Preface

Progress of a country is measured not only in terms of GDP growth but also in terms of equity among its people. It is very important in the Indian context as on the one hand there are revolutionary developments in science and technology leading to greater and faster economic development and on the other hand it is weighed down by high population growth and millions striving hard for basic amenities in life. In recent years, microfinance has become a major tool of rural development and is fast developing as an international industry with its own trade associations, dedicated finance, training and other supporting organizations, research and journals. Microfinance refers to the provision of micro savings, micro credit, micro insurance and other micro financial services like micro pension, micro remittances, etc. for the socially disadvantaged but for economically active poor. It has effectively addressed the issues of poverty, vulnerability and women empowerment in our society.

In the present research, consumer responses have been gathered to know the awareness label about various products like micro insurance, micro credit etc. The research also covered the implication of microfinance on Indian banking industry and socio economic development of Rajasthan state. The present study is a comparative analysis of microfinance activities of two banks namely SBI and HDFC bank. The study has been conducted in total seven chapters. A brief detail of the chapter are as follows.

In the Chapter 1, an introduction to the Microfinance sector and status of microfinance in India along with socio economic impact of microfinance have been given.

It is undeniable that microfinance has enormous potential to promote both economic and social development among both the rural and urban poor, proof of which lies in the countless success stories of microfinance in India and in developing and developed countries alike. It is true that microfinance may not target the poorest of the poor, yet it has done wonders for those who are economically active and who have the potential to prosper through self-
employment. Not only does microfinance provide financial stability to those in dire need of it, it also promotes the idea of credit as being a fundamental human right, something which all people, regardless of their socio-economic status, should be entitled to.

Chapter 2 includes the whole research methodology of the study. It describes the whole process of the research undertaken. Two banks named SBI (public sector bank) and HDFC (private sector bank) have been chosen to conduct the study. To study the changing awareness about microfinance product and services, primary data is collected from the customers with the help of schedule based questionnaire to evaluate the customer’s Response. For this purpose a structured questionnaire is prepared and used by the investigator. The data set, include primary data collected through structured Questionnaire and secondary data collected from earlier records, references books, bank reports, journals, magazines and internet. The present study was limited to Rajasthan state only. For the purpose of the study Rajasthan was divided into seven divisions that are Ajmer, Jaipur, Jodhpur, Udaipur, Kota, Bhartpur, Bikaner. The research study is descriptive in nature. This study consists of 500 samples which were collected from Rajasthan State. After reviewing the literature a method has been designed to achieve the objectives of research project. In the present study secondary data has been used from NABARD reports namely "status of microfinance in India" and data related to banks has been used from RBI report "trends and progress of banking". Data from Rajasthan region was collected from the various reports of centre of microfinance Jaipur. For testing of Hypotheses primary and secondary data were used. To test the impact of demographic factors, cross tabulation, T-test, F-Test, ANOVA, Chi-Square Test have been used.

The entire data of 500 respondents was coded initially. The open ended questions were made close ended by seeing the range of responses and code sheet was devised for all the questions. Coded data were transformed to the master sheets. Following this data, tabulation was done. Frequencies of responses against their codes were tabulated and their percentages were calculated. Further, data were analyzed and conclusions and inferences were drawn in the light of the objectives
of the study. ANOVA test was applied to find out mean difference between factors. The level of significance was 1 and 5 per cent. Pearson chi square test was applied to find out significant difference between percentages of various responses.

In the chapter 3, The status of microfinance in Rajasthan has been described.

The chapter highlights the various initiatives in the field of microfinance by public and private sector banks. From the analysis, it can be said that The Self Help Group Bank Linkage model is a shining star in the galaxy of microfinance. It is said that any long journey starts from a small, single step. So was the journey of the Self Help Group – Bank Linkage Programme – from linking a pilot of 500 SHGs of rural poor two decades ago, it now boasts of the world’s largest microfinance initiatives with over 7.4 million SHGs representing 97 million rural households directly becoming part of this great movement. Geographically its tentacles have now spread to every nook and corner of India – from the desert sands of Rajasthan to the forest villages of Arunachal Pradesh and from the inaccessible terrain of Jammu and Kashmir to the serene coastal villages of Lakshadweep Islands.

In the chapter 4, Microfinance Initiatives of selected banks in India and in Rajasthan has been described.

The chapter highlights that a sound and effective banking system is the backbone of an economy. The economy of a country can function smoothly without many hassles if the banking system is not only flexible but also capable of meeting the new challenges posed by the technology and other external as well as internal factors. In today’s economy, the microfinance services industry is exposed to increasing performance pressures and competitive forces. Modern media, such as the internet, have created new challenges for microfinance industry. New business concepts, a change in client sophistication, and an increasing number of new competitors entering into the market, such as independent financial consultants, and other private players have changed the business models and the competitive forces which are giving the challenges to the established financial service organizations today worldwide.
The present chapter describes the Public sector banks profile and microfinance Initiatives specially by SBI Bank along with this it also describes Private sector banks profile and Microfinance Initiatives specially by HDFC Bank. The analysis is comparative in nature in terms of Savings, Loan disbursed, loan outstanding of SHGs with selected Banks in Rajasthan.

Chapter 5 includes the data presentation, analysis and interpretation of primary data.

This chapter highlights divisional classification of the state, Questionnaire distribution schedule, MFI outreach map of Rajasthan, Demographic analyses, analysis of awareness about microfinance initiative by banks and Implication of micro-financing on Indian banking industry.

Chapter 6 includes hypotheses testing from the data presentation, and interpretation.

In this chapter, the hypotheses formulated are verified and tested using the various statistical techniques and inference drawn based on the result.

Chapter 6 Summary, Findings And Suggestions

Findings of the present study are presented in the following section. A sound and effective system for microfinance is the backbone of a rural economy. The rural economy of a country can function smoothly without many hassles if the system for microfinance is not only flexible but also capable of meeting the new challenges posed by the technology and other external as well as internal factors. In today’s economy, the Microfinance service industry is exposed to increasing performance pressures and competitive forces. Modern media, such as the internet, have created new challenges for banking and microfinance industry. New business concepts, a change in client sophistication, and an increasing number of new competitors entering into the market, such as independent financial consultants, and other private players have changed the business models and the competitive forces which are giving the challenges to the established financial service organizations today worldwide.