

Conceptual Frame Work of a Micro Finance Institution in India - A Case Study

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Abstract

Micro finance institutions have been evaluated and incorporated through financial mechanism proved to success in India. The goals of micro financing in to provide strengthen financial significance to invest in themselves of their business. In many instances, people seeking help from micro finance organization. Firstly they required to take a basic money-management class. In this class they have learn the concept of cash flow, savings account work, make a good budget and manage debt activity. In this paper a healthy and profitability lending business through good relationship with select micro financial institution (MFI) and investing in building deeper and concurrent monitoring and control mechanisms to enable healthy growth of the micro finance sector in India.

Keywords: micro financial institution, financial mechanism, savings account.

1. Introduction:

Financial institution provides different loans, savings and insurance to the people of that country. Muthootfincorp limited is a financial service corporation that offers to the people of our country as a whole particular Karnataka, Kerala, Tamilnadu states and Andhra Pradesh state recently. The company has provided loans in gold, business, housing, auto loans as well as money transfer (MT), insurance, wealth management and foreign exchange to entrepreneurs and small business owners. The corporation serves not only the retail customers, small business people, trades, farmers but salaried persons also. The muthootfincorp was incorporated in the year 1977 as per norms satisfied to the Indian Companies Act and it is a subsidiary towards to muthoot group.

The erstwhile designed MuthootMahileMitra (MMM) Programs in the

month of April 2010 for provide financial services to women traders particularly caters to the rural women those who do not known loan facilities from this group. It operates approximately 4000 branches spread over the Southern states of our country.

2. Functional Program:

Micro finance is a financial service to women traders follows liability group model. In this model of micro finance, the members are organized in groups of 5-10 women but every women takes joint liability for the other members of the team. They are convene weekly meeting, they pay back the loan installments and any challenges regarding members. The following are the main programs towards the women members are:

2.1 MuthootMahilaMitra

2.2 Sthreejyothi Training

2.3 Swarnavarsham

Those Programs are to bring sustainability of members in the team. The muthootfincorp brings the healthy and profitable lending process with members and have good price mechanisms for sustainability of members. The healthy and profitable lending business through relationships with members and investing in business with monitoring and control mechanisms to bring healthy nature of the muthootfincorp limited company.

2.1 MuthootMahilaMitra (MMM):

It is a micro finance services to women traders. It caters to the financial needs of unbanked treatment activities in the society. The women who need business expansion, purchasing raw material working capital purpose, purchasing and maintain the animals, education, marriage and even consolidation of their previous debts etc., It depends upon borrowers weekly and monthly income and the result to affordability of their installment payment towards the institution, the training programs for this traders insisted by the coaches from time to time but not as equal to a class room.

2.2 Sthreejyothi Training Programs:

The Programs is named as Sthreejyothi and is engulf all the southern states of India. This programs based on conducting workshops to women traders particularly to improve real life and solve the problems in their trading the products. Team members have lower formal education, through these interactive activities, women are learn effectively and apply the same in their business. So that self help group is also develop and make sustainability in their business. They have learn through training with the models such as :

- ❖ Idea to business activities
- ❖ Investment and further savings
- ❖ Self leadership nature
- ❖ Cash and debt managerial skills

- ❖ Communication skills
- ❖ Promotion of their business
- ❖ Become a good entrepreneur

Methodology of 'Sthreejyothi', muthootfincorp initiated through association of micro finance convention is help towards the women traders. It is a participatory rather than class room class brings them best practices in mentoring in their business activities.

2.3 Swarnavarsham Programs:

It is the unique products of micro finance institution. The group feedback catered their business benefits and value of the products in regular estimation, So that the trace out results are interesting and makes encouragement in their business process.

3. Methodology:

The three programs namely muthootmahilamitra, sthreejyothi training and swarnavarsham are bringing its importance towards to the women entrepreneurs. Regular lending, proper suitable either to learn or enhance different activities in the trade and management also.

3.1 Advantages of MuthootMahilaMitra Programs:

The following are the merits available to this programs they are:

- a) Get gold coin as savings
- b) No involvement of intermediaries at the time of getting loan
- c) Very less paper work
- d) No corruption
- e) Easy accessible to all

3.2 Impact study in MMM:

Apart other qualitative aspects the MMM loan towards business activities, the quantitative aspects such as change in family income, insurance coverage to products and savings

pattern by the team members, on the other hand qualitative aspects such as leadership, decision making impact upon enterprise is appreciate.

The impact assessment study in MMM is

- understand other stakeholders perspective on intervention
- the knowledge in business activities measure in terms of interview
- Assessment of the quality of life in the business.

4. Product, Process and Training related to MMM and Swarnavarshamloans:

The total sample of 360 women underwent the micro finance programs and their views are illustrated in the form of tables and figures.

Table 1 : MMM Programs clients trained in the month of August 2016

Name of the State	August 11, 2016	August 12, 2016
Kerala	2580	8560
Karnataka	1195	3050
Tamilnadu	1221	4682
Andhra Pradesh	1005	2450
Total	6001	18742

As of August 2016, out of 18,742 members are trained in different states in India. In which, only 8 per cent trained members are

Table 2 : Study of Six activities – Phase 1

S.No.	Activities	August 11	August 11	August 11	August 11	August 11	September 11	September 11	September 11	October 11	October 11
1.	Tool Design										
2.	Interviews										
3.	Stake holders interview										
4.	Data Analysis										
5.	Report Preparation										
6.	Presentation of the detail report										

Table 2, reveals that the first phase of the study involved directly in the survey, during this phase total 100 questionnaires were administered by timely.

Table 3 : Sampling – Phase 1

Name of the State	Survey conducted
Andhra Pradesh	22
Karnataka	18
Kerala	28
Tamil Nadu	60
Total	128

Table 4 : Sampling – Phase 2

Name of the State	Survey conducted
Andhra Pradesh	39
Karnataka	18
Kerala	251
Tamil Nadu	32
Total	340

Table 5 : Sampling Survey – Phase 2

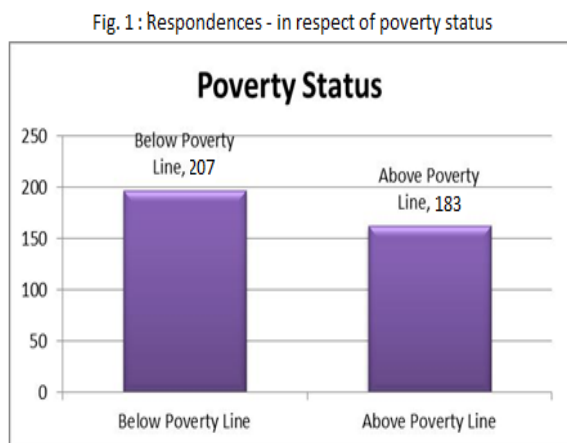
Name of the State	Clients	Trained clients	Non – Trained clients	1 Phase	2 Phase
Andhra Pradesh	22	11	11	10	12
Karnataka	18	09	09	05	13

Kerala	28	14	14	17	11
Tamil Nadu	60	30	30	25	35
Total	128	64	64	64	64

The sample clearly represents mostly trained in 2nd Phase are trained well. They given significance about training and maintain good discipline involvement.

5. Respondents in respect of Poverty and Insurance:

The poverty status is depicted in the bar chart figure 1.



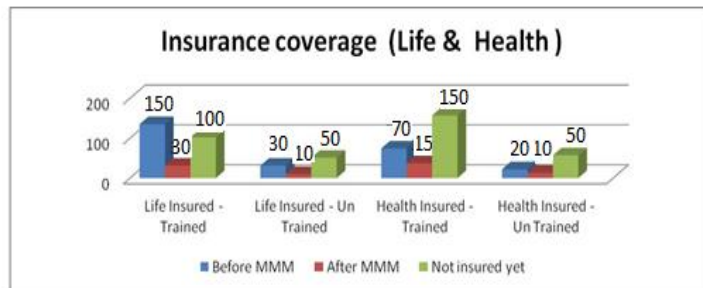
Source : Survey Data

In respect of client targeting in poverty status, 60 Per cent of the members are under below poverty line. Micro finance Institutions require policy review.

5.2 Insurance Coverage to the clients:

Life and health insurance coverage under life insurance of clients and their health insurance, clients have taken insurance for the first time when they are joining the MMM Programs. The analysis shows that, members who are trained using insurance are almost three times more than non-trained clients during the programs.

Insurance Coverage Shown in the following Fig. 2



5.3 Members Feedback:

The members of the Muthoot Fincorp, limited are given feedback and their views in the form of product, process views about the institutional programs.

Product:

- To increase loan amount and the amount repayment period increase from 52 weeks to 60 weeks.
- To decrease interest rates
- To introduce top up loan
- increase business loan up to 1,00,000 rupees
- introduced education incentives to their children of women members
- Introduced other loans such as personal, housing & vehicles.

Process:

- Repayment loan schedule change from a week to fortnightly
- To introduce center leader incentives
- To be flexible with center meeting timings.
- Process fee should reduce

5.4 Recommendations:

- The institution offer more flexible in terms of period and frequency, especially repayment options.

- It is a very specific and cleared demand from the members on training and skill development
- The institution make selection and training to the members
- The institutions review their operation policy on rent house residents'

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