

OUTREACH PERFORMANCE AND ITS EFFECT ON MFIs IN GREATER NOIDA AND NOIDA

Shruti Saxena*
Dr. Harish Purohit**

ABSTRACT

This study analyzes the outreach performance and its effect on MFIs in Greater Noida and Noida. In this paper researcher has collected data to know the performance of outreach of MFIs. MFIs in Greater Noida and Noida are working very well. All the ruler customers are getting full advantage of MFIs. The result reveal that if MFIs is fully utilizing the outreach and they can improve the performance of organization.

Keywords: *Microfinance Institutions, Outreach and Performance.*

Introduction

(Kaur,2014) says that outreach has two dimensions 1. Depth of outreach 2. breadth of outreach. Which give the financial service and assistance to the poor people in terms of saving money, providing loans, transferring the money, small amount of insurance. Regular payment services to the MFIs are aspire to outreach performance. According to (Rao & Fitamo,2014) outreach means depth and breadth of microfinance institution. Depth of outreach means how much needy poor people we are serving who will get financial services from MFIs. Breadth means giving financial services to many people. They say that outreach has six major points.(a) Depth (b) Benefits of outreach (c) Price paid by the users(d) Breadth of outreach(e)length(f) Services of outreach. According to him Depth of outreach means to break average loan size in to smaller parts. A very effective way to use average loan size in to different aspects because average loan size itself is incapable to define to depth of outreach, so the measure of each aspect is balance of all users, maturity of the loan, duration between installments and payments, total installments and the way MFIs are borrowing money for landing purpose. Small amount of each aspect gives the micro loan to needy people or borrowers. He defines the decreasing rate of dropout of borrowers. Borrowers are ready to pay their money on regular basis. Borrowers came again and again to take microloans and pay on time this shows the strong worth of outreach. Price paid by the users means to whatever loan MFIs are providing to the users and users give the interest rate on that loan and the number of transactions users have its own cost is called the price paid by the users. In place of actual interest rate MFIs use the return on investment which is widely acceptable. Actual interest cost is very difficult to measure so in place of this return on investment is used. In place of actual interest-rate we use the return on investment. When any company calculate the cost per users. The cost pre users also included such as cost of the time spend for any process, cost of travelling, processing fees of loan, time taken between application and loan is given. Breadth of the outreach means the number of users getting help by the MFIs. For the complete overview of increase the width the number of users should be divided in to no of products such as business loan, house hold loans, small saving and protecting for the life. Length has so many factors such as financial return, profitability, other returns and these factors shows the overall financial performance of microfinance institutions. There are so many financial factors

* Research Scholar, Department of Commerce, Shri Jagdish Prasad Jhabarmal Tibrewala University, Jhunjhunu, Rajasthan, India.

** Associate Professor, Shri Jagdish Prasad Jhabarmal Tibrewala University, Jhunjhunu, Rajasthan, India.

which equally weight decides the financial health of MFIs. These factors are cash flow, fund flow. When the users are financial independent it shows that users satisfaction level. Services of outreach has so many different types of services which MFIs given to the users in term of small-scale loans, micro savings and life insurance. All these describe the scope of the outreach.

Yaron(1992), suggested that the other dimension of outreach which describes the users and internal employee of the MFIs, small loan to users and small savings to the users. All these are very closed to the definition of outreach which already defined the earlier. According to him if MFIs want to deeper outreach it should involve more women as men. In rural area MFIs should go deeper as in urban area. Factors of households such as family which is headed by the female, bigger families, increasing number of older populations all these define the depth of outreach. Where there is a lack of education facility in the society which shows there is a vulnerability. According to **singh & Padhi(2019)** For better social and economic growth financial services are play major role for the development of needy people. Without fail and with affordable rate poor people can access the all facility of MFIs in terms of money and guidance. MFIs help the users to run their business without any hurdles. Now a days for financial inclusion, important tool is required and many financial analysts is searching for it. When they got proved to be an important tool which can served the financial requirement to the poor. MFIs was aimed to deliver effective result in a short span of life but in reality, it could not be achieved. There are so many examples in the world where it failed. MFIs basically works among groups and it helps poor which are trusted person. It solved the problem of financial product, the main problem of financial product that it does not reaches at right person at the right time but the microfinance solve this problem by giving the all facility of banking system. It gives small loans to the backward people to fight there all problems.

Microfinance institutions offers numbers of financial services and product so it reaches maximum number of people and this increase the needy people involvement in financial inclusion. Microfinance institutions works on so many things which is nonfinancial such as how to strengthen women by giving information about food and nutrition, educate them and helping them their education and socially united. Microfinance can help people in every direction for their good future. This shows that Microfinance institutions help to people to reduce the problem and take maximum benefit of financial help. Microfinance institutions also help to make financial product according to the very needy people which they can effort. In now a day microfinance institution are expanding very fast in India and across the world. Although MFIs has some negative effect but on the other hand it is using their strength effectively it has proved that poverty has been reduce and financial inclusion has been increased. MFIs gives good financial product to the poor and these poor people don't need mortgage anything. When there is a success of MFIs, this process increases the outreach to the poor people. MFIs primary target to make programs which help to needy people to uplift their lifestyle. Outreach performance of MFIs has so many factors which expansion in India is very fast. MFIs has so many factors to increases its outreach starting from government factor to personal factor.

- **Statement of Problem:** Customers of MFIs are not getting full advantage of outreach performance of MFIs in Greater Noida and Noida.

Objective of the study

To analyse the performance of outreach and its effect on microfinance institutions working in Greater Noida and Noida.

Hypothesis

H₀: Customers are not satisfied with the outreach performance of MFIs in Greater Noida and Noida.

H₁: Customers are satisfied with the outreach performance of MFIs in Greater Noida and Noida.

Research Gap

This research aims at the improving the quality of life of rural people of Greater Noida and Noida.

Literature review

Rao & Fitamo(2014): The authors of this article to give detail to the academic about the effectiveness of the financial MFIs. It defines the concept of the outreach in microfinance institutions for the deep study of outreach performance he defines the all aspect of outreach in terms of (1)depth of outreach (2) worth of outreach (3) cost of users (4) width of outreach (5) length of outreach and the (6) scope of outreach. Many schools gave a detail discussion about the outreach performance related the

depth and width of outreach. Author also suggested that how MFIs the increased its their width of outreach by maintaining their depth and how MFIs increases their depth by sustaining its width. There is sufficient fund which can be given as a loan. Findings of this research paper shows that if MFIs are using good management technique such as effective use of staff, keeping the landing rate high, giving proper compensation to the work force and managing all administrative work cost in a proper way.

Ejigu (2012)- This study shows that in Ethiopia outreach performance plays a very important role in MFIs. According to the international and local standard financial performance of any institutions can be compared. MFIs have different types such as commercial and social and it served the society in that way. The analysis of data shows that in Ethiopian MFIs don't have strong policy to empower the women this shows the lack of depth of outreach. MFIs is not showing the regular and stable performance year to year. This study analysis that if comparing the performance of MFIs which are working in Ethiopia their actual performance compared with the bench mark internationally. The correlation analysis shows that small scale of MFIs performs better in depth of outreach and the large MFIs performed better in breadth of outreach or sustainability of outreach. There are so many programs operated by the MFIs have different planning and way of doing the work, due to so many programs operated by the MFIs in Ethiopia the objective of reaching poor people are being sustainable.

Singh & Padhi (2019) –Researcher found that what are the main factor which affected the outreach performance of MFIs in India. Based on 39 Indian MFIs the result shows that there are so many factors such as age, assets and positive yield which are having the positive effect on MFIs. His study found that the age of MFIs and its total assets are playing very important role to define the outreach performance of MFIs. An older MFIs has a lot of administrative experiences and so many outreach programs to give services to the poorer people. They have sufficient financial resources to help the poorer section of the people. When any MFIs has sufficient assets to handle any situation. Due to sufficient resources of assets MFIs can borrow more fund from other party. A successful MFIs always try to have maximum client base. The study also found that those MFIs has strong performance base they can give more positive contribution in the outreach performance of MFIs. At last, to summaries of this article is that MFIs with larger assets base and have good administrative services can expand more in the outreach performance in term of depth and breadth. For the growth of any economy the financial inclusion plays vital role to achieve the purpose of MFIs. For the sustainability of MFIs, it would apply financial inclusion plan very effectively and have positive approach with sufficient assets base. As we know India has one of the biggest market in MFIs sector in term of largest borrower and the largest service provider.

Dangisso & Deyganto (2020)- The researcher found that there are two main category of MFIs. One is the sustainability of MFIs and the other one is the outreach performance of the MFIs. So the objective of the researcher is to analyze the outreach performance and the institutional sustainability of OMO microfinance institution Hawassa branch. The researcher wants to describe the present situation of institutional sustainability and outreach performance of the MFIs. For this they used descriptive research design. The researcher collected the primary data from the questionnaire, which they had given to the sixty respondents. The analysis of this data by applying the descriptive statistics through SPSS version 20.0 for finding the accurate data. Finally, the result of this study shows the sustainability level and improvement of outreach by deposit of money and circulation of money. On the other hand this study shows some limitations of sustainability and outreach performance of OMO MFIs Hawassa branch, such as poorer who are not able to pay their loan on regular basis, loan defaulters and the some adjustments on loan repayment procedure. Researcher also give some suggestion to the OMFIs Hawassa branch to improve their sustainability and outreach of the institutions.

Rashem & Abdullah (2018)-This study shows that in Egypt MFIs have so many plans to give small credit to borrowers and have very easy plan to repay the credit to the poorer people of Egypt. This study also analyzes what are the obstruction which obstruct the growth of MFIs in Egypt. For this the researcher conducted the structured interview of the employees of the MFIs and studied the interest rate, legal contribution of government, economic growth, employee's performance, borrowers make payment on time, competition between MFIs of Egypt and the technology improvement. All these factors play an important role of growth of MFIs. Researcher also found that there is lack of awareness of technology and customers negligence are the main challenges of outreach performance of MFIs in Egypt. The researcher also make a guideline about the policymaker and the employees of MFIs. They can consider all the factors and make right plan to execute the plan successfully at the institutional level and country level also.

Research Methodology

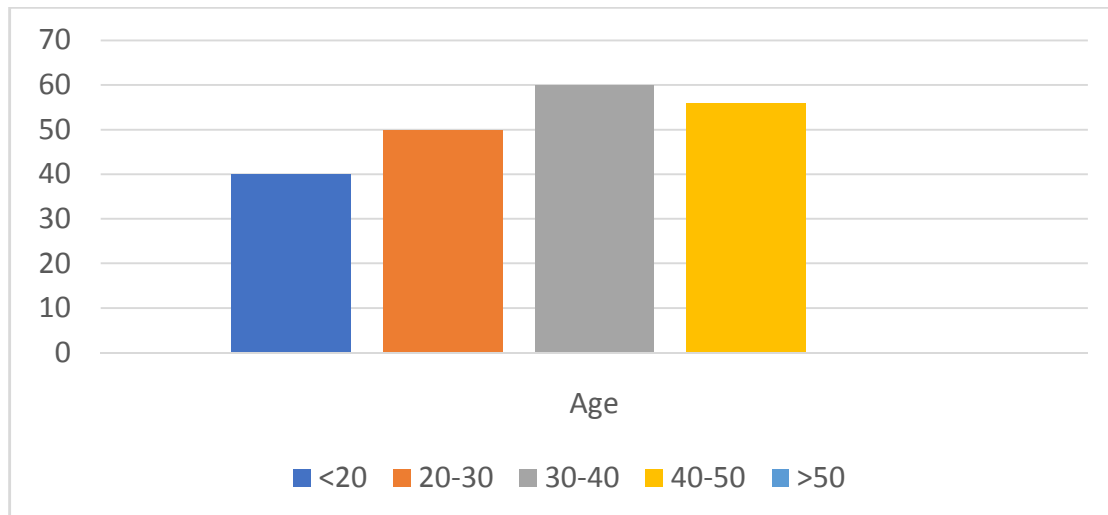
Total number of respondents is: 232

Total number of questions: 7

- **Sources of Data:** Data has been collected with the help of questionnaire. Researchers have checked the validity and reliability of questionnaires and collected the data.
- **Research Limitation:** We could reach only limited numbers of customers to collect the data.
- **Method of Data Analysis:** In this research survey research are used for data analysis by using SPSS version 23.0. The result is shown in descriptive statistics such as mean and standard deviation. Researcher has used one sample t-test for testing the hypothesis. At confidence level is 95% then level of significance is 5%. In Greater Noida and Noida there are many MFIs and these MFIs have number of customers. Researcher has to selected 232 customers who are having very good track record to repay their microloans with interest. For making the questions, all questions are selected to outreach performance and its effect of MFIs in Greater Noida and Noida. Researcher are tried to know the relevant information with the help of these seven questions.
- **Analysis of Data:** A descriptive research is known as survey research because it defines the things as it is.
 - Age of borrowers
 - Gender of borrowers
 - Income of borrowers
 - Expenditure of borrowers

Age of the Borrowers

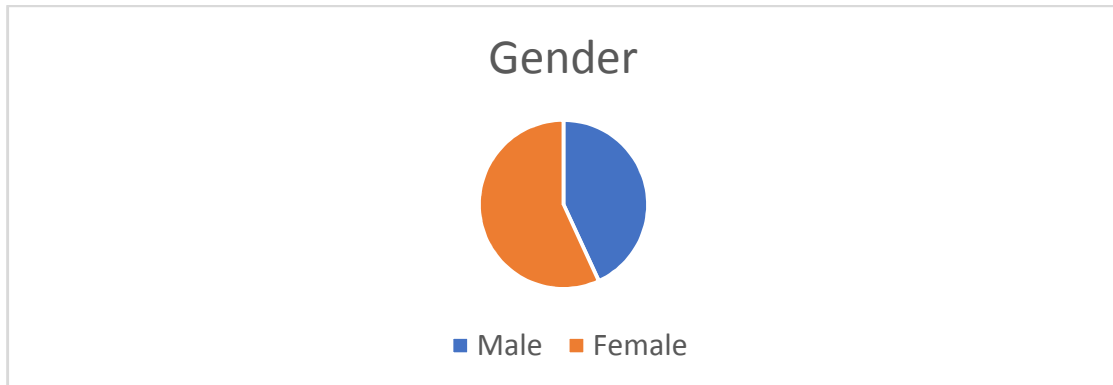
<20	40
20-30	50
30-40	60
40-50	56
>50	26



In this research this table shows that maximum borrowers are between the age group 30 to 40. It shows that larger portion of borrowers falling between 30 to 40.

Gender of the Borrowers

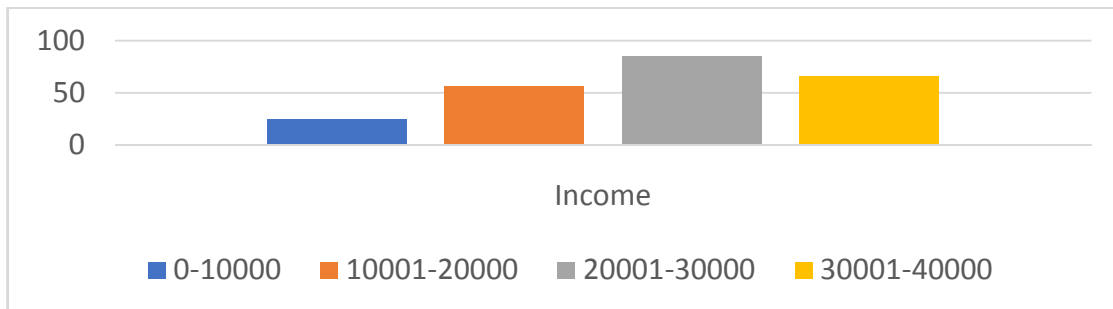
Male	100
Female	132



This table shows that the percentage of female is more than male. So it shows that more women are engaged in microfinance institutions.

Income of the Borrowers

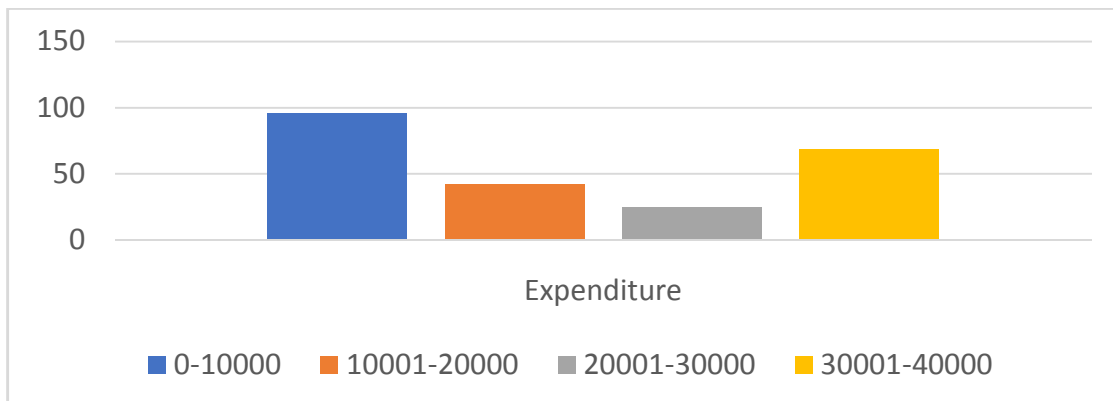
0-10000	25
10001-20000	56
20001-30000	85
30001-40000	66



This table shows that maximum number of borrowers have income between 20000 to 30000.

Expenditure of Borrowers

0-10000	96
10001-20000	42
20001-30000	25
30001-40000	69



This table shows that maximum expenditure of borrowers are below 10000.

Hypothesis Testing: for testing the hypothesis we use the one sample t-test

Questions	Mean	Standard Deviation	P Value
3	4.567	.067	.043
5	4.544	.068	.035
6	4.537	.064	.046
7	4.356	.065	.039
4	4.234	.064	.047
1	4.111	.67	.045
2	4.089	.65	.041

Data has been analysing with the help of SPSS version 23.0. Researcher has calculated standard deviation and the mean of the data. The calculation of P value of data with the help of decided ranking with the help of mean value. In this research mean value of all question has been calculated on the basis of the questionnaire prepared with the help of 7 questions. According to the mean value ranking has been prepared from top to bottom. Since we have taken 5% significance level and we find p value is less than of .05. So alternative hypothesis is selected.

Results and Discussion:

This section deals with the results of this study, which is divided in to two parts. First part will be discussed about descriptive research or survey research and second part will be discuss about the SPSS analysis which has been done for this study. Researcher has collected the data and analyse the data with the help of SPSS version 23.0 and tested the hypothesis with the help of one sample t-test. Null hypothesis a rejected because it is significant at the 5% significance level and alternative hypothesis are selected. So customers of Noida and Greater Noida are satisfied from the outreach of MFIs.

Conclusion and Recommendation

This study analyses the outreach performance and its effect on MFIs in greater Noida and Noida. On the basis of this study researcher found that effect of outreach of MFIs in Greater Noida and Noida are working fine but if they will increase their outreach more than more people benefited with the services of MFIs.

References

- ✓ Rao,K.R.M.,& Fitamo,T.L.,(2014).Concepts and Measures of Outreach and Sustainability in Microfinance Institutions: A comprehensive literature review. *Research journal of finance and accounting*. Vol. 5(41-42).
- ✓ Kaur,P.,(2014).Outreach and sustainability of microfinance institutions in India in pre and post Andhra Pradesh Microfinance crisis in context of South Asia.*Global journal of finance and management*.6(6),569-579
- ✓ Ejigu,L.,(2012).The sustainability and outreach performance of Ethiopian microfinance institutions: does scale of outreach matter? *Ethiopian journal of economics*. Vol. xxi (61)
- ✓ Dangisso., M.Y.,& orkaido,K.,(2020).Assessing the institutional outreach and sustainability of microfinance institution in Ethiopia: Evidences from omo microfinance institution. *American journal of theroticaland applied business*.Vol.6(1).
- ✓ Rashem., M.H. & Abdullah,Y.A.,(2018) Factors influences the growth and penetration of microfinance institution: A case of Egypt. *Academic of accounting and financial studies journal*.Vol.22(1)
- ✓ Singh.,V. & Padhi.,P.,(2019). Factor influencing outreach performance of microfinance sector in India. *Asia-Pacific journal of management research and innovation*.15(4).(172)
- ✓ Yaron.J(1992).Successful rural finance institutions: *The world bank Washington DC*(150).

