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A Meta analysis and Systematic Review on Microfinance and its Impact

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Abstract - All economic activities are directed to serve the demand and supply function of scarce resources. One of the largest economic activities is the movement of funds from those who have excess (lenders) to those who have limited (borrowers). This phenomenon has given rise to the emergence of banking services. Although the transfer of funds were done earlier also, but formal banking services has defined the role of borrowers and lenders in an economy in more clear and precise terms. Banking Services in India started in the late 18th Century. Till its inception, banking services has tried their best to include everyone into their scope. But due to several constraints such as illiteracy, complex formalities and regional disparities, a large number of people especially rural masses are still out of the ambit of financial services. This has given rise to the terms – "Financial Inclusion" and "Microfinance". The present paper attempts to review the literature available on impact studies of microfinance programs.

***Keywords* – Microfinance, Financial Inclusion, Employment Generation, Women Empowerment**

Financial inclusion refers to the unrestrained access to the financial services to the vast sections of society, thereby bringing everyone under the umbrella of financial services. Prime Minister of India Sh. Narendra Modi has also stressed on financial inclusion by initiating a scheme known as Jan Dhan Yojna. This scheme highlights the importance of including every citizen under the scope of financial services.

Reports have shown that banks have collected more than Rs. 1500 crore under this scheme as deposits from new customers. More than 3 crore savings bank accounts have been opened in just three weeks since the launch of the scheme. However, it is also estimated that only 20% of the savings accounts opened under the scheme have a positive bank balance whereas only 80 % are still empty.

There is widespread literature available on various dimensions of microfinance. Some has worked on its structure while others have worked on its impact. Hence, literature review for microfinance can be grouped under three heads:

- **Microfinance literature on its origin and operations**
- **Microfinance literature on its impact on Employment Generation**
- **Microfinance literature on its impact on Women Empowerment**

1. <u>Microfinance literature on its Origin and Operations:</u>

There is vast literature available on the emergence of Microfinance. Many studies have been done to justify its origin and need in Indian as well as Global context. Global and Indian context have one common instance that origin of microfinance is not traced exactly. Microfinance existed in the global world in some informal ways as "chit-funds" in India, "arisan" in Indonesia and so on. **(Siebel, 2005)**

Indian Microfinance history is characterized in three stages:

1. Money Lenders
2. Chit Funds or Rotating Savings and Credit Associations(ROSCAs)

3. Merchant Bankers

These stages evolved from a non-formal system to a more formal and organized system. Very recent in this area is Rural Finance in the form of Non Banking Financial System-Microfinance Institutions (NBFC-MFIs).
In 1988-89, NABARD undertook a survey of 43 NGOs spread over eleven states in India to study the functioning of the SHGs and possibilities of collaboration between the banks and SHGs in the mobilisation of rural savings and improving the credit delivery to the poor. Encouraged by the results of field level experiments in group based approach for lending to the poor, NABARD launched a pilot project of linking 500 SHGs with banks in 1991-92 in partnership with non-governmental organisations (NGOs) for promoting and grooming self-help groups of socio-economically homogeneous members. In order to meet their credit requirements, in July 1991 RBI issued a circular to the commercial banks to extend credit to the SHGs formed under the pilot project of NABARD. During the project period different NGOs like Association of Sarva Seva Farms (ASSEFA), Madras; People's Rural Education Movement (PREM), Behrampur; Professional Assistance for Development Action (PRADAN), Madurai; and Community Development Society (CDS), Kerala promoted hundreds of groups. The results were very encouraging. In February 1992, the launching of pilot phase of the SHG- Bank Linkage Programme (SHG-BLP) could be considered as a landmark development in banking with the poor.

Many researchers have supported the view that banking system has been inefficient in achieving the goal of financial inclusion.

- **Sheokand (2000)** in his work titled- "Re-orienting banking with the poor: The SHG-Bank Linkage Way" discussed the failure of Indian banking system in providing financial services to poor people. In view of this, National Bank for Agriculture and Rural Development (NABARD) an apex development bank initiated Self Help Group-Bank Linkage programme in 1992. It was one of the major step taken in view of achievement of financial inclusion mission. The Regional Rural Bank's security-oriented individual banking system was replaced by the provisioning of credit to focused groups. In his findings, SHG-Bank linkage model has been successful in achieving the socio-economic empowerment of poor masses.
- **Jindal (2005)** in a discussion on "Microfinance and SHGs: Role of Government institutions" places importance on the scaling up of the SHGs movement through active collaboration between the Government, NGOs and other civil society organizations.
- **Rosenberg (2004)** stated that in order to achieve full potential, microfinance must become a fully integrated part of a developing country's mainstream financial system rather than being confined to a niche of the development community.
- **Gurumoorthy (2000)** stressed on the importance of Self-Help groups as a viable alternative to achieve the objectives of rural development and to get community participation in all rural development programmes.
- **Rutherford (2002)** in his paper – **"Finance for the poor: from microcredit to micro financial services"** reviews the achievements of the 'microfinance revolution. It finds that there are many opportunities to improve and innovate. It argues that financial services for the poor are essentially a matter of helping the poor turn their savings into sums large enough to satisfy a wide range of business, consumption, personal, social and asset-building needs. The range of such 'swaps' should be wide enough to cater for short, medium and long-term needs, and they must be delivered in ways which are convenient, appropriate, safe and affordable. Providing poor people with effective financial services helps them deal with vulnerability and can thereby help reduce poverty. However, the relationship is driven by complex livelihood imperatives and is not simple. Microfinance is not a magic sky-hook that reaches down to pluck the poor out of poverty. It can, however, be a strategically vital platform that the poor can use to raise their own prospects for an escape from poverty.
- **Morduch (2005)** highlighted the difference between microfinance and microcredit. Microcredit refers to small loans given to the poor people. While microfinance is a broader term which includes efforts to collect savings from low-income households, provide consumption loans and insurance along with micro-credit.
- **Sriram (2002)** explained that the financial sector in India by the end of 1980s was largely supply and target driven. The government sponsored poverty alleviation schemes experienced poor recovery rates with misutilization of subsidy and lack of observation of repayment ethics. The repayment rate under the Integrated Rural Development Programme (IRDP) remained less than one-third and created 40 million bank defaulters. In 1989, with the first official loan waiver, credit discipline was throw to the wind. This created cynicism amongst bankers about the credit worthiness of poor people. Also, a dominant perspective was developed that the finance for poor people was a social obligation and not a potential business opportunity.
- **Harper (2002)** studied the differences, outreach and sustainability of the SHG banking system and Grameen banking system of providing microfinance. SHG bank linkage and Grameen banking systems dominated the microfinance markets in India and Bangladesh respectively. In SHG bank linkage system 10 to 20 members formed a group and this group became an autonomous financial organisation, received loans from the bank in group name and the group members carried all saving and lending transactions on their own behalf. Thus, SHG was effectively a micro bank. But

in Grameen banking system microfinance participants organised themselves into groups of five members and each member maintained her individual saving and loan account with microfinance organization and the main function of the group was to facilitate the financial intermediation process. It was also found that both systems were best suited to their prevailing environments. SHG bank linkage system was more flexible, independence creating and imparted freedom of saving and borrowing according to the member's requirements, so was suitable in the Indian context. But Grameen banking system was more rigid, autonomous, over disciplined and dependence creating system which was suitable in Bangladesh where people were relatively more homogeneous, very poor and had less experience of democracy. It was also found that SHGs were probably less likely to include poor people than Grameen Bank groups but neither system reached the poorest. It was also found that SHG members were free to manage the group financial affairs so they were more empowered but at the same time more vulnerable. Grameen groups were much better protected against internal and external threats. Their members were less vulnerable but also less empowered.

- **Singh (2003)** had explained the failure of government initiated anti-poverty programmes and the success of microfinance programme as an effective poverty alleviation strategy in India. According to him the government-implemented rural development programmes failed because these were centrally invented (lacking participation of local level institutions), politically motivated, had leakages, misappropriation and heavy administrative expenses. More than 250 million people in India remained poor, even after 50 years of independence. Failures of these institutional initiatives and learning from the success of the Grameen Bank in Bangladesh had given way to the development of microfinance programme in India in 1992. Many NGOs who were following SHG promotion approach such as Mysore Resettlement and Development Authority (MYRADA) in Karnataka, Society for Helping and Awakening Rural Poor through Education (SHARE) in Andhra Pradesh came forward in this sector. These NGOs were proving very successful in reducing poverty level of its clients and generating additional employment opportunities. Though in its young age microfinance sector had a diversified growth and multiplicity of impacts, as impact on income, employment, health, education, housing and sanitation etc. The programme was playing an important role in the process of development particularly when subsidy and grant based schemes were losing their importance.
- **Basu and Srivastava (2005)** in their Rural Finance Access Survey-2003 conducted jointly by World Bank and National Council of Applied Economic Research, India, highlighted the inadequacies in rural access to formal finance and the exploitative terms of informal finance, which provided a strong need for innovative microfinance approaches. The survey took a sample of 6000 rural households from two Indian states- Andhra Pradesh and Uttar Pradesh. The study indicated that rural banks serve primarily the needs of the richer rural borrowers and the rural poor faced severe difficulties in accessing savings and credit from the formal sector. The survey showed that 66 per cent of the large farmers had a deposit account and 44 per cent had access to credit. While only 30 per cent of the marginal/landless farmers had a bank account and 87 per cent had no access to credit from a formal source. So, they had to depend on informal sources of finance. Around 44 per cent of the households surveyed, borrowed informally at least once in preceding 12 months and the interest charged on informal loans averaged 48 per cent per annum. It was also found that the largest uses of informal loans were for meeting family emergencies (29 per cent) and social expenditures (19 per cent) arising from events such as births, marriages and deaths. Some 13 per cent of borrowers reported using informal loans for investment related purposes.
- **Yunus (2006)** in a study explained the differences between Grameen Bank and conventional banks. He explained that the Grameen Bank methodology was almost the reverse of the conventional banking methodology. Conventional banking was based on the principle that the more you have, the more you get. As a result, more than half of the population of the world was deprived of financial services of the conventional banks as conventional banking was based on collateral, focused on men, located in urban centers and owned by rich with the objective of profit maximisation. On the contrary, the Grameen Bank started with the belief that credit should be accepted as a human right, where one who did not possess anything get the highest priority in getting a loan. Grameen Bank methodology was not based on the material possession but on the potential of a person. Grameen Bank, which was owned by women, had the objective of bringing financial services to the very poor, particularly women to help them fight poverty, stay profitable and financially sound. Yunus described poor people as a 'human bonsai'. They were poor because society had denied them the real social and economic base to grow on. Grameen Bank's effort was to move them from the flowerpot to the real soil of the society.
- **Sarkar (2008)** in his paper discussed the new model of microfinance in Bangladesh and expressed the need of some institutional reforms in the microfinance development strategy of India. The Grameen Bank had introduced a more flexible credit system named as Grameen-II. Under this new system, loans of different duration suited to individual needs were provided. Besides the duration of the loan, the size of weekly instalments could be varied and the borrower could pay less during the lean season and more during the busy season. All borrowers started with a basic loan. In addition to the basic loan, the same borrowers were also granted a housing loan and a higher education loan simultaneously. The most important feature of the flexible loan was that, if borrowers were unable to repay their loans, they were no longer seen as defaulters; rather they had a legitimate way to remain within the folds of the organisation so that they may continue to receive loans. The Grameen Bank had also introduced a pension fund for its borrowers with a

minimum contribution for each borrower towards a pension deposit scheme. Further, the Grameen Bank had introduced loan insurance for its borrowers to pay off a member's debt in the event of her/his death. In this way, Grameen-II introduced a range of attractive new savings and loan products for its borrowers, which the SHG bank linkage model of India was lacking.

- **Sangwan (2008)** empirically ascertained the determinants of financial inclusion and studied the relevance of Self Help Groups (SHGs) in achieving financial inclusion. For the purpose of the study, the cross-section data of 42 Regions from different states and UTs of India was used. The coverage under financial inclusion was assessed in terms of percentage of adults having credit and saving bank accounts. It suggested that SHGs could play significant role in achieving the financial inclusion especially for women and low-income families.
- **Datta (2009)** in his work titled " Consolidating the Growth of Microfinance" ananlyzed the Microfinance: State of the sector report and concluded that the changing policy and regulatory environment has become much more favourable for the microfinance industry. It was also observed that while the sector shows signs of maturity and growing confidence there is also evidence of **"mission drift"**. This provides the basis for an analysis of some of the opportunities and challenges faced by the microfinance sector.
- **Ahlin, Lin and Maio (2009)** extensively evaluated the MFI performance in macroeconomic context in their work titled – "Where does Microfinance Flourish?" According to them Little is known about whether and how the success of microfinance institutions ("MFI"s) depends on the country-level context, in particular macroeconomic and macro-institutional features. Understanding these linkages can make MFI evaluation more accurate and, further, can help to locate microfinance in the broader picture of economic development.

Microfinance Literature on Efficiency of Microfinance Institutions (MFIs)

Porkodi and Aravazhi (2013) examined the role of microfinance in empowering people. They opined that microfinance is growing in quantitative terms but not in qualitative terms. They suggested that Microfinance Institutions should be managed with better scrutiny in terms of finance and technology as well as social responsibility. They appreciated the role of NGOs in promoting Self-Help Groups linking them with banks. The study concluded that Financial inclusion to be effective, marginal farmers and landless laborers must have unhindered access to the financial services like savings, credit, micro-insurance and remittance facilities. They recommended that Government should focus on creating an environment by:

- Providing Public Infrastructure
- Encouraging Competition
- Focusing on rules based regulation
- Wide Publicity
- Implementing the concept of financial literacy and credit counseling

Sriram M.S., appreciated the tremendous growth achieved by Microfinance in the last half decade. But he also reflected the fact that Microfinance's current region centric growth leaves a huge scope for MFI to grow in other parts of India. It should follow customer-centric flexible model as compared to current standardized product and service model.

Masood and Ahmad (2010) in their paper titled "Technical Efficiency of Microfinance Institutions in India – A Stochastic Frontier Approach) examined the efficiency level of 40 MFIs in India for the period 2005-08. They also analyzed the various determinants of efficiency. Results obtained from the study were very surprising. It showed that mean efficiency of MFIs is found to be 0.34 which clearly implies that MFIs can increase their output level by 66 percent using the same level of inputs and technology. Also, there exist large variations in the average efficiency level among 40 MFIs. A very unique results obtained was that Experience (Age) of MFIs is found to be one of the important determinant of efficiency level but size does not matter much. Also, MFIs located in the southern states are more efficient than others. Estimated coefficient of another qualitative variable shows that unregulated microfinance institutions are more efficient than regulated. Spandana, an MFI located in Hyderabad, AP is found to be highly efficient with a score of 0.89.

2. **Microfinance literature on its impact on Employment Generation:**

Microfinance programme generates self-employment opportunities in rural areas. In this programme, credit support is made available to rural entrepreneurs through the SHGs in the form of micro-loans, who otherwise are often considered non-bankable by the financial sector. The programmes which generate wage employment may not bring the BPL households out of poverty on sustained basis. In the words of Yunus (1994), "Unless designed properly, wage employment may mean being condemned to a life in squalid city slums or working for two meals a day for one's life. Wage employment is not a happy road to the reduction of poverty. Removal or reduction of poverty must be a continuous process of creation of assets, so that the asset-base of poor person becomes stronger at each economic cycle, enabling him or her to earn more and more." This perception is shared by many of the rural poor. Rahman (1996) citing Hirashima and Muqtada, 1986 notes that "in the rural areas among female workers in particular and among all workers in general, self-employment is considered to be more prestigious compared to wage employment."

The impact of any social program would be justified if the tool used is able to measure the change it has brought (positive or negative) in the lives of the target population.

There has been a long debate on the methods adopted for measuring the performance of microfinance institutions. To some experts the methods or tools adopted to measure the performance of microfinance are not appropriate.

Ample of research studies done on impact assessment of microfinance program focuses on one of the two concepts: **"Proving Impact"** and **"Improving Practice"**. A common understanding is that impact assessment is a systematic analysis of the lasting changes – positive or negative, intended or not – in people's lives brought about by an action or a series of actions **(Roche, 1999).**

Cheston and Reed (1999) in their paper titled "Measuring Transformation-Assessing and Improving the Impact of Microcredit" have described that the impact measurement studies are not fully valid. They insisted that microcredit as a poverty alleviation tool must be assessed on the basis of whether the clients of microfinance institutions have been able to transform their lives. On the contrary, the only performance indicators that were used to gauge the effectiveness of microcredit programs were the profitability of the lending institution and the quality of its portfolio. They have described the inappropriateness of these methods by commenting that- "Using profit and loss to measure the impact of microcredit is like using a speedometer to measure the temperature".

Khandker (1998) reported substitutions from wage employment to self employment in the survey of 29 districts in Bangladesh undertaken for the World Bank and the Bangladesh Institute of Development Studies (BIDS). They concluded that microfinance as delivered by Grameen Bank, BRAC and Rural Development accelerated the shift from wage employment in the informal rural sector to self-employment among the poor participants. But they added that absence of technological development had slowed down the overall increase in production and employment.

A study at international level conducted by International Labour Organisation (ILO) (1998) in its different projects concluded that microfinance had successfully increased micro-enterprises and self employment of the clients. An ILO survey of 46 Microfinance Institutions (MFIs) in 24 different countries showed that 74 per cent of MFIs had "the self-employed" as clients.

Morduch (1998) carried out a cross-sectional survey in 1991-92 of 1800 households in Bangladesh to analyse the impact of micro-financing services on the ultimate borrowers. From the study it was concluded that there was increase in consumption and education level of the households using microfinancing services as compared to the households who were not served by any microfinance program.

Puhazhendhi and Satyasai (2000) in their study commissioned by NABARD covered 560 sample households from 223 SHGs spread over 11 states across India. For assessing the impact of the programme, a comparison of pre- and post-SHG situation was made. With a view to quantify the empowerment of SHG members, economic and social empowerment index was computed for each household by using the scoring technique. The findings of this study showed 33 per cent rise in average annual income from pre- to post-SHG situation. Forty per cent of this incremental income was generated by non-farm sector activities. The estimated employment days per household worked out to 375 person days during post-SHG situation that had registered an increase of 17 per cent from pre-SHG situation. Sample households took up 200 additional economic activities by utilizing 85 per cent of the borrowed funds for productive purposes. The share of families living below the poverty line was reduced by 20 per cent in post-SHG situation. The social empowerment of sample SHG members in terms of self-confidence, involvement in decision-making, better communication, etc. improved in a significant way.

Sriram and Upadhyayula (2002) in their study titled "The Transformation of Microfinance in India: Experiences, Options and Futures" has focused on growth and transformation of microfinance organizations in India. Three issues that trigger transformation have been identified- Size, Diversity of Services, Financial Sustainability, Focus and Taxation. They have identified some useful value attributes of Microfinance. First, Microfinance is said to be something which is done by some alternative sector apart from government or commercial sector. Secondly, Microfinance is something done exclusively with the poor. Thirdly, Microfinance grows out of developmental roots.

Till 2002, only two organizations- Sanghamithra Rural Financial Services and Indian Association of Savings and Credit (IASC) were qualified to be classified as microfinance companies as per the definition of RBI.

Kuzilwa (2005) examined the role of microcredit in the generation of employment opportunities in Tanzania. The results are based on the survey of businesses that gained access to credit from microfinance. It was observed that there was substantial increase in the output following the credit access. The owners of the enterprises who have received business training and extension advice performed better than those that did not. The study also asserted that credit is not the only barometer of success. Several other factors such as infrastructural support problems and stiff competition amongst the micro and small-scale producers serves as hindrances to the enterprises.

Borbora and Mahanta (2008) in their case study of Rashtriya Grameen Vikas Nidhi's (RGVN) credit and saving programme (CSP) in Assam examined the role of credit in generation of employment opportunities for the poor. They also assessed the role of SHGs in promoting the saving habits among the poor and the contribution of the programme in social and economic empowerment of the poor in general and of women in particular. The analysis of survey data revealed that 80 per cent of the members in the selected SHGs were from poor families. The members of the groups were engaged in gainful economic activities. It was found that the programme had succeeded in inculcating the habit of saving among the members. As many as 57.8 per cent of the members saved Rs. 200 to Rs. 500 and 42.2 per cent saved Rs. 501 to Rs. 1000 each. It also helped them to free themselves from the clutches of non-formal sources of credit. Forty-three per cent of the sample beneficiaries expanded their income generating activities. The SHGs had helped to set up a number of micro-enterprises for income generation. The focus of CSP was exclusively on rural poor and it adopted a credit delivery system designed specially for them with the support of specially trained staff and a supportive policy with no political intervention at any stage in the implementation of the programme. So, the CSP in Assam was found to be successful.

A comprehensive study has been conducted by **Agricultural finance Corporation Limited in 2008 (SIDBI**). The results studied the impact of microfinance on several dimensions of development. The study found a positive impact on employment, vulnerability, income related effects, women empowerment and many others.

3. Microfinance literature on its impact on Women Empowerment:

Empowerment is an intrinsic quality of a person, which cannot be bestowed by a third party. It is considered that an empowered person's behavior undergoes a change. In a nutshell, empowerment is a process which enables one to gain power, authority and influence over others.

It is a process that allows one to gain knowledge, power, skill-sets and attitude needed to cope with the changing world and the circumstances in which one lives. Empowerment helps the person concerned to exploit the economic environment in increasing the productivity of self, family and the society on the whole.

Hashemi (1996) explained that the microfinance programme in Bangladesh had led to empowerment of women. They had used a measure of length of programme participation among Grameen Bank and BRAC (Bangladesh Rural Advancement Committee) clients to show that each year of membership increased the likelihood of a female client being empowered by 16 per cent. The survey was conducted in 1992 based on 1225 women. A composite empowerment indicator was created based on eight components: mobility, economic security, ability to make small purchases, involvement in major household decisions, and freedom from domination within the family, political and legal awareness and involvement in political campaigning and protests. A woman was considered empowered if she scored five out of eight of the subcomponents. Results showed that Grameen Bank members were seven and a half times more empowered as compared to the comparison group.

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

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

Banu (2001) conceptualised empowerment as the capacity of women to reduce their socio-economic vulnerability and their dependency on their husbands or other male counterparts. They investigated the changes that had taken place in the lives of women who participated in Bangladesh Rural Advancement Committee's (BRAC) rural development programme. The primary data was collected through case studies and household surveys. In order to assess the impact over time the members were categorised in three groups according to the length of membership in BRAC, such as 1 to 11 months, 12 to 17 months, and 48 months or above. The economic dependence of women on their husbands was reduced. Women had begun to acquire positive self-perceptions of their own interests. They had become more confident in travelling and in dealing with other members of the society. It was found that empowerment was continuous process of change that was greatly influenced by the length of time a woman had been involved in BRAC.

Parveen and Leonhauser (2004) in their paper investigated the nature and extent of empowerment of rural women, factors influencing it and further outlined a strategic framework, role of SHGs, education, training and gender awareness for enhancing empowerment. For the purpose of study, qualitative and quantitative methods were integrated and primary data was collected from 156 respondents from three villages of Mymensingh district of Bangladesh during January to April 2003 by applying stratified random sampling. For the purpose of measuring women empowerment, a cumulative empowerment index (CEI) was prepared by adding the scores of six empowerment indicators, namely, contribution to household income, access to resources, ownership of assets, participation in household decision-making, perception on gender awareness and coping capacity to household shocks. The results showed that the level of women empowerment was not very satisfactory at the household level. CEI showed that 11 per cent of the respondents fell under a very low empowerment category and just 5 per cent of them belonged to high empowerment level. Eighty-two per cent of women were concentrated in very low to moderate tail of empowerment distribution. A multiple regression technique was applied to explore the effects of seven key factors of women empowerment. The regression analysis concluded that education, training and exposure to information media had the potential to increase women's empowerment. Therefore, effective initiatives undertaken by the concerned government and non-government agencies in improving women's education, skill acquisition training and access to information could enhance women's empowerment in order to achieve gender equality and development at all levels in the rural society of Bangladesh.

Gaonkar's (2004) research paper aimed at evaluating the role of SHGs in the empowerment of women. Primary data was collected from the state of Goa, India. Out of total 500 SHGs functioning in Goa 100 groups were promoted by National Co-operative Union of India (NCUI). There was an increase in income, savings and consumption expenditures. With the increase in self-confidence, the social horizon of the members had widened. It was also found that with improvements in socio-economic opportunities for women and their ability to take collective action, there had been a significant decline in gender based problems such as domestic violence, dowry, polygamy etc. Interestingly, the members were motivating other women to form SHGs so that they can also reap programme benefits.

Tracey et al. (2006) in their study examined the personal and economic empowerment of rural Indian women through self-help group participation. Data was collected from 100 rural women from the Udaipur district of the state of Rajasthan in India. These women were imparted a skill development training in stitching, embroidery, and patch work through a Sewa Mandir NGO working in Udaipur and Rajsamand districts of Rajasthan. The study was based on both the quantitative and qualitative data which was collected through questionnaires, informal interviews and discussions. The quantitative data found that working women reported enhanced meaningfulness in their

daily lives, increased personal control over spending, enhanced social networks, reduced boredom, increased decision-making power in home and enhanced independence. The inclusion of women in income-generating activities gave support to their personal and economic empowerment. Micro-enterprises and employment provided women with the means for survival, security and growth. Qualitative data revealed positive appraisal of self-worth, independence and self-confidence. The study also found that women's employment meant longer hours of work to meet strict time frames, which resulted in less time for household and family duties. Negative appraisals of pressure, challenge, excessive workloads and stress were indicated. The results showed that the immediate effects of participating in self-help groups for women included an increase in economic strength and an enhanced level of psychological well-being.

Abdul Naeem and his co-authors (2014) has studied the changes in women-entrepreneur due to the provision of microfinance services provided by BRAC, Pakistan using a cross-sectional design study covering 60 females through structured questionnaires. The main focus of the study is to answer the question that does participation in microfinance program have any role in economic and social empowerment of women entrepreneur. The research findings showed that there was significant impact of microfinance on the social and economic empowerment of women. Economic empowerment is more as compared to social empowerment.

Laha and Kuri (2014) in their study entitled –"Measuring the impact of microfinance on Women Empowerment: Across-country analysis with special reference to India has stressed on the microfinance outreach and penetration as one of the important factor in women empowerment. A comprehensive measure of microfinance outreach has been constructed using the three indicators: Penetration, Availability and Usage. On this index, among south Asian countries, India is found to have made a good progress in outreaching its microfinance program.

Chowdhury (2005) examined empirically the impact of micro-credit on poverty in Bangladesh. The focus was on both objective and subjective poverty and particular attention was paid to the length of time, the programme participants had access to micro-credit. Objective poverty is based on the costs associated with obtaining a minimum daily adult requirement of 2,112 calories. Subjective poverty is calculated on the basis of the personal views of the household head regarding the poverty level of his family by asking whether they consider their family poor on the basis of their yearly income. The main finding of the study was that micro-credit was associated with both lowering objective and subjective poverty.

Thus, most of the above studies revealed that microfinance programme had a significant positive impact in reducing poverty, generating more employment opportunities, improvement in living standard, reduced gender inequality and improved status of women, whereas a few studies contradict the success of microfinance programme, particularly regarding the unchanged level of poverty, ineffective reach to the poorest, lower amount of bank loans, unproductive use of group loans and mistargeting of the programme. The review of literature provides an insight into both positive and negative aspects of the programme. In India, most of the studies had been carried out in central and southern regions and there is a dearth of impact of microfinance studies in northern India.

Conclusion:

In view of the availability of wide literature on Microfinance and its impact assessment, it has been observed that microfinance plays a crucial role in achieving the financial inclusion objective. But, there is no such study done in Delhi and NCR comprising Gurgaon, Faridabad. Hence this study intends to aid the policy makers in devising the customized portfolios for Delhi and NCR customers.

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