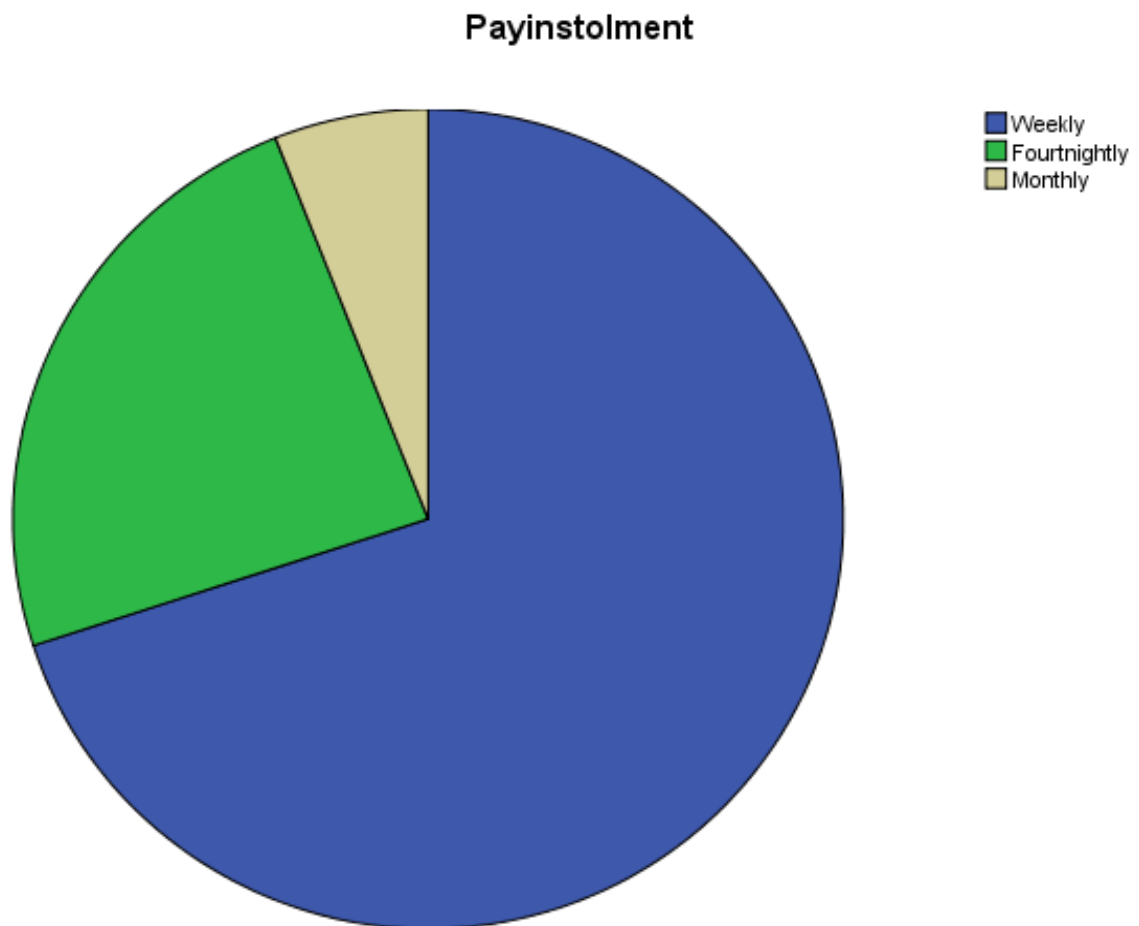
	Pay installment	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Weekly	280	70.0	70.0	70.0
	Fortnightly	96	24.0	24.0	94.0
	Monthly	24	6.0	6.0	100.0
	Total	400	100.0	100.0	

Source: Primary data

Analysis:

Due to low income, microfinance institutions are providing the Instalment facility for repaying loan on weekly, fourth nightly and monthly basis. According to the survey conducted by the researcher, it is found that 280, out of 400 respondents, i.e. 70 % of the microfinance beneficiaries get duration of one week to repay the Instalments. 96 respondent's i.e 24 % respondents, i.e 24% MFIs users stated that they get duration of 15 days to repay the loan Instalments. While 24, ie 6% respondents informed they get one month duration to pay the loan Instalments. Similar result has been found by Priyanka Bargal (2014) in her thesis effectiveness of microfinance in development of slum areas of Indore city, Madhypradesh.

Graph- 14 : Graphical representation of Pay installment by MFIs users



4.3.14 Analysis impact of microfinance on income of MFIs users

In this study researcher want to understand the impact of MFIs on income level of MFIs users.

Table No4.21-: Classification of impact of microfinance on income of MFIs users

	Impact of MFIs on Income	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Increased	320	80.0	80.0	80.0
	Constant	80	20.0	20.0	100.0
	Total	400	100.0	100.0	

Source: Primary data

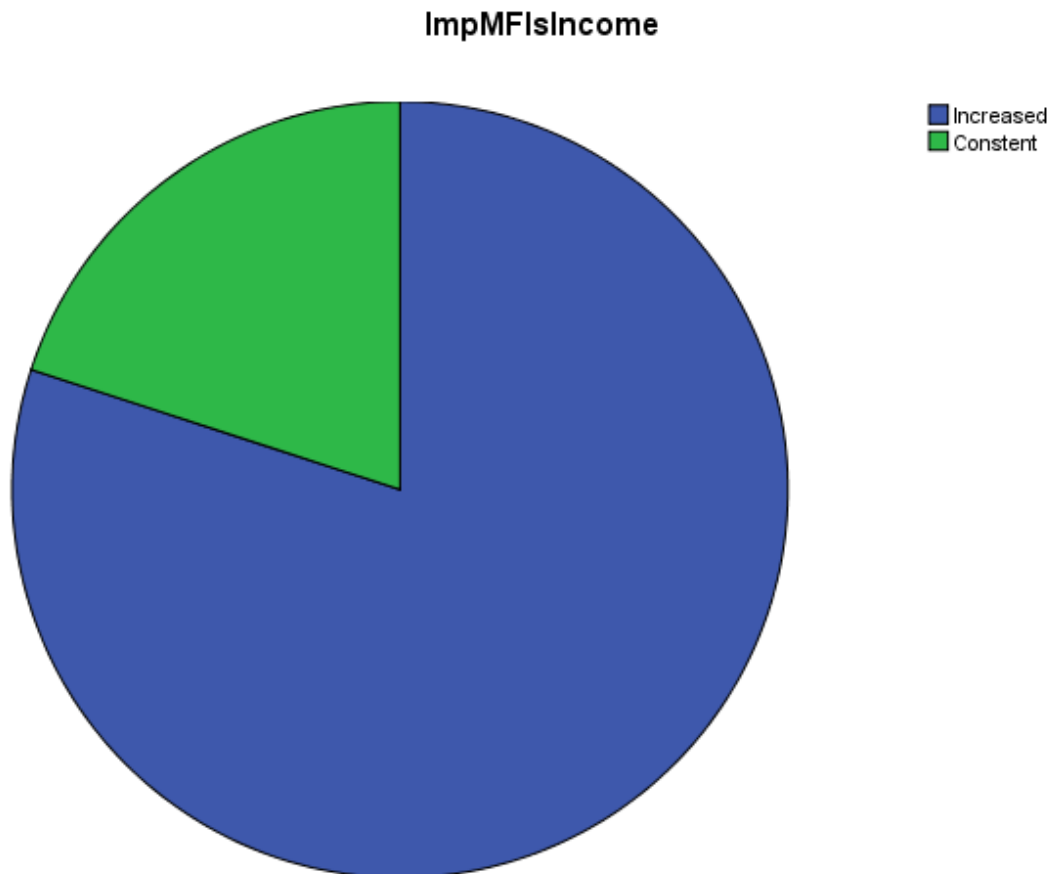
Analysis:

From above table we can see that 320 or 80% respondents out of 400 stated that their income level has been increased after association with MFIs. While 80 i.e. 20 % respondents stated that that they are in same conditions. While no one told that this or her income has decreased. It means MFIs has positive impact on rural population.

Finding:

From analysis it is clear that no user has given negative response about MFIs impact on their income. While 80% are agreed that their income has increased.

Graph- 15 : Graphical representation of impact of microfinance on income of MFIs users.



4.3.15 Analysis impact of microfinance on employment of MFIs users

In this study researcher want to understand the impact of MFIs on employment level of MFIs users

Table No4.22:- Classification of impact of microfinance on employment of MFIs users

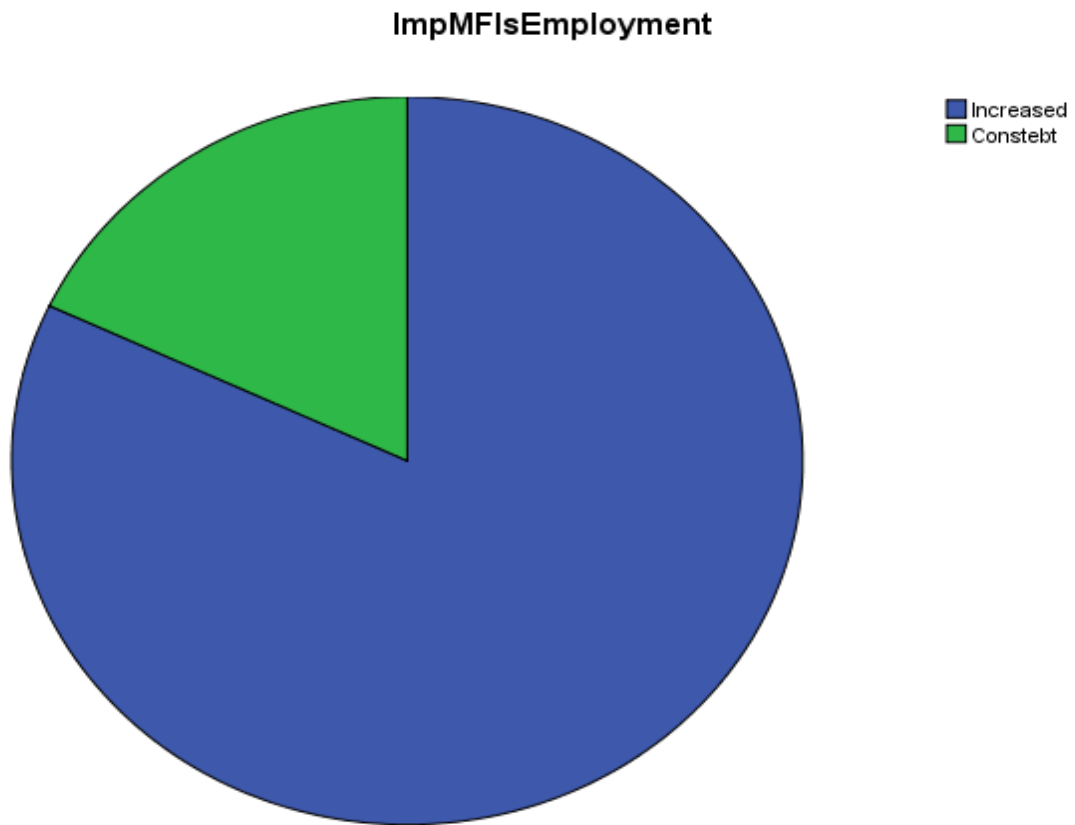
	Impact of MFIs on Employment	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Increased	328	82.0	82.0	82.0
	Constant	72	18.0	18.0	100.0
	Total	400	100.0	100.0	

Source: Primary data

Analysis:

From above table we can see that 328 i.e. 82% respondents out of 400 stated that their employment/self-employment level has been increased after association with MFIs. While 72 i.e. 18 % respondents stated that that they are in same conditions. While no one told that this or her income has decreased. It means MFIs has positive impact on rural population.

Graph- 16: Graphical representation of impact of microfinance on employment of MFIs users



4.4. Exploration of Objective No.-1 (Explore the factors that contribute in measuring performance of Micro Finance Institutions).

Researcher has used 4 + 22 i.e. 26 variables for factor analysis to find out the five major factors such as Educational development, Social development, Economic development, Materialism and Risk taking (personality) orientation of MFI clients of rural population to contribute towards estimating the performance of Micro Finance Institutions. The variables are estimated through perception of the respondents measured on interval scale. On the basis factors explored from objective no.1 researchers would be able to investigate their role in contribution of the performance of Micro Finance Institutions.

4.5 Analysis of Objective No.-2 (To study the role of Micro Finance in socio-economic development in rural population of Eastern U.P.)

Analysis of objective no. 2 is done through descriptive analysis of hypotheses which are mainly ‘statement of propositions’ about relationship between variables under study and not meant to test for significance. They are analysed through descriptive analysis such as mean, percentages, tabulation and charts/graph etc. to derive findings and develop insight about the objectives.

4.5.1 H01: Micro Finance does not play any role in socio-economic development in rural population

The relationships between the two variables – Micro Finance and socio-economic development in rural population have been hypothesized and are represented by the hypothesis H0. The relationship is hypothesised for detail study of association of the independent and the dependent variables which is stated below. Specifically Hypothesis is to assess the relationship between the Micro Finance and dimensions of socioeconomic variable (education, social & economic). As stated above the relationship is hypothesized and represented by the hypothesis H01 and its sub hypotheses which range from H01a to H01c.

4.5.1.1 H01a: Micro Finance does not play any role in educational development in rural population

This hypothesis is analyzed through following four statements (items) that are part of Educational development construct:

1. Your literacy level has increased
2. Your education level has increased
3. Your knowledge for the work has increased
4. Your skills have increased

Analysis of each statement:

Table No 4.23

Statement-1 : Your literacy level has increased					
	Response	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	9	2.2	2.2	2.2
	Disagree	19	4.8	4.8	7.0
	Neutral	94	23.5	23.5	30.5
	Agree	138	34.5	34.5	65.0
	Strongly Agree	140	35.0	35.0	100.0
	Total		400	100.0	100.0

Source: Primary data

Analysis:

From above data of statement no. 1 under H01a, 35.0% of the microfinance users strongly agree with this statement and 34.5% of the microfinance users agree with this statement. Therefore, more than 79% of respondents are agree with the statement. While 23.5% respondents are neutral on the above statement. Therefore on the basis of response we may conclude that microfinance is an opportunity which increases the literacy level of rural population.

Chart 4.01: Increment in Literacy level

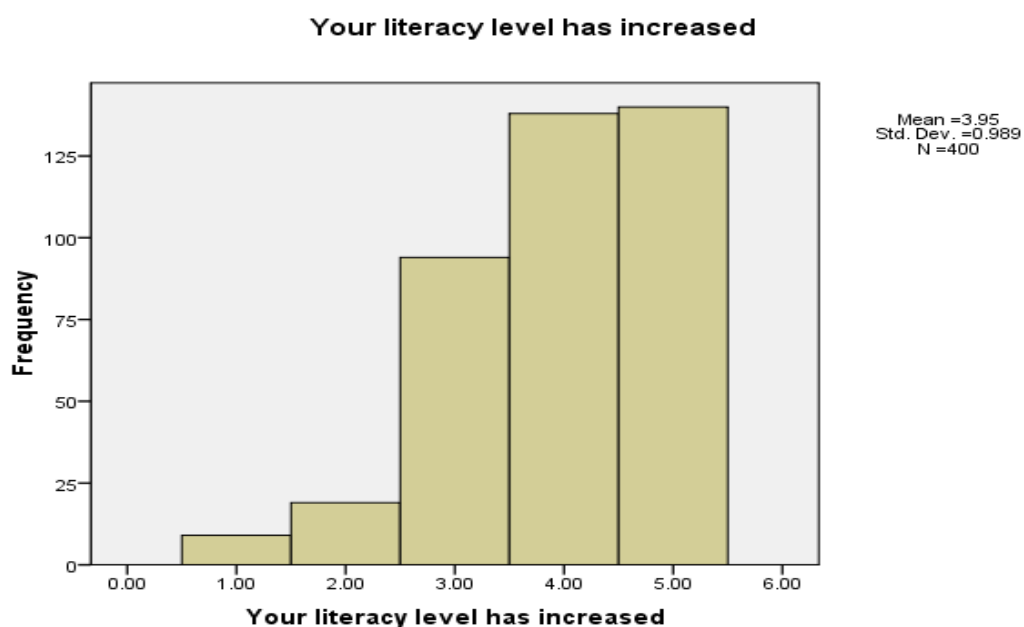


Table No 4.24:- Statement-2 : Your education level has increased

	Response	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	9	2.2	2.2	2.2
	Disagree	11	2.8	2.8	5.0
	Neutral	54	13.5	13.5	18.5
	Agree	216	54.0	54.0	72.5
	Strongly Agree	110	27.5	27.5	100.0
	Total	400	100.0	100.0	

Source: Primary data

Analysis:

Above data of statement no 2, 27.5% of the microfinance users strongly agree with this statement and 54% of the microfinance users agree with this statement. Therefore, more than 81% of respondents are agree with the statement. While 13.5% respondents are neutral on the above statement. Therefore on the basis of response we may conclude that microfinance is an opportunity which increases the education level of rural population.

Chart 4.02: Increment in educational level

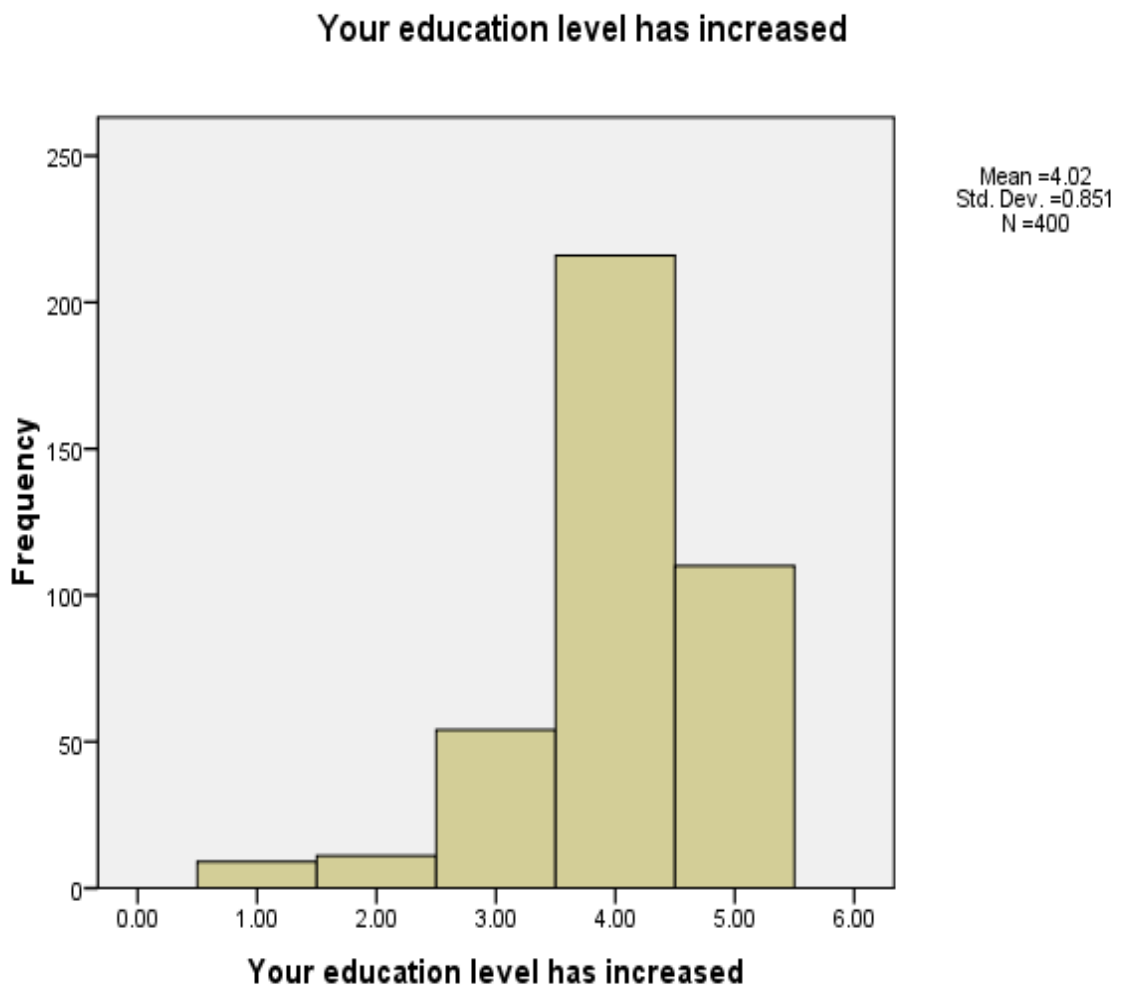


Table No4.25

Statement-3 : Your knowledge for the work has increased					
	Response	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	9	2.2	2.2	2.2
	Disagree	3	0.8	0.8	3.0
	Neutral	86	21.5	21.5	24.5
	Agree	118	29.5	29.5	54.0
	Strongly Agree	184	46.0	46.0	100.0
	Total	400	100.0	100.0	

Source: Primary data

Analysis:

Above data of statement no.3, 46.0% of the microfinance users strongly agree with this statement and 29.5% of the microfinance users agree with this statement. Therefore, more than 75% of respondents are agree with the statement. While 21.5% respondents are neutral on the above statement. Therefore on the basis of response we may conclude that microfinance provides an opportunity which increases the knowledge level of rural population.

Chart 4.03: Increment in knowledge level for work

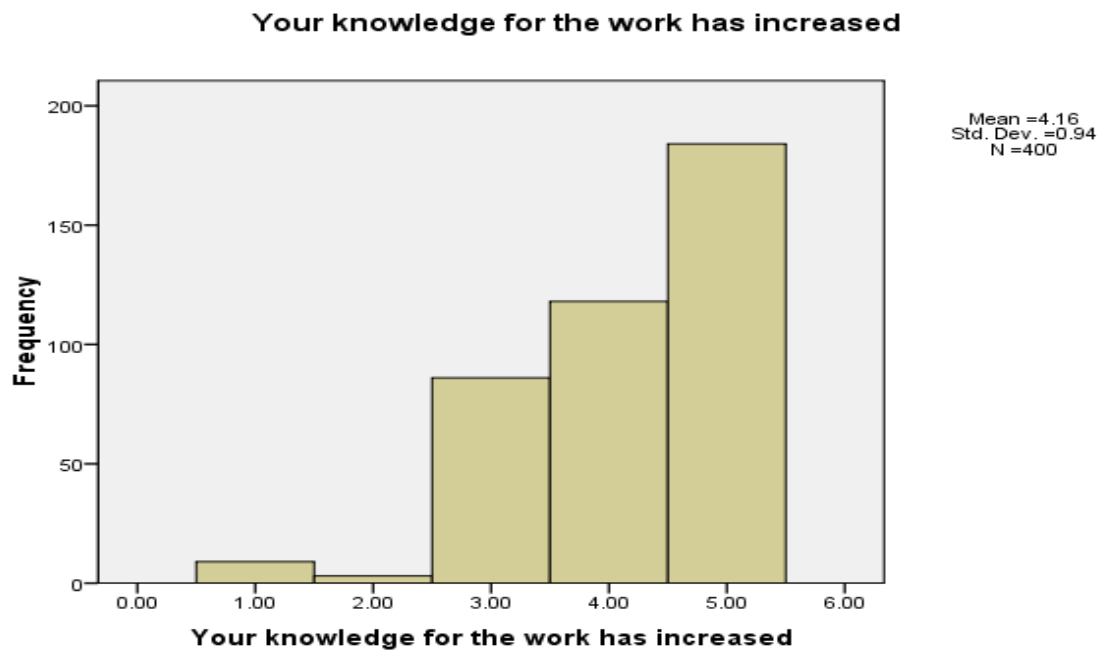


Table No4.26

Statement-4 : Your skills have increased					
	Response	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	3	0.8	0.8	0.8
	Disagree	6	1.5	1.5	2.2
	Neutral	88	22.0	22.0	24.2
	Agree	250	62.5	62.5	86.8
	Strongly Agree	53	13.2	13.2	100.0
	Total	400	100.0	100.0	

Source: Primary data

Analysis:

Above data of statement no4, 13.20% of the microfinance users strongly agree with this statement and 62.5% of the microfinance users agree with this statement. Therefore, more than 75% of respondents are agree with the statement. While 22% respondents are neutral on the above statement. Therefore on the basis of response we may conclude that microfinance is an opportunity which increases the skill level of rural population.

Chart 4.04: Increment in skills level



4.5.1(A).General Findings of Hypothesis no. H01a

On the basis of findings from the statement no.1, 35.0% of the microfinance users strongly agree with this statement and 34.5% of the microfinance users agree. Therefore, more than 79% of respondents are agree with the statement. While 23.5% respondents are neutral. While from the statement no.2, 27.5% of the microfinance users strongly agree and 54% of the microfinance users agree with this statement. Therefore, more than 81% of respondents are agree with the statement. While 13.5% respondents are neutral, similarly from the statement no.3 46.0% of the microfinance users strongly agree with this statement and 29.5% of the microfinance users agree with this statement. Therefore, more than 75% of respondents are agree with the statement. While 21.5% respondents are neutral and statement no4, 13.20% of the microfinance users strongly agree with this statement and 62.5% of the microfinance users agree with this statement. Therefore, more than 75% of respondents are agree with the statement. While 22% respondents are neutral.

On the basis of average calculations of statement no. 1, 2, 3 and 4 it seems that 77.5% respondents are agree that their educational background has been improved after taking the MFIs services.

4.5.1.2. H01b: Micro Finance does not play any role in Social development in rural population

This hypothesis is analyzed through following six statements (items) that are part of Social development construct:

Table No4.27: Statements for Social development variable:

Sr. No	Variable
1	Interaction within the community has increased
2	Interaction with outside has increased
3	You have freedom to visit outside of your living
4	You actively participate in decision making in the family
5	You can express your views independently
6	Your family/people respect you and your decision

Analysis of each statement:

Table No4.28-: Impact of Microfinance on Social development of MFIs respondents of rural population

Statement No1: Interaction within the community has increased					
	Response	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	2	0.5	0.5	0.5
	Disagree	10	2.5	2.5	3.0
	Neutral	95	23.8	23.8	26.8
	Agree	206	51.5	51.5	78.2
	Strongly Agree	87	21.8	21.8	100.0
	Total		400	100.0	100.0

Source: Primary data

Analysis:

From above table no.4.28, data of statement no1, 21.8% of the microfinance users strongly agree with this statement and 51.5% of the microfinance users agree with this statement. Therefore, more than 73% of respondents are agree with the statement. While 23.8% respondents are neutral over the above statement. Therefore on the basis of response we may conclude that microfinance is an opportunity on the basis of its help, rural population have increased their interaction within the community.

Chart 4.05: Interaction level in community

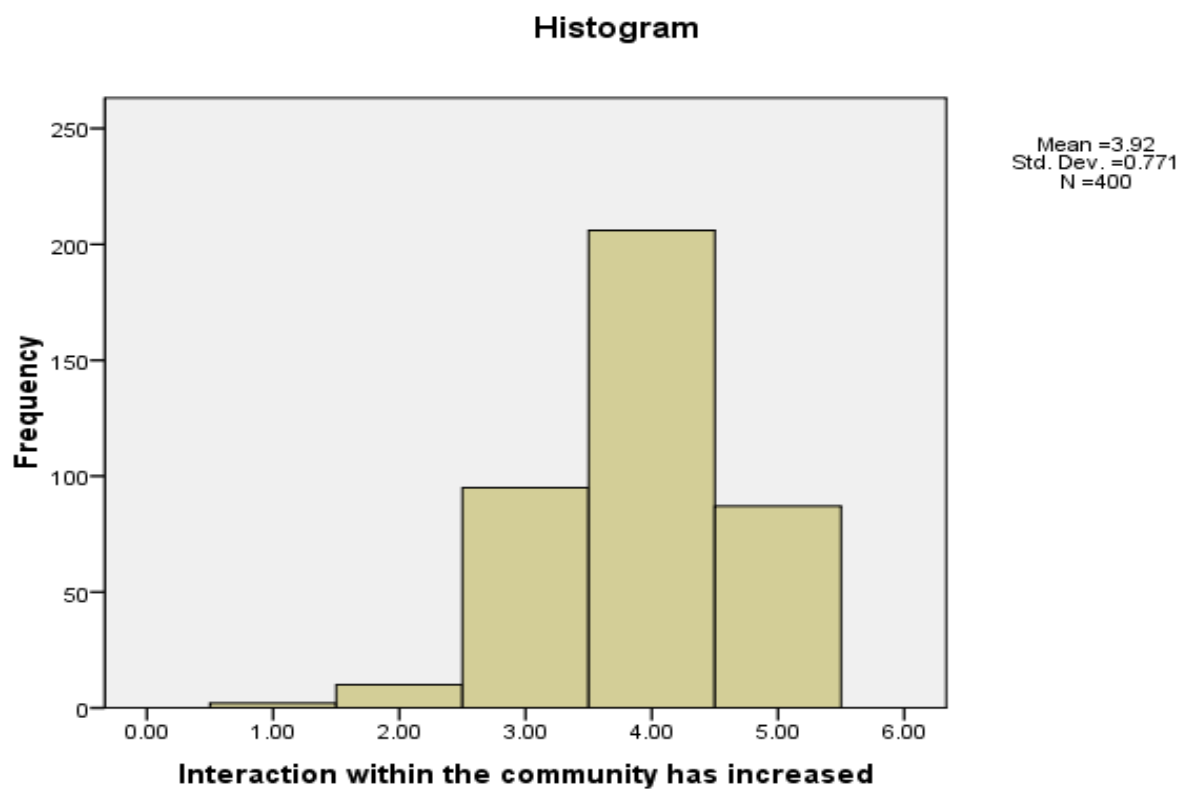


Table No4.29:

Statement No2: Interaction with outside has increased					
	Response	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	2	0.5	0.5	0.5
	Disagree	4	1.0	1.0	1.5
	Neutral	140	35.0	35.0	36.5
	Agree	159	39.8	39.8	76.2
	Strongly Agree	95	23.8	23.8	100.0
	Total	400	100.0	100.0	

Source : Primary data

Analysis:

From above table, 4.29, data of statement no2, 23.8% of the microfinance users strongly agree with this statement and 39.8% of the microfinance users agree with this statement. Therefore, more than 63% of respondents are agree with the statement, while 35 % respondents are neutral on the above statement. Therefore on the basis of response we may conclude that microfinance is an opportunity on the basis of its help, rural population have increased their interaction outside the community.

Chart 4.06: Interaction with outside world

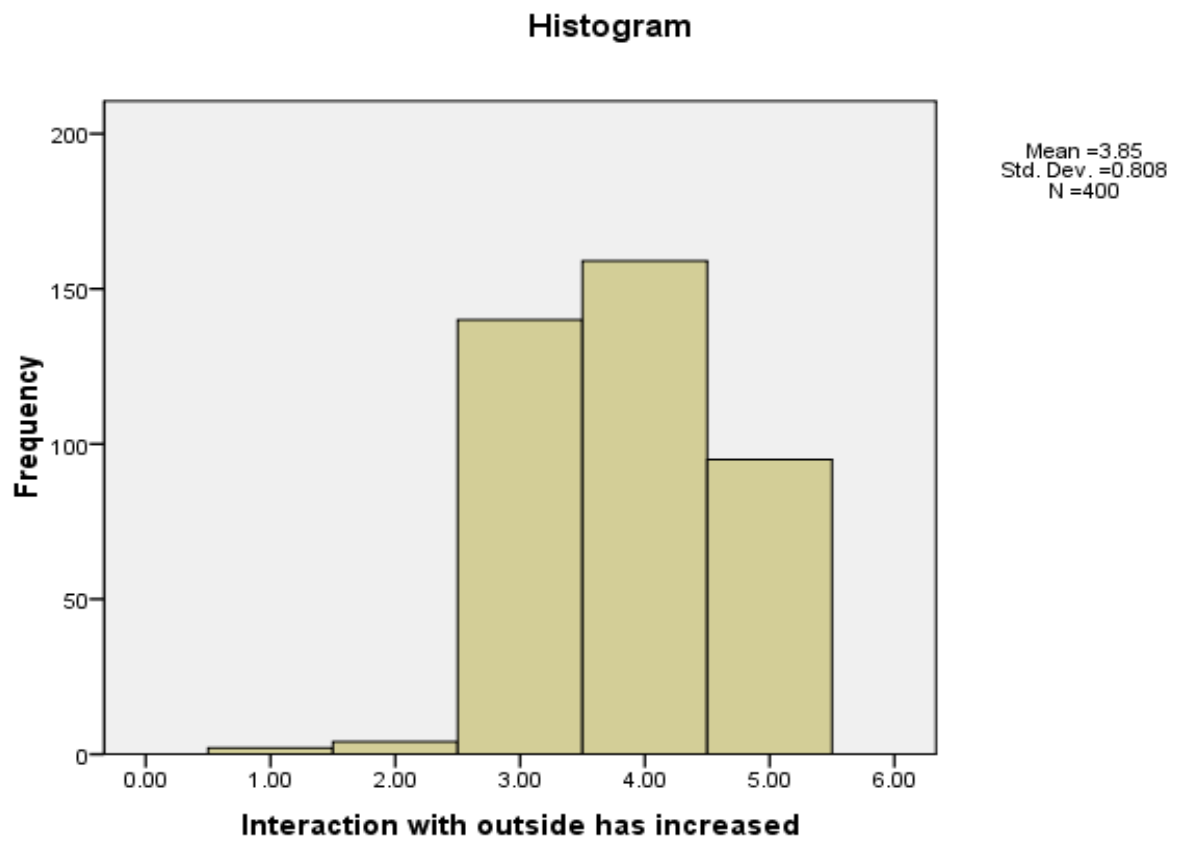


Table No4.30

Statement No3: You have freedom to visit outside of your living					
	Response	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	3	0.8	0.8	0.8
	Disagree	5	1.2	1.2	2.0
	Neutral	133	33.2	33.2	35.2
	Agree	156	39.0	39.0	74.2
	Strongly Agree	103	25.8	25.8	100.0
	Total	400	100.0	100.0	

Source: Primary data

Analysis:

From above table 4.30, data of statement no3, 25.8% of the microfinance users strongly agree with this statement and 39.0% of the microfinance users agree with this statement. Therefore, more than 64% of respondents are agree with the statement, while 33.2% respondents are neutral on the above statement. Therefore on the basis of response we may conclude that microfinance is an opportunity on the basis of its help, rural population have freedom to visit outside of their living.

Chart 4.07: Freedom level to visit outside

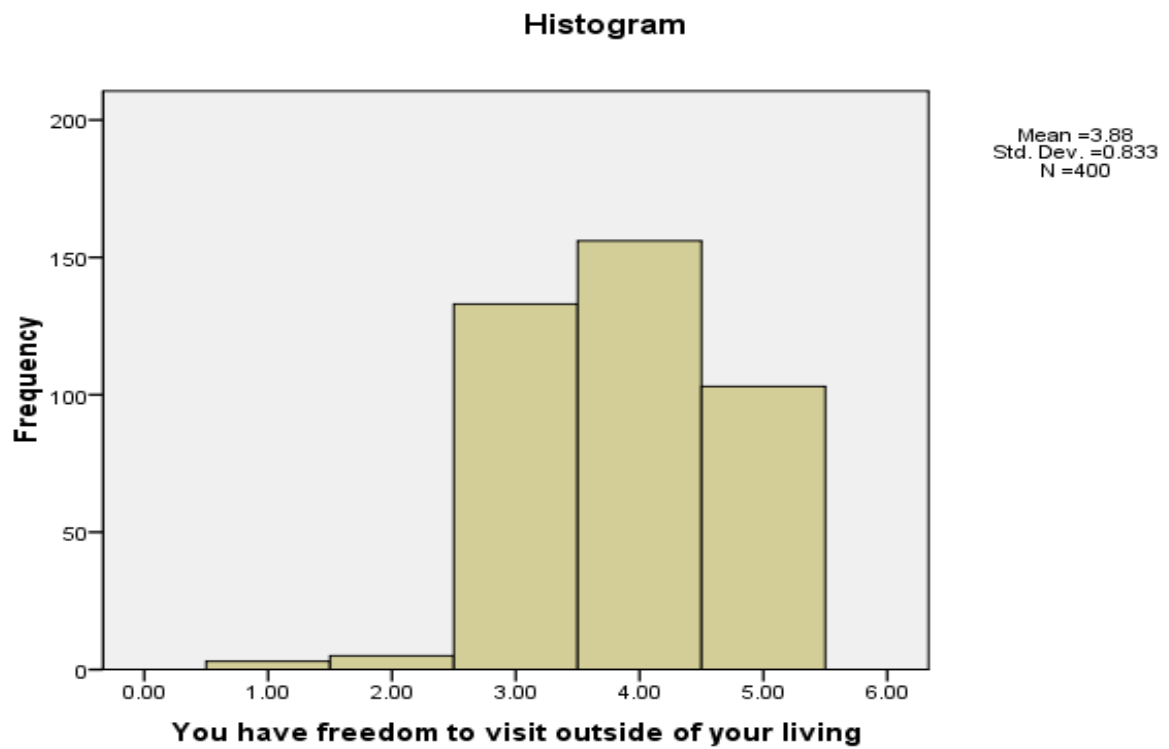


Table No4.31:

Statement No4: You actively participate in decision making in the family					
	Response	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	3	0.8	0.8	0.8
	Disagree	4	1.0	1.0	1.8
	Neutral	96	24.0	24.0	25.8
	Agree	202	50.5	50.5	76.2
	Strongly Agree	95	23.8	23.8	100.0
	Total		400	100.0	100.0

Source: Primary data

Analysis:

From above table 4.31, data of statement no4, 23.8% of the microfinance users strongly agree with this statement and 50.5% of the microfinance users agree with this statement. Therefore, more than 74% of respondents are agree with the statement, while 24% respondents are neutral on the above statement. Therefore on the basis of response we may conclude that microfinance is an opportunity on the basis of its help, rural population have actively participated in their family decision making.

Chart 4.08: Participation in decision making

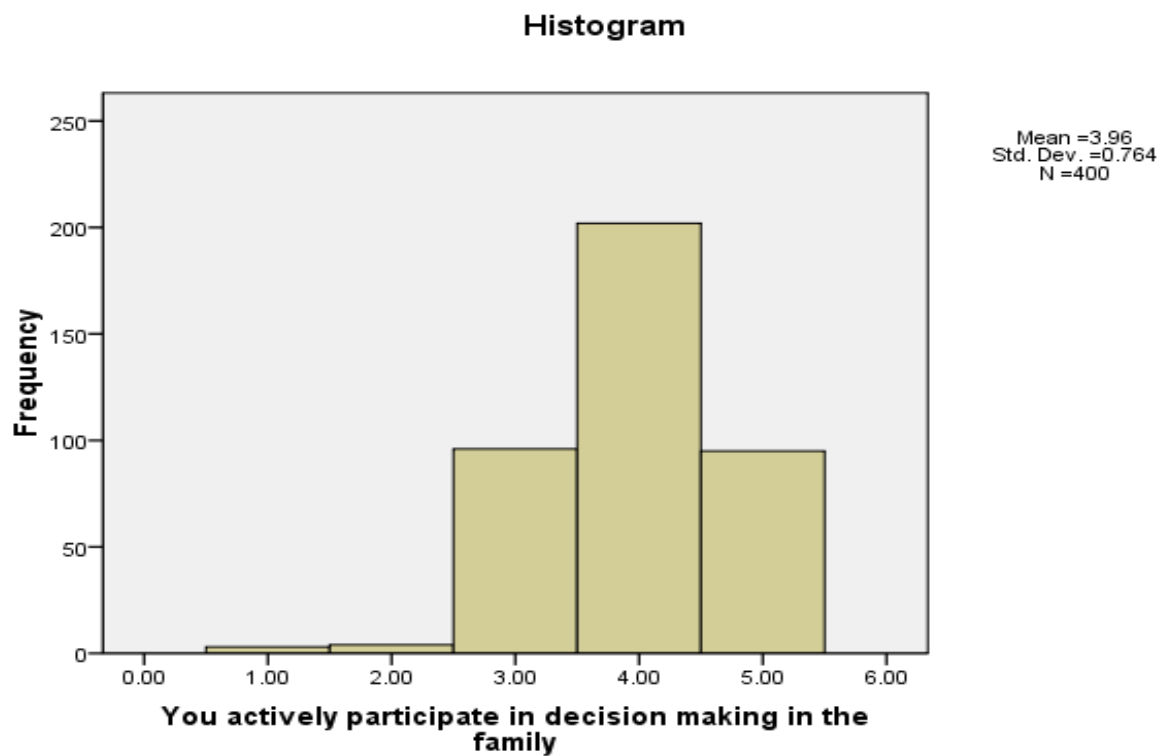


Table No4.32

Statement No5: You can express your views independently					
	Response	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	3	0.8	0.8	0.8
	Disagree	3	0.8	0.8	1.5
	Neutral	95	23.8	23.8	25.2
	Agree	204	51.0	51.0	76.2
	Strongly Agree	95	23.8	23.8	100.0
	Total	400	100.0	100.0	

Source: Primary data

Analysis:

From above table 4.32, data of statement no5, 23.8% of the microfinance users strongly agree with this statement and 51.0% of the microfinance users agree with this statement. Therefore, more than 74.8% of respondents are agree with the statement, while 23.8% respondents are neutral on the above statement. Therefore on the basis of response we may conclude that microfinance is an opportunity on the basis of its help, rural population can share their views independently.

Chart 4.09:Expression of views independently

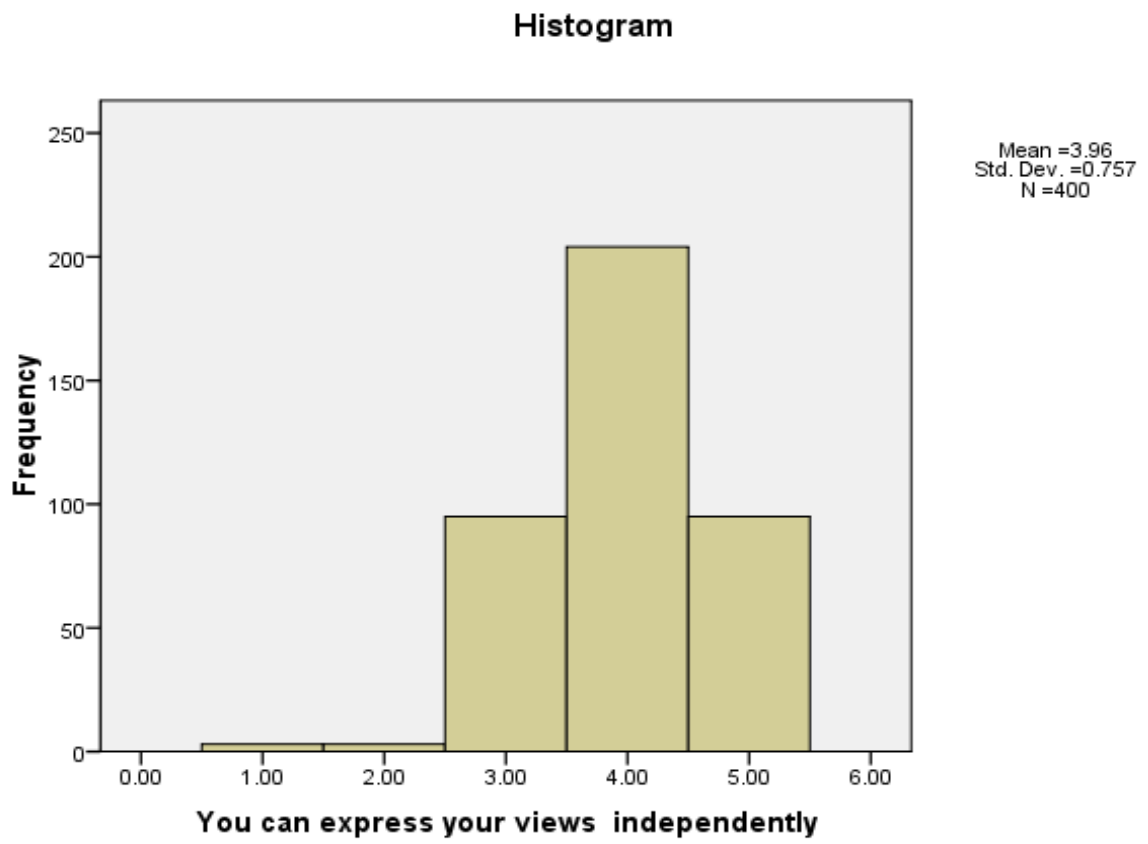


Table No4.33:

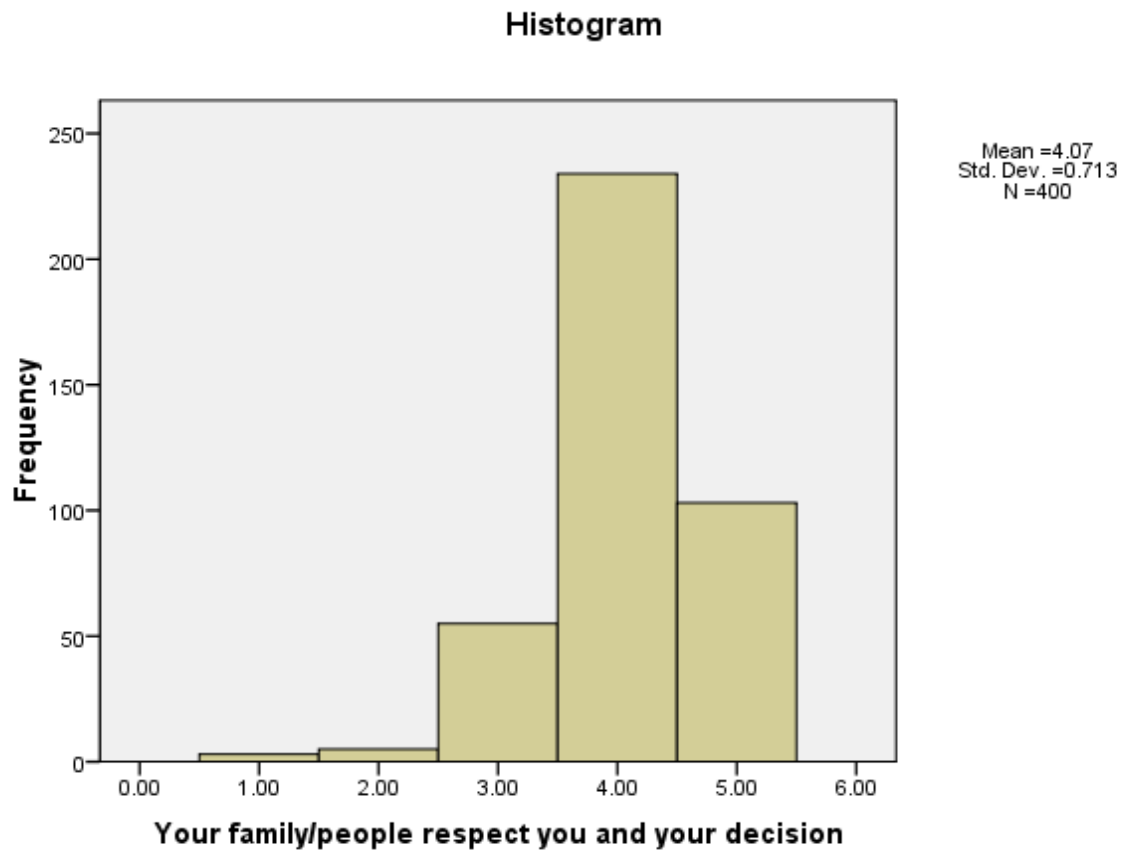
Statement No6: Your family/people respect you and your decision					
	Response	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	3	0.8	0.8	0.8
	Disagree	5	1.2	1.2	2.0
	Neutral	55	13.8	13.8	15.8
	Agree	234	58.5	58.5	74.2
	Strongly Agree	103	25.8	25.8	100.0
	Total	400	100.0	100.0	

Source: Primary data

Analysis:

From above table 4.31, data of statement no.6, 25.8% of the microfinance users strongly agree with this statement and 58.50% of the microfinance users agree with this statement. Therefore, more than 84% of respondents are agree with the statement. While 13.8% respondents are neutral on the above statement. Therefore on the basis of response we may conclude that microfinance is an opportunity on the basis of its help, rural population agree that family as well as society respect their decisions.

Chart 4.10: Respect in family



4.5.1(B). General finding of Hypothesis no. H01b

From above table no. 4.28 of statement no1, 21.8% of the microfinance users strongly agree and 51.5% of the microfinance users agree with this statement. Therefore, more than 73% of respondents are agreeing. While table, 4.29, data of statement no2, 23.8% of the microfinance users strongly agree with this statement and 39.8% of the microfinance users agree with this statement. Therefore, more than 63% of respondents are agree with the statement. While 35. % respondents are neutral on the above statement.

From table, 4.30, data of statement no3, 25.8% of the microfinance users strongly agree and 39.0% of the microfinance users agree. Therefore, more than 64% of respondents are agreeing. While 33.2% respondents are neutral and from above table 4.31, data of statement no4, 23.8% of the microfinance users strongly agree, 50.5% of the microfinance users agree. Therefore, more than 74.3% of respondents are agreeing. While 24% respondents are neutral.

From table 4.32, data of statement no5, 23.8% of the microfinance users strongly agree with this statement and 51.0% of the microfinance users agree with this statement. Therefore, more than 74.8% of respondents are agree and table no. 4.33, data of statement no6, 25.8% of the microfinance users strongly agree and 58.50% of the microfinance users agree with this statement. Therefore, more than 84% of respondents are agreed.

On the basis of the average calculations from the findings of statement no. 1, 2, 3, 4, 5 and 6 from table no. 4.28 to 4.33 it seems that 72.1 % respondents are agree that their Social status has been improved after taking the MFIs services.

4.5.1.3 H01c: Micro Finance does not play any role in Economic development in rural population.

This hypothesis is analyzed through following nine statements (items) that are part of Economic development construct:

Table No4.34 (a): Statements of Economic development variable

Sr. no.	Statements of Economic development variable
1	Regarding the business to be started with the loan amount
2	Regarding the use of income generated by the business
3	You can take decision of house infrastructure/ smokeless chullah/ house repair
4	You can take decision for house hold purchase like equipment/ live stock
5	You have enhanced your income
6	You have better market linkage
7	You have better linkage with banks
8	You can manage work independently
9	You have enhanced your Saving

Analysis of each statement:

Table No4.34-: Impact of Microfinance on Economic development of rural population

Statement No1: Regarding the business to be started with the loan amount					
	Responses	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	18	4.5	4.5	4.5
	Neutral	167	41.8	41.8	46.2
	Agree	215	53.8	53.8	100.0
	Total	400	100.0	100.0	

Source: Researcher

Analysis:

From above table no. 4.34 of statement no1, 0% of the microfinance users strongly agree with this statement and 53.8 %of the microfinance users agree with this statement. Therefore, more than 53% of respondents are agree with the statement. While 41.8% respondents are neutral on the above statement. Therefore on the basis of response we may conclude that microfinance is an opportunity on the basis of its help, rural population can do their business.

Chart 4.11: The business status with loan

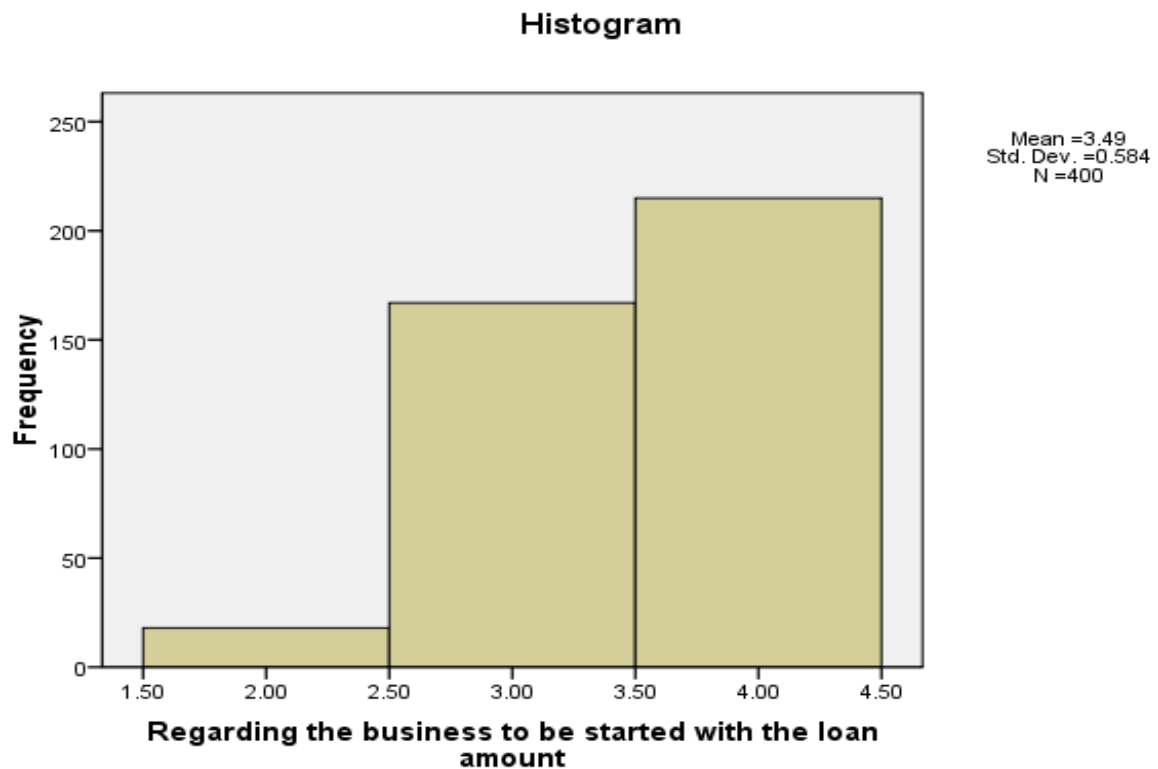


Table No 4.35 :

Statement No2: Regarding the use of income generated by the business					
	Response	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	10	2.5	2.5	2.5
	Disagree	3	0.8	0.8	3.2
	Neutral	155	38.8	38.8	42.0
	Agree	178	44.5	44.5	86.5
	Strongly Agree	54	13.5	13.5	100.0
	Total		400	100.0	100.0

Source: Primary data

Analysis:

From above table 4.35 data of statement no2, 13.50% of the microfinance users strongly agree with this statement and 44.5% of the microfinance users agree with this statement. Therefore, more than 58% of respondents are agree with the statement. While 38.8% respondents are neutral on the above statement. Therefore on the basis of response we may conclude that microfinance is an opportunity on the basis of its help, rural population can increase their income generation.

Chart 4.12: Income generation from business

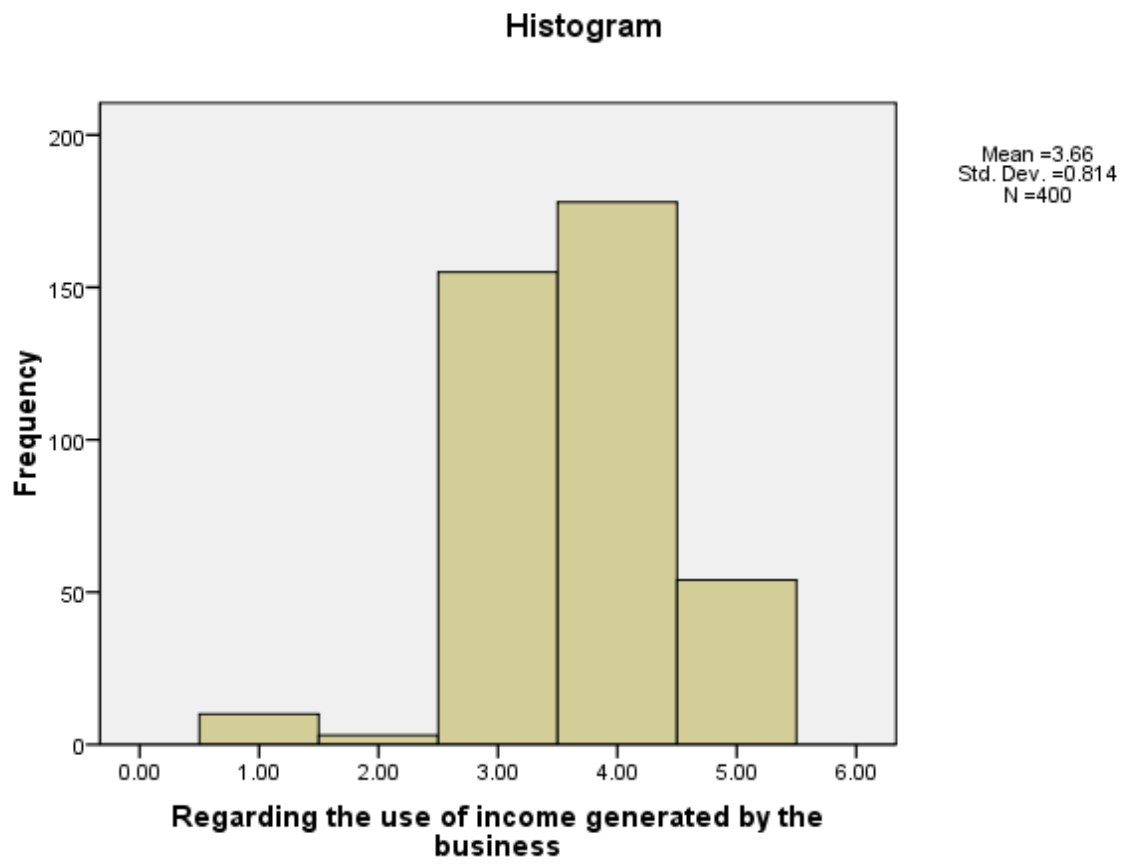


Table No 4.36-:

Statement No3: You can take decision of house infrastructure/ smokeless Chullah/ house Repair					
	Response	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	7	1.8	1.8	1.8
	Disagree	2	0.5	0.5	2.2
	Neutral	140	35.0	35.0	37.2
	Agree	150	37.5	37.5	74.8
	Strongly Agree	101	25.2	25.2	100.0
	Total		400	100.0	100.0

Source: Primary data

Analysis: From above table 4.36 data of statement no.3, 25.20% of the microfinance users strongly agree with this statement and 37.5% of the microfinance users agree with this statement. Therefore, more than 62% of respondents are agree with the statement. While 35.0% respondents are neutral on the above statement. Therefore on the basis of response we may conclude that microfinance is an opportunity on the basis of its help, rural population can take decision freely of house infrastructure/ smokeless Chullah/ house Repair.

Chart 4.13: Decision level in infrastructure development

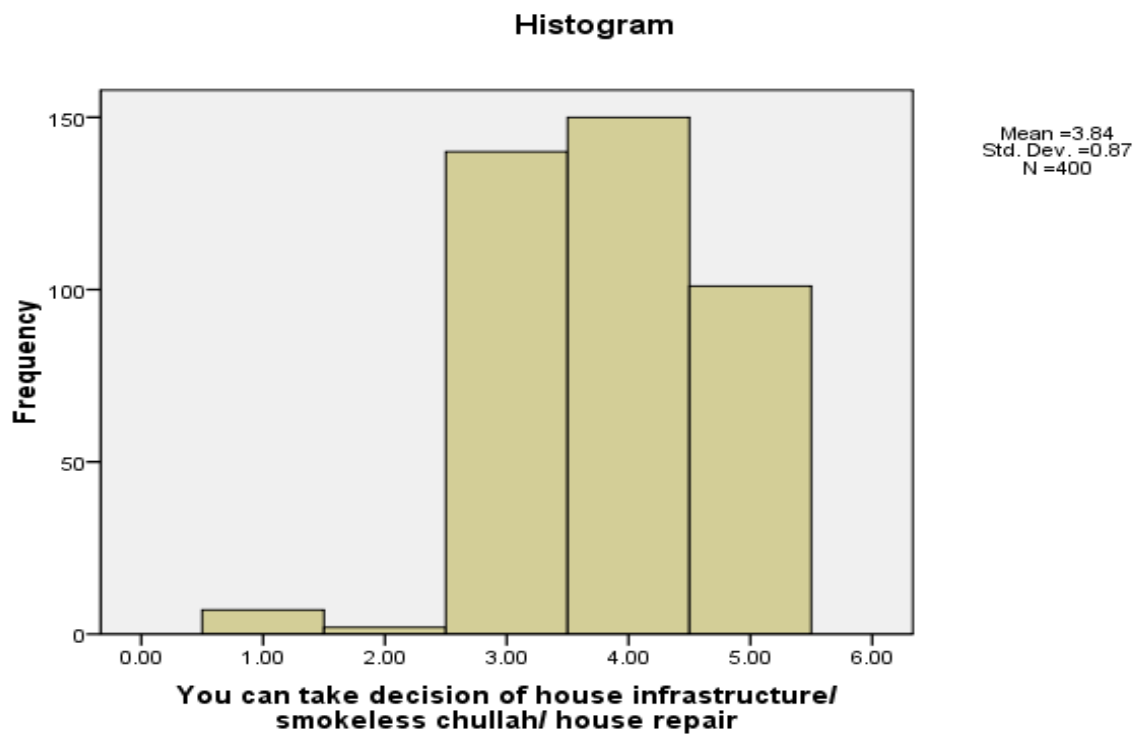


Table No4.37-:

Statement No4: You can take decision for house hold purchase like equipment/ live stock					
	Response	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	7	1.8	1.8	1.8
	Disagree	3	0.8	0.8	2.5
	Neutral	100	25.0	25.0	27.5
	Agree	212	53.0	53.0	80.5
	Strongly Agree	78	19.5	19.5	100.0
	Total		400	100.0	100.0

Source: Primary data

Analysis:

From above table no. 4.37 of statement no4, 19.50% of the microfinance users strongly agree with this statement and 53. % of the microfinance users agree with this statement. Therefore, more than 72% of respondents are agree with the statement. While 25.0% respondents are neutral on the above statement. Therefore on the basis of response we may conclude that microfinance is an opportunity on the basis of its help, rural population can take decision for house hold purchase like equipment/livestock.

Chart 4.14: Decision level in purchasing

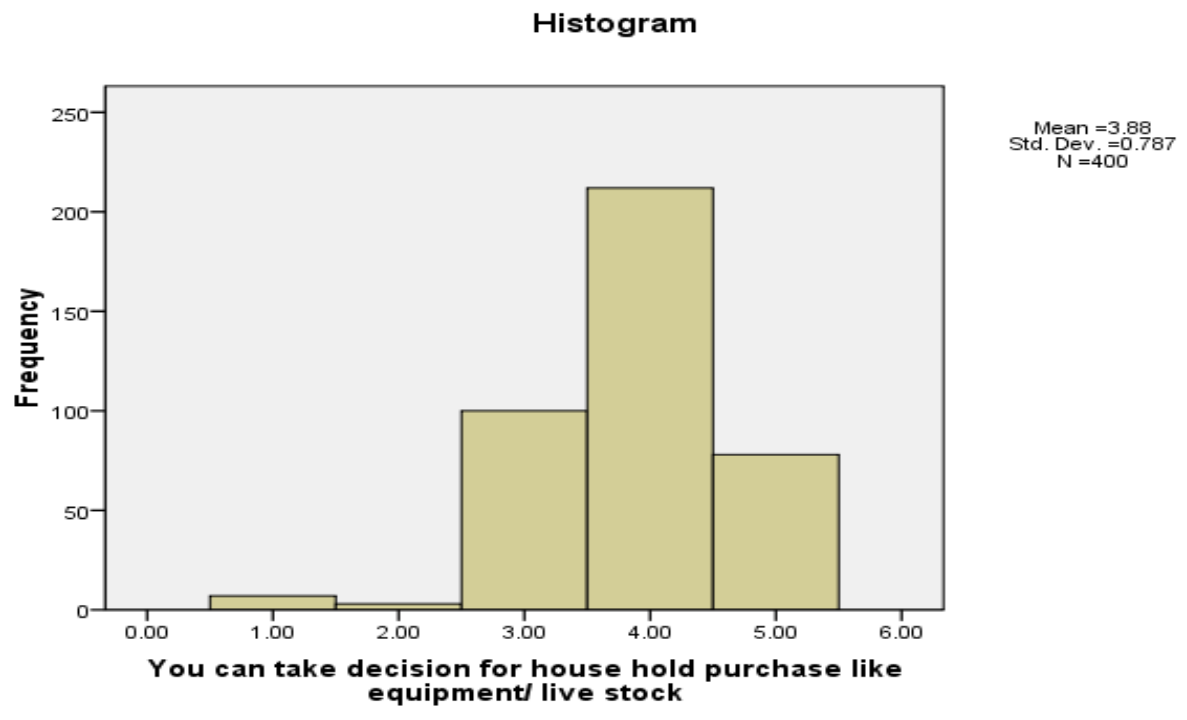


Table No4.38

Statement No5: You have enhanced your income					
	Response	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	20	5.0	5.0	5.0
	Disagree	49	12.2	12.2	17.2
	Neutral	94	23.5	23.5	40.8
	Agree	166	41.5	41.5	82.2
	Strongly Agree	71	17.8	17.8	100.0
	Total	400	100.0	100.0	

Source: Primary data

Analysis:

From above table no. 4.38, of statement no5, 17.80% of the microfinance users strongly agree with this statement and 41.5% of the microfinance users agree with this statement. Therefore, more than 59% of respondents are agree with the statement. While 23.50% respondents are neutral on the above statement. Therefore on the basis of response we may conclude that microfinance is an opportunity on the basis of its help, rural population have enhanced their income.

Chart 4.15: Increment in income level

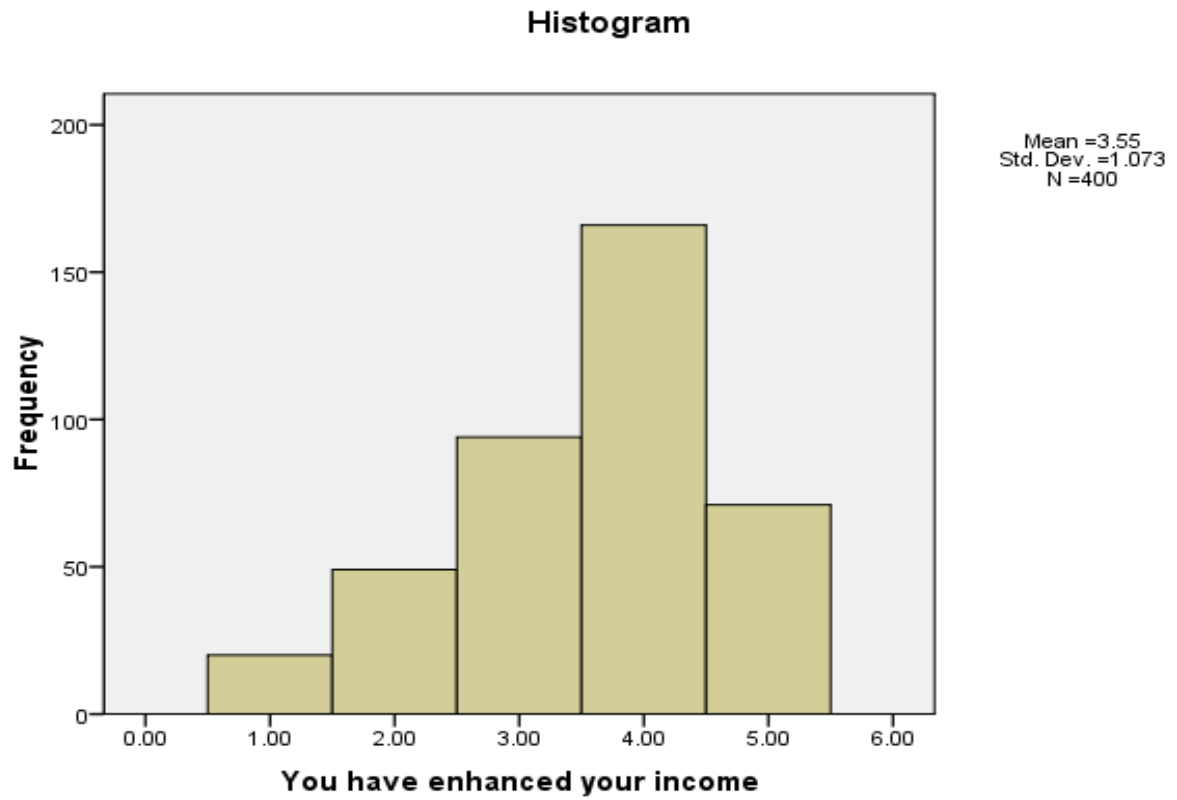


Table No4.39-:

Statement No6: You have better market linkage					
	Response	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	27	6.8	6.8	6.8
	Disagree	50	12.5	12.5	19.2
	Neutral	109	27.2	27.2	46.5
	Agree	143	35.8	35.8	82.2
	Strongly Agree	71	17.8	17.8	100.0
	Total	400	100.0	100.0	

Source: Primary data

Analysis:

From above table no. 4.39 of statement no 6, 17.8% of the microfinance users strongly agree with this statement and 35.8% of the microfinance users agree with this statement. Therefore, more than 53% of respondents are agree with the statement. While 27.20% respondents are neutral on the above statement. Therefore on the basis of response we may conclude that microfinance is an opportunity on the basis of its help, rural population have enhanced their income.

Chart 4.16: Market Linkage

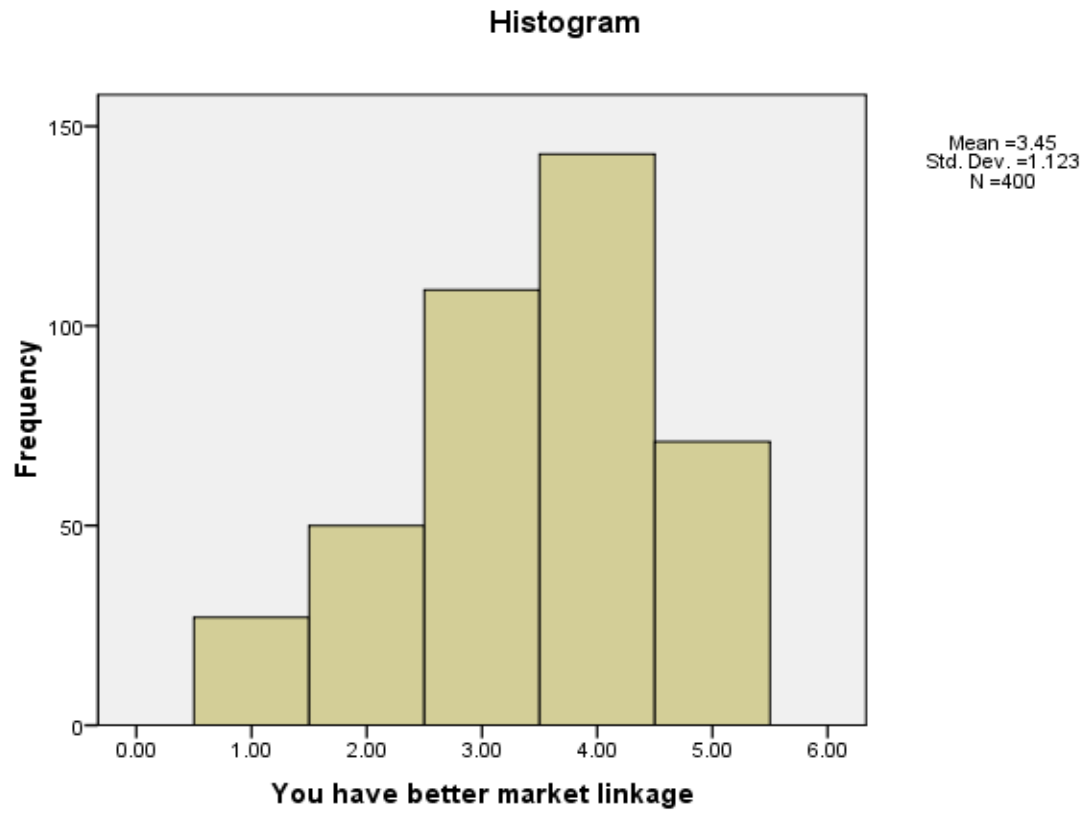


Table No4.40-:**Statement No7: You have better linkage with banks**

	Response	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	16	4.0	4.0	4.0
	Disagree	18	4.5	4.5	8.5
	Neutral	170	42.5	42.5	51.0
	Agree	167	41.8	41.8	92.8
	Strongly Agree	29	7.2	7.2	100.0
	Total	400	100.0	100.0	

Source: Primary data

Analysis:

From above table no. 4.40, data of statement no7, 7.2% of the microfinance users strongly agree with this statement and 41.8% of the microfinance users agree with this statement. Therefore, more than 49% of respondents are agree with the statement. While 42.50% respondents are neutral on the above statement. Therefore on the basis of response we may conclude that microfinance is an opportunity on the basis of its help, rural population have better linkage with banks.

Chart 4.17: Linkage with banks

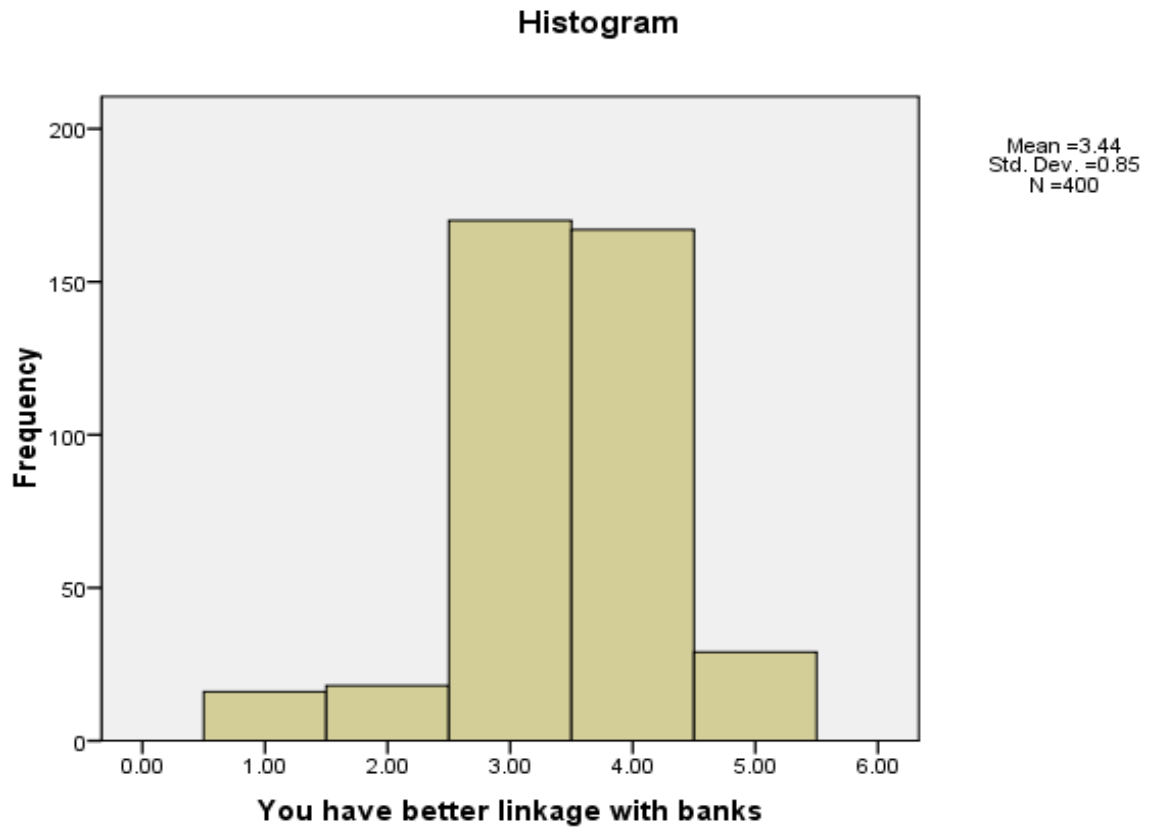


Table No4.41:

Statement No8: You can manage work independently					
	Response	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Neutral	88	22.0	22.0	22.0
	Agree	160	40.0	40.0	62.0
	Strongly Agree	152	38.0	38.0	100.0
	Total	400	100.0	100.0	

Source: Primary data

Analysis:

From above table no. 4.41 of statement no.8, 38% of the microfinance users strongly agree with this statement and 40.% of the microfinance users agree with this statement. Therefore, more than 68% of respondents are agree with the statement. While 22 % respondents are neutral on the above statement. One of the beauties of responses that no respondents are disagrees with this statement. Therefore on the basis of response we may conclude that microfinance is an opportunity on the basis of its help, rural population can manage his/her works independently.

Chart4.18: Management of work independently

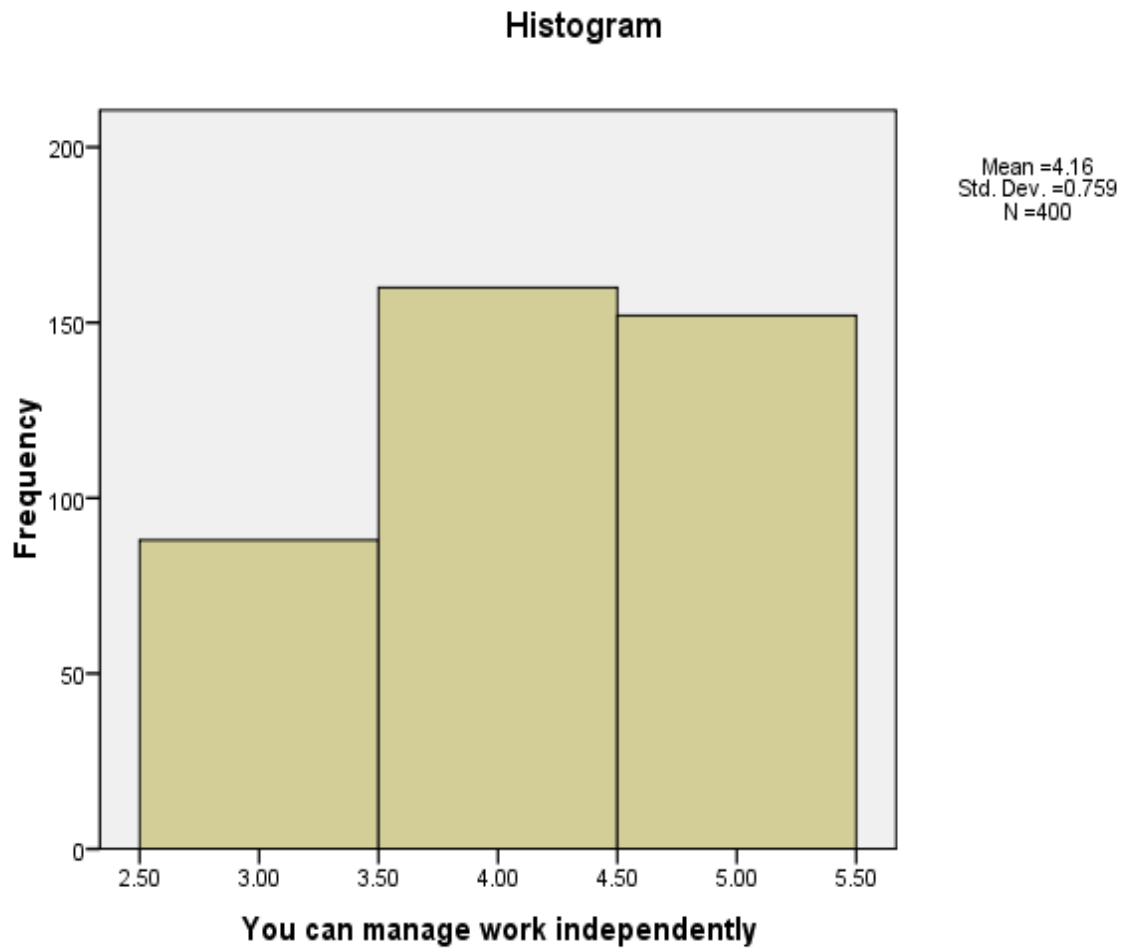


Table No4.42:

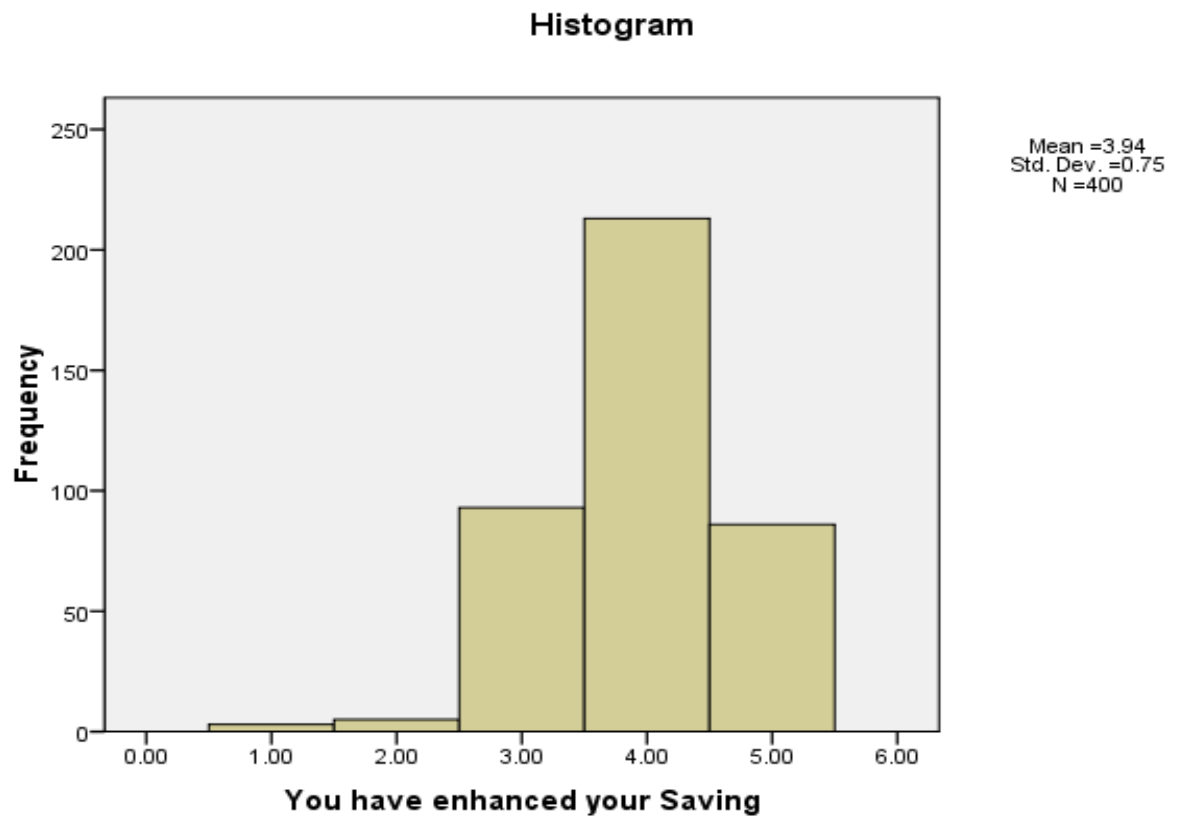
Statement No9: You have enhanced your Saving					
	Response	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	3	0.8	0.8	0.8
	Disagree	5	1.2	1.2	2.0
	Neutral	93	23.2	23.2	25.2
	Agree	213	53.2	53.2	78.5
	Strongly Agree	86	21.5	21.5	100.0
	Total	400	100.0	100.0	

Source: Primary data

Analysis:

From above table no. 4.42, data of statement no9, 21.5% of the microfinance users strongly agree with this statement and 53.2% of the microfinance users agree with this statement. Therefore, more than 73% of respondents are agree with the statement. While 23.2% respondents are neutral on the above statement. Therefore on the basis of response we may conclude that microfinance is an opportunity on the basis of its help, rural population have enhance their savings.

Chart 4.19: Increment in savings



4.5.1.3 General finding of Hypothesis no. H01c

From above table no. 4.34 of statement no1, 0% of the microfinance users strongly agree and 53.8 %of the microfinance users agree. Therefore, more than 53% of respondents are agree. While 41.8% respondents are neutral while from table no. 4.35 data of statement no2, 13.50% of the microfinance users strongly agree and 44.5% of the microfinance users agree. Therefore, more than 58% of respondents are agree with the statement. While 38.8% respondents are neutral. And table 4.36 data of statement no.3, 25.20% of the microfinance users strongly agree and 37.5% of the microfinance users agree. Therefore, more than 62% of respondents are agree with the statement. While 35.0% respondents are neutral. From above table 4.37, data of statement no.4, 19.50% of the microfinance users strongly agree, 53. % of the microfinance users agree with this statement. Therefore, more than 72% of respondents are agree. While from table 4.38, data of statement no5, 17.80% of the microfinance users strongly agree and 41.5% of the microfinance users agree. Therefore, more than 59% of respondents are agree. While 23.50% respondents are neutral.

From the table no. 4.39, data of statement no 6, 17.8% of the microfinance users show strongly agree with this statement and 35.8% of the microfinance users agree. Therefore, more than 53% of respondents are agree. While 27.20% respondents are neutral. And table no. 4.40, data of statement no7, 7.2% of the microfinance users strongly agree and 41.8% of the microfinance users agree. Therefore, more than 49% of respondents are agree. While 42.50% respondents are neutral. Also from table no. 4.41 data of statement no.8, 38% of the microfinance users strongly agree and 40. % of the microfinance users agree. Therefore, more than 68% of respondents are agree. While 22. % respondents are neutral. And from table no. 4.42 data of statement no9, 21.5% of the microfinance users strongly agree with this statement and 53.2% of the microfinance users agree with this statement. Therefore, more than 73% of respondents are agree with the statement.

On the basis findings of the average calculations from the findings of statement no. 1, 2, 3, 4, 5, 6, 7, 8 and 9 from table no. 4.34 to 4.42 it seems that 60.78 % respondents are agree that their economic status has been improved after taking the services of MFIs.

4.5.2 (A): General finding of (Ho1) for objective no.2:

On the basis findings of the average calculations from the findings of Ho1a, Ho1b and Ho1c, it seems that 67.33 % respondents are agree that their Socio economic status has been

improved after taking the MFIs services. While an average 22% are neutral that their Socio economic status has been improved after taking the MFIs service. On the basis of these findings researcher can say that MFIs, play a role in socio economic development rural population.

4.5.2 (B): Statistical T-test analysis of (Ho1) Objective No.2:

Cross sectional data has been collected from MFI clients about their perception on their socio-economic well being before and after using MFI services at 5 point Likert’s scale through single serve of questionnaire. The perception is analyzed through testing the H01 below through paired two sample ‘t’ test. The hypothesis is stated as follows:

H01: Microfinance does not play any role in socio-economic development in rural population

Table 4.43 (A): Simple statics on Perception before and after using services of MFIs

Paired Samples Statistics					
		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	PBAMFI_AVG	1.7200	400	0.49214	0.02461
	PAAMFI_AVG	4.2600	400	0.46863	0.02343

Source- Primary data

Table 4.43(B): Paired correlation on Perception before and after using services of MFIs

Paired Samples Correlations				
		N	Correlation	Sig.
Pair 1	PBAMFI_AVG & PAAMFI_AVG	400	-.031	0.533

Source- Primary data

Table 4.43(C): Paired Samples Test on Perception before and after applying MFIs

Paired Samples Test									
		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	PBAMFI_AVG	-2.5400	0.69011	0.03451	-2.60784	-2.47216	-73.611	399	0.000
	PAAMFI_AVG	0			4	6			

Source- Primary data

Analysis: Table: 4.43 (A) indicates the details regarding Perception before and after applying MFIs. The mean value for the respondents before using MFI is 1.7200 and 4.3600 respectively, showing a difference in their means. The table 4.43 (C) indicates the 't' scores with the p value being 0.000 at 399 df. As can be seen from the results $t(399) = 0.000$, $p < 0.05$. We therefore reject H_{01} on the basis of the above. It may be concluded that as per the perception of the clients' MFIs have significant bearing on perceived Socio-economic status before and after using the services of MFI.

Findings: The null hypothesis (H_{01}) is rejected subsequently the alternate hypothesis is accepted. It means MFIs clients do not show similar perception about their socio-economic wellbeing before and after using the services of MFI about their socio-economic status. Hence perceived performance of MFI has discriminating effect on socio-economic wellbeing of MFIs clients.

4.6. Analysis for Objective No.-3 (Role of Psychographics profile in performance of MFIs)

Under the objective No.-3, it is to be find out that what role MFI does play in psychographic profile of its client

This objective is achieved by analyzing the psychographic profile of clients of MFIs through four psychological profiles that are social orientation, economic orientation, materialism and risk taking.

Through descriptive analysis the psychological orientation of MFIs clients is obtained and expressed in percentage terms based on their responses to the statement describing their psychological orientation.

4.6.1 H02: Psychographic profiles of MFIs clients have no association with performance of MFIs.

This Hypothesis assessed the relationship between the four psychological dimensions of MFIs clients and performance of MFIs. This has been hypothesized and represented by the hypothesis H02 and its sub hypotheses which range from H02a to H02d. The hypothesis (Statement of Proposition) expresses the association of the independent and the dependent variables and stated below and understood through descriptive analysis.

4.6.1.1 H02a: Social oriented profile of MFIs clients has no any association with performance of MFIs.

This hypothesis is analyzed through following six statements (items) that are part of Social development construct: in table no.4.27 page no.113.

Under the psychographic variable in hypothesis no. H02a, researcher wants to check the association of MFIs with Social oriented profile of MFIs clients.

Analysis:

- From Table No. 4.28 (Page No. 114, more than 73% of respondents are agree with the statement that “Interaction within the community has increased”.
- Table No 4.29, more than 63% of respondents are agree with the statement “Interaction with outside has increased”,
- Table No 4.30-: more than 64% of respondents are agree with the statement “You have freedom to visit outside of your living”
- Table No 4.31, more than 74% of respondents are agree with the statement ,“You actively participate in decision making in the family”,
- Table No 4.32, more than 74% of respondents are agree with the statement,You can express your views independently and
- Table No 4.33, more than 84% of respondents are agree with the statement “Your family/people respect you and your decision”

4.6.1.(A). General Finding of H02a: Since more than 70% of the respondents are agree that MFIs perform positively to the contribution to make a good social orientation. On the basis of findings it could be inferred that Ho2a is not tenable and there is support for the proposition that clients of MFIs are high on social orientation. Therefore the role of MFIs in social orientation of its clients cannot be disapproved.

4.6.1.2 H02b: Economic oriented profile of MFIs clients has no association with performance of MFIs.

This hypothesis is analyzed through following nine statements (items) that are part of Social development construct: in table no.4.34 (a) page no.124

Analysis: From table no4.34, page no. 125. 53.8% of the microfinance users agree with this statement “Regarding the business to be started with the loan amount” table no 4.35, more than 58% of respondents are agree with the statement, “Regarding the use of income generated by the business”,table no4.36, more than 62% of respondents are agree with the statement, “You can take decision of house infrastructure/ smokeless Chullah/ house Repair”, table no 4.37, more than 72% of respondents are agree with the statement, “You can take decision for house hold purchase like equipment/ live stock” and Table no 4.38, more than 59% of respondents are agree with the statement, “You have enhanced your income”,

4.6.1.(B).General Finding of H02b Findings:

More than 61% of the respondents are agreeing that MFIs perform positively to the contribution to their economic orientation. On the basis of findings it could be inferred that H02b is not tenable and there is support for the proposition that clients of MFIs are high on economic orientation. Therefore the role of MFIs in economic orientation of its clients cannot be disapproved.

4.6.1.3. H02c: Materialism oriented profile of MFIs clients has no association with performance of MFIs.

This hypothesis is analyzed through following three statements (items) that are part of Materialism construct:

1. You have freedom for willful dress.
2. You have freedom to choose life partner.
3. You have freedom to use family planning.

Table No4.44:- Impact of Microfinance on Materialism of Rural population

Statement No1: You have freedom for willful dress					
	Response	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Neutral	72	18.0	18.0	18.0
	Agree	184	46.0	46.0	64.0
	Strongly Agree	144	36.0	36.0	100.0
	Total	400	100.0	100.0	

Source: Primary data

Analysis:

From Table No 4.44, of statement no1, 36 % of the microfinance users strongly agree with this statement and 46% of the microfinance users agree with this statement. Therefore, more than 82% of respondents are agree with the statement. While 18% respondents are neutral on the above statement. While no respondent is disagree from this statement.

Finding: Since 82% of respondents are agree from Table No 4.44. Therefore on the basis of response we may conclude that microfinance is an opportunity on the basis of its help, rural population agree that they have freedom for willful dress.

Chart 4.20: freedom to wearing dresses

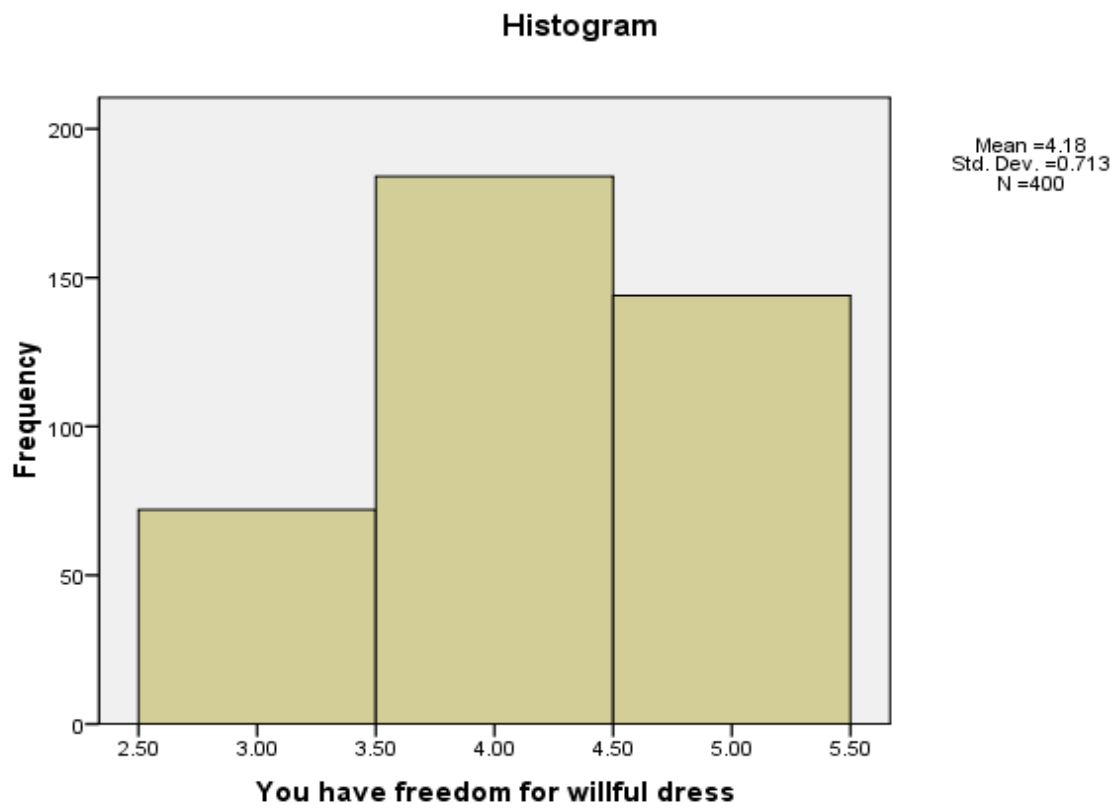


Table No4.45

Statement No2: You have freedom to choose life partner					
	Response	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly Disagree	1	0.2	0.2	0.2
	Neutral	80	20.0	20.0	20.2
	Agree	215	53.8	53.8	74.0
	Strongly Agree	104	26.0	26.0	100.0
	Total	400	100.0	100.0	

Source: Primary data

Analysis:

Above data of statement no2, 26 % of the microfinance users strongly agree with this statement and 53.8% of the microfinance users agree with this statement. Therefore, more than 79% of respondents are agree with the statement. While 20% respondents are neutral on the above statement. While one i.e. 0.2% respondent is disagree from this statement.

Findings: Since 79% of respondents are agree from Table No 4.44. Therefore on the basis of response we may conclude that microfinance is an opportunity on the basis of its help, rural population are free to choose their life partners.

Chart 4.21: Freedom in choosing life partner

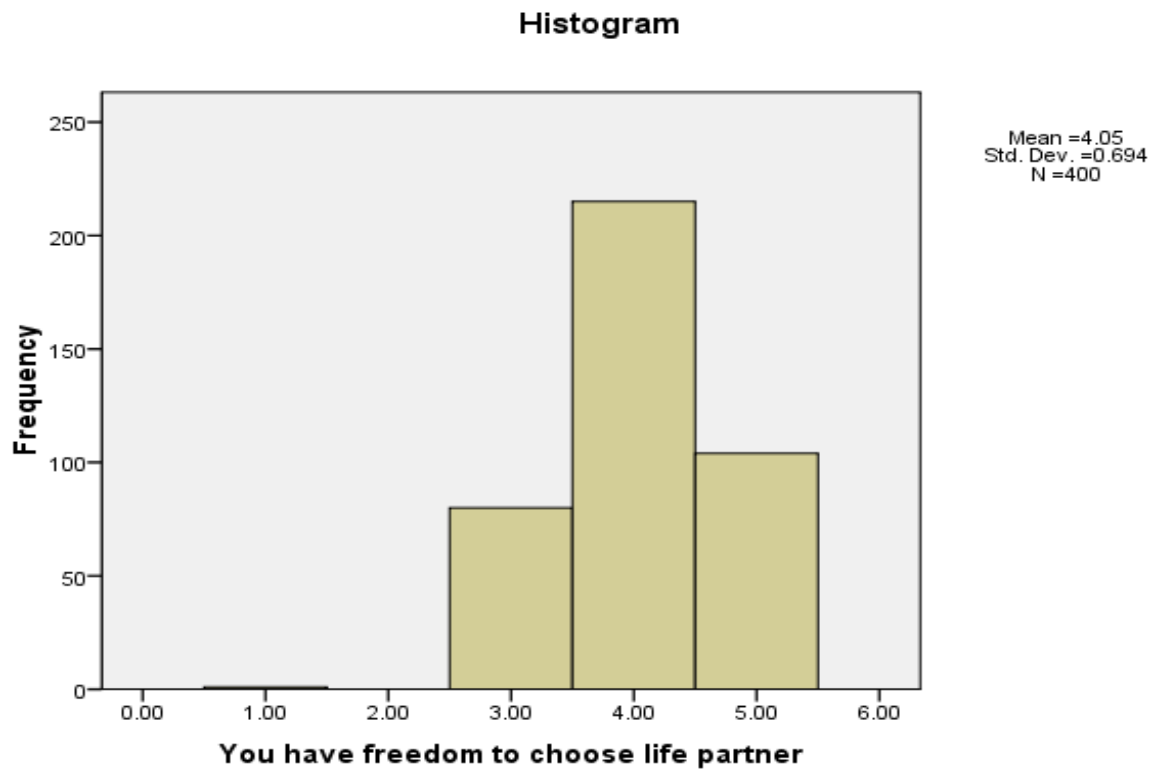


Table No4.46

Statement No3: You have freedom to use family planning					
	Response	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	5	1.2	1.2	1.2
	Disagree	36	9.0	9.0	10.2
	Neutral	115	28.8	28.8	39.0
	Agree	183	45.8	45.8	84.8
	Strongly Agree	61	15.2	15.2	100.0
	Total	400	100.0	100.0	

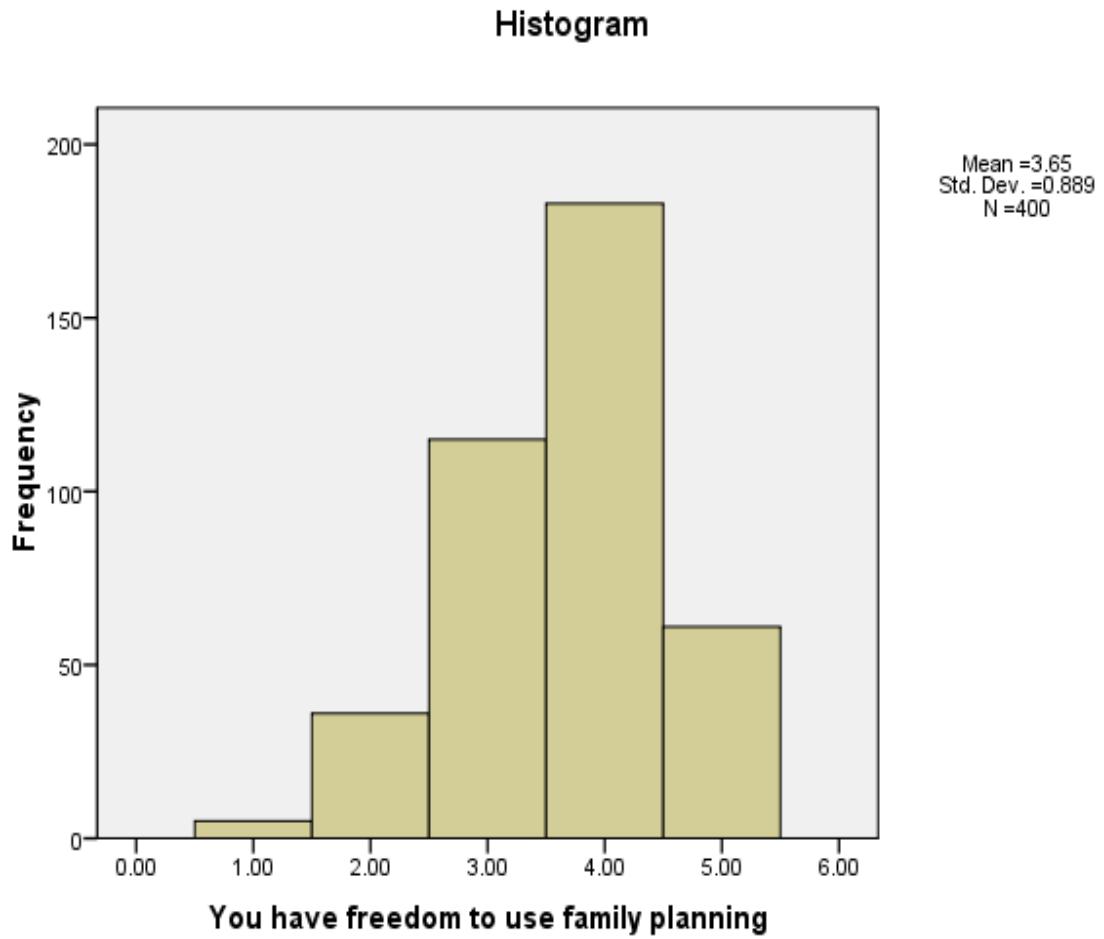
Source: Primary data

Analysis:

Above data of statement no3, 15.2 % of the microfinance users strongly agree with this statement and 45.8% of the microfinance users agree with this statement. Therefore, more than 61% of respondents are agree with the statement. While 28.8% respondents are neutral on the above statement. While 41 i.e. 10.2% respondents are disagree from this statement.

Finding: Since 61% of respondents are agree from Table No 4.46. Therefore on the basis of response we may conclude that microfinance is an opportunity on the basis of its help, rural population are feel free about their family planning.

Chart 4.22: Family planning



4.6.1(C). General finding from Ho2c

Since 82% of respondents are agree from Table No 4.44 and 79% of respondents are agree from Table No 4.45 while 61% of respondents are agree from Table No 4.46. Since, on average 74% of the respondents are agreeing that MFIs perform positively to the contribution to their Materialism. On the basis of findings it could be inferred that Ho2c is not tenable and there is support for the proposition that clients of MFIs are high on Materialism. Therefore the role of MFIs in Materialism orientation of its clients cannot be disapproved

4.6.1.4. H02d: Risk taking oriented profile of MFIs clients has no association with performance of MFIs.

This hypothesis is analyzed through following four statements (items) that are part of Materialism construct:

1. You have fear of failure.
2. You solve the problems independently.
3. You think you will be able to manage the time within the time available.
4. You don't have confidence to work.

Table No4.47: Impact of Microfinance on Risk taking of rural population

Statement No1: You have fear of failure					
	Response	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	107	26.8	26.8	26.8
	Disagree	238	59.5	59.5	86.2
	Neutral	23	5.8	5.8	92.0
	Agree	16	4.0	4.0	96.0
	Strongly Agree	16	4.0	4.0	100.0
	Total		400	100.0	100.0

Source: Primary data

Analysis:

From table No4.47, statement no1, 4.0% of the microfinance users strongly agree with this statement and 4% of the microfinance users agree with this statement. Therefore, only 8% of respondents are agreeing with the statement. 5.8% respondents are neutral on the above statement. While 238 i.e. 59.5% out of 400 respondents are disagree from this statement and 107, i.e. 26.8% are highly disagree. It means more than 86% respondents are disagree with this statement.

Finding: From table no4.46, more than 86% respondents are disagreeing with this statement. Therefore we may conclude that Microfinance users are having no fear of failure.

Chart 4.23: Fear of failure



Table No4.48:

Statement No2: You solve the problems independently					
	Response	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	4	1.0	1.0	1.0
	Disagree	24	6.0	6.0	7.0
	Neutral	83	20.8	20.8	27.8
	Agree	214	53.5	53.5	81.2
	Strongly Agree	75	18.8	18.8	100.0
	Total	400	100.0	100.0	

Source: Primary data

Analysis:

From table no 4.48, statement no2, 18.8 % of the microfinance users strongly agree with this statement and 53.5% of the microfinance users agree with this statement. Therefore, more than 72% of respondents are agree with the statement. While 20.8% respondents are neutral on the above statement. While 28 i.e. 7.0% respondents are disagree from this statement.

Findings: From table no4.47, more than 72% of respondents are agree with the statement on the basis of response we may conclude that microfinance is an opportunity for rural population on the basis of its help, microfinance users are able to solve the problem independently.

Chart 4.24: Problem solving independently

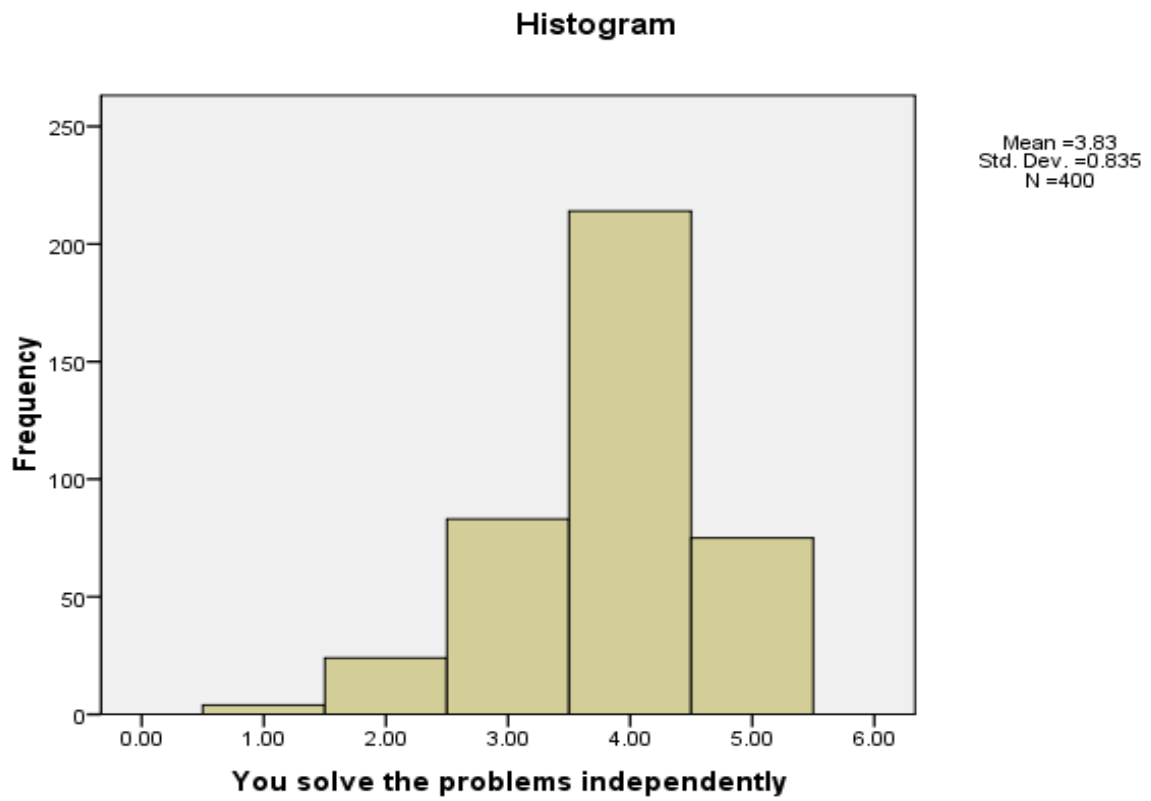


Table No4.49

Statement No3: You think you will be able to manage the time within the time available					
	Response	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	2	0.5	0.5	0.5
	Disagree	6	1.5	1.5	2.0
	Neutral	70	17.5	17.5	19.5
	Agree	227	56.8	56.8	76.2
	Strongly Agree	95	23.8	23.8	100.0
	Total	400	100.0	100.0	

Source: Primary data

Analysis:

From table no4.49, statement no3, 23.8 % of the microfinance users strongly agree with this statement and 56.8% of the microfinance users agree with this statement. Therefore, more than 80% of respondents are agree with the statement. While 17.5% respondents are neutral on the above statement. While 8 i.e. 2.0% respondents are disagree from this statement.

Findings: From table no4.48, more than 80% of respondents are agree with the statement and on the basis of response we may conclude that microfinance is an opportunity on the basis of its help, MFIs users are able to manage the time within the time.

Chart 4.25: Solving the problems

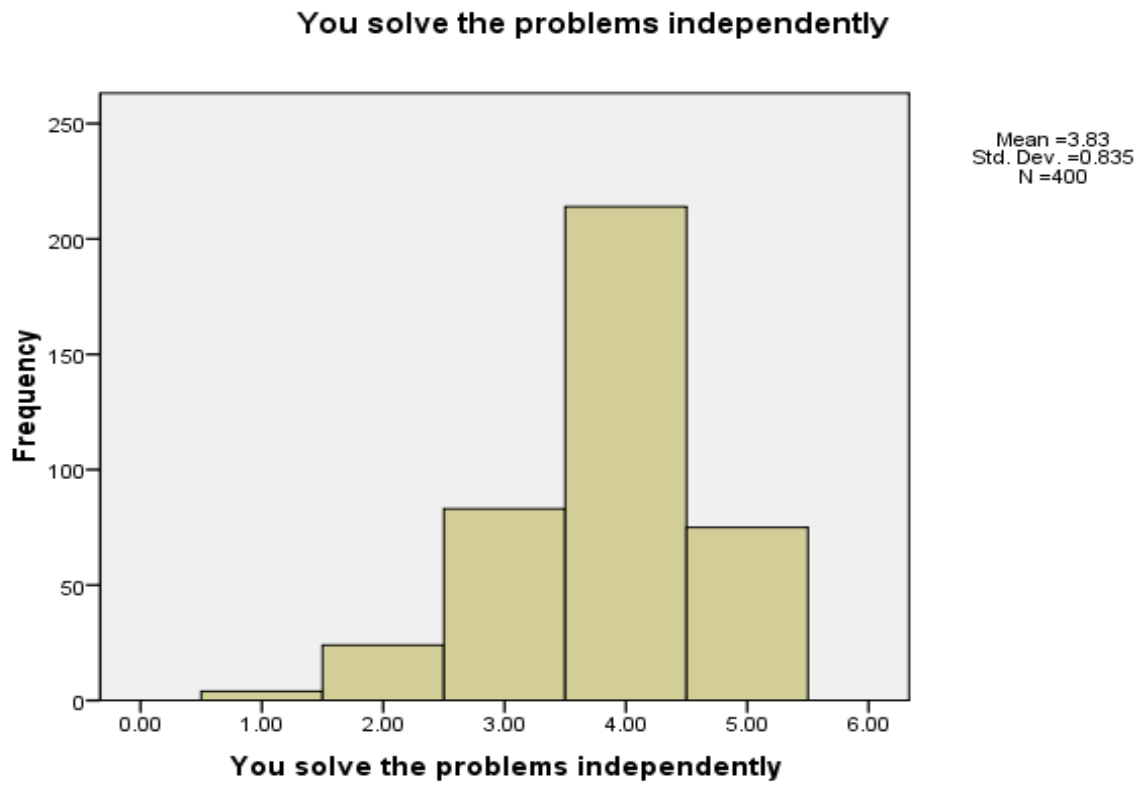


Table No4.50 :

Statement No4: You don't have confidence to work					
	Response	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	151	37.8	37.8	37.8
	Disagree	154	38.5	38.5	76.2
	Neutral	84	21.0	21.0	97.2
	Agree	8	2.0	2.0	99.2
	Strongly Agree	3	0.8	0.8	100.0
	Total		400	100.0	100.0

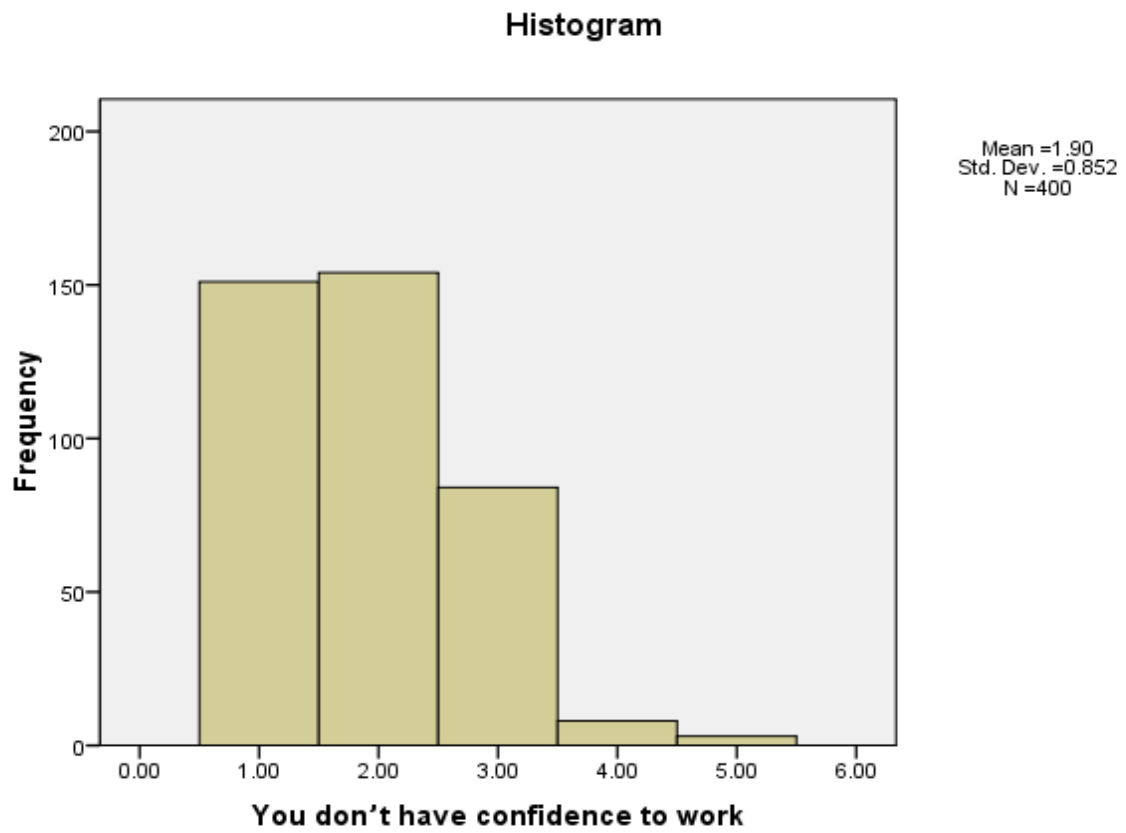
Source: Primary data

Analysis:

From table no4.50, statement no4, 0.8% of the microfinance users strongly agree with this statement and 2% of the microfinance users agree with this statement. Therefore, only 2.8% of respondents are agreeing with the statement. 21.0% respondents are neutral on the above statement. While 154 i.e. 38.5% out of 400 respondents are disagree from this statement and 151, i.e. 37.8% are highly disagree. It means more than 86% respondents are disagree with this statement.

Findings: From table no4.50, more than 86% of respondents are disagree with the statement and on the basis response we may conclude that MFIs users are having confidence to work.

Chart 4.26: Confidence level in work



4.6.1(D). General finding from Ho2d

From table no.4.47, more than 86% respondents are disagreeing with this statement “You have fear of failure”and from table no.4.48, more than 72% of respondents are agree with the statement “You solve the problems independently” and more than 80% of respondents are agree with table no. 4.49, while from table no.4.50, more than 86% of respondents are disagree “You don’t have confidence to work”.

On the basis of finding from table no 4.47 to 4.50 respondents are agreeing that being as client of MFIs, it has contributed positively to their Risk taking behavior. On the basis of findings it could be inferred that Ho2d is not tenable and there is support

from data for the proposition that clients of MFIs are high on risk taking behavior. Therefore the role of MFIs in risk taking behavior orientation of its clients cannot be disapproved.

4.6. 2. General finding from (Ho3) of objective no.3:

On the basis findings of the average calculations from Ho2a, Ho2b, Ho2c and Ho2d it seems that 71.50 % respondents are agree that they possess specific traits (Psychographic profile) while being client of MFI. In other words we can say that it is found that the four Psychographic profiles under study (i.e. social orientation, economic orientation, materialism and risk taking) are clearly visible among the clients of MFIs. Since most of the clients of MFIs possess these psychographic traits, there is certain association of these psychographic traits with MFIs. These Psychographic traits reflecting betterment in living conditions respondents (lies in design of construct statements for Psychographic traits) are to be accepted as progressively. Hence it is derived that progressive psychographic profile of MFI clients is an indicator of positive performance of MFIs. Based on the above findings it could be inferred that Ho2 is not tenable and there is support for the proposition that psychographic profiles of MFIs clients under study is associated with the performance of MFIs. Therefore the association of Psychographic profile of MFIs clients with performance of MFIs of its clients cannot be disapproved.

4.7. Analysis for objective No.-4 (Develop a model on socio- economic development through Micro Finance)

In order to understand the role and impact of MFIs on Socio-economic development of its clients an analysis is performed through simple linear regression. The finding of analysis is presented through Tables 4.51 to 4.59. The analysis is done in two parts once regression of performance of MFIs on “Social development” and second the regression between “Performance of MFIs” and “Economic development”.

Regression model is developed through “social development” and “economic development” as a dependent variables and seven statements (items) that are part of construct “Performance of MFI” as independent variable, which are as below in table no.4.51.

Table 4.51: Reliability and Validity statistics for scale “Perceived Performance of MFIs”

	Items	
1	MFI is helping us to generate self-employment	
2	MFI is helping by training us to perform skilled job	
3	MFI is helping us to manage our expenses and saving	
4	MFI is us to sale our product in market	
5	MFI help us to utilize our money	
6	MFI gives us timely loan	
7	MFI assist us to get repeat loan	
	Eigen Value	4.671
	Total Variance Explained	17.153
	Cronbach's Alpha	0.683

Analysis: Above table shows that perceived performance of MFIs users explained 17.153% of the variance which consist of 7 items. The reliability score i.e. Cronbach’s Alpha at 0.683 which indicates a medium level of reliability for this measure (Field, 2001).

Impact of Performance of MFIs on Social Development

Table No4.52: Develop a model on Social development through perceived performance of Micro Finance

Descriptive Statistics			
	Mean	Std. Deviation	N
PSY_SOC_AVG2	3.7298	0.40401	400
MFI_AVG	3.7589	0.39088	400

Analysis:

In above table it shows that the descriptive analysis of data (Mean, SD & N) of the Social development through perceived performance Micro Finance.

Table No4.53: Regression analysis

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.621 a	0.386	0.384	0.31708
a. Predictors: (Constant), MFI_AVG				
b. Dependent Variable: PSY_SOC_AVG2				

Predictors: (Constant), perceived performance of MFI and **Dependent Variable:** Social status.

Analysis:

A regression analysis runs with dependent variable as social status of rural population and the performance of MFIs as the independent variables. Enter method is used for conducting the regression as it is the only appropriate method for testing theory (Studenmund and Cassidy, 1987). Overall fit of the model is explained on above. The value of R^2 is 0.386, which indicates that 38.6 % and it is greater than 10% that show that our model is good (Ahmed Rizwan Raheem et. al. 2015). 38.6 % of variation in social status may be attributed to independent variables/predictor. In this study Coefficient of Correlation value are 0.621 and it shows that co-relation between psychographic - Social status with independent variable perceived performance of MFIs, is positive and strong (Ahmed Rizwan Raheem et. al. 2015).

Table No4.54: ANOVA Analysis

ANOVA ^b						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	25.111	1	25.111	249.754	0.000 ^a
	Residual	40.016	398	0.101		
	Total	65.126	399			
a. Predictors: (Constant), MFI_AVG						
b. Dependent Variable: PSY_SOC_AVG2						

Analysis:

In above table F-ratio of the data is a measure of how much model has improved the prediction of the outcome compared to the level of inaccuracy the model. From the above table, the F ratio for this data is 249.750 which are large in nature. The large value of F suggests that the model is good. It is clear that the observed value of $p = 0.000$ which is much below the critical value of 0.05, which indicates that there is no possibility that an F ratio this large would happen if the null hypothesis is true. From the findings researcher can conclude that the regression model results in predicting the Social status through perceived performance of the MFI.

Table No4.55: Model equation with Perceived performance of MFI and Social development

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.317	0.153		8.583	0.000
	MFI_AVG	0.642	0.041	0.621	15.804	0.000
a. Dependent Variable: PSY_SOC_AVG2						

Analysis:

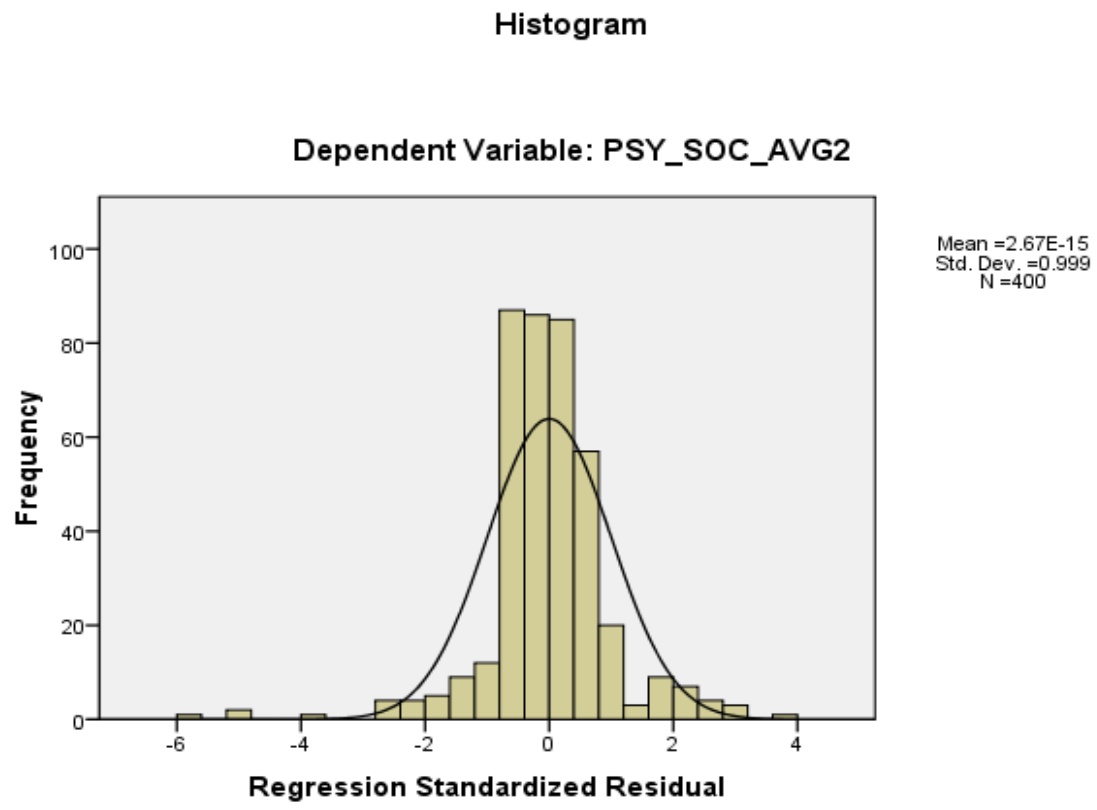
From table 4.55, we can define the model as in equation $Y = \alpha + \beta x + \epsilon$

$$\text{Social development} = \alpha_0 + \beta_1 x_1 + \epsilon$$

Social status = 1.317 + 0.621 (perceived performance of MFI). The coefficient β explains the relationship between Social status of rural population as a predictor. If the β value is positive (+ve) Researcher can safely conclude that there is positive relationship between the predictor and the outcome whereas negative (-ve) coefficient represents a negative relationship between dependent and independent variable. In above table predictor has shown positive β values indicating, having positive relationships.

Performance of MFI ($\beta = +0.621$): β value indicates that 1 unit of change in performance of MFI will contribute to +0.621 unit change Social status. This interpretation is true only if the effects of other determinates held constant

Chart 4.27: Regression model chart



Impact of Performance of MFIs on Economic Development

Table No4.56-: Develop a model on Economic development through performance of Micro Finance

Descriptive Statistics			
	Mean	Std. Deviation	N
PSY_ECO_AVG1	3.7156	0.42336	400
MFI_AVG	3.7589	0.39088	400

Analysis:

In above table, table no 4.56, shows that the descriptive analysis of data (Mean, SD & N) of the economic development through perceived performance of Micro Finance.

Table No4.57-: Regression Model Summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.600	0.360	0.358	0.33911
a. Predictors: (Constant), MFI_AVG				
b. Dependent Variable: PSY_ECO_AVG1				

Predictors: (Constant), Perceived performance of MFI and Dependent Variable: Economic status.

Analysis:

A regression analysis runs with dependent variable as Economic status of rural population and performance of MFI as the independent variables. Enter method is used for conducting

the regression as it is the only appropriate method for testing theory (Studenmund and Cassidy, 1987). Overall fit of the model is explained on above. The value of R^2 is 0.36, which indicates that 36% and it is greater than 10% that show that our model is good (Ahmed Rizwan Raheem et. al. 2015). 36% of variation in economic status may be attributed to the independent variable / predictors. Further in this study Correlation Coefficient 'r' value are 0.600 and it shows a good co-relation between Economic developments with independent variable performance of MFIs (Ahmed Rizwan Raheem et. al. 2015).

Table No4.58-: ANOVA testing with performance of MFI and Economic

ANOVA ^b						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	25.744	1	25.744	223.861	0.000 ^a
	Residual	45.769	398	0.115		
	Total	71.513	399			
a. Predictors: (Constant), MFI_AVG						
b. Dependent Variable: PSY_ECO_AVG1						

Analysis:

In above table F-ratio of the data is a measure of how much model has improved the prediction of the outcome compared to the level of inaccuracy of the model. From the above table, the F ratio for this data is 223.861 which are large in nature. The large value of F suggests that the model is good. It is clear that the observed value of $p = 0.000$ which is much below the critical value of 0.05, which indicates that there is no possibility that an F ratio this large would happen if the null hypothesis is true. From the findings researcher can conclude that the regression model results in Economic status with performance of the MFIS. In short, the regression model predicts overall Economic status among rural population through the performance of MFI.

Table No4.59-: Model equation with MFIS Coefficients and Economic development.

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.273	0.164		7.755	0.000
	MFI_AVG	0.650	0.043	0.600	14.962	0.000
a. Dependent Variable: PSY_ECO_AVG1						

Analysis: From table 4.58, we can define the model as in equation $Y = \alpha + \beta x + \epsilon$

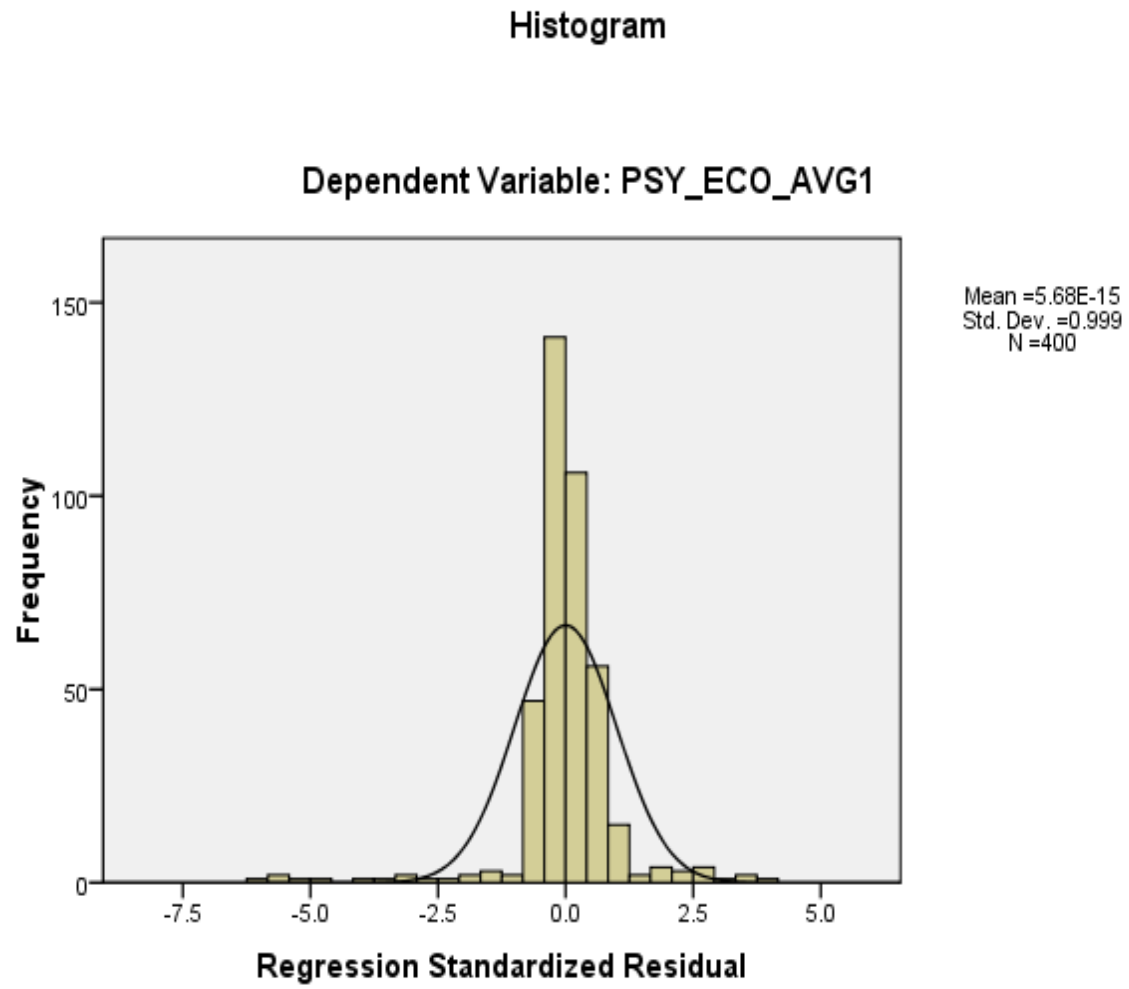
$$\text{Social status} = \alpha_0 + \beta_1 x_1$$

Social status = 1.273 + 0.600 (performance of MFI). The coefficient β explains the relationship between Economic status of rural population each predictor. If the β value is positive (+ve) Researcher can safely conclude that there is positive relationship between the predictor and the outcome whereas negative (-ve) coefficient represents a negative relationship between dependent and independent variable. In above table the predictor has shown positive β values indicating having positive relationships. It means Performance of MFI leads to an increase in economic development.

Finding:

From the analysis from table no.4.57, the value of R^2 is 36% and it showing that our model is good. 36% of variation in economic status may be attributed to the combination of all independent variables / predictors. In this study value is 0.600 and it shows that is good correlation between psychographic (Economic developments with independent factors performance of MFI. Therefore it is clear that MFI predict the economic development of MFIs clients.

Chart 4.28: Chart on MFIs coefficients with Economy



4.8. Conclusion

In this chapter the data collected from 400 respondents were analysed and interpreted. The analysis carried out in this chapter was aimed at testing various propositions taken in the study. The regression analysis of data related to the impact of MFIs on socio-economic status of MFIs clients. It is found that MFIs are positively impacting the Social and Economic wellbeing of MFI clients. The implication and interpretations and concluding remarks are discussed in the next chapter.



CHAPTER -V

**CONCLUSION
&
SUGGESTIONS**

CHAPTER–V: CONCLUSION AND SUGGESTIONS

This chapter consists the fundamental remarks on of data analysis carried out during the study. This chapter also highlights the managerial implications of the findings of the study and suggestions for the marketing researchers, academicians and rural populations about the benefits and losses of MFIs.

5.0 Conclusion

Rural people are settled in remote areas where basic infrastructure is not available for their survival. From the findings it can be concluded that women population are more user of MF in eastern Uttar Pradesh region in which 81% are of the age between 26 to 45 years. Among the 400 respondents of microfinance users 310 i.e. 77.5 percent that maximum members are married where 72 percent population belonging to Hindu religion is MFIs users. From data analysis it is clear that 86 percent microfinance user belongs to SC and OBC category in which 99 percent rural population earn not more than 10,000 per month and 65 % the family have 3 to 8 numbers of household size. Majority of the MFIs users are (60 percent) only do the sign.

From analysis it is clear that before joining microfinance, 230 respondents of 400, i.e. 57.5% percent of the respondents were agricultural labourers. 168 respondents i.e. 42% percent of population works on daily wages while it can be seen that after availing microfinance, dependency of respondents from agriculture sector have been dropped from 230 to 152 or from 57.5% to 38%, while daily wages labours decrease from 168 to 72 , i.e. decreased from 42 % to 16 % , while self-employment of respondents have been increased from 0 to 72 , i.e. from 0% to 18%. In analysis it is found that 280, out of 400 respondents, ie 70 % of the microfinance beneficiaries get duration of one week to repay the Installments while 80% respondents stated that their income level has been increased after association with MFIs and 82% respondents are agree that their employment level has been increased after association with MFIs.

From analysis it is very much clear that more than 79% of respondents are agree with the statement that there is positive Impact of Microfinance on Educational development of rural population while more than 75% of respondents are agree their knowledge has been increased and more than 75% of respondents are agree that their skills has been increased , It means it

is very much clear that due to micro finance uses there is overall more than 75% educational development has been enhanced in rural area.

From analysis it is also clear that more than more than 53% of respondents are agree with the statement that they have started business to be with the loan amount received from MFIs while more than 58% of respondents are agree with the statement that income generated by the business and more than 62% of respondents are agree to take decision of house infrastructure/ smokeless Chullah/ house Repair whereas more than 72% of respondents are agree to take decision for house hold purchase like equipment/ live stock. From the analysis it is clear that more than 59% of respondents are agree with the statement that their income level has been enhanced and more than 53% of respondents are agree that they have better market linkage and more than 49% of respondents are agree that they have better linkage with banks. 68% of respondents are agree with the statement that they can manage work independently while more than 73% of respondents are agree with the statement that they have enhanced their Saving.

From analysis it is clear that more than 70% population are agree that their income level has been enhanced.

From analysis it is also clear that more than 73% of respondents are agree with the statement that Interaction within the community has increased, more than 63% of respondents are agree with the statement that Interaction with outside has increased, more than 64% of respondents are agree with the statement that they have freedom to visit outside of your living, more than 74% of respondents are agree with the statement that they actively participate in decision making in the family, more than 74% of respondents are agree with the statement that they can express your views independently and more than 84% of respondents are agree with the statement that their family/people respect them and their decision. From analysis it is clear that more than 70% population are agree that their social status has been enhanced.

The findings indicate that more than 82% of respondents are agree with the statement that they have freedom for willful dress, more than 79% of respondents are agree with the statement that they have freedom to choose life partner and more than 60% of respondents are agree with the statement that they have freedom to use family planning. From analysis it can be concluded that more than 60% of the population have become materialistic after using MFIs.

Findings also indicate that more than 86% respondents are disagree with this statement that they have fear of failure, more than 62% of respondents are agree with the statement that they solve the problems independently, more than 80% of respondents are agree with the statement that they think they will be able to manage the time within the time available and more than 86% respondents are disagree with this statement that they don't have confidence to work. From these findings researcher can conclude that after using of micro finance rural population are able to take the risk.

5.1 Managerial implication and Suggestion

This study is relevant to the study of Microfinance, its impact on rural population. This study is MFIs professionals, Researchers and academicians alike as it provides a methodology for effectively studying impact of MFIs spacially in rural areas of Uttar Pradesh

The research study is given a model for MFIs and socioeconomic performance of rural population. The MFIs has played a major role to enhancement of socio economic status of rural population. In respect of managerial viewpoints and understanding how rural population borrow the loan for their survival and start unorganized type of business and how they utilize that money for their basic development to inter into mainstream of society. How they take the risk for their socio economic expectations growth.

Study ascertain that MFIs professionals should focus more and more to connect to rural population and motivate them about the benefits of MFIs for the socio economic development of rural population.

From the findings it is also clear that psychographics like economic profile, social orientation profile, materialistic nature and risk orientation have been increased in rural population it means these psychographic profiles play a great role in performance of MFIs.

In this study socio economic model has been developed through microfinance in which social status has been explained by 29% by these variables which is greater than 10% that show that our model is good (Ahmed Rizwan Raheem et. al. 2015). While economic status of the respondents i.e. R^2 is 0.419, which indicates that 42% is explained by these variables and it is greater than 10% that show that our model is good.

Research findings suggest that rural population's psychographics i.e. their personality decide

the uses and performance of MFIs in their economic, social, materialistic or in business risk activities.

An attempt was made to investigate the role of various demographic variables along socioeconomic and psychographic variables. Frequency of MFIs users in Demographic profile wise. Some factors like Educational improvement, social improvement, and economic status have been studied in performance of Micro Finance Institutions. Socio-economic development in rural population of Eastern U.P.

5.2 Limitations of the Study

In this present study, researcher has used primary data source for the from villages of East Uttar Pradesh. affected directly or indirectly. During research study, researcher has taken care of the possibilities and has tried to undertake due care that findings would be representative of the universe. Researcher has mostly aware about some limitations of his work and also recommended the possibilities for further study.

Due to having limitations of time as well as financial constraints researcher has to limit his study to the east Uttar Pradesh region and selected samples villages of selected samples districts of Ballia, Ghazipur, Mau, Deoriao, and Jaunpur. These districts have more number of undeveloped villages, where people are illiterate or very less educated their psychographic characteristics will be varies in compare to other districts of Uttar Pradesh as well of India. Thus the research study is restricted only to the rural location of east Uttar Pradesh and hence findings may or may not be applicable elsewhere in rural area of Uttar Pradesh as well as other locations of India.

In this study researcher has used the method of schedule method for data collection because most of the respondents are illiterate and only can put their sign.

5.3 Future research potential

The findings and methods adopted in this research study have implications for future studies as follows:

Multiple measurement methods can be adopted and are needed for justifiability of the variety and intricacy of on Role of MFIs in Socio-Economic Development of Rural Population (e.g., participant observation, interviews, qualitative approach scenarios, protocols etc.). An optimal

approach may be to track the rural poor people over time to examine that how, when, and why they take loan. The size of sample which is 400 and it the size of sample must be expanded to include a much larger general population to make it more representative.

The study must also be done across various other geographical regions like central Uttar Pradesh and west Uttar Pradesh apart from East Uttar Pradesh.

The future research might explore the impact of MFIs on other dimensions of socioeconomic like poverty enhancement rate, enhancement in their lifestyle, how it helps in giving them a life of self-respect, Other economic issues by using the loan amount

provided through MFIs. This study have discussed about selected psychographic factors and can expand on the difference of psychographics factors like attitude, interest and opinion about the benefits of MFIs among the rural people. A fresh new research study could focus on role of MFIs on Urban slums in Uttar Pradesh.



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APPENDICES



APPENDIX - I
QUESTIONNAIRE

Questionnaire used for the Research

A Study on Role of MFIs in Socio-Economic Development of Rural Population- In Context of Eastern U.P Dear Respondent,

It is my great pleasure to invite you, to participate in a research work examining the various aspects of **MFIs**.

The Study is being conducted by Mr. Om Prakash Singh, Department of Rural Management, Babasaheb Bhimrao Ambedkar Central University, Lucknow (U.P). as part of Doctoral dissertation. The main purpose of this Research is to understand the impact of Micro Finance in socio- economic development in rural population in eastern U.P. & identify various psychographic factors that contribute in measuring performance of MFIs. The survey will take about 15 minutes to complete. Your participation is highly appreciable and there is no risk or penalty for your participation in this research study. You may decline to give the answer of any question that is uncomfortable for you. You are assured that, information of this study will be published and result of this study will be published in aggregate form so that no individual research Respondent may be identified. You are also assured that your answers remain confidential under all circumstances. For further clarification about this study, don't hesitate to contact the researcher, at +91-9451748680. OR (opsphd@gmail.com)

Part-1

A. General Information

(i) Gender of respondent:

(a) Male () (b) Female ()

(ii) Age

1. 18-25 () 2. 26-35 () 3. 36-45 () 4. 46-60 ()

(iii) Marital status

Married () Unmarried ()

(iv) Religion

1. Hindu () 2. Muslims () 3. Sikh () 4. Christian () 5. Other ()

(v) Category

1. General () 2. O.B.C. () 3. S.C. () 4. S.T. ()

(vi) Total Income (Month)

1. Below 5000 () 2. 5000 to 10000 () 3. 10001 to 15000 ()

(vii) Household Size

1. Upto 2 () 2. 3 to 5 () 3. 6 to 8 () 4. 9 to 11 () 5. More than 11

(viii) House is?

1. Pucca () 2. Semi Pucca () 3. Kacha () 4. Hut ()

(ix) Education level.

1. Illiterate () 2. can sign () 3. up to 5th () 4. up to 8th () 5. up to 12th ()

(x) Occupation of microfinance users before availing microfinance

1. Agriculture () 2. Trading Business ()
3. Providing Services () 4. Daily Wages Labour ()

(xi) Current Occupation of microfinance users after availing microfinance

1. Self Employed () 2. Agriculture () 3. Trading Business ()
4. Providing Services () 5. Industry () 6. Daily Wages Labor ()

(xii) Duration of Association with Microfinance Programmes

1. Within 1 Year () 2. For last 1 -3 Years () 3. For last 3-5 Years ()
4. More than 5 Years ()

(xiii) Loan Amount acquired by Microfinance Users

1. 5000- 15000 () 2. 15001 – 25000 () 3. 25001-35000() 4. 35001-45000 ()

(ivx) Installment Facility for Repaying Loan

- 1-Weekly () 2- Fortnightly () 3- One month ()

B- Impact of MFIs on Income, Employment and Living Status

Particular Increased Constant Decreased

a) Income

b) Employment

Part-2

1- Instruction to Respondent

For each of the statements given below, I'd like to know how much you agree or

Disagree. Please (✓) the number that best describes your behaviour using the Scale given below: (5 to 1) (a)I strongly agree with the statement (SA-5)

a) I somewhat agree with the statement (A-4)

b) I neither agree nor disagree with the statement (N-3) (d)I somewhat disagree with the statement (DA-2)

c) (e)I strongly disagree with the statement (SDA-1)

Srn	Aspect	SA -5	A -4	N-3	DA -2	SDA-1
1	Your literacy level has increased					
2	Your education level has increased					
3	Your knowledge for the work has increased					
4	Your skills have increased					
5	Regarding the business to be started with the loan amount					
6	Regarding the use of income generated by the business					
7	You can take decision of house infrastructure/ smokeless chullah/ house repair					
8	You can take decision for house hold purchase like equipment/ live stock					
9	You have enhanced your income					
10	You have better market linkage					
11	You have better linkage with banks					
12	You can manage work independently					
13	You have enhanced your Saving					

14	Interaction within the community has increased					
15	Interaction with outside has increased					
16	You have freedom to visit outside of your living					
17	You actively participate in decision making in the family					
18	You can express your views independently					
19	Your family/people respect you and your decision					
20	You have freedom for willful dress					
21	You have freedom to choose life partner					
22	You have freedom to use family planning					
23	You have fear of failure					
24	You solve the problems independently					
25	You think you will be able to manage the time within the time available					
26	You don't have confidence to work					

Signature of respondent



APPENDIX- II

PUBLISHED RESEARCH PAPERS

Impact of Microfinance As An Alternative Approach in Socio-Economic Development of Rural Population

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ABSTRACT

It is very true and good reason to microcredit for poverty alleviation in the poor communities of the developing countries like India basically rural India. As we know Poverty is dangerous. It discriminates people of their right to education, right to good health, right to freedom of speech and right to democracy. These factors are very l crucial to living a better life. It is responsibility of government and of whole society to provide services beyond, credits for the poor. Research paper has focused that education should be included to each and every development agenda of government for the poor since it is key to any positive change and sustainable development of rural population. If we form an integrated plan within the microcredit services, education can serve a good purpose to solve the problem of rural population. This paper describes how education and microfinance have been used in combination to alleviate poverty of rural India. The study is based on primary as well as secondary data sources.

Keywords: *Alternative Approach, Education and Microfinance Combined, Rural Population*

INTRODUCTION

India is a huge country, divided into number of continent and subcontinents with a diversity of religion, sub religion culture, language, and with a wide geographical location. Where more than 60% population is rural. The country faces a number of the development challenges which include poverty, infrastructure and incompetent human resources moreso in the informal sector where the majority of the rural people are poor. This makes microfinance through education and poverty alleviation some of the national development agenda. To eliminate rural poverty, Microfinance Companies have been in place for a number of years. Microfinance Companies are proud of its success story in providing micro credits to the grass rootcommunities for over decades. Microfinance companies have been gaining popularity in the present scenario and are now considered as effective tools mostly for alleviating poverty of rural population. Most of microfinance institutions are well-run with great track records, while some others are quite self-sufficient. The primary goals of

microfinance institutions. To assist in the development of poor communities that are sustainable and support to the lower sections of the society. Their special focus is on women in this regard, as they have emerged successfully in setting up income generation enterprises. However, despite the successful stories on microfinance institutions, studies continue to show that poverty in rural areas is still a big problem for the developing country like India. According to Ferreira and Ravallion (2008), one billion people subsisting on per capita incomes less than one dollar per day live in developing countries. Sachs in (2005) in his research study found that more than eight million people around the world die each year because they are poor to stay alive. In India, the rural population remains highly vulnerable to changes in social and economic conditions and natural disasters which occur in the different regions of India. Microfinance has been integrated because education alone as an empowerment tool which has been failed in some areas to support the country's efforts to empowerment of the rural population. It shows innovative approaches including microfinance have surfaced as either adoptions from global approaches or local innovations which have emerged as a response to either the education or microfinance failures.

LITERATURE REVIEW

According to Otero (1999), there are number of ways in which "microfinance, at its core combats poverty". According to her microfinance creates access to productive capital for the poor people, which together with human capital, addressed through education and training, and social capital, achieved through local micro financial organisation to build, enables people to move out of poverty (1999).

According to Goankar, Rekha. (2001), the program of SHGs can considerably add towards the decline of poverty and unemployment in the rural economy and the SHGs can lead to social change, economic growth and the social modification.

Verma, Renu. (2008), in her research study concludes that microfinance is expected to play a significant role in poverty alleviation and rural development .

VaniKamath (2010), "has found that banking and scope for microfinance in Gulbarga District, Karnataka: in her thesis ,A study of Financial Inclusion on Below Poverty Line Families" summarized that there is a significant difference between Financial inclusion and lack of awareness by rural households.

Karang (2013) in his study reported that , "President Susilo Bambang Yudhoyono received a letter of recognition from the international microfinance community for his outstanding achievement in microcredit programmes, according to this report microfinance companies have been considered successful in reducing poverty and unemployment"

According to Ravikumar, (2016), "women entrepreneurs have been empowered in the different sections of their business operations and social status under the dynamic guidance and support of micro finance institutions.

OBJECTIVES OF THE STUDY:

To study the impact of micro financial services initiatives on socio –economic development of rural rural population

METHODOLOGY:

The study is descriptive in nature based on sample survey method. The study is based on primary as well as secondary data on primary data. The data is collected from 485 respondents, by means of a structured questionnaire distributed in east Uttarpradesh. In this research study researchers have used a five point Likert scale (5=strongly agree and 1=strongly disagree). In this study researchers have used simple random sampling technique to and respondents are selected randomly irrespective of age, education and income level from selected districts of east Uttarpradesh.

Researchers have collected the secondary data from the journals E-journals, Research articles, news papers, books and reports published by RBI, NABARD etc .East Uttarpradesh is very backward and nearly 40% of rural populations are away from banks deposits except JanDhanYojna. Thus, not formal credit delivery system plays very vital role in east Uttarpradesh. Sample selected for the study was 485 respondents. Respondents were selected randomly irrespective of age, education and income level from Ballia, Mau, Ghazpur, Jounpur and Gorakhpur.

DATA ANALYSIS

HYPOTHESIS OF STUDY:

H₀: There is no significant association between Micro-financial Services Initiatives and socio- economic development of Rural population.

Table no.1

Items	Cronbach's Alpha value	No. of items
Socio and Economic	0.812	11
Service Satisfaction	0.823	12
Asset based Indicator	0.751	15

Source- primary data, Cronbach's Alpha Scores (Validation of the Questionnaire)

- 1. Social and Economic Parameters:** Social and Economic is one of the most important parameter in understanding the impact of MFI in Rural Development. Cronbach's Alpha result 0.812 shows highly satisfying scores to carry on the research in right direction.
- 2. Service Satisfaction:** Service Satisfaction is another important factor which is showing result Cronbach's Alpha Scores 0.823, which is also highly satisfying to go ahead with the selected items.
- 3. Asset based Indicator:** Asset based indicator is showing the effect of difference in assets creation before and after the using of Micro financial services introduced to sample representative. Cronbach's Alpha result is 0.751, which is quite convincing in understanding the items selection for questionnaire.

Table No-2. Case Processing Summary

Cases						
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Satisfaction with MFS * Improvement in Livelihoods	485	100.0%	0 .0	0%	485	100.0%

Table-3 Chi-Square Tests

	Value	df	Asymp. Sig. (2- sided)
Pearson Chi-Square	1.506E2a	9	0.001
1Likelihood Ratio	59.262	9	0.002
Linear-by-Linear Association	12.523	1	0.001
N of Valid Cases	485		

ANALYSIS:

Chi Square test has been used to see the association between Micro-finance service initiatives and socio economic development of rural population. Calculated value of chisquare is 0.000, which is significantly lower than p value.05; so researcher is bound to not acceptthe null hypothesis.

FINDING:

On the basis of analysis we can say that there is a significance association between Micro-financial Services initiatives and socio economic development of rural population in selected districts of East Uttarpradesh.

CONCLUSION:

On the basis of finding we can say Microfinanceinstitutions tries to overcome the short comings and failures of the existing financial institutions and development programs by providing adequate and hassle free finance in rural area to the very needy people and also acts as gap filler in the formal institutional network for providing small finance to poor rural population.

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Impact of microfinance on living standards of poor people (Special reference of rural area of eastern Uttar Pradesh)

Dr. Ramesh Kumar Chaturvedi and Om Prakash Singh

Abstract

Microfinance is not a new development but started in 1976, by Muhammad Yunus. Whos vision was to come up and have succeeded in reaching the poorest of the poor and improvement of their living stander. To understand the phenomena in this study researchers have focused to understand the impact of MFIs in living stander of rural people. Researchers have used primary as well as secondary data in their study. Sample based on the random sampling technique, from five districts of east Uttar Pradesh. Researchers have interviewed the respondents who are already involved in microfinance activities. From the analysis of data, researchers found that microfinance has the positive impact on the standard of living of the poor people and on their life style. Microfinance has not only helped the poor people to come over the poverty line, but has also helped them to empower themselves. Researchers have developed a theoretical model to understand the impact of MFIs.

Keywords: Microfinance rural people. Living stander (education, health care economic status) food security

Introduction

Microfinance is not a new development but the history of microfinance is four decades old in 1976, founded by Mohammed Yunus. He founded Grameen Bank in Bangladesh and begun accessing Micro Finance services to poor women in South Asia villages. Some developed countries like European countries as well as developing countries particularly Asian countries have a long history of microfinance. Microfinance evolved as a type of the informal banking for used the poor. Informal finance and self-help group have been at the Foundation of microfinance in European countries. The early history of microfinance in Ireland can be traced back to 18th century. It is a history of how self-help group led to financial innovation, legal backing and conductive regulation, and creating a mass microfinance movement rural population. But the unpleasant rules and regulations prompted by commercial banking brought it down.

On 13th October 2006, the Nobel Peace Prize went jointly to Muhammad Yunus and Gramen Bank, the microfinance institution which Muhammad Yunus founded 30 years ago. The man who proved himself to be a global leader who has managed to translate visions into practical action for the benefit of millions of rural people, not only in Bangladesh, but also in many other Countries. The idea of loans without any financial security had appeared to be an impossible for poor people the visionary man, Muhammad Yunus, the founder of Grameen Bank, tells us the goal spread of micro-credit and finance, which give us the hope, *for milian of eople "Maybe our great-grandchildren will go to museums to see what poverty was like"*. Data indicates that there is huge impact of microfinance on the lives of millions of poor people particularly women. Various research scholars and NGOs are working to take microfinance within the reach of poor and rural population, who are still not benefited by the conventional financial system. Researcher and professionals believed that microfinance is not important for all people but most groups can benefit from this innovative idea. In this research paper, researchers try to present evidence of the important contributions made by microfinance institutions in the eradication of poverty by increasing the income generating activities, empowerment of poor people to access development process such as health facilities and education, and reduction in vulnerability.

Microfinance

Microfinance is a concept of economic development approach which involves in providing financial assistance, through institutions, to low-income clients, where the formal financial market fails to provide appropriate services. Microfinance services provided by the Microfinance Institutions (MFIs) include credit saving and insurance services. Many microfinance organizations also provide social intermediation services such as skill development, training and education, organizational support, health and skills in line with their development objectives.

According to PwC's Microfinance Lenders Survey (2019), 71% of the financial institutions believe that Eastern part of India offers the maximum potential for growth in future due to relative saturation in the southern markets.

Micro-credit

Micro-credit is a component of microfinance and is the extension of small loans to the poor people qualify for informal bank loans in developing, specially rural areas for establishment of their small business or engage in self-employment projects that generate income to be empowered to improve the standard of living for themselves and their families.

Availability of credit is of paramount importance to retain and service microfinance customers. To encourage more borrowing among customers and stimulate the slowing Indian economy, RBI has increased the lending limit for low-income borrowers from INR 1 lakh to INR 1.25 lakh²⁹ and also increased eligible income limit from the current level of INR 1 lakh per annum for rural areas.

Poverty

Poverty is a matter of subjectivity and varies among country to country, a condition in which a person of community is deprived of the basic essentials and necessities for a minimum standard of living. Since poverty is subjective matter and can be understood in many senses, the basic essentials can be material resources such as food, safe drinking water and shelter, or they may be social resources such as access to information, education, health care, social status, and etc In 1980, World Bank's definition of poverty, "A condition of life so characterized by malnutrition, illiteracy, and disease as to be beneath any reasonable definition of human decency".

Literature Review

According to Barr, Michael S (2005) ^[3] Microfinance is a form of financial development that has primarily focused on alleviating and improves the living stander of poors through providing financial services. Micro finance has broader concept which is not only lending small amounts of money to the poor but it also has a broader perspective which also includes insurance, transactional services, and importantly, savings.

According to James Roth (2002), "Microfinance is a bit of a catch all-term. Very broadly, it refers to the provision of financial products targeted at low-income or group of poor people. Kirkpatrick *et al.* (2002), financial services include credit, savings and insurance products. A series of neologisms has emerged from the provision of these services, name micro-credit, micro-savings and micro-insurance".

The Grameen Model

According to Harper, M. (2003), In developing country like India, policies for rural financial development have been based on three erroneous beliefs concerning their target groups: 1. Rural people are unable to recognize themselves, 2. Their poverty level is to high too to save; and 3. they need cheap credit facility for their income-generating activities for their empowerment.

According to report of Ibid, (2003), there are three financial policies which have resulted from these conjectures.

1. The credit-oriented facilities and special programs were set up which ignored savings mobilization.
2. Credit facility was subsidized.
3. A generous credit guarantee schemes were set up to cover the anticipated losses.

Benefit the rural poor.

According to report of Women's World Banking (1994), indicate that apparently only 2% of micro entrepreneurs are being provided service by banks.

Roy, Mark A. (March 2003) have reported that Dr. Yunus found out that even with this tiny amount of money it is possible not only to help the rural and poor people to survive but also to create the spark of personal initiative and enterprise in the people, necessary to pull themselves out of poverty line.

Village Banking

According to Murray, U. and Boros, R. (2002), village banking is a financial services model which assists rural or villege area and poor communities to establish their own credit and saving associations, or village banks. Village bank provides non-collateralized loans to its members and a place to invest savings and promote social solidarity. Villege banking agency provides loan for the village banks and village banks in turn provide individual loans to its members.

Human Development

Rising the income is basic parameter of human development, However, it is true that other parameters or variables have also deep relation with development. The main objective of development is on the reduction of poverty rather than raising average incomes. In general microfinance institutions targets human development that is geared towards both the economic and social uplift of the people they cater for. According to Ghalib, Asad K. (2007), Tackling poverty is multidimensional concepts that emphasizes on reducing the unemployment rate, infant mortality, maintaining essential healthcare, sanitation, food, nutrition basic hygiene, establishing gender equality etc.

Annual Report (2005), the objective of microfinance is to create sustainable changes in the lives and livelihood of the poor, women in particular.

Mohindra, Katherine S.; Haddad, S. (November 2005), and Debra Lipson's (1998) review of potentially pro-health PASs included community and microfinancial institutions economic development, agriculture and nutritional food policies, good education policies, macroeconomic policies and environment or infrastructure investments to improve the supply of electricity safe water and basic sanitation.

Health Program

Health intervention has been an integral part of the Micro Finance Institutions. Microfinance institutions have made a similar policy to identify the health problems, undertake rigorous experimentation and try to explore the health problems and then apply suitable, affordable and culturally acceptable technology. According to Annual Report (2005), throughout the work process, financial institutions measure and monitor its implementations and recommends corrective actions to modify methods of implementation of program.

Education Program

Education Program is an important goal of all microfinance institutions and is to spread the light of education throughout the society. Development of education program, along with the health program, indicates human development among the people. The effort and mission

microfinance is to build up a society free of poverty, illiteracy and disease. According to report of Ibid (2016), microfinance goals are to expand education opportunities for poor class children and provide them with necessary technical and financial support.

Food Security Program

Food security is one of the challenging task in the developing countries and achieving household food security remains a critical objective of rural development. This can be done in principle by fast improvement of agricultural productivity and off-farm income, thus improving the capability of households to steady growth of their income and food purchasing power. According to Zeller, M.; Meyer, Richard L. (2002), *Food security, at the household level, is most basic form as access, by all people at all times, to the food needed for a healthy life.*

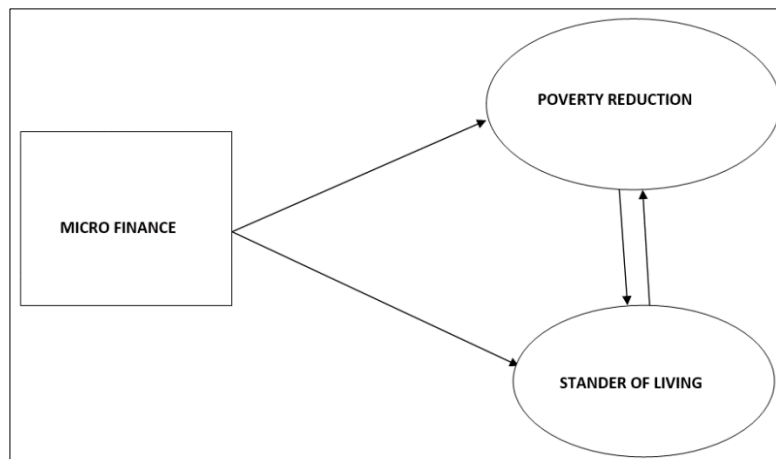


Fig 1: Theoretical frame work

Objective of the study

To study the impact of microfinance activity on living stander of rural people.

Research Methodology

In this research study descriptive research method has been used. Researchers have used structured questionnaire for collecting the data by interviewing the clients attached to the MFIs. The respondents for the interview are selected randomly. To get the address and respondents of the interviewees in different areas, researchers took help from the local branches of Microfinance institutions and from the local people of the particular areas. The data have been collected from village area of east Uttar Pradesh from where the microfinance activities started in east Uttar Pradesh and continued to Ballia, Ghazipur, Mau, Gorakhpur Varanasi and Jounpur. Districts.

Data Analysis

Table 1: Multiple Regression Analysis among Different Variables Related To Standards Of Living Poor People

	N	Mean
Improvement in living standard	350	4.33
Better access to education	350	4.21
Better access to healthcare	350	4.42
Better financial situation	350	
Valid N (listwise)	350	3.05

Statistics of different variables related to living standards of rural people.

Analysis: The means for Independent variables excess, to education (4.21), excess to health care (4.42) and better financial situation (3.05), all are above the mid-point of the 5-points satisfaction scale and therefore it shows the positive perceptions of the rural people about these attributes

Table 2: Model summery

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.651	0.423	0.411	0.563

Regression analysis between improvement of living standards and different variables

Analysis: Table 2 the value of R = 0.651 which indicates positive impact on financial situation of the family. While R-square for the model is 0.423. This means that 42.3

percent of the variation in the improvement of living standards of family can be explained from the three independent variables.

Table 3: Anova testing

Model	Sum of Squares	Df	Mean Square	F	Sig
Regression	25.165	3	8.385	25.243	0.003(a)
Residual	33.521	346	0.318		
Total	58.786	349			

A) Constant: Better financial situation, better access to healthcare, better access to education;

B) Dependent Variable: Improvement in living standard.

Analysis: The overall regression results are shown in the ANOVA table (3). The regression model is statistically significant (F ratio=25.243, significance level 0.003).

Conclusion

The main objective of this study is to understand the impact of microfinance on reduction of poverty through improvement of living standards of poor and marginalized people of eastern Uttar Pradesh. On the basis of present research study, we can conclude that there is a noticeable and positive impact of microfinance activities on the living standards, among the poor people in rural area.

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APPENDIX III
Plagiarism Report



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Ramesh Kumar Chaturvedi, Ph.D. (Business Administration)
Assistant Professor, Department of Rural Management,
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APPENDIX IV

Bio-Data

OM PRAKASH SINGH

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OBJECTIVE:

Strive for academic excellence and impart quality education with emphasis on Management studies and to inculcate habit of effective implementation of Managerial skills in all spheres of professional life in students.

PROFESSIONAL QUALIFICATIONS:

B.Tech (Electronics and Telecommunication) from Vishveshwarya Institute of Engg and Technology Dadari, Greater Noida with 1st Division-2006

M.S(Telecom Management)from Aegis School of Business and Telecommunication Navi Mumbai with 1st Division-2012

MBA (Marketing Management) from IGNOU New Delhi with 1st Division-2009

M.Phil (Management)from Baba Saheb Bhim Rao Ambedkar University Lucknow UP.2015

Ph.D (Management)from Baba Saheb Bhim Rao Ambedkar University Lucknow UP.

M.Com (Commerce) from IGNOU New Delhi with 1st Division-20011

PGDFM (Financial Management) from IGNOU New Delhi with 1st Division-2010

PGDIBO (International Business Operation) from IGNOU New Delhi with 1st Division-2008

PGDA (Accountancy) from Government Polytechnic Unnao U.P with 1st Division with honour 2016

EXPERIENCE:

- Worked as a visiting faculty of management at “Institute of Administration and Management Lucknow” since January 2013 to May 2014.
- Worked with Globe Tele Service Ltd (GTL) Mumbai as International Telecom Market Analyst (South African Countries) since Sept 2012 to Dec 2013.
- Worked with R A Santana Marketing Service (P) Ltd Channel Partner Bharti Airtel Ltd Gurgaon Haryana as a Manager-B2B Data since May 2010 to Aug 2010.
- Worked with Telic Enterprises, Business Partner TATA Communication Ltd New Delhi as a sales Manager since April 2009 to May 2010.
- Worked with Reliance Communication Ltd New Delhi as a Broadband Sales Engineer from June 2007 to March 2009.

ACHIEVEMENT AND AWARDS:

- Published a paper entitled “**Impact of microfinance on living standards of poor people (Special reference of rural area of eastern Uttar Pradesh)**” in International Journal of Applied Research (UGC Care Journal) -July 2020.
- Published a paper entitled “**Impact of Microfinance as an Alternative Approach in Socio-Economic Development of Rural Population**” in Tathapi (UGC Care Journal) -June 2020.

- Presented a paper entitled “**Exfoliating the significance of Telecom Sector in socio economic change during 12th five year plan (2012-2017)**” in a National Seminar held in Department of Economics, Babasaheb Bhimrao Ambedkar University, Lucknow (12th Dec 2017).
- Presented a paper entitled “**Role of Youth in Globalisation in modern age perspective**” in a National Seminar held in Babasaheb Bhimrao Ambedkar University, Lucknow (6th -7th March 2017).
- Participated in a one day National Conference on “**Forging the Future on Inclusive Education: Strategic Dialogue and Evidence Based Practices**” in Babasaheb Bhimrao Ambedkar University, Lucknow.
- Researcher is also reviewing Journals and Articles to develop ideas for research topic.
- Presented a paper entitled “ **Role of Micro Finance Institutions (MFIs) in Eradication of Poverty**” in the International conference on “Global Economies and Image of India” organized by Youth Empowerment and Research Association, Delhi Chapter in Academic Collaboration with V.P Institute of Management Studies & Research, Sangli, held on 3rd October, 2017.
- Presented a paper entitled “**The sustainable livelihood: Road to Poverty Eradication** ” in the International conference on “Dynamics of Economics Growth and Development in Asia with Special Reference to India” organized by Babasaheb Bhimrao Ambedkar University, Lucknow during 25-27 October, 2017.
- Attended a “**Seven day National Workshop on SPSS and Research Methodology**” organized by Department of Rural Management, Babasaheb Bhimrao Ambedkar University, Lucknow, during 13-20 December 2017.
- Presented a paper entitled “Sustainable Livelihood: Tool for Poverty Alleviation” in National Conference on “Achieving Business Synergy through Social, Spiritual and Technological Dimensions” organized by School of Management Sciences, Lucknow, during 24-25 February, 2018
- Wrote mains exam of Civil Services two times in a row and appeared in Interview - 2010
- Cleared CPF –Asst Commandant Exam-2010 and appeared in Interview (Exam conducted by UPSC-New Delhi).
- Cleared FCI, SAIL-Management Trainees Exams, SIDBI-(MT), PO-Exams- Bank of Baroda, Canara Bank, Bank of India etc.
- Secure 1st AIR in Telecom Management Entrance Exam of Aegis school of Business and Telecommunication Navi Mumbai.
- Receive AMDOCS AEGIS GRAHAM BELL SCHOLARSHIP AWARD-2011-worth 4.5 lakh.

INTERESTED SUBJECTS:

- Marketing Research
- Sales & Distribution Management
- Strategic Management
- Business Statistics
- Organizational Behavior
- Marketing Management

PROJECTS:

- Successfully Completed on A-Robotics Arms using through C++.
- Successfully completed on **Emergence of Network Marketing** in context of India.

COMPUTER SKILLS:

MS DOS, WINDOWS, MS OFFICE & INTERNET BROWSING etc.

PERSONAL INFORMATION:

- Father's Name Shri Surya Dev Singh
- Date of Birth 10 July 1983.
- Marital Status Married.
- Languages Known English, Hindi.
- Permanent Address Vill- Sonakatiya, Post – Barahara Baraipar
Dist- Maharajganj, (UP), Pin- 273306

INTERESTS& HOBBIES:

- Reading on diversified issues of socio-political and other relevant areas.
- Participating in intellectual discourses and debates.
- Writing columns in magazines of different genre.

I hereby declare that the above given statements are true and correct to the best of my knowledge and belief.

PLACE:

OM PRAKASH SINGH

DATE: