

## ACKNOWLEDGEMENT

I have a great pleasure to present the dissertation on “ROLE OF BANDHAN BANK MICROFINANCE IN RURAL DEVELOPMENT: A STUDY WITH SPECIAL REFERENCE TO PACHIM MANGALDOI BLOCK OF DARRANG DISTRICT, ASSAM” in partial fulfillment of M. Com programme of Gauhati University at Nalbari Commerce College, Nalbari.

For the preparation of this project, I have been helped by many people directly and indirectly. I would like to admit my earnest gratitude to my institutional guide, DR. KABIN SARMA, assistant professor of Management Department in Nalbari Commerce College, Nalbari. This report could be completed only because of his valuable support and guidance.

I also like to sense of gratitude to my family members and friends for their manual support and help.

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## CERTIFICATE OF GUIDE

This is to certify that M.Com dissertation which is entitled “ROLE OF BANDHAN BANK MICROFINANCE IN RURAL DEVELOPMENT :A STUDY WITH SPECIAL REFERENCE TO PACHIM MANGALDOI BLOCK OF DARRANG DISTRICT, ASSAM”

Is prepared by KARABI SARMAH, a student of M.Com 3<sup>rd</sup> semester bearing registration No.19081667 of 2022-2023, Nalbari Commerce College in partial fulfilment for dissertation in award of Master Degree of Commerce under Gauhati University is bonafide research work carried out under my personal supervision and guidance.

This project has not been copied from existing project or submitted to any other institution to the best of my knowledge. I wish her success in life.

Date-

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## PREFACE

This dissertation deals with the topic, "ROLE OF BANDHAN BANK MICROFINANCE IN RURAL DEVELOPMENT: A STUDY WITH SPECIAL REFERENCE TO PACHIM MANGALDOI BLOCK OF DARRANG DISTRICT, ASSAM". This dissertation is based on the role of Bandhan bank microfinance loan holder followed by the mechanism and impact faced by them.

For the sample survey was conducted with a total of 50 respondents of Pachim Mangaldoi Block. From whom data has been received the primary data has been collected through a questionnaire containing a set of 20 questions. The questionnaire was framed keeping in view the objectives of the study. Secondary data is collected from various sources such as google, thesis, internet, journal etc. It is indeed a pleasure to state that the findings of the study were quite helpful in fulfilling the objectives. All the findings have been derived with the help of proper sampling and data collection technique and the use of simple tools for tabulation and analysis of data.

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## DECLARATION

I Karabi Sarmah, student of Department of account and finance, Nalbari Commerce College, Nalbari, do hereby declare that the report entitled “Role of Bandhan Bank Microfinance in Rural Development: A Study With Special Reference to Pachim Mangaldoi Block of Darrang district, Assam” is a genuine report and it has not published in any book or any newspaper and journals. We have done our field survey at Pachim Mangaldoi Block in the month of November 2023 and collected the day by using the methods of observation and discussion as well as prepared questionnaires.

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# ROLE OF BANDHAN BANK MICROFINANCE IN RURAL DEVELOPMENT: A STUDY WITH SPECIAL REFERENCE TO PACHIM MANGALDOI BLOCK OF DARRANG DISTRICT, ASSAM.

## CHAPTER1

### 1.1 INTRODUCTION

Microfinance is a type of financial service that targets individuals and small businesses who do not have access to traditional banking and related services. Throughout history, practical visionaries have built institutions and tested practices to bring financial services to poor people, providing them with opportunities and risk management tools. The concept of microfinance is not new, with its roots tracing back to the 1800s when Lysander Spooner, a theorist, wrote about the benefits of small credits to entrepreneurs and farmers to help lift them out of poverty. Friedrich Wilhelm Raiffeisen also founded cooperative lending banks to support farmers in rural Germany. The modern use of expression “microfinancing” has roots in the 1970s when Grameen Bank of Bangladesh, founded by microfinance pioneer Muhammad Yunus, was starting and shaping the modern industry of microfinancing. The approach of microfinance was institutionalized by Yunus in 1976, with the foundation of Grameen Bank in Bangladesh. Another pioneer in this sector is Pakistani social scientist Akhtar Hameed Khan.

Since people developing the world still largely depend on subsistence farming on basic food trade for their livelihood, significant resources have gone into supporting smallholder agriculture in developing countries.

Microfinance by self-helping group act as a modern tool to fight poverty for the development of rural as well urban India. Microfinance also known as micro-credit is a financial service that focuses on meeting financial needs of population that are financially underserved, these are individuals who usually lack the credit or resources to secure a loan and are unlikely to get approval from traditional banks. The main thrust of Bandhan microfinance is social upliftment and to empower the women through women entrepreneurship who are socially disadvantaged and economically exploited.

Microfinance is unable to attain sustainable development without the rural development. Women form the main part in attaining sustainable development. It is important to empower

women for the progress of a country, rural women available on SSRN-Elsevier form the main part in the development of women. Development of rural women leads to development of a country. India has a total population of about 6.40 lacs villages and most part of population is living in rural areas. Most of the population lives in rural India. The majority of rural women lives in rural India forms the category of being below poverty lines. So, rural poverty can mean the feminization of poverty. The segment of rural India forms the backbone of Indian economy. To empower a rural India it is important to empower its rural population. The government is helping rural development by providing women in rural areas with aid and facilities. Microfinance, particularly through self-help groups, is a new development innovation that is being used to help women. Bandhan Microfinance provides financial services to women, which they can use to improve their personal, social, and economic status. These services help women to manage their income and savings more effectively, by investing in things like education for their children and improving their standard of living. Empowering women can be achieved through various concepts such as education, awareness, literacy, and training. The World Bank defines empowerment as "the process of increasing the capacity of individuals or groups to make choices and to transform those choices into desired actions and outcomes."

Microfinance is a modern tool that helps fight against poverty and contributes to the development of rural areas. Bandhan Bank is a microfinance institution that has been providing microfinance services for the last 23 years. Mr. Chandra Sekhar Ghosh founded Bandhan Financial Services Limited, a non-profit society, in 2001. The company lends money to small-scale businesses, low-income women entrepreneurs, and self-help groups (SHGs). The concept of Bandhan is togetherness, and its mission and vision reflect its name. Bandhan is committed to the social upliftment and economic emancipation of women who are socially disadvantaged and economically exploited. The model followed by Bandhan involves individual lending through group formation. Bandhan's commitment towards triple bottom-line values is strongly asserted by its intervention in development activities. In 2006, Bandhan acquired an NBFC to scale up its microfinance activities, turning into an NBFC-MFI to further its core objective of financial inclusion. In 2010, Bandhan was recognized as the largest MFI in the country.

On April 2, 2014, Bandhan received an in-principle approval for setting up a Universal Bank. The Bank was incorporated as Bandhan Bank Limited on December 23, 2014, in Kolkata, West Bengal, as a public limited company under the Companies Act, 2013, pursuant to the

certificate of incorporation issued by the ROC. A license authority was issued by the RBI on June 17, 2015, allowing the bank to carry out banking business, in terms of section 22 of the Banking Regulation Act. Bandhan Bank commenced operations on August 23, 2015, after Bandhan Financial Limited (BFSL), its parent company, transferred its entire microfinance business to the bank, and the bank simultaneously began general banking activities. Its public shareholders then included International Finance Corporation, an arm of GIC, the sovereign wealth fund of Singapore, and the Small Industries Development Bank of India.

On August 23, 2015, the Honorable Union Finance Minister, Shri Arun Jaitley, inaugurated the bank in Kolkata, making Bandhan Bank the first bank to be set up in Eastern India post-independence. The bank has significantly improved its presence in East and Northeast India due to its focused approach towards empowering women and promoting financial inclusion .shortage of other banking organisations.

Bandhan Bank obtained its universal banking license from the Reserve Bank of India on June 17, 2015. The bank began its operations on August 23 of the same year with 501 branches, 50 ATMs, and 2,022 DSC. It started its microfinance operations in Bagnan, a small village located 60 km from Kolkata. Bandhan Bank followed the model of individual lending through group formation. It is the first microfinance entity in India to transform into a universal bank that focuses on serving underbanked and underpenetrated markets.

As of March 27, 2018, Bandhan Bank became the eighth largest bank in India by market capitalization on the day of its listing on the bourses. The bank specializes in serving the Eastern and underdeveloped states of Northeast India and has a presence in 34 states and union territories. It offers a range of banking products and services, including retail loans, micro and small enterprise loans, loan deposit products, and general banking services.

Bandhan Bank also provides non-interest income-generating services, such as debit cards, internet banking, mobile banking, EDC-POS terminals, online bill payment services, as well as the distribution of third-party general insurance and mutual fund products. The bank aims to serve the underbanked and underpenetrated markets of India, particularly in the underdeveloped states of Northeast India, where it is making a significant difference.

As of March 31, 2021, the bank has mobilized deposits over Rs 77,972 crore, and its total advances stand at Rs 87,042.9 crore. As of June 30, 2023, the bank has mobilized deposits of

Rs 1,08,479 crore, and its total advances stand at Rs 3,03,164 crore. Presently, Bandhan Bank has 6,140 banking outlets pan-India serving more than 3.07 crore customers..

## 1.5 Objective

\*To analyse the microfinance mechanism of Bandhan Bank

\*To examine the impact of Bandhan Bank microfinance within the study area

## 1.2 CONCEPTUAL FRAMEWORK

It all began in the 1990s when Chandra Shekhar Ghosh noticed the financial difficulties faced by small-time traders in Kolkata. In order to grow their businesses, they had no choice but to rely on high-interest loans from traditional money lenders. Ghosh was determined to help these marginalized business owners, which led to the creation of Bandhan. This microfinance institution provides loans and hope to the poorest, with the ultimate goal of building a financially inclusive India. Over the years, Bandhan has evolved into a universal bank that serves all socio-economic sections across the country.

In 2001, Bandhan started as a society dedicated to financial inclusion and women empowerment through sustainable livelihood creation. It began microfinance operations in rural Bengal. In 2006, Bandhan acquired an NBFC and established Bandhan Financial Services Private Limited, while keeping the core objective of financial inclusion intact. In 2009, the microfinance portfolio was transferred from the society to the NBFC. By 2010, Bandhan became the largest microfinance institution in the country.

In 2015, Bandhan Bank was launched, becoming the first microfinance company in India to receive a universal banking license. On its launch day, the bank had 2,523 banking outlets, 501 branches, and 2,022 DSCs. By 2016, the bank had expanded its branch and DSC network to 656 branches and 2,022 DSCs. In 2017, the bank expanded even further, with 840 branches and 2,546 DSCs.

In 2018, Bandhan Bank became the 8th most valued bank in India in terms of market capitalization. The bank continued to expand, with 893 branches and 2,686 DSCs, and the opening of 40 new branches in December 2018. In 2019, the bank acquired HDFC Limited's stake in GRUH Finance, one of India's foremost affordable housing finance companies. That same year, it also launched 125 new banking outlets.



In 2020, the bank set up its 1000th bank branch and 4000th banking outlet. In 2021, the bank allotted 87,060 equity shares under ESOP. In 2022, Bandhan Bank opened a currency chest in Patna, its first in the country, and another in Assam. Currently, Bandhan Bank has 6,140 banking outlets and 3.07 crore customers.

The history of microfinance in India dates back to the 19th century when informal credit systems, such as moneylenders and indigenous community-based lending practices, were prevalent. However, the modern microfinance movement, as we know it today, began to take shape in the 1970s and gained significant momentum in the 1990s.

### 1970s: Emergence of Self-Help Groups (SHGs)

The foundation of formal microfinance in India can be attributed to the National Bank for Agriculture and Rural Development (NABARD), which was established in 1982. In the 1970s, NABARD introduced the concept of Self-Help Groups (SHGs) to promote financial inclusion among rural communities. SHGs were small groups of individuals, mainly women, who pooled their savings and extended microloans to group members in need. The success of SHGs laid the groundwork for the expansion of microfinance initiatives across the country.

In the 1990s, Microfinance Institutions (MFIs) were established in India. These non-profit organizations, non-governmental organization (NGOs), or specialized financial institutions focused on providing microcredit to the underserved and economically vulnerable segments of society. They followed the Grameen Bank model pioneered by Nobel Laureate Muhammad Yunus in Bangladesh, which emphasized group-based lending, peer support, and the social collateral of borrowers.

Early 2000s saw rapid growth in the microfinance sector in India, attracting significant investments from banks and financial institutions. Innovative products, such as microinsurance and micro-savings, were introduced to broaden the scope of microfinance services. However, this period also witnessed some challenges, including concerns about over-indebtedness and aggressive collection practices by certain MFIs.

The Andhra Pradesh microfinance crisis emerged as a significant setback for the industry in 2010, leading to regulatory interventions by Reserve Bank of India (RBI). The RBI introduced comprehensive regulations to govern the microfinance sector, which included setting interest rate caps, defining eligibility criteria for MFIs, and establishing guidelines for practices.

After the regulatory interventions, the microfinance sector in India underwent a process of formalization. MFIs and SHGs continued to play a crucial role in providing microcredit to the underserved, while new players, including Small Financial Bank (SFBs), emerged as specialized institutions catering to the financial needs of low-income segments.

Today, microfinance in India has evolved into a well-regulated and dynamic sector, playing a vital tool for poverty alleviation, women's empowerment, and promoting financial inclusion in both rural and urban areas of the country. The history of microfinance in India reflects a transformative journey, from informal credit practices to a formalized, regulated, and dynamic sector, playing a vital role in the development of the nation.

Microfinance institution (MFI) in India that has empowered more than 4 lakh members through its 150 branches. It offers an extensive range of business development and financial services to economically and socially challenged members of society. The institution offers a range of loan products to suit the varied needs of customers:

**Loan Details:**

- Loan Amount: Rs.1,000 - Rs.1 Lakh
- Interest Rate: 22% - 26% p.a. on diminishing basis
- Processing Fee: 1% - 2% of loan amount + GST
- Loan Tenure: 3 months – 60 months

Fusion Microfinance Pvt Ltd is an RBI registered NBFC-MFI that works on a Joint Liability Group (JLG) lending model of Grameen. The institution offers loans to women in rural and semi-urban regions. Apart from offering financial support and insurance protection, the company also imparts financial literacy to its customers.

**Loan Details:**

- Loan Amount: Rs.3000 - Rs.60,000
- Loan Tenure: 8 months – 2 years
- Interest Rate: 21% - 21% p.a. on reducing balance method
- Processing Fee: 0 – 1% of loan amount + GST

Annapurna Microfinance Pvt Ltd provides loans to the financially underserved population. Technical and financial education is also imparted to beneficiaries to strengthen their entrepreneurial skills. It is one of the top ten NBFC-MFIs in India today.

Loan Details:

- Loan Tenure: 12 months – 240 months
- Interest Rate: 18% - 26% p.a. (reducing)
- Processing Fee: 1% - 2% of loan amount + GST

Arohan Financial Services Limited is Eastern India's largest NBFC MFI, offering financial inclusion products to 1.9 million customers throughout India. The local partners of the company help in improving its reach to remote locations. Non-financial products are also offered by the company at affordable costs. Arohan also has an MSME lending business in its portfolio.

Loan Details:

- Loan Amount: Rs.1,100 – Rs.50,000
- Loan Tenure: 3 months – 24 months
- Interest Rate: 20.70% - 21.25% p.a.

BSS Microfinance Limited offers microloans to poor women so that they can be part of income-generating activities that bring them out of poverty. The institution offers loans in the states of Maharashtra, Karnataka, Tamil Nadu, and Madhya Pradesh.

Loan Details:

- Loan Amount: Rs.8,000 – Rs.60,000
- Interest Rate: 25% p.a.
- Processing Fee: 1% + GST (for loans above Rs.25,000)

Asirvad Microfinance Limited has an extensive network of branches throughout 22 states in India. It offers microloans to women entrepreneurs from low-income households for income generation activities. Currently, three types of loans are offered to borrowers, i.e. Product Loan, Income Generation Program (IGP) Loan, and Small and Medium Enterprise (SME) Loan.

#### Loan Details:

- Loan Amount: Rs.2,498 – Rs.45,000
- Loan Tenure: 12 months – 24 months
- Interest Rate: 21.70 p.a.

Cashpor Micro Credit is a microfinance institution that works towards bringing the economically backward sections of society out of poverty. The products offered by the company include credit facilities, savings services, insurance coverage, and pension services. The credit facilities offered by Cashpor are predominantly for undertaking income-generating activities. Loans are also provided for non-income-generating activities and acquisition of assets that improve the health and social status of the beneficiaries. For instance, loans for the construction of toilets, women empowerment, and the procurement of gas connections are commonly offered by the company.

Bandhan Financial Services Limited aims to reduce socio-economic poverty by generating employment opportunities for low-income households. Cost-effective financial and non-financial products are provided in this regard.

Fincare Business Services Limited consists of two NBFC-MFIs, i.e. Disha Microfin Ltd. (now referred to as Fincare Small Finance Bank) and Future Financial Services Pvt. Ltd. (FFSPL). The company caters to the semi-urban and rural households of the country, offering Microenterprise Loans (MEL) and loans against gold with quick disbursals.

The main thrust of Bandhan microfinance is social upliftment and empowering socially disadvantaged women entrepreneurs and economically exploited.

#### Microfinance in India

The term "microfinance" was created during the 1970s by organizations like Grameen Bank and Muhammad Yunus, who were pioneers in the modern microfinance industry. In the early 1970s, the Self Employed Women's Association (SEWA) of Gujarat formed an urban cooperative bank called the Shri Mahila SEWA Sahakari Bank in India to provide banking services to poor women.

Microfinance is a vital aspect of rural finance and has several distinguishing features. It is specifically designed to help low-income individuals without requiring any collateral. The loan amount is generally small, ranging from Rs. 20,000 to Rs. 30,000, and the loan tenure is

short. The primary objective of microfinance is to generate income for the poor, and it is more service-oriented than profit-oriented. It is considered one of the most effective poverty alleviation strategies and is provided through NGOs, commonly known as Self-Help Groups (SHGs). To determine the optimal mix of multipurpose loans, research is conducted on the demand for finance and savings behaviour of the borrowers.

In India, microfinance operates through two channels:

Self-Help Group-Bank Linkage Programme (SGH-BLP)

Micro Finance Institutions

**\*Self-Help Group- Bank Linkage Programme**

The SGH-BLP is a highly successful microfinance program that has reached 13.87 crore families globally, providing social, economic, and financial empowerment to rural poor, particularly women. The SHG model, which is one of two approaches to reach the poor, leads in India in terms of clients' outreach, loan amounts disbursed, and savings. The model becomes feasible only when members pool their resources to create a common fund. Additionally, members receive various types of skill development training to become self-employed at a low cost and capital investment. IFAD is a prominent rural finance lender that aims to reduce poverty. In India, IFAD has been establishing Self Help Groups (SHGs) and connecting them to commercial banks, thereby providing access to financial services to rural people on a large scale. The Rural Finance Support Program, which was launched in 2005, empowers underprivileged communities to support each other with IFAD's assistance.

**\*Micro Finance Institution**

Microfinance institutions have become increasingly important in the financial industry, as highlighted by Forbes rankings and the Deutsche Bank Report. The International Fund for Agricultural Development (IFAD) supports Rural Finance policy, which aims to establish sustainable rural finance institutions that cater to the needs of the rural poor and promote a sound rural financial infrastructure.

Over one billion people in the world live on less than US \$1 per day, with 75% of them residing in rural areas. Microfinance institutions often target women as their customers because it has a greater impact on household consumption and children's quality of life. Poor

rural people require access to a range of financial services, not just credit. They need secure, convenient deposit services that enable small balances, transactions, and easy access to funds.

## Women Entrepreneurship

Women entrepreneurship involves women or groups of women who initiate, organize and run a business enterprise. An entrepreneur is someone who is a visualizer, creator, innovator, decision maker, risk taker and leader. They actively seek change by engaging opportunities. When an enterprise is owned and managed by a woman entrepreneur with at least 51% financial interest in the share capital, it is termed as women entrepreneurship.

## Bandhan Bank Begins Operation

Bandhan Bank, one of the fastest-growing banks in the country, had a larger focus on microfinance during the pandemic. However, it is now planning to diversify its business into retail, with a focus on home loans, gold loans, and unsecured lending besides. The bank aims to halve its microfinance portfolio over the next two years by 2025. According to forecasts, Bandhan Bank is expected to grow earnings and revenue by 27% and 25% per annum, respectively. The EPS is expected to grow by 25.7% per annum, and the return on equity is forecast to be 18% in three years.

On June 28, 2023, Bandhan Bank achieved a milestone of tripling its branch presence in less than eight years of operation. The bank now has a total of over 1,500 bank branches.

Bandhan Bank began operations with 501 branches, 1.43 crore accounts, and a Rs.10,500 crore loan book across the country. To date, it has opened 2022 service centers and 50 ATMs across 24 states, and hired 19,500 employees. The bank has opened branches in West Bengal (220), Bihar (67), Assam (60), Maharashtra (21), Tripura and Uttar Pradesh (20 each), and Jharkhand (15).

It is reported that 71% of Bandhan Bank's branches will be in rural areas, including 35% in unbanked rural regions. On the first day of its operations, the bank garnered Rs.80 crore in deposits and opened a significant number of new accounts. Eighteen branches will be open seven days a week. The bank has plans to increase the number of branches to 632 and add 250 ATMs in 27 states by the end of the current fiscal year.

## Interest Rate of Bandhan Bank:

The savings bank account interest rate is fixed at 4.5% for balances up to Rs. 1 Lakh, and 5% for balances exceeding Rs. 1 Lakh. The term deposit interest rate is fixed at 8.5% for a duration of 1-3 years. Additionally, senior citizens will receive an extra 0.5% interest benefit..

### Future Prospects of Bandhan Bank

Bandhan Bank, which commenced its operations with a capital of Rs. 2570 crore, is expected to increase its capital to Rs. 3,052 crore in the near future. During the inauguration, Finance Minister Jaitley stated that Bandhan Bank would facilitate and catalyze the growth of entrepreneurs in West Bengal. He also mentioned that the bank would face a challenge to push the credit deposit rate of Bengal from about 68% to the national average of 76%.

However, Bandhan Bank is likely to face significant challenges in establishing itself in the banking industry. Along with competition from established commercial banks, it will also have to contend with the 11 payment banks that were recently granted licenses from RBI. Additionally, RBI is likely to grant licenses to another set of new banks by next month to establish small finance banks. Furthermore, Bandhan Bank will have to balance the interests of investors for profit, rather than just focusing on small investors. The success of Bandhan Bank's transformation into a full-fledged commercial bank remains to be seen and only time will tell.

### Recent Developments in Bandhan Bank

Bandhan Bank managed to attract 500,000 new saving customers within just one month of launching its operations. As per the statement of its Managing Director and CEO, CS Ghosh, the bank has now accumulated a substantial customer base since the beginning of its operations.

## 1.3 SIGNIFICANCE OF THE STUDY

Microfinance has a substantial impact on the economic and social well-being of women. While the benefits may not be immediately apparent, they become more evident over time. Microfinance offers livelihood opportunities to women who previously had no means of supporting themselves. However, merely having access to loans will not result in empowerment; it is essential to ensure that the loan is used productively to achieve actual empowerment. It is also crucial to determine whether the loan is being managed and used by the woman or a male family member to the fullest extent. Microfinance provides women with economic power, which forms the basis for social empowerment. It encourages women to develop entrepreneurial skills and manage their microbusinesses.

Additionally, microfinance boosts women's self-esteem, social capital and facilitates their personal growth. Women become more aware, gain more knowledge, and have better self-confidence. Microfinance also enables women to save for emergencies and the future. Women typically spend a significant portion of their loan on their children's education. Microfinance can help eradicate poverty if borrowers can improve their quality of life through revenue generated by the loan. By using loans to invest in their businesses, women gain economic autonomy and self-sufficiency. They also contribute to the family's expenses, which may sometimes make it challenging to repay the debt. It is essential to utilize the loan in a manner that generates income rather than a burden. Our research indicates that the impact of microfinance on women's empowerment is a long process that requires time to enhance their quality of life. To ensure that the loan is utilized efficiently, a comprehensive analysis should be carried out to determine how the money will be invested and generate revenue. Microfinance will progressively improve the standard of living for women, their families, and their children.

#### 1.4 OBJECTIVES OF THE STUDY

- \*To analyse the microfinance mechanism of Bandhan Bank

- \*To examine the impact of Bandhan Bank microfinance within the study area.

#### 1.5 REVIEW OF LITERATURE

BOSE (2015) Studied that microfinance schemes of Bandhan microfinance helped to alleviate poverty at larger scale. Microfinance also act as an effective approach for financial inclusion programme.

TIWARI AND KAUR (2018) Analysed that empowerment of women is a key factor to eradicate poverty as women are the major contributor to the national income. Financial assistance is required to make these poor and dependent women as emerging entrepreneurs. Union government, state government, self-help groups, industrial, organisations, microbanks, nationalized banks, non-banking financial companies are providing financial support schemes to poor section of society. Women empowerments includes in its ambit the respect social, political urgent requirement of modern society. Women have become more confident and stable with microfinance through SHGs but several MFIs are charging exorbitant rate of interest to the poor people which is required to checked and controlled.

JAGTAP (2017) Studied that the Bandhan Bank focusses on Eastern India as banking penetration is still poor in the region but at the same time one to expand their loan portfolio



by increasing lending funds to retail business and micro and small medium enterprises. Microfinance institutions are basically established with the objective of providing financial facilities to the needy and weaker sections of the society. They helped the government to get rid of poverty and achieve economic development of the country and Bandhan is playing a key role to achieve these objectives. In India the government should focus to examine the structure of microfinance schemes and suggest some recommendation for proper functioning of MFIs.

Ahlawat (3) Reported that the group- based microfinance interventions had positive impact on the income, expenditure, saving and investment level of members of SHGs.

Bansal (4) In his study on impact of microfinance on poverty, employment and women empowerment in rural Punjab revealed that microfinance aided in women's economic, social, psychological, and political empowerment.

Khan (5) Reported that significant improvement in the social and economic status of women entrepreneurs was found and concluded that the overall effect of microfinance was positive in empowering women entrepreneurship in the study area.

Loomba (6) In her study on role microfinance in women empowerment in Ghaziabad, India found that microfinance played an important role in the social, psychological and economic empowerment of women in India. It was also found that microfinance was capable of supporting the empowerment.

Mudaliar and Mathur (7) Observed in their study that microfinance had the potential to significantly impact women's empowerment. Although microfinance did not necessarily empower all women, it empowered the majority of them to some extent.

Gilani et al (8) Revealed from his study that microfinance increased their income allowed them to better manage their family concern. In conclusion also benefited not only empowered. But also benefited the society as a whole.

Nachimuthu (9) Revealed that it strengthened women's financial and economic condition. Which brought changes in the condition of household their family life and status in the society.

Pramod et al (10) Revealed that there was a clear link between microfinance schemes and women- empowerment .

Sharma (11) Revealed from his study that the active involvement of microfinance in the economy generated ample opportunities for the poor women entrepreneurs. It eventually helped in their growth and encouraged them to work upon the important financial decisions on their own.

Sunitha et al (12) Revealed that microfinance helped in the important of factors such as household decision-making, mobility, legal, social and economic awareness and economic security.

Chirkos (2014) Studied the impact of microfinance on the lives of poor people in Ethiopia. The study was conducted in two branches of Amhara Credit and savings institutions like Debtors and Estie. For this questionnaires were distributed to the clients of Debtors and Estie branches of ACSI. Sample for this survey was taken 150 with 75 respondents per branch. Finding concluded that the factors which contributed to poverty reduction were vocational training, clean water and hygienic environment, nutrition and adequate food accommodation, income and savings. The results also showed that access to microfinance led to the increase in the standard of living.

Colemon (2002) Evaluated the outreach and impact of two microfinance village bank programs that targeted the poor in north east Thailand. Results indicated that even prior to program intervention, the program participants tend to be significantly wealthier than the non participants. The wealthier villagers participated mostly as compared to poor villagers and the wealthier villagers were the major beneficiaries who used their high rank positions to borrow substantially to serve their own interests. Hence the poor members of the villages were deprived from the benefits of microfinance programs.

Gaiha and Nandhi (2007) Focused on the benefits of microfinance through SHGs and assessed the dimension of women empowerment based on a designed survey is selected villages of Pune district. Finding of the study showed that credit obtained by the SHGs were used largely for health, education purposes and for production related expenses especially by the disadvantaged section of poor women. Using different methods and data sources. Various dimensions of empowerment were confirmed and its mechanism involved that access to credit reduced the domestic violence of the women and improved that status of women in the household as well as in the society.

Goel (2015) Examined the impacts of microfinance on income inequality alleviation and women empowerment in Gujarat. SEWA Bank being the pioneer of financial institution in

Gujarat was chosen as the unit of analysis. Four districts of Gujarat namely Mehsana, Ahmedabad, Gandhinagar and Sabarkantha were covered in the study and found that availment of loan from microfinance institution SEWA increased the individual and household income of the participant along with reduced among the beneficiaries. Easy access to credit from SEWA led to the empowerment of women economically socio-culturally and politically.

Khan and Rehman (2007) Investigated that how microfinance work by using group landing methodology for poverty reduction, empowerment and improving living standards of poor people in Bangladesh. Sample was chosen on the basis of random sampling technique and people involved in microfinance activities were interviewed. The study concluded that access to microfinance reduced poverty among non- participants benefited from the increase in economic activities.

Khandekar (2003) Scrutinised the impact of microfinance an poverty reduction at both the participant and the aggregate level using panel data of two periods of 1991-1992 and 1998-1999 in Bangladesh. Analysis of data revealed that access to microfinance contributed to poverty reduction, especially for formal participants and to overall poverty reduction at the village level. He also highlighted that microfinance reduced poverty among non- participants as well through spillover affects in which non participants benefited from the increase in economic activities.

Samarpreet (2010) Analysed the factors influencing the microfinance services and studies the progress of delivering microfinance services across different states of India over the period 1994 to 2007. Findings of the study showed the intensive growth of microfinance services in southern region and the active participation of poor women in microfinance activities the sheckless of poverty.

## 1.7 RESEARCH METHODOLOGY

Nature of research:

The present study is descriptive in nature, and its purpose is to describe the variables' nature.

Data Source and Nature:

The study collected primary and secondary data. The primary data were collected from field surveys, while the secondary data were gathered from e-books, internet sources, websites, theses, and other relevant sources.

### Population:

The study's population consists of microfinance loan holders in the six developmental blocks of Darrang district.

### Population size:

Unknown

### Sampling Technique:

The sample was selected using a simple random sampling method. One block was chosen from the six developmental blocks in Darrang district through a lottery method. In the second stage, microfinance loan holders of the selected developmental block were considered for collecting the sample respondents. Since it is difficult to find out the total number of microfinance loan holders, the researcher used a convenient sampling technique and selected 50 respondents.

### Analytical Techniques:

The study is descriptive in nature. Tabular methods were used for data analysis and interpretation, where frequencies and percentages were the main tools employed.

### Sample:

The study selected a total of 50 samples for the research.

### Area of the study:

The area selected for the study is Darrang District. The data collected from the microfinance loan holders of rural area of Darrang.

### Data Analysis and Interpretation:

The collected data from survey participants were analysed by descriptive statistics like table, pie diagram, bar diagram.

## 1.7 RESEARCH QUESTIONS

\*What is the impact of Bandhan Bank microfinance within the study area?

\*What is the microfinance mechanism of Bandhan Bank?

## 1.8 STATEMENT OF THE PROBLEM

Access to basic financial services is crucial for managing assets and creating income, but unfortunately, many poor people in the world do not have this access. This lack of resources makes it difficult for them to escape poverty. Microfinance is a solution to this problem, particularly in rural areas where the majority of the world's poorest people live. Microfinance institutions, such as non-governmental organizations, commercial banks, and credit unions, provide funds, insurance, savings, and other financial services so that poor people can obtain small loans and secure their savings. By offering these services, microfinance institutions are playing a key role in the fight against poverty.

## 1.9 LIMITATIONS OF THE STUDY

It is often said that nothing is perfect, and if this is true, then it is likely that there are some shortcomings in this project as well. Despite sincere efforts to reduce discrepancies, some limitations of the study may have prevented us from doing so. These include:

- Due to a lack of interest, it is possible that the answers given by microfinance loan holders in Pachim Mangaldoi Block of Darrang may be biased.
- Some respondents in the survey were unwilling to share information.
- There may be some errors in data collection, interpretation, and analysis, as the environment can play an important role in the outcome of results.
- Shortage of time was also a limitation, as the time provided was very short, making it difficult for us to conduct a survey on a wider scale.

## DATA ANALYSIS AND INTERPRETATION

Table no 1

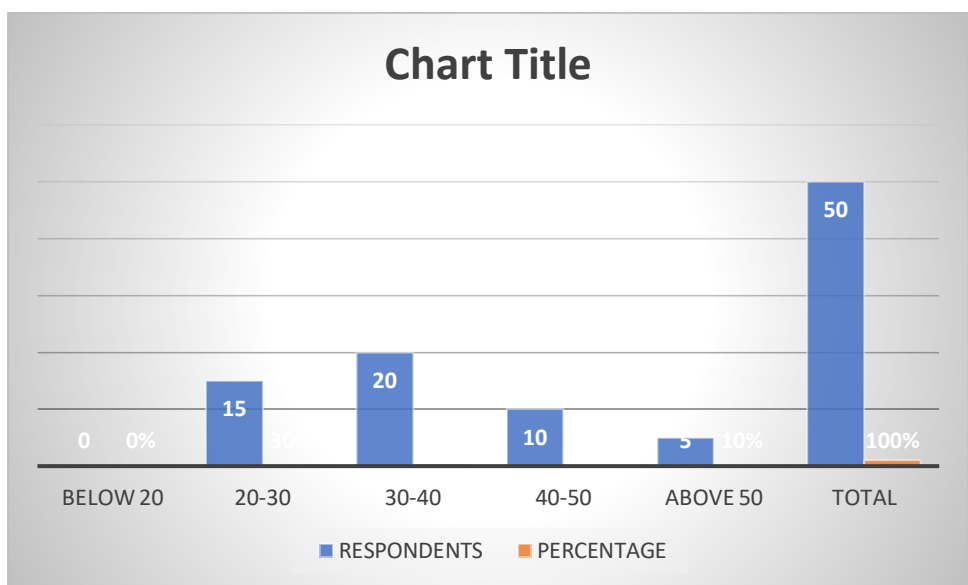
Table indicating the Age of the respondents

AGE	NO OF RESPONDENTS	PERCENTAGE
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Below 20	0	0%
20-30	15	30%
30-40	20	40%
40-50	10	20%
Above 50	5	10%
Total	50	100%

Source compiled from the survey

Figure1



## INTERPRETATION

From the above table, it is interpreted that the number of respondents below of 20 is 0%; the 20 to 30 age of respondents are 30%; the 30 to 40 age of respondents are 40%; the 40 to 50 age of respondents are 20%; above 50 age of respondents are 10%.

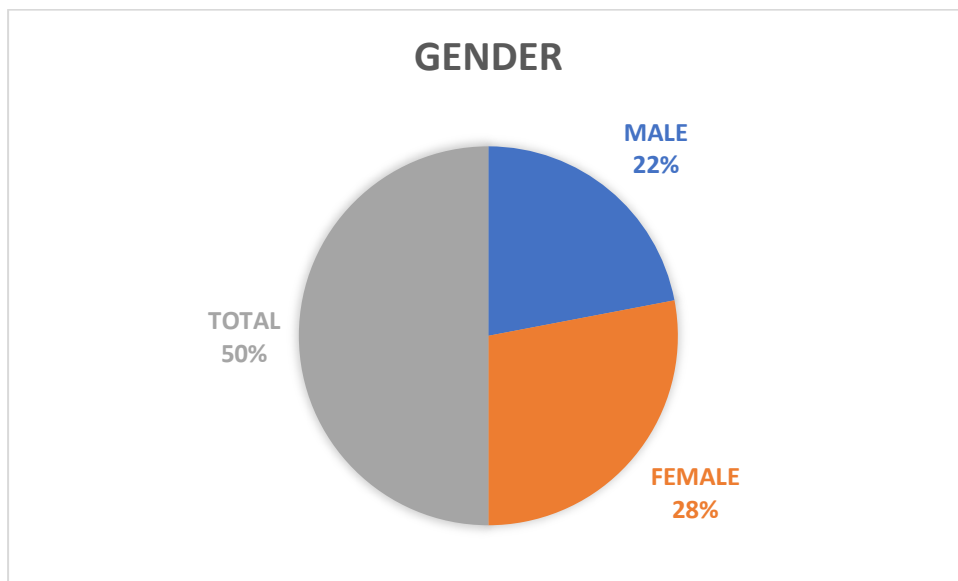
Table 2

Table indicating the gender of the respondents

GENDER	NO OF RESPONDENTS	PERCENTAGE
MALE	22	44%
FEMALE	28	56%
TOTAL	50	100%

Source of compiled from the survey

Figure 2



#### INTERPRETATION

From the above table, it is interpreted that the number of male respondents is 44% and female respondents is 56%.

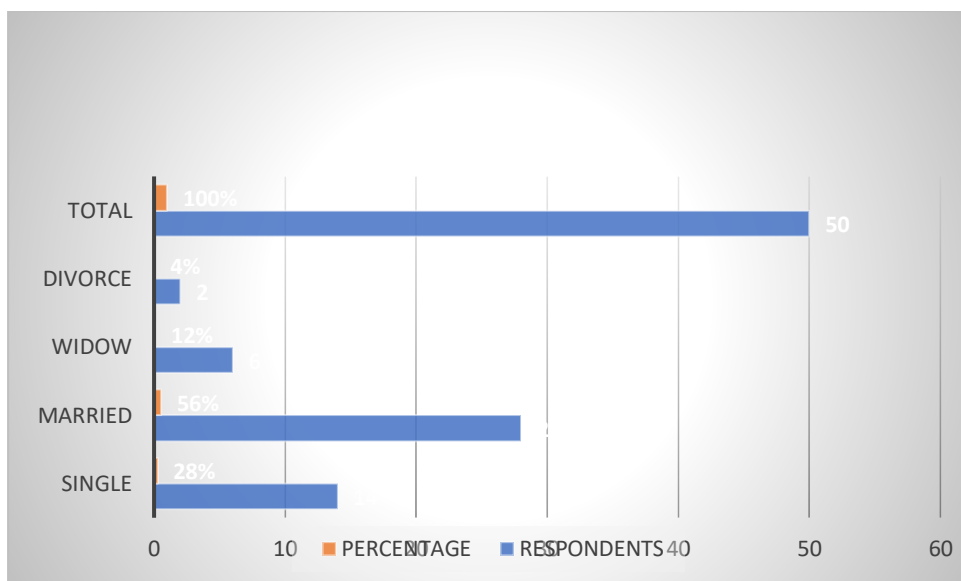
Table 3

Table indicating the marital status of the respondents

MARITAL STATUS	NO OF RESPONDENTS	PERCENTAGE
SINGLE	14	28%
MARRIED	28	56%
WIDOW	6	12%
DIVORCE	2	4%
TOTAL	50	100%

Source compiled from the survey

Figure 3



## INTERPRETATION

From the above table, it is interpreted that the number of single respondents are 28%; married respondents are 56%; widows respondents are 6% and divorce respondents are 4%.

Table 4

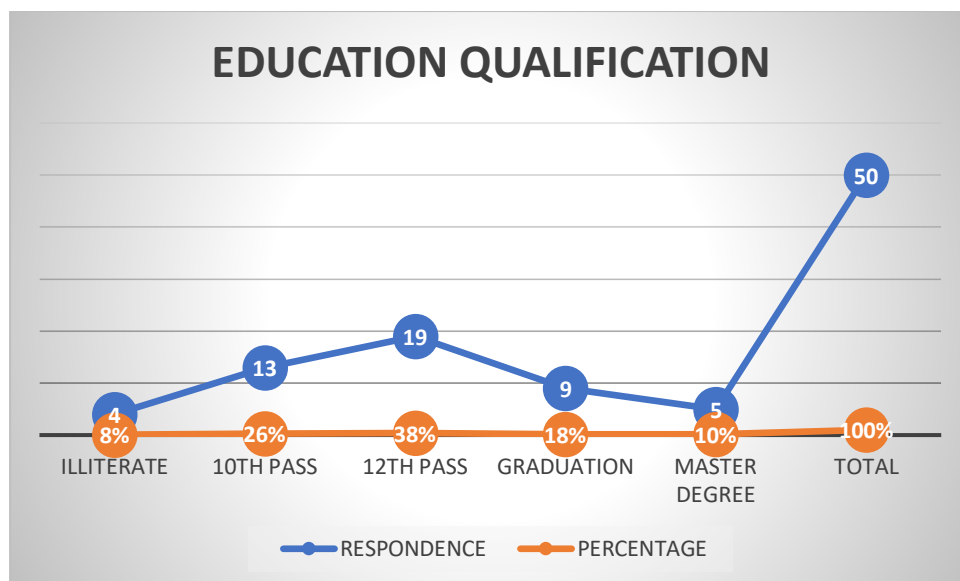
The indicating the education qualification of the respondents

EDUCATION	NO OF RESPONDENTS	PERCENTAGE
ILLITERATE	4	8%
10 <sup>TH</sup> PASS	13	26%
12 <sup>TH</sup> PASS	19	38%
GRADUATION	9	18%
MASTER DEGREE	5	10%
TOTAL	50	100%

Source compiled from the field survey

Figure 4





## INTERPRETATION

From the above table, it is interpreted that the number of education qualification respondents are illiterate 8%, 10<sup>th</sup> pass 26%, 12<sup>th</sup> pass 38%, Graduation 18% and Master degree 10%.

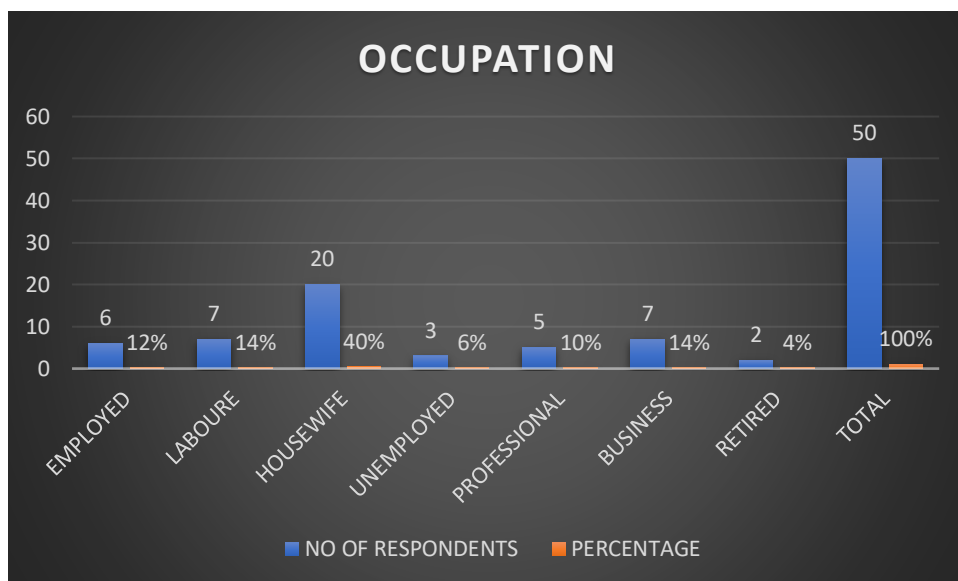
Table 5

Table indicating the occupation of the respondents

OCCUPATION	NO OF RESPONDENTS	PERCENTAGE
EMPLOYED	6	12%
LABOURE	7	14%
HOUSEWIFE	20	40%
UNEMPLOYED	3	6%
PROFFESIONAL	5	10%
BUSINESS	7	14%
RETIRED	2	4%
TOTAL	50	100%

Source compiled from the field survey

Figure 5



## INTERPRETATION

From the above table, it is interpreted that the number of respondents associated with employee is 12%, the number of respondents associated with laboures is 14%, number of respondents who are housewives is 40%, number of respondents with profession is 10%, number of respondents with business is 14%, several respondents who are the retired is 4%.

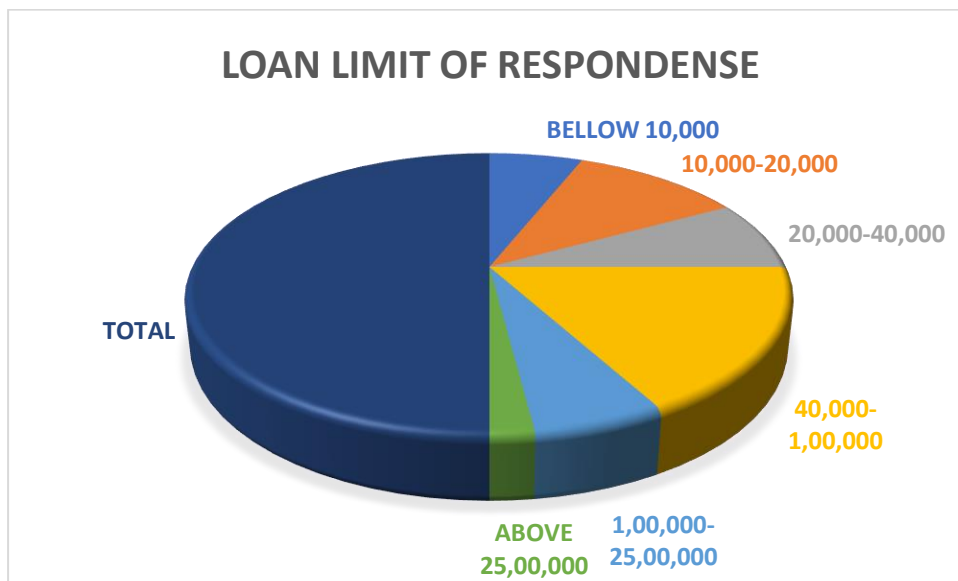
Table 6

Table indicating the loan limit of respondents

LOAN LIMIT	NO OF RESPONDENTS	PERCENTAGE
BELLOW 10,000	6	12%
10,000-20,000	11	22%
20,000-40,000	8	16%
40,000-1,00,000	17	34%
1,00,000-25,00,000	6	12%
ABOVE 25,00,000	2	4%
TOTAL	50	100%

Sources compiled from the field survey

Figure 6



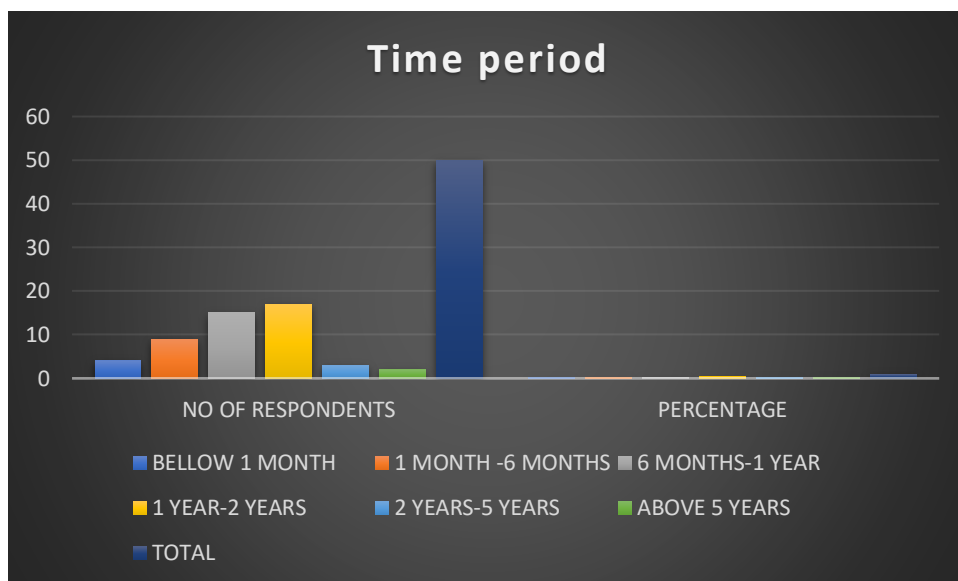
#### INTERPRETATION

From the above table, it is interpreted that the number of respondents taking out loan limit of below 10,000 is 12%, the number of respondents taking out loan limit 10,000 to 20,000 is 22%, the number of the respondents taking out loan limit 20,000 to 40,000 is 16%, the number of respondents taking out loan limit 40,000 to 1,00,000 is 34%, the number of respondents taking out loan limit 1,00,000 to 25,00,000 is 12% and the number of respondents taking out loan limit above 25,00,000 is 4%.

Table 7: Interval of loans taken by the respondents

TIME PERIOD	NO OF RESPONDENTS	PERCENTAGE
BELLOW 1 MONTH	4	8%
1 MONTH-6 MONTHS	9	18%
6 MONTHS-1 YEAR	15	30%
1 YEAR-2 YEAR	17	34%
2 YEARS-5 YEARS	3	6%
ABOVE 5 YEARS	2	4%
TOTAL	50	100%

Source compiled from the field survey



## INTERPRETATION

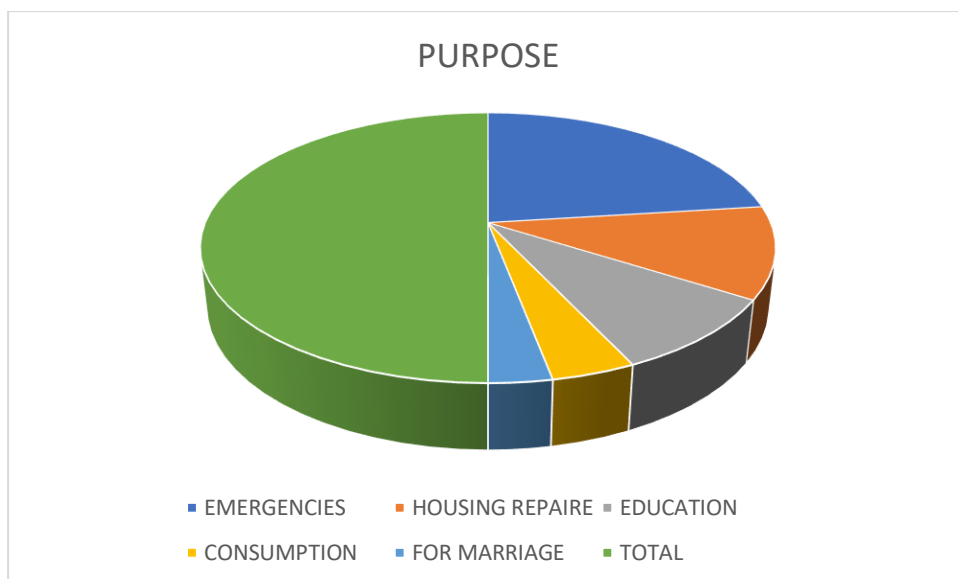
From the above table, it is interpreted that the number of the respondents' time periods below 1 month is 8%, the number of the respondents time periods 1 month to 6 months is 18%, the number of the respondents time periods 6 months to 1 year is 30%, the numbers of the respondents time periods 1 year to 2 years is 34%, the number of the respondents time periods 2 years to 5 years is 6% and the number of the respondents time periods above 5 years is 4%.

Table 8

Table indicating purpose of taking loan of the respondents

PURPOSE	NO OF RESPONDENTS	PERCENTAGE
EMERGENCIES	23	46%
HOUSING REPAIRE	11	22%
EDUCATION	9	18%
CONSUMPTION	4	8%
FOR MARRIAGE	3	6%
TOTAL	50	100%

Source compiled from the field survey



## INTERPRETATION

From the above table, it is interpreted that the number of the respondents purpose of taking loan for emergencies is 46%, the number of the respondents purpose of taking loan for housing repairs is 22%, the number of the respondents purpose of taking loan for education is 18%, the number of the respondents purpose of taking loan for consumption is 8% and the number of respondents purpose of taking loan for marriage is 6%.

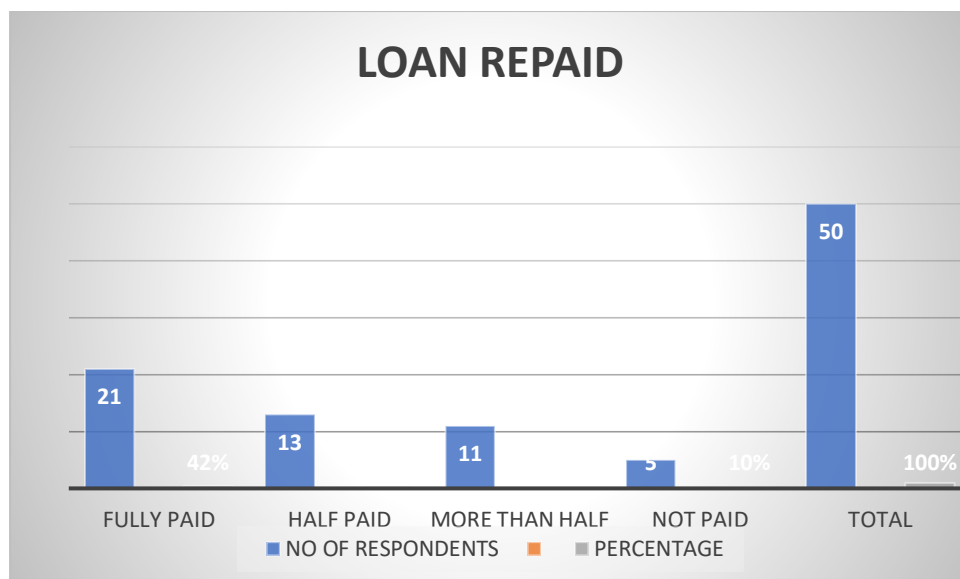
Table 9

Table indicating extent loan repaid of the respondents

REPAID LOAN	NO OF RESPONDENTS	PERCENTAGE
FULLY PAID	21	42%
HALF PAID	13	26%
MORE THAN HALF	11	22%
NOT PAID	5	10%
TOTAL	50	100%

Source compiled from the field survey

Figure 9



## INTERPRETATION

From the above table, it is interpreted that the number of the respondents of fully paid loan holders is 42%, the number of the respondents of half paid loan holders is 26%, the number of more than half paid loan holders is 22% and the numbers of respondents not paid loan holders is 10%.

## CHAPTER 2

### TO ANALYSE THE MICROFINANCE MECHANISM OF BANDHAN BANK

Microfinance is a type of financial institution that offers financial services to low-income individuals and small businesses who lack access to traditional banking services. The services provided include microcredits, micro-savings, microinsurance, and payment mechanisms (Carmella, 2018; Kagan & Julia, 2018). The primary objective of microfinance services is to help the poorest and most socially and geographically isolated members of society (Robert et al, 2004).

Initially, microfinance was limited to providing a few loans to underprivileged entrepreneurs and small businesses who lacked access to credit. There were two primary methods used to deliver financial services to these customers: Relationship Banking for individual corporations and small businesses, and group-based arrangements in which numerous contractors applied for loans and other services as a group.

However, microfinance has evolved into a leading movement aimed at providing affordable, high-quality financial products and services, including credit, savings, insurance, payment, and money transfers, to poor and socially marginalized individuals and families worldwide. It's important to note that microfinance loans may include various charges that should be disclosed to the borrower.

To ensure transparency, the lending institution must provide a standardized, simplified fact sheet with pricing-related information to a prospective borrower.

It is unfair to charge prepayment penalties on microfinance loans. If a borrower misses a payment, a penalty may be applied to the overdue amount only, not the entire loan amount. If there are any changes to interest rates or other charges, the borrower must be notified well ahead of time. These changes will only affect future payments and not the amount already borrowed.

#### Recovery of Loans:

The Real Estate company (RE) needs to set up a system that can identify borrowers who are having difficulty repaying their loans. They should then communicate with those borrowers and provide them with guidance on the available options to help them repay their loans. Additionally, before initiating the recovery process, the RE will notify the borrower of the recovery agent's details to ensure they are aware and have given appropriate authorization.

#### Range of microfinance loans provided by Bandhan Bank microfinance

##### SUCHANA

Here are the details of the loan offer:

- The minimum loan amount is Rs 1,000.
- The maximum loan amount is Rs 25,000.
- The loan tenure can be up to 1 year.
- The rate of interest per annum is 18.80%.

In addition to these, the following facilities are also available:

- Dedicated doorstep service center (DSC) to cater to the needs of customers.
- Simplified documentation to ensure hassle-free loan processing.

- Use of household devices (HHDs) with biometric authentication at doorsteps to speed up transaction time.
- Timely disbursement of the loan amount.

## SHISHTI

\* Minimum loan amount: Rs. 25,001. Maximum loan amount: Rs. 1,50,000. Loan tenure: Up to 2 years. Rate of interest: 18.80% p.a.

## SURAKSHA

Bandhan Bank's Suraksha loan is designed to assist you in times of medical emergencies, without any stress. As an existing microloan customer, you can conveniently access funds to support your family's emergency health needs at your doorstep. You can borrow a minimum of Rs. 1,000 and a maximum of Rs. 10,000 for a period of up to 1 year, with an interest rate of 10.52% p.a. This loan is an excellent option to ensure that you have the financial support you need in case of any unforeseen medical emergencies.

If you need a loan, Bandhan Bank provides a doorstep service center (DSC) that caters to your specific requirements. The loan application process is easy, and biometric authentication-enabled household devices (HHDs) are used at your doorstep to speed up the transaction process. You can be assured that your loan will be disbursed promptly.

For general loans, you can borrow a minimum amount of Rs. 25,001 and a maximum of Rs. 1,50,000. The loan tenure can be up to 2 years, with an interest rate of 18.80% p.a. In case of medical emergencies, Bandhan Bank offers the Suraksha loan. As an existing microloan customer, you can access funds conveniently at your doorstep to support your family's health needs without any stress. The minimum loan amount for the Suraksha loan is Rs. 1,000, with a maximum of Rs. 10,000. The loan tenure can be up to 1 year, with an interest rate of 10.52% p.a.

Bandhan Bank provides a specialized doorstep service center (DSC) for general loans, which makes the loan application process easy and straightforward. The bank's representatives will come to your home and use household devices (HHDs) with biometric authentication to speed up the transaction process. You can be assured of timely disbursement of your loan.



To sum up, for general loans, you can apply for a minimum amount of Rs. 25,001 and a maximum of Rs. 1,50,000. The loan tenure can be up to 2 years with an interest rate of 18.80% per annum.

In the event of a medical emergency, Bandhan Bank offers the Suraksha loan. As an existing microloan customer, you can conveniently access funds at your doorstep to support your family's health needs without any stress.

For Suraksha loans, the loan amount starts from Rs. 1,000 and goes up to a maximum of Rs. 10,000. The loan tenure can be up to 1 year with an interest rate of 10.52% per annum.

## SUSHIKSHA

Securing your children's education has never been easier with Bandhan Bank's Sushiksha loan, which is specifically designed for this purpose. This loan allows you to access funds at your doorstep, ensuring that your children can continue their education without any interruptions.

Here are some important details about the loan:

- The minimum loan amount is Rs. 1,000, while the maximum loan amount is Rs. 10,000.
- The loan tenure can be up to 1 year, and the interest rate is 10.52% p.a.
- For loans extended to borrowers whose household annual income is in rural areas, the income should not exceed 60000. For non-rural areas, the income should not exceed 120000.
- The loan amount should not exceed Rs. 35000 in the first cycle and Rs. 50000 in the subsequent cycle.
- The total indebtedness of the borrower should not exceed Rs. 50000.

As per the guidelines, 0% of the total loan installments that are overdue for more than 90 days and less than 180 days must be paid, and 100% of the total loan installments that are overdue for 180 days or more must be paid. The pricing for the loans has been revised, with the cap on interest removed and a margin cap of 12% and processing fees not exceeding 1%. The NBFC-MFIs are required to follow the RBI Fair Practice Code and be a member of at least one Credit Information Bureau (CIB).

The Associations of MFIs have taken some initiatives on self-regulation, such as implementing the Industry Code of Conduct, client protection, and grievance redressal practices, data sharing and reporting in the public domain, encouraging MFIs to participate with Credit Bureaus and initiating a Responsible Finance Forum.

The government and RBI have also taken some initiatives, such as introducing the Microfinance Institutions (Development and Regulation) Bill 2012, creating the India Microfinance Equity Fund in the Union Budget 2012-13 with a corpus of `100 Cr and topping it up with Rs 200 Cr in the Union Budget 2013-14, allowing MFIs to access ECB and enhancing the ECB limit from \$5 million to \$10 million, treating bank loans to MFIs under Priority Sector lending, creating a separate category of NBFC-MFIs, and coming out with the "Fair Practice Code" to protect the end consumers. There is also a proposal to create a Self-regulatory organization (SRO) for microfinance institutions.

### CHAPTER 3 TO EXAMINE THE IMPACT OF BANDHAN BANK MICROFINANCE WITHIN THE STUDY AREA

Microfinance has a significant impact on poverty reduction and women empowerment. It provides women with the opportunity to exercise their right to free speech and gain social recognition, which is an important step towards achieving gender equality. Studies have shown that women who have access to microfinance and use it for productive purposes are able to earn income and save through formal financial institutions.

The SHG-Bank linkage program has been successful in providing access to finance to the rural needy people of Boinaoja village in Pachim Mangaldoi Block. This program has enabled many people to overcome poverty by exploring various options. To further improve the SHG ventures, banks and local government officials should collaborate and provide better training for marketing and technical skills to the group members. This will lead to more profitable ventures and long-term economic development.

Women play a crucial role in every economy. A country can only achieve comprehensive development and harmonious growth when women are considered equal partners in progress with men. Women empowerment is not only limited to northern countries, but also extends to the southern countries, where women have been challenging gender

inequalities. These struggles have been supported by various governmental and non-governmental organizations that aim to achieve gender equality.

Empowerment is a multidimensional process that enables women to realize their identity, position, and power in all spheres of life. The empowerment of women is rooted in the globally accepted goals of equality, development, and peace for all.

Suguna (2002) identified three dimensions of women empowerment: economic, social, and political. Economic empowerment includes skill development, income generation, and credit availability, while social empowerment includes equality of treatment, respect, opportunity, and recognition. Political empowerment represents the process of controlling power and strengthening vitality.

Sharma (2007) in the study "Micro-finance and Women Empowerment" identified eight criteria to build empowerment indicators, including mobility, economic security, ability to make small and large purchases, involvement in major household decisions, relative freedom from domination by the family, political and legal awareness, participation in public protests, and political campaigns. This approach covers social, political, economic, and social aspects.

The main goal is to empower women by providing them with access to knowledge and resources, allowing them to make more autonomous decisions and plan their lives accordingly, giving them more control over the circumstances that affect their lives, and freeing them from customs, beliefs, and practices that hinder their progress. In India, numerous governmental and non-governmental organizations are involved in various activities to empower women, such as creating Self-Help Groups and connecting them with different financial institutions to offer financial support in the form of loans.

## FINDINGS

According to the study, no one under the age of 20 has taken a loan. The study found that 30% of the population belongs to the age group of 20 to 30. Additionally, 40% of people from the age group of 30 to 40 have taken a loan. Only 20% of people from the age group of 40 to 50 have taken a loan. Therefore, we can conclude that there are fewer adult persons above the age of 50 who have taken a loan.

According to the study, 56% of the respondents were female and 44% were male.

Furthermore, the study showed that 28% of the respondents were single, 56% were married, 12% were widows, and only 4% were divorced.

In terms of education, 8% of the respondents were illiterate, 26% had completed 10th grade, 38% had completed 12th grade, 18% were graduates, and 10% were postgraduates.

In terms of employment, the study found that 40% of the respondents were housewives, making up the largest group. 14% were laborers, 14% were business people, 12% were employed, 10% were professionals, 6% were unemployed, and 4% were retired.

Based on the study, it was found that 12% of loan limit respondents had a limit below 10,000. The number of loan limit respondents with a limit between 10,000 to 20,000 was 22%, whereas the number of loan limit respondents with a limit between 20,000 to 40,000 was 16%. The number of loan limit respondents with a limit between 40,000 to 1,00,000 was 34%, while the number of loan limit respondents with a limit between 1,00,000 to 25,00,000 was 12%. Only 4% of the loan limit respondents had a limit above 25,00,000.

In terms of purposes, the study found that 46% of the respondents used the loan for emergencies. The number of respondents who used the loan for housing repairs was 22%, while the number of respondents who used the loan for education was 18%. The loan was used for consumption by 8% of the respondents and for marriage by 6% of them.

According to the study, it was observed that the percentage of respondents who took credit for a period of less than 1 month was 8%, while those who took credit for a period between 1 month to 6 months were 18%. Those who took credit for a period between 6 months to 1 year were 30%, and those who took credit for a period between 1 year to 2 years were 34%. Only 6% of the respondents took credit for a period between 2 years to 5 years, and only 4% took credit for a period above 5 years.

Regarding the extent of loan repayment, the study found that 42% of the respondents had fully repaid their loans, while 26% had paid half of their loans. 26% of the respondents had paid more than half of their loans, while 22% had not paid their loans at all.

## SUGGESTIONS

1. Providing basic literacy, education, and business training programs to women can significantly improve their business activities and enhance their understanding capacity, leading to empowerment of group members.

2. Quick loan repayment among self-help group members can also lead to banks reducing interest rates on such loans.

3.To increase their customer base for microloans, banks should consider opening branches and doorstep service centers (DSCs).

4. Developing more products and services that cater to the needs of poor people is also crucial.

5.Continuous improvement of digital and technological platforms can drive customer satisfaction, retention, and reduce costs, ultimately leading to a reduction in lending rates.

6.The government can promote the work of women entrepreneurs in rural and urban areas by organizing trade fairs and presenting awards to the best-performing groups at the district and state level.

7. Microfinance institutions should establish a control mechanism to prevent the misuse of loans by the women who do not use their loan amount for the intended purpose.

8.Additionally, the repayment period for loans should be extended from one week to three months, allowing borrowers to establish their businesses and easily repay their loans in weekly installments.

9.The government should provide mechanisms to reduce interest rates for the benefit of poor people.

## CONCLUSION

Bandhan Microfinance is playing a crucial role in promoting rural development by providing loans and encouraging productive utilization of the funds. This has had a profound impact, particularly on women entrepreneurship, and is considered a key means of achieving long-term economic growth worldwide. In Pachim Mangaldoi Block, Bandhan Microfinance is helping to promote financial inclusion and leadership development, while also contributing to poverty alleviation. The organization is playing a pivotal role in empowering socially disadvantaged and economically exploited women in the area and helping them achieve a better standard of living.

Moreover, Bandhan Microfinance is working to reduce gender discrimination and enhance women's decision-making abilities. However, some people still cannot access loans or repay them. Therefore, the government should provide more support to microfinance institutions to ensure that everyone has access to the capital they require.

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