AN EMPIRICAL STUDY ON THE SOCIAL PERFORMANCE AND OUTREACH OF GRAMA VIDIYAL MICROFINANCE LIMITED IN TRICHY DISTRICT

Dr. N. SHAIK MOHAMED

A. MEHATHAB SHERIFF
Assistant Professor of Commerce (SF), Jamal Mohamed College (Autonomous), Trichy – 20.

ABSTRACT

Microfinance has become an important tool in providing access to basic financial services to the poor. In India, where 27.5 percent of the population lives below the national income poverty line, microfinance can serve as a viable instrument in reversing or at least slowing down the trend of poverty. Thus this study is an attempt to analyse the performance and outreach of a leading MFI, Grama Vidiyal Microfinance Limited and the relative perception and satisfaction of its clients.

It implies that an expansion of coverage needs to be complemented by good financial performance which would include being efficient and productive in operations along with a strong earning potential. The microfinance industry is observed to have a significant ‘learning by doing’ component where better understanding of the market translates into higher profitability.

Keywords: Microfinance, Social Performance, Outreach, Client Satisfaction.

INTRODUCTION

Microfinance services – as opposed to financial services in general – are retail financial services that are relatively small in relation to the income of a typical individual. - Microfinance Information Exchange (MIX)
Microfinance has been looked upon as an important means of financial inclusion in India (RBI, 2006b). Microfinance has become an important tool in providing access to basic financial services to the poor. By lending small amounts with compulsory and frequent repayments to groups and individuals, microfinance institutions (MFIs) enable the poor to “raise income, build assets, and cushion themselves against external shocks” (CGAP, 2004, p. 1). Its success has spread a new wave of enthusiasm amongst donors and policy makers to alleviate poverty through provision of basic financial services. This is evidenced by the fact that in 2007 more than 100 million of the world’s poorest families received a microloan (Daley-Harris, 2009).

In India, where 27.5 percent of the population lives below the national income poverty line, microfinance can serve as a viable instrument in reversing or at least slowing down the trend of poverty. Through innovations in lending mechanisms such as peer-monitored loans, weekly meetings and frequent repayments, microfinance has been able to minimize costly informational asymmetries involved in lending to the poor (Hermes and Lensink, 2007, de Aghion and Morduch, 2005) thereby ensuring self-sustainability in its operations.

In general, microfinance organizations are faced with different social and operational objectives like expanding coverage, reaching out to women, increasing efficiency and earning profits to attract more capital. However, one can look at these as representing two broad objectives: expansion of outreach and stable financial performance. While providing financial access to a greater number of the poor is the core mission of MFIs, it has to be profitable in order to be sustainable (or at least to stop its reliance on subsidies). Microfinance services are provided mainly by two models:- Self Help Group - Bank Linkage Programme (SBLP) Model and Micro-Finance Institutions Model (MFI). These both together have about 7 crore clients. There are numerous MFIs operating in India. Microfinance is typically associated with Joint Liability of Group members. A Joint Liability Group (JLG) is an informal group of people comprising preferably of 4 to 10 individuals coming together to attain a common goal.

Essentially the common goal is to access financial services such as savings, credit and insurance when one talks about Microfinance. One such MFI that has a well established background and achievement record is Grama Vidiyal Microfinance Limited. ‘GramaVidiyal’ emerges from ‘Vidiyal’ as a much more systems-focused organization, based on the Grameen model of Microfinance by providing credit Joint Liability Groups (JLGs) on a Peer pressure basis. Today GVMFL serves one million households in 4 states of the country utilising the dedicated services of more than 2800 employees. Thus far, GVMFL had disbursed Rs. 18 billion ($398 million) for various income generating activities and the present loan outstanding portfolio is Rs. 6 billion ($128 million).

This study suggests as to whether GVMFL meets out the twin objectives of outreach and financial performance. It implies that an expansion of coverage needs to be complemented by good financial performance which would include being efficient and productive in operations along with a strong earning potential. The microfinance industry is observed to have a significant ‘learning by doing’ component where better understanding of the market translates into higher profitability. Hence studying the client satisfaction profile is also equally important.
OBJECTIVES OF THE STUDY

Following are the main objectives of the study:
1. To analyse the social performance and outreach of GVMFL
2. To study the satisfaction of the Respondents towards the services of Grama Vidiyal Microfinance Ltd in the study area.

RESEARCH DESIGN

The Research Design for the present study would be Descriptive and Analytical in nature, executed as below:

Sample Size: The sample size for the study consists of 100 sample respondents selected on the basis of a Convenient Random Sampling Method from among the client base of GVMFL residing in Tiruchirappalli District.

Sources of Data: For the purpose of the study, Primary Data has been collected using a well structured Interview Schedule and Secondary Data has been collected from published sources of GVMFL and other sources like online and offline journals, books and research articles.

Tools for Analysis: The Primary data collected have been analysed and interpreted using simple frequencies, percentages, Chi-Square Test, Correlation Analysis, ANOVA.

The Secondary Data has been collected for the five year period from 2010 to 2014 and analysed with reference to the core indicators recommended in Good Practice Guidelines for Funders of Microfinance (CGAP 2006)

Thus the paper has been organized as follows: section 1 presents an introduction to the methodology adopted for the study, section 2 reviews past literature on analyzing outreach and financial performance of MFIs, section 3 presents the results of data analysis and section 4 concludes.

LITERATURE REVIEW

A number of studies have been conducted to know the financial performance and outreach of MFIs in the countries other than India (see Seible (1999), Kereta (2007), Wollni. (2001), Hermes and Lensink (2007). In these studies authors have compared MFIs in Indonesia, Mexico, Ethiopia, Pakistan, Bolivia etc.

M-CRIL (2010) and Lok Capital (2010) have reviewed different aspects of growth of Micro Finance sector in India. In M-CRIL (2010) a number of indicators of performance of the Indian Micro Finance sector is compared with the global average values of those indicators. It appears that the Indian MFIs are very cost efficient, and exhibiting annual growth (over 20 percent) in portfolio yield from 2006 onwards (see M-CRIL (2010)). Given this growth, Indian MFIs are attracting commercial investors.

Agarwal and Sinha (2010) have analyzed the financial structure, revenue, expenses and efficiency of the ‘five star MFIs’ in India, using financial ratios. They have studied performance of these Indian MFIs in terms of debt equity ratio, cost per borrower, operational self sufficiency etc. which are measures of efficiency and financial structure of the MFIs These papers provide insight
into specific aspects of performance of some of the Indian MFIs. But we have not come across any
study comparing the overall performance of the different MFIs in India, based on a broad class of
indicators.

One of the detailed studies analyzing the trade-off between outreach and financial stability
is by Cull and Morduch (2007). They examine outreach and profitability data for 124 institutions
across 49 countries and find that the most profitable lenders are those that serve the poor to the least
extent while those focusing on the poor are the most subsidy-reliant. The study does not find any
evidence to suggest that raising interest rates or cost-minimization leads to greater profitability.

In another cross-country study covering 114 MFIs from 62 countries Hatarska and
Nadolnyak (2007) examine whether regulation affects outreach and operational sustainability of
MFIs and find no direct linkages.

Following the approach of Luzzi and Weber (2006), outreach and financial performance of
Indian MFIs are considered as multi-dimensional indices and factors affecting such indices are
identified.

Stephens and Tazi (2006) found that eight, out of 25, highly leveraged MFIs in the global
data set are Indian. The Indian MFIs are mainly financed by banks and financial institutions, which
make them highly leveraged institutions in the world. Crombrugghe et al. (2008) have investigated
sustainability of Indian MFIs.

Canning (1999) examines the contractual design issues faced by microfinance
organizations that tries to maximize outreach among the poor while remaining financially
sustainable. The basis of the trade-off, he suggests, is due to the costly monitoring and control
system for the informationally opaque borrowers which serve as substitutes for collateral. He
analyzes the data for 72 MFIs and suggests that MFIs targeting poor clients must charge higher
interest rates, have higher staff cost per dollar lent, and be less leveraged.

It is in this context that this paper gains importance because it brings to light the details
relating to the performance and outreach of a leading MFI in India, namely, Grama Vidiyal
Microfinance Limited that enables us to identify its social impact in the study area.

GRAMA VIDIYAL MICROFINANCE LIMITED (GVMFL)

Grama Vidiyal Microfinance Limited, a Non-banking Finance Company (NBFC), is one of
the largest microfinance institutions in the country. As a part of the 25 year old conglomerate of
grassroots institutions, it is known for its double-bottom-line approach focusing on the sustainability
of financial inclusion programs and the development of women and their families.

Microfinance, contrary to its name, is making a macro level change in the global poverty
alleviation initiatives. Mr. S Devaraj, the Chairman & Managing Director of GVMFL, after his
initial exposures to Grameen Bank of Bangladesh, had adopted microfinance as a tool to fight
poverty in South India. His programs of financial inclusion through Grama Vidiyal Trust had been
making remarkable change in the lives of many women and their families since its inception in 1997.
The decade long expedition to bring the poverty alleviation initiatives of Mr. S Devaraj under a
sustainable legal format, paved way for the formation of Grama Vidiyal Microfinance Limited
(GVMFL), a Non-banking Finance Company (NBFC) registered under the Company's Act, 1956.

Presently, GVMFL is one of the renowned and the largest microfinance institutions across
the planet in terms of its outreach and large credit portfolio. As of now, its serves one million

Vidiyal Microfinance Limited in Trichy District” – (ICAM 2015)
households in 5 states of India utilising the dedicated services of more than 3,500 employees. Thus far, GVMFL had disbursed ₹18 billion ($398 million) for various income generating activities and the present loan outstanding portfolio is ₹6 billion ($128 million). It has in store five types of credit and credit-plus products. With the varied products, GVMFL not only aims at achieving the economic sustainability of its women members, but also facilitates holistic empowerment of women and their families in social and cultural fronts.

### Brief Profile of GVMFL Operations

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Figures</th>
</tr>
</thead>
<tbody>
<tr>
<td>States</td>
<td>4</td>
</tr>
<tr>
<td>Districts</td>
<td>50</td>
</tr>
<tr>
<td>Branches</td>
<td>268</td>
</tr>
<tr>
<td>Members</td>
<td>1,052,498</td>
</tr>
<tr>
<td>Staff</td>
<td>2,216</td>
</tr>
</tbody>
</table>

### RESULTS OF DATA ANALYSIS

The core indicators recommended in *Good Practice Guidelines for Funders of Microfinance* (CGAP 2006), based on decades of experience working with retail MFIs, to measure the performance of an MFI are enlisted below along with the corresponding details of the study unit, GVMFL:

#### BREADTH OF OUTREACH (number of clients served)

The best measurement of outreach is the number of clients or accounts that are active at a given point in time. The number of active clients includes borrowers, depositors, and other clients who are currently accessing any financial services. This indicator is more useful than the cumulative number of loans made or clients served during a period.

<table>
<thead>
<tr>
<th>Particulars</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disbursement</td>
<td>9,886,724,000</td>
<td>12,910,707,000</td>
<td>11,130,925,000</td>
<td>11,191,578,000</td>
<td>14,393,407,000</td>
</tr>
<tr>
<td>No. of Active Borrowers</td>
<td>771,967</td>
<td>932,286</td>
<td>818,146</td>
<td>738,218</td>
<td>652,087</td>
</tr>
<tr>
<td>% Women Borrowers</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Secondary Data

The above table indicates the details of GVMFL regarding its Disbursements and the Number of Active Borrowers during the five year study period. It is seen that there are fluctuations in the trend after 2011 which may be due to the drip in the Industry due to the Andhra Pradesh crisis. It is also noted that the trend got revived in 2014. Thus the Breadth of Outreach of GVMFL has been in a fluctuating trend during the study period.

DEPTH OF OUTREACH (client poverty level)

Many microfinance projects aim at poverty reduction and are expected to reach poor clients. The following formula can be used for measuring this indicator:

\[
\text{Depth of Outreach} = \frac{\text{Gross amount of loans or savings outstanding}}{\text{Number of active clients or accounts}}
\]

The Depth of Outreach of GVMFL during the study period is shown in the above table. The Average Outstanding Balance seems to have an increasing trend except in the year 2011 where there has been a decrease which recovered its trend in the next year 2012 itself. The Depth of Outreach of GVMFL is appreciable during the study period.

LOAN REPAYMENT (portfolio quality)

Repayment of an MFI’s loans is a crucial indicator of performance. A retail lender’s ability to collect loans is critical for its success: if delinquency is not kept to very low levels, it can quickly spin out of control. Loan collection has proved to be a strong proxy for general management competence. More than any other indicator, this one deserves special care to ensure meaningful and reliable reporting. The portfolio quality is measured using the following ratios:

*Portfolio at risk (PAR):* The standard international measure of portfolio quality in banking is portfolio at risk (PAR) beyond a specified number of days. This is computed using the following formula:

\[
\text{PAR (x days)} = \frac{\text{Outstanding principal balance of all loans past due more than } x \text{ days}}{\text{Outstanding principal balance of all loans}}
\]

The number of days (x) used for this measurement varies. In microfinance, 30 days is a common breakpoint.
Portfolio Quality of GVMFL

<table>
<thead>
<tr>
<th>Particulars</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>PAR O/s &gt; 0 Days</td>
<td>49,204</td>
<td>17,207,649</td>
<td>7,434,206</td>
<td>67,905</td>
<td>-</td>
</tr>
<tr>
<td>Total O/s</td>
<td>6,051,216,249</td>
<td>5,200,121,383</td>
<td>5,200,254,116</td>
<td>5,411,394,265</td>
<td>7,255,331,361</td>
</tr>
<tr>
<td>PAR %</td>
<td>0.00%</td>
<td>0.33%</td>
<td>0.14%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
</tbody>
</table>

Source: Secondary Data

The table clearly exhibits the five year period data relating to PAR at GVMFL. It is evident that the Portfolio at Risk for more than one day itself is nil in most cases except in 2011 and 2012 wherein the setback might be due the drip on account of the Microfinance Crisis in Andhra Pradesh.

*Write-off Ratio:* When reporting PAR, it can be useful to include a write-off ratio as well, though the write-off ratio is not a substitute for PAR. This can be calculated using the following formula:

\[
\text{Write-off Ratio} = \frac{\text{Value of loans written off during period}}{\text{Average gross loan portfolio during period}}
\]

Write-off Ratio of GVMFL

<table>
<thead>
<tr>
<th>Particulars</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Write off Amount</td>
<td>340,479</td>
<td>2,273,217</td>
<td>10,424,906</td>
<td>6,965,014</td>
<td>284,069</td>
</tr>
<tr>
<td>Average Loan O/s</td>
<td>4,038,269,203</td>
<td>5,625,668,816</td>
<td>5,200,187,750</td>
<td>5,305,824,191</td>
<td>6,333,362,813</td>
</tr>
<tr>
<td>Write off Ratio %</td>
<td>0.01%</td>
<td>0.04%</td>
<td>0.20%</td>
<td>0.13%</td>
<td>0.00%</td>
</tr>
</tbody>
</table>

Source: Secondary Data

This table brings to light the Write off ratios of GVMFL during the study period. As is seen the ratio has been at the lowest for all the years and is nil for 2014. Thus GVMFL has a good loan collection policies and is receiving proper repayments by the clients.

PAR and Written off Ratio of GVMFL

<table>
<thead>
<tr>
<th>Particulars</th>
<th>PAR</th>
<th>Write off Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
<td>0.10%</td>
<td>0.08%</td>
</tr>
<tr>
<td>Median</td>
<td>0.00%</td>
<td>0.04%</td>
</tr>
<tr>
<td>Standard Deviation</td>
<td>0.001454622</td>
<td>0.000858627</td>
</tr>
<tr>
<td>Sample Variance</td>
<td>2.11593E-06</td>
<td>7.37241E-07</td>
</tr>
<tr>
<td>Kurtosis</td>
<td>1.302553353</td>
<td>-1.271395773</td>
</tr>
<tr>
<td>Skewness</td>
<td>1.445132391</td>
<td>0.848005588</td>
</tr>
<tr>
<td>Range</td>
<td>0.3%</td>
<td>0.2%</td>
</tr>
<tr>
<td>Minimum</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>Maximum</td>
<td>0.33%</td>
<td>0.20%</td>
</tr>
<tr>
<td>Sum</td>
<td>0.48%</td>
<td>0.39%</td>
</tr>
<tr>
<td>Count</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>P value</td>
<td>0.03691359</td>
<td>0.0596881</td>
</tr>
</tbody>
</table>

Source: Secondary Data (author’s own calculation)
This table shows the results of the difference of means test. It is inferred that Write off ratio and the Portfolio at Risk ratio have a significant p-value indicating that there have been less amount of unpaid loan written off by GVMFL has been very less during the study period of five years. The company has had a good loan repayment/ portfolio quality during the study period.

**FINANCIAL SUSTAINABILITY (profitability)**

In the long run, few retail providers can maintain and expand the financial services they offer unless they can cover all of their costs and generate net income. The following ratios help in this respect:

*Return on Asset*: The most common measure of profitability is return on assets (ROA), which reflects that organization’s ability to deploy its assets profitably. It is calculated using the following formula:

\[
ROA = \frac{\text{After-tax profits}}{\text{Starting (or period-average) assets}}
\]

*Return of Equity (ROE)*: This ratio helps to measure the returns produced on the owners’ investment. It is calculated using the following formula:

\[
ROE = \frac{\text{After-tax profits}}{\text{Starting (or period-average) equity}}
\]

*Financial Self Sufficiency (FSS)*: This is a subsidy-adjusted indicator often used by donor-funded microfinance nongovernment organizations (NGOs). It measures the extent to which an MFI’s business revenue—mainly interest received—covers the MFI’s adjusted costs. If FSS is below 100 percent, then the MFI has not yet achieved financial breakeven. It is calculated using the formula given below:

\[
FSS = \frac{\text{Business revenue (excluding grants and extraordinary items)}}{\text{Total expenses + CFA + ISA + IA}}
\]

Subsidized cost of funds adjustment (CFA)
In-kind subsidy adjustment (ISA)
Inflation adjustment (IA)
This table shows that GVMFL has been able to generate a good return on the capital employed as the p value is significant for the return on assets whereas it is insignificant for the return on equity indicating that the debt equity mix of the company needs to be revised. This is evident from the Financial Self Sufficiency ratio also.

**EFFICIENCY**

Two indicators are recommended to measure whether a retail microfinance provider is cost effective. Both ratios focus on nonfinancial operating expenses. They are:

*Operating expense ratio (OER):* The most commonly used indicator of efficiency expresses nonfinancial expenses as a percentage of the gross loan portfolio: OER is the most widely used indicator of efficiency. It allows a quick comparison between an MFI’s portfolio yield with its personnel and administrative expenses. The formula used to measure this is given below:

\[
\text{Personnel and administrative expense} \quad \text{Operating expense ratio (OER)} = \frac{\text{Personnel and administrative expense}}{\text{Period-average gross loan portfolio}}
\]

Gross loan portfolio means the total outstanding (not yet repaid) amounts of all loans.

*Cost per client (or loan):* This indicator shows how much it costs the retail financial service provider to serve each client. Because it does not penalize MFIs making smaller loans, cost per client is a better efficiency ratio for comparing institutions. The following is the formula used for its calculation:

\[
\text{Cost per client (or loan)} = \frac{\text{Personnel and administrative expense}}{\text{Total number of clients}}
\]
Personnel and administrative expenses

\[
\text{Cost per client (or loan)} = \frac{\text{Personnel and administrative expenses}}{\text{Period-average number of active clients (or loans)}}
\]

### OER and Cost Per Borrower of GVMFL

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Operating Expense/Loan Portfolio (%)</th>
<th>Cost per borrower</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
<td>12%</td>
<td>626</td>
</tr>
<tr>
<td>Median</td>
<td>12%</td>
<td>610</td>
</tr>
<tr>
<td>Standard Deviation</td>
<td>0.016670424</td>
<td>84.08694574</td>
</tr>
<tr>
<td>Sample Variance</td>
<td>0.000277903</td>
<td>7070.614444</td>
</tr>
<tr>
<td>Kurtosis</td>
<td>1.025686165</td>
<td>0.351044714</td>
</tr>
<tr>
<td>Skewness</td>
<td>0.976935252</td>
<td>-0.270448047</td>
</tr>
<tr>
<td>Range</td>
<td>4.3%</td>
<td>22546.2%</td>
</tr>
<tr>
<td>Minimum</td>
<td>11%</td>
<td>507</td>
</tr>
<tr>
<td>Maximum</td>
<td>15%</td>
<td>733</td>
</tr>
<tr>
<td>Sum</td>
<td>62%</td>
<td>3,131</td>
</tr>
<tr>
<td>Count</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>P value</td>
<td>0.1094915</td>
<td>565.594974</td>
</tr>
</tbody>
</table>

Source: Secondary Data (author’s own calculation)

On the efficiency parameters as shown in the table, we may see that p value is significant in case of operating expenses as a percentage of loan portfolios. This is mainly due to the fact that the company is following unique business models. However, p is not significant in case of cost per borrower especially due to the fact that the size of loan per borrower differs widely in case of borrower to borrower. This is reflected in standard deviation also.

**IMPACT ON CLIENTS**

Thus far we have seen the analysis of the various social performance indicators as applied to the study unit, GVMFL. Now let us discuss the analysis of the Primary data collected through a well-structured questionnaire from 100 GVMFL clients residing in Trichy district.

**PERSONAL BACKGROUND OF THE RESPONDENTS**

- 58 per cent of the respondents are aged above 35 years.
- 90 per cent of them are Married
- 79 per cent of them are Literates
- 73 per cent of them are employed and 40 per cent is working as Casual labour.
- 70 per cent of them earn more than Rs. 4,000 as annual income.
- 71 per cent of them have been members of the group for more than 3 years.
PERCEPTION & SATISFACTION OF THE RESPONDENTS

- 60 per cent of them have become members of the group in order to Improve their Business
- 47 per cent of them use the loan amount for Business purpose (both own or joint).
- 64 per cent of them have drawn a loan amount of less than Rs. 15,000.
- 90 per cent of them agree that the loan amount keeps on increasing every time.
- 70 per cent of them are satisfied with the timeliness and size of loan.
- 43 per cent of them consider the rate of Interest charged is a medium one.
- 65 per cent of them state that they have no difficulty in making the weekly repayments.
- 36 per cent of them find the loan amount to be very useful to them.
- 86 per cent of them are satisfied with GVMFL’s Operations in their area.
- 61 per cent of them give the opinion that GVMFL is Effective in creating an impact in their lives.

SOCIAL IMPACT ON THE RESPONDENTS

- 74 per cent of them say that their Confidence level has increased very much.
- 57 per cent of them opine that they have a major role in making important family decisions.
- 61 per cent of them are enjoying greater Autonomy after their membership in the group.
- 40 per cent of them are now Aware of operating a Bank/P.O. Account on their own.
- 84 per cent of them are highly satisfied with the Social Status as a member of the group.
- 83 per cent of them do receive Co-operation and support from their family members.

STATISTICAL RESULTS

Reliability Test: The data was tested for its reliability and the Cronbach’s Alpha was 0.839.
Chi Square Test:

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>df</th>
<th>Asymp. Sig. (2-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>.591</td>
<td>4</td>
<td>.964</td>
</tr>
<tr>
<td>Likelihood Ratio</td>
<td>.586</td>
<td>4</td>
<td>.965</td>
</tr>
<tr>
<td>Linear-by-Linear Association</td>
<td>.094</td>
<td>1</td>
<td>.760</td>
</tr>
<tr>
<td>N of Valid Cases</td>
<td>100</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Inference: The Age of the Respondents and the Purpose of getting a Loan are Related to each other.
Inference: The Age of the Respondents and their Overall Satisfaction are Related to each other.

Correlation Analysis

<table>
<thead>
<tr>
<th>Level of Satisfaction towards Center's functioning</th>
<th>Conduct of group meetings of GVMFL</th>
<th>Level of Satisfaction towards the Representative</th>
<th>Level of Satisfaction towards Approachability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Correlation</td>
<td>.734(**)</td>
<td>.510(**)</td>
<td>.518(**)</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Correlation is significant at the 0.01 level (2-tailed).

INFERENCES

- There is a Significant relationship between the Respondent’s overall satisfaction towards Centre’s functioning and the Satisfaction towards the Conduct of Group meetings
- There is a Significant relationship between the Respondent’s overall satisfaction towards Centre’s functioning and the Satisfaction towards the Approachability of Field Officers
- There is a Significant relationship between the Satisfaction towards the Approachability of Field Officers and the Satisfaction towards the Representative’s Approach.

ANOVA

<table>
<thead>
<tr>
<th></th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purpose of loan &amp; Marital Status</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Between Groups</td>
<td>.128</td>
<td>2</td>
<td>.064</td>
<td>.274</td>
<td>.761</td>
</tr>
<tr>
<td>Within Groups</td>
<td>22.622</td>
<td>97</td>
<td>.233</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>22.750</td>
<td>99</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overall opinion towards the Center's functioning &amp; Community</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Between Groups</td>
<td>.395</td>
<td>4</td>
<td>.099</td>
<td>.822</td>
<td>.514</td>
</tr>
<tr>
<td>Within Groups</td>
<td>11.395</td>
<td>95</td>
<td>.120</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>11.790</td>
<td>99</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purpose of loan &amp; Educational Qualification</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Between Groups</td>
<td>2.169</td>
<td>6</td>
<td>.362</td>
<td>1.634</td>
<td>.146</td>
</tr>
<tr>
<td>Within Groups</td>
<td>20.581</td>
<td>93</td>
<td>.221</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>22.750</td>
<td>99</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
INFERENCES

- The difference in the mean of samples based on overall satisfaction towards the Centre and the difference in the mean of samples based on their Community are Significant.
- The difference in the mean of samples based on Purpose of Loan and the difference in the mean of samples based on their Marital Status are Significant.
- The difference in the mean of samples based on Purpose of Loan and the difference in the mean of samples based on their Educational Qualification are relatively significant.

CONCLUSION

Microfinance Institutions serve as a supplement to banks and in some sense a better one too. Microfinance has now become a worldwide movement. It has grown overtime with more and different types of actors getting involved in its development with new ideas and technologies and with different types of products and services. A number of organizations with varied size and legal forms offer microfinance service. The MFI channel is dominated by NBFCs which cover more than 80 percent of the total loan portfolio through the MFI channel.

In this context, the micro level study conducted to study the Social Performance and Outreach of GVMFL in Trichy District has been undertaken to analyse the Social Performance and Outreach through the secondary data relating to the core indicators for measuring the same as prescribed by CGAP. It was found that the performance and outreach of GVMFL is quite good as the company has a good portfolio profile and most of the ratios have been in a favourable position during the study period of five years.

The Client Perception, Satisfaction and Impact of GVMFL has also been studied which proved that the Client base of microfinance is stronger and they have a SATISFACTORY opinion towards the microfinance services offered by the MFI. Thus the Social Impact of GVMFL has proved to be POSITIVE in the study area. This emphasizes the necessity for encouraging MFI operations by Policy makers and the Government so as to have an upliftment of the poor and for a balanced regional development in an economy, which is one of the best remedies for fighting against any sort of crisis, both at the national and at the international level.

REFERENCES

Books and Journals


WEBSITES