

An analysis of awareness level of people about microfinance services: A study in Delhi

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Abstract

Microfinance service is promoted as a poverty relieving tool with a noble cause for many developing countries and economies in the last decade. It has directed the path of growth and development to many backward economies.

It was started in the year 1974 as an experiment to help poor families of small village named Jobra in Bangladesh by professor – Dr. Muhammad Yunus. Endless efforts of Muhammad Yunus to help the under privileged financially led to the establishment of a Grameen Bank in 1979. By 1991 the Grameen Bank had around a million members in Bangladesh, and by the year 2002 the number had augmented to 2.4 million.

Micro-finance programs and institutions have played an important part in reducing poverty and empowering poor women beneficiaries. On one hand, it has been found that micro-finance services have brought about positive socio-economic impacts and resulted in empowerment of poor women (Mosley P. 2001; Hashemi *et al.* 1996; Sharma P. 2007) while on the other hand, some researches have shown negative impacts on borrowers (Aslanbeigui N, Oakes G and Uddin N. 2010; Narayanan P. 2003). Evaluating such observations, the assessment of microfinance services becomes a noteworthy issue for researchers and academicians.

Micro-finance programs have recently become one of the most promising ways to make judicious use of scarce development funds to achieve the alleviation in poverty. The basic idea of micro-finance is simple: if poor people are provided access to financial services, including credit, it can make them capable of starting or expanding a micro-enterprise that will allow them to rise. But to make it a successful tool proper access of the policies to poor and the awareness of the poor regarding the various microfinance programmes is essential.

Though there have been a large number of studies on microfinance regulations and policies, awareness of microfinance in Delhi has not received much attention so far. Therefore, the present study assumes great importance in micro-finance industry.

For the purpose of study, primary data can be collected from officials of different micro-finance institutions operating in Delhi and poor people living in the backward areas of Delhi. The statement of problem, therefore, is “An Analysis on awareness levels of people about the microfinance services: A study in Delhi”.

Keywords: microfinance, microcredit, SHGs, empowerment, awareness, procedures, policies

Introduction

Microfinance has been worldwide established as a major development tool to battle poverty and more specifically aimed at economically empowering the poor and tapping their entrepreneurial skills. It was not prominent before the 1970s but after the advent of microfinance in Bangladesh, it expanded rapidly at the global front.

Nevertheless, with the extent of increasing commercialization of the microfinance sector the debate now rotates around profitability, sustainability and risk minimization. It is being argued that commercialization allows greater opportunities for MFIs to fulfil their social objectives which increases access to a wide range of demand driven microfinance products and services to the poor. But this has led to further making microfinance facilities inaccessible to the poor which defeats the very purpose of setting up MFIs.

Commercial lending institutions necessitate that borrowers have a stable source of income for paying the principal and interest according to the agreed terms. Though, the income of many self-employed households is not steady, irrespective of

their size. Several small loans in large numbers are required to suffice the needy, but lenders are more in favor of dealing with large loans in small numbers because this minimizes the administration costs. The collaterals required by the MFIs should have a clear-title which many low-income families do not have. Further, bankers are likely to consider low income households as risky as they involve excessively high monitoring costs on operation.

India puts stress on providing financial services to the poor and underprivileged since independence. After the nationalisation of commercial banks in 1969, 40% of their loans were to be lent to the priority sector at a concessional rate. The priority sector included agriculture and other rural activities and the weaker section of society in general. This was done to provide resources and employment opportunities to the underprivileged and support them to be self-sufficient.

Also some schemes were launched in 1980 but these programs could not do much due to corruption and leakages in the system. Further, the formal as well as the informal financial credit flow had been less. The main reason for the same was

the collaterals and paperwork involved in formal lending. This led to more and more use of informal credit use where the moneylenders charged exorbitant rates of interest of 2 to 30% per month from the poor farmers.

As a result of this dismal background the Microfinance Revolution trailed worldwide. In India it began in the 1980s with the creation of informal Self-help Groups (SHG) engaging in micro activities financed by Microfinance. India's first Micro Finance Institution named SEWA was setup as an urban cooperative bank. This was followed by formation of MYRADA which was partially financed by NABARD.

The MFIs were formed with the basic aim to provide effective credit delivery system to the poor in order to stimulate entrepreneurial instincts in them to the effect that their value chain contributes to overall economic development. The guidelines and assistance provided by MFIs in the initial phase empowers the beneficiaries with the ability to run/continue their income generating projects. This depends on the fact that the Microfinance facilities are made accessible to the needy easily. Setting up MFIs in several areas in the country is not sufficient, spreading proper awareness of facilities and policies is imperative.

Evolution of Microfinance in India

The evolution of Indian Microfinance sector can be broadly divided into four distinct stages:

- **Cooperative movement stage:** This stage of microfinance lasted for 60 years from 1900 to 1960. During this period, credit cooperatives acted as mediums to extend subsidized credit to villages under government sponsorship.
- **Social banking stage:** After the failure of cooperative banking the next step taken by the government was nationalization. This included expansion of rural branch networks, establishing Regional Rural Banks (RRBs) and the setting up of apex institutions such as the National Bank for Agriculture and Rural Development (NABARD) and the Small Scale Industries Development Bank of India (SIDBI). It also included Integrated Rural Development Programme (IRDP) sponsored by government. This ranged from 1960 to 1990. These steps taken by the government had far reaching effects but led to utter misuse of credit. It created negative perception of micro borrowers' credibility thus making the banking services even more inaccessible for the needy.
- **Growth stage:** This stage marked the extension of credit at market rates. After the failure of social banking a paradigm shift was experienced in the rural credit. It started in 1990 and extended till the year 2000. It led to initiation of SHGs and SHG bank linkage program. The aim was to link the informal women's groups to formal banks. The program helped to increase the banking system outreach to the unreached poor. They were now considered as bank 'customers' instead of bank 'beneficiaries'. This period created a lot of interest amongst the newly formed MFIs mainly of non-profit origin, to collaborate with NABARD. This stage also marked the emergence of new MFIs in the private sector.
- **Commercialization stage:** This stage experienced the commercialization of microfinance. The MFIs perceived the rural markets as new growth drivers. They considered

the rural markets as a new business line and as their corporate social responsibility. On the other end, the NGO-MFIs began transforming themselves into legal entities with more regulations in order to attract commercial investments.

Approaches to Delivery of Microfinance

Micro Finance Institutions (MFIs) around the world follow diverse methodologies. The following are major practices employed by MFIs for delivery of financial services to low income families.

SHG- Bank Linkage Programme (SBLP)

SHG is a small group of about 10-20 people from a uniform class of rural and urban poor who promote savings among members and use these means for meeting their credit needs. The group is democratically formed and chooses its own leaders. The vital features of SHGs are that they constitute of members belonging to the same community or society and have a common economic goal. In this model, the informal SHGs are credit linked with the formal financial institutions. The SHG-Bank Linkage Model has developed as a leading model in terms of number of borrowers and loans outstanding. This model is flexible and imparts freedom of saving and borrowing as per the requirements of group members. Due to widespread rural bank branch network, the SHG-BLM is appropriate to the Indian perspective. Microfinance movement emerged in India with the introduction of this programme. It uses SHGs as an intermediation between the banks and the rural poor to help in decreasing transaction costs for both the banks and the rural clients. Banks provide the resources and bank officials/NGOs/ government agencies help to organise the poor in the form of SHGs. Under this programme, loans are provided to the SHGs with three different methodologies:

- **Method I (SHGs formed and financed by banks):** Under this method, banks themselves take up the task of forming and promoting the groups, open their savings accounts and provide them bank loans.
- **Method II (SHGs formed by other agencies, but financed directly by banks):** Under this method, NGOs and other formal agencies in the field of microfinance facilitate organising, forming and promotion of SHGs and train them in thrift and credit management. The banks directly provide loans to these SHGs.
- **Method III (SHGs Financed by Banks Using NGOs as Financial Intermediaries):** This is the method where the NGOs take on an additional responsibility of financial intermediation along with the formation of groups. In areas where the formal banking system faces limitations, the NGOs are encouraged to form groups and to approach a suitable bank for bulk loan assistance. This method is generally used by NGOs having smaller financial base.

Individual Banking Programmes (IBPS)

In Individual Banking Programmes (IBPs) approach there is a provision by MFIs for advancing loans to individual clients though they may sometimes be organized into joint liability groups, credit and saving cooperatives. This approach is increasingly gaining popularity through cooperatives. All the borrowers are members of organization directly or indirectly

by being a member of cooperative society. Credit worthiness and loan securing are the roles of cooperative societies in which members' savings is assumed to be the key factor.

Grameen Model

Grameen Model was established by Dr. Mohammed Yunus of Grameen Bank of Bangladesh. It is perhaps the most well-known and widely practiced model in the world. In Grameen Model the groups are formed voluntarily comprising of five members each. The lending is made first to two members, then to the next two and subsequently to the fifth member. These groups of five members meet weekly, with other seven groups, so the bank staff meets with forty customers at a time. Though the loans are made to the individuals, yet all the members of the group are held accountable for loan repayment. According to the rules, if one member defaults, all members in the group are denied further loans.

Mixed Approach

Some MFIs started with the Grameen model but later adapted to the SHG approach. Nonetheless they did not completely do away with Grameen type lending and smaller groups. They function as a mix of SHG and Grameen model. There is a marginal difference between these programmes. Grameen programmes have conventionally not given much importance to savings as a source of funds whereas SHGs lay a significant emphasis on the source of funds. The SHG programs have compulsory deposit schemes in which the members themselves determine the amount.

Research Methodology

Objectives

- To study the delivery models of microfinance in MFIs.
- To study the awareness level of various policies and programmes and policies offered by Microfinance in Delhi.
- To suggest ways to spread awareness regarding microfinance and its policies.

Data Collection

Primary Data Collection

Research tool

2 Sets of Questionnaires have been designed:

- To interview the banks(offering Microfinance services) officials for the structure of micro financing in Delhi
- To interview the people residing in Delhi to analyse their level of awareness

Secondary data Collection

Secondary data has been collected with the help of books, magazines, websites, newspapers, and publications of recent research papers available in different websites, Research Journals, E-Journals, RBI Report, and Report of NABARD, DRDA etc.

Sample Area

5 villages of Delhi have been selected at random for the study namely:

- Begumpur
- Jasola

- Meethapur
- Jaitpur
- Narela

Sample size

100 people at random and 100 people who are associated to the various SHG's operating in Delhi were taken as sample. Total no. of respondents is 200.

Data analysis tools

Analysis of quantitative data was done using simple methods of percentages, fractions and frequencies.

Literature Review

Khandker (2006) in his study uses a panel household survey from Bangladesh and observes that access to microfinance contributes to poverty reduction, especially for female members, and to the overall poverty reduction at the village level. Pitt and Khandker (1998) find, using data from three programs in rural Bangladesh, that borrowing from group-lending schemes increased spending of poor households.

Brewer (2007) examines the two different revolutions in small business financing i.e. Increased usage of credit scoring technology and the introduction of MFIs. The findings show that however these two methodologies make use of different technologies, they provide a valuable picture of how lending to small farmers is developing over time.

P. Christuraj and S. Saraswathy (2009) ^[10] in their study focused on the socio-economic changes and empowerment of the SHG members. Their study relates to the group approach and the resultant benefits. The socio-economic changes were measured with the help of twenty parameters with parameter rated on a scale of one to five. The study concluded that the group approach has resulted in socio-economic changes among the members. The study also found that membership of SHGs made the access of members easier to a wide variety of services and enabled them to voice their concerns-against issues like - exploitation, living conditions and other matters. It also enabled collective action by the poor and marginalized to bring about the desired changes to their lives which would not have been otherwise possible. It would be apt to say that SHGs are creating space for marginalized and poor women members to explore new spheres.

Gordon, A.N. and others (2011) ^[7] in their paper focus at links between women's access to micro-finance and how they use maternal healthcare services in sub-Saharan Africa (SSA). The paper found that improved access to micro-finance by women, combined with education may augment maternal health service uptake.

Tiwari, A. (2012) in his study conducts a comparative study between India and Bangladesh in terms of loan lend by institutions to customers, clientele, financial sustainability of MFIs to understand how MFIs in India are performing as against those MFIs in Bangladesh as it is considered to be the initiator of microfinance. The findings discover that Indian MFIs are more profitable and more efficient than those in Bangladesh.

Sarmah, G. N and Das, D. K. (2012) tries to analyze the rule of microfinance and Self-Help Groups (SHG) for the socio economic growth of the poor people in Lakhimpur District of

Assam. Primary data was collected from 50 SHGs of 5 members each SHG (50*5=250 respondents). The outcome of the study was that after joining the SHGs the poor rural people can increase their income and improve their standard of living by performing income generating activities independently.

Nasir, S (2013) attempts to outline the prevalent condition of the microfinance in India in the light of its advent till now and its aim is to provide a cost effective mechanism for providing financial services to the poor. The research finding determines the gap in functioning of MFIs such as practices in credit delivery, lack of product diversification and suggestions to overcome the issues and challenges related with microfinance in India.

Data Analysis and Interpretation

Table 1: Age of respondents

Age of respondents	Frequency	Percentage
18-25	12	6%
26-35	55	27.5%
35-45	77	38.5%
45-55	26	13%
55 and above	30	15%
Total	200	100%

38.5% of the respondents belonged to 35-45 years of age category, 27.5% in the second category i.e. 26-35, then the minimum respondents were in 18-25 category, 13% in 45-55, 15% belong to above 55 years category.

Table 2: Education status of respondents

Education status	Frequency	Percentage
Graduate	2	1%
HSSC pass	21	10.5%
HSSC fail	68	34%
SSC pass	35	17.5%
SSC fail	58	29%
Illiterate	16	8%
Total	200	100%

The maximum number of members are HSSC fail i.e. 34%, only 1% are graduate, 10.5% are HSSC pass, 17.5% are SSC pass, 29% are SSC fail, 8% of the members are illiterate.

Table 3: Marital status of respondents

Marital status	Frequency	Percentage
Married	92	46%
Single	24	12%
Divorcee	48	24%
Widow	36	18%
Total	200	100%

Maximum members are married i.e 46%, only 12% are single, 24% of the members fall in the category of divorcees and only 18% are widows.

Table 4: Occupation of respondents

Occupation	Frequency	Percentage
Service	45	22.5%
Labour	32	16%
Domestic Help	68	34%
Small business	30	15%
Any other	25	12.5%
Total	200	100%

Maximum members are domestic servants i.e. 34%, 22.5% members are into services, 16% are laborers, only 15% carry out small businesses and 12.5 % members are into various other jobs.

Table 5: Number of members in the family

Number of members	Frequency	Percentage
1-2 members	85	42.5%
3-5 members	54	27%
More than 5	61	30.5%
Total	200	100%

Most of the members have 1-2 members in their family i.e. 42.5%, 30.5% members have more than 5 people in their family, 27% members have 3-5 members in their family.

Table 6: Number of earners in the family

Number of earners	Frequency	Percentage
1	123	61.5%
2	48	24%
3	29	14.5%
Total	200	100%

61.5% respondents have only one earning member in the family, 24% have 2 earning members and only 14.5% members have 3 earners in the family.

Table 7: Monthly earning of respondents

Earning	Frequency	Percentage
Below Rs.2000	86	43%
2001-3000	45	22.5%
3001-4000	34	17%
4001-5000	26	13%
5000 and above	9	4.5%
Total	200	100%

Most of the respondents are earning below Rs.2000 in a month i.e. 43%, minimum number of members earn above Rs.5000 i.e. 4.5%, only 13% members earn between Rs.4001 and Rs.5000, 17% of the members earn between Rs.3001 and Rs.4000 and 22.5% of the members are earning between Rs.2001 and Rs.3000.

Table 8: Housing status of respondents

Housing status	Frequency	Percentage
Owned	148	74%
Rented	52	26%
Total	200	100%

74% of the members have their owned residents and the rest 26% reside in rented houses.

Table 9: Awareness regarding microfinance

Response	Frequency	Percentage
Yes	167	83.5%
No	33	16.5%
Total	200	100%

Out of all the respondents 83.5 % were aware of the Microfinance services and the rest 16.5% had no knowledge of the Microfinance services.

Table 10: Awareness regarding various schemes of microfinance

Schemes	Frequency	Percentage
Microcredit	43	21.5%
Micro savings	78	39%
Micro insurance	42	21%
Housing microfinance	23	11.5%
Finance for women	14	7%
Total	200	100%

Most of the members i.e. 39% were aware of the Microsavings scheme of microfinance, 21.5% had knowledge of Microcredit scheme, 21% knew about the Micro insurance scheme, 11.5% knew about the Housing Microfinance policies and only 7% had knowledge regarding the special schemes of Finance for women.

Table 11: Source of information and awareness of microfinance services

Source of awareness	Frequency	Percentage
Advertisement in TV/radio/newspaper	15	7.5%
Friends/relatives/neighbour	61	30.5%
Posters/banners/hoardings	21	10.5%
Bank representatives	32	16%
SHG members/group leaders	23	11.5%
Village panchayat	26	13%
NGO representatives	22	11%
Total	200	100%

The maximum number of respondents(30.5%) came to know about microfinance from friends and relatives, 16% came to know with the help of bank representatives, 13% were told about microfinance by their village Panchayat, 11.5% respondents came to know through the SHG members, 11% through NGO representatives, 10.5% members read about microfinance in the posters, banners and hoardings and only 7.5% respondents came to know about microfinance with the help of advertisements in TV, radio and newspapers.

Findings

There have been some objectives while conducting the research and these have been verified by the research as under:

1. The study focuses on the awareness level of microfinance. It shows that the awareness level about micro finance of the sample studied is 83.5%. The awareness level of the urban poor people about the various schemes and concept of Micro Finance is high.

2. The study shows that the people living in the sample area have a very low level of education. Only 1% are graduates, 34% are HSSC fail, rest of them are also less educated and 8% are uneducated. This means that the sample people need to be educated regarding spending the loan funds on imparting education to their children and should be made aware about the importance of education in their lives for raising the standard of living of the coming generations.
3. The study also shows that poor people of Delhi have awareness about micro finance from various sources like 30.5% of the sample people were aware about micro finance from their relatives, friends and neighbors, 16% people from bank representatives, 13% people from village panchayat, 11.5% people from SHG representatives and 7.5% people from advertisements in radio, TV and newspapers, remaining 21.5% from other sources.
4. It has been analyzed that 21.5% of the sample are aware about micro credit schemes, 21% of the sample are aware about micro insurance schemes, 39% are aware about saving schemes and 11.5% are aware about housing, and 7% of the sample people were aware of finance for women scheme. It is quite evident from the results of the survey that maximum poor people had knowledge of the microsavings scheme and they mostly opted for the same. The lowest percentage i.e 7% were knowledgeable about the finance for women. It means there has been least exposure to women in this area regarding the special schemes for them offered by MFIs.
5. The monthly income of 43% of the sample people is below Rs.2000 which means that there is an urgent need to inform them regarding the schemes offered by microfinance in order to raise their standard of living. They should be made aware of the other non-financial services of microfinance so that they can invest in income generating activities rather than using the available funds for consumption purposes.
6. 61% of the sample people have only one earning member in the family. This limited income hinders their growth, thus causing poverty. They should be educated about the entrepreneurial finance provided by MFIs to support them in starting new business for generating stable incomes to support their family.
7. Though the level of awareness of microfinance in the sample area is quite high yet there seems to be low level of awareness regarding the various schemes.

Recommendations and Suggestions

Suggestions for government

- The government should safeguard the rights of the microfinance customer, with the primary emphasis on ensuring quality of financial services delivery.
- The government should carry out supervision at the level of disclosure of the MFIs to ensure transparency about the risks involved in the micro-credit portfolios. This will keep a vigil on the performance of staff of various MFIs and their recovery practices. This will also encourage MFIs to abide by a proper code of conduct and work more proficiently. However, the cost involved in monitoring and the feasibility is a major concern in this regard.
- To create a supporting framework so that all types of

financial services can reach those who are not financially involved. The government to provide the basic infrastructural facilities such as good roads, schools, hospitals, constant power supply etc in the state to assist individuals avail the benefits of microfinance.

- To increase the transparency of the MFI industry every minute information about lending sources should be integrated with CIBIL (Credit Information Bureau India Limited) or any other credit bureau.
- To reinforce consumer protection, process of debt collection, insolvency information and procedures for the micro-borrower.
- Court proceedings can be established at the panchayat level, or specific agents of the legal system can be appointed who can visit the villages on a regular basis to ensure a prompt and timely redressal of grievances.
- To ensure that the weak groups gain access to services by way of incentives, awarding of licenses, access to capital.

Suggestions for banks and MFIs

- The primary initiative to be taken by the banks is to spread financial literacy among the poor in rural areas. They should establish direct communication with the rural poor. This can be done by organizing awareness campaigns by sending representatives to villages to make the rural people aware of the benefits of the services offered
- The MFIs are providing finance to SHGs but the number of SHGs financed so far is meagre. This is because the banks prefer individual lending over group lending due to the follow up involved in the process for repayment. They may involve NGOs for this purpose which would lessen their risk and burden.
- The bankers can develop the rural poor by tapping the untapped talent. Advisory services can be provided to small budding entrepreneurs for enabling them to select viable business opportunities. Training camps can also be arranged with the help of NGOs in order to inculcate entrepreneurial skills in rural youth.
- Bankers can motivate women by providing them special arrangements. More efforts need to be made in this regard because despite offering special services women seem to be hesitant and less motivated as compared to the males.
- The banks need to ease the lending formalities so that the poor are motivated to use their services. This being a vital cause of reluctance among poor for availing credit from banks. They instead prefer the informal and costlier routes for arrangement of funds.
- The banks should try to access the unbanked rural areas with the help of technology. Mobile banking, Business facilitators are some IT enabled mechanisms to reach the unreached areas.
- Banks and MFIs should keep on introducing more and more schemes under the microfinance net as per the requirements of the rural poor and should increase the fund allocation towards the same.
- Sufficient repayment time should be given to the borrowers as most of the micro-loans are given for start-ups and they might need some time for regular income generation.
- MFIs should provide complete range of services including

credit, savings, remittance, financial consultation and also non-financial services like support and training.

- All the MFIs follow a different pattern of charging the interest rates. This makes the pricing very confusing and hence the borrower feels hopeless in terms of bargaining power. So a common practice unanimously decided by all MFIs for charging interest should be followed to make the sector more competitive and to ensure that the beneficiary gets the freedom to compare different financial products before buying.

Suggestions for beneficiaries

To ensure a successful implementation of MFI programs the beneficiaries should hold an equal responsibility. Few suggestions are listed hereunder:

- The beneficiaries should unite themselves into groups because group linkage model can be very effective if they can develop mutual trust among the group members. The group will provide them a medium to save out of their small earnings and get the loan out of the pooled savings when required. For this the group first gets linked to the bank and the bank then enables the group to procure cheaper finance.
- The beneficiaries should make only productive use of the micro credit by investing in income generating activities instead of indulging in unnecessary expenditures for upgrading their social status.
- The poor should also emphasize on imparting education to their children. A low literacy level hinders the use of financial services offered by the MFIs. An educated person can develop better entrepreneurial skills as compared to an illiterate or a less educated person.
- The rural poor should use their bank accounts for the purpose of saving their small earnings. The bank account should not be a mere embellishment. They should actively operate their accounts.
- It has been observed that the women are less participative in financial services as compared to men, therefore there is a need that the women come forward to take up some economic activities to be economically liberated and contribute to the family income. There are several schemes offered for them with the banks and MFIs.

General Recommendations

1. The size of the loans are too small to cater to the financial needs of the poor. The amount of loans can hardly meet their entrepreneurial needs. Therefore the loan size should be increased.
2. Training should be imparted to the borrowers for making utmost utilization of the available funds.
3. Interest rates should be reduced to encourage more and more applicants to avail microfinance facilities.
4. There should be a check on the level of corruption in our country to prevent the exploitation of microfinance funds in the hands of the politicians in the society.

Conclusion

The significance of microfinance in emerging countries like India cannot be underrated. It plays a vital role for socio-economic upliftment of poor and low income strata of the

society. It would be ideal to augment the creditworthiness of the poor and to make them more "bankable" to financial institutions and facilitate them to succeed for long-term credit from the formal sector. Microfinance as a tool of poverty reduction has been making commendable struggles and giving hopes to the poor who are able and willing to save but are deprived of the adequate finance at reasonable terms.

All the public sector banks are offering a wide range of micro finance services, though the level of distribution of these services is found to be low in terms of funds allocation and customer base. Bankers' involvement in microfinance business is considered to be good as now they perceive it in a positive way while earlier they considered it to be a risky venture. This could be a result of widespread bank branches in rural areas which was not the picture in the past. Interestingly, people having taken micro credit from the formal sources are found to be much content with their services than the ones availing credit from the informal sources. This shows that the formal sources have been successful to some degree in improving the attitude of the rural people towards the organized financial sources, thereby reducing much of their dependency on the pricier and unfair means of finance such as moneylenders. Nonetheless, a substantial portion of the respondents stated that either they were not using micro credit services or using informal sources for availing micro credit. This attitude redirects the orthodox belief of not using loan as it is considered to be bad or one must manage the requirement amongst relatives or friends instead of going outside for the loan. Majority of the people from rural areas (83.5%) are unaware of the micro financing services provided by the banks. It has been observed that no doubt, the formal sector of finance, specifically the banking sector has made a noteworthy progress in achieving the financial inclusion target, but still a lot of efforts are required to pave the way for the micro financing movement among the banking sector. The need of the hour is to change the attitude of the people towards the use of formal sources of finance by spreading more awareness of micro finance services offered by the banks and the use of such services so that they feel driven to avail these sources. Furthermore, the banks should take care of activities which are causing discontent among the customers. For microfinance, to be a dominant instrument of poverty eradication, efforts should be made in right direction with the right spirit.

Scope for further research

The existing research is directed to give an insight into the level of awareness regarding microfinance amongst the people residing in the rural areas of Delhi. The results of the study provide ample opportunities for further research on the subject.

- One related area for further research could be based on a comparison of microfinancing efforts across different states in India.
- As the current study focuses upon microfinance awareness in Delhi only, an in-depth study of the awareness level of people in the southern states can be of much help to make the working of microfinance more effective in this state.
- A comparison of the various institutions providing microfinance services such as banks, co-operatives,

government schemes etc would make an interesting study.

- Another area worthy of research is a detailed analysis of the various microfinance delivery models adopted by banks and their suitability according to some selected geographical locations.
- A comparison of the management of MFIs in Delhi with other states could also be done. This can be helpful in pin pointing the flaws in their working thereby finding out the steps to rectify the same.

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