

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

ABSTRACT OF THESIS

**SUBMITTED TO
BABASAHEB BHIMRAO AMBEDKAR UNIVERSITY, LUCKNOW**

**BABASAHEB
BHIMRAO
AMBEDKAR
UNIVERSITY**



**प्रज्ञा शील करुणा
ESTABLISHED 1996**

FOR THE AWARD OF THE DEGREE OF

Doctor of Philosophy

in

MANAGEMENT

Supervisor

Dr. RAMESH KUMAR CHATURVEDI

Assistant Professor, DRM (SMS)

Research Scholar

OM PRAKASH SINGH

Enrolment No. 857/14

**DEPARTMENT OF RURAL MANAGEMENT
SCHOOL FOR MANAGEMENT STUDIES
BABASAHEB BHIMRAO AMBEDKAR UNIVERSITY**

(A CENTRAL UNIVERSITY)

VIDYA VIHAR, RAEBARELI ROAD, LUCKNOW-226 025

UTTAR PRADESH, INDIA

2020

TABLE OF CONTENTS

1.0 Introduction	1-4
1.1 Microfinance Institutions Helps in	1
1.2 Basic Features of Microfinance	2
1.3 Microfinance	2
1.4 Need of the study	3
1.5 Purpose of the study	3
1.6 Significance of the Study	4
1.7 Scope of the Study	4
2.0 Literature Review	5-7
3. 0 Research Design/ Methodology applied	8-11
3.1 Objectives of the Study	8
3.1.1 Hypothesis with respect to relationship between Micro Finance and socio-economic development in rural population.	8
3.1.2. Hypothesis with respect to relationship between psychographic components and performance of MFIs	9
3.2 Research Design	9
3.3 Sample size and Sampling Plan	10
3.4 Statistical Analysis and Techniques	10
3.5 Multivariate Analysis	11
3.5.1 Factor Analysis	11
3.5.2. Multiple Regression	11

4.0 Analyses of Data and Interpretation of Major Findings	12-20
4.1. Exploration of objective no:1	13
4.2 Analysis of Objective No.2.	14
4.2.1(A). General findings of Hypothesis no. Ho1a	14
4.2.1. (B). General finding of Hypothesis no. H01b	15
4.2.1(C). General finding of Hypothesis no. H01c	16
4.3. (A) General finding of Hypothesis no. Ho1	16
4.3 (B): Statistical analysis and finding of Hypothesis no:1	16
4.4 Analysis for objective no: 3	18
4.5. Analysis for objective no:4	18
5.0 Conclusion and Suggestions	21-23
5.1 Managerial implication	22
5.2 Limitations of the Study	22
5.3 Future research potential	23
Bibliography	24-25
LIST OF TABLE	
Table no.1 Descriptive Statistics Demographic Profile of the Respondent	12
Table No.2 (A): Simple statics on Perception before and after applying MFI	16
Table 2(B): Paired correlation on Perception before and after applying MFIs	16
Table 2(C): Paired Samples Test on Perception before and after applying MFIs	17
Table no.3. Model on Social development through Perceived performance of Micro Finance	19
Table no 4-: Model on Economic development through Perceived performance of Micro Finance	20

Chapter 1

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

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.

1.2 Basic Features of Microfinance

Microfinance is a financial skim which plays a vital role in rural and urban village (slums) finance.

The borrowers of this skim are belongings from the low income group.

Loans are provided in small amount, i.e called as micro loans.

Microfinance is short very short term loans with frequency of repayment.

Loans are offered to poors without any credit report without any collateral and are generally taken for income generation purpose.

Microfinance is not profit oriented rather more service-oriented.

Microfinance motivates lower income groups to take hold of the self-employment opportunities.

1.3 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 creates wealth among the population who lack them.

1.4 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

1.5 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 psychographic factors and MFIs. Thirdly to check that psychographics i.e. different type of personality has a correlation among them 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.

1.6 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.

1.7 Scope of the Study

The scope this research study is in the following ways: The study is limited to rural population viz., farmers, labors, daily wages population, unorganized workers. The study subjects utilization of MFIs of some selected personalities and only socio economic development of villages of some selected districts eastern Uttarpradesh.

Chapter- 2

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

Gaur (2010) “Micro Credit –on Rural Orientation “defined Microfinance as a set of financial activities provided to poor population, which basic aim is to incorporate 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

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.

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.

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 organise and convert it into effective demand. The need of credit for the poor should be backed by willingness to pay the price for the financial services.

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.

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 stander 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.

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 poor's of 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.

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.

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.

Chapter- 3

Research Methodology

3.0 Objectives of the Study

Objectives of research 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 Research Hypothesis

3.1.1 Hypothesis with respect to relationship between Micro Finance and socio-economic development in rural population.

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. Hypothesis with respect to relationship between psychographic components and performance of MFIs

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

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

H02b: economic oriented profile of MFIs clients has no any association with performance of MFIs.

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

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

3.2 Research Design

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 quantitative in nature of. While to solve the problem, descriptive method of research designs is applied.

In this study basic research design process is descriptive in nature. It describes the statistical relationship among the variables. The study is longitudinal in nature. As mentioned earlier the questionnaire has 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.

3.3 Sample size and Sampling Plan

Researcher has opted the sample size of 400 respondents the final schedules have been offered to 400 respondents who are the users of MFIs of different demographic level of different psychographics, of different villages of different districts of Eastern Uttarpradesh.

A total 550 schedules were divided in set of 11 per village, 110 from Ballia, 110, from Ghazipur, 110 Mau, 110, from Deoria and 110 from Jounpur. Out of 550, 438 given relevant informations. 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 Jounpur Districts. In this way total number of accurate data was collected from 400 respondents.

3.4 Statistical Analysis and 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. To find out the result of different objectives researcher has used t-test, Z test, Anova, Correlation, confirmatory Analysis, Multiple Regression analysis are applied to test the propositions.

3.5 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.

3.5.1 Factor Analysis

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.

Researcher has used 22 plus 4 variables for factor analysis to find out five major dimensions to contribute towards the estimating the microfinance institutions based on the perception of respondents.

Source: (<http://faculty.chass.ncsu.edu>)

3.5.2. Multiple Regression

Multiple regressions are an extension of simple regression in which an outcome is predicted by a linear combination of two or more than two predictor variables. In our study, a Simple regression has been performed to understand socioeconomic development through MFIs. This test is included under one independent variable on the dependent variable to fulfill the objective no four.

Chapter-4

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.

Table no.1 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

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.

Finding:

From analysis it is very clear that the collected data has excellent variability with a normal distribution in the series.

4.1. Exploration of objective no:1

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 orientation of MFIs clients of rural population to contribute towards estimating the performance of Micro Finance Institutions based on the perception of the respondents. On the basis of findings from objective no.2 and 3 researchers may say that the above factors are playing the major role in contribution of the performance of Micro Finance Institutions.

4.2 Analysis of Objective No.2:

Analysis of objective no is done through descriptive analysis

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

Proposition no. H01 consist H01a to H01c As given in developing Research proposition

4.2.1.1 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

4.2.1(A). General findings of Hypothesis no. H01a

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

4.2.1.2. 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:

- 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

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

On the basis of the average calculations from the findings of statement no. 1, 2, 3, 4, 5 and 6 researcher has found that 72.1 % respondents are agree that their social status has been improved after taking the MFIs services.

4.2.1.3 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:

- 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

4.2.1(C). General finding of Hypothesis no. H01c

On the basis of the average calculations from the findings of statement no. 1, 2, 3, 4, 5, 6,7,8 and 9 researcher has found that 73 % respondents are agree that their economic status has been improved after taking the MFIs services.

4.3. (A) General finding of Hypothesis no. Ho1

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.

4.3 (B): Statistical analysis and finding of Hypothesis no:1

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

Table No.2 (A): Simple statics on Perception before and after applying MFI

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 dada

Table 2(B): Paired correlation on Perception before and after applying MFIs

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

Source- Primary dada

Table 2(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_A VG PAAMFI_A VG	-2.54000	0.69011	0.03451	-2.60784	-2.47216	-73.611	399	0.000

Source- Primary data

Analysis:

Table: 3 (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 3 (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 perception of the MFIs clients' have significant bearing on 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 before and after using the services of MFI. Hence perceived performance of MFI has discriminating effect on MFIs clients.

4.4 Analysis for objective no: 3

Under the objective no:3 it is to be shaping that what role MFIS does play in psychographic profile of its client .

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

Hypothesis assessed the relationship between the four psychological dimensions of MFIs clients and performance of MFIs.

4.4. 2. General finding from Ho2

On the basis findings of the average calculations from the findings of Ho2a, Ho2b, Ho2c and Ho2d it seems that 71.50 % respondents are agree Psychographic profile of MFIs clients has high association with performance of MFIs and it could be inferred that Ho2 is not tenable and there is support for the proposition that psychographic profiles of MFIs clients are high on association of performance of MFIs. Therefore the association of Psychographic profile of MFIs clients with performance of MFIs of its clients cannot be disapproved.

4.5. Analysis for objective no:4

This objective is achieved by analyzing the socioeconomic variables with MFIs dimensions with the help of multiple regressions with the help of Social and economic development through Micro Finance like Occupational status before and after using MFIs, impact on income and employment.

Table no.3. Model on Social development through Perceived performance of Micro Finance

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 dimensions 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). 80% of variation in social status may be attributed to the combination of all independent variables / predictors in this study value are 0.621 and it shows that co-relation between psychographic (Social status with independent variable as a perceived performance of MFI,(Ahmed Rizwan Raheem et. al. 2015).

Table no 4-: Model on Economic development through Perceived performance of Micro Finance

Model Summary				
Model	R	R	Adjusted R Square	Std. Error of the Estimate

		Square		
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 .in this study value is 0.600 and it shows that is good co-relation between Economic development with independent factors as performance of MFI (Ahmed Rizwan Raheem et. al. 2015).

Finding:

From the analysis from table no.4, 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 co-relation between psychographic (Economic development with independent factors performance of MFI. Therefore It is clear that MFI predict the development of economic development of MFIs clients.

Chapter-5

5.0 Conclusion and Suggestions

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 Uttarpradesh 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% 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%. On the basis of findings from objective no.2 and 3 researchers may say that the socioeconomic and psychographic factors are playing the major role in contribution of the performance of Micro Finance Institutions.

On the basis of the finding from objective no.2 researcher can say that MFIs, play a role in socio economic development rural population.

From the finding of objective no. 3, there is support for the proposition that psychographic profiles of MFIs clients are high on association of performance of MFIs.

Therefore the association of Psychographic profile of MFIs clients with performance of MFIs of its clients cannot be disapproved.

Whereas the value of R^2 is 29% in case of social status with independent factors like employment, Occupation. While in case of Social orientation and 42% in case of Economic status with independent factors like employment, Occupation.

5.1. Implication of the study

This study is relevant to the study of Microfinance and its impact on rural population. This study can draw certain implications for rural population (MFIs clients), Government, NGOs, Researchers and academicians alike as it provides a methodology for effectively studying impact of MFIs especially in rural areas of Uttarpradesh.

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.

5.2 Limitations of the Study

Due to having limitations of time as well as financial constraints researcher has to limit his study to the east Uttarpradesh region and selected samples villages of selected samples districts of Ballia, Ghazipur, Mau, Deoriao, and Jaunpur

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 Uttarpradesh and west Uttarpradsh apart from East Uttarpradsh.

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 Uttarpradesh.

Bibliography

- Adetunji M. Babatunde and Isa shuaibu M. (2011) “An Empirical Analysis of Bank Lending and Inflation in Nigeria”, *The Indian Economic Journal*, volume 59, pp. 127- 37.
- Amarender Reddy (2011) “Source of agricultural growth in Andhra Pradesh, India, scope for small farmer L. participation” *The Indian Economic Journal*, volume 59, pp. 87-106
- Amin M. M. (2008), “Entrepreneurship Development: An Approach to Economic Empowerment of Women” *Kurukshetra, A Journal on Rural Development*, Vol. 56, No. 11, September, pp. 29 32.
- Anand V. (2008), “Microfinance: For Rural Development” *Yojana, A Development Monthly*, Vol. 52, January, pp. 63-64.
- Awasthi P. K., Deepak Rathi and Vimla Sahu (2001), “Working and Impact of Self- Help Groups on Economic Status of Women in Watershed Area of Madhya Pradesh”, *Indian Journal of Agricultural Economics*, Vol. 56 No. 3 Conference Number July- September, pp. 475-76.
- Baby K. (2014), “Source of Rural Credit” ” *Kurukshetra, A Journal on Rural Development*, Vol. 63, No. 01, November, pp. 26-28.
- Baruah P. (2012), “Impact of Microfinance Programme on Poverty: A study of Twenty SHGs in Nalbari District Assam” *Journal of Rural Development*, Vol. 31, No. 2 April –
- Biswajit C. and sangeeta K. (2011), “Gender and Development: SHG’s, Women workers and Entrepreneurs”, *Journal of Economic and social Development* Vol. VII, No. 2, Dec. 2011 pp. 84-97.
- Brahm Prakash (2001), “Performance of Primary agricultural Co-operative Credit Societies in India”, *Indian Journal of Agricultural Economics*, Vol. 56 No. 3 Conference Number July- September, pp. 487-88.

- Chavan P. (2007), “Access to Bank Credit – Implications for Dalit Rural Households”, *Economic and political weekly*, Vol. XLII, No. 31.
- Chung S. K. (2008), “*Microfinance, Human Welfare and Research Initiative*” Yojana, A Development Monthly, Vol. 52, January, pp. 44-46.
- Pillai B. V. and Harikumar V. (2006), “Self-Help Groups in Kerala” *Kurukshetra, a Journal on Rural development*, Vol. 54, No. 9, July, pp. 30-32.
- Reddy Y. And Madhuri N. (2011), “SHG Movements in Tamil Nadu – Empowerment of Rural Women”, *Journal of Rural Development*, Vol. 30, No. 2, April – June.
- Sharma A., Dus S. and Hatwal V. (2012), “Micro enterprise Development and Rural Women Entrepreneurship: way of Economic Empowerment”, *Arth Prabandh*, Vol. 1, No. 6, September.