Chapter – 4

Results, Interpretation and Discussion

The collection of data is followed by the analysis and further by the interpretation of the data. This step enables the researcher to interpret the results which have been obtained from the analysis of the data.

According to C. William Emory, “Interpretation has two major aspects namely establishing continuity in the research through linking the results of a given study with those of another and the establishment of some relationship with the collected data. Interpretation can be defined as the device through which the factors, which seem to explain what has been observed by the researcher in the course of the study, can be better understood. Interpretation provides a theoretical conception which can serve as a guide for the further research work”.

Interpretation of the data becomes a very important and essential process, mainly because it enables the researcher to have an in-depth knowledge about the abstract principle behind his own findings and to understand his findings and the reasons behind their existence.

This chapter provides the empirical findings gleaned from the collected data. The data enumerates information of the respondents and the statistical analysis of the information collected from them followed by the interpretations and discussions about our findings.
4.1 Growth of Microfinance Institution in India

The growth of microfinance in India has been studied under the following criteria:
1. Outreach
2. Infrastructure
3. Efficiency & Productivity
4. Profitability and capital adequacy

4.1.1 Outreach

An MFI's ability to provide high quality financial services to a large number of clients is called its outreach. Most MFIs have established extending financial services to poor and disadvantaged groups as their goals and commonly used outreach indicators are focused on capturing different dimensions such as quality, cost, extent and variety of outreach.

The most usual aspect of outreach—for reaching out to the poor—in the literature is the extent which refers to the depth of outreach refers to the poverty level of clients served, whereas breadth of outreach refers to the scale of operations of a MFI. The pro-poor microfinance approach would rather reach out to the poorest individuals of the society, advocating thus that the depth of outreach is more important for achieving the social objective of microfinance, whereas the proponents of sustainable microfinance are more interested in opening access to a wide range of untapped or under-served clients.

This study focuses on the extent of outreach the depth of outreach is described as the value that society attaches to the net gain from the use of microcredit by a given borrower and it usually increases not only social value but also social costs.
The breadth of outreach is explained in terms of loan disbursed, gross loan portfolio and loan outstanding.

1.1 Client Outreach

<table>
<thead>
<tr>
<th>Year</th>
<th>2009-10</th>
<th>2010-11</th>
<th>2011-12</th>
<th>2012-13</th>
</tr>
</thead>
<tbody>
<tr>
<td>No of clients (in millions)</td>
<td>22.57</td>
<td>27.69</td>
<td>22.56</td>
<td>24.44</td>
</tr>
</tbody>
</table>

Table 4.1: MFIs- Client outreach

The research was conducted between the financial year 2009-10 and 2012-13. The microfinance industry witnessed a lot of ups and downs during this period. The number of clients stood at 22.57 millions in 2009-10. The percentage of client outreach increased to 29% in 2010-2011 from 23% in 2009-10. In 2011-12, the percentage decreased by 18%. But in 2012-13, it grew by 12.75 % as compared to last year.
1.2 Gross Loan Portfolio

<table>
<thead>
<tr>
<th></th>
<th>2009-10</th>
<th>2010-11</th>
<th>2011-12</th>
<th>2012-13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross loan portfolio (Rs in billion)</td>
<td>175.03</td>
<td>200</td>
<td>172.64</td>
<td>212.45</td>
</tr>
</tbody>
</table>

Table 4.2: Gross Loan Portfolio of MFIs

Gross loan portfolio of sample MFIs

Figure 4.2 Chart showing Gross Loan Portfolio of MFIs

Source: MFIN micrometer

Gross loan portfolio of Microfinance institution stood at 22.57 billion in 2009-10. Gross loan portfolio was increased from 23% in 2009-10 to 29% in 2010-12. But in 2011-12, it was decreased by 13.68% from last previous year. This shows the inherent strength of the MFI business model and the need for microcredit by
Bottom of pyramid segment borrowers. Now in 2012-13, Gross loan portfolio is increased by 23%. It indicates that the industry may be recovering from the crisis sparked by a tough 2010 law in Andhra Pradesh. Many financial institutions have their portfolio investing in microfinance that ensures their stability & profitability.

1.3 Loan disbursed

<table>
<thead>
<tr>
<th>Year</th>
<th>2009-10</th>
<th>2010-11</th>
<th>2011-12</th>
<th>2012-13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan Disbursed (Rs in billions)</td>
<td>200.2</td>
<td>324.18</td>
<td>206.13</td>
<td>232.09</td>
</tr>
</tbody>
</table>

Table 4.3 Loan disbursed of MFIs

![Loan Disbursed Pie Chart](image)

Figure 4.3 Chart Showing Loan disbursed made by sample MFIs
Source: MFIN micrometer
According to the analysis, sample MFIs disbursed a loan amount of Rs 200.2 billion in the year 2010. It was increased by 61% in the year 2011. But in 2011-12, the amount of loan disbursed was brought down by 36% in comparison to previous year. In 2012-13, amount of loan disbursed increased by 16% in comparison to the previous year. This upward growth trajectory was made possible as the microfinance sector was now regulated by the RBI, India’s central bank.

1.4 Loan Outstanding

<table>
<thead>
<tr>
<th>Years</th>
<th>2009-10</th>
<th>2010-11</th>
<th>2011-12</th>
<th>2012-13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan outstanding (Rs in billions)</td>
<td>183.439</td>
<td>125.33</td>
<td>130.36</td>
<td>160.38</td>
</tr>
</tbody>
</table>

Table 4.4 Loan outstanding of MFIs

![Pie Chart showing loan outstanding of MFIs](image)

Figure 4.4 Chart showing loan outstanding of MFIs

Source: MFIN micrometer
In 2009-10, Loan outstanding of sample MFIs stood at Rs 183.9 billion. The percentage of Loan outstanding was decrease to 21 % in F.Y. 2010-11 from 30% in F.Y. This indicates that recovery of loan is good which ensured the smooth running of the MFIs. But in the financial year ending 2013; the percentage of loan outstanding was increased considerably to 22% and further escalating to 27 %.

4.1.2 Infrastructure
The analysis of the infrastructure of a MFI was based on the no. of branches, no. of employees, assets and equity.

2.1 Number of Branches of MFIs

<table>
<thead>
<tr>
<th>Year</th>
<th>2009-10</th>
<th>2010-11</th>
<th>2011-12</th>
<th>2012-13</th>
</tr>
</thead>
<tbody>
<tr>
<td>MFIs Branches</td>
<td>8697</td>
<td>11249</td>
<td>9862</td>
<td>9086</td>
</tr>
</tbody>
</table>

Table 4.5: Branches of MFIs
As on March 2010, there were 8697 MFI branches across 26 states. The number of branches rose from 22% in FY 2009-10 to 29% in FY 2010-11. In FY 2011-12, the percentage of branches decreased to 25% over the last previous year. But in FY 2012-13, the number of branches increased to 24% from the last previous year.

### 2.2 Employee

<table>
<thead>
<tr>
<th>Year</th>
<th>2009-10</th>
<th>2010-11</th>
<th>2011-12</th>
<th>2012-13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee</td>
<td>72365</td>
<td>92221</td>
<td>74608</td>
<td>60721</td>
</tr>
</tbody>
</table>

Table 4.6: Employee of MFIs