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**ROLE OF MICROFINANCE INSTITUTIONS IN SOCIO-ECONOMIC  
EMPOWERMENT: A STUDY ON ESAF MICROFINANCE AND  
INVESTMENTS (P) LTD.**

by  
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(2014-31-103)



**MAJOR PROJECT REPORT**

Submitted in partial fulfilment of the  
requirements for the post graduate degree of

**MBA IN AGRIBUSINESS MANAGEMENT**

**Faculty of Agriculture**

**Kerala Agricultural University**



**COLLEGE OF CO-OPERATION, BANKING AND MANAGEMENT**

**VELLANIKKARA, THRISSUR-680656**

**KERALA, INDIA**

**2016**

*Declaration*

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## DECLARATION

I, hereby declare that this project report entitled “**ROLE OF MICROFINANCE INSTITUTIONS IN SOCIO-ECONOMIC EMPOWERMENT: A STUDY ON ESAF MICROFINANCE AND INVESTMENTS (P) LTD.**” is a bonafide record of work done by me during the course of project work and that it has not previously formed the basis for the award to me of any degree/diploma, associateship, fellowship or other similar title of any other University or Society.

Vellanikkara  
26-09-2016



**DENNY DAVIS**  
(2014-31-103)

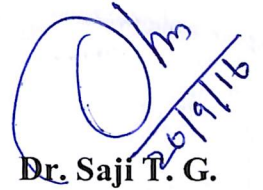
*Certificate*

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## CERTIFICATE

Certified that this project report entitled “**ROLE OF MICROFINANCE INSTITUTIONS IN SOCIO-ECONOMIC EMPOWERMENT: A STUDY ON ESAF MICROFINANCE AND INVESTMENTS (P) LTD.**” is a record of project work done independently by Mrs. Denny Davis under my guidance and supervision and that it has not previously formed the basis for the award of any degree, fellowship, or associateship to him.

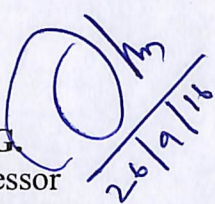
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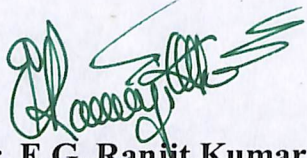


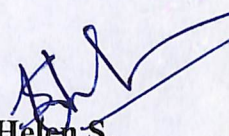
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## CERTIFICATE

We, the undersigned members of the advisory committee of Mrs. Denny Davis, a candidate for the degree of **MBA in Agribusiness Management**, agree that the project work entitled **“ROLE OF MICROFINANCE INSTITUTIONS IN SOCIO-ECONOMIC EMPOWERMENT: A STUDY ON ESAF MICROFINANCE AND INVESTMENTS (P) LTD.”** may be submitted by Mrs. Denny Davis, in partial fulfilment of the requirement for the degree.

  
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*Acknowledgement*

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**Denny Davis**

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*Chapter - 1*

*Design of the Study*

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## **Chapter 1**

### **DESIGN OF THE STUDY**

#### **1.1 Introduction**

Microfinance can be called a novel approach to provide saving and investment facility to the poor around world. Improved access and efficient provisions of micro savings, microcredit, and insurance facilities in particular can enable the poor to improve their consumption, manage their risks better, gradually build their asset base, develop their business, enhance their income earning capacity, and enjoy a standard quality of life. In India, microfinance mainly operates through Self Help Group (SHGs), Non-Government Organizations (NGOs), Joint Liability Group (JLG) and Credit Agencies. It provides poor people with the means to find their own way out of poverty.

The concept of microfinancing was introduced about 28 years back with an organization of Grameen Bank in Bangladesh by a famous economist Prof. Mohammed Yunus. He observed that most of the villagers were unable to obtain credit at reasonable rates. So he began to lend them money from his own pocket, allowing the villagers to buy materials for projects like weaving bamboo tools and making pots. Today microfinance has been widely spread all over the world as an effective tool to poverty eradication. It is found that microfinance has reached about 80 million households and about, 20000 micro-finance Institution are operating in developing countries of Asia, Africa, Europe and Latin America.

ESAF Microfinance and Investments (P). Ltd. is one of the leading NBFC-MFIs in India. ESAF had a humble beginning in 1992 with a small office in Thrissur, Kerala, launched by a group of likeminded social entrepreneurs. The inception of ESAF was propelled by the growing unemployment among the educated youth. Inspired by the success of Grameen Bank, initiated by Nobel Peace Laureate Professor Muhammad Yunus, the founders of ESAF ventured into micro-financing and creation of self-sustainable groups to address the issues of poverty alleviation and employment generation.

## **1.2 Microfinance definition**

According to International Labour Organization (ILO), "*Microfinance is an economic development approach that involves providing financial services through institutions to low income clients*". In India, Microfinance has been defined by "The National Microfinance Taskforce, 1999" as "*provision of thrift, credit and other financial services and products of very small amounts to the poor in rural, semi-urban or urban areas for enabling them to raise their income levels and improve living standards*".

"The poor stay poor, not because they are lazy but because they have no access to capital. "The dictionary meaning of 'finance' is management of money. The management of money denotes acquiring & using money. Microfinance is buzzing word, used when financing for micro entrepreneurs. Concept of microfinance is emerged in need of meeting special goal to empower under-privileged class of society, women, and poor, downtrodden by natural reasons or men made; caste, creed, religion or otherwise. The principles of Microfinance are founded on the philosophy of cooperation and its central values of equality, equity and mutual self-help. At the heart of these principles are the concept of human development and the brotherhood of man expressed through people working together to achieve a better life for themselves and their children.

Traditionally microfinance was focused on providing a very standardized credit product. The poor, just like anyone else, (in fact need like thirst) need a diverse range of financial instruments to be able to build assets, stabilize consumption and protect themselves against risks. Thus, we see a broadening of the concept of micro finance. Our current challenge is to find efficient and reliable ways of providing a richer menu of microfinance products. Microfinance is not merely extending credit, but extending credit to those who require most for their and family's survival. It cannot be measured in term of quantity, but due weightage to quality measurement. How credit availed is used to survive and grow with limited means.

## **1.3 Statement of the problem**

In a developing country like India, microfinance is an important tool to provide financial and non-financial assistance to low income clients. Microfinancing institutions grant loans of small amount can be financially viable, without any collateral security or grants after start up period.

Micro financing Institutions (MFIs) like EMFIL contribute greatly to women's empowerment and to their insertion into social and economic life. The main clients of EMFIL are the members of JLG group; their all programs are linked with EMFIL. EMFIL provides micro financing facilities for productive and income generating activities to JLG members. Operational success of these type of organisations would be determined only after looking in to the perceptions of beneficiaries, in which majority of females regard to empowerment they gained through the association with EMFIL. So the study was intended to analyse the socio-economic empowerment of the beneficiaries particularly women, their investment activities and effectiveness of utilization of micro financing facilities through ESAF microfinance and investments (P).Ltd.

#### **1.4. Objectives of the study**

The study had only one objective

1. To analyse the extent of socio economic conditions of beneficiaries after joining in ESAF Microfinance and Investments (P) Ltd.

Sample: The study was conducted among JLGs (joint liability groups) organised as micro units which are linked to ESAF microfinance and investments (P) Ltd. Cherpu branch. The bank mainly financing for JLG group members for income and labour generating activities to improve the living conditions. Totally there are about 55 JLG groups in Cherpu branch. Out of these, 25 units were randomly selected for the study and from among each unit respondents were selected according to the size of groups. The unit which are in existence for more than 5 years were considered for the study. Of which those JLG unit with low, medium and high performance were considered based on volume of micro financing facilities like micro credits and savings utilized by groups for productive and income generating activities.

##### **1.5.1 Data**

The study will use both primary and secondary data. Primary data will be collected from selected JLG members through a field survey based in structured schedule, interview and observations among them. JLG loan register, JLG minutes book and EMFIL published sources book will be accessed for secondary data.

### 1.5.2 Analytical tools

The data collected will analyse by simple mathematical tools like ratios, averages, percentages and indices.

#### 1.5.2.1 Analysis of socioeconomic empowerment

The level of empowerment was studied at two stage.

##### a) Ascertaining the level of empowerment for individual parameters

Indices were used for assessing the change and impact of activities of EMFIL on the clients and their family. In order to quantify the economic and social improvement of the beneficiary's economic and social improvement indices of each parameters were calculated.

The score for each parameters are derived by multiplying the number of respondents with respective score and its subsequent summing. Empowerment index was calculates by applying the formulae:

$$\text{Empowerment index} = \frac{\text{Actual score obtained for the statements}}{\text{Maximum obtainable score for the statement}} \times 100$$

The scoring pattern of each category of responses are as follows

| responses          | score |
|--------------------|-------|
| Strongly agreed    | 2     |
| agreed             | 1     |
| No opinion         | 0     |
| disagreed          | -1    |
| Strongly disagreed | -2    |

The maximum score obtainable is derived as follows:

$$2 \times 60 = 120$$

The level of empowerment are categorised a very poor, poor, average, good, and excellent based on the empowerment index obtained

| Empowerment index | Level of empowerment |
|-------------------|----------------------|
| < 20              | Very poor            |
| 21 - 40           | Poor                 |
| 41 - 50           | Average              |
| 51 - 70           | Good                 |
| > 71              | Very good            |

**b) Overall empowerment index for the beneficiaries of EMFIL based on the findings of the first stage.**

Overall empowerment index for the respondents was calculated by using the formulae

$$\text{Overall empowerment index} = \frac{\text{Actual score obtained for the parameters}}{\text{Maximum obtainable score for the parameters}} \times 100$$

Besides keeping the overall empowerment index a benchmark, an attempt is made to identify those parameters, which obtained score above the overall empowerment, and to rank them accordingly.

**1.5.2.2 Analysis of utilization pattern of funds by beneficiaries**

The data collected about utilization pattern of funds by beneficiaries was analysed by simple mathematical tools like ratios, averages, and percentages.

### ***1.5.3 Variables under study***

#### **1. Social indicators**

- a) Education status
- b) Involvement in social and community activities
- c) Managerial ability
- d) Role in household decision making and educational status of their children
- e) Self-confidence and skill development
- f) Association with other development departments

#### **2. Economic indicators**

- a) Occupation.
- b) Income generating activities.
- c) Employment generating activities.
- d) Household expenditure and acquisition of household assets.
- e) Housing infrastructure.
- f) Savings
- g) Entrepreneurial ability
- h) Accessibility of credits.

#### **3. Micro credits**

#### **4. Fund utilization for productive activities.**

#### **5. Micro insurance facilities and utilization.**

### **1.6. Scope of the study**

The study was intended to analyse the effectiveness of microfinancing facilities provided by EMFIL and so the bank can improve their performance in micro financing sector by using this study report. The study would bring light to the increased awareness of utilizing the micro financing facilities availed from various micro finance institutions to productive purposes. It can be used as an eye opener for increasing efficiency of micro enterprises and its members to come up in future. The study of socioeconomic empowerment of respondent helps in identifying the

areas of in which empowerment achieved by respondents Analysis of data was confined to the last 6 years performance of EMFIL.

### **1.7. Limitations of the study**

1. The study was limited to sixty beneficiaries only. Therefore the inferences and findings arrived at cannot be generalized.
2. The beneficiaries may not reveal the full details of the issues under the investigation.

### **1.8. Scheme of the study**

The study is presented in five chapters.

Chapter 1 -Design of the study

Chapter 2 - Review of Literature

Chapter 3 -Microfinance and Women Empowerment - A Theoretical Framework

Chapter 4- ESAF Microfinance and Investments (P). Ltd. (EMFIL) – A Profile

Chapter 5 - Analysis and Interpretation

Chapter 6 - Summary of findings, suggestions and conclusion.

The present chapter gives an idea or an outline of the project. It includes Introduction, statement of the problem, objectives, methodology, scope of the study and limitation of the study.

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*Chapter - 2*

*Review of Literature*

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## **Chapter 2**

### **REVIEW OF LITERATURE**

The basic idea of microfinance is to provide credit to the poor people who otherwise would not have access to credit services. Micro-credit programme extend small loans to very poor people for self-employment projects that generate income and allow them to take care for themselves and their families. There is no dearth of literature related to microfinance. In order to find the impact of microfinance programme, impact assessment studies have been done by many authors in different countries like Bangladesh, India, Pakistan, Nepal, Thailand, Ghana, Rwanda, Peru and many other countries of South Asia and Africa. The literature on microfinance offers a diversity of findings relating to the type and level of impact of the programme. There are various studies which confirm that microfinance programme has a significant positive impact in increasing employment and reducing poverty. A number of studies show that the participant households enjoy higher standard of living as compared to the non-participants. The programme reduces consumption as well as income vulnerability among its beneficiaries. Some of the studies also confirm that the programme is helpful in attaining millennium development goals by reducing poverty, hunger, infectious diseases and through women empowerment. There are a number of studies which explain that participation in the programme has led to greater levels of women empowerment in terms of increase in knowledge, self-confidence, economic, social and political awareness, mobility, development of organisational skills etc.

However, some of the studies show that the programme is not reaching the bottom poor people and the group loans are utilised for non-income generating activities such as consumption and other emergency needs. The studies also show that the women participants have limited control over the use of group loans, therefore, the programme results in limited empowerment of women participants. Thus the literature on microfinance provides mixed results about the impact of microfinance programme on the programme participants. Some important studies which are relevant to the present study have been discussed below:

## 2.1 Microfinance and Its Operations

Lapenu, C. and Zeller, M. (2001) studied about the microfinance institutions (MFIs) exist in the developing world, their current performance and MFIs in Asia, Africa and Latin America in order to offer a new in-depth analysis on the distribution and performance of MFIs at the international level. The finding shows that MFIs provide extensive coverage of Asia, Africa and Latin America have adapted a wide range of innovations to overcome various constraints. However, they require stable macroeconomics and political environment to develop unstable countries are still out of reach of the international world of microfinance.

Nishtar, G. (2001) stated about persistent poverty is a major problem in Pakistan and hence Pakistan has re-engineered its public policy paradigm in order to bring poverty alleviation to the forefront of development action. The banking sector plays a vital role in the development of any economy and as a part of the reform process the government of Pakistan has initiated the restructuring of the banking sector to vitalize it and make it a more productive partner in the development process of the country. The finding shows that microfinance in particular has proven to be an effective tool for poverty alleviation and creation of employment opportunities. The government Pakistan has formulated a comprehensive Micro Finance Sector Development Program with the assistance of the Asian Development Bank to broaden the microfinance sector. This major initiative will provide a revolutionary opportunity for development of grass-root level, new economic growth and jobs and better access to basic services.

Sriram, M.S. and Upadhyayula, R. S. (2002) discuss the growth and transformation of microfinance organizations (MFO) in India and the issue that have triggered transformation include size, diversity, sustainability, focus and taxation as the transformation experiences in India are few. The finding shows that there is no ideal path for spin-off; regulatory changes are needed to allow MFOs to graduate to other legal firms as they grow organically and NGOs must be permitted to invest in the equity of MFOs, as in the case in Bolivia and Africa. Norms are setting up MFOs under current legal firms should not be eased and regulations should ensure that they help genuine MFO and not others masquerading as MFOs.

Cull, R. (2007) explore the pattern of profitability, loan repayment and cost reduction with unusually high-quality data on 124 institutions in 49 countries. The finding shows the possibility

of earning profits while serving the poor, but a trade-off emerges between profitability and serving the poorest. Raising fees to very high levels does not ensure greater profitability and the benefits of cost cutting diminish when serving better-off customers.

Hermes, N. and Lensirk, R. (2007) study about the joint liability group lending and its implications for reducing information asymmetries and the trade-off between the financial sustainability and outreach of microfinance programs. The finding shows that individual based microfinance institutions, especially if they grow larger focus increasingly on wealthier clients whereas this is less so for the group based microfinance institutions. The study strongly underlines the importance of institutional design in considering trade-offs in microfinance.

Shetty, K. N. (2008) attempts to present the new paradigm for the development of micro enterprises through microfinance within the frame work of 'Maximalist Approach'. The empirical study shows that microfinance will be a true lubricant for micro enterprise development only when the finance flows with the nonfinancial services, which have a greater positive impact the livelihood of the poor.

Ramji, M. and Tripathi, S. (2009) explores how best to design and provide a housing microfinance product through MFI which is specifically targeted to new home construction by low-income communities, the study also how to do MFIs conduct credit evaluations to determine eligibility of clients who desire housing microfinance loans. The finding shows that demand for housing exists, although in an extremely dispersed manner, demand for housing is also depend upon household income and whether or not housing can be used as a productive asset for the household. Clients' desire for housing can often be much more optimistic than what MFIs are able to offer. The finding also reveals that more in-depth and contextual studies regarding demand are necessary before launching a housing microfinance product.

Haque, M. A. and Harbin, J. L. (2009) stated about the micro-credit approach to get money in to the hands of the poor by extending credit to the "have-nots". The finding shows that the issue of micro credit in other countries proves that the have-nots can be just as credit worthy as the haves. An essential ingredient to make it a success is for the micro credit establishments to work with the borrowers and make them feel they can be part of success.

Shastri, R. K. (2009) talk about the dynamic growth of the microfinance industry which has been promoted not only by market forces but also by conscious actions of national governments, on-governmental organizations (NGOs) and the donors who view microfinance as an effective tool for eradicating poverty. The finding shows creating self employment opportunities in one way of attacking poverty and solving the problems of unemployment. The scheme of microfinance has been found as an effective instrument for lifting the poor above the level of poverty by providing them increased self employment opportunities and making them credit worthy.

Anuradha, P. S. and Ganesan, G. (2010) focus on social and economic issues and the use microfinance as a strategy for inclusive growth and sustainable development. The finding shows that microfinance is a powerful tool for sustainable development and helps in attaining inclusive growth by creating productive employment, reducing gender and geography differences which led to the expansion of economic, thereby contributing to the growth of economy. Inclusive growth is key for equitable and sustainable future. The ability of individuals to be productively employed depends on the opportunities to make full use of available resources as the economy evolves over time.

Khavul, S. (2010) stated about micro financing to a wider audience of the management researchers and to identify opportunities for future research in this new and growing area. The finding shows microfinance has the appeal of bringing financial power to the people who need it most and whose resourcefulness and ingenuity it will fuel.

Jothi, V. N. (2010) talk about an overview of evolution of microfinance for socio economic development. The research findings suggest that the Self Help Groups contribute substantially in pursuing the conditions of the female population up and through that chip in poverty eradication as well.

Moses, E. (2011) focus on the origin and concept of micro finance, features and role of microfinance in India, reviewing the progress and weakness followed by suggestion for making micro finance as an effective instrument of poverty elevation, women empowerment and rural development in India. The finding shows micro finance is being viewed as one of the most powerful tools for uplifting the economic conditions of the asset-less poor through group approach

that ensures active participation and involvement of the beneficiaries in effective implementation of the program.

Mula, G. (2012) attempted to examine the growth and promotion of SHGs and performance of financial institution in micro finance in Cooch Bihar District, west Bengal. The study revealed that District took the second position in credit linkage in spite of being slower physical growth of SHGs (seventh position) in the state. The study also revealed a skewed growth of SHGs in different stages of promotion among the different blocks.

Vijender, A. (2012) stresses on improving farm level efficiency through micro financing and micro insurance in achieving their economic and social goals, which at present find have largely identified only limited success. The finding shows micro finance institutions (MFIs) have to become steady profitable to trim down poverty and role of state government in crucial in augmenting farm investment, micro financing, micro insurance, facilitating private investment and spreading institutions to help the poor in realizing inclusive growth of the India.

Sarmah, G. N and Das, D. K. (2012) attempt to analyze the rule of microfinance and Self-Help Groups (SHG) for the socio economic development of the poor people in Lakhimpur District of Assam. For collecting the primary data a total of 50 SHGs and five (5) members from each SHG ( $50 \times 5 = 250$  respondents) were randomly selected covering the entire Lakhimpur District. From the study it has been found that after joining the SHGs the poor rural people can increase their income and improve their standard of living by performing economic activities independently.

Vadde, S. (2012) analyses the operating system of SHGs for mobilization of saving, delivery of credit to the needy, management of group funds, repayment of loans, in building of leadership, establishing linkage with banks and social benefits derived by the members. The findings shows that the Self-Help Group (SHG) bank linkage programme in past eighteen years has become a well known tool for bankers, development agencies and even for corporate houses.

Nasir, S (2013) tries to outline the prevailing condition of the microfinance in india in the light of its emergence till now and its aim is to provide a cost effective mechanism for providing financial services to the poor. The research finding discovers the prevailing gap in functioning of MFIs such as practices in credit delivery, lack of product diversification, customer overlapping and with

practicable suggestions to overcome the issues and challenges associated with microfinance in India.

## **2.2 Microfinance Studies on Women Empowerment**

Hashemi et al. (1996) explained that the microfinance programme in Bangladesh had led to empowerment of women. They had used a measure of length of programme participation among Grameen Bank and BRAC (Bangladesh Rural Advancement Committee) clients to show that each year of membership increased the likelihood of a female client being empowered by 16 per cent. The survey was conducted in 1992 based on 1225 women. A composite empowerment indicator was created based on eight components: mobility, economic security, ability to make small purchases, involvement in major household decisions, and freedom from domination within the family, political and legal awareness and involvement in political campaigning and protests. A woman was considered empowered if she scored five out of eight of the subcomponents. Results showed that Grameen Bank members were seven and a half times more empowered as 45 compared to the comparison group. Even women who did not participate in the programme were more than twice as likely to be empowered simply by virtue of living in Grameen villages. Thus, a positive spill over from microfinance was affecting the norms in communities.

Yunus and Jolis (1998) in their work highlighted that the exclusion of poor women from land rights had been contributory to their marginal position. Grameen Bank in Bangladesh provided housing loans to members with 3 loan cycles and with title deeds to the land on which the house was built. As most group members were women, one of the results was that women had title deeds transferred to them often from their husbands to obtain these loans. This had also reduced the incidence of divorce since the women, as the owners of their own houses, could not be easily removed.

Ashe and Parrott (2001) conducted a study on the women empowerment programme in Nepal and showed that 89,000 out of 1,30,000 or 68 per cent of women in the programme experienced an increase in their decision-making roles in the areas of family planning, marriage of children, buying and selling property and sending their daughters to school. These all areas of decision-making were traditionally dominated by men.

However, Shrestha (1998) of the Centre for Self-help Development (CSD), Nepal reported that women were able to make small purchases of necessary items like groceries independently. But larger purchases and personal purchases, like jewellery, always required the consent of the husband, representing incomplete progress toward empowerment in this area.

Cheston and Kuhn (2002) studied when, how and why women were empowered. For this purpose 60 microfinance institutions and opportunity international's 42 partners were surveyed. An in-depth research of Sinapi Aba Trust (SAT) located in Ghana was also undertaken. The study showed strong evidence that MFIs contributed to women empowerment. One consistent finding was increased self-confidence and self-esteem. Another finding was increased participation of women in decision-making. Women participants had also experienced improved status and gender relations in their houses. At SAT it was found that financial contribution of women helped them earn greater respect from their husbands and children.

MYRADA (2002) studied the impact of SHGs on the empowerment status of women members in southern India. The objective of the study was to establish whether and to what extent the membership in SHGs had an impact on the social status and empowerment of the women members of such groups. It was found that members of old groups were more confident, more aware regarding their health and hygiene, more technically skilled, financially more secure, more in control of their lives and in a stronger position vis-à-vis their family members as compared to young group members. Hence, it was concluded that if responses from the new groups were taken as benchmark, the process of empowerment seemed to have started in old groups.

Malhotra (2003) described some basic and conceptual issues regarding women empowerment and had given a comprehensive framework of domains of women empowerment. She included two essential elements in women empowerment, i.e. process and agency. Women empowerment was a process of progression from one stage to other and the agency element defined that women themselves must be significant actors in the process of change that was being measured. In order to measure empowerment empirically she had given a framework of economic, socio-cultural, interpersonal, legal, political and psychological dimensions of women empowerment at household and community level.

Edward, P. and Olsen, W. (2006) examine quantitative local data on microfinance in Southern Andhra Pradesh to study the mayoux's three paradigms of microfinance and give insights into how the paradigms are playing out on the ground in Southern India. Field research was conducted in 2005 within a triangulation methodological framework; translation support was received from local people during the course of research. A range of secondary quantitative evidence (mainly from Annual reports of a variety of banks and other organizations) was combined with qualitative interviews. The finding shows that micro-finance has expanded rapidly and extremely successfully in AP, it brought considerable benefits for many women, particularly among the non-poor and the marginally poor, it has also diverted many NGOs and their aid donors away from their original mission of poverty reduction and empowerment of their disadvantaged and exploited in society.

Sharma (2007) examined the impact of participation in microfinance programme on women's autonomy and gender relations within the household. For this purpose participants of the programme were surveyed in Hill and Terai areas of Nepal during the period 2004 to 2006. The microfinance institution participants who had adopted Grameen model for at least four years were selected. Comparison of pre- and post-SHG participation showed that programme led to women's greater participation in household decision-making, greater access to economic resources, wider social networks and freedom of mobility. Female credit had increased spousal communication about family planning and parenting concerns. It was also found that microfinance institutions had reached only a tiny fraction of the population and the challenge was to multiply the existing services. The researcher suggested that government should build conducive environment to develop microfinance services.

Vetrivel, S. C. (2010) get an insight of the role of microfinance on women employment through Self Help Groups (SHGs) Bank Linkage Programs which has been successful not only in meeting financial needs of the rural poor women but also in strengthening collective self help capacities of the poor leading to their empowerment. The research presents some findings the microfinance can contribute to solving the problems of inadequate housing and urban services as an integral part of poverty alleviation programs

Regi, E. M. (2011) examines the empowerment impact of microfinance program of neighborhood groups (NHGs) in Kerala and is based on primary data collected from 200 respondents in 30 (NHGs) functioning in 11 Gram panchayats in Nilambur block in Kerala. The finding revealed



that part from providing savings and credit to its members; NHGs were instrumental in bringing desired social change among the members. The ability to contribute to household income as a result of the credit access and increased income from income generating activities helped the members to get respected in their family and community as well. This acceptance in turn helped to gain confidence, increased role in household decision-making, and control over resources, ability to freely interact with members of the group as well as outsiders, ability to deal with adversities and involvement in community activities.

Samuel, J. (2011) examined the impact of microfinance on the rural women. The study revealed that majority of the SHG members were middle aged, married and belonging to nuclear families from backward castes. The impact was 45.59, employment was 112.48, the asset position of members after joining the self-help group was 53.43 and the consumption change in member household was 25.8 percent. The regression analysis revealed that income of the members increased by 0.50 from one rupee investment, savings increased to Rs 4.92 and employment increased to the income by Rs 40.37. The finding also shows that the major constraints faced by members were conflicts among group members, improper savings or procedures involved and lack of training or skill up gradation as moderate problems.

Maurya, R. (2011) provides some perspective to elaborate the empowerment of women through micro finance. The finding shows that the success of financial inclusion would ultimately depend on a collaborative strategy wherein there is an adequate supply of correctly price and appropriate financial products and services accompanied by an efficient delivery mechanism along with financial awareness and a co-operation between financial institutions, government and civil society organizations.

Belgaroui, H. M. and Belgaroui, E. I. (2012) attempts to analyze performance of micro finance institutions in Tunisia and evaluates the micro credit on different basis like jobs created, promoter's education, sector credits and gender basis. The study shows that credits are generated to promoters with academic level and even to illiterates. Promoters having a secondary level of education are generally the most beneficiaries and the statistics reveal that TBS has been efficient in resources utilization through targeting several categories of deprived citizens as well as maintaining a certain financial viability through funding and self-refinancing.

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Chapter – 3

*Microfinance and Women  
Empowerment - A Theoretical  
Framework*

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## Chapter 3

### MICROFINANCE AND WOMEN EMPOWERMENT

#### 3.1 Microfinance and its development

##### 3.1.1 *The Origin of Microfinance*

Although neither of the terms microcredit or microfinance were used in the academic literature nor by development aid practitioners before the 1980s or 1990s, respectively, the concept of providing financial services to low income people is much older.

While the emergence of informal financial institutions in Nigeria dates back to the 15th century, they were first established in Europe during the 18th century as a response to the enormous increase in poverty since the end of the extended European wars (1618 – 1648). In 1720 the first loan fund targeting poor people was founded in Ireland by the author Jonathan Swift. After a special law was passed in 1823, which allowed charity institutions to become formal financial intermediaries a loan fund board was established in 1836 and a big boom was initiated. Their outreach peaked just before the government introduced a cap on interest rates in 1843. At this time, they provided financial services to almost 20% of Irish households. The credit cooperatives created in Germany in 1847 by Friedrich Wilhelm Raiffeisen served 1.4 million people by 1910. He stated that the main objectives of these cooperatives “should be to control the use made of money for economic improvements, and to improve the moral and physical values of people and also, their will to act by themselves.”

In the 1880s the British controlled government of Madras in South India, tried to use the German experience to address poverty which resulted in more than nine million poor Indians belonging to credit cooperatives by 1946. During this same time the Dutch colonial administrators constructed a cooperative rural banking system in Indonesia based on the Raiffeisen model which eventually became Bank Rakyat Indonesia (BRI), now known as the largest MFI in the world.

### 3.1.2 Evolution of microfinance in India (from 1960)

Microfinance in India emerged as an effort to reach out to the un-banked, lower income segments of the population

**Table 3.1 Evolution of microfinance in India**

| 1960 to 1980  | 1990  | 2000   |
|---|---|--|
| <b>Phase 1: Social Banking</b>  | <b>Phase 2: Financial Systems Approach</b>                                  | <b>Phase 3: Financial Inclusion</b><br>...   |
| 1.Nationalization of private commercial banks<br>2.Expansion of rural branch network<br>3.Extension of subsidized credit  | 1.Peer-pressure<br>2.Establishment of MFIs, typically of non-profit origins | 1.NGO-MFIs and SHGs gaining more legitimacy<br>2.MFIs emerging as strategic partners to diverse entities interested in the low-income segments<br>3.Consumer finance emerged as high growth area |
| 4.Establishment of Rural Regional Banks<br>5.Establishment of apex institutions such as National Bank for Agriculture and Rural Development and Development Bank of India |   | 4.Increased policy regulation<br>5.Increasing commercialization  |

**Phase 1:** In the 1960's, the credit delivery system in rural India was largely dominated by the cooperative segment. The period between 1960 and 1990, referred to as the "social banking" phase. This phase includes nationalization of private commercial banks, expansion of rural branch networks, extension of subsidized credit, establishment of Regional Rural Banks (RRBs) and the

establishment of apex institutions such as the National Bank for Agriculture and Rural Development (NABARD) and the Small scale Industries Development Board of India (SIDBI).

**Phase 2:** After 1990, India witnessed the second phase “financial system approach” of credit delivery. In this phase NABARD initiated the Self Help Group (SHG) - Bank Linkage Bank Linkage program, which links informal women's groups to formal banks. This concept held great appeal for non-government organizations (NGOs) working with the poor, prompting many of them to collaborate with NABARD in the program. This period also witnessed the entry of Microfinance Institutions (MFIs), largely of non-profit origins, with existing development programs.

**Phase 3:** In 2000, the third phase in the development of Indian microfinance began, marked by further changes in policies, operating formats, and stakeholder orientations in the financial services space. This phase emphasizes on “inclusive growth” and “financial inclusion.” This period also saw many NGO-MFIs transform into regulated legal formats such as Non-Banking Finance Companies (NBFCs). Commercial banks adopted innovative ways of partnering with NGO-MFIs and other rural organizations to extend their reach into rural markets. MFIs have emerged as strategic partners to individuals and entities interested in reaching out to India's low income client segments.

### ***3.1.3 Microfinance Today***

In the 1970s a paradigm shift started to take place. The failure of subsidized government or donor driven institutions to meet the demand for financial services in developing countries led to several new approaches. Some of the most prominent ones are presented below.

Bank Dagan Bali (BDB) was established in September 1970 to serve low income people in Indonesia without any subsidies and is now “well-known as the earliest bank to institute commercial microfinance”. While this is not true with regard to the achievements made in Europe during the 19th century, it still can be seen as a turning point with an ever increasing impact on the view of politicians and development aid practitioners throughout the world. In 1973 ACCION International, a United States of America (USA) based non-governmental organization (NGO) disbursed its first loan in Brazil and in 1974 Professor Muhammad Yunus started what later became known as the Grameen Bank by lending a total of \$27 to 42 people in Bangladesh. One



year later the Self-Employed Women's Association started to provide loans of about \$1.5 to poor women in India. Although the latter examples still were subsidized projects, they used a more business oriented approach and showed the world that poor people can be good credit risks with repayment rates exceeding 95%, even if the interest rate charged is higher than that of traditional banks. Another milestone was the transformation of BRI starting in 1984. Once a loss making institution channelling government subsidized credits to inhabitants of rural Indonesia it is now the largest MFI in the world, being profitable even during the Asian financial crisis of 1997 – 1998. In February 1997 more than 2,900 policymakers, microfinance practitioners and representatives of various educational institutions and donor agencies from 137 different countries gathered in Washington D.C. for the first Micro Credit Summit. This was the start of a nine yearlong campaign to reach 100 million of the world poorest households with credit for self-employment by 2005. According to the Microcredit Summit Campaign Report 67,606,080 clients have been reached through 2527 MFIs by the end of 2002, with 41,594,778 of them being amongst the poorest before they took their first loan. Since the campaign started the average annual growth rate in reaching clients has been almost 40 percent. If it has continued at that speed more than 100 million people will have access to microcredit by now and by the end of 2005 the goal of the microcredit summit campaign would be reached. As the president of the World Bank James Wolfensohn has pointed out, providing financial services to 100 million of the poorest households means helping as many as 500 – 600 million poor people.

## **3.2 Microfinance and operations**

### ***3.2.1 Need for Micro-Finance: The gap between Demand and Supply***

Since independence, various governments in India have experimented with a large number of grant and subsidy based poverty alleviation programmes. These programmes were based on grant/subsidy and the credit linkage was through commercial banks only. Hence was adopted the concept of micro-credit in India. Success stories in neighbouring countries, like Grameen Bank in Bangladesh, Bank Rakyat in Indonesia, Commercial & Industrial Bank in Philippines etc., gave further boost to the concept in India in the 1980s. India thus adopted the similar model of extending credit to the poorest sector and took a no. of steps to promote micro-financing in the country. Since the 1950s, various governments in India have experimented with a large number of grant and subsidy based poverty alleviation programmes. Studies show that these

mandatory and dedicated subsidized financial programmes, implemented through banking institutions, have not been fully successful in meeting their social and economic objectives:

The common features of these programmes were:-

- Target orientation
- Based on grant/subsidy, and
- Credit linkage through commercial banks.

These programmes:-

- Were often not sustainable
- Perpetuated the dependent status of the beneficiaries
- Depended ultimately on government employees for delivery
- Led to misuse of both credit and subsidy and
- Were treated at best as poverty alleviation interventions.

### ***3.2.2 Who are the clients of micro finance?***

The typical micro finance clients are low-income persons that do not have access to formal financial institutions. Micro finance clients are typically self-employed, often household-based entrepreneurs. In rural areas, they are usually small farmers and others who are engaged in small income-generating activities such as food processing and petty trade. In urban areas, micro finance activities are more diverse and include shopkeepers, service providers, artisans, street vendors, etc. Micro finance clients are poor and vulnerable non-poor who have a relatively unstable source of income.

Access to conventional formal financial institutions, for many reasons, is inversely related to income: the poorer you are the less likely that you have access. On the other hand, the chances are that, the poorer you are, the more expensive or onerous informal financial arrangements. Moreover, informal arrangements may not suitably meet certain financial service needs or may exclude you anyway. Individuals in this excluded and under-served market segment are the clients of micro finance.

As we broaden the notion of the types of services micro finance encompasses, the potential market of micro finance clients also expands. It depends on local conditions and political climate,

activeness of cooperatives, SHG & NGOs, JLGs and support mechanism. For instance, micro credit might have a far more limited market scope than say a more diversified range of financial services, which includes various types of savings products, payment and remittance services, and various insurance products. For example, many very poor farmers may not really wish to borrow, but rather, would like a safer place to save the proceeds from their harvest as these are consumed over several months by the requirements of daily living. Central government in India has established a strong & extensive link between NABARD (National Bank for Agriculture & Rural Development), State Cooperative Bank, District Cooperative Banks, Primary Agriculture & Marketing Societies at national, state, district and village level.

### ***3.2.3 The Need in India***

- India is said to be the home of one third of the world's poor; official estimates range from 26 to 50 percent of the more than one billion population.
- About 87 percent of the poorest households do not have access to credit.
- The demand for microcredit has been estimated at up to \$30 billion; the supply is less than \$2.2 billion combined by all involved in the sector.

Due to the sheer size of the population living in poverty, India is strategically significant in the global efforts to alleviate poverty and to achieve the Millennium Development Goal of halving the world's poverty by 2015. Microfinance has been present in India in one form or another since the 1970s and is now widely accepted as an effective poverty alleviation strategy. Over the last five years, the microfinance industry has achieved significant growth in part due to the participation of commercial banks. Despite this growth, the poverty situation in India continues to be challenging.

Some principles that summarize a century and a half of development practice were encapsulated in 2004 by Consultative Group to Assist the Poor (CGAP) and endorsed by the Group of Eight leaders at the G8 Summit on June 10, 2004:

- Poor people need not just loans but also savings, insurance and money transfer services.
- Microfinance must be useful to poor households: helping them raise income, build up assets and/or cushion themselves against external shocks.

- “Microfinance can pay for itself.” Subsidies from donors and government are scarce and uncertain, and so to reach large numbers of poor people, microfinance must pay for itself.
- Microfinance means building permanent local institutions.
- Microfinance also means integrating the financial needs of poor people into a country’s mainstream financial system.
- “The job of government is to enable financial services, not to provide them.”
- “Donor funds should complement private capital, not compete with it.”
- “The key bottleneck is the shortage of strong institutions and managers.” Donors should focus on capacity building.
- Interest rate ceilings hurt poor people by preventing microfinance institutions from covering their costs, which chokes off the supply of credit.
- Microfinance institutions should measure and disclose their performance – both financially and socially.

Microfinance can also be distinguished from charity. It is better to provide grants to families who are destitute, or so poor they are unlikely to be able to generate the cash flow required to repay a loan. This situation can occur for example, in a war zone or after a natural disaster.

### ***3.2.4 Financial needs and financial services***

In developing economies and particularly in the rural areas, many activities that would be classified in the developed world as financial are not monetized: that is, money is not used to carry them out. Almost by definition, poor people have very little money. But circumstances often arise in their lives in which they need money or the things money can buy.

In Stuart Rutherford’s recent book *The Poor and Their Money*, he cites several types of needs:

- ***Lifecycle Needs***: such as weddings, funerals, childbirth, education, homebuilding, widowhood, old age.
- ***Personal Emergencies***: such as sickness, injury, unemployment, theft, harassment or death.
- ***Disasters***: such as fires, floods, cyclones and man-made events like war or bulldozing of dwellings.

- **Investment Opportunities:** expanding a business, buying land or equipment, improving housing, securing a job (which often requires paying a large bribe), etc.

Poor people find creative and often collaborative ways to meet these needs, primarily through creating and exchanging different forms of non-cash value. Common substitutes for cash vary from country to country but typically include livestock, grains, jewellery and precious metals. As Marguerite Robinson describes in *The Microfinance Revolution*, the 1980s demonstrated that “microfinance could provide large-scale outreach profitably,” and in the 1990s, “microfinance began to develop as an industry”. In the 2000s, the microfinance industry’s objective is to satisfy the unmet demand on a much larger scale, and to play a role in reducing poverty. While much progress has been made in developing a viable, commercial microfinance sector in the last few decades, several issues remain that need to be addressed before the industry will be able to satisfy massive worldwide demand.

The obstacles or challenges to building a sound commercial microfinance industry include:

- Inappropriate donor subsidies
- Poor regulation and supervision of deposit-taking MFIs
- Few MFIs that mobilize savings
- Limited management capacity in MFIs
- Institutional inefficiencies
- Need for more dissemination and adoption of rural, agricultural microfinance methodologies

### ***3.2.5 Entities in Micro Finance***

Indian Microfinance dominated by two operational approaches:

#### **❖ SHG**

- Initiated by NABARD through SHG Bank Linkage Program.
- Largest outreach to microfinance clients in the world.

#### **❖ MFIs**

- Emerged in the late 1990s to harness social and commercial funds.
- Today the number of Indian MFIs has increased and crossed 1000.

MFI is an organization that offers financial services to low income populations. Almost all of these offer microcredit and only take back small amounts of savings from their own borrowers, not from the general public. Term refers to a wide range of organizations - NGOs, credit unions, cooperatives, private commercial banks and non-bank financial institutions.

### **3.3 Role of Microfinance**

The micro credit of microfinance programme was first initiated in the year 1976 in Bangladesh with promise of providing credit to the poor without collateral, alleviating poverty and unleashing human creativity and endeavor of the poor people. Microfinance impact studies have demonstrated that

1. Microfinance helps poor households meet basic needs and protects them against risks.
2. The use of financial services by low-income households leads to improvements in household economic welfare and enterprise stability and growth.
3. By supporting women's economic participation, microfinance empowers women, thereby promoting gender-equity and improving household well-being.
4. The level of impact relates to the length of time clients have had access to financial services.

#### **a) Strategic Policy Initiatives**

Some of the most recent strategic policy initiatives in the area of Microfinance taken by the government and regulatory bodies in India are:

- Working group on credit to the poor through SHGs, NGOs, NABARD, 1995
- The National Microfinance Taskforce, 1999
- Working Group on Financial Flows to the Informal Sector (set up by PMO), 2002
- Microfinance Development and Equity Fund, NABARD, 2005
- Working group on Financing NBFCs by Banks- RBI

## **b) Activities in Microfinance**

**Microcredit:** It is a small amount of money loaned to a client by a bank or other institution. Microcredit can be offered, often without collateral, to an individual or through group lending.

**Micro savings:** These are deposit services that allow one to save small amounts of money for future use. Often without minimum balance requirements, these savings accounts allow households to save in order to meet unexpected expenses and plan for future expenses.

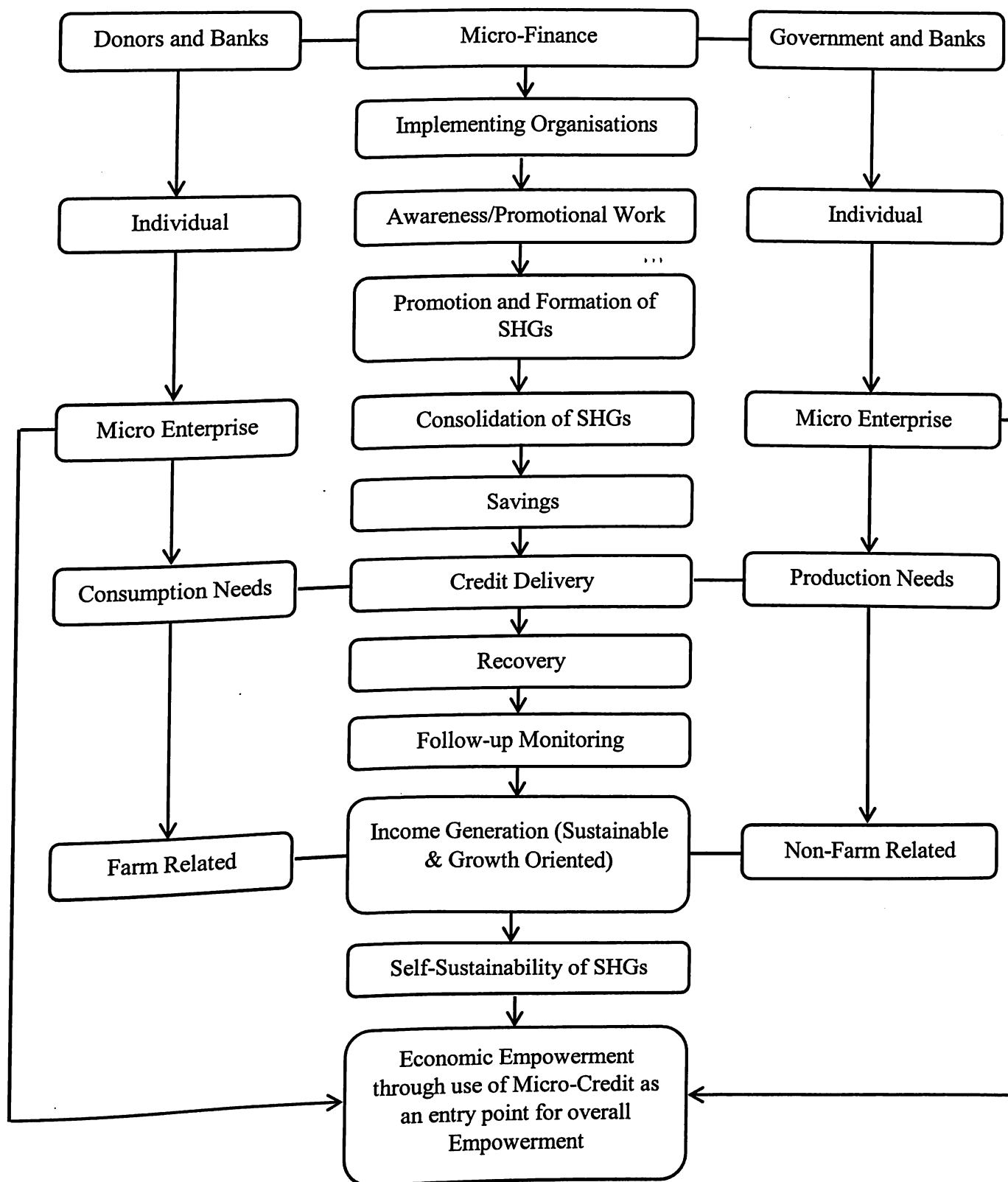
**Micro insurance:** It is a system by which people, businesses and other organizations make a payment to share risk. Access to insurance enables entrepreneurs to concentrate more on developing their businesses while mitigating other risks affecting property, health or the ability to work.

**Remittances:** These are transfer of funds from people in one place to people in another, usually across borders to family and friends. Compared with other sources of capital that can fluctuate depending on the political or economic climate, remittances are a relatively steady source of funds.

## **c) Legal Regulations**

Banks in India are regulated and supervised by the Reserve Bank of India (RBI) under the RBI Act of 1934, Banking Regulation Act, Regional Rural Banks Act, and the Cooperative Societies Acts of the respective state governments for cooperative banks. NBFCs are registered under the Companies Act, 1956 and are governed under the RBI Act. There is no specific law catering to NGOs although they can be registered under the Societies Registration Act, 1860, the Indian Trust Act, 1882, or the relevant state acts. There has been a strong reliance on self-regulation for NGO MFIs and as this applies to NGO MFIs mobilizing deposits from clients who also borrow. This tendency is a concern due to enforcement problems that tend to arise with self-regulatory organizations. In January 2000, the RBI essentially created a new legal form for providing microfinance services for NBFCs registered under the Companies Act so that they are not subject to any capital or liquidity requirements if they do not go into the deposit taking business. Absence of liquidity requirements is concern to the safety of the sector.

### Development Process through Microfinance



**Figure 3.1**



### Microfinance interventions through different organisations

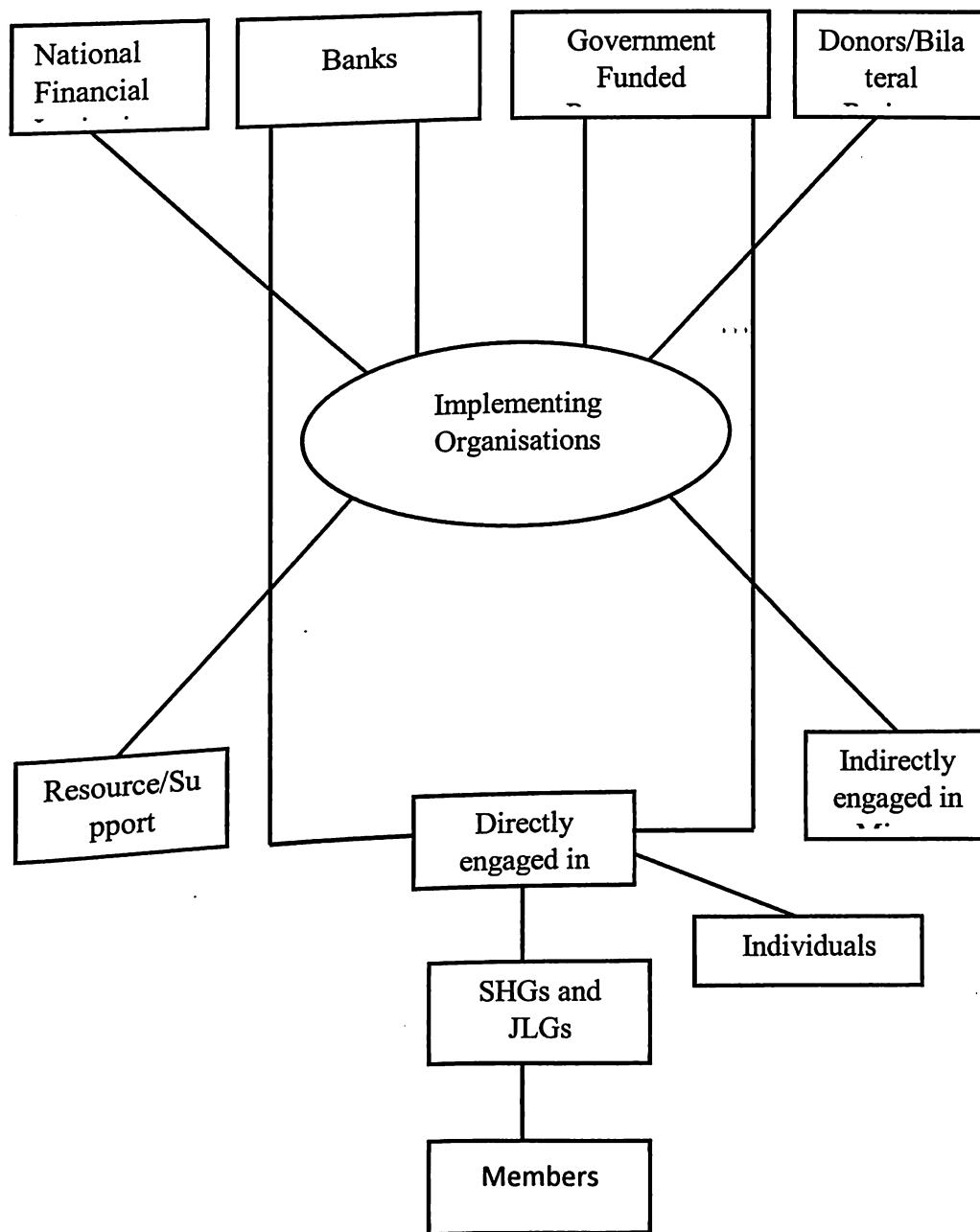


Figure 3.2

### **3.4 Microfinance in India**

At present lending to the economically active poor both rural and urban is pegged at around Rs.7000 crores in the Indian banks' credit outstanding. As against this, according to even the most conservative estimates, the total demand for credit requirements for this part of Indian society is somewhere around Rs.2,00,000 crores.

#### ***3.4.1 Microfinance changing the face of poor India***

Micro-Finance is emerging as a powerful instrument for poverty alleviation in the new economy. In India, micro-Finance scene is dominated by Self Help Groups (SHGs) - Banks linkage Programme, aimed at providing a cost effective mechanism for providing financial services to the 'unreached poor'. In the Indian context terms like "small and marginal farmers", "rural artisans" and "economically weaker sections" have been used to broadly define micro-finance customers. Research across the globe has shown that, over time, microfinance clients increase their income and assets, increase the number of years of schooling their children receive, and improve the health and nutrition of their families.

A more refined model of micro-credit delivery has evolved lately, which emphasizes the combined delivery of financial services along with technical assistance, and agricultural business development services. When compared to the wider SHG bank linkage movement in India, private MFIs have had limited outreach. However, we have seen a recent trend of larger microfinance institutions transforming into Non-Bank Financial Institutions (NBFCs). This changing face of microfinance in India appears to be positive in terms of the ability of microfinance to attract more funds and therefore increase outreach.

In terms of demand for micro-credit or micro-finance, there are three segments, which demand funds. They are:

- At the very bottom in terms of income and assets, are those who are landless and engaged in agricultural work on a seasonal basis, and manual labourers in forestry, mining, household industries, construction and transport. This segment requires, first and foremost, consumption credit during those months when they do not get labour work, and for

contingencies such as illness. They also need credit for acquiring small productive assets, such as livestock, using which they can generate additional income.

- The next market segment is small and marginal farmers and rural artisans, weavers and those self-employed in the urban informal sector as hawkers, vendors, and workers in household micro-enterprises. This segment mainly needs credit for working capital, a small part of which also serves consumption needs. This segment also needs term credit for acquiring additional productive assets, such as irrigation pump sets, bore wells and livestock in case of farmers, and equipment (looms, machinery) and work sheds in case of non-farm workers.
- The third market segment is of small and medium farmers who have gone in for commercial crops such as surplus paddy and wheat, cotton, groundnut, and others engaged in dairying, poultry, fishery, etc. Among non-farm activities, this segment includes those in villages and slums, engaged in processing or manufacturing activity, running provision stores, repair workshops, tea shops, and various service enterprises. These persons are not always poor, though they live barely above the poverty line and also suffer from inadequate access to formal credit.

Well these are the people who require money and with Microfinance it is possible. Right now the problem is that, it is SHGs' which are doing this and efforts should be made so that the big financial institutions also turn up and start supplying funds to these people. This will lead to a better India and will definitely fulfil the dream of our late Prime Minister, Mrs. Indira Gandhi, i.e.

Poverty.

One of the statements is really appropriate here, which is as:

“Money, says the proverb makes money. When you have got a little, it is often easy to get more.

The great difficulty is to get that little.” *Adams Smith.*

Today India is facing major problem in reducing poverty. About 25 million people in India are under below poverty line. With low per capita income, heavy population pressure, prevalence of massive unemployment and underemployment, low rate of capital formation, misdistribution of wealth and assets, prevalence of low technology and poor economics organization and instability

of output of agriculture production and related sectors have made India one of the poor countries of the world.

### ***3.4.2 Present Scenario of India***

India falls under low income class according to World Bank. It is second populated country in the world and around 70 % of its population lives in rural area. 60% of people depend on agriculture, as a result there is chronic underemployment and per capita income is only \$ 3262. This is not enough to provide food to more than one individual. The obvious result is abject poverty, low rate of education, low sex ratio, and exploitation. The major factor account for high incidence of rural poverty is the low asset base. According to Reserve Bank of India, about 51 % of people house possess only 10% of the total asset of India .This has resulted low production capacity both in agriculture (which contribute around 22-25% of GDP) and Manufacturing sector. Rural people have very low access to institutionalized credit (from commercial bank).

### ***3.4.3 Poverty alleviation programs and conceptualization of Microfinance***

There has been a continuous effort of planners of India in addressing the poverty. They have come up with development programmes like Integrated Rural Development programme (IRDP), National Rural Employment Programme (NREP), Rural Labour Employment Guarantee Programme (RLEGP) etc. But these programme have not been able to create massive impact in poverty alleviation. The production oriented approach of planning without altering the mode of production could not but result of the gains of development by owners of instrument of production. The mode of production does remain same as the owners of the instrument have low access to credit which is the major factor of production. Thus in Nineties National bank for agriculture and rural development (NABARD) launches pilot projects of Microfinance to bridge the gap between demand and supply of funds in the lower rungs of rural economy. Microfinance the buzzing word of this decade was meant to cure the illness of rural economy. With this concept of Self Reliance, Self Sufficiency and Self Help gained momentum. The Indian microfinance is dominated by Self Help Groups (SHGs) and their linkage to Banks.

## **3.5 Micro Finance Models**

### **1. Micro Finance Institutions (MFIs)**

MFIs are an extremely heterogeneous group comprising NBFCs, societies, trusts and cooperatives. They are provided financial support from external donors and apex institutions including the Rashtriya Mahila Kosh (RMK), SIDBI Foundation for micro-credit and NABARD and employ a variety of ways for credit delivery.

Since 2000, commercial banks including Regional Rural Banks have been providing funds to MFIs for on lending to poor clients. Though initially, only a handful of NGOs were “into” financial intermediation using a variety of delivery methods, their numbers have increased considerably today. While there is no published data on private MFIs operating in the country, the number of MFIs is estimated to be around 800.

### **2. Bank Partnership Model**

This model is an innovative way of financing MFIs. The bank is the lender and the MFI acts as an agent for handling items of work relating to credit monitoring, supervision and recovery. In other words, the MFI acts as an agent and takes care of all relationships with the client, from first contact to final repayment. The model has the potential to significantly increase the amount of funding that MFIs can leverage on a relatively small equity base.

A sub - variation of this model is where the MFI, as an NBFC, holds the individual loans on its books for a while before securitizing them and selling them to the bank. Such refinancing through securitization enables the MFI enlarged funding access. If the MFI fulfills the “true sale” criteria, the exposure of the bank is treated as being to the individual borrower and the prudential exposure norms do not then inhibit such funding of MFIs by commercial banks through the securitization structure.

### **3. Banking Correspondents**

The proposal of “banking correspondents” could take this model a step further extending it to savings. It would allow MFIs to collect savings deposits from the poor on behalf of the bank. It would use the ability of the MFI to get close to poor clients while relying on the financial strength of the bank to safeguard the deposits. This regulation evolved at a time when there were genuine fears that fly-by-night agents purporting to act on behalf of banks in which the people have confidence could mobilize savings of gullible public and then

vanish with them. It remains to be seen whether the mechanics of such relationships can be worked out in a way that minimizes the risk of misuse.

#### **4. Service Company Model**

Under this model, the bank forms its own MFI, perhaps as an NBFC, and then works hand in hand with that MFI to extend loans and other services. On paper, the model is similar to the partnership model: the MFI originates the loans and the bank books them. But in fact, this model has two very different and interesting operational features:

- The MFI uses the branch network of the bank as its outlets to reach clients. This allows the client to be reached at lower cost than in the case of a stand-alone MFI. In case of banks which have large branch networks, it also allows rapid scale up. In the partnership model, MFIs may contract with many banks in an arm's length relationship. In the service company model, the MFI works specifically for the bank and develops an intensive operational cooperation between them to their mutual advantage.
- The Partnership model uses both the financial *and infrastructure* strength of the bank to create lower cost and faster growth. The Service Company Model has the potential to take the burden of overseeing microfinance operations off the management of the bank and put it in the hands of MFI managers who are focused on microfinance to introduce additional products, such as individual loans for SHG graduates, remittances and so on without disrupting bank operations and provide a more advantageous cost structure for microfinance.

### **3.6 Types of organization**

These organizations are classified in the following categories to indicate the functional aspects covered by them within the micro finance framework. The aim, however, is not to "typecast" an organization, as these have many other activities within their scope:

Microfinance providers in India can be classified under three broad categories: formal, semiformal, and informal.

- **Formal Sector**

The formal sector comprises of the banks\_such as NABARD, SIDBI and other regional rural banks (RRBs). They primarily provide credit for assistance in agriculture and micro-enterprise development and primarily target the poor. Their deposit at around Rs.350 billion and of that, around Rs.250 billion has been given as advances. They charge an interest of 12-13.5% but if we include the transaction costs (number of visits to banks, compulsory savings and costs incurred for payments to animators/staff/local leaders etc.) they come out to be as high as 21-24%.

- **Semi - formal Sector**

The majority of institutional microfinance providers in India are semi-formal organizations broadly referred to as MFIs. Registered under a variety of legal acts, these organizations greatly differ in philosophy, size, and capacity. There are over 500 non-government organizations (NGOs) registered as societies, public trusts, or non-profit companies. Organizations implementing micro-finance activities can be categorized into three basic groups.

- I. Organizations which directly lend to specific target groups and are carrying out all related activities like recovery, monitoring, follow-up etc.
- II. Organizations who only promote and provide linkages to SHGs and are not directly involved in micro lending operations.
- III. Organizations which are dealing with SHGs and plan to start micro-finance related activities.

- **Informal Sector**

In addition to friends and family, moneylenders, landlords, and traders constitute the informal sector. While estimates of their importance vary significantly, it is undeniable that they continue to play a significant role in the financial lives of the poor. These are the organizations that provide support to implementing organizations. The support may be in terms of resources or training for capacity building, counseling, networking, etc. They

operate at state/regional or national level. They may or may not be directly involved in micro-finance activities adopted by the associations/collectives to support implementing Organizations.

## **Grameen Bank**

The Grameen Model which was pioneered by Prof Muhammed Yunus of Grameen Bank is perhaps the most well-known, admired and practiced model in the world. The model involves the following elements.

- Homogeneous affinity group of five
- Eight groups form a Centre
- Centre meets every week
- Regular savings by all members
- Loan proposals approved at Centre meeting
- Loan disbursed directly to individuals
- All loans repaid in 50 instalments

The Grameen model follows a fairly regimented routine. It is very cost intensive as it involves building capacity of the groups and the customers passing a test before the lending could start. The group members tend to be selected or at least strongly vetted by the bank. One of the reasons for the high cost is that staff members can conduct only two meetings a day and thus are occupied for only a few hours, usually early morning or late in the evening. They were used additionally for accounting work, but that can now be done more cost effectively using computers. The model is also rather meeting intensive which is fine as long as the members have no alternative use for their time but can be a problem as members go up the income ladder.

The greatness of the Grameen model is in the simplicity of design of products and delivery. The process of delivery is scalable and the model could be replicated widely. The focus on the poorest, which is a value attribute of Grameen, has also made the model a favourite among the donor community.

However, the Grameen model works only under certain assumptions. As all the loans are only for enterprise promotion, it assumes that all the poor want to be self-employed. The repayment of



loans starts the week after the loan is disbursed – the inherent assumption being that the borrowers can service their loan from the ex-ante income.

### **3.7 Microfinance institutions**

Microfinance institutions are perhaps one of the most important vehicles to reach the rural poor. These institutions can act as very important tool to provide the rural entrepreneurs with micro-loans, which will help them to start their own businesses and sustain them. One advantage that these institutions have over other financial services delivery vehicles is the focus. While NGOs have to straddle with various non-financial and financial services activities and commercial bank with other operations. MFIs can solely focus on providing the financial service to the poor since the very objective of starting this kind of institution is to provide financial services in the rural areas. There are many examples of MFIs that has done some stellar work in this area such as Grameen Bank. These institutions have helped many people in enhancing their lives and achieving a decent social status in the societies that they are living in. The key advantages that they have over the other forms of microfinance are:

- Focus is solely on providing financial services.
- It can provide whole gamut of services from loans to insurance.

However, it has also some advantages like sustainability of these institutions. Most of the MFIs including Grameen bank are still donor supported organization and many of them still depend on outside funds for their survival. Only some have like BancoSol have made successful transition from donor supported financially self-sustained organization.

Apart from these there are several other important mechanisms through while microfinance is provided like mutual community groups, regional woman group like Development of Women and Child in Rural Area (DWCRA) and other local organizations. However, they have not played a significant role in the microfinance movement till now and they can play a major role in providing rural financial services in the long run.

### ***3.7.1 The RBI will now directly regulate microfinance sector***

The Reserve Bank of India has now decided to bunch together the beleaguered microfinance sector as a niche segment within the category of non-banking financial companies (NBFC).

This means it will now be the direct regulator of this sector – in line with the recommendations of the Malegam Committee which made recommendations in this regard after the Andhra microfinance fiasco.

Under guidelines issued on Friday, the RBI has directed all existing microfinance institutions (MFIs) who can meet its new regulatory norms to register as NBFC-MFIs by April 2012. Those who do not meet the norms cannot, henceforth, lend more than 10 percent of their total assets to the sector.

The conditions set for NBFC-MFIs include the following:

- They must have minimum net owned funds of Rs.5 crore (Rs.2 crore if they operate in the North-East).
- Their capital adequacy ratio (CAR) has to be 15 percent. This ratio is the measure of a bank's capital weighed against its risk assets (loans). Since MFIs in Andhra are stuck up to their necks in bad debts, the RBI has given them a one-year concession in capital adequacy. MFIs with more than 25 percent exposure to Andhra Pradesh need to maintain only 12 percent CAR in the first year.
- MFIs cannot lend at more than 26 percent interest, and margins on borrowed funds cannot exceed 12 percent. This means if MFIs can borrow cheap – say at 10 percent – the interest rate cap on lending is 22 percent, and not 26 percent.
- As far as lending is concerned, not more than two MFIs can lend to the same borrower while one borrower cannot be a member of two groups simultaneously. The frequency of repayment installments can be decided by the borrower.
- MFIs should have higher cutoffs for lending in urban and semi-urban areas.
- MFIs have to start provisioning for defaults, and loans that are not serviced for more than 90 days should be classified as non-performing.

The Reserve Bank has had to step in because states were beginning to impose their own regulations. This is what happened in Andhra Pradesh, where the state issued an ordinance last October when reports of borrower suicides and unfair debt collection methods were reported. The MFI boom collapsed immediately after the Andhra law was imposed.

In its recent report on “Trend and Progress of the Banking in India, 2011-12”, the RBI had expressed concern over states bringing in their own regulations. This was queering the pitch for big MFIs with business across several states since they would have to follow different laws in different states.

The collapse of MFIs in Andhra Pradesh also sent a clear warning signal those MFIs needed a single regulatory environment – especially since micro financing is seen as one way of improving financial inclusion.

The National Bank for Agriculture and Rural Development (Nabard) was one of the choices for regulating MFIs, but since it has its own lending exposures to rural areas, the mantle finally fell on the RBI itself.

The MFI industry is likely to welcome the new norms, barring the one capping interest rates. In the current high interest rate scenario and high default rates, the 26 percent limit will squeeze their margins.

### **3.8 Microfinance and women empowerment**

Women as micro and small entrepreneurs have increasingly become the key target group for micro finance programs. Consequently, providing access to micro finance facilities is not only considered a pre-condition for poverty alleviation, but also considered as a strategy for empowering women. In developing countries like INDIA micro finance is playing an important role, promoting gender equality and is helping in empowering women so that they can live quality life with dignity.

The study conducted by FINCA Client Poverty Assessment conducted in 2003 revealed that of the interviewed clients 81 percent were women, and it was found that food security was 15 percent higher among their village banking clients than non-clients. The report also showed clients to have 11 percent more of their children enrolled in school with an 18 percent increase in healthcare benefits. Clients’ housing security was reported as 18 percent higher than non-clients.

The assessment concluded that microfinance improved the wellbeing of women clients and their families.

Microfinance has a positive effect on the empowerment of women by creating an “empowerment indicator”.

These indicators can be based on the following factors:

- Mobility.
- Economic security- enables poor women in making them economic agents of change by increasing their income and productivity.
- Ability to make small purchases.
- Ability to make larger purchases.
- Involvement in major household decisions.
- Relative freedom from domination within the family.
- Political and legal awareness.
- Involvement in political campaigning and protests.
- To access to markets and information.
- They become more confident.
- They get a better control of the resources.
- They can confront systemic gender inequalities

*Beijing conference 1995 had identified certain indicators of women empowerment*

Important among them are as follows:

- Increase in self-esteem, individual and collective confidence
- Increase in articulation, knowledge and awareness on health, nutrition reproductive rights, law and literacy
- Increase an decrease in personal leisure time and time for child care;
- Increase on decrease of workloads in new programmes
- Change in roles and responsibility in family & community.
- Visible increase on decrease in violence on women and girls;

- Responses to, changes in social customs like child marriage, dowry, discrimination against widows
- Visible changes in women's participation level attending meeting, participating and demanding participation
- Increase in bargaining and negotiating power at home, in community and the collective
- Increase access to and ability to gather information
- Formation of women collectives
- Positive changes in social attitudes
- Awareness and recognition of women's economic contribution within and outside the household;
- Women's decision-making over her work and income

### ***3.8.1 Women's empowerment and micro finance: different paradigms***

Concern with women's access to credit and assumptions about contributions to women's empowerment are not new. From the early 1970s women's movements in a number of countries became increasingly interested in the degree to which women were able to access poverty-focused credit programmes and credit cooperatives. In India organizations like Self-Employed Women's Association (SEWA) among others with origins and affiliations in the Indian labour and women's movements identified credit as a major constraint in their work with informal sector women workers.

#### **a) Feminist Empowerment Paradigm**

The feminist empowerment paradigm did not originate as a Northern imposition, but is firmly rooted in the development of some of the earliest micro-finance programmes in the South, including SEWA in India. It currently underlies the gender policies of many NGOs and the perspectives of some of the consultants and researchers looking at gender impact of micro-finance programmes (e.g. Chen 1996, Johnson, 1997).

Here the underlying concerns are gender equality<sup>6</sup> and women's human rights. Women's empowerment is seen as an integral and inseparable part of a wider process of social transformation. The main target group is poor women and women capable of providing alternative

female role models for change. Increasing attention has also been paid to men's role in challenging gender inequality.

Micro-finance is promoted as an entry point in the context of a wider strategy for women's economic and socio-political empowerment which focuses on gender awareness and feminist organization. As developed by Chen in her proposals for a sub sector approach to micro credit, based partly on SEWA's strategy and promoted by UNIFEM, microfinance must be:

Part of a sectorial strategy for change which identifies opportunities, constraints and bottlenecks within industries which if addressed can raise returns and prospects for large numbers of women. Possible strategies include linking women to existing services and infrastructure, developing new technology such as labour-saving food processing, building information networks, and shifting to new markets, policy level changes to overcome legislative barriers and unionization.

Based on participatory principles to build up incremental knowledge of industries and enable women to develop their strategies for change (Chen, 1996). Economic empowerment is however defined in more than individualist terms to include issues such as property rights, changes intra-household relations and transformation of the macro-economic context. Many organizations go further than interventions at the industry level to include gender-specific strategies for social and political empowerment. Some programmes have developed very effective means for integrating gender awareness into programmes and for organizing women and men to challenge and change gender discrimination. Some also have legal rights support for women and engage in gender advocacy. These interventions to increase social and political empowerment are seen as essential prerequisites for economic empowerment.

### **b) Poverty Reduction Paradigm**

The poverty alleviation paradigm underlies many NGO integrated poverty-targeted community development programmes. Poverty alleviation here is defined in broader terms than market incomes to encompass increasing capacities and choices and decreasing the vulnerability of poor people.

The main focus of programmes as a whole is on developing sustainable livelihoods, community development and social service provision like literacy, healthcare and infrastructure development. There is not only a concern with reaching the poor, but also the poorest. Although term 'empowerment' is frequently used in general terms, often synonymous with a multi-dimensional

definition of poverty alleviation, the term 'women's empowerment' is often considered best avoided as being too controversial and political.

### **c) Financial Sustainability Paradigm**

The financial self-sustainability paradigm (also referred to as the financial systems approach or sustainability approach) underlies the models of microfinance promoted since the mid-1990s by most donor agencies and the Best Practice guidelines promoted in publications by USAID, World Bank, UNDP and CGAP.

The ultimate aim is large programmes which are profitable and fully self-supporting in competition with other private sector banking institutions and able to raise funds from international financial markets rather than relying on funds from development agencies. The main target group, despite claims to reach the poorest, is the 'bankable poor': small entrepreneurs and farmers. This emphasis on financial sustainability is seen as necessary to create institutions which reach significant numbers of poor people in the context of declining aid budgets and opposition to welfare and redistribution in macro-economic policy.

These paradigms do not correspond systematically to any one organizational model of micro-finance. Micro-finance providers with the same organizational form e.g. village bank, Grameen model or cooperative model may have very different gender policies and/or emphases and strategies for poverty alleviation. The three paradigms represent different 'discourses' each with its own relatively consistent internal logic in relating aims to policies, based on different underlying understandings of development. They are not only different, but often seen as 'incompatible discourses' in uneasy tension and with continually contested degrees of dominance. In many programmes and donor agencies there is considerable disagreement, lack of communication and/or personal animosity and promoted by different stakeholders within organizations between staff involved in micro-finance (generally firm followers of financial self-sustainability), staff concerned with human development (generally with more sympathy for the poverty alleviation paradigm and emphasizing participation and integrated development) gender lobbies (generally incorporating at least some elements of the feminist empowerment paradigm). What is of concern in current debates is the way in which the use of apparently similar terminology of empowerment, participation and sustainability conceals radical differences in policy priorities. Although women's empowerment may be a stated aim in the rhetoric of official gender policy and

program promotion, in practice it becomes subsumed in and marginalized by concerns of financial sustainability and/or poverty alleviation.

### ***3.8.2 Micro Credit and Women's Empowerment***

Before 1990's, credit schemes for rural women were almost negligible. The concept of women's credit was born on the insistence by women oriented studies that highlighted the discrimination and struggle of women in having access to credit. However, there is a perceptible gap in financing genuine credit needs of the poor especially women in the rural sector.

There are certain misconceptions about the poor people that they need loan at subsidized rates of interest on soft terms, they lack education, skills, capacity to save, credit-worthiness and therefore are not bankable. Nevertheless, the experiences of several SHGs (self-help groups) reveal that rural poor are actually efficient managers of credit and finance. Availability of timely and adequate credit is essential for them to undertake any economic activity rather than credit subsidy.

The Government measures have attempted to help the poor by implementing different poverty alleviation programmes but with little success. Since most of them are target-based involving lengthy procedures for loan disbursements, high transaction costs, and lack of supervision and monitoring. Banks often suffer from poor repayment leading to a high level of non-performing assets NPAs (non-performing assets).

Since the credit requirements of the rural poor cannot be adopted on project lending approach as it is in the case of organized sector, there emerged the need for an informal credit supply through SHGS. The rural poor with the assistance from NGOs have demonstrated their potential for self-help to secure economic and financial strength. Various case studies show that there is a positive correlation between credit availability and women's empowerment.

Microfinance refers to the provision of financial services to low-income clients, including consumers and the self-employed. Microfinance programmes are currently being promoted as a key strategy for simultaneously addressing both poverty alleviation and women's empowerment. Where financial service provision leads to the setting up or expansion of microenterprises there are a range of potential impacts including:



- Increasing women's income levels and control over income leading to greater levels of economic independence
- Access to networks and markets giving wider experience of the world outside the home, access to information and possibilities for development of other social and political roles.
- Enhancing perceptions of women's contribution to household income and family welfare, increasing women's participation in household decisions about expenditure and other issues and leading to greater expenditure on women's welfare.

The term micro finance is of recent origin and is commonly used in addressing issues related to poverty alleviation, financial support to micro entrepreneurs, gender development etc. There is, however, no statutory definition of micro finance. The taskforce on supportive policy and Regulatory Framework for Microfinance has defined microfinance as “Provision of thrift, credit and other financial services and products of very small amounts to the poor in rural, semi-urban or urban areas for enabling them to raise their income levels and improve living standards”. The term “Micro” literally means “small”. But the task force has not defined any amount. However as per Micro Credit Special Cell of the Reserve Bank Of India , the borrowal amounts up to the limit of Rs.25000/- could be considered as micro credit products and this amount could be gradually increased up to Rs.40000/- over a period of time which roughly equals to \$500 – a standard for South Asia as per international perceptions. The term micro finance sometimes is used interchangeably with the term micro credit. However while micro credit refers to purveyance of loans in small quantities, the term microfinance has a broader meaning covering in its ambit other financial services like saving, insurance etc. as well. The mantra “Microfinance” is banking through groups. The essential features of the approach are to provide financial services through the groups of individuals, formed either in joint liability or co-obligation mode.

The other dimensions of the microfinance approach are:-

- Savings/Thrift precedes credit
- Credit is linked with savings/thrift
- Absence of subsidies
- Group plays an important role in credit appraisal, monitoring and recovery.

### **3.8.3 Empowerment: focus on poor women**

Women have been the vulnerable section of society and constitute a sizeable segment of the poverty-struck population. Women face gender specific barriers to access education health, employment etc. Micro finance deals with women below the poverty line. Micro loans are available solely and entirely to this target group of women. There are several reason for this: Among the poor , the poor women are most disadvantaged –they are characterized by lack of education and access of resources, both of which is required to help them work their way out of poverty and for upward economic and social mobility. The problem is more acute for women in countries like India, despite the fact that women’s labour makes a critical contribution to the economy. This is due to the low social status and lack of access to key resources. Evidence shows that groups of women are better customers than men, the better managers of resources. If loans are routed through women benefits of loans are spread wider among the household. Since women’s empowerment is the key to socio economic development of the community; bringing women into the mainstream of national development has been a major concern of government. The ministry of rural development has special components for women in its programmes. Funds are earmarked as “Women’s component” to ensure flow of adequate resources for the same. Besides Swarnagayanti Grameen Swarazgar Yojana (SGSY), Ministry of Rural Development is implementing other scheme having women’s component .They are the Indira Awas Yojana (IAJ), National Social Assistance Programme (NSAP), Restructured Rural Sanitation Programme, Accelerated Rural Water Supply programme (ARWSP) the (erstwhile) Integrated Rural Development Programme (IRDP), the (erstwhile) Development of Women and Children in Rural Areas (DW CRA) and the Jowahar Rozgar Yojana (JRY).

### ***3.8.4 Microfinance instrument for women’s empowerment***

Micro Finance is emerging as a powerful instrument for poverty alleviation in the new economy. In India, micro finance scene is dominated by Self Help Groups (SHGs) – Bank Linkage Programme, aimed at providing a cost effective mechanism for providing financial services to the “unreached poor”. Based on the philosophy of peer pressure and group savings as collateral substitute , the SHG programme has been successful in not only in meeting peculiar needs of the

rural poor, but also in strengthening collective self-help capacities of the poor at the local level, leading to their empowerment. Micro Finance for the poor and women has received extensive recognition as a strategy for poverty reduction and for economic empowerment. Increasingly in the last five years, there is questioning of whether micro credit is most effective approach to economic empowerment of poorest and, among them, women in particular. Development practitioners in India and developing countries often argue that the exaggerated focus on micro finance as a solution for the poor has led to neglect by the state and public institutions in addressing employment and livelihood needs of the poor. Credit for empowerment is about organizing people, particularly around credit and building capacities to manage money. The focus is on getting the poor to mobilize their own funds, building their capacities and empowering them to leverage external credit. Perception women is that learning to manage money and rotate funds builds women's capacities and confidence to intervene in local governance beyond the limited goals of ensuring access to credit. Further, it combines the goals of financial sustainability with that of creating community owned institutions.

Before 1990's, credit schemes for rural women were almost negligible. The concept of women's credit was born on the insistence by women oriented studies that highlighted the discrimination and struggle of women in having the access of credit. However, there is a perceptible gap in financing genuine credit needs of the poor especially women in the rural sector. There are certain misconception about the poor people that they need loan at subsidized rate of interest on soft terms, they lack education, skill, capacity to save, credit worthiness and therefore are not bankable. Nevertheless, the experience of several SHGs reveals that rural poor are actually efficient managers of credit and finance. Availability of timely and adequate credit is essential for them to undertake any economic activity rather than credit subsidy. The Government measures have attempted to help the poor by implementing different poverty alleviation programmes but with little success. Since most of them are target based involving lengthy procedures for loan disbursement, high transaction costs, and lack of supervision and monitoring. Since the credit requirements of the rural poor cannot be adopted on project lending approach as it is in the case of organized sector, there emerged the need for an informal credit supply through SHGs. The rural poor with the assistance from NGOs have demonstrated their potential for self-help to secure economic and financial strength. Various case studies show that there is a positive correlation between credit availability and women's empowerment

*Chapter - 4*

*ESAF Microfinance and  
Investments (P). Ltd. (EMFIL) – A  
Profile*

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## Chapter 4

### ORGANISATION PROFILE

#### 4.1 Vision

“A society, with equal opportunities, having complete access to sustainable financial services, which help in promoting livelihood opportunities and economic development”

#### 4.2 Mission

To be a leading financial institution that delivers customer centric products & high quality services and adopts innovative technology for the benefit of underserved households in India.

#### 4.3 About EMFIL (ESAF Microfinance and Investments (P) Ltd)

ESAF Microfinance and Investments (P) Ltd (EMFIL) is one among the top ten microfinance companies in India. Over the last 23 years, the company has assisted over 0.66 million families through loan disbursements of over Rs. 70,000 million. The company has a customer base of 0.57 million. The company is based in Mannuthy, Thrissur has an extensive distribution network of 224 branches, majority of them located in the rural areas. The registered office of the company is located at Chennai.

Since its inception, the organization has remained committed towards its objective of creating opportunities and poverty reduction through microfinance in a viable, sustainable and effective manner. It has remained committed towards providing exceptional service to its customers while adhering to the core values set by the company. ESAF Microfinance set a benchmark for the Indian microfinance industry. The fact that we were one among the three finalists for the European Microfinance Award stands testimony to this claim.

#### A peep in to the past

The parent organization ESAF was launched in 1992 as an NGO in a small house named ‘Little’ at Thrissur. The vision of the organisation was steered by the principle of sustainable holistic transformation of the poor and the marginalized. Inspired by the success of Grameen Bank in Bangladesh, the founder of ESAF, K. Paul Thomas, started taking small steps to launch Micro Enterprise Development (MED) services in 1995. This effort resulted in the formation of ESAF Microfinance and Investments Pvt Ltd. in 2008. The increased focus on microfinance was



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inevitable as the Founder Chairman and Managing Director was clear in his understanding of the importance of financial component in holistic development of the poor.

ESAF Society, a Non-Governmental Organization, was launched in 1992 with an aim to serve the deprived suffering from the travails of unemployment and poverty. In 1995, the Micro Enterprise Development initiative of ESAF was launched, which resulted in the formation of ESAF Microfinance and Investments Pvt. Ltd., a regulated Non-Banking Finance Company (NBFC-MFI), in 2008. The Company now reaches out to more than 700 thousand poor households across six states in India covering the states of Kerala, Tamil Nadu, Maharashtra, Madhya Pradesh, Chhattisgarh and Jharkhand.

## 4.4 Client centric products and services

### 4.4.1 Micro credit services

Empower the income capacity of the poor women through income generation activities. More than 85% of our loan portfolio is dominated by Income Generation Loans given to women borrowers.

- Income Generation Loan (50-75 weeks)
- General Loan (50 weeks)
- Housing Loan (4-7 years)
- Vypar Vikas Yojana Loan (4 months)
- Nirmal Loan ( Water & Sanitation) (2 years)

### 4.4.2 Livelihood Support Services

Establish / improve / expand the livelihood activities of the clients. Handholding support is given during all stages from registering business to providing market linkages.

#### 1. Social Security Services

2. **Insurance:** Through tie-ups with United India Insurance, Star Union Daichi, SBI Life and New India Assurance Company our clients are insured against life, accident and health.

3. **Pension:** In alliance with the Govt. of India Pension Fund Regulatory and Development Authority, we provide National Pension System (NPS) services to the clients.

4. **MGPSY:** In alliance with the Ministry of Overseas Indian Affairs, we provide Mahatma Gandhi Pravasi Suraksha Yojana scheme to overseas Indian workers.

## 5. Micro Energy - Sustainable Environment Programs

In association with Micro Energy Credits-USA, we offer 'Clean Energy Products' to our clients with the aim of lowering carbon emission and reducing the fuel and energy cost.

6. **JeevanShudh:** We provide water purifiers through affordable payment options.

7. **Surya Jyoti:** For reducing the cost and consumption of electricity, we provide solar lamps to our clients through easy payment options.

## 8. Remittance Services

**Money Transfer:** In alliance with Western Union Money Transfer and Xpress Money, we offer inward money transfer services to our clients.

## Managing Social Performance

The Organization is committed to bring about measurable social transformation among its client base through the provision of microfinance and other allied services. For this purpose, a dedicated Social Performance Management department is functioning within the Organization.

**Table 4.1 Milestones in development of EMFIL**

|      |   |
|------|---|
| 1992 | Established ESAF Society (NGO)                                  |
| 1995 | Launched Microfinance operations                                |
| 1998 | Received Seed capital from Grameen Trust                        |
| 2000 | Funding by major banks started                                  |
| 2004 | Received funding from SBI and ICICI                             |
| 2005 | Expanded operations to Tamil Nadu, Maharashtra, and Chattisgarh |
| 2005 | Rated mFR5 by CRISIL  |
| 2006 | Acquired the Company Pinnai Finance and Investments, Chennai    |
| 2006 | Crossed 1, 00,000 customers                                     |
| 2007 | Crossed 2, 00,000 customers                                     |
| 2007 | Rated ++ by M-CRIL  |
| 2007 | Attained Rs. 1000 million cumulative disbursements.             |

|      |  |
|------|--|
| 2007 | Won MicroInsurance Award sponsored by ING Netherlands and Planet Finance India   |
| 2008 | Ranked 14th in the world, and 4th in India – for transparency and efficiency, by MIX Market.                               |
| 2008 | Transferred Micro Enterprises Development operations of ESAF Society to ESAF Microfinance and Investments (P) Ltd. (EMFIL) |
| 2009 | Equity Investment by Dia Vikas Capital (P) Ltd., a wholly owned subsidiary of Opportunity International, Australia.        |
| 2009 | Rated mFR4 by Crisil   |
| 2009 | Selected by ILO for the project 'Microfinance for decent work'   |
| 2010 | Equity investment by Maanaveeya Holdings (P) Ltd., a wholly owned subsidiary of Oiko Credit, Netherlands.                  |
| 2010 | Selected by the Central Government for implementing 'Sanchar Sakthi' Project   |
| 2010 | Selected by the Central Government as an aggregator for Swavalamban Yojana (NPS Lite)                                      |
| 2011 | ESAF Organized Sphere India Handbook on Disaster Management Release.   |
| 2011 | ESAF Organized 'Niravu 2011' at Thrissur.  |
| 2012 | C.N. Balakrishnan (Minister for Co-operation & Khadi, Kerala) inaugurated 20th Anniversary celebrations of ESAF.           |
| 2012 | Signed MOU with Western Union Money transfer.  |
| 2012 | In association with Hindustan Unilever, ESAF started 'Jeevan Shudh' project.   |
| 2012 | ESAF has entered in alliance with Micro Energy Credits, USA for providing clean energy products.                           |



## 4.5 Products & Services

1. **Microcredit**
2. **Insurance**
3. **Business Development Services**
4. **Other services**
1. **Microcredit**

We at ESAF Microfinance provide microcredit with a specific purpose of creating job opportunities / bringing responsibilities to our members, here which can build confidence and eventually translate into respectability in the society. We offer a suite of loan products for them to choose from, online depending upon their needs.

2. **Insurance**

We provide life-insurance services (for normal / accidental deaths) at highly competitive rates by entering into alliances with companies like United India Insurance and Star Union Dai-ichi Life insurance Company.

3. **Business Development Services**

We empower the poor by providing them skill development training and market access for business development. Assistance is given to set up or expand small businesses for self-reliance.

4. **Other Services**

The services offered by ESAF are not limited to finance and skill development training, we are always on the lookout for value added benefits that can contribute to the holistic development of our clients. By strictly adhering to our values, we have entered into strategic alliances with Central and State Governments/ Corporates / Agencies to extend the following services to our clients-

- a. **Swalambhan Yojana (NPS)**

In alliance with the Central Government, ESAF is providing Swalambhan Yojana (National Pension Scheme) services to the client. This social security scheme enables the poor to earn a fixed income, like Government servants, even after retirement.

**b. Vyapar Sewa (Sanchar Sakthi)**

Through the Sanchar Sakthi scheme of the Central Government, ESAF provides mobile enabled marketing services to our clients.

**c. Jeevan Shudh**

In order to cater to the healthcare needs of the clients, ESAF in association with Hindustan Unilver (HUL), provides Pureit, a table top multi stage water purifier that provides water as safe as boiled water to the clients under easy installment purchase scheme. It does not require running water or electricity for functioning and has an auto shut off mechanism that blocks the flow of water when it is no longer fit to drink.

**d. Money Transfer**

In alliance with Western Union Money Transfer, ESAF offers money transfer services to our clients for convenient receipt of remittances from abroad.

**e. Micro Energy**

In alliance with our policy of promoting clean energy ESAF has entered into an alliance with Micro Energy Credits USA. Under this program ESAF is promoting clean energy products vital to the well-being of our clients, like solar lights, energy efficient cooking stoves and water purifiers.

## **4.6 Board of Directors**

**Mr. K. Paul Thomas** – Chairman & Managing Director

**Mr. George Thomas** – Executive Director

**Mr. Vikraman Ampalakkat** – Independent Director

**Mr. R.V Dilip** – Non-Executive Director

**Mr. Saneesh Singh** – Non-Executive Director

**Mr. Prabha Raveendranathan** – Independent Director

**Mr. Christopher Jebakumar** - Non-Executive Director

**Mrs. Usha Sivaraman** † Non-Executive Director

*Chapter – 5*

*Analysis and Interpretation*

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## **Chapter 5**

### **ANALYSIS AND INTERPRETATIONS**

#### **5.1 Analysis of Empowerment in Beneficiaries of EMFIL**

The analysis of empowerment in beneficiaries of ESAF Microfinance was taken in two stages, social empowerment and economic empowerment. Besides, an attempt is taken to examine the overall empowerment as well as the socio economic background of the respondents.

##### ***5.1.1 Socio economic characteristics of the respondents***

The socio economic characteristics of the respondents were analyzed to know background of respondents and to get a clear picture about their response. It is discussed in terms of their age, family size, income and occupation, educational status and marital status. All characteristics were expressed as numbers and variables are given group wise. Classification of the respondents according to these socio economic characteristics is given in the following table:

**Table 5.1 socio economic characteristics of respondents**

| Sl. No | Characteristics            | No. of respondent |
|--------|----------------------------|-------------------|
| 1      | <b>Age in years</b>        |                   |
|        | <30                        | 06 (10)           |
|        | 31 – 40                    | 21 (35)           |
|        | 41 – 50                    | 25 (42)           |
|        | >51                        | 08 (13)           |
|        | <b>Total</b>               | 60 (100)          |
| 2      | <b>Family size</b>         |                   |
|        | 3 and below                | 12 (20)           |
|        | 4 – 6                      | 38 (63)           |
|        | 7 and above                | 10 (17)           |
|        | <b>Total</b>               | 60 (100)          |
| 3      | <b>Marital status</b>      |                   |
|        | Married                    | 50 (83)           |
|        | Unmarried                  | 06 (10)           |
|        | Widowed                    | 04 (07)           |
|        | Divorced                   | 00 (00)           |
|        | <b>Total</b>               | 60 (100)          |
| 4      | <b>Educational status</b>  |                   |
|        | Illiterate                 | 00 (00)           |
|        | Below SSLC                 | 12 (20)           |
|        | SSLC                       | 30 (50)           |
|        | Above SSLC                 | 18 (30)           |
|        | <b>Total</b>               | 60 (100)          |
| 5      | <b>Occupation</b>          |                   |
|        | Service sector laborers    | 16 (27)           |
|        | Waged employees            | 14 (23)           |
|        | Self employed              | 18 (30)           |
|        | Unemployed                 | 12 (20)           |
|        | <b>Total</b>               | 60 (100)          |
| 6      | <b>Monthly income (Rs)</b> |                   |
|        | <5000                      | 16 (27)           |
|        | 5000 – 10000               | 20 (33)           |
|        | 10,000 – 20,000            | 14 (23)           |
|        | > 20,000                   | 10 (17)           |
|        | <b>Total</b>               | 60 (100)          |

Source: compiled from primary survey

Note: figures in brackets shows percentage in total

Table 5.1 depicts the socio economic characteristics of beneficiaries' of ESAF Microfinance. All the respondents are females who are the members of JLG's of ESAF Microfinance. 35 percentage of women were middle aged (31-40) years. Power of education is makes development as an easy process, here 80 percentage of respondents are educated up to secondary level. Married women form 83 percentage of total respondents. Seventy percentage of respondents were employed in this 30 percentage were self-employed and their major occupation includes agriculture, tailors and food processing units. 63 percent respondents have four to six members in their family. Majority (33 percent) of respondents have monthly family income in between Rs. 5,000-10,000. From the table we can infer that majority of respondents are educated, married, self-employed with a monthly family income in between Rs. 5,000-10,000.

## ***5.2 Socio economic Empowerment***

The extent of empowerment of beneficiaries was examined in terms of their social and economic factors. These factors are essential to depict the complete picture of their empowerment. Each of these factors are analyzed with the help of different statements, which are assigned score using a five point Likert scale. The empowerment index for each parameters are tabulated and presented in the following paragraphs.

### ***5.2.1 Social Empowerment***

Social empowerment is the process of developing opportunities and resources in order to make personal choices (house hold decisions, job selection etc.) and have some control over our environment. The indicators of social empowerment are development in family education status, involvement in house hold decisions, involvement in social and community activities, entrepreneurial ability and their contacts with development agencies.

#### ***5.2.1.1 Development in family education status***

Development in educational status of family is one of the important factor which contributes more in to the development of our nation. Now days education of children are too costly and utilize the lions part of family income but most of the people are willing to spend their major part of income for their children's education, however in the case of many people form the poorest sector of economy, well education of their children remains as a dream. Educational status is one of the most important factor of growth which indicates the overall development of family

because the well-educated children are assets for families. School going children can give a bright future for their family, they can also increase the confidence of their family members and their social status. So it is very important to know to what extent the education status of their family developed after becoming a beneficiary EMFIL.

**Table 5.2. Development in family education status**

| Sl. no                   | Statements   | Strongly agree | Agree  | No opinion | Dis agree | Strongly disagree | Total score | EI        | Empowerment level |
|--------------------------|--|----------------|--------|------------|-----------|-------------------|-------------|-----------|-------------------|
| 1                        | My family education status improved after becoming a client of EMFIL               | 72(36)         | 12(12) | 0(10)      | -6(6)     | 0(Nil)            | 78          | 65        | Good              |
| 2                        | I used the financial assistance given from EMFIL to improve our educational status | 44(22)         | 24(24) | 0(8)       | -6(6)     | 0(Nil)            | 62          | 52        | Good              |
| 3                        | My family always considering my opinion in children education                      | 72(36)         | 15(15) | 0(4)       | -5(5)     | 0(Nil)            | 82          | 68        | Good              |
| <b>Empowerment index</b> |  |                |        |            |           |                   |             | <b>62</b> | <b>Good</b>       |

Source: compiled from primary survey

Note: figures in brackets shows number of respondents

Table 5.2 shows the participation of respondents in decision making process in education of family members and the development in their educational status. 48 respondents said that their family education status improved very much after becoming a client of EMFIL and 46 respondents opinioned that they used the financial assistance given from EMFIL to improve their educational status. Out of 60 respondents, 51 respondents have active participation in decision making process in education of family members. This result shows that the financial assistance given from EMFIL and well utilization of these funds for education purpose brought this appreciable change in family education status of respondents and also in their social empowerment.

### 5.2.1.2 Involvement in decision making process

Earlier days men have a superior position and dominance in decision making in family and society. But the situation is fully changed and there is equal right for women to express their opinion. Assistance given from various microfinance institutions may be encourage their clients to participate actively in decision making process. By involving in decision making process women could express their family matters.

**Table 5.3. Involvement in decision making process**

|                          | Statements   | Strongly agree | Agree  | No opinion | Dis agree | Strongly disagree | Total score | EI        | Empowerment level |
|--------------------------|--|----------------|--------|------------|-----------|-------------------|-------------|-----------|-------------------|
| 1                        | I have right to give opinion in purchase of household assets                 | 58(29)         | 25(25) | 0(6)       | 0(Nil)    | 0(Nil)            | 83          | 69        | Good              |
| 2                        | I have right to give opinion in use of loan taking                           | 56(28)         | 29(29) | 0(3)       | 0(Nil)    | 0(Nil)            | 85          | 72        | Very good         |
| 3                        | I have right to give opinion in selection of jobs                            | 64(32)         | 25(25) | 0(3)       | 0(Nil)    | 0(Nil)            | 89          | 74        | Very good         |
| 4                        | I have right to give opinion in household investment                         | 58(29)         | 25(25) | 0(6)       | 0(Nil)    | 0(Nil)            | 83          | 69        | Good              |
| 5                        | I have right to give opinion in utilization of personal incomes              | 60(30)         | 25(25) | 0(5)       | 0(Nil)    | 0(Nil)            | 85          | 72        | Very good         |
| 6                        | I have right to give opinion in fixing marriage and education of my children | 96(48)         | 12(12) | 0(Nil)     | 0(Nil)    | 0(Nil)            | 108         | 90        | Very good         |
| 7                        | I attend Gramasabha meetings and SHG meetings and tries to give my opinions  | 48(24)         | 19(19) | 0(12)      | -5(5)     | 0(Nil)            | 62          | 52        | Good              |
| <b>Empowerment index</b> |  |                |        |            |           |                   |             | <b>71</b> | <b>Very good</b>  |

Source: compiled from primary survey

Note: figures in brackets shows number of respondents



Table 5.3 gives an idea about the role of respondents in decision making process. Majority (about 90) percent respondents used to express their opinion in family and family members were also willing to consider their valuable opinions. About 90 percent respondents agreed that they have participated in the financial decision making process of family which includes purchasing of assets, utilization of credits, savings and incomes, house hold investment. They also added that they have attend the courage after achieving proper economic strength and it gained form the empowerment given by EMFIL. This will reduce the burden of other members to solve family's financial problems and which may strengthen the bon between members. The study also discloses that, respondents have the capacity to express opinions not only in the family but also in the society. Attending and express opinions in Gramasabha meetings and SHG participation were the best examples. 43 respondents usually express their needs, opinions, and ideas in Gramasabha meetings and SHG meetings. This shows their capability to access and find out means and ways for development. The statements which concerning respondents right to give opinion in fixing marriage and education of my children got highest index (90) and the statement on social involvement got least index(52) in the parameters of involvement in decision making and total empower index is 71 which represents a high empowerment gained by respondents.

### ***5.2.1.3 Involvement in social and community activities***

Participation in social activities is an important element of people's well-being and their ability to socialize with others. It is essential factor to gain social and economic empowerment. Being socially connected with other people and with social institutions such as clubs and organizations foster social interaction, helps in increase people's sense of belonging and provides information, access to goods and services and business contacts as well as emotional support. These activities enable them to develop some qualities like leadership, honesty, sharing mentality etc. Active participation in social activities contributes a lot to women empowerment. So it is very important to know to what women are being participating in social activities and what all changes has taken place in their life due to such activities

**Table 5.4 Involvement in social and community activities**

| Sl. no                   | Statements   | Strongly agree | Agree  | No opinion | Dis agree | Strongly disagree | Total score | EI        | Empowerment level |
|--------------------------|--|----------------|--------|------------|-----------|-------------------|-------------|-----------|-------------------|
| 1                        | I am an active member of ESAF JLG groups   | 82(41)         | 10(10) | 0(5)       | -3(3)     | -2(1)             | 87          | 72        | Very good         |
| 2                        | I am regularly participating in Grama Sabha meetings   | 46(23)         | 20(20) | 0(5)       | -5(5)     | -10(5)            | 51          | 42        | Average           |
| 3                        | I am actively participating in environment protection  | 20(10)         | 12(12) | 0(14)      | -8(8)     | -26(13)           | -2          | -2        | Very poor         |
| 4                        | I will provide financial and all other helps whenever any need arises for others               | 56(28)         | 22(22) | 0(10)      | 0(Nil)    | 0(Nil)            | 78          | 65        | Good              |
| 5                        | If any awareness programs conducted in our place, I mobilize others to participate in the same | 70(35)         | 21(21) | 0(3)       | -5(5)     | -2(1)             | 84          | 70        | Good              |
| 6                        | I always encourages children to go school  | 52(26)         | 24(24) | 0(10)      | 0(Nil)    | 0(Nil)            | 76          | 63        | Good              |
| <b>Empowerment index</b> |  |                |        |            |           |                   |             | <b>49</b> | <b>Average</b>    |

Source: compiled from primary survey  
 Note: figures in brackets shows number of respondents

Table 5.4 shows the involvement of women in social activities and level of empowerment they gained through this interactions with public. Out of 60 respondents, 50 said that they were ready to provide financial and all other helps whenever any need arises for others and seventy percent of respondent were encourage and mobilize others to participate in the awareness programs and campaigns. Most of them encourages children to go school. These result shows that the social responsibility of women increase very much. Statement concerning active participation in JLG groups got highest index (72) this shows the group effectiveness of this groups, they always

sharing all advantages and liabilities equally in the groups. This provides more mental support to group members as a result of this support given by this groups majority of members were interested to participate in all activities of this groups. Statement regarding the participation in environment protection activities got least index (-2) show the incorporation to environment protection activities. The overall empowerment index works out to be 49, which denotes the empowerment level as average.

### 5.2.1.5 Association with developmental agencies and department

Developmental agencies are working for the development of people especially for women. Government implement many programs for women and these programs are making practical through this agencies, EMFIL have a tie up in some developmental agencies like krishibhavan in their many campaigns. The personal contact with these agencies may be helpful to gather more information about their programs. Training programs conducted by this agencies could help women to find a source of livelihood by becoming a self-employed from the training programs. so it is important to study about level of contact with developmental agencies.

**Table 5.5. Association with developmental agencies and department**

| Sl. no                   | Statements  | Strongly agree | Agree  | No opinion | Disagree | Strongly disagree | Total score | EI        | Empowerment level |
|--------------------------|---|----------------|--------|------------|----------|-------------------|-------------|-----------|-------------------|
| 1                        | I contact with developmental agencies regularly                                 | 50(25)         | 11(11) | 0(16)      | -4(4)    | -8(4)             | 49          | 41        | Average           |
| 2                        | Contact is maintained for personal assistance                                   | 38(19)         | 15(15) | 0(16)      | -5(5)    | -10(5)            | 38          | 32        | Poor              |
| 3                        | Their approach is friendly and supportive                                       | 32(16)         | 16(16) | 0(17)      | -6(6)    | -10(5)            | 32          | 27        | Poor              |
| 4                        | They are given necessary advices and take immediate actions to help me          | 24(12)         | 18(18) | 0(19)      | -5(5)    | -12(6)            | 25          | 21        | Poor              |
| 5                        | I put my suggestions to various departments for improving all existing programs | 22(11)         | 13(13) | 0(20)      | -3(3)    | -26(13)           | 6           | 5         | Very poor         |
| <b>Empowerment index</b> |   |                |        |            |          |                   |             | <b>25</b> | <b>Poor</b>       |

Source: compiled from primary survey  
 Note: figures in brackets shows number of respondents

Table 5.5 summarize the level of association with developmental agencies and departments after becoming a beneficiary of EMFIL. The different developmental agencies and department viz. the panchayat, krishibhavans, etc. are operating in sample area for the welfare of people. 60 percent of respondent's maintained contact with developmental agencies and departments out of this forty two percent maintains regular contacts. Some of them have contacts with dairy departments and krishibhavans to get assistance for their agriculture and allied activities. Some respondents (11) were dissatisfied with the approaches of developmental agencies and departments in their activities mainly due to problems like non-friendly approach and delay in actions etc. This reduce the actual benefits provided by the developmental agencies and departments. Statement relating to suggestions to various departments and agencies for improving all existing programs got least index (5) this may be due to lack of proper knowledge about the activities of agencies and statement relating to the contact with developmental agencies and departments regularly got highest index. The overall empowerment index is twenty five, which indicates very poor or no empowerment. Respondent's unwillingness to give their suggestions is the main factor which reduce the overall empowerment.

#### 4.2.2.5 Overall social empowerment index

The overall social empowerment index is obtained by taking the total of empowerment index obtained for the five selected parameters. Besides keeping the overall empowerment index as benchmark, an attempt is made to identify those parameters, which obtained more scores in overall social empowerment index and rank them accordingly. The overall social empowerment index of beneficiaries of ESAF is presented in table 4.7

**Table 5.6 Overall social empowerment index**

| Sl. no                                  | Parameters   | No. of statements | Social empowerment index | Rank |
|---|--|-------------------|--------------------------|------|
| 1                                       | Involvement in decision making process                 | 7                 | 71                       | 1    |
| 2                                       | Development in family education status                 | 3                 | 62                       | 2    |
| 3                                       | Involvement in social and community activities         | 6                 | 49                       | 3    |
| 4                                       | Association with developmental agencies and department | 5                 | 25                       | 4    |
| <b>Overall social empowerment index</b> |  |                   | <b>52</b>                |      |

Source: compiled from table 5.2 to 5.5

Table 5.6 attempts to examine the contribution of individual parameters to total social empowerment and is represented in rank order. Respondent's involvement in decision making process ranked first with index 71 which is followed by their development in family education status with index 64. These are the major contributing parameters to a good overall social empowerment with index of 52.

### ***5.2.2 Economic empowerment***

Women's economic empowerment requires bold and sustained action to advance their opportunities and to ensure that women can participate and be heard. To increase their economic opportunities, women need access to more and better jobs, a business climate that supports them in starting and doing business, a financial institution like EMFIL that give financial services. This is especially true for women living in rural areas and vulnerable environments.

#### ***5.2.2.1 Entrepreneurial ability***

Entrepreneurship has traditionally been defined as the process of designing, launching, and running a new business, which typically begins as a small business, offering a product, process or service for sale. Entrepreneurial ability is the capacity to organize and manage an enterprise usually with considerable initiative and risk which needs good managerial ability and high degree of self-confidence. Successful enterprises give development of respondents and also create employment opportunities which lead to social and economic empowerment of others. Here the analysis of entrepreneurial ability gives a clear picture of their achievements in social empowerment.

**Table 5.7. Entrepreneurial ability**

| Sl. no                   | Statements   | Strongly agree | Agree  | No opinion | Dis agree   | Strongly disagree | Total score | EI        | Empow erment level |
|--------------------------|--|----------------|--------|------------|-------------|-------------------|-------------|-----------|--------------------|
| 1                        | My entrepreneurial abilities increased after becoming a beneficiary of EMFIL     | 72(36)         | 13(13) | 0(6)       | -<br>16(16) | 0(Nil)            | 69          | 57        | Average            |
| 2                        | Training programs arrange by them are very supportive to become an entrepreneur  | 44(22)         | 14(14) | 0(8)       | -<br>12(12) | 8(4)              | 38          | 32        | Poor               |
| 3                        | My level of self-confidence increased after becoming a beneficiary of EMFIL      | 48(24)         | 29(29) | 0(6)       | -3(3)       | 0(Nil)            | 74          | 62        | Good               |
| 4                        | My level of managerial abilities increased after becoming a beneficiary of EMFIL | 56(28)         | 22(22) | 0(8)       | 0(Nil)      | 0(Nil)            | 78          | 65        | Good               |
| 5                        | I am ready to take all risks to become a successful entrepreneur                 | 22(11)         | 15(15) | 0(24)      | -5(5)       | -10(5)            | 22          | 18        | Very poor          |
| <b>Empowerment index</b> |  |                |        |            |             |                   |             | <b>48</b> | <b>Average</b>     |

Source: compiled from primary survey  
 Note: figures in brackets shows number of respondents

Table 5.7 illustrates the respondent's developments in their entrepreneurial abilities. One of the essential factor to set up and a business is financial assistance from a trusted agency according to our needs on time, other factors are self-confidence and managerial ability. The result shows that after becoming a beneficiary of EMFIL level of managerial ability and self-confidence increased very much this indicates the efficiency of financial assistance got from ESAF Microfinance. The statements concerning level of self-confidence and managerial ability increased after becoming a beneficiary of EMFIL got highest index (62 and 65). The statements concerning level of training and readiness to take all risks to become a successful entrepreneur got least index (32 and 18), this shows that most of the respondents are unable to utilize the benefits of training

programs and the training programs offered by EMFIL are not a much effective to brought any empowerment in beneficiary's entrepreneurial ability there should be more supporting systems to assure participation of beneficiaries in training programs. Least index of statement about willingness to take risk indicates that most of the women were not ready to take risks to become a successful entrepreneur and they always wish a claim and peaceful family life instead of risky businesses.

### 5.2.3.1 Annual income

Women earning capacity can strengthen their economic roles, increase their ability to contributes income to the family and can give them experience and self confidence in the public spheres of life. When women starts to achieve economic strength in the form of earnings, hey can overcome all these obstacles in their daily life.

**Table 5.8 Annual income**

| Sl. no                   | Statements  | Strongly agree | Agree  | No opinion | Dis agree | Strongly disagree | Total score | EI        | Empowerment level |
|--------------------------|---|----------------|--------|------------|-----------|-------------------|-------------|-----------|-------------------|
| 1                        | I am able to undertake all types of work  | 28(14)         | 18(18) | 0(9)       | 14(14)    | -10(5)            | 32          | 26        | Poor              |
| 2                        | My sources of income have increased after becoming a beneficiary of EMFIL           | 56(28)         | 21(21) | 0(6)       | -3(3)     | -4(2)             | 71          | 58        | Average           |
| 3                        | My income is sufficient to meet the expenditure on my family's health and education | 40(20)         | 25(25) | 0(6)       | -4(4)     | -10(5)            | 51          | 42        | Average           |
| <b>Empowerment index</b> |   |                |        |            |           |                   |             | <b>42</b> | <b>Average</b>    |

Source: compiled from primary survey

Note: figures in brackets shows number of respondents

Table 5.8 shows that respondent's ability to do any job to earn income and the changes in the quality of life in relation to the annual income. 32 respondent agreed that they are able to undertake all types of jobs, most of them are agricultural laborers, employment under MGNREGP

(Mahatma Gandhi National Rural Employment Guarantee Programme) and house hold servants but majority of respondents not ready to undertake all types of jobs because most of them were housewives who were interested in their household works. 42 respondents agreed that, they can meet expenditure on health and education of their family with this income. Statement relating to increases in sources of income after becoming a beneficiary of EMFIL got highest index and statement relating ability to undertake all types of work got least index. The overall empowerment index for the parameter 'annual income' is works out to be 42 which disclose a poor empowerment.

### 5.2.3.2 Savings

Savings denotes the amount left over when the cost of a person's consumer expenditure is subtracted from the amount of disposable income that he or she earns in a given period. The savings of women's positively impact on empowerment level and also enables women to meet contingent expenses and reduce the dependency on others.

**Table 5.9 savings**

| Sl. no                   | Statements   | Strongly agree | Agree  | No opinion | Dis agree | Strongly disagree | Total score | EI        | Empowerment level |
|--------------------------|--|----------------|--------|------------|-----------|-------------------|-------------|-----------|-------------------|
| 1                        | My savings level increased since I become a beneficiary of EMFIL | 56(28)         | 25(25) | 0(4)       | -3(3)     | 0(Nil)            | 78          | 65        | Good              |
| 2                        | I prefer EMFIL for keeping my savings safe                       | 42(21)         | 21(21) | 0(7)       | -6(6)     | -10(5)            | 47          | 39        | Poor              |
| <b>Empowerment index</b> |  |                |        |            |           |                   |             | <b>52</b> | <b>Average</b>    |

Source: compiled from primary survey  
 Note: figures in brackets shows number of respondents

Table 5.9 depicts the savings habit of women beneficiaries of EMFIL. Majority (88 percent) of respondents agreed that, there is an increase in their savings after becoming a beneficiary of EMFIL. The weekly savings collected by groups and increase in wages are the main reason for this increase in savings. 42 of them prefer EMFIL Microfinance and other banks for



keeping my savings safe. The overall empowerment index is 52 which means empowerment level as good.

### 5.2.3.3 Acquisition of house hold assets and income generating assets

Ownership of house hold assets furniture, television, and refrigerator etc. reflects the status of family in society and also reflects the earning capacity of family members. Ownership of income generate assets (land, cattle, machines etc.) provides economic strength to people through which they can lead an independent life by self-employment. It also provides means and ways to enhance the standard of living.

**Table 5.10 Acquisition of house hold assets and income generating asset**

| Sl. no                   | Statements                             | Strongly agree | Agree  | No opinion | Dis agree | Strongly disagree | Total score | EI        | Empowerment level |
|--------------------------|--|----------------|--------|------------|-----------|-------------------|-------------|-----------|-------------------|
| 1                        | My household assets increased          | 70(35)         | 20(20) | 0(1)       | -4(4)     | 0(Nil)            | 86          | 72        | Good              |
| 2                        | The number of income generating assets | 68(34)         | 14(14) | 0(10)      | -2(2)     | 0(Nil)            | 78          | 66        | Good              |
| <b>Empowerment index</b> |  |                |        |            |           |                   |             | <b>69</b> | <b>Good</b>       |

Source: compiled from primary survey

Note: figures in brackets shows number of respondents

Table 5.10 shows the picture of acquisition of house hold assets and income generating assets. 80 percent of respondents agreed that their number of household assets increased and 91 percent of respondents agreed that their income generating assets are increased. This shows majority of respondents are the beneficiaries of asset purchasing loan like mobile loan and machine loans purchasing income generating assets like stitching machine.

### 5.2.3.4 Accessibility of credits

Earlier period financial institutions were not ready to lend money to women since they were doubtful about repaying capacity but now the situation has changed. Now women have more access to credit through JLG groups. So financial institutions are willing to lend to them. This change can be attributed to the empowerment.

**Table 5.11 Accessibility of credit**

| Sl. no                   | Statements   | Strongly agree | Agree  | No opinion | Dis agree | Strongly disagree | Total score | EI        | Empowerment level |
|--------------------------|--|----------------|--------|------------|-----------|-------------------|-------------|-----------|-------------------|
| 1                        | Availability of credit increased very much after becoming a beneficiary of EMFIL | 110(55)        | 5(5)   | 0(Nil)     | 0(Nil)    | 0(Nil)            | 115         | 96        | Very good         |
| 2                        | Loans are easily available from EMFIL  | 118(58)        | 2(2)   | 0(Nil)     | 0(Nil)    | 0(Nil)            | 118         | 98        | Very good         |
| 3                        | Loan amounts are enough to satisfies our needs                                   | 70(35)         | 12(12) | 0(5)       | -4(4)     | -8(4)             | 70          | 58        | Good              |
| <b>Empowerment index</b> |  |                |        |            |           |                   |             | <b>82</b> | <b>Very good</b>  |

Source: compiled from primary survey

Note: figures in brackets shows number of respondents

Table 5.11 represents the improvement of accessibility of credit to respondents. 100 percent of them said that availability of credit increased very much after becoming a beneficiary of EMFIL, this indicates financial institutions are ready to lend them due to their performance in repayment and effective utilization of funds and all of them agreed that loans are easily available from EMFIL and said that, they didn't furnish any collateral securities like land, gold, machinery etc for getting loan. 47 of respondents opinioned that loan amounts are enough to satisfy their needs. Because of these reasons the overall empowerment for the parameter 'accessibility of credits' is good and got a high score (82).

### 5.2.3.5 Housing

Good infrastructure indicate the good living conditions of people. A hygienic environment and housing facilities is essential for the socio economic empowerment of people, it leads to better developments to women for this they need assistance from various financial institutions and developmental agencies.

**Table 5.12 Housing**

| Sl. no                   | Statements  | Strongly agree | Agree | No opinion | Dis agree | Strongly disagree | Total score | EI        | Empowerment level |
|--------------------------|---|----------------|-------|------------|-----------|-------------------|-------------|-----------|-------------------|
| 1                        | My housing infrastructure increased   | 84(42)         | 5(5)  | 0(8)       | -5(5)     | 0(Nil)            | 86          | 72        | Very good         |
| 2                        | Housing infrastructure development were acquired from my savings and credits given from EMFIL | 76(38)         | 9(9)  | 0(3)       | -8(8)     | -4(2)             | 76          | 64        | Good              |
| <b>Empowerment index</b> |   |                |       |            |           |                   |             | <b>68</b> | <b>Good</b>       |

Source: compiled from primary survey

Note: figures in brackets shows number of respondents

Table 5.12 illustrates infrastructure development gained by respondents after becoming a beneficiary of ESAF microfinance. 78 percent of respondents agreed that their housing infrastructure increased after becoming a beneficiary of EMFIL and they acquired this housing infrastructure from my savings and credits given from EMFIL. This shows that housing loans and infrastructural development loans disbursed among the respondents through EMFIL were well utilized by them to get this developments.

#### **5.2.3.6 Overall economic empowerment index**

The overall economic empowerment index is obtained by taking the total of empowerment index obtained for the five selected parameters. Besides keeping the overall empowerment index as benchmark, an attempt is made to identify those parameters, which obtained more scores in overall economic empowerment index and rank them accordingly. The overall economic empowerment index of beneficiaries of EMFIL is presented in table 5.13

**Table 5.13 overall economic empowerment**

| Sl no | Parameters  | No.of statements | Social empowerment index | Rank |
|-------|---|------------------|--------------------------|------|
| 1     | Accessibility of credits                                      | 3                | 82                       | 1    |
| 2     | Acquisition of house hold assets and income generating assets | 2                | 69                       | 2    |
| 3     | Housing   | 2                | 68                       | 3    |
| 4     | Savings   | 2                | 52                       | 4    |
| 4     | Entrepreneurial ability                                       | 5                | 48                       | 5    |
| 6     | Annual income   | 3                | 42                       | 6    |
|       | <b>Overall economic empowerment index</b>                     |                  | <b>60</b>                |      |

Source: compiled from table 5.7 to 5.12

Table 5.13 attempts to examine the contribution of individual parameter to total economic empowerment and is represented in rank order. Accessibility of credits ranked first with index of 82 which is followed by the parameter 'acquisition of house hold assets and income generating assets' with index sixty nine. These are the major contributing parameters to a good economic empowerment of index 59.5.

#### **5.2.4 Overall socioeconomic empowerment**

The overall empowerment index is obtained by taking the total of empowerment index obtained for the five selected parameters. Besides keeping the overall empowerment index as benchmark, an attempt is made to identify those parameters, which obtained more scores in overall economic empowerment index and rank them accordingly. The overall empowerment index of beneficiaries of EMFIL is presented in table 5.14

**Table 5.14 overall socioeconomic empowerment**

| SI no  | Parameters  | No. of statement | socioeconomic empowerment index | Rank |
|--|---|------------------|---------------------------------|------|
| 1  | Accessibility of credits                                      | 3                | 82                              | 1    |
| 2  | Involvement in decision making process                        | 7                | 71                              | 2    |
| 3  | Acquisition of house hold assets and income generating assets | 2                | 69                              | 3    |
| 4  | Housing facilities  | 2                | 68                              | 4    |
| 5  | Development in family education status                        | 3                | 64                              | 5    |
| 6  | savings   | 2                | 52                              | 6    |
| 7  | Entrepreneurial ability                                       | 5                | 48                              | 7    |
| 8  | Involvement in social activities                              | 6                | 44                              | 8    |
| 9  | Annual income   | 3                | 42                              | 9    |
| 10   | Association with developmental agencies and department        | 5                | 25                              | 10   |
| <b>Overall socioeconomic empowerment index</b> |   |                  | <b>56.5</b>                     |      |

Source: compiled from table 5.7 and 5.13

Table 5.14 attempts to examine the contribution of individual parameter to total empowerment and is represented in rank order. Accessibility of credits ranked first with index ninety nine which is followed by the parameter 'Involvement in decision making processes' with index seventy one. These are the major contributing parameters to overall empowerment. The parameters contact with developmental agencies and annual income has obtained least index.

The overall empowerment index is 56.5, which shows a good empowerment. It indicates that respondents empowered socially and economically by their activities associated with EMFIL and various supports accessed from EMFIL

*Chapter - 6*

*Summary of Findings, Suggestions  
and conclusion*

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## Chapter 6

### SUMMARY OF FINDING, SUGGESTIONS AND CONCLUSION

The present chapter contains resume of the project report in four parts viz; a) summary b) major findings c) conclusions and d) suggestions

#### 6.1 Summary

Women from the poorest sector of the economy are the main beneficiaries of EMFIL. Empowerment of women is the essential preconditions for the elimination of poverty and upholding of human rights, in particular at the individual level, it helps building a base for social change. It is an important key to improving the quality of their lives in level of families, communities, and countries. Microfinance institutions helps their clients to access this socioeconomic empowerment by providing various financial and non-financial assistances to them.

The study entitled "Role of MFIS in socio-economic development of beneficiaries - A study with special reference to ESAF microfinance and investment (p).Ltd." was carried out with the objectives to assess the extent of socioeconomic empowerment of beneficiaries of EMFIL and study the utilization pattern of funds by the beneficiaries.

The level of empowerment was studied on the basis of ten selected parameters, which is structured according to previous research studies. Preliminary data was collected through structured schedule from a sample of sixty respondents. Averages, percentages and indices were used for analysis. The level of empowerment are categorised as very poor, poor, average, good and very good on the empowerment index obtained.

#### 6.2 Major findings

The major findings of the study are classified into headings viz. 1) general profile of respondents 2) social empowerment 3) economic empowerment and 4) overall socioeconomic empowerment

##### 6.2.1 General profile of respondents

1. All the respondents are females.

2. 77 percent of respondents are middle aged.
3. Majority of beneficiaries of EMFIL respondents are educated.
4. Majority (83 percent) of the respondents are married
5. 30 percent of beneficiaries of EMFIL respondents are self-employed.
6. 80 of beneficiaries of EMFIL respondents are employed.
7. Majority (56 percent) of respondents are able to earn monthly income between Rs. 5,000-20,000.

### **6.2.2 Social empowerment**

1. Most of respondents (90 percent) give more importance for their family's education status and they are actively participating in decision making on education processes and most of them achieved this encourage by the financial assistance given from EMFIL.
2. Majority of respondents have achieved an empowerment in involvement in decision making process in family and social matters.
3. Involvement in social and community activities of respondents is average with the empowerment index of 44.
4. Association with developmental agencies is rated very poor (index 25) in the case of beneficiaries of ESAF microfinance, because majority of respondents has no active participation on giving suggestions to various departments and agencies.
5. The study results show that beneficiaries of EMFIL achieved a good social empowerment during last 5-6 years. The overall social empowerment index is good with 52 points.
6. The major parameters in which respondent got high empowerment are their involvement in decision making and development of family education status.
7. The parameter in which respondents got least empowerment index is their "association with developmental departments and agencies"



### 6.2.3 Economic empowerment

1. Empowerment in entrepreneurial ability achieved by respondent is rated average which implies that the training programs of EMFIL are to be modified in accordance with the demand of the beneficiaries for improving entrepreneurial skill more efficiently.
2. The parameter in which respondents got least empowerment index is their "Annual income".
3. The empowerment index on the parameter "ability to undertake all types of work to earn income" is the major factor which reduce the empowerment index for the parameter 'annual income' to 42. The result shows that there is a need for taking several steps to build up confidence and ability in beneficiaries to undertake all types of work to earn income.
4. Even though more than half of the respondent agreed that their savings increased after became a beneficiary of ESAF the index for the parameter is average (52) due to the reason that some of them are not interested to keep their savings in EMFIL.
4. The empowerment index of the parameter 'acquisition of house hold assets and income generating assets are under the category of good index value (69). 91 percent of respondent agreed that their household asset increased and 80 percent of respondent agreed that their income generating assets increased after became a beneficiary of EMFIL.
5. The empowerment index of the parameter 'accessibility of credit' got highest economic empowerment index and major contributing factor of total socioeconomic empowerment with a very good empowerment index of 82.
6. The empowerment level identified for the parameter "housing infrastructure development" is a good with an index of 68.
7. The study results show that beneficiaries of EMFIL achieved economic empowerment during last 5-6 years. The overall economic empowerment index is good with 60 points.

### 6.2.4 Socioeconomic empowerment

*The study results show that beneficiaries of EMFIL achieved a good socioeconomic empowerment during last 5-6 years. The overall socioeconomic empowerment index is good with 56.5 points.*

### **6.3 Suggestions**

1. There should be more supporting systems to assure participation of beneficiaries in training programs and to increase the efficiency of training programs.
2. Necessary steps should be taken for improving participation of respondents in environmental protection activities to improve their social commitments.
3. Special attentions should be taken to improve the association with developmental agencies and departments
4. Special programs should arrange to improve the risk taking capacity of beneficiaries of EMFIL to improve their entrepreneurial abilities.

## CONCLUSION

The study on role of Microfinance institutions in the socioeconomic empowerment of beneficiaries - A study on ESAF Microfinance and investments (p) Ltd. is an attempt to identify the extent of socioeconomic empowerment attained by beneficiaries and their utilization pattern of funds to attain this empowerment

The study reveals that socio economic status of women who are the beneficiaries of EMFIL is good and they attained an average socioeconomic empowerment after becoming a beneficiary of EMFIL. Their level of education, income and awareness about their right are pretty good. They have good living conditions and able to take proper decisions on their family and society. They all are encourage children to go school and all of them have dreaming a best future.

All most all parameters selected to measure beneficiary's socio economic empowerment got an average index scores. by analyzing social parameters, "involvement in decision making process" have highest index (71) and the parameter "association with developmental agencies and departments" have least index (25). Analysis of economic parameters "accessibility of credits have highest index and the parameter "annual income" have least index. From the study we can conclude that the beneficiaries of EMFIL have average empowerment through EMFIL. The overall empowerment index is 56.5, which falls under the category of Good empowerment level. Availability of credit from EMFIL is high and most of them used availed microcredits for consumption purposes rather than productive purposes.

Continues awareness programs on different aspects like need for social involvement, environment protection etc. from EMFIL concerned will be help beneficiaries to improve their socio economic status. The attitude of women about their abilities can be change by giving proper training to them.

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*Appendices*

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**Role of Microfinance institutions in socio-economic empowerment: a study on  
ESAF microfinance and Investments (p). Ltd.**

**INTERVIEW SCHEDULE FOR DATA COLLECTION**

Name of respondent : \_\_\_\_\_ Name of JLG group: \_\_\_\_\_  
 1. Age of respondent : \_\_\_\_\_ Gender : Female/Male  
 2. Religion and cast : \_\_\_\_\_  
 3. Occupation : \_\_\_\_\_  
 4. Marital status : \_\_\_\_\_  
 5. Educational level : \_\_\_\_\_  
 6. Area owned : \_\_\_\_\_  
 7. Family Details : Nuclear  Joint

| No | Name | Age | Relationship with respondent | Education | Occupation | Average Income |
|----|------|-----|------------------------------|-----------|------------|----------------|
|    |      |     |                              |           |            |                |

8. Activities under taken by your group:

9. Assistance you receive to undertake the activities from ESAF microfinance

| Financial assistance | Technical assistance | Other supports |
|----------------------|----------------------|----------------|
|                      |                      |                |

## SOCIAL FACTORS

| Sl no    | statements   | SA | A | NO | DA | SDA |
|----------|--|----|---|----|----|-----|
| <b>1</b> | <b>Family Educational levels</b>   |    |   |    |    |     |
| 1.1      | My family education status improved very much after becoming a client of ESAF microfinance                                     |    |   |    |    |     |
| 1.2      | I used the financial assistance given from ESAF to improve our educational status  |    |   |    |    |     |
| 1.3      | My family always considering my opinion in the education of my children  |    |   |    |    |     |
| <b>2</b> | <b>Involvement in social and community activities</b>  |    |   |    |    |     |
| 2.1      | I am an active member of ESAF self-help group  |    |   |    |    |     |
| 2.2      | I am regularly participating in gramasabha meetings  |    |   |    |    |     |
| 2.3      | I am actively participating in environment protection activities   |    |   |    |    |     |
| 2.4      | I will provide financial and other helps whenever any need arises for others   |    |   |    |    |     |
| 2.5      | If any awareness programs/campaigns conducted in our place, I used to encourage and mobilize others to participate in the same |    |   |    |    |     |
| 2.6      | I always encourage children to go school   |    |   |    |    |     |
| 2.7      | Active participation in various developmental programs has brought effective change in my life                                 |    |   |    |    |     |
| <b>3</b> | <b>Involvement in house hold decision making</b>   |    |   |    |    |     |
| 3.1      | I have the right to give opinion in purchase of groceries, medicine etc.   |    |   |    |    |     |
| 3.2      | I have the right to give opinion in use of loan taken  |    |   |    |    |     |
| 3.3      | I have the right to give opinion in selection of jobs in home, kitchen and childcare   |    |   |    |    |     |
| 3.4      | I have the right to give opinion in household investment   |    |   |    |    |     |
| 3.5      | I have the right to give opinion in utilization of personal income   |    |   |    |    |     |
| 3.6      | I have the right to give opinion in fixing my marriage   |    |   |    |    |     |

|          |   |  |  |  |  |
|----------|---|--|--|--|--|
| <b>4</b> | <b>Contacts with developmental agencies and departments</b>                                     |  |  |  |  |
| 4.1      | I contact with developmental agencies and departments regularly                                 |  |  |  |  |
| 4.2      | Contact is maintained for personal assistance   |  |  |  |  |
| 4.3      | Their approach is friendly and supportive   |  |  |  |  |
| 4.4      | They are giving necessary advices and take immediate steps to help me                           |  |  |  |  |
| 4.5      | I put up my suggestions to various departments and agencies for improving all existing programs |  |  |  |  |
| <b>5</b> | <b>Entrepreneurial ability</b>  |  |  |  |  |
| 5.1      | My entrepreneurial abilities increased very much after became a client of ESAF Microfinance     |  |  |  |  |
| 5.2      | Training programs arranged by them are very supportive to become a entrepreneur                 |  |  |  |  |
| 5.3      | My level of self-confidence increased very much after became a client of ESAF Microfinance      |  |  |  |  |
| 5.4      | My level of managerial abilities increased very much after became a client of ESAF Microfinance |  |  |  |  |
| 5.5      | I am ready to take all risks to become an entrepreneur  |  |  |  |  |

## 2. ECONOMIC FACTORS

**1. SECTOR OF EMPLOYMENT**  
 Industry  Agriculture

Service sector

**2. Employment in man days per year**

before:----- After:-----

**3. No.of training programs attended**

before:----- After:-----

#### 4. ANNUAL INCOME

Before: ----- Rs

after: -----Rs

| Sl no | Statements   | SA | A | NO | DA | SDA |
|-------|--|----|---|----|----|-----|
| 1     | I am willing to undertake all types work                                       |    |   |    |    |     |
| 2     | My sources of income have increased after became a client of ESAF Microfinance |    |   |    |    |     |
| 3     | Food habits and quality of food has changed                                    |    |   |    |    |     |
| 4     | Expenditure on health and education form a major part in my family income      |    |   |    |    |     |

#### 5. SAVING HABITS OF RESPONDENTS

| Sl no. | Statements  | SA | A | NO | DA | SDA |
|--------|---|----|---|----|----|-----|
| 1      | My savings increased since I became a client of ESAF microfinance |    |   |    |    |     |
| 2      | I prefer ESAF Microfinance for keeping my savings safe            |    |   |    |    |     |

#### 6. ACQUISITION OF HOUSEHOLD ASSETS AND INCOME GENERATING ASSETS

Household and income generating assets purchased after joining:

| Sl no. | Statements   | SA | A | NO | DA | SDA |
|--------|--|----|---|----|----|-----|
| 1      | My house hold assets increased after become a beneficiary of ESAF Microfinance |    |   |    |    |     |
| 2      | The number of income and employment generating assets have increased           |    |   |    |    |     |
| 3      | Assets were acquired from my savings and credit given from ESAF microfinance   |    |   |    |    |     |

## 7. INFRASTRUCTURE DEVELOPMENT

| Sl no | Statement  | SA | A | NO | DA | SDA |
|-------|--|----|---|----|----|-----|
| 1     | My housing infrastructure increased after become a beneficiary of ESAF Microfinance                      |    |   |    |    |     |
| 2     | Housing infrastructure development were acquired from my savings and credit given from ESAF microfinance |    |   |    |    |     |

## 8. ACCESSIBILITY TO CREDIT

Type of loan: ----- Amount -----

No. of times you availed loan from ESAF:

Purposes of loan taking :

| Sl no | Statement  | SA | A | NO | DA | SDA |
|-------|--|----|---|----|----|-----|
| 1     | Availability loan increased very much after becoming a client of ESAF Microfinance |    |   |    |    |     |
| 2     | Loans are easily availed from ESAF Microfinance                                    |    |   |    |    |     |
| 3     | Loan amounts are enough to satisfies our needs                                     |    |   |    |    |     |

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