

Consumer behaviour towards micro-finance institution: A Case-study of Bandhan Bank

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ABSTRACT

Micro finance is by and large considered as a significant advancement instrument to maintain monetary consideration and mitigate neediness in India. The target of the current overview-based investigation is to dissect the client's discernment about miniature money in India regarding Bandhan Micro account. The study was directed in Noida, UP where Bandhan miniature money originally set up its activity taking an example of 50-55 people who are profited by this miniature money foundation. The outcome gives proof that Micro-money is useful for low pay bunch individuals, unprivileged individuals and unsalaried borrowers and they can take advance without performing so many financial conventions which is useful to the uneducated individuals. Since borrowers don't need guarantee protections, borrowers can work openly with their business and result additionally recommends that credit and training administrations, when given together to gatherings of ladies, can build pay and investment funds, improve health/nutrition information and practice, and engage ladies.

I. INTRODUCTION

Microfinance is by and large considered as a significant advancement instrument to maintain monetary consideration and ease destitution in India. Customarily, banks are driving establishments don't loan cash to low pay person. The explanation being absence of data about people, guarantee, high exchange cost of preparing. According to International Labour Organization (ILO), miniature account is a monetary improvement approach which offers monetary types of assistance through establishments to low pay customers. All in all, miniature money is characterized as any action which comprises of the arrangement of monetary administrations like credit, reserve funds, and protection to individual who fall simply over the neediness line and helpless people who fall underneath that destitution line, fully intent on making social worth. The microfinance is banking the unbankables, bringing credit, reserve funds and

other fundamental monetary administrations inside the span of millions of individuals having no adequate security who are too poor to even consider being served by normal banks. It is a wellspring of monetary administrations for business visionaries and independent companies lacking admittance to banking and related administrations. The two key components for the conveyance of monetary administrations to such customer are:(a) relationship-based banking for singular business people and independent ventures; and (b)group-based models, where a few business visionaries meet up to apply for advances and different administrations collectively .It implies furnishing extremely helpless families with exceptionally little advances (miniature credit) to assist them with drawing in beneficial activities\small organizations .The fundamental standards of miniature account are little advance to helpless families in provincial and metropolitan territories for money age through independent work .It might likewise give offices to investment funds and other monetary administrations. It can add to the monetary incorporations of the poor without which it will be hard for them to emerge from the endless loop of neediness. It is needed to reinforce every one of the accessible channels of giving credit to the poor, for example, SHG-Bank linkage programs, miniature money establishments, helpful banks state monetary partnerships, local country banks and essential horticultural credit social orders. The objectives are to kill outrageous destitution and craving, to accomplish all inclusive training to advance sex balance and ladies' strengthening, to lessen kid mortality, to battle infections and creating innovative soul. The strength of the miniature money industry lies in its familiarity and adaptability.

which ought to be secured and empowered. There is imperative commitment of miniature financing organizations to sexual orientation equity and ladies' strengthening just as ace helpless turn of events and common society reinforcing. With commitment to ladies' capacity to procure a pay led

to their financial strengthening, expanded prosperity of ladies and their families and more extensive social and political strengthening. It helps the destitute individuals as borrowers can take credit without performing so many financial customs which is valuable to the ignorant individuals.

Brief outline about Bandhan Micro Finance:

The miniature money organization under our study is Bandhan which was set up to address the double even handed of destitution lightening and ladies strengthening. The significance of Bandhan is fellowship and its central goal and vision mirrors its name. The primary purpose of Bandhan is to work with ladies who socially burdened and financially abused. Bandhan works for their social upliftment and monetary liberation. Bandhan is occupied with the conveyance of miniature account administrations to the impeded ladies throughout the most recent 15 years. The miniature account exercises are carried on by Bandhan Financial Services Pvt Ltd.

(BFSP) consolidated under the organizations Act, 1956 and furthermore enlisted as a non-Banking financial Company (NBFC) with the Reserve Bank of India (RBI). Established in 2001, under the visionary authority of Mr. Chandra Shekhar Ghosh, a senior Ashoka Fellow, BFSL is associated with offering credits to little borrowers who have no admittance to formal financial administrations. In recent years, BFSL has acquired validity and numerous awards for financing little entrepreneurs and around 6.7 million ladies' borrowers. The association had an organization of 222 branches spread across 22 Indian states and Union regions, overhauled by over 15,000 workers. As on 31 March 2015, BFSL had an advance book of around Rs. 9,524 crore and a great reimbursement pace of more than 99%. Bandhan is among the original MFIs and follows the Grameen model of banking. Under this model, credit choices are taken at the branch level, which works with speedy disbursement of advance in about a day's time. Bandhan work with ladies who are socially distraught and financially misused, for their social upliftment and monetary liberation. Bandhan follows a gathering arrangement, singular driving methodology. Bandhan opened its first miniature account branch at Bagman in Howrah locale of West Bengal, India in July 2002. A gathering of 10-25 individuals are shaped. The customers need to go to the gathering meeting for 2 progressive weeks. Following fourteen days they are qualified for get credits. The credits are dispensed separately and straightforwardly to the individuals.

II. SCOPE OF MICRO FINANCE IN

INDIA

Microfinance is characterized as arrangement of frugality, credit and monetary administrations and results of modest quantity to the poor in rustic, semi-metropolitan or metropolitan regions for empowering them to raise their pay levels and improving their ancillary area (since 1991), execution of favourable to helpless plans/programs through credit conveyance framework, and so forth. Also, Reserve Bank of India's (RBI) (the Central Bank of the Country) drives as far as spotlight on extension of rustic parts of banks, need area standards, monetary incorporation, and so on, had positive bearing on microfinance improvement. The need area standard s/exercises of which 18% for horticulture, 10% for more vulnerable areas, and so forth with over 6,00,000 towns and 74% of needy individuals living in rustic territories, microfinance kept on being the significant test for country credit. Subsequently, the formal monetary area which comprises of around 36000 provincial and semi-metropolitan parts of Commercial banks, 14000 parts of RRBs, 13,000 parts of Cooperative Banks and over a hundred huge number of rustic Cooperative Societies have been occupied with country credit and the heft of their advance records are little size advances inside the domain of microfinance. National Bank for Agriculture and Rural Development (NABARD) was set-up by an Demonstration of Parliament in 1982 for seeking after the order of integrated provincial turn of events' Through triple significant capacities monetary, formative and administrative. It also played catalytic part in the microfinance development.

Objectives of The Study

- To find out perception of rural people Noida sector 55 rural area) towards microfinance
- To find out the extent of significance of microfinance in rural development.

Limitation of The Study:

- Respondent were not so much cooperative. They thought that I am going to give them loan. So, it was difficult to confiscate their misconception.
- Study time was very short so that sample size also very small size. It is difficult to represent a very huge population with a small size population so it may not be generalizable to Noida rural district.

Scope of The Study

- Researchers can use the findings of this study for their further research.
- Microfinance organization can make their

policy based on this study.

Methodology of The Study

Research Design: Descriptive and analytical

Sample Definition: Sample are taken from Rural people of Noida sector 55 rural area. Probability sampling method is used in this study. So anyone of Noida rural area can be a sample for the study. The target population of this research that was sample is the microfinance existing customers as well as potential customers, who are living in Noida rural Area. Same number of male and female respondent from target population were taken for the study.

Sources of Data: There are two sources of data collection. Primary Source: Structured

questionnaire is prepared to get first-hand information and distributed among the rural people of Noida rural area.

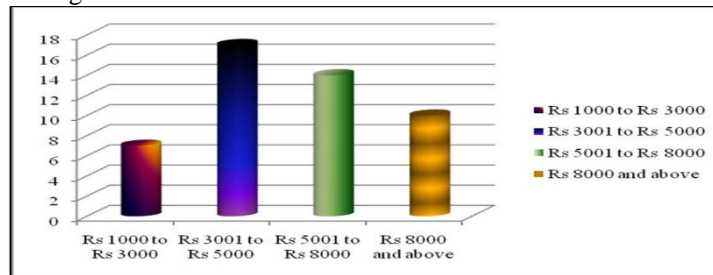
Secondary source: Books, magazine and internet are used for this study purpose.

Presentation and Data analysis :

An overview was led on Micro-Finance development and advancement of Noida, UP, India thinking about essential information from field study of test 48 individuals. The consequence of the examination of this overview is as per the following:

Q-1. What are the income levels of micro finance users?

Figure: 1: Micro finance loan users in different income level



Source: Questionnaire report

Distribution of micro finance loan users out of 48 respondents under different income levels: Rs 1000 to Rs 3000 – 7; Rs 3001 to Rs 5000 – 17; Rs 5001 to Rs 8000 – 14; Rs 8000 and above -10.

having income level between Rs 3000 to Rs 5000 are the major users of micro finance loan.

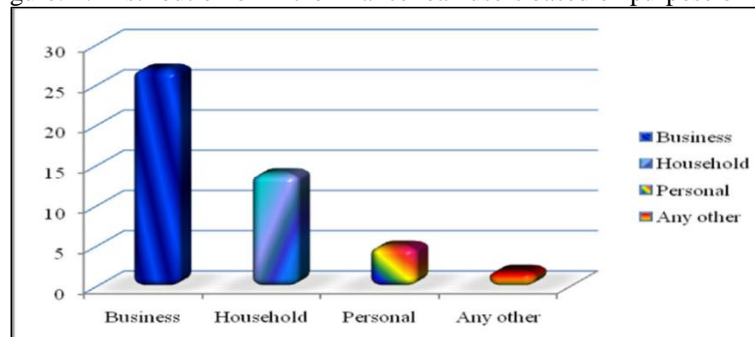
The primary survey as shown in figure-2 shows that respondents having income ranging from Rs 1000 to Rs 8000 and above are, more or less, the users of microfinance loan. But especially respondents

Q-2. In what purpose borrowers use the loan?

Distribution of micro finance loan users based on purpose of loan taken:

Small Business – 27; Household – 14; Personal – 5; Any other – 2.

Figure: 2: Distribution of micro finance loan users based on purpose of loan



Source: Questionnaire report

It is evident from the survey that micro-finance institutions offer loans actually for small business which reveals that higher income

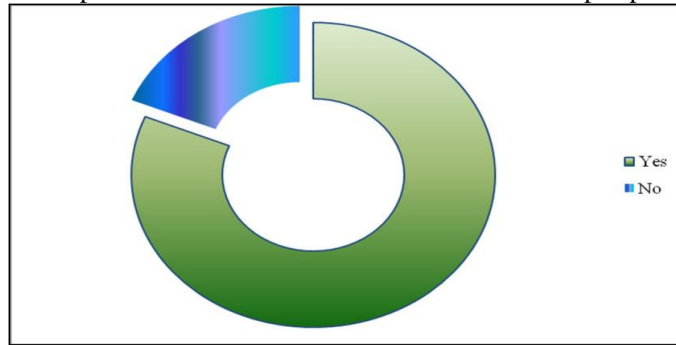
households borrowed for input purchase and business investments. Interestingly, poorer households borrowed mostly for their household

purpose like food purchase and health emergencies etc, some respondents use this loan for personal purpose or any other purpose. This recent survey

suggests that a large section of the population relies on informal lenders to meet its cash flow needs.

Q-3. Do borrowers get effective benefits from Micro-Finance loan?

Figure: 3: Perception of borrowers of micro finance loan about prospective benefit



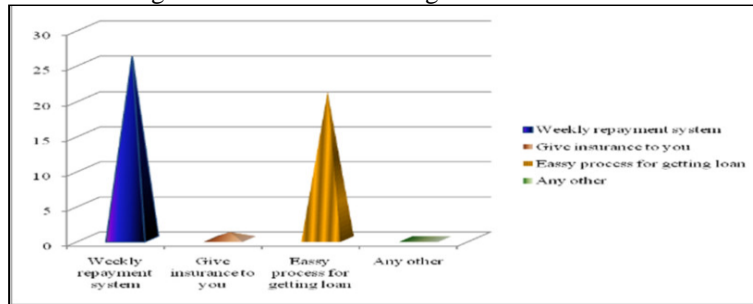
Source: Questionnaire report

Perception of borrowers of micro finance loan about prospective benefit:
 Yes – 39; No – 9.
 Majority of the people thinks that they get benefit from this type of loan, but not all.

Q-4. Why do the people opt for Micro finance loan instead of bank or any other form of loan?

Reasons for taking micro finance loan rather than bank loan:
 Weekly repayment system – 26; Give insurance to you – 1; Easy process for getting loan – 21; Any other – 0.

Figure: 4: Reasons for taking micro finance loan



Source: Questionnaire report

Generally, people get loan from Micro-Finance Institutions instead of Bank or any other institutions in easy condition or without collateral. Almost half of the respondents believe or have reasons to believe that it is an easy process for getting loan through weekly payment system. This system pulls them for taking loan from MFIs.

III. FINDINGS

1. Most of the rural people are aware about microfinance scheme. Only 10% of sample size are not aware microfinance scheme.
2. People of Noida rural area come to know about microfinance from people of their locality, agent

- and through media.
3. Most of the rural people of Noida rural area are availing the microfinance facility. Others who are not availing, because of microfinance scheme policy and loan amount is very low.
 4. Female are availing the microfinance facility more than male people of Noida rural area. Some of the female employees are availing this facility for helping their husbands.
 5. People are availing microfinance facility mainly for business or to open small business enterprises (purchase sewing machine, open shop, farming etc.). Others are availing for purchase of household product.

6. Some of the rural people of Noida rural area thinks that what microfinance organization are doing here only for getting profit from rural people. So, they are not interested to avail that facility and they also recommend others not to avail microfinance facility.

7. People of Noida rural area don't know about microfinance scheme's objective and mission that is rural development.

8. Most of the rural people of Noida rural area prefer informal microfinance saving societies. According to respondent informal saving societies are easily available.

9. Interest rate is high according to respondent so that some rural people are not availing the microfinance loan facility.

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IV. RECOMMENDATION

- Microfinance should be accessible for the microfinance seekers which would lead to the growth of micro and small business enterprises.
- It is suggested that the awareness programs should be conducted in rural areas so that perception of rural people towards micro finance is changed. It is suggested that the awareness program should be conducted in each educational institutions to explain the benefits of microfinance.
- It is also suggested that microfinance organization must make such a satisfaction so that it become trustful among people of Noida rural district.

V. CONCLUSION

Microfinance facility is very vital in rural development so people of rural area should aware its significant role in rural development. Proper information about microfinance should clearly intimate among rural people so that they can easily avail the facility which lead to rural development. It is very much important to know the ways and means of getting microfinance loans for small business entrepreneurs to improve their standard of life.

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