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# THE RECENT EVOLUTIONS AND PERFORMANCE OF MICROFINANCE INDUSTRY IN INDIA

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***ABSTRACT--*** *The present paper highlights the evolutions of microfinance & evaluates their performance. Microfinance is neither a new idea nor a recent development. Self employed women's association (SEWA) was the first initiative to introduce microfinance in India and it was established in Ahmedabad. Microfinance is an important tool for ending poverty. It plays a vital role in revitalizing the global economy and creates a financial marketplace for developing countries like India. there are mainly two types of delivery models of Microfinance in India that that link formal financial sector with low income household lending in India, namely SHG and MFI bank linkage programme. The present study is based on secondary data. The relevant data has been collected from National Bank for Agriculture and Rural Development (NABARD) (Status of microfinance in India report). The study revealed that the number of SHGs and MFIs availing loans from banks during the year 2015 to 2019. The SHG-MFIs and bank linkage is an effective way for people in need to easily access financial services.*

***Keywords--*** *microfinance, performance, evolutions, microfinance institutions, Self-Help Groups, SHG-Bank Linkage Program, Loan disbursed and Loan outstanding.*

## I. INTRODUCTION

Microfinance is neither a new idea nor a recent development. Every country has a history of microfinance whether is it a developed country or a developing country. The history of modern microfinance may date back to the 1800s when money lenders, Landlords, local shopkeepers, traders, and suppliers unofficially acted as formal current financial institutions. Self employed women's association (SEWA) was the first initiative to introduce microfinance in India and it was established in Ahmedabad, Gujarat. SEWA was registered in the unorganized sector as trade union of self-employed women workers in 1972. In 1976, The idea of microfinance is firmly based on the philosophy of Muhammad Yunus(Nobel laureate), a professor of economics in Chittagong University, Bangladesh, with the idea of leading a group of poor women. Who started organizing poor people into self-help groups(SHGs). A program to link the self-help group with the banking sector was launched in 1992 under the National Agricultural and Rural Development Bank of India (NABARD). SHGs-Institutions Linkage program is the largest program in the world. This program has proven to be very successful and has become India's most popular model for microfinance. It has been approximately 37 years since the birth of micro finance with one of

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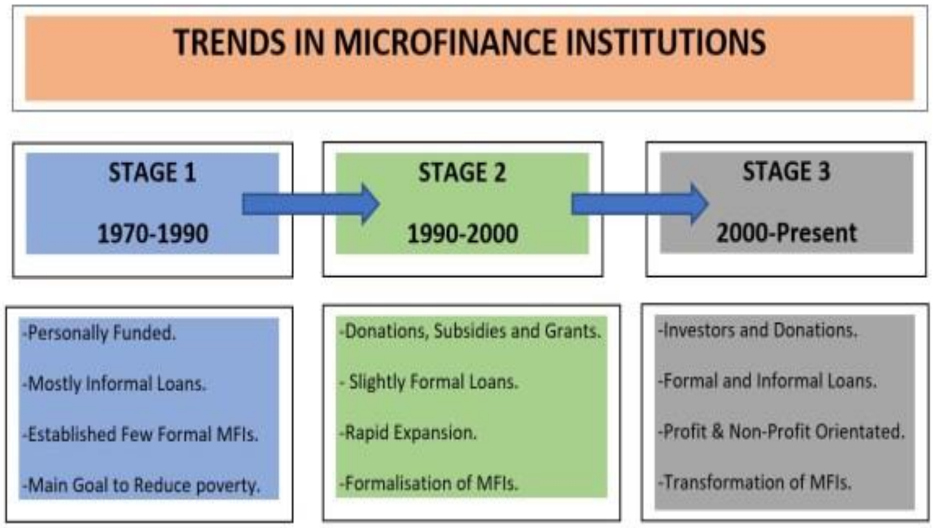
the pioneers of modern microfinance Institutions is Dr. Mohammad Yunus with establishment of Grameen Bank in Bangladesh 1983.

Usually, MFIs were dependent on grants, donations, and government subsidies. However, few last decades, MFIs have been focusing a bit more on their financial side, and as a result the microfinance industry is moving towards profit-oriented MFIs, which means that these MFIs are applying market-oriented principles. This means that we have gone through three stages of MFIs, since their inception, as shown in the following figure.




## II. REVIEW OF LITERATURE

**Maruthi Ram Prasad,** Sunitha **and Laxmi Sunitha (2011)** Has examined a study on the Emergency and Impact of Micro-Finance on the Indian Scenario. After pioneering efforts by the Government, Banks, NGOs, and other small events in India it has come to fruition. Efforts can be started to raise the card for younger generation-credit managers to boost the emergence of Micro-Finance Institution (MFIs).

**Ahlawat (2014)** Has examined that SHG-Bank's linkage program is progressing in India, but growth in Haryana is not very satisfactory.

**Nikita (2014)** The study concludes that for the first time in 2012-13, after the launch of SHG BLP, there has been a decrease in the number of bank-related savings SHGs have. The study also finds that there has been an increase in the loan outstanding of SHG and which was responsible for increases in NPAs. He suggested that measures be taken to improve the performance of programs launched under Microfinance time to time.

**Kumar Vipin et. al. (2015)** The study concluded that SHG and MFI representatives play an important role in providing microfinance services, leading to the development of poor, low-income people in India. However, the slow progress of alumni of SHGs members, the poor quality of group functioning, the drop-out of group members, etc.

**Mehra and Aggarwal (2016)** The study to evaluate the impact of microfinance on economic development. They concluded that there was increased funding, utilization, and retention of women affiliated with self-help groups.

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## III. OBJECTIVES OF THE STUDY

To examine the evolutions of microfinance industry & evaluates their performance.

**HYPOTHESIS OF THE STUDY**

H01: There is no significant difference in performance of microfinance industry in past years.

## IV. NATURE AND SOURCES OF DATA

The present study is based on secondary data The available study data were collected from different sources. To evaluate the performance of microfinance institution and self help groups in India, The relevant information relating to loans disbursed, loans outstanding, savings etc. were collected from Status of Micro Finance in India, NABARD report (various issues), The Bharat Microfinance Report (various issues) and other relevant sources for the period 2015-16 to 2018-19. Simple statistical tools like averages, percentage, etc were used to derive the inferences of the study.

***Evolutions in MFIs Industry***- Since independence, institutional credit has mainly dealt with the upper classes of society. About 70 percent of the total debt in the country came from informal sources. Many schemes of government made a very limited impact, thus creating a desperate need for alternative sources of formal lending.

It was precisely this need to offer credit to needy income groups that prompted policy makers to form the National Bank for Agriculture and Rural Development (NABARD) in 1982. NABARD launched the Self-help Group (self-help bank linkage model) lending model, which subsequently evolved into the current Hybrid Self-help Group (SHG) and Joint Liability (JLG) in India with the support of the Reserve Bank of India.

***Microfinance Historical Evolution***-The evolution of Microfinance sector can be broadly divided into mainly three distinct phases: firstly we present it through table as below-

| **1960 to 1980** | **1990** | **2000** |
|---|---|---|
| **Phase 1: Social Banking** | **Phase 2: Financial Systems Approach** | **Phase 3: Financial Inclusion** |
| 1.Nationalization of private commercial banks<br>2.Expansion of rural branch network, First registered MFI, Self Employed Women's Association (SEWA) at Ahmadabad in 1974<br><br>3. Extension of subsidized credit under government sponsorship. | 1.Peer-pressure<br><br>2. NABARD initiated with the Self Help Group (SHG) - Bank Linkage program (SBLP)<br><br>3. 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><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(NABARD) and Small Industries Development Bank of India(SIDBI) | | 4.Increased policy regulation<br><br>5.Increasing commercialization |

Source: Report on "Status of Microfinance in India

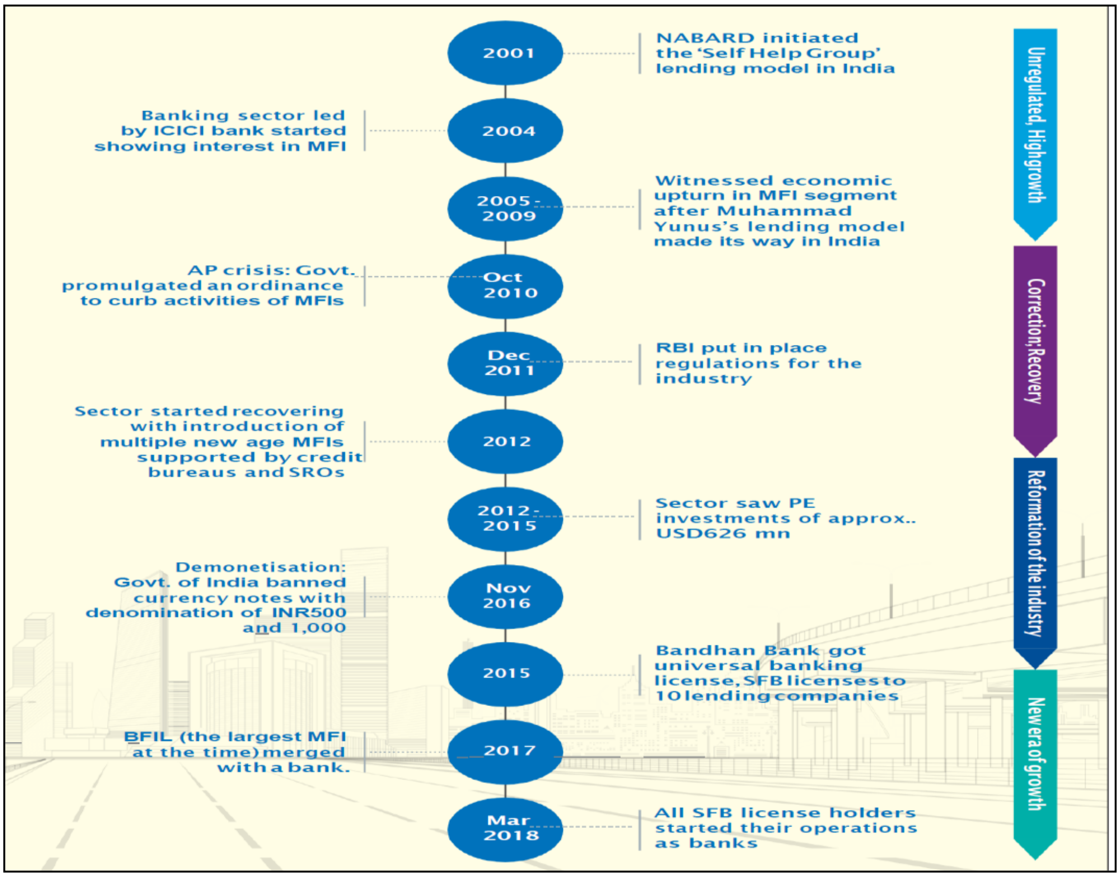
***Phase 1:*** Before 1960s, the Indian credit delivery system was largely dominated by the cooperative segment. The period from 1960 to 1990 is called the period of social banking. This period involves the nationalization of private commercial banks. In the Indian context, the expansion of financial services in India has begun with the nationalization of all banks in the country in the late 1960's. Real expansion of rural branch networks, introduction of Rural Banks (RRBs) in 1976, and increased credit availability became the mantra of the Indian financial sector. The microfinance segment in India has found a real boost with the establishment of apex institutions such as the National Bank for Agriculture and Rural Development (NABARD) in 1982 and the Small scale Industries Development Board of India (SIDBI) in 1990.

***Phase 2:*** After 1990, India witnessed the second phase of lending "approaching the financial system". The lack of a subsidized social bank has given rise to a paradigm shift in rural lending. In this phase NABARD initiated with the Self Help Group (SHG) - Bank Linkage program (SBLP), which connects informal women's groups with official banks. The program has helped to increase the outreach of the banking system to other non-people, and to initiate a change in the outlook of the bank towards low-income families from "beneficiaries" to "clients". Thus, this period was marked by the extension of credit at market rates. The idea has attracted a great deal of appeal to non-governmental organizations (NGOs) working with the poor, which has led many of them to collaborate with NABARD in this program. This period also witnessed the entry of microfinance institutions (MFIs), mainly of non-profit origin, with existing development plans. It has also led to the emergence of a new generation of private sector banks that will be key players in the microfinance sector a decade later.

***Phase 3:*** In 2000, the third phase the rural market emerges as a new growth driver for the MFIs and banks, which takes the sector not only as part of their corporate social responsibility but also as a new business line and progressive development of Indian microfinance has began in this phase. This phase reflected by some changes in rules, application forms, and player interactions in the financial services space. This section emphasizes on "inclusive growth" and "financial inclusion". During this period, it was also observed that many NGO-MFIs were converting to regulate legal formats such as Non-Banking Financial Companies (NBFCs). Commercial banks have taken innovative approaches to partnering with NGO-MFIs and other rural entities to expand their reach in rural markets. MFIs have emerged as a collaborative venture for individuals and organizations interested in reaching the lowest cost of Indian clients. In the late 2000s, commercial loans and equity were a major source of financing for the sector.

***Evolutions in Microfinance industry After 2000-***

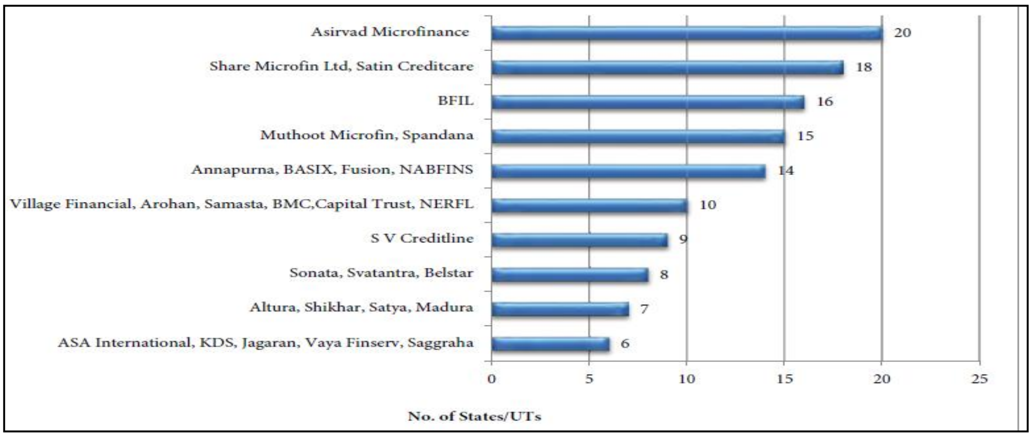
**Figure 1:** Evolution of microfinance in India after year 2000 given in graph below-




The evolution of microfinance contributes to income generation, poverty reduction through self-employment. Typically, low-income people who do not have access to official financial institutions target microfinance. The rapid growth of microfinance Institutions (MFIs) has been seen over the last decade, both in India and around the world. For a country like India, poverty remains one of the biggest policy issues. Most of the institutions that came into this field came from the social sector, which is why they acquired the legal form of trusts or Societies. Consequently, the not-for-profit position of those organizations began to become more resilient with development and scalability to force them to morph as MFIs and business growth. However, because of the specifics of the business they conducted, the institution was subsequently registered as NBFC-MFI under the category created by RBI as per the recommendations of the Malegam committee. Between various measures to eliminate i it, Microfinance, of late, offered a ray of hope. The evolutionary growth of microfinance has provided an excellent opportunity for the rural poor to achieve reasonable economic, social and cultural opportunities, leading to improved living standards and quality of life for participating households. Microfinance has become a panacea for reducing poverty in India and its financial system is therefore deeply contributing to the entire economy. Microfinance has also become a powerful catalyst for women empowerment.

According to the World Bank, there are more than 10,000 MFIs serving the poor in developing countries, making up around 5% of the potential market. In developing countries nearly three to four billion of people have little or no access to official financial services. But In recent years there has been impressive growth in the number of micro finance borrowers, which has grown over the past five years, from 25 to 30 percent per year, and similar growth is expected. The role and importance of the microfinance sector in our economy has also been steadily growing. According to the Bharat Microfinance Report 2019 prepared by Sa-Dhan .The reported 200 MFIs with a branch network of 14,026 and 1,10,914 employees have reached out to over 35 million clients with an outstanding loan portfolio of `68,789 crore. As per MFIN as on 31 March 2019, the microfinance industry has a total loan portfolio of R187386 crore, representing a year on year growth of 38 %. The total number of microfinance accounts was 9.33 crore at the end of March 2019, showing a growth of 21.9 per cent, said Microfinance Institutions Network (MFIN), an RBI-recognized self-regulatory organisation and industry association of the microfinance industry. The rapid growth of the microfinance sector is leading to a scenario of excessive borrowing by loan applicants, causing this sector a significant risk. The microfinance industry grew at 45 percent year-over-year to 31 March 2019, with a debt capital of Rs 188.5 billion, according to a CRIF High Mark statement. Among all the states, in Tamil Nadu, one of the largest microfinance markets, about 6.58 percent of borrowers have loans from four or more borrowers in March 2019. At present, the microfinance Institutions have a presence in 626 out of 722 districts, 37 states and union territories in India. The loan disbursement increased by 20% in FY19 compared to FY18. Recently, the Government of India has also increased the borrower's micro-lending limit to INR 1.25 lakh with the aim of increasing the reach of the microfinance sector. MFIs are also expected to reduce the risk of lending to NBFCs with a large share of risk carried by participating Institutions. NBFC-MFIs are likely to drive the growth for the sector and grab more market share. It will be prudent for the industry to drive this growth not just by increasing the exposure per borrower but also by bringing in newer borrowers to the pool – that will mean sustainable growth. There are 200 MFIs working in India but here we are presented only top 10 MFIs operating in more number of states and more number of districts**.** Top ten MFIs disbursed `55,013 crore which is 67% of sector's total and rest of other MFIs disbursed 33% only.  Top 10 MFIs can be seen from the following figure.

**Figure 2:** Top 10 MFIs Operating in Number of Indian States/Union Territories




*Source: The Bharat Microfinance Report 2019*

***DELIVERY MODELS OF MICROFINANCE IN INDIA:-***

Currently, there are mainly two types of delivery models of Microfinance in India that that link formal financial sector with low income household lending in India, namely:

***1. SHG – Bank Linkage Programme (SBLP):*** The SHG is comprised of a group of 10-20 persons from a homogeneous class of rural and urban poor who wish to borrow on a common purpose, as a micro-enterprise or individually . The opening of a bank accounts to the group and each member individually is bound in the SHG model. An important feature of SHG is its members belong to the same community or society and have the same economic goals. In this model, Unofficial SHGs are credits associated with formal financial institutions. The SBLP model is a home-grown microfinance model in India that was conceptualized and initiated by NABARD in 1996, when it launched a nationwide pilot project to connect existing SHGs with banks. This model is flexible, creates independence, free to use, freedom of savings and provides the flexibility to secure and borrow according to the needs of group members. With its extensive rural bank branch network, SHG-SBLP is much relevant to the Indian context. SHG used different methodologies: SHGs Formed and Financed by Banks, SHGs Formed by Agencies Other than Banks, but Directly Financed by Banks viz., CBs (Public Sector and Private Sector), RRBs and Cooperative Banks. SHGs Financed by Banks Using Other Agencies as Financial Intermediaries.

***2. Micro Finance Institutions (MFIs):*** The MFI model has also recently gained momentum in India. The MFI model is available globally while the SHG-BLM model is an Indian model. The financial service provided by microfinance Institutions (MFIs) to the poor is a powerful tool to alleviate poverty, enabling them to build infrastructure, increase their income, and reduce their vulnerability to economic pressures. Financial services such as saving money, borrowing and money transfers make poor families to invest in businesses, better health, better living conditions, better nutrition and education of their children. Financial services for the poor people are generally linked with microfinance Institutions. Microfinance institutions (MFIs) are an important source of financial services in the country by attracting resources from banks and other institutions and lending to JLG / members. JLG is a small group consisting of 4-10 members in the community for personal loan. Opening a bank account is not mandatory it is optional for the JLG model.

***Performance parameters of SHG-Bank Linkage Program-***

# V. ANALYSIS AND INTERPRETATION OF DATA

- **Progress in No. of SHGs in India**

**TABLE 1:** presents the change in No. of SHGs in the last seven years in India

| Year | No. of SHGs | % of change | Progress/Result |
|---|---|---|---|
| 2012-13 | 73,17,551 | -------------------- | --------------- |
| 2013-14 | 74,29,500 | 1.529 | Increase |
| 2014-15 | 76,97,469 | 3.606 | Increase |

| | | | |
|---|---|---|---|
| 2015-16 | 79,03,002 | 2.670 | Increase |
| 2016-17 | 85,76,875 | 8.526 | Increase |
| 2017-18 | 87,44,437 | 1.953 | Increase |
| 2018-19 | 100,14,243 | 14.52 | Increase |

**Source:** NABARD report on the status of microfinance in India in different years

Here we can seen in the table that From year 2012-13 to 2018-19 No. of SHGs are continuously increasing by 1.529%, 3.606%, 2.670%, 8.526% ,1.953% and 14.52 respectively in India. 2018-19 was the year in which No. of SHGs were maximum in the previous seven years.

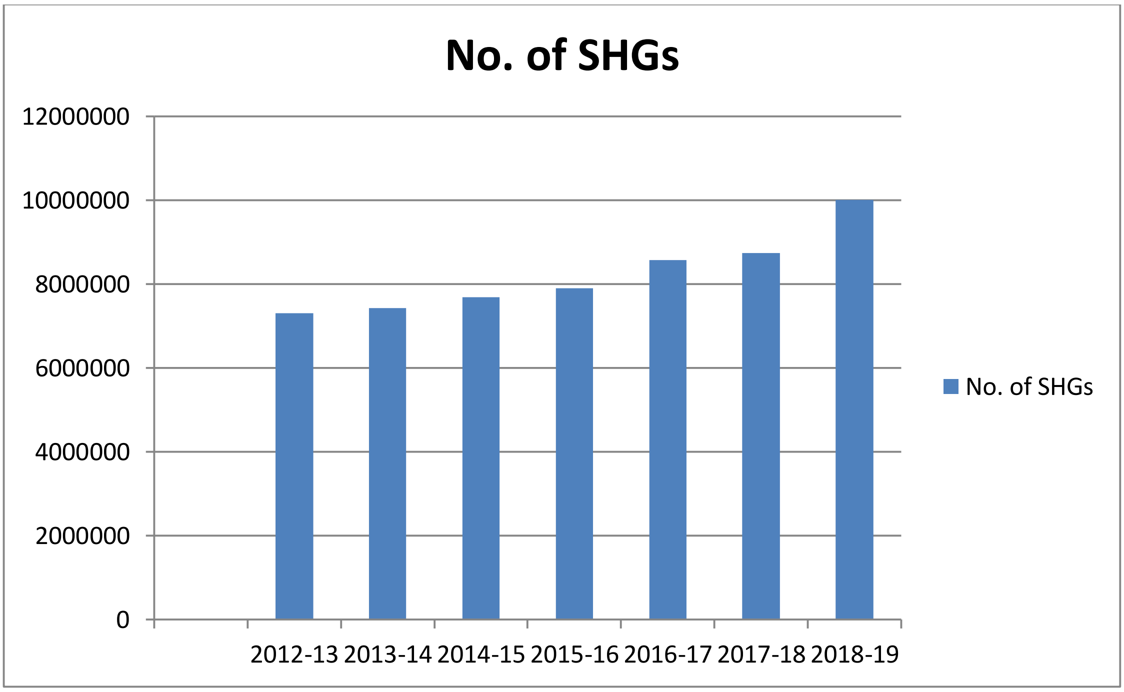



**Figure 2 :** Trends of No. of SHGs in India

**Table 1:** progress in no .of shg s in india

| **Progress in No. of SHGs in India** | |
|---|---|
| **Year** | **No. of SHGs** |
| **2012-13** | 73,17,551 |
| **2013-14** | 74,29,500 |
| **2014-15** | 76,97,469 |
| **2015-16** | 79,03,002 |
| **2016-17** | 85,76,875 |
| **2017-18** | 87,44,437 |
| **2018-19** | 100,14,243 |

***P value and statistical significance:***

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| | |
|---|---|
| **MEAN** | 8240439.57 |
| **SD** | 951455.75 |
| | |
| **T TEST** | 22.9145 |

The two-tailed P value is less than 0.0001

By conventional criteria, this difference is considered to be extremely statistically significant.

***Confidence interval:***

The hypothetical mean is 0.00

The actual mean is 8240439.57

The difference between these two values is 8240439.57

The 95% confidence interval of this difference:

From 7360489.77 to 9120389.37

***Intermediate values used in calculations:***

t = 22.9145

df = 6

Standard error of difference = 359616.471

| | |
|---|---|
| **Mean** | **8240439.57** |
| **SD** | **951455.75** |
| **SEM** | **359616.47** |
| **N** | **7** |

The analysis of data shows that the mean of progress in No. of SHGs in India is 8240439.57. At 95% confidence interval of this difference lies From 7360489.77 to 9120389.37 therefore it is significant and the Significance level p-value is less than 0.0001

- ***Progress of SHGs in Bank loan disbursed, in Bank loan outstanding against SHGs and in Savings amount of SHGs in India.***

**Table 2:** self healp

**Source:** NABARD report on the status of microfinance in India, 2015 to 2019

**(*a) Loan disbursed by banks:*** *It* can be seen in the table during 2015-16, banks have financed 18.3 lakh SHGs, with bank loans of 37,287 crore, but as we see in the year 2016-17 bank extended fresh loan of 38,781 crore to

19.0 SHGs. But in 2016-17, the rate of increment in bank loan was slow it was only 4.007% and in 2017-18, bank

| **Item** | **Self Help Groups** | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **2015-16** | | **2016-17** | | **2017-18** | | **2018-19** | |
| | **No of SHG (in Lakhs)** | **Amount (in `Crores)** | **No of SHG (in Lakhs)** | **Amount (in `Crores)** | **No of SHG (in Lakhs)** | **Amount (in `Crores)** | **No of SHG (in Lakhs)** | **Amount (in `Crores)** |
| Loans Disbursed by Banks | 18.3 | 37,287 | 19.0 | 38,781 | 22.6 | 47,186 | 27.0 | 58,318 |
| | (9.3) | (19406.0) | (9.9) | (20012.0) | (13.8) | (27479.0) | (17.8) | (36818.0) |
| Loans Outstanding with Banks | 46.7 | 57,119 | 48.5 | 61,581 | 50.2 | 75,598 | 50.8 | 87,098 |
| | (25.0) | (30589.0) | (28.1) | (34127.0) | (30.8) | (43575.0) | (35.1) | (58431.0) |
| Savings with Banks | 79 | 13,691 | 85.8 | 16,114 | 87.4 | 19,592 | 100.1 | 23,324 |
| | (39.0) | (7251.0) | (42.9) | (8679.0) | (46.1) | (11784.0) | (60.2) | (14481.0) |

loan disbursed amount to SHGs was increased by 21.672% and 2018-19 the quantum of fresh loans issued increased by 23.59% as compared to previous year.

***(b) Loan Outstanding with the banks:*** It can be seen in the table in the year 2015-16, total number of 46.7 lakh SHGs were having outstanding bank loans of 57,119 crore. In 2016-17, bank loan outstanding amount to SHGs was increased by 7.811% and in 2017-18 amount increased by 22.76%. 2018-19 bank loan outstanding amount to SHGs was increased by 15.21%. So we can say that bank loans outstanding are continuously increasing but loan outstanding amount to SHGs was highest in year 2017-18.

***(c) Savings of SHGs with the Banks:*** Table depicts the saving of SHGs with banks, as we see, in the year2015-16, 79 lakh SHGs were having a saving account with the banking sector with saving of 13,691. The total saving of SHGs with banks increased during 2015-16, 2016-17, 2017-18 and 2018-19 over the previous year respectively. It increased by about 23.79, 17.696, 21.582% and 19.04% which means saving amount is continuously increasing in India. Increasing awareness at the SHG level about the advantage of using the savings for internal loaning is also partly responsible for the decline in saving balance with banks.

**Table 3:** seif help groups

***P value and statistical significance:***

The two-tailed P value equals 0.0025

By conventional criteria, this difference is considered to be very statistically significant.

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| Self Help Groups | | | |
|---|---|---|---|
| **YEAR** | **Loans Disbursed by Banks ( Amount in Crores)** | **Loans Outstanding with Banks ( Amount in Crores)** | **Savings with Banks ( Amount in Crores)** |
| **2015-16** | **37287** | **57119** | **13691** |
| **2016-1 7** | **38781** | **61581** | **16114** |
| **2017-18** | **47186** | **75598** | **19592** |
| **2018-19** | **58318** | **87098** | **23324** |
| **MEAN** | **45393.00** | **70349.00** | **18180.25** |
| **SD** | **9655.68** | **13662.50** | **4198.17** |
| **T TEST** | **9.4023** | **10.2981** | **8.6610** |

***Confidence interval:***

The hypothetical mean is 0.00

The actual mean is 45393.00

The difference between these two values is 45393.00

The 95% confidence interval of this difference:

From 30028.67 to 60757.33

***Intermediate values used in calculations:***

t = 9.4023

df = 3

Standard error of difference = 4827.838

| | |
|---|---|
| **Mean** | **45393.00** |
| **SD** | **9655.68** |
| **SEM** | **4827.84** |
| **N** | **4** |

The analysis of data shows that the mean of SHGs of loan disbursed with banks is 45393.00. At 95% confidence interval of this difference lies From 30028.67 to 60757.33 therefore it is significant and the Significance level p-value is 0.0025.

***P value and statistical significance:***

The two-tailed P value equals 0.0020

By conventional criteria, this difference is considered to be very statistically significant.

***Confidence interval:***

The hypothetical mean is 0.00

The actual mean is 70349.00

The difference between these two values is 70349.00

The 95% confidence interval of this difference:

From 48608.92 to 92089.08

***Intermediate values used in calculations*:**

t = 10.2981

df = 3

Standard error of difference = 6831.250

| | |
|---|---|
| **Mean** | **70349.00** |
| **SD** | **13662.50** |
| **SEM** | **6831.25** |
| **N** | **4** |

The analysis of data shows that the mean of SHGs of loan outstanding with banks is 70349.00. At 95% confidence interval of this difference lies From 48608.92 to 92089.08 therefore it is significant and the Significance level p-value is 0.0020.

***P value and statistical significance:***

The two-tailed P value equals 0.0032

By conventional criteria, this difference is considered to be very statistically significant.

***Confidence interval:***

The hypothetical mean is 0.00

The actual mean is 18180.25

The difference between these two values is 18180.25

The 95% confidence interval of this difference:

From 11500.02 to 24860.48

***Intermediate values used in calculations:***

t = 8.6610

df = 3

Standard error of difference = 2099.086

| | |
|---|---|
| **Mean** | **18180.25** |
| **SD** | **4198.17** |
| | |
| **SEM** | **2099.09** |
| **N** | **4** |

| **Microfinance Institutions (MFIs)** | | |
|---|---|---|
| **YEAR** | **Loans Disbursed by Banks** | **Loans Outstanding with Banks** |
| **2015-16** | 20796 | 25581 |
| **2016-1 7** | 19304 | 29225 |
| **2017-18** | 25515 | 32306 |
| **2018-19** | 14626 | 17761 |
| **MEAN** | 20060.25 | 26218.25 |
| **SD** | 4486.97 | 6272.49 |
| **T TEST** | 8.9416 | 8.3598 |

The analysis of data shows that the mean of SHGs of saving with banks is 18180.25. At 95% confidence interval of this difference lies From 11500.02 to 24860.48 therefore it is significant and the Significance level p-value is 0.0032.

***Performance parameters of MFI -Bank Linkage Program-***

- ***Progress under MFI Bank Linkage Programme-***

**Table 4:** particul***ar***

**Source:** NABARD, Status of Microfinance in India Report in India, 2015 to 2019

In this table we can seen that However there is substantial increase in the number of MFIs availing loans from banks during the year 2015-16 and 2016-17 over the previous year. It increased from 9.8 per cent to 257.6 per cent. But in year 2017-18 decreased by 16.94% and in the year 2018-19 increased by 0.57232.

The total loans to MFIs by banks increased during 2015-16 increased. But the total loans to MFIs by banks decreased during 2016-17 by 7.2 per cent over the previous year. In year 2017-18 total loans to MFIs by increased by 32.17%. And in year 2018-19 decreased by 42.67%

The loan outstanding against MFIs increased all the subsequent years over their previous years. It increased by 13.7, 14.3 and 10.54 per cent in 2015-16, 2016-17 and 2017-18 over the previous year. But in year 2018-19 its decreased by 45%.

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***P value and statistical significance:***

The two-tailed P value equals 0.0030

By conventional criteria, this difference is considered to be very statistically significant.

***Confidence interval:***

The hypothetical mean is 0.00

The actual mean is 20060.25

The difference between these two values is 20060.25

The 95% confidence interval of this difference:

From 12920.49 to 27200.01

***Intermediate values used in calculations:***

t = 8.9416

df = 3

Standard error of difference = 2243.483

| | |
|---|---|
| **Mean** | **20060.25** |
| **SD** | **4486.97** |
| **SEM** | **2243.48** |
| **N** | **4** |

| **Year** | **2015-16** | | **2016-17** | | **2017-18** | | **2018-19** | |
|---|---|---|---|---|---|---|---|---|
| **Particular** | **No. of MFIs** | **Amt.** | **No. of MFIs** | **Amt.** | **No. of MFIs** | **Amt.** | **No. of MFIs** | **Amt.** |
| Loans disbursed by Banks | 647 | 20796 | 2314 | 19304 | 1922 | 25515 | 1933 | 14,626 |
| Loans Outstanding with Banks | 2,020 | 25581 | 5357 | 29225 | 5073 | 32306 | 5488 | 17,761 |

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The analysis of data shows that the mean of MFIs of loan disbursed with banks is 20060.25. At 95% confidence interval of this difference lies From12920.49 to 27200.01 therefore it is significant and the Significance level p-value is 0.0030.

***P value and statistical significance:***

The two-tailed P value equals 0.0036

By conventional criteria, this difference is considered to be very statistically significant.

***Confidence interval:***

The hypothetical mean is 0.00

The actual mean is 26218.25

The difference between these two values is 26218.25

The 95% confidence interval of this difference:

From 16237.32 to 36199.18

***Intermediate values used in calculations:***

t = 8.3598

df = 3

Standard error of difference = 3136.245

| | |
|---|---|
| **Mean** | **26218.25** |
| **SD** | **6272.49** |
| **SEM** | **3136.25** |
| **N** | **4** |

The analysis of data shows that the mean of MFIs of loan outstanding with banks is 26218.25. At 95% confidence interval of this difference lies From16237.32 to 36199.18 therefore it is significant and the Significance level p-value is 0.0036.

## VI. FINDINGS AND DISCUSSION

Microfinance sector has grown rapidly over the past few decades. The sustainability potential of MFIs in India is very high. Microfinance also plays a vital role in empowering women. It is mainly led by the SHG as an effective way to provide significant financial support to the marginalized communities in the region. SHGs in rural areas are doing very well. Microfinance creates confidence, competence and courage in a unique segment in the community. That leads them to participate in all kinds of health care activities and positive interactions. The evolution of microfinance contributes to income generation, poverty reduction through self-employment. According to NABARD Report (2018-19), SHG-Bank linkage program and MFI bank Linkage programme is the largest program of microfinance in the world for empowerment of women and poor. The present study has shown that No. of SHGs, Saving amount of SHGs, Bank loan disbursed to SHGs and Bank loan outstanding against SHGs in India are continuously increasing during the last four years. After study it revealed that the parameters of progress of SHG-BLP are increasing, and people are aware of these microfinance schemes. Study has shown that No. of MFIs, Saving amount of MFIs, Bank loan disbursed to MFIs and Bank loan outstanding against MFIs in India sometimes increased sometimes decreased. As per the discussion it is very clear that the hypothesis (H01) is found rejected in the entire test I used in methodology on the basis of t-test.

## VII. CONCLUSIONS AND SUGGESTIONS

Today's micro-finance banking in India and around the world, occupies a very strategic position in improving the socio-economic status of the poor, who are usually self-employed low-income entrepreneurs. Microfinance described as a program for poor's to enable of lifting them out of poverty. Microfinance is an important tool for ending poverty. In today's society, the system of the microfinance is important. It plays a vital role in revitalizing the global economy and creates a financial marketplace for developing countries like India. The present study is showing the positive performance of microfinance in India. Microfinance sector is the blood vessel of our economy. It is the source of our country's wealth. Indian Microfinance has become an integral part of India's economy. Governments and banks need to know people about these schemes and then be trained to promote entrepreneurship. Then it will be useful for eliminating the problem of poverty in the country and then it will be more fruitful for the economic growth of the country. This step will help make these programs more effective. Future studies can be conducted on the progress of any other microfinance program in India. Service monitoring: The quality of the services provided should be monitored and monitored.

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