Project Work

A STUDY ON FINANCING SELF-HELP GROUPS NBFC

Project Report submitted to

Pandit Sundarlal Sharma (Open)
University Chhattisgarh
(Bilaspur)

For the award of the degree of

BACHELOR OF BUSINESS ADMINISTRATION

By

AAYUSH TIWARI

Roll No.: 170550

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Under the Guidance of

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DECLARATION

I the undersigned solemnly declare that the Project Report entitled "**A Study on Financing Self-Help Groups NBFC**" is based on my own work carried out during the course of my study under the supervision of **Dr. Pushkar Dubey.**

I assert that the statements made and conclusions drawn are an outcome of my research work.

I further certify that

1. The work contained in the Project Report is original and has been done by me under the general supervision of my supervisor (s).
2. The work has not been submitted to any other Institute for any other Degree/Diploma/Certificate in this University or any other University of India or abroad.
3. I have followed the guideline provided by the University in writing the Project Report.
4. I have conformed to the norms and guidelines given in the concerned Ordinance of the University.
5. Whenever I have used materials (data, theoretical analysis, and text) from other sources, I have given due credit to them by citing them in the text of the Project Report and giving their details in the references.
6. Whenever I have quoted written materials from other sources, I have put them under quotation marks and given due credit to the sources by citing them and giving required details in the references.

(Aayush Tiwari)

Roll No.: 170550

CERTIFICATE

This is to certify that the work incorporated in the Project Report entitled "**A Study on Financing Self-Help Groups NBFC**" is a record of own work carried out by **Aayush Tiwari** under my supervision for the award of degree of **Bachelor of Business Administration** of **Pandit Sundarlal Sharma (Open) University, Chhattisgarh** Bilaspur, India.

To the best of my knowledge and belief the Project Report:

- Embodies the work of the candidate himself/herself,
- Has duly been completed
- Is up to the desired standard both in respect of contents and language for being referred to the examiners.

(HOD, Management)

ACKNOWLEDGEMENT

In this project, I have made an honest and dedicated attempt to make the Project Report so easy to understand for a person who is willing to get knowledge about the "**A Study on Financing Self-Help Groups NBFC**" I am deeply indebted to my lecturers & my faculties who gave me opportunity of making project report. I am also thankful to my Project supervisor **Dr. Pushkar Dubey**, Head Department of Management for their kind support & suggestion for making project report.

(Aayush Tiwari)

ABSTRACT

This study aimed at examining the need of microfinance, participation in mico finance system and functioning of self-help groups in india.

A self-help group (commonly abbreviated SHG) is a financial intermediary committee usually composed of 10 to 25 local women between the ages of 18 and 40. Most self-help groups are in India, though they can be found in other countries, especially in South Asia and Southeast Asia. An SHG is generally a group of people who work on daily wages who form a loose grouping or union. Money is collected from those who are able to donate and given to members in need.

Members may also make small regular savings contributions over a few months until there is enough money in the group to begin lending. Funds may then be lent back to the members or to others in the village for any purpose. In India, many SHGs are linked with banks for the delivery of micro-credit.

A SHG is a community-based group with 10-25 members. Members are usually women from similar social and economic backgrounds, all voluntarily coming together to save small sums of money, on a regular basis. They pool their resources to become financially stable, taking loans from their collective savings in times of emergency or financial scarcity, important life events or to purchase assets.[1][2] The group members use collective wisdom and peer pressure to ensure proper end-use of credit and timely repayment. In India, RBI regulations mandate that banks offer financial services, including collateral free loans to these groups, on very low interest rates. This allows poor women to circumvent the challenges of exclusion from institutional financial services. This system is closely related to that of solidarity lending, widely used by microfinance institutions.

The study adopted a case study approach on financing self-help group with respect to Sakthi finance Ltd., the data analysis Interpretation & suggestions given by the researcher will provide a clear idea about the improvement of both SHGs member and the NBFCs.

Table of Contents

CHAPTER I – INTRODUCTION

1.1 Introduction

Entrepreneurship play a vital role in the country's economic development. It is realized that poor have enough entrepreneurial potential. However, because of their poor financial strength, they are unable to convert their entrepreneurial dream into reality. Microfinance is the provision of loans and other financial services to the poor. The microfinance has evolved due to the efforts of committed individuals and financial agencies to promote self-employment and contribute to poverty alleviation and provision of social security. India has been able to develop its own model of microfinance organizations in the form of savings and credit groups known as the Self Help Group (SHGs), which are bank-linked. These SHGs are mainly formed and managed by women and this has become an instrument, which has led to women's empowerment and social change. Most of the microfinance institutions in India attempt to go beyond savings and credit groups to provide microfinance services in the form of savings and insurance. Microfinance provides financial services to those whose income is small and unstable. These people are in need of credit facilities for several reasons

- their needs are small and arise suddenly
- the institutional providers of finance namely the banks demand collateral security which they cannot provide
- most of the time, they are in needs of funds to meet their consumption demands, for example, to meet expenses related to education, illness, funerals, weddings for which it is difficult to obtain institution finance for purpose of investment in income generating activities.

Concept of Self Help Group (SHGs) is the most exciting discovery in the context of microfinance. The Indian microfinance scene is dominated by SHGs and theirlinkage with Banks. Owing to the importance of microfinance and self-help groups in the eradication of poverty and in the empowerment of women.

1.2 Microfinance

The term Micro finance has been defined by Marguerite S Robinsonas "Micro finance refers to small scale financial services for both creditsand deposits that are provided to people who farm or fish or herd,operates small or micro enterprises, where goods are produced,recycled, repaired or traded, provide services, work for wages orcommissions, gain income from renting out small amounts of land,vehicles, draft animals, or machinery and tools and to other individualsand local groups in developing countries ,in both rural and urban areas."However Robinson further clarifies that definition could be furthernarrower and more focused, depending on the typology of lending, shehowever maintains that it would be good to keep the definitions to' referto all types of financial services provided to low income households and
Enterprise. The NABARD task force suggested a working definition of microfinance as "provision of thrift, credit and other financial services andproducts of very small amounts to the poor in rural, semi urban or urbanarea's for enabling them to raise their income levels and improve living standard"

Micro finance means providing very poor families with very smallloans (micro credit) to help them engage the productive activities orgrow their tiny businesses. Overtime micro finance has come to concludea broader range of services (credit, savings, insurance etc.) as it hasrealized that the poor and very poor who lack access to traditional formalfinancial institutions require variety of financial products.The history of micro finance shows that this sector has emergedfrom the projects of income generating activities/micro enterprises andin response to the failures of institutional measures of micro red it. The definitions of micro finance include both financial and socialintermediation. Micro finance is not simply a banking activity, it is adevelopmental tool. Micro finance activities usually involve,

- Small loan typically for working capital.
- Informal approaches of borrowers and investors.
- Collateral substitutes such as group guarantees or compulsory savings.
- Access to repeat and larger loans based on repayment performance.
- Streamlined loan disbursements and monitoring.
- Secure saving products.

- Some Micro finance institutions provide enterprise development services such as skill training and marketing and social services such as literacy training and health care.

The micro finance approach attempts to overcome the defects ofthe earlier approaches through credit innovations. The MFIs oftenbalance the dual tasks of social and financial interventions. Building anappropriate micro finance system that is accessible to the poor peopleand sustainable for the lending institutions is a challenge that can beovercome only if both types intermediation exists especially in aneffective manner. This is necessary for overcoming the vulnerabilityimposed by continued reliance on subsidies, by establishing marketbasedsystem that can operate its own. In other words internationalexperiences indicate that the mechanisms must be created to bridge thegaps .created by poverty, illiteracy, gender and remoteness, people'sinstitutions must be built and nurtured and skills and confidence ofclients developed which in turn require balanced social intermediationand sound financial intermediation

1.3 Micro Finance Activities

The most promising innovation of micro finance is availability ofsmall loans at frequent intervals, providing saving services that meet theneeds of small savers, solving the problem of lack of collateral by usinggroup based approaches, nurturing repayment discipline through highfrequency of repayment collection, the use of social and peer pressureand the promise of higher repeat loans, solving the problems oftransaction costs by moving some of these costs down to the group leveland abolishing intermediary costs and increasing outreach throughdesigning staff incentives.Micro Finance Activities are

- Saving services
- Credit access
- Equity contribution
- Risk mitigating linkages
- Insurance linkages
- Sustainability of operations
- Scaling up of these services, credit for promotion of micro enterprises.
- Effective and sustainable micro finance requires good social intermediation and prudent financial intermediation.

- Outreach the poorest of poor-Micro finance activities can support it-~come generating micro enterprises operated by low-income households
- Potential to build on traditional informal financial system- The Mfi's provide financial services similar to traditional system, but with greater flexibility at a more affordable price, making the micro financial services more attractive to a large number of low income people.
- Harnessing local resources-local capital can be tapped in a significant manner through the micro finance programme, which delivers credit and other related services to the poor and women out of their own savings.
- Financial sustainability -Micro finance can help to build financially self-sufficient, collateral free, subsidy free, and customer friendly, locally managed institutions.
- Strengthening and expansion of existing formal financial system
- Existing formal financial institutions like commercial banks, credit union networks and state owned financial institutions can be strengthened by micro finance activities.
- The micro finance activitiescan expand their markets for both savings and credit operations andhave the potential to increase their profitability.
- Availing of better financial products are result of experiments and innovations.

1.4 Need for Microfinance

Microfinance aims at assisting communities of the economically excluded to achieve greater levels of asset creation and income security at the household and community level. Access to financial services and the subsequent transfer of financial resources to poor women enable them to become economic agents of change. Women become economically self-reliant, contribute directly to the wellbeing of their families, play a more active role in decision making and are able to confront systematic gender inequalities. Access to credit has been given considered a major poverty alleviation strategy in India. Micro-credit has given women in India an opportunity to become agents of change. Poor women, who are in the forefront micro-credit movement in the country use small loans to jump start a long chain of economic activity.

Microfinance is accessing financial services in an informally formal route, in a flexible, responsive and sensitive manner which otherwise would not have been possible for the formal system for providing such services because of factors like high transaction cost emanating from the low scale of operation, high turnover of clients; frequency of transaction etc. Microfinance and self-help group must be evolved to see that SHGs do not charge high rates of interest from their clients and improve access to those who cannot sign by their use through thumb impression.

Credit is vital to the poor for overcoming the inevitable and common imbalance between income and expenditure. Credit is also crucial to the poor for income generating activities, like investing in their marginal farms or other small scale self-employment ventures. Their access to formal banking channels, however, is limited due to their low resource bases as well as due to the nature of formal credit institutions. The popularity of the microfinance, self-help groups stems from widespread recognition that formal banking channels are largely ineffective in catering to the credit needs of the poor.

Tiny savings and loans are generally an unattractive business proposition for formal banking institutions. In addition to disincentives faced by the banks, there are also problem faced by the poor in accessing loans from formal banking institutions. For example, to minimize risks, banks demand, collateral security that the average micro borrower does not possess. Banks also insist on complicated procedures that are too time consuming and often too complicated for the poor and illiterate. Even in the implementation of direct lending programmes formal institutions find it difficult to overcome the problem of targeting. The experience is that the rich and powerful typically manage to corner the scare loanable funds. Thus formal banking channels remain largely inaccessible to the poor in India. As a result, the poor continue to be dependent on informal sector lending, paying exorbitant rates or underselling the product and their labour power to the creditor. It was in response to these limitations in formal banking channels that micro credit mechanism were innovated.

1.5 Participants in the Microfinance System

National Bank for Agricultural and Rural Development (NABARD)

NABARD is an apex institution, accredited with all matters concerning policy, planning and operation in the field of credit for agriculture and other economic activities in rural area in India. NABARD was established in 1982 as a Development Bank, in terms of the preamble of the Act, "for providing and regulating credit and otherfacilities for the promotion and development of agriculture, small scale industries, cottage and village industries, handicrafts and other rural crafts and other allied economic activities in rural areas with a view of promoting integrated rural development and securing prosperity of rural areas and for matters connected therewith or incidental thereto." The corporate mission set by NABARD for making available microfinance services to the very poor. In November 1998, a high-powered task force on supportive policy and regulatory framework for microfinance (henceforth referred to as the Task Force) was set up by NABARD at the instance of RBI. The objective of the task force were among others, to come up with suggestions for a regulatory framework that brings the operationsof the microfinance institutions into the mainstream, to access the possible role of self-regulatory organization and to explore the need for a separate legal framework for microfinance.

Reserve Bank of India (RBI)

The earliest reference to micro credit in a formal statement of monetary and credit policy of RBI was in former RBI President Dr.BimalJalan's monetary and credit policy statement of April 1999. The policy attached importance to the work of NABARD and public sector banks in the area of micro-credit. The banks were urged to make all out efforts for provision of microcredit, especially forging linkages with SHGs, either at their own initiative or by enlisting support of Non Government Organization (NGOs). The microcredit extended by the banks is reckoned as part of their priority sector lending, and they are free to device appreciation loan and saving products in this regard.

In 1994, the RBI constituted a working group on SHGs. On the recommendation of SHGs would be reckoned as part of their lending to weaker sections and such lending should be reviewed by banks and also at the State Level Banker's Committee (SLBC) level, at regular interval. Banks were also advised that SHGs, registered or unregistered, which engaged in promoting the saving among their members, would be eligible to open savings bank accounts with banks irrespective of their ailment of credit facilities from banks.

Self Help Groups (SHGs)

The origin of SHGs is from the brainchild of Grameen Bank of Bangladesh, which was founded by Mohammed Yunus, SHG was started and formed in 1975. The establishment of SHGs can be traced to the existence of one or more problem area around

- The ideal size of an SHG is 10 to 12 members (In a bigger group, numbers cannot actively participate).
- The group need not be registered.
- From one family, only one member (More families can join SHGs this way).
- The group consist of either only men or of only women (Mixed groups are generally not preferred).
- Women's groups are generally found to perform better.
- Members have the same social and financial background (Members interact more freely this way).
- Compulsory attendance (Full attendance for larger participation).

Function of SHGs :

- The amount may be small, but savings have to be a regular and continuous habit with all the members. 'Savings first - credit later' should be the motto of every group member.
- The savings to be used as loans to members. The purpose, amount, rate of interest etc. to be decided by the group itself. Enabling SHG members to attain loans from banks, and repaying the same.
- Every meeting, the group will discuss and try to find solution to the problem faced by the members of the group.

Micro-finance Institutions (MFIs)

A range of institutions in public sector as well as private sector offers the microfinance services in India. Based on asset sizes, MFIs can be divided into following categories:-

- 5-6 Institutions which have attracted commercial capital and scaled up dramatically when last five years. The MFIs which include SKS, SHARE and Grameen style program but 2000, converted into for-profit, regulated entities mostly Non-Banking Finance Companies (NBFCs).
- Around 10-15 institutions with high growth rate, including both news recently form for-profit MFIs. Some of MFIs are GrameenKoota, Bandhan and ESAF.

- The bulk of India's 100 MFIs are NGOs struggling to achieve significant growth. Most continues to offer multiple developmental activities in addition to microfinance and have difficulty accessing growth trends.

Private MFIs in India, barring a few exceptions, are still fledging efforts and are therefore unregulated. They secure microfinance clients with varying quality and using different operating models. Regulatory framework should be considered only afterthe sustainability of MFIs model as a banking enterprise for the poor is clearly established.

Non-Government Organizations (NGOs) :

The Non-Government Organizations involved in promoting SHGs and linking them with the Formal Financial Agencies (FFAs) perform the following functions:-

- Organising the poor people into groups.
- Training and helping them in the organizational, managerial and financial matters.
- Helping them across micro credit and linkage with formal financial agencies.
- Channelizing the group effort for various developmental activities.
- Helping them in availing opportunities, widening the options available for economic development.
- Helping them in sustaining the group effort independently even after withdrawal of the NGO.

1.6 Self Help Groups

The growing problem of poverty has promoted economic plannersto come up with various programmes that can help in combating it.While most of these programmes have failed to deliver the expectedresults, certain innovative efforts hold out fresh hopes. One of sucheffort is the formation of self-help groups for enabling the poor toparticipate in the process of developmentIn recent years self-help groups have become significantinstitutions for rural development. This has been particularly so in thecase of poor women. It is now been increasingly realised that instead oftargeting the individual in the process of development, it would be moreuseful to adopt the approach of group development. Poor women do nothave enough capital to take up any business enterprise on an individualbasis. The group approach makes available the collective wisdom andcombined resources for any risk.

Self-help group is an informal and voluntary group of neighbourhood people with equal status/mind-set, formed for fighting for common causeslike poverty, illiteracy, violence and deprivation of basic necessities oflife. "Self-help group is a registered or unregistered group of microentrepreneurs with a homogenous social and economic background,voluntarily coming together to save small amounts regularly andmutually agreeing to contribute to a common fund to meet theiremergency needs on mutual help basis."

A self-help group (SHG) is a small economically homogenous andaffinity group of rural poor generally not exceeding 20 membersvoluntarily coming together;

- To save small amounts regularly,
- To mutually agree to contribute to a common fund,
- To meet their emergency needs
- To have collective decision making,
- To solve conflicts through collective leadership and mutual discussion,
- To provide collateral free loans with terms decided by the group at market driven rates.

Self Help groups have become an important instrument in thedelivery of micro finance services like savings and credit for the poor,especially women. Self-help is one of the attributes of co-operation, as aform of economic organisation; besides economic self-sufficiency it alsoenvisaged propagation of a value system. Since the poor do not haveenterprise as individuals it has to be realised at the group level thedelivery system has to fill the gap. The poor can improve their economicsituation primarily on the basis of self-help.

An SHG may be defined as an informal association consisting of 20or less members and created voluntarily to reap socio economic benefitson the basis of mutual help, affinity solidarity and joint responsibility. The benefits include obtaining easy savings and creditfacilities and pursuing income generating and other social activities.SHG's are mostly informal groups whose members have acommon perception and impulse towards collective action. These groupspromote savings among their members and use the pooled resources tomeet the emergent needs of their members, including the consumptionneeds. Sometimes the internal savings are supplemented by externalresources loaned donated by the non-governmental organizations thatpromote them. SHG's are thus able to provide banking services to theirmembers, which may not be sophisticated but are cost effective, simpleflexible, accessible to their members and above all without any defaultsin repayments of loans. The linking of SHG's to banks helps inovercoming the problem of high transaction costs to banks in providingcredits to the poor, by transferring some banking responsibilities such asloan appraisal, follow up, recovery etc, to the poor themselves.

1.7 Functioning of Self Helps Groups

SHG's can come up on their own or through the intervention ofvoluntary agencies, Ngo's or by officials of financial agencies like banksor by government departments. SHG's have been able to provideprimitive banking services that are cost effective and flexible to theirmembers. SHG's have evolved their own characteristics of functioning.

- Group members usually create a common fund by contributing their small savings on a regular basis.
- Groups evolve flexible systems of working and manage pooled resources on a democratic way.
- (C) Groups consider loan requests in periodic meetings and competing claims on limited resources are settled by consensus.
- Loans are given mainly on trust with minimum documentation and without any security.
- The loan amounts are small frequent for short duration and are mainly for unconventional purposes.
- The rate of interest varies from group to group and also depends on the purpose of the loan. The rates are higher than banks, but much lower than that of moneylenders.
- At periodic meetings besides collecting money social and economic issues are also discussed.
- Defaults are rare due to group pressure and transparency about the end use of credit.

In rural context, the SHG 'S have facilitated the poor, especiallythe women to overcome the existing constraints grappling the formalcredit institutions. These groups provide considerable social protectionand income opportunities to their members. These emerging ruralinstitutions have sought to explore new ways and alternatives, based onvalue system that introduces new type of relationships and takes intoaccount the social and economic aspects of collective living and livelihoodimprovement. Besides these also facilitate the poor women to overcomethe difficulty of providing collateral to raise finance to initiate microincome generating activities and due to better performance, the SHG'shave acquired a prominent status with a view to maximise social andfinancial returns.

1.8 NBFC

The significant role of capital in the process of economic growth has been well recognized in economics. According to Nurkse' capital is as necessary condition of progress though it is not sufficient to mobilize this capital a strong and efficient capital market is of almost important. However, in developing countries capital is scarce and financial markets are not developed in sound lines. Quality of financial market is a unique phenomenon in market which is more prone to imperfection and therefore leads to failure. Hence, there is a realization that the financial sector requires reforms.Changes in financial market and in activities of financial institution affect both the total level of economic activity and the allocation of funds to various sectors and types of activity.

Financial sector reforms and NBFCs

The Narishman committee has recognized the important and growing role of leasing and hire purchase companies in the financial intermediation process and has recommended that.

- A minimum capital requirement should be stipulated
- Prudential norms and guidelines in respect of conduct of business should be laid down and
- Supervision should be based on periodic returns by unified supervisory authority.

Recent development

The Narasimha committee on the reform of the financial system in its report of November 2001 had recognized that non-bank finance companies would necessarily have to be within the main stream of the overall financial sector reform and recommended that prudential norms should be laid down to govern the functioning of those companies. The shah committee, which made an in depth study of the role of NBFCS suggested regulatory and control measures to ensure healthy growth and operations of these companies. It sought to bring about a fundamental strengthening of financial companies by suggesting correct shift in the regulatory approach from the liability to asset side. These shift along with comprehensive legislative framework and effective and enforceable set for regulation and supervision should encourage healthy growth of NBFCS and also ensure me solvency and safety of the financial system.

- At present there are certain limits on the extent of overall borrowing by NBFCS from the banking system. Bank credit was curtailed on a selective system basis and relatively higher borrowing limits were provided for companies. The predominant activity, hire purchase and equipment leasing were provided lower borrowing limit.
- Financial companies which do not comply with the registration and rating requirements many face a situation when their borrowings limit may be curtailed.
- The self-regulatory organization (SRO's) would have an important role to play to ensure that individual members observe the guidelines of the regulatory authorities and function of the prudential basis.

Types of Micro Credit Providers are there in India

Categories of Providers	**Legal Framework governing their activities**
a) Domestic commercial Bank; Public sector bank; Private sector bank; Local Area Banks	(i) RBI Act 1934 (ii) BR Act 1949 (iii) SBI Act (iv) SBI Subsidiaries Act (v) Acquisition and transfer of undertakings Act 1970 and 1980
b) Regional Rural Banks	(i) RRB Act 1976 (ii) RBI Act 1934 (iii) BK Act 1949

c) Co-Operative Banks	(i) Co-operative Societies Act (ii) BR Act 1949 (AACS) (iii) RBI Act 1934 (For sch banks)
d) Co-operative Societies	(i) State legislation like MACS
e) Registered NBFCS	(i) RBI Act 1934 (ii) Companies Act 1956
f) Unregistered NBFCS	(i) NBFCS carrying on the business of a FI prior to the coming into force of RBI Amendment Act 2007 whose application for COR has not yet been rejected by the bank
g) Other providers like societies, Trust, etc.,	(i) Societies Registration Act'60 (ii) Indian Trusts Act (iii) Chapter IIIC of RBI Acts'34 (iv) State money lenders Act.

1.9 NBFC and Microfinance in India

Quest for delivering affordable banking and credit delivery services to the geographically and financially disadvantaged poor is an ongoing process for eons till a ray of hope in the form of Self Help Group approach for building social capital to deliver savings and credit products has been conceptualized. The group approach was then dovetailed into the banking operations which gave birth to the concept of Self Help Group Bank Linkage Programme to work on the synergies of the existing vast network of bank. This savings led group approach to deliver varied services at the doorstep is the most prominent and pioneering Financial Inclusion move till date.

Non Banking Financial Company (NBFC) is a company registered under the Companies Act, 1956 of India, engaged in the business of loans and advances, acquisition of shares, stock, bonds hire-purchase insurance business or chit business but does not include any institution whose principal business includes agriculture, industrial activity or the sale, purchase or construction of immovable property.

The working and operations of NBFCs are regulated by the Reserve Bank of India (RBI) within the framework of the [[Reserve Bank of India Act, 1934]] (Chapter III-B) and the directions issued by it. On November 9, 2017, Reserve Bank of India (RBI) issued a notification outlining norms for outsourcing of functions/services by Non-Bank Financial Institution (NBFCs) As per the new norms, NBFCs cannot outsource core management functions like internal audit, management of investment portfolio, strategic and compliance functions for know your customer (KYC) norms and sanction of loans. Staff of service providers should have access to customer information only up to an extent which is required to perform the outsourced function. Boards of NBFCs should approve a code of conduct for direct sales and recovery agents. For debt collection, NBFCs and their outsourced agents should not resort to intimidation or harassment of any kind. All NBFCs' have been directed to set up a grievance redressal machinery, which will also deal with the issues relating to services provided by the outsourced agency.

Till the 90's large section of the India's rural population was unbanked and austerely overlooked by the mainstream banking institutions. Most of them had to take recourse to informal sources for credit because as compared to formal sources, the informal sources have highly flexible terms and it is easy to obtain loans for consumption needs and also for marriage and other purposes. With least documentation and accessibility as well as availability at any time, the village money lenders are the last resort to many ruralites whose needs are emergent and they don't hesitate to agree to pay exorbitant interest rates during the hour of crisis without realising the deleterious consequences that will follow at a later date like coercive recovery and taking over of the productive assets thereby throwing them into abyss of poverty. Despite the relentless efforts of Government of India and RBI in creating and supporting enabling environment for increasing the outreach of formal financial services to cover the marginalised population, informal sector continued to rule the roost till quite some time.

After extensive trial and research the pilot programme was launched Twenty Five years ago in 1992. The Self Help Group - Bank Linkage Programme (SHG-BLP) was an innovation harnessing the synergy of flexibility of informal system with the strength and affordability of formal system. Three radical innovations were introduced through the

- RBI/NABARD guidelines on SHG-BLP:
- Acceptance of informal groups as clients of banks – both deposit and credit linkage
- Introduction of collateral free lending, and
- Permission to lend to group without specification of purpose/activity/project

This savings led and door step credit delivery mechanism based on social collateralstarted making immediate inroads backed by an enabling policy environment and support from some national level institutions and multilateral agencies.ABARD's experiment in SHG-BLP established the credibility of groups as a bankable proposition and rural people capable of financial discipline. It created a new set of clientele with untapped appetite leading to several NGOs acting as financial intermediaries for on-lending to groups buoyed by the success of SHG-BLP. A new breed of micro lenders was born, the Micro Finance Institutions. As per MFIN, as on 31.03.2017, the Microfinance industry has a total loan portfolio of Rs 106,916 crore. As we celebrate the Silver-Jubilee year of the movement, it is heartening to share visible improvements in all aspects of the movement as compared to last year. During 2016-17, despite the impact of demonetisation on credit disbursement and repayments, combined efforts and initiatives of NABARD, banks, SHPIs, NRLM and Government agencies have given great boost to the SHG-BLP movement.

1.10 Types of NBFCs in India

- Asset Finance Company (AFC) - An AFC is a company which is a financial institution carrying on as its principal business the financing of physical assets supporting productive/economic, such as automobiles, tractors, lathe machines, cranes, generator sets, earth moving and material handling equipments, moving on own power and general purpose industrial machines. Principal business for this purpose is defined as aggregate of financing real/physical assets supporting economic activity and income arising therefrom is not less than 60% of its total assets and total income respectively.

- Investment Company (IC) - IC means any company which is a financial institution carrying on as its principal business the acquisition of securities

- Loan Company (LC) - LC means any company which is a financial institution carrying on as its principal business the providing of finance whether by making loans or advances or otherwise for any activity other than its own but does not include an Asset Finance Company.

- Infrastructure Finance Company (IFC) - Infrastructure finance companies deploys a minimum of three-fourths of their total assets in infrastructure loans. The net owned funds are more than 300 crores and a minimum crediting rating of 'A' and the Capital to Risk-Weighted Assets Ratio is 15%.

- Infrastructure Debt Fund: Non- Banking Financial Company (IDF-NBFC) - IDF-NBFC is a company registered as NBFC to facilitate the flow of long term debt into infrastructure projects. IDF-NBFC raise resources through Multiple-Currency bonds of minimum 5-year maturity. Only Infrastructure Finance Companies (IFC) can sponsor IDF-NBFCs.

- NBFC-Factors- NBFC Factors has principle business of factoring. Factoring is a financial transaction and a type of debtor finance

- Gold Loan NBFCs in India - Over the years, gold loan NBFCs witnessed an upsurge in Indian financial market, owing mainly to the recent period of appreciation in gold price and consequent increase in the demand for gold loan by all sections of society, especially the poor and middle class to make ends meet. Though there are many NBFCs offering gold loans in India, about 95 per cent of the gold loan business is handled by three Kerala based companies, viz., Muthoot Finance, Manapuram Finance and MuthootFincorp. Growth of gold loan NBFCs eventuating from various factors including Asset Under Management (AUM), number of branches, and also the number of customers etc. Growth of gold loan NBFCs occurred both in terms of the size of their balance sheet and their physical presence that compelled to increase their dependence on public funds including bank finance and non-convertible debentures. Aggressive structuring of gold loans resulting from the uncomplicated, undemanding and fast process of documentation along with the higher Loan to Value (LTV) ratio include some of the major factors that augment the growth of Gold loan NBFCs.

- Residuary Non-Banking Companies (RNBCs) - Residuary Non-Banking Company is a class of NBFC which is a company and has as its principal business the receiving of deposits, under any scheme or arrangement or in any other manner and not being Investment, Asset Financing, Loan Company. These companies are required to maintain investments as per directions of RBI, in addition to liquid assets.

1.11 About the Organization

Sakthi Finance Ltd. was incorporated in the year 1955 as a Non-banking finance company [NBFC] initially towards catering the hire purchase financial requirements of the group's TELCO dealership units. This captive hire purchase business eventually transformed the company into a major player in this sector.The able leadership of the Group's visionary Chairman, Dr. N. Mahalingam together with the combined strength of the group in multifarious fields has helped Sakthi Finance Ltd. to become an edifice of mutual trust and faith among the public. Today, Sakthi Finance is one of the leading non-banking finance company with over 49 branches in Tamilnadu, Kerala, Karnataka& Andhra Pradesh. Sakthi Finance has positioned itself as a niche player by introducing refinancing for commercial vehicles and construction equipments. The company offers various financing schemes to cater to the funding requirements of commercial vehicle operators.

The company is a unit of sakthi group promoted by Dr.N. Mahalingam. Originally the Authorised capital of the company was Rs.2 crores divided in Rs.20 lakhs capacity shares of Rs.5 crores by creation of Rs.20 lakhs Rs.20 lakhs equity of Rs.10 each and Rs. 1 lakh, 10 percent convertible preference Shares of Rs.100 each.

Hire purchase finance companies play a major role in the development of road transport and infrastructure industry. They have acted as efficient intermediaries to channelise resources to this vital sector of the economy. The fact that more than 50% of the commercial vehicles hold in the country are financed by NBFC's clearly underscores the contribution made by them to the national economy. Recognising the importance of NBFC's the Narasimhan committee has in its report on Indian financial system commented as follows.Sakthifinace Ltd., was incorporated in the year 1955 to cater to the hire purchase financial requirements of the groups Tel Co Division. The company is part of the Rs.1200 crore sakthi group which has interested in diverse fields such as finance, sugar foundary, dairying, Textiles, Automobile dealership, syntheticgems etc., The group holds dealership for Telco vehicles since 1955.In addition to the above, the group has various charitable trusts which run schools, polytechnics, Arts and science college, engineering colleges and hospitals. The company has registered with reserve bank of India and has credit rating from ICRA for its fixed deposit program.

Dr. A. Mahalingam the group chairman served as a member of the legislative Assembly of Tamilnadu for two terms. He is an eminent Philanthropist and heads several educational and charitable trusts. He has contributed for the upliftment of the society in various forms.he board of directors of SFL is headed by Dr.N. Mahalingam as chairman, The day to day affairs are managed by Mr.N. Balasubramaniam, managing director, under the control and supervision of the board of directors. The Board of directors consists of the following eminent personalities.

Vision: To be amongst the Top 3 Re-Financier's and to become the most preferred Financier of Customers Choice.

Mission: To Partner the Progress of Small and Medium Road Transport Operators (SRTO & MRTO). To provide "End to End Service" leading to Total Customer Solutions with Speed, Flexibility and Integrity.

CHAPTER 2 – SCOPE AND OBJECTIVE

2.1 Scope of the study

Microfinance is an effective tool that can help reduce poverty and spread economic opportunity by giving poor people access to financial services, such as credit and insurance. Scope of the study are

- This study could help in identifying specific areas in the micro finance.
- This could help the company to understand the overall opinion of self-help group.
- The study could help to know about the standard of living of women.
- This study could help the Sakthi finance Ltd. to launch micro finance.

2.2 Objective of the study

- To study the various schemes of financing self help groups.
- To study the effect of finance schemes on the improvement of standard of living of Self-help group members.
- To study the financial performance of organization involved in micro-finance facility.

2.3 Limitation of the study

The present study is subjected to the following limitations:

- The study is based on the opinions expressed where there is a great tendency for fluctuations in response and behaviour, which can lead to certain distortions.
- The questionnaire method carries with it certain inherent limitations, which have to be considered.
- The respondents were unable or unwilling to give a complete and accurate response to certain questions.
- The data collected from the customers may be biased
- Due to time constraints a detailed study could not be made
- Only limited number of questions were asked
- The results are based on survey methods which has its own limitations.

CHAPTER 3 – LITERATURE REVIEW

The concept of microenterprises is recent and is still a developing one. For better understanding the concept clearly, it was also necessary to review literature on SHGs, Microfinance and Microenterprises. References were also found on SHGs and microenterprise related to non-farm sector, rural industrialization, rural development and entrepreneurship development and there were reports of multidisciplinary approach to the subject.

Microfinance has proven to be an effective and powerful tool for poverty reduction. Microfinance is one of those small ideas that turn out to have enormous implications. Sector of microfinance in India shown a successful business model to solve number of challenges faced by financial services sector to provide services to low income population. So, in this paper, we have discussed the concept of micro finance in India. Sector of microfinance in India shown a successful business model to solve number of challenges faced by financial services sector to provide services to low income population. Micro Finance has become an important financial sub-sector in India. Around the world, it has shown to be positively correlated with reducing poverty and improving welfare by allowing the rural people to increase their sources of income. Micro-Finance is emerging as a powerful instrument for poverty alleviation in the new economy. In India, micro-Finance scene is dominated by Self Help Groups (SHGs) - Banks linkage Programme, aimed at providing a cost effective mechanism for providing financial services to the 'unreached poor'. Based on the philosophy of peer pressure and group savings as collateral substitute, the SHG programme has been successful in not only designing financial products meeting peculiar needs of the rural poor, but also in strengthening collective self-help capacities of the poor at the local level, leading to their empowerment.

The field of micro finance has grown in size and stature since its humble origins in 1976 in Bangladesh. The Micro Finance world of today is a world of fast growth, changes in the market and most importantly stiff competition. In this environment achieving and staying in tune with the mission is a real challenge. The SHG (Self Help Group) Bank Linkage Programme of NABARD has emerged as the primary model for providing microfinance services in the country. Encouraged by the success of the programme, NABARD promoted the linkage of Micro Finance Institutions (MFIs) with the banking sector. The uniqueness of the micro finance through SHG is a partnership based approach which encouraged NGOs to undertake not only social engineering but also financial intermediation especially in areas where banking network was not satisfactory. The rapid progress achieved in SHG formation, which has now turned into an empowerment movement among women across the country and laid the foundation for emergence of MFIs in India. Micro Finance institutions have expanded the frontiers of institutional finance and have brought the poor, especially poor women into the formal financial system and enabled them to access credit and fight poverty.

Sane, R. and Thomas, S. (2013) focus on the appropriate regulatory stance towards microfinance and analyses the puzzles of financial regulation in this field from first principles and argues that mainstream mechanisms of consumer protection and micro-prudential regulation need to be modified. The research findings suggest regulatory strategies that need to be adopted for dealing with micro credit and financial distribution should focus on the poor.

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

Kamath, R., Dattasharma, A and Ramanathan, S (2013) analyze how the daily household cash flows get impacted with or without MFI loans by using the financial diary methodology with 90 poor household in Ramanagaram, Karnataka, India. The finding shows that the microfinance movement in India still has a long way to go in being truly “bottom-up”.

Barinaga, E (2013) describes the first year of efforts to introduce microfinance as a tool to work with vulnerable groups in Sweden and to discuss whether microfinance can be seen as a tool to analyze social change in developed welfare states such as Sweden. The analysis shows the mobilization and generation of social capital and the frame alignment process set in motion by microfinance.

Duflo, E. et al. (2013) studied on the first randomized evolution of the impact of introducing the standard microcredit group-based lending product in a new market. They found no changes in any of the development outcomes that are often believed to be affected by microfinance including health, education, and women empowerment. Ranjani, K. S. (2012) outlines the need for conceptual framework for regulation of MFI in India. The research findings suggests that like every other financial intermediary, microfinance institutions will benefit the customer as well as the industry at large when they subject themselves to both self and statuary regulations. Vichore, S. (2012)7 discuss how the giant microfinance company (SKS) after taking a transformation root to commercialization has focused only on the promoters profit and not the investors and the study also focuses on understanding what caused microfinance in India to trip. For analyze of MFI, the study of M-CRIL, NABARD and relevant publication on the development of related area in the country is been studied. The findings that postulate the idea there the MFIs to ensure more measured growth and better control system. It also requires more informed investor behavior to ensure that capital flows to socially responsible institutions in support of long term economic benefits of financial inclusion rather than in pursuit of short term financial gains.

Tiwari, A. (2012) conducts a comparative study between India and Bangladesh in terms of loan lend by institutes to customers, clientele, financial sustainability of MFIs in order to understand how MFIs in India are performing as against those MFIs in Bangladesh as it is considered to be the originator of microfinance. The findings discover that no doubt Indian MFIs are more profitable and operating more efficiently than those in Bangladesh.

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

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

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

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

Vichore, S and Deshpande, S (2012) analyses the financial performance of independent micro finance institutions (MFIs) in terms of cost efficiency, cash constraints and net portfolio in India and the role of micro finance in the Indian economy. It also focuses on the current performance of the sector in relation to financial services in general. The data used for the research is supported by NABARD, M-CRIL and RBI. The finding shows that primarily the regulations improvisation which is caught in the head light of draconian regulation is uncertain which way to go and the crisis not only had the effect of bringing micro finance in Andhra Pradesh to a halt it also caused a sudden rash of prudence in commercial bank lending to MFIs resulting in an increase in lending rates.

CHAPTER 4 – RESEARCH METHODOLOGY

Research Design

Kothari (2004) defines research methodology as a way of finding a solution for research problems or it can be described as a science that deals with how research is carried out scientifically. Kothari (2004) points out that research methodology is important for researchers in order for them to do research in a way that highlights and gives essential training in collecting material and arranging and putting it together for carrying out research. Kothari (2004) also adds that there are two basic approaches to research: qualitative research and quantitative research. For this research qualitative research is applied. A Research design is the arrangement of condition for collection and analysis of data in a manner that aims to combine relevance to the research purpose, with economy in procedure". In this study descriptive type of research design is used.

Sources of Data

For collecting data, both primary and secondary data collection methods are used.

- Primary Data
- Secondary Data

a. Primary Data

- Data originally collected in the process of the investigation are known as primary data.
- The primary data are those which are collected a fresh and for the time and thus happen to be original in character.

b. Secondary Data

- The data's collected by other persons are called secondary data.
- The secondary data are those which have already been collected by someone else and which have already been passed through the statistical process.

Sampling design

Member of Thane have been selected as sample using non-probability convenience sampling technique.The NBFCs from Thane have been selected on the basis of purposive samplings as the companies are observed to be similar in nature and in the NBFC business.

Sample size

The sample size taken for the study is 60.

Sampling technique

In this study convenience sampling techniques was used. In this method the sample was selected based on the convenience of both researcher and the respondents.

Period of the study

The study covers a period of 45 days.

Tools for Analysis

- Simple Percentage

Simple Percentage

Simple Percentage is calculated based on the data collected form the respondents. It is quite simple and commonly used method.

CHAPTER V –DATA ANALYSIS & INTERPRETATION

1. Table showing the basis how groups are formed

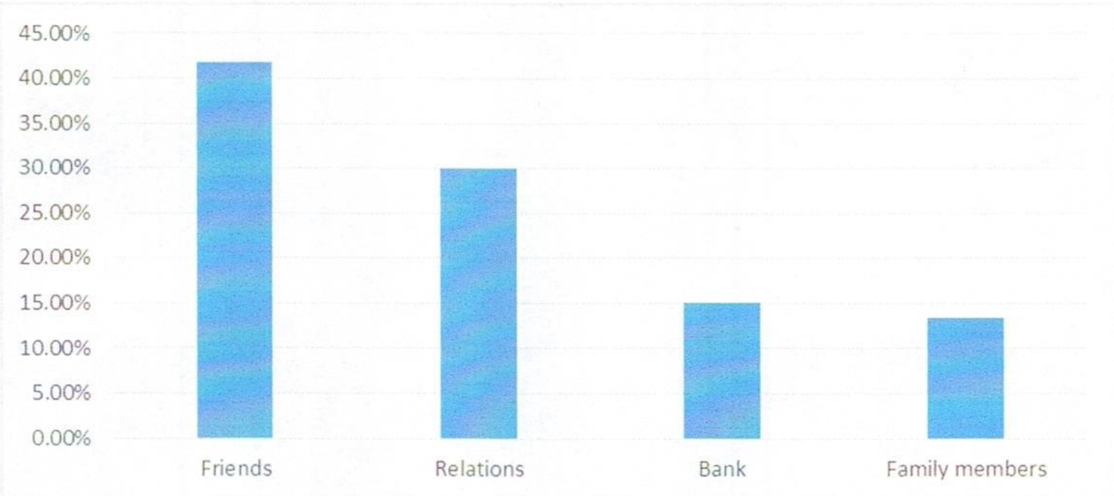
S.No	Group	No. of Respondent	Percentage
a.	**Friends**	15	25%
b.	Family members	20	33%
c.	Society	24	40%
d.	Others	1	1.7%
	Total	**60**	**100%**

INTERPRETATION

From the above table it is clear that out of the total respondent taken for the study, 40% of them belong to the group of Friends, 33% of them belong to the group of family members, 25% of them belong to the group of society, 1.7% of them belong to the group others.Majority of the respondents belong to the group of society.

2. Table showing the person who influence to join as a member in this group

S.No	Group	No. of Respondent	Percentage
a.	**Friends**	25	41.7%
b.	Relations	18	30%
c.	Bank	9	15%
d.	Family members	8	13.3%
	Total	**60**	**100%**

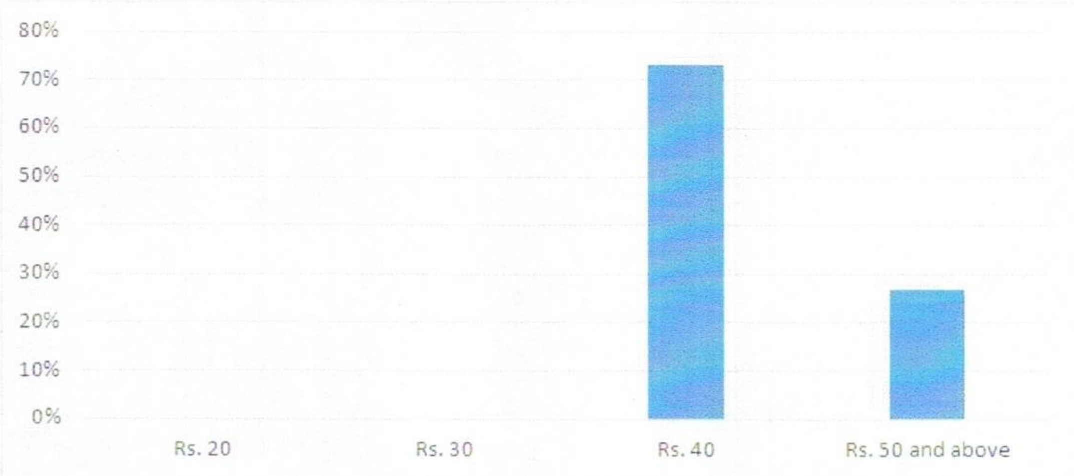


INTERPRETATION

From the above table it is clear that out of the total respondent taken for the study, 41.7% of them are influenced by friends, 30% of them are influenced by relations, 15% of them are influenced by banks, 13.3% of them are influenced by family members.Majority of the respondent influenced by friends.

3. Table showing the capitation paid by the group members

S.No	Group	No. of Respondent	Percentage
a.	Rs. 20	-	-
b.	Rs. 30	-	-
c.	Rs. 40	44	73.3%
d.	Rs. 50 and above	16	26.7%
	Total	**60**	**100%**



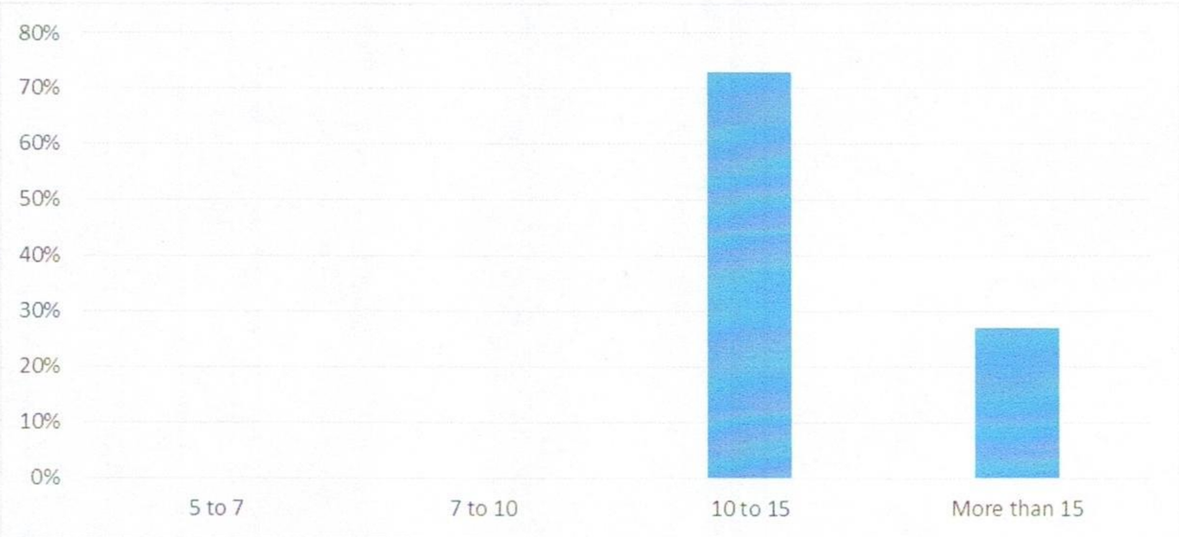
INTERPRETATION

From the above table it is clear that out of the total respondent taken for the study, 73.3% of respondents paid Rs.40, 26.7% of the respondents paid Rs. 50 and above.

Majority of the members paid Rs.40.

4. Table showing the total number of members in the group

S.No	Group	No. of Respondent	Percentage
a.	5 to 7	-	-
b.	7 to 10	-	-
c.	10 to 15	44	73%
d.	More than 15	16	27%
	Total	**60**	**100%**

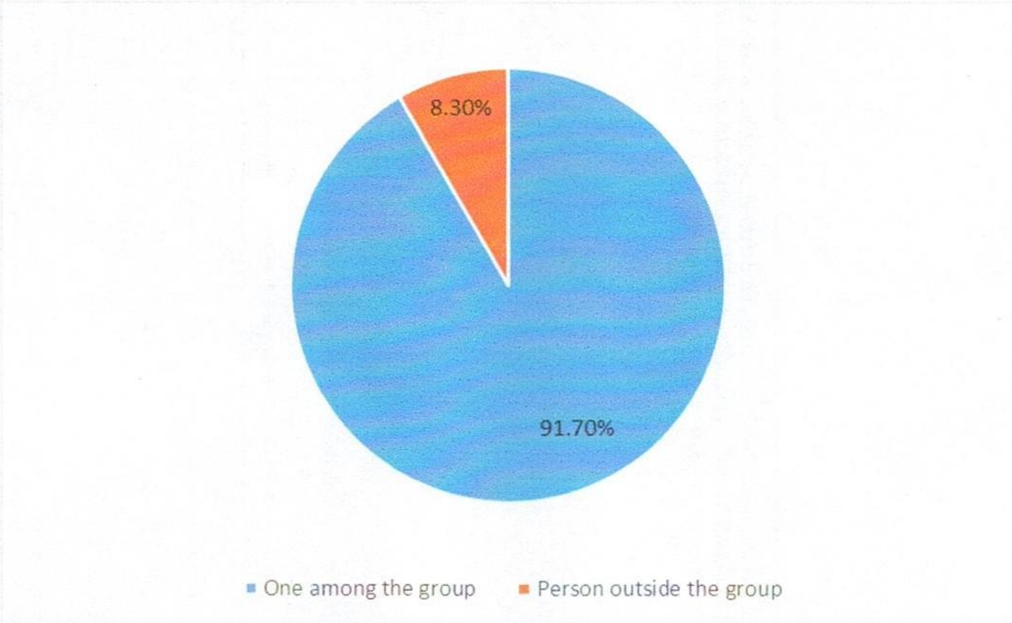


INTERPRETATION

From the above table it is clear that out of the total respondent taken for the study, 73% of them belong to a group of 10 to 15 members, 27% of them belong to a group of more than 15 members.Majority of the members belong to 10 to 15 members group.

5. Table showing the Person who had taken the responsibility in their group

S.No	Members	No. of Respondent	Percentage
a.	One among the group	55	91.7%
b.	Person outside the group	5	8.3%
	Total	**60**	**100%**

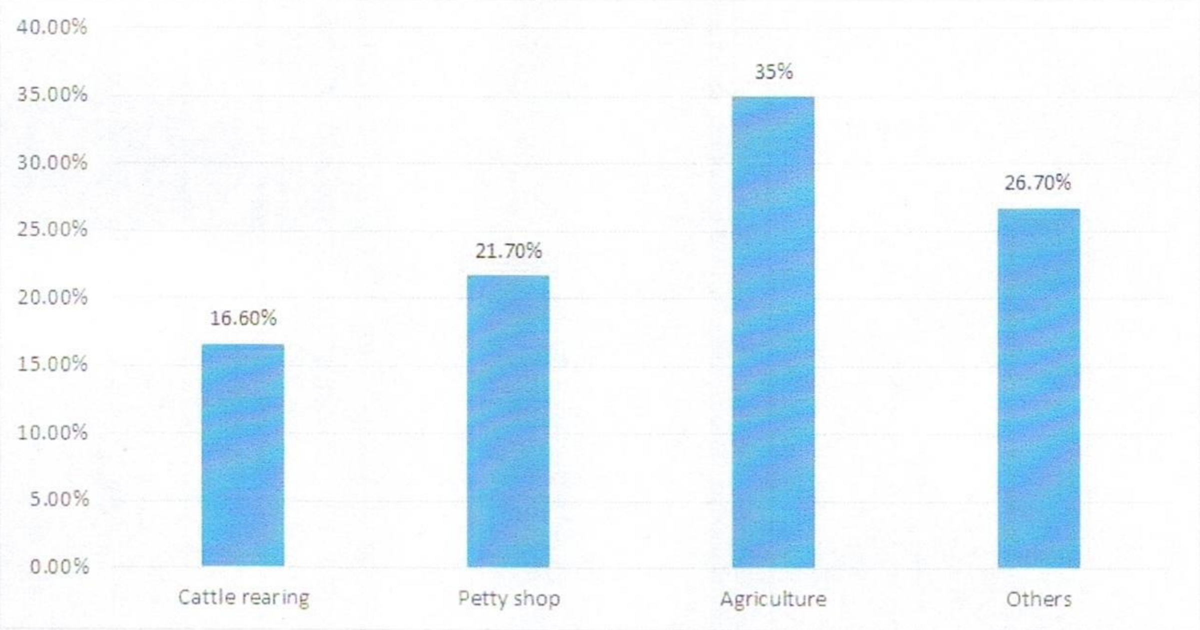


INTERPRETATION

From the above table it is clear that out of the total respondent taken for the study, 91.7% of them belong to one among the group, 8.3% of them belong to the person outside the group.

6. Table showing the Job before entering this micro credit facility

S.No	Occupation	No. of Respondent	Percentage
a.	Cattle rearing	5	16.6%
b.	Petty shop	13	21.7%
c.	Agriculture	21	35%
d.	Others	16	26.7%
	Total	**60**	**100%**

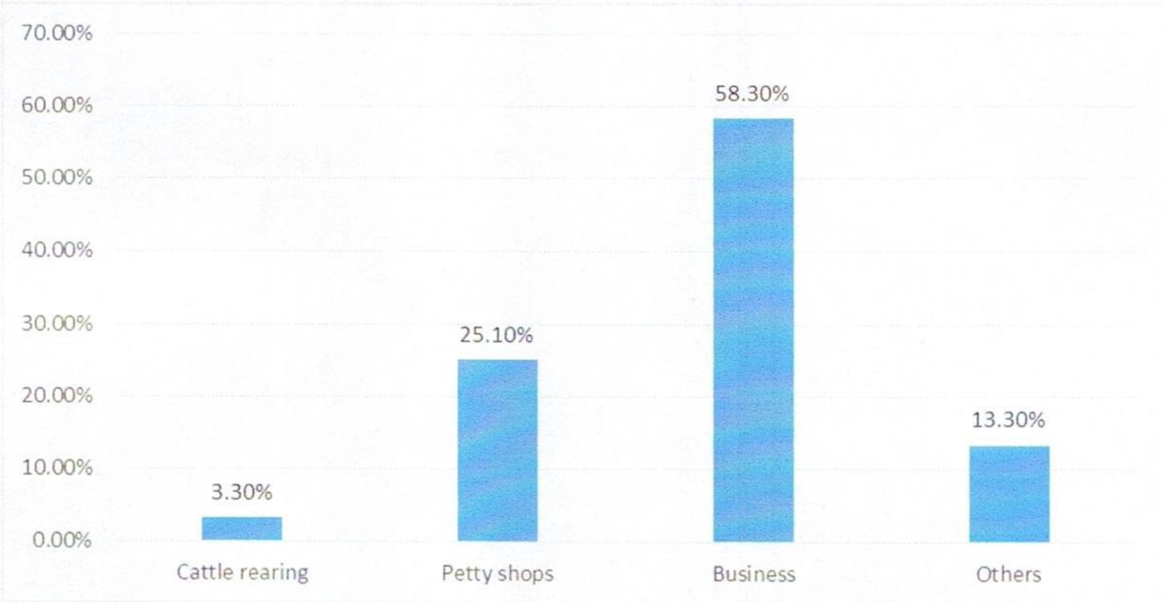


INTERPRETATION

From the above table it is clear that out of the total respondent taken for the study, 35% of them belong to agriculture, 26.7% of them belong to other jobs, 21.7% of them belong to petty shop, 16.6% of them belong to cattle rearing.Majority of the members belong to agriculture.

7. Table showing the Current Job of The respondents

S.No	Current Job	No. of Respondent	Percentage
a.	Cattle rearing	2	3.3%
b.	Petty shops	15	25.1%
c.	Business	35	58.3%
d.	Others	8	13.3%
	Total	**60**	**100%**



INTERPRETATION

From the above table it is clear that out of the total respondent taken for the study, 58.3% of them belong to business, 25.1% of them belong to petty shops, 13.3% of them belong to others and 3.3% of them belong to cattle rearing.Majority of the members belong to business.

8. Table showing the Income level of previous Job of the respondents

S.No	Income	No. of Respondent	Percentage
a.	**Less than Rs. 500**	20	33.3%
b.	Rs. 500 to Rs. 1000	18	30%
c.	Rs. 1000 to Rs. 1500	13	21.7%
d.	above Rs. 1500	9	15%
	Total	**60**	**100%**

INTERPRETATION

From the above table it is clear that out of the total respondent taken for the study, 33.3% of them belong to the less than Rs. 500, 30% of them belong to the Rs.5000 to Rs. 1000, 21.7% of them belong to the Rs. 1000 to Rs. 1500, 15% of them belong to the above Rs. 1500Majority of the respondent belong to the category of less than Rs. 500.

9. Table showing the present Income level of respondent

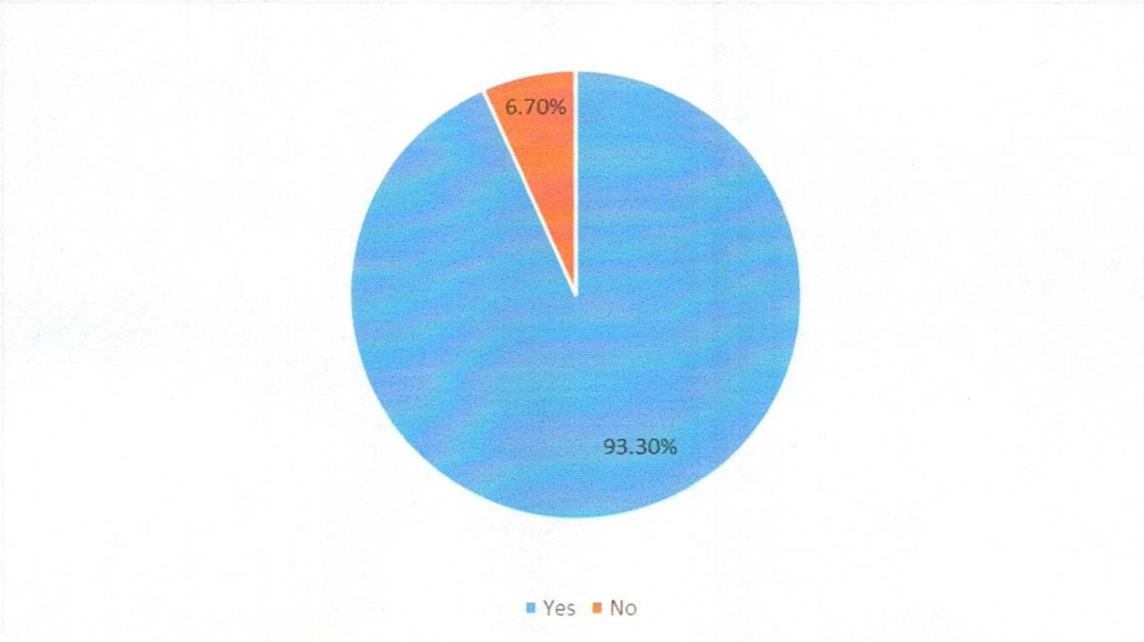
S.No	Income	No. of Respondent	Percentage
a.	**Less than Rs. 2010**	22	36.7%
b.	Rs. 2010 to Rs. 2500	17	28.3%
c.	Rs. 2500 to Rs. 3000	13	21.7%
d.	above Rs. 3000	8	13.3%
	Total	**60**	**100%**

INTERPRETATION

From the above table it is clear that out of the total respondent taken for the study, 36% of them belong to the less than Rs. 2010, 28.3% of them belong to the Rs.2010 to Rs. 2500, 21.7% of them belong to the Rs. 2500 to Rs.3000, 13.3% of them belong to the above Rs. 3000.Majority of the respondents belong to income level of less than Rs. 2010.

10. Table showing whether there is a base for getting SHGs Loan

S.No	Category	No. of Respondent	Percentage
a.	Yes	56	93.3%
b.	No	4	6.7%
	Total	**60**	**100%**



INTERPRETATION

From the above table it is clear that out of the total respondent taken for the study, 93.3% of the respondents are having base for getting SHGs Loan, and 6.7% of the respondents do not have base for getting SHGs Loan facility.Majority of the respondent have base for getting SHGs Loan facility.

11. Table showing the basis for getting SHGs Loan

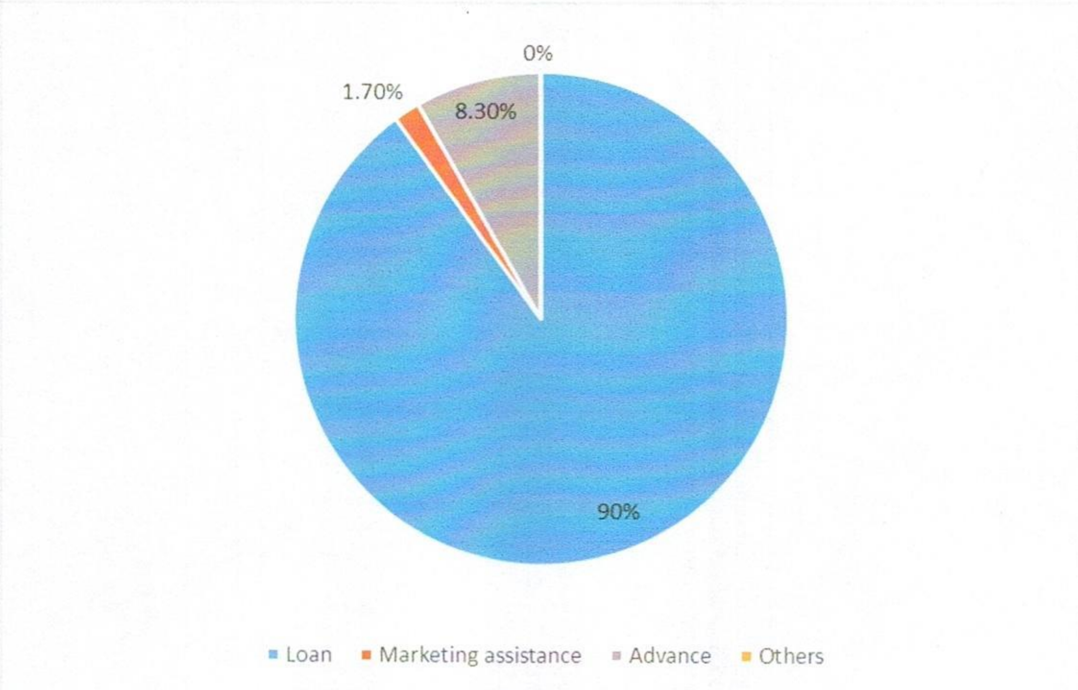
S.No	Basis	No. of Respondent	Percentage
a.	Bank A/C	57	95%
b.	Pds certificate	3	5%
c.	Others	-	-
	Total	**60**	**100%**

INTERPRETATION

From the above table it is clear that out of the total respondents taken for the study, 95% of them are getting SHGs Loan through bank account, and 5% of them are getting through Pds certificate.Majority of the respondents get SHGs Loan through bank account.

12. Table indicating the kind of credit facility gained by self-help group

S.No	Income	No. of Respondent	Percentage
a.	Loan	54	90%
b.	Marketing assistance	1	1.7%
c.	Advance	5	8.3%
d.	Others	-	-
	Total	**60**	**100%**

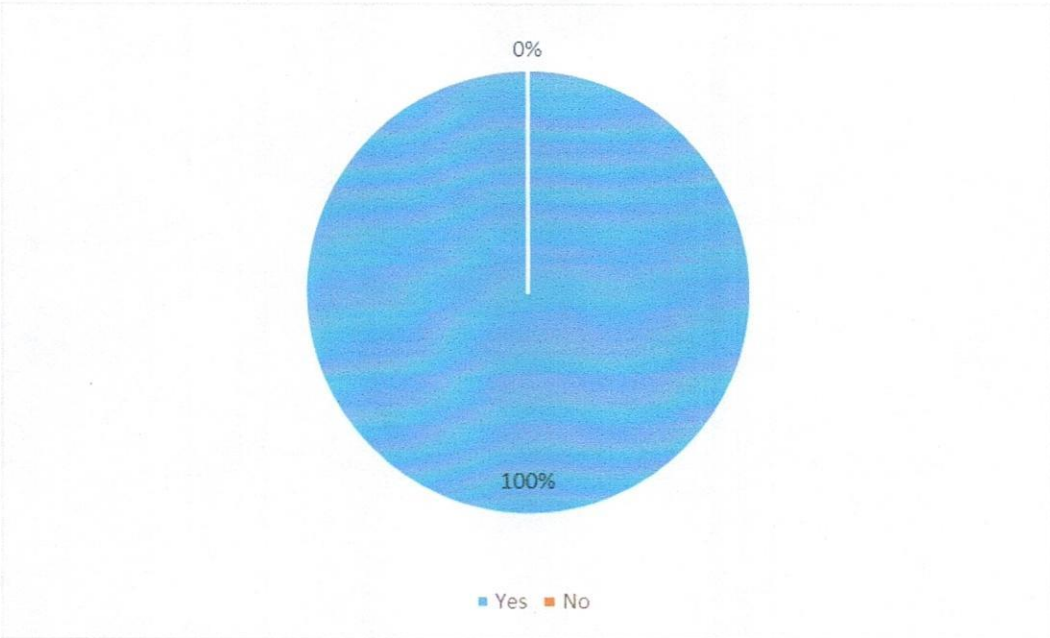


INTERPRETATION

From the above table indicating that out of the total respondents taken for the study, 96% of them are getting loan as credit facility, 8.3% of them are getting advance as credit facility, 1.7% of them are getting marketing as credit facility assistance.Majority of the respondents getting loan as credit facilities.

13. Table showing the satisfaction of the respondents

S.No	Category	No. of Respondent	Percentage
a.	Yes	60	100%
b.	No	-	-
	Total	**60**	**100%**

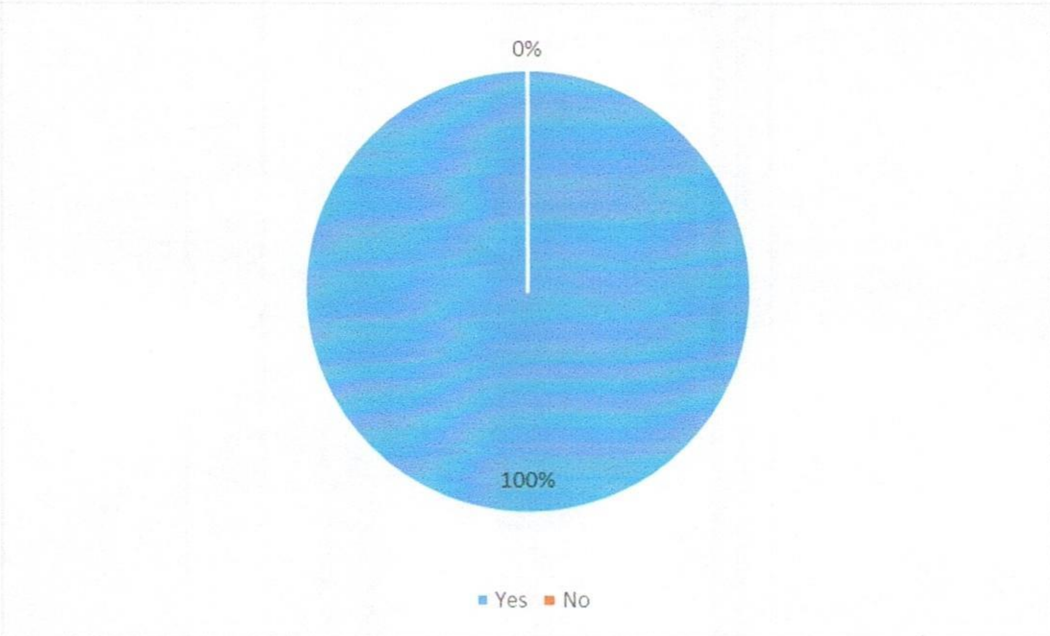


INTERPRETATION

From the above table it is clear that out of the total respondents taken for the study, 100% of them are satisfied with this SHGs Loan.Majority of the respondents satisfied with this facility.

14. Table showing weather the respondents withstand on their own Income

S.No	Income	No. of Respondent	Percentage
a.	Yes	60	100%
b.	No	-	-
	Total	**60**	**100%**

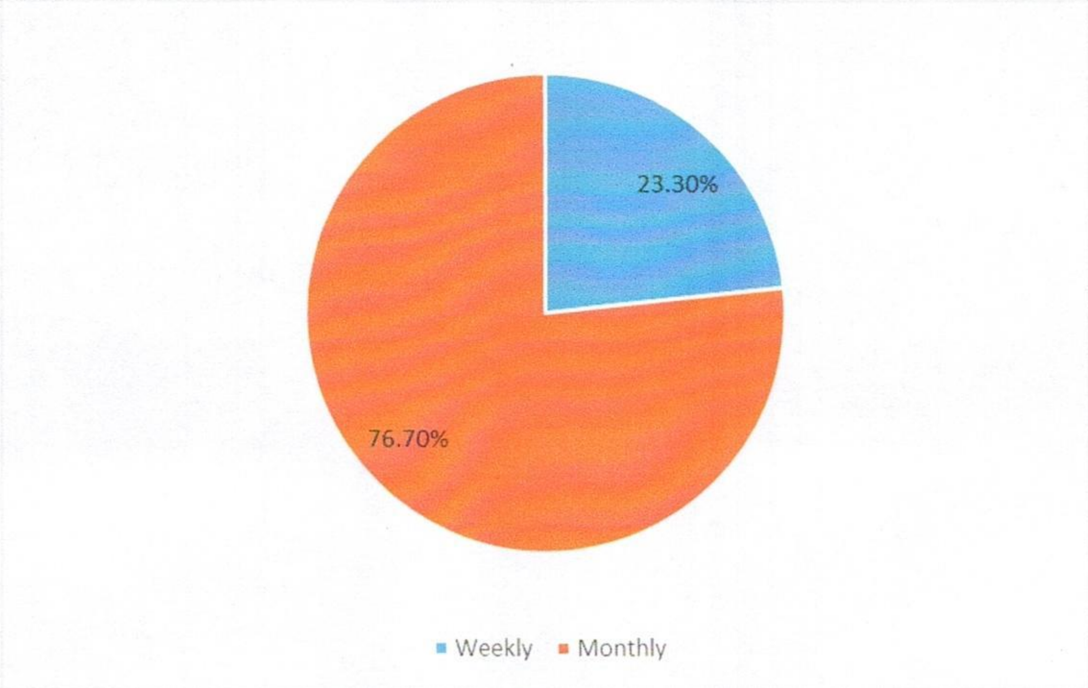


INTERPRETATION

From the above table it is clear that out of the total respondents taken for the study, 100% of them are able to withstand on their own income.100% of the respondents able to withstand on their own income.

15. Table showing the term of repayment of loan

S.No	Income	No. of Respondent	Percentage
a.	Weekly	14	23.3%
b.	Monthly	46	76.7%
	Total	**60**	**100%**

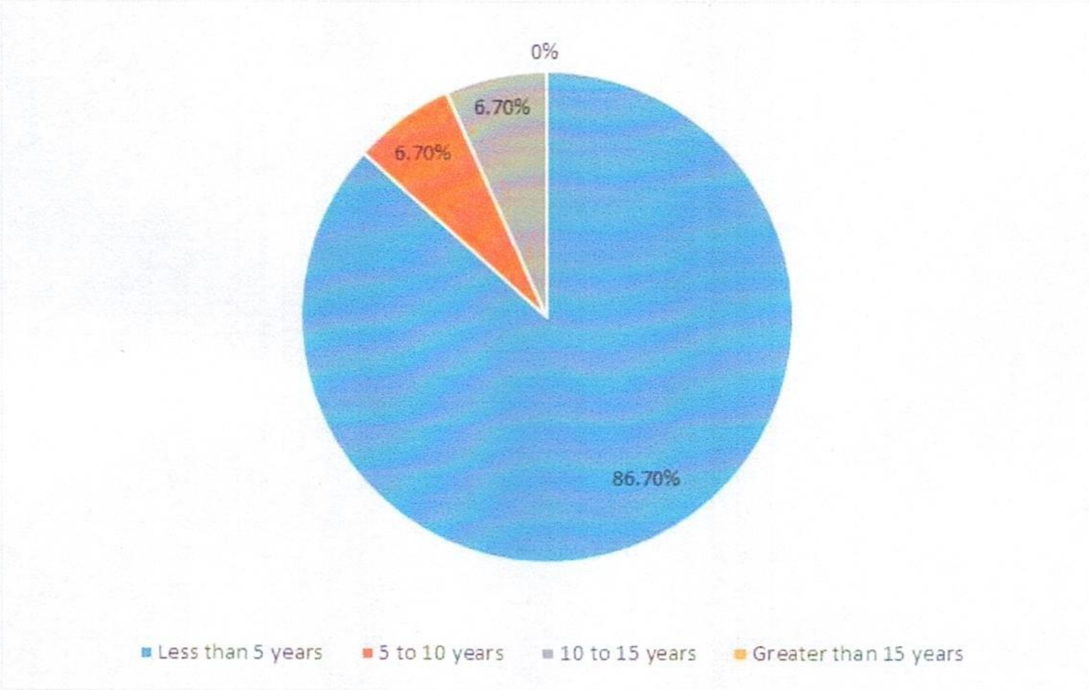


INTERPRETATION

From the above table it is clear that out of the total respondents taken for the study, 76.7% of them repay the loan monthly, 23.3% of them repay the loan weekly.Majority of the respondents repay their loan amount on monthly basis.

16. Table showing the Extend time of loan availed by respondents

S.No	Time Period	No. of Respondent	Percentage
a.	**Less than 5 years**	52	86.7%
b.	5 to 10 years	4	6.7%
c.	10 to 15 years	4	6.7%
d.	Greater than 15 years	-	-
	Total	**60**	**100%**

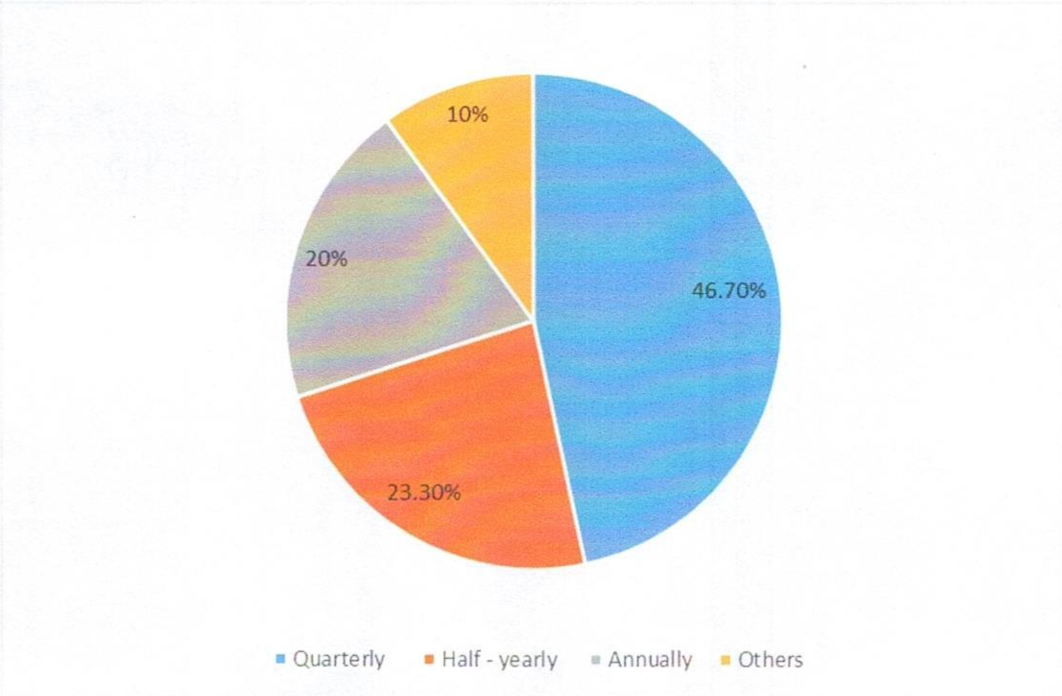


INTERPRETATION

From the above table it is clear that out of the total respondent taken for the study, 86.7% of them satisfied with less than 5 years time period of loan repayment, 6.7% of them satisfied with 5 to 10 years time period of loan repayment, 6.7% of them satisfied with 10 to 15 years time period of loan repayment.Majority of the respondents are satisfied with less than 5 years of time period of loan repayment.

17. Table showing the changes to be made by the respondents in the loan repayment system

S.No	Category	No. of Respondent	Percentage
a.	Quarterly	28	46.7%
b.	Half - yearly	14	23.3%
c.	Annually	12	20%
d.	Others	6	10%
	Total	**60**	**100%**

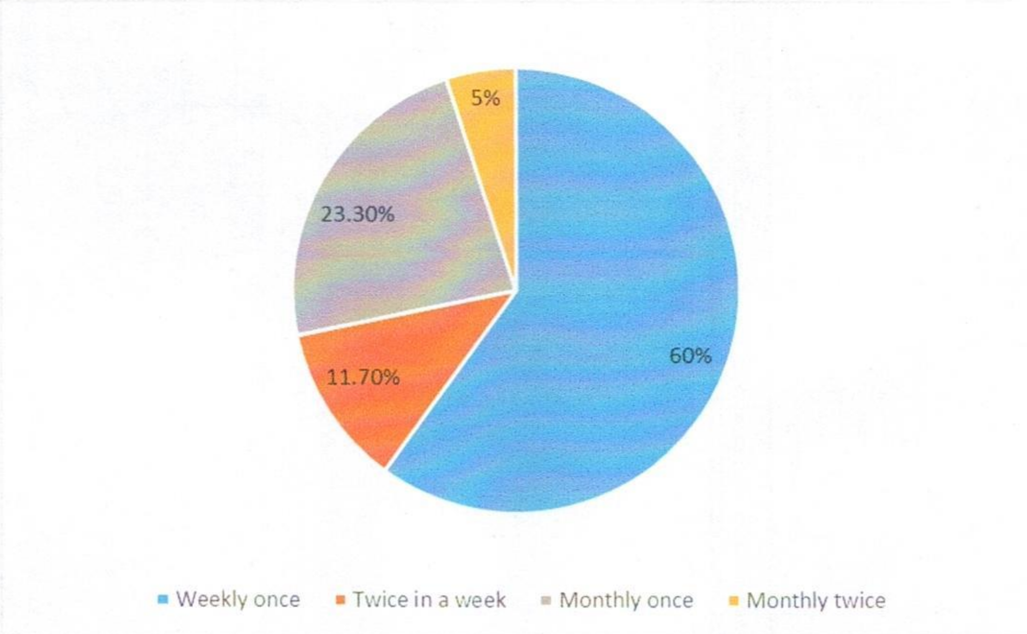


INTERPRETATION

From the above table it is clear that out of the total respondents taken for the study, 46.7% of them want to make change quarterly, 23.3% of them want to make change half-yearly, 20% of them want to make annually, 10% of them belongs to others.Majority of the respondents want to make change quarterly for the repayment of loan.

18. Table showing the Frequency to conduct meetingby the respondents

S.No	Category	No. of Respondent	Percentage
a.	Weekly once	36	60%
b.	Twice in a week	7	11.7%
c.	Monthly once	14	23.3%
d.	Monthly twice	3	5%
	Total	**60**	**100%**

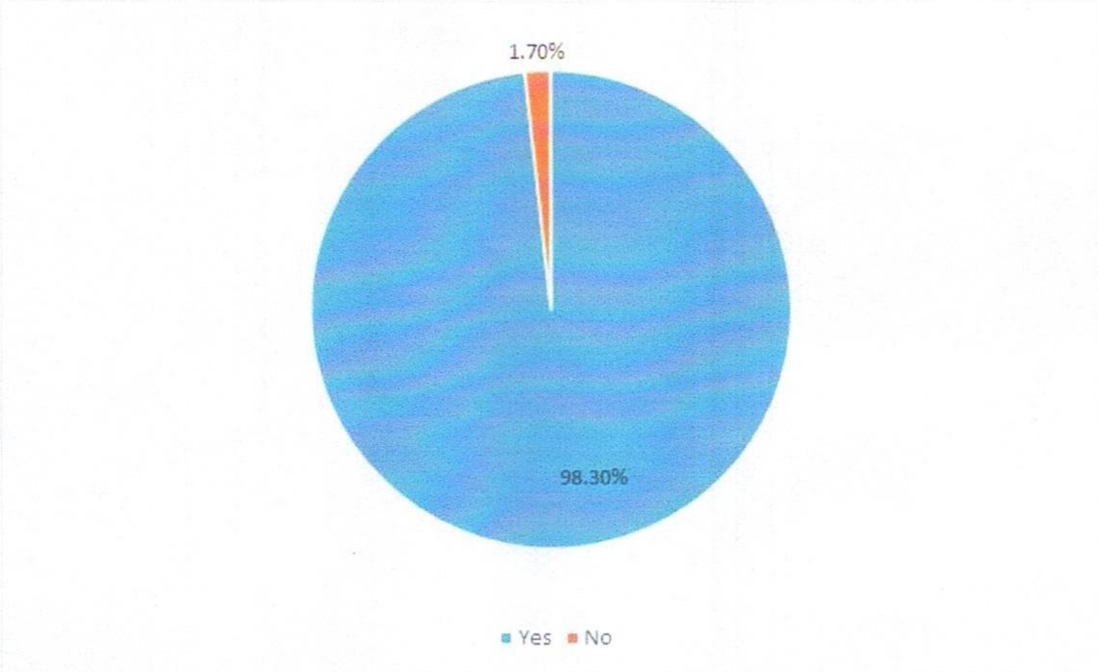


INTERPRETATION

From the above table it is clear that out of the total respondent taken for the study, 60% of the respondents are conducting meeting weekly once, 23.3% of the respondents are conducting meeting monthly once, 11.77% of the respondents are conducting their meeting twice in a week, and 5% of the respondent are conducting meeting monthly twice.Majority of the respondents conducting their meeting weekly once.

19.1 Table showing whether the meetings conducted are useful to the respondents

S. No	Category	No. of Respondent	Percentage
a.	Yes	59	98.3%
b.	No	1	1.7%
	Total	**60**	**100%**

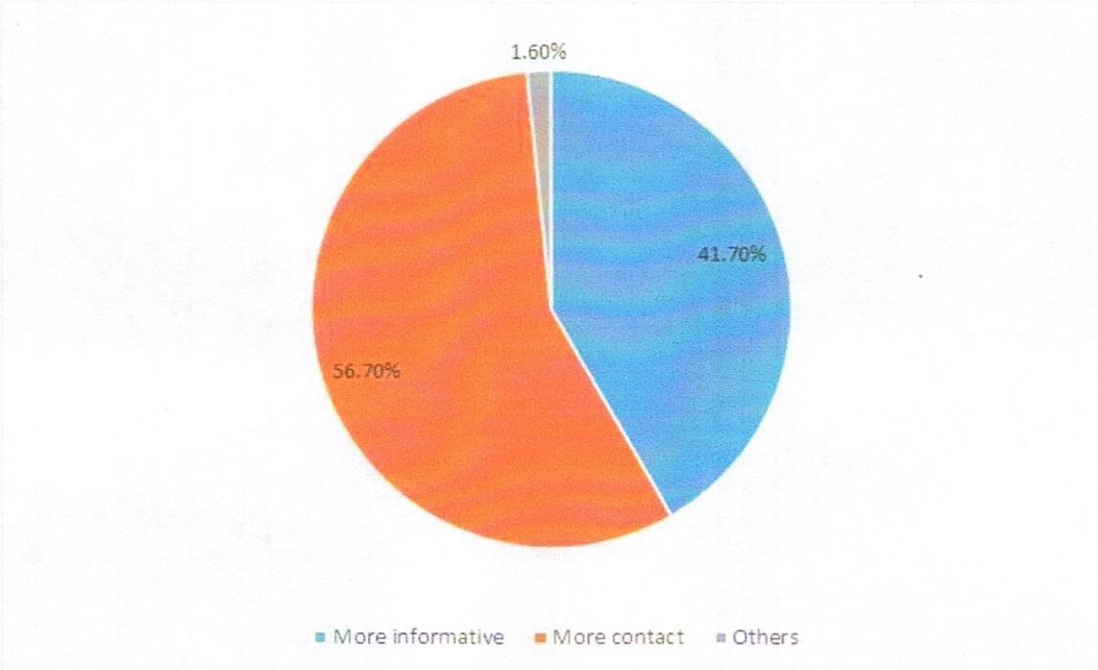


INTERPRETATION

From the above table it is clear that out of the total respondents taken for the study, 98.3% of them respondents are getting useful by conducting meeting, 1.7% of them are not satisfied by meeting.Majority of the respondents satisfied by the meeting conducted.

19 .2. Table showing the Usefulness of meeting

S.No	Category	No. of Respondent	Percentage
a.	More informative	25	41.7%
b.	More contact	34	56.7%
c.	Others	1	1.6%
	Total	**60**	**100%**

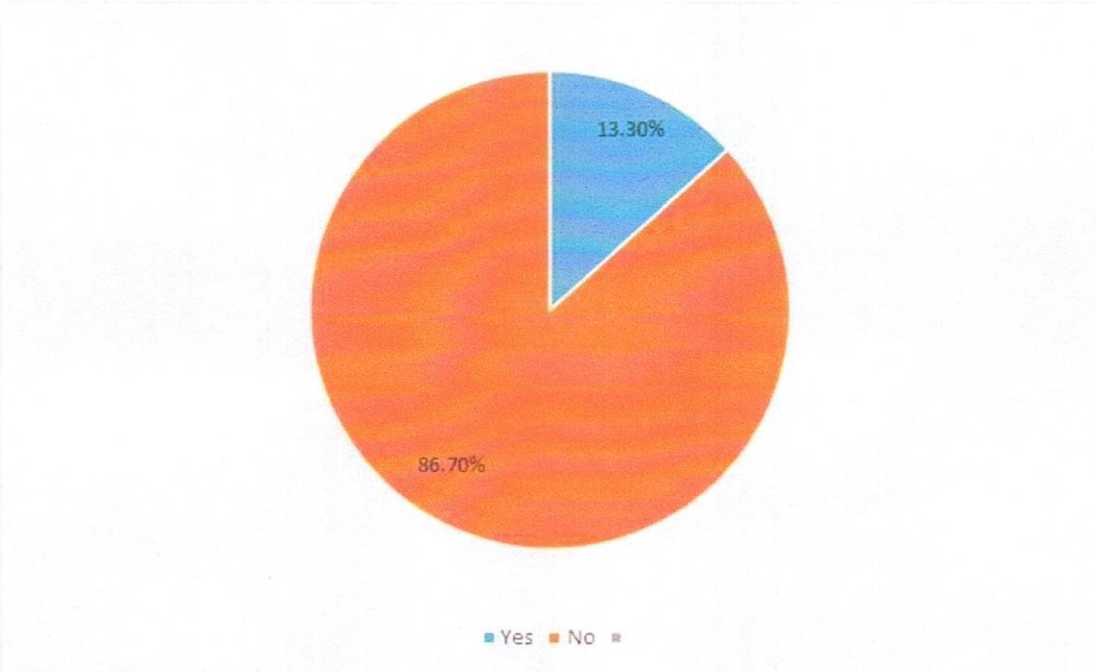


INTERPRETATION

From the above table it is clear that out of the total respondents taken for the study, 56.7% of them getting more contacts by conduct Meeting, 41.7% of them are getting more informative through conduct meeting, 1.6% of them belong to others.Majority of the respondents getting more contacts with their group members by conducting meetings.

20.Table showing whether the group bring problem to family members

S.No	Income	No. of Respondent	Percentage
a.	Yes	8	13.3%
b.	No	52	86.7%
	Total	**60**	**100%**

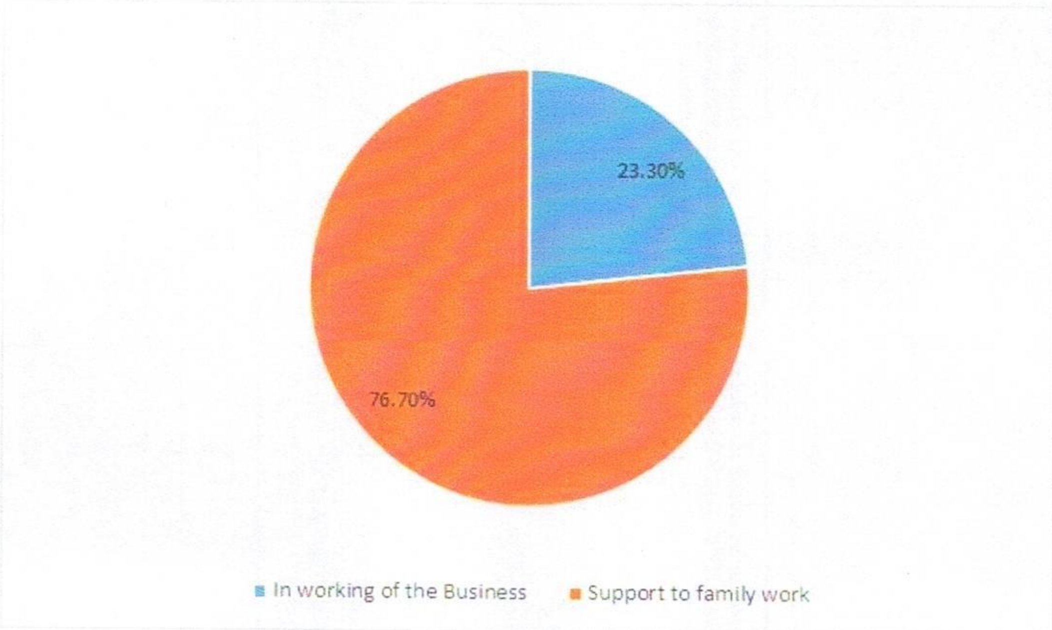


INTERPRETATION

Table shows that 86.7% of the respondents says that they do not bring any problem to the family members and only 13.3% of the respondents says that their family members face the problems.

21. Table showing whether the Family members helpful to the respondents business

S.No	Category	No. of Respondent	Percentage
a.	In working of the Business	14	23.3%
b.	Support to family work	46	76.7%
	Total	**60**	**100%**

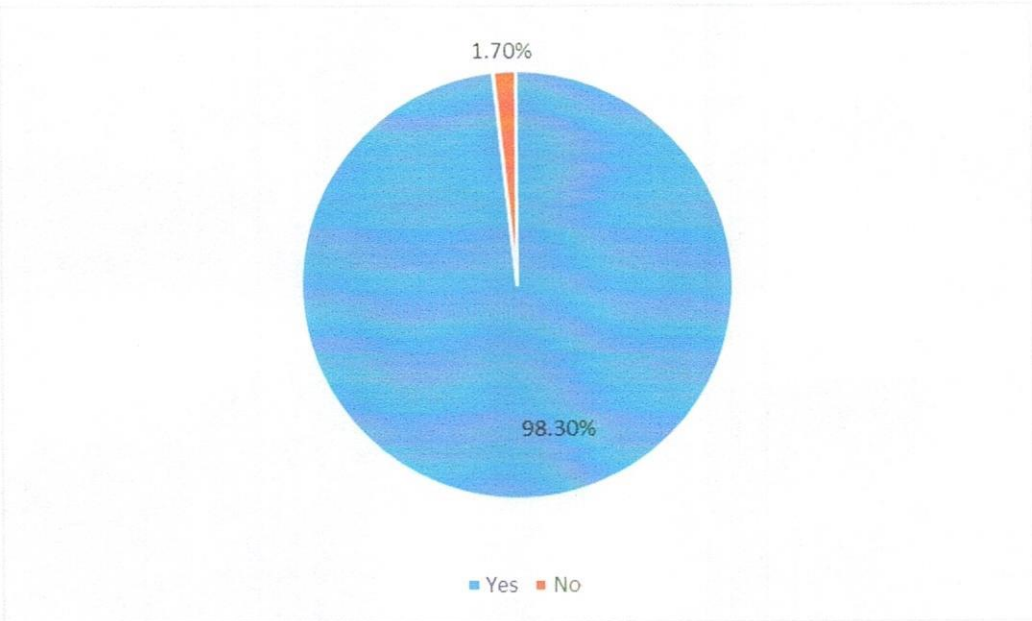


INTERPRETATION

Table shows that 76.7% of the respondents says that the family members are helpful in their family work and 23% of the respondents says that they help in their business activities.

22. Table showing how for the respondents suggest to other to join this self-help group

S.No	Income	No. of Respondent	Percentage
a.	Yes	59	98.3%
b.	No	1	1.7%
	Total	**60**	**100%**

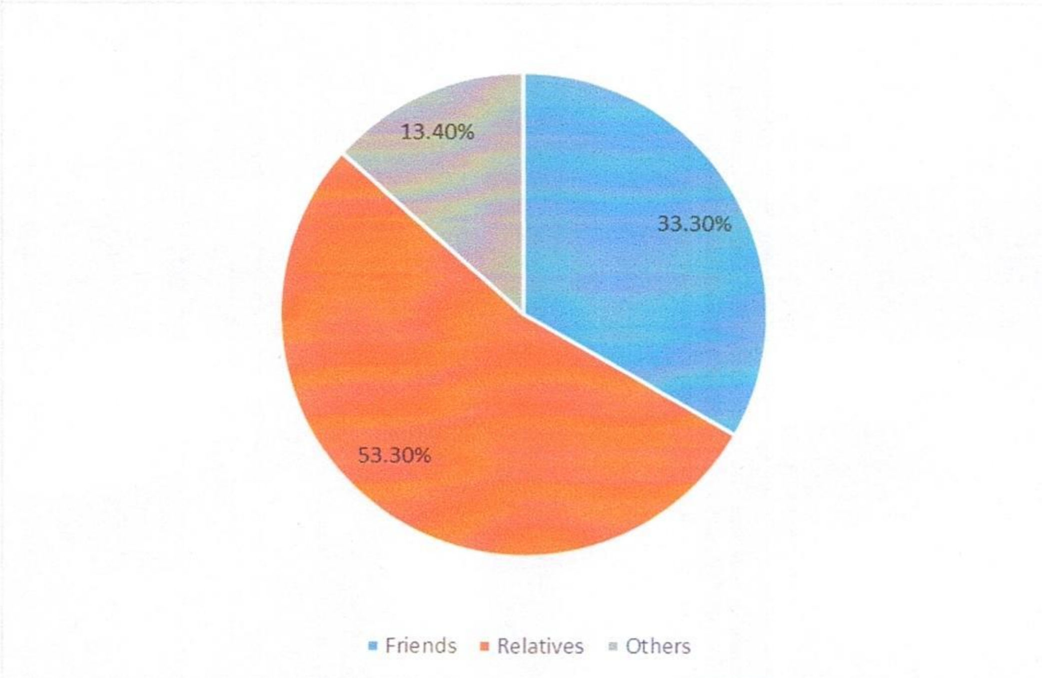


INTERPRETATION

From the above table it is clear that out of the total respondents taken for study, 98.3% of them suggest others to join SHGs, 1.7% of them have hot suggest to any of them join in the SHGs.Majority for the respondents suggest others to join this self-help group.

23. Table showing to whom the members suggest to join SHGs

S.No	Category	No. of Respondent	Percentage
a.	Friends	20	33.3%
b.	Relatives	32	53.3%
c.	Others	8	13.4%
	Total	**60**	**100%**



INTERPRETATION

From the above table it is clear that out of the total respondents taken for the study, 53.3% of them suggest relatives, 33.3% of them suggest friends, 13.4% of them suggest others.Majority of the respondents suggest relatives.

CHAPTER VI – FINDINGS, CONCLUSIONS & RECOMMENDATIONS

6.1 Findings

- Majority of the respondents belong to the age between 40 and above. They are influenced by friends.
- Majority of the group strength ranges between 10-15 members.
- Most of the respondents getting their micro-finance through bank account.
- Majority of the respondents are able to withstand on their own income.
- Mostly all members repay their loan on monthly basis and they are satisfied with the loan repayment facility.
- Majority of the respondents get support from their family members.
- Majority of the respondents suggests relatives to join self-help group
- Mahasemam and bhartiyasammrudhi consulting services Ltd., and sarvodayanano finance Ltd., having better financial position when compared to bhartiyasammrudhi finance Ltd.
- Mahasemam and bhartiyasammrudhi consulting services Ltd., and sarvodaya Nano finance Ltd., having better current liquidity position when compared to bhartiyasammrudhi Finance Ltd.
- Mahasemam and BhartiyaSammrudhi consulting services Ltd., and BharathiSammrudhi finance Ltd., having better interest coverage ratio than Sarvodaya Nano finance.

6.2 Suggestion

- The SHGs members are getting services from banks to run the group activities still more efficiently & smoothly the NBFCs can also provide innovative services.
- Introducing more financial schemes to the self-help group members in order to increase their standard of living.
- The self-help group members are satisfied with the micro-credit facility, provided by the bank. In the same way the financial companies can also provide more subsidies to reduce their loan burden.

- Compulsory weekly meetings can help the groups to overcome the problems faced by the members and thereby healthy relationship, transparency in accounts can be maintained.
- Bhartiya finance Ltd., and sarvodayanano finance company improve their financial position through collecting more deposits from public and members to increase their debt equity ratio.
- Bhartiya finance Ltd., has to increase their current liquidity position in order to meet their day today obligation of company.

6.3 Conclusion

Microfinance is one of those small ideas that turn out to have enormous implications. Microfinance is considered to be a valuable tool for the alleviation of poverty around the globe. In order for microfinance to realize its full potential, however, it must be sustainable and capable of expansion beyond the limitations imposed by a reliance on development assistance. Both developing and developed nations are key actors in this regard. SHG in program in India traversing a quarter century is no mean an achievement. Channel partners and stake holders have a major say in this journey. Movement will become resilient through enthusiastic participation of credit institutions by increasing depth, loan size and need based renewal. Transparency through Digitisation in the days to come would offset the need for subsidies or subventions and also make the movement agile, alive and kicking.

The researcher intended to make a Study on financing self-help group with respect to Sakthi finance Ltd., the data analysis Interpretation & suggestions given by the researcher will provide a clear idea about the improvement of both SHGs member and the NBFCs.

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Appendix – Questionnaires

1. Name :
2. Age : a) 21-25 b) 26-30
c) 31-40 d) 40 & above
3. On what basis the groups are formed? : a) Friends b) Family
c) Society d)
Others
4. Who influence you to join as a member : a) Friends b) Relations
in this group? c) Bank d) Family
members
5. Is there any capitation to be paid by you : a) Rs. 20 b) Rs. 30
for membership? If yes mention the amount c) Rs. 40 d) Rs. 50 & above
6. How many members are there in your group? : a) 5-7 b) 7-10
c) 10-15 d) more than 15
7. Who had taken the responsibility : a) One among the group
in your group? b) Person outside the group
8. What was your job before you entering : a) Cattle rearing b) Petty shops
in this micro credit facility? c) Agriculture e) others
9. What is your current job? : a) Cattle rearing b) Petty shops
c) Business d) Others
10. What was your income from your : a) less than Rs.500 b) Rs. 500-Rs.1000
previous job? c) Rs.1000- Rs.1500 d) above Rs.1500
11. What is your present income level : a) less than Rs. 2010 b) Rs. 2010-Rs. 2500
after availing this facility? c) Rs. 2500- Rs. 3000 d) above Rs. 3000
12. Is there any base for getting SHG Loan : a) Yes b) No
13. If yes, on what basis you get this facility : a) Bank A/c b) PDS certificate
c) Others
14. What kind of credit facility do you gain : a) Loan b)Marketing assistance
gain through this Self-Help Group? : c) Advance b) Others

15. Are you satisfied with this facility : a) Yes b) No

If no, what type of facility do you need for your development?

16. Are you able to withstand on your own income? : a) Yes b) No

17. What is the term of repayment of loan? : a) Weekly b) monthly

18. To what extend the loan is avail to you? : a) Less than 5 years b) 5 to 10 years c) 10 to 15 years d) Greater than 15 years

19. Do you want to make change in the loan repayment system? : a) Yes b) No

If yes, what changes to be made? : a) ¼ yearly b) ½ yearly c) annually d) others

20. What is the frequency to conduct meeting? : a) Weekly once b) Twice in a week c) Monthly once d) Monthly twice

21. Whether the meetings conducted are useful to you? : a) Yes b) No

If yes, on what basis : a) More informative b) More contacts c) Others

22. Does it bring problem in your family life : a) Yes b) No

If yes, how do they create problem ? : a) No time for family b) Misrepresentation c) Others

23. If no, Are the family members helpful to your business? : a) In working of the business b) Supportive to family work

24. Have you suggested others to join this group : a) Yes b) No

25. If yes, to whom did you suggest a) Friends b) relatives c) Others