



ROLE OF MICROFINANCE INSTITUTIONS IN SOCIO-ECONOMIC DEVELOPMENT OF RURAL ODISHA

JAGAN PRASAD PRABHU KUMAR SAHOO

Faculty Member, Department of Commerce,
Ravenshaw University, Cuttack, Odisha,

Abstract: The Vision for a prosperous and Inclusive India in which the fruits of progress and development reach every corner can be ensured only when effort will be made for countryside people of India. The problem of financial resource allocation is the drawback found in developmental process. In the past, several financial assistances, schemes have been designed by the government for rural credit but these proves futile due to various complexities. The existing Rural Credit System has failed to put up the expectation and development of the poorer section of the society. Further, it is also seen in the rural areas that the formal banking sector also failed to fulfil the financial needs of the people especially the women and tribal people. Thus, the need of the hour is to have an effective credit delivery mechanism to ensure smooth allocation of financial resource in the best possible way and in a sustainable manner. The emergence of Micro-credit by the Microfinance Institution, banks provide financial assistance mainly in the rural and to the weaker section of the society. With their growing potentialities, the MFIs has proven that they are also among the key players in achieving Sustainable Development Goals for the rural people. In this paper, an attempt has been made to show the impact of Microfinance on rural development through Financial Inclusion in Odisha state - the home to third largest tribal population of India and a major rural homeland. The study analyses microfinance as a catalyst for financial inclusion by taking into consideration the household income, employment generation, saving pattern and financial inclusion practice of individuals before and after joining Self Help Group and availing micro-credit. This paper basically reliable on Secondary as well as Primary data. Secondary data is collected from various microfinance websites, Journals, Articles, Review Reports, thesis, Magazines, Newspapers, etc., while Sources of Primary Data includes Direct Interviews.

Index Terms - Microfinance, Micro-Credit, Self Help Group, Sustainable Development Goals

I. INTRODUCTION

The vision to build India a prosperous and developed nation is not possible if inclusiveness of rural India will not be a part of developmental plan. The Government study shows that 65% of the total population in India lives in rural areas and 47% of the population is dependent on agriculture (PIB report 2023). The challenges and problems are many more to be diagnosed, it may be education, health facility, poor banking facility, lack of infrastructural development etc., governmental plans and policies are not ample and remain unreachable for rural people, in this scenario the vision and imagination of a developed India is nothing but like a day dream. There can be change in the situation of people effort could be made for socio-economic development, which is an inclusive form of growth. The term socio-economic development is the process of social and economic progress of a society, organisation, state, and country. Each plan in the process ensures to maintain the social and material well-being of the nation and its people with the aim of achieving all possible level of human development. The socio-economic aspects include the demographic profile of the individual. Socio-economic development is the progressive reinforcement of a socioeconomic organization's quantitative and qualitative dimensions towards a higher level of efficiency, well-being, justice, and democracy at all levels. Socio-economic aspects include all those acts which makes the rural people able bodied for their sustainable growth, like education, self-employment, better standard of living, setting microenterprise, better health facility. The paper will enlighten, apart from all problem the problem of financial service and the poor banking services. The problem of financial services in rural areas affects most, due to lack of finance many potential entrepreneurs are not able to put their business. The presence of local moneylenders, Sahukaras, are the source of finance in rural areas, from where rural people got their loan assistance at a very high rate of interest. The failure of banking sector is seen in countryside area of India. Now a day the presence of MFIs helps in granting loan assistance to the poor and rural people in the country, MFIs bridge the gap between the rural people and banking sector. MFIs are set up with the goal to aid poor people by giving them an opportunity and easy access to be self-sufficient and economically empowered through different ways

II. OVERVIEW OF MFIS

The credit of developing the concept of Microfinance goes to Dr. Mohammad Yunus who gave it a mass movement in Grameen Bank experiment in Bangladesh. The Grameen Bank provides loan to the poor women who were unable to get loan by formal banking sector due to lack of mortgage. Initially, the concept of micro-credit by Grameen Bank was started as a pilot project in Bangladesh and Brazil by giving loan to a group of poor women to invest in small business. Later on this movement gained momentum all over the world. In the year 1983, the Grameen Bank was given the status of an independent bank by the government of Bangladesh, And Dr. Yunus awarded with Noble Prize in the year 2005 for this noble work, also The UNO declared 2005 as the International Year of Microfinance. Sudden after the success of Grameen Bank in Bangladesh the Micro-credit loan started in India with the formation of Shri Mahila SEWA (self-employed women's association) Sahakari Bank of Gujarat a private sector banking institute has undertaken initiative for providing banking services to the poor women employed in the unorganised sector.

The term Microfinance since its inception is aimed at providing financial services (loan assistance) to the poor in order to relieve them from financial constraints and help them to become Financially Independent. Irrespective of being profit-oriented or not, each MFI tries to maximize its repayment performance. Both the Microfinance Institutions and the borrowers are greatly associated with high repayment rates. The high interest rates enable the MFIs to lower the financial cost of loans and allow more borrowers to have access to it by cutting the interest rate charged to the borrowers. Improved repayment rates can also help decrease the reliance on incentives of the MFIs which would ensure sustainability.

NABARD defines the term “Microfinance “as the 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.

RBI’s Consultative Document on Microfinance defines it as “an economic tool designed to promote financial inclusion which enables the poor and low-income households to come out of poverty, increase their income levels and improve overall living standards. It can facilitate achievement of national policies that target poverty reduction, women empowerment, assistance to vulnerable groups, and improvement in the standards of living.

Microfinance or Micro credit are two terms used to mean a small portion of money without any collateral, mortgage to marginal farmers, potential entrepreneurs, business persons and also to poor households who are in the urgent need of money. some authors states, microfinance is a provision of small amount of loan combining with savings, insurance, remittance, health, education, skill training, and social awareness also includes women empowerment. It is a combination of financial and non-financial services specially equipped for the poor and remote area population that are usually not served by any conventional financial institutions and banking sector. Microfinance institutions provides small amount of loans because the clients of MFIs are low-income earners and usually have limited access to formal banking sectors. Loans, savings, insurance, and remittances are included in these financial services. Loans are provided for different purposes like microenterprise establishment and development, financing business, agricultural purpose, and many other income generating as well as non-income generating purpose. These services increased the potentials of the poor individuals towards entrepreneurship, generation of income, being self-reliant and self-sufficient, creation of employment, generation of wealth and finally, reduction of poverty

Summary of MFIS operation in India

Table 1: No. of MFIs across Legal Form

Legal Form	No. of MFIs
NBFC-MFI	93
NBFC	36
SEC -8 COM	30
SOCIETY	30
TRUST	22
COOPERATIVE	13
Total	224

(Source- Sa-Dhan- 2022)

Table 2: No. of MFIs Across MFI Size – (Client Base)

Legal Form	Client Outreach	No. of MFIs
Tier I	> 2.5 lakhs	37
Tier II	0.5 lakhs - 2.5 lakhs	30
Tier III	< 0.5 lakhs	150
Without any Tier	No. of MFIs having microfinance operations but did not submit data	7
Total		224

(Source – Sa-Dhan 2022)

The industry has an outreach in almost 632 districts of India. In terms of geographic spread, 76% of the loan portfolio is rural and 24% urban. Except non-profit MFIs, all lenders are regulated by the Reserve Bank of India. The MFIN report for the year 2023 states, NBFC MFIs are the largest provider of micro-credit with a loan amount outstanding of Rs.1,47,829 Cr., accounting for 39.3% to total industry portfolio. Banks hold the second largest share of portfolio in micro credit with total loan outstanding of Rs. 118846 cr. Which is 31.6% of total micro credit universe. Women are the main beneficiaries of microfinance, at about 99% microfinance loans in India are provided to women from low-income households. 98% loans are provided through the Joint Liability Group (JLG) lending model wherein a group of customers, usually 5-10, individually come under JLG to take loans and agree to support and repay the loans if customers in the group face difficulty in making repayment. This group model brings efficiencies in operational costs and leverages social collateral towards underwriting and against the risks of defaults. (MFIN Report).

III. LITERATURE REVIEW

Many research papers have been published in various journals and newspapers that highlights many ideas, thinking and suggestions about the Microfinance Institutions. All the studies that have been reviewed gave mixed ideas and suggestion about the objective of this study.

Kumar Promod, Shah Adnan (2021) their paper on “Role of Microfinance in Economic Development” highlights on the aspects through which Microfinance ensures Economic development. Microfinance helps the financially disadvantaged by enabling them with income and employment, constructing their overall well-being. Microfinance has been found to raise the standard of living, increase income, and create jobs and ensures self –employment. People who earn low salaries build assets in their name and improve their living situation, level of consumption, and general health by putting money into their investment portfolios.

Khan M. A & Rahaman M. A (2016) The study is all about Microfinance and its impact on economic development of Bangladesh, it investigate the impact of Microfinance on the poor people of the society with main focus on Bangladesh. they mainly concise their thesis through client’s perspective and build up their research on it. The objective emphasises on how microfinance works, by using groups lending methodology for reducing poverty and how it impacts on the living standard of the poor people in Bangladesh.

Barvin Sulthana M (2016) in her study “Microfinance and Poverty Eradication in India” states that Microfinance a tool for poverty alleviation, mainly in rural areas, where mainly poor people live and, accessing small amounts of credit at reasonable interest rates give poor people an opportunity to set up their

own small business. The suggestion of paper states that microfinance should be an independent economic programme, also it suggests for creating awareness among illiterate people about microfinance and SHG.

Singh, Pravesh, (2016) in their paper reveals the importance of microfinance for the micro-entrepreneurs. In their article they show the scenario of India's small entrepreneur's need towards small fund to boost up their small business but government sector financial lending institutions are now failed to do it. The researcher concluded that the number of SHG is increasing and amount of disbursement of loan is also increasing year by year but the growth rate of SHGs bank linkage, loan and refinance assistance to SHGs is decreasing. The amount of loan and refinance assistance is not growing in respect of increasing.

Ustaad Anand (2016) focuses on studying the Role of Microfinance in Financial Inclusion states the problems Faced by People of rural areas in formal banking sector while availing micro-credit, that includes unsuitable financial products, complex procedures, lack of awareness, and language barriers. He also suggested efforts should be made to motivate the banks to take active interest in the project and to reduce the time taken for processing the applications and disbursing loans, banks should focus on all the area of sector more particularly rural. This helps all the people to access for the financial services.

Ali et al. (2014) microfinance services such as microcredit have been shown to raise the standards of living, help boost income and employment, and help decrease seasonal spending patterns in developing countries. If poor individuals are given more money, they will likely use it to acquire assets, improve their lifestyle, and boost their general health and well-being

Shree (2013) in her study mentions about the importance for the development of socio-economic activities in developing countries like India and its contribution to the uplifting of micro and small enterprises. The objectivity of her study is to analyse the total capital invested by micro and small enterprises and to identify the contribution of financing through MFIs, to study the effective utilization of capital loans provided by MFIs to micro and small enterprises, to investigate whether capital loans and services of MFIs to micro and small enterprises lead to the growth and development of the organization.

Rasure (2009) titled Microfinance: A tool for Women Empowerment describes the growth of SHG-Bank Linkage Programme all over the country with emphasizing the performance of Commercial Banks, Co-operative Banks and RRBs. His study also focuses on the situation of uncovered groups as backward and disempowered mainly those women's who have not been provided any form of credit and who are not part of any group. In the suggestion the author urges different promoting agencies to extend their helping hand to the excluded population for rapid socio-economic development.

Panigrahi and Shobhit (2008) in their study defined microfinance as a system that lends micro-credit to poor entrepreneurs in specific to small scale self-employed cottage and home-based businesses which becomes the newest silver bullet for alleviating poverty. The tremendous growth of microfinance occurs in India, due to the loopholes in Indian banking industry. They also stated different sources of funding to MFIs in India. The presence of keys problems in rural financing like lack of credit, low saving capacity and prevalence of usurious money lenders provides scope to microfinance development. They suggested sustainable working of both MFIs and rural bank branches to cover the gap of credit accessibility and make microfinance successful

IV. STATEMENT OF THE PROBLEM

The MFIs are gaining popularity among people whether rural or urban in terms of loan assistance and it has been found that in spite of reducing poverty, microfinance institutions help in income generation and consumption. Microfinance institutions also ensured economic empowerment to a great extent particularly for women. Apart from giving loan assistance there is a huge need for additional programs by MFIs in order to help their beneficiaries. The review of papers revealed that though the effects of microfinance on enterprise creation were not so significant at all in Odisha but microfinance itself has significant impact on consumption or expenditure asset and Income creation. Microfinance loan is sometimes used as a source for consumption expenditure. Sometimes the borrowers spend the money in non-economic activities. So, at the repayment instalment, the poor credit-holder has to borrow money from any other source and thus things become more complicated for him. Therefore, this paper focuses on the current microfinance programs of Odisha and whether these programs are effectively working as expected or not.

V. OBJECTIVES OF THE STUDY

1. To describe the demographic profile of beneficiaries of the microfinance programs.
2. To explore the impact of microfinance programs on economic condition of beneficiaries through income, savings and employment generation.
3. To evaluate the impact and significance of microfinance programs in rural areas of the state.

VI. RESEARCH METHODOLOGY

This empirical study is conducted with qualitative and quantitative data about the impact of microfinance in Odisha. The primary sampling units were the MFIs and the secondary sampling units were the beneficiaries of selected MFIs in Dhenkanal district of Odisha. Purposive and convenient sampling techniques were used in selecting MFI branches and the beneficiaries of micro-credit loans. Data are collected from beneficiaries of Annapurna Microfinance, Fusion Microfinance, BFIL, Adhikari Microfinance, Sampark Financial Services, Spandan Spoorthy Microfinance. The sample size of the beneficiaries was 60 from the local branches of the MFIs. Semi-structured questionnaire was used to collect primary data in order to prepare this paper.

VII. DATA ANALYSIS AND DISCUSSION

Analysis of Demographic profile of the Respondents.

Table 3: Gender wise classification

Gender	No. of Respondents	Percentage
Male	15	25%
Female	45	75%
Total	60	100

Sources: Compiled from collected data

Table 4: Age Wise Classification

Age	No. of Respondents	Percentage
Within 25 Years	5	8.33%
25- 40 Years	40	66.66%
More than 40 Years	15	25%
Total	60	100

Sources: Compiled from collected data

Table No 5: Literacy level of the Respondents

Education Level	No. of Respondents	Percentage
Illiterate	6	13
Primary Level (Class I to V)	19	46
High School Level (VI to X)	27	31
Intermediate (XI to XII)	6	8
Degree	2	2
Total	60	100

Sources: Compiled from collected data

Table No 6: Occupation wise classification of Respondents

Occupations	No. of Respondents	Percentage
1. Farmer	22	31.67
2. Labourer	16	26.67
3. Business	9	14.17
4. Private Employee	6	10
5. Govt. Employee	0	0
6. Shop-Keeping	5	8.34
7. Unemployed	2	9.16
Total	60	100

Sources: Compiled from collected data

The above tables show the demographic profile of the respondents, the Age, literacy level, Gender and Occupation. In Occupation it shows that labourer and Farmer are more than 50 % of the total respondents. In rural areas the literacy rate is low, table No -5 shows 90 % of the respondents are below Intermediate. MFIs customers are mainly women, they have taken loan via SHGs, and JLGs, while Men are granted loans for starting and supporting their business and for setting their enterprises.

Impact of Microfinance on the Economic Condition of the Beneficiaries.

Table No. 7 shows the reasons for taking loan, agriculture is the main occupation of the rural people in the study it shows that 34% of respondents have taken loan for agriculture. MFIs not only provide loan for income generating purpose they also help in improving standard of living.

Table 7: Purpose of Taking Loan from Microfinance Institutions

Purpose	No. of Respondents	Percentage (%)
Agricultural Purpose	25	34.16
Business Purpose	16	15
Shop-Keeping	5	18.33
Cottage Industry/Enterprise	4	6.6
Vending shop	6	10.83
Personal Purpose (Asset Financing)	2	7.5
House repairing/construction	2	7.5
Total	60	100

Sources: Compiled from collected data

Table 8: Amount of Loan Assistance taken from MFIs by the Respondents

Amount of Loan	Respondents	Percentage
Below ₹10,000	4	4.16
₹10,001-₹15,000	7	5.83
₹15001-₹20,000	12	9.16
₹20001-₹30000	13	54.16
₹30001-₹40,000	12	22.50
₹40,001-₹50,000	9	4.16
Above ₹50,000	3	0
Total	60	100

Sources: Compiled from collected data

Table 9: Monthly Income of the Beneficiaries before taking Loan Assistance

Monthly Income (Before taking Loan)	No. of Respondents	Percentage
Below ₹5000	21	35%
₹5001-10000	27	45%
₹10001-15000	7	11.66%
₹20001-₹30000	3	5%
Above ₹30000	2	3.33%
Total	60	100

Sources: Compiled from collected data

Table 10: Monthly Income of the Beneficiaries after taking Loan Assistance

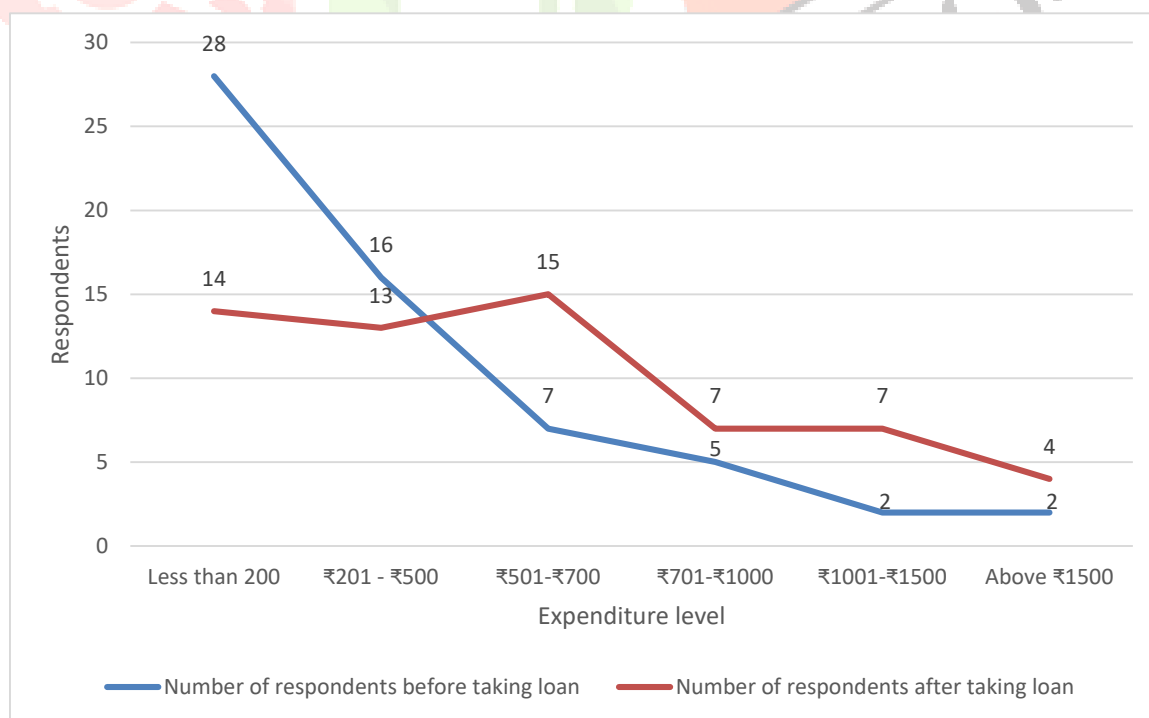
Monthly Income (After taking Loan)	No. of Respondents	Percentage
10000-15000	29	27.5
15001-25000	19	35.83
25001-35000	7	20.83
35001-45000	5	9.16
More than 45000	0	6.66
Total	60	100

Sources: Compiled from collected data

Table 11: Savings Pattern of the Respondents before and after taking Loan Assistance

Average Monthly Savings	Number of Respondents			
	Before taking loan from MFIs		After taking loan from MFIs	
	N	%	N	%
No Savings	25	40	0	0
Below ₹200	19	22.5	13	8.33
₹201-₹500	12	22.5	17	33.33
₹501-₹700	2	7.5	14	20.83
₹701-₹1000	2	7.5	8	20.83
₹1000-₹1200	0	0	6	8.33
Above ₹1200	0	0	2	8.33
Total	60	100	60	100

Sources: Compiled from collected data

Figure 1: Expenditure level of the respondents before and after taking loan

Sources: Compiled from collected data

The above figure shows the expenditure pattern of the respondents, before getting loan assistance from MFIs, there was no such significant personal disposable expenditure seen among the rural people of the district. The loan assistance enables the respondents to have a source of income for them, the result of which is that they develop an attitude of spending money for their consumption.

Table 12: Overall Economic Conditions of the Beneficiaries

Overall Economic Condition	Number of Respondents			
	Before taking loan from MFIs		After taking loan from MFIs	
	N	%	N	%
Very Good	0	0	8	13.33
Good	8	13.33	47	78.33
Average	12	20	5	5
Poor	40	66.66	0	0
Total	60	100	60	100

Sources: Compiled from collected data

Table 13: Impact of Microfinance on Socio-economic Conditions

Impacts of MFIs	Much increased	Increased	Average	Total
Income Generation	9	47	4	60
Saving Generation	14	38	8	60
Employment Generation	7	46	7	60
Increase in Living standard	15	41	4	60

Sources: Compiled from collected data

It has been seen from the above data that provision of Micro-credit creates a positive impact on the rural people of Odisha. Table 8, shows the amount of loans received by the beneficiaries from the MFIs. It is seen that more than 90% respondents received a loan of more than Rs. 10,000. From the respondents it is known that the loan amount is mainly taken for agricultural purpose, cottage industry, vending shop and business purpose and for these, respondents have taken loan assistance of more than Rs. 20000/.

Table 9 and 10 shows the before and after effect on Income level of the respondent respectively. The loan assistance helps the MFIs to a great extent not only in raising income but also in creating a saving attitude of the Individual and also the personal expenditure of the respondents increased after MFIs loan assistance. Thus, overall condition of the people in rural areas have been changed due to the positive impact of Microfinance.

Socio-Economic Impact by Simple Linear Regression Analysis

1. $IG = \alpha + \beta.MA$
2. $LS = \alpha + \beta.MI$
3. $SG = \alpha + \beta.IG$
4. $CE = \alpha + \beta.IG$
5. $LS = \alpha + \beta.IG$

Table 14: Coefficient Table

Regression Model		Unstandardized Coefficient		standardise d coefficient	t value	Significanc e
		B	Std. Error	Beta		
1	Constant	1.299	.236		5.011	.000
	Member's Age	.259	.093	.346	2.734	.007
	Dependent Variable - Income Generation					
2	Constant	1.815	.121		14.963	.000
	Monthly Income	.125	.056	.297	2.223	.031
	Dependent Variable - Living standard					
3	(constant)	.541	.249		2.150	.036
	Income Generation	.708	.120	.620	5.854	.000
	Dependent Variable - Savings					
4	(constant)	1.661	.294		5.632	.000
	Income Generation	.477	.142	.412	3.359	.001
	Dependent Variable - Employment					
5	(constant)	1.815	.122		14.950	.000
	Income Generation	.125	.056	.297	2.222	.030
	Dependent variable - Living Standard					

Sources: Compiled from collected data

Table 15: Model Summaries

Model	R	R Square	Adjusted R Square	standard error of estimate	Change Statistics			
					R square chage	F change	Df 1	sign. F change
1	0.346	0.12	0.104	0.399	0.12	7.477	1	0.008
	Predictors: (Constant), Members Age, Dependent Variable: Income generation							
2	0.297	0.088	0.7	0.397	0.088	4.942	1	0.031
	Predictors: (Constant), Monthly income, Dependent Variable: Living standard							
3	0.62	0.384	0.373	0.381	0.384	34.274	1	0.001
	Predictors: (Constant),income generation, Dependent Variable: Saving							
4	0.413	0.17	0.155	0.447	0.17	11.294	1	0.001
	Predictors: (Constant), Income generation, Dependent Variable: employment							
5	0.309	0.095	0.079	0.381	0.095	5.803	1	0.019
	Predictors: (Constant), Income generation, Dependent Variable: living standard							

Sources: Compiled from collected data

Table 16: Analysis of Variance

	Models	Sum of squares	Df	Mean square	F	Significance
1	Regression	1.188	1	1.188	7.477	.008
	Residual	8.741	58	.159		
	Total	9.993	59			
Dependent variable Income Gen, Predictor:(Constant),Members Age						
2	Regression	.780	1	.780	4.942	.031
	Residual	.8050	57	.158		
	Total	.8830	58			
Dependent variable -Living Standard, Predictor:(Constant),Monthly Income						
3	Regression	4.984	1	4.984	34.274	.000
	Residual	7.998	58	.145		
	Total	12.982	59			
Dependent variable -Savings Predictor:(Constant), Income generation,						
4	Regression	2.260	1	2.260	11.294	.001
	Residual	11.004	58	.200		
	Total	13.263	59			
Dependent variable -employment, Predictor:(Constant), Income generation,						
5	Regression	.844	1	.844	5.803	.019
	Residual	7.998	58	.145		
	Total	8.842	59			
Dependent variable - living standard Predictor:(Constant), Income generation,						

Sources: Compiled from collected data

VIII. RESULT AND ANALYSIS -

From the Table 14, it is seen that the p-value of t-statistic of all coefficients of independent variables are below 0.05, which shows that all independent variables have significant impact on dependent variables of their respective models. Loan assistance from MFIs leads to Income Generation and it has a significant impact on the savings, living standard, and employment creation.

The fitness tests of the models are shown in table 15 and 16, It is seen from ANOVA table (Table No -16) that p- value of F-statistic of all the models is below 0.05, which means that the Regression models are significant at 5% significance level. The analysis state that microfinance Institutions are playing vital roles in income and savings generation, which are statistically significant. It is also found that the living standards of microfinance beneficiaries are significantly increasing slowly. Microfinance or Micro loan facility helps in generating more employment opportunities and thus socio -economic expansion emerges significantly basically in Rural areas. The MFIs also Provides skill development training to some women beneficiaries too that ensures the empowerment of women in rural area.

IX. CONCLUSION

MFIs are putting great effort by their schemes for making the life of the rural people better, for that it is to be recommended that microfinance activities should be expanded more and more for the expansion of socio-economic development. The SHG and JLG model proves efficient for Financial Inclusion among rural women but the rate of Interest should be reduced by MFIs for rural customers. More innovation in the form of tailor-made financial product, Easy Documentation process, adequate loan assistance, and immediate

sanction of loan amount needed to be followed by banks to increase their outreach in rural Odisha and to ensure financial inclusion. Apart from Financial Inclusion and Socio-economic Development, MFIs should sanction loan for achieving Sustainable Development Goals (SDGs), though some MFIs have started giving loan for fulfilling SDGs but there are other MFIs need to move on. microfinance programs are playing major role in alleviating poverty, the government should focus more on the implementation of proper policies that can help more poor people to participate in microfinance activities.

Microcredit and microfinance have gained popularity as a strategy for poverty eradication, social welfare of beneficiaries and for economic empowerment specially women. Microfinance is a way for socio-economic development, particularly in rural areas, where most of the India's poorest people live and where the formal banking sector has failed to serve. Apart from lending finance there some other services except lending activities like, financing for microenterprise and cottage industry development, providing educational loans and scholarships to children, life insurance programs, providing health and medical facilities, MFIs also expresses their presence in social welfare. On Overall Basis, Microfinance Institutions can also contribute to the improvement of resource allocation, promotion of markets, and adoption of better technology; hence it is to be conclude that Microfinance helps to promote economic growth and development of India.

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