



AN ANALYTICAL STUDY OF “INCLUSIVE SOCIAL EFFICIENCY” OF THE FAMILIES BENEFITED THROUGH MICROFINANCE WITH REGARDS TO PUNE CITY

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Abstract

India is a developing economy. It is the land of opportunities. It is a country with “unity in diversity.” Due to increasing population and changing needs in the modern lifestyle, it is essential to understand the growing importance of financial literacy, saving patterns, investment options for stability and management of emergencies. India has a large chunk of middle-class group out of total population. Hence, micro-finance plays an important role in this regard. The present study aims to analyze the role of micro-finance and its benefits for families. The study is empirical in nature. The researcher has administered the structured questionnaire and collected primary data of 47 respondents. The data were analyzed and interpreted through descriptive statistics and Pearson Correlation Coefficient test. The study is significant as it deals with the financial inclusion, micro-finance, family finance in Pune City.

Keywords: *Social efficiency, financial inclusion, micro-finance, family finance, social equity*

1. Introduction:

India is a developing economy. It is the land of opportunities. It is a country with “unity in diversity.” Due to increasing population and changing needs in the modern lifestyle, it is essential to understand the growing importance of financial literacy, saving patterns, investment options for stability and management of emergencies (Nair, 2005). Many government schemes, socio-economic conditions, standard of livings, social status, level of education, healthcare etc. are closely associated with the family and micro-finance (Russell et

al., 2024). They further contribute towards the overall development of community, state and nation in a nutshell.

2. Rationale of Study

The present study is basically aimed to investigate the benefits of micro finance in terms of social inclusiveness in the geographical proximity of Pune. The study also intended to make efforts on exploring the main components involved in Inclusive Social efficiency. The study further classifies these main components into two categories namely, measurable and non-measurable factors. Determining the factors in these two components is also one of the objectives of the present study. It is expected to find out the gap between service provided by the Micro-Finance Institutions and the expectations of the families benefited by the microfinance institutions. Further this study is intended to analyze the Inclusive Social Efficiency elements in Micro Finance Program through the direct beneficiaries of the program. Considering all the above aspects of the present research, an extensive data collection tool has been prepared for collecting responses from the families benefited by the microfinance institutions. Benefits from micro finance institutions are not limited to only financial services but also covers other support services provided by the micro finance institutions (Suresh et al., 2024).

3. Objectives of Study

- To examine the role of micro-finance and their benefits towards families in Pune City
- To identify the factors associated with micro-finance, inclusive social efficiency in Pune City
- To analyze the client's satisfaction towards the Micro Finance services is linked with their expectations in Pune City

4. Review of Literature

Evans, P., & Green, S. (2023) in their study analyzed the impact of microfinance on educational outcomes in low-income communities in the UK. The findings suggest that microfinance beneficiaries have higher school enrollment rates and improved academic performance. The study uses a longitudinal design to track educational progress over time.

According to Bhattacharya & Singh (2022), there is a close associated noticed between the financial education and micro-finance. It is more visible in case of women since they deal with it more often in terms of family finance. They have to take care of children, senior citizens, child education, medical emergencies, savings and manage expense for household activities. Kulkarni and Rao (2023) through their research support the view mentioned above. They found

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the ratio for girl enrollment in schools have also increased after understanding the benefits in Pune region.

Another research carried out by Patil and Joshi (2021) investigated the health impacts of microfinance on low-income families in Pune. The results show that access to microfinance has led to improved health outcomes due to better healthcare access and increased health-related expenditures. This was realized especially within the context of COVID-19 pandemic outbreak when people suffered and realized the challenges, restrictions imposed through medical emergencies.

Smith, J., & Wilson, R. (2021) studied how microfinance contributes to the development of social capital among low-income communities in the United States. The authors highlight the role of microfinance in enhancing social networks, trust, and community participation. The research uses a mixed-methods approach, combining survey data with in-depth interviews.

5. Research Methodology

The present study is empirical in nature. It has applied the quantitative research design. The structured questionnaire is framed with the help of 5-Point Likert Scale and used for data collection. The purposive sampling technique is used. The sample size remains 47. The targeted respondents were the clients. The study was carried out in Pune City. The primary data collected through survey method for 47 respondents.

6. Results and Findings

Table No. 1.1

Distribution of the Respondents according to Institutes

This pilot study has been presented with the help of two sections with the aim of understanding sample responses and to test reliability to apply initial hypotheses testing tools. Accordingly basic analysis has been presented in *Section-(a)*. The test of reliability and detailed procedure with interpretation of hypotheses tests have been presented with the help of *Section-(b)*.

Section-(a): Basic Analysis

In this pilot study maximum respondents are women. This section basically provides the detailed insights on the basic variables considered under the study for further investigation. It is natural that most of the microfinance institutions are working basically for women empowerment and are observed to be more focused on women. *Table No. 1.1* provides further details on this aspect. It would be seen from the table that almost 95% of the respondents are women.

Table No. 1.1
Distribution of the respondents according to Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
	Male	2	4.3	4.3	4.3
Valid	Female	45	95.7	95.7	100.0
	Total	47	100.0	100.0	

Moreover, distribution of the respondents has been provided with the help of **Table No. 1.2**, according to the age. It is to be noted here that all the respondents belong to the age group of 26 to 56, highlighting that the most of the clients of amplifiers are working women.

Table No. 1.2
Distribution of the respondents according to age

		Frequency	Percent	Valid Percent	Cumulative Percent
	26 to 35	8	17.0	17.0	17.0
	36 to 45	19	40.4	40.4	57.4
Valid	46 to 56	12	25.5	25.5	83.0
	More than 56	8	17.0	17.0	100.0
	Total	47	100.0	100.0	

The MFIs most probably connected with the married women. This is a natural observation as middle aged women are mostly married or widowed. Thus, **Table No. 1.3** provides insights on the fact that 78 per cent of the respondents are married and almost 15 per cent women who have participated in the study are widowed. This also highlights the approach of MFIs to support needy clienties.

Table No. 1.3
Distribution of the respondents according to Marital Status

		Frequency	Percent	Valid Percent	Cumulative Percent
	Married	37	78.7	78.7	78.7
	Unmarried	2	4.3	4.3	83.0
Valid	Divorcee/Separated	1	2.1	2.1	85.1
	Widow/Widower	7	14.9	14.9	100.0
	Total	47	100.0	100.0	

The maximum clients (53 per cent) that participated in the pilot study are literate primarily up to the formal education of 10th Std. Also 10.6 per cent of the respondents are illiterate. This underlines that MFIs are providing equal support irrespective of their level of education (*Table No. 1.4*).

Table No. 1.4
Distribution of the respondents according to Education

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Illiterate	5	10.6	10.6	10.6
	1st to 5th	8	17.0	17.0	27.7
	6th to 10th	25	53.2	53.2	80.9
	12th	8	17.0	17.0	97.9
	Graduation	1	2.1	2.1	100.0
	Total	47	100.0	100.0	

The category of respondents is also helpful to understand the approach of MFIs. It has been seen from *Table No. 1.5* that MFIs are connected with the clients such as self-employed (50 per cent), daily wagers (10.9 per cent) and maids (13 per cent). This may be the indicator of social inclusion by the MFIs for the vulnerable element of society.

Table No. 1.5
Distribution of the respondents according to Occupation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Salaried Service (private/Govt.	8	17.0	17.4	17.4
	Self-employed	23	48.9	50.0	67.4
	Daily Wager	5	10.6	10.9	78.3
	Maid	6	12.8	13.0	91.3
	House Wife	4	8.5	8.7	100.0
	Total	46	97.9	100.0	
Missing	System	1	2.1		
Total		47	100.0		

Now, below sections provide analysis for reliability and testing of hypotheses proceed in the present research.

Section-(b): Reliability and Hypothesis Testing

In this section an effort has been made to test the statistical reliability of the questionnaire tool being used for the data collection. Thus, as a common practice and universally accepted

technique, this pilot study also used Cronbach's test for checking statistical reliability of the questionnaire tool. In this view of matter, all the 125 variables have been considered for the further test. The detailed output of the statistical test has been provided with the help of **Table No. 1.6**.

Table No. 1.6
Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.972	.970	125

Based on the output mentioned in the above table, it is observed that Cronbach's Alpha has been accounted for with a magnitude of 0.972, that is sufficiently larger than the standard acceptable limit of 0.750. Hence, ultimately, it may be concluded that the questionnaire prepared for the study is showing internal consistency and is statistically reliable.

Further, three objections have been provided for trial of hypothesis testing.

Subsection-(i): Testing of Hypothesis-H1

In this subsection, effort has been made to test Hypothesis-H1 as mentioned below-

H0 1. Components involved in Inclusive Social Efficiency are not varied as per the client's satisfaction.

Ha 1. Components involved in Inclusive Social Efficiency vary as per the client's satisfaction. From the hypothesis above it has been assumed that components of social efficiency are correlated with clients satisfaction. Now considering the structure of the hypothesis and Five point Likert scale of measurement, Pearson Correlation Coefficient is found to be a scientifically appropriate test. Now keeping this in mind, components of inclusive social efficiency are defined as; (a) social efficiency, (b) livelihood, (c) development opportunities, (d) economical development, (e) intellectual variables, (f) health and (g) education. Each component is supported with the theoretical construct that reflects the social inclusive efficiency. The satisfaction of clients has been measured by Five point likert scale. Now the test of Pearson correlation is operated and the results are mentioned with the help of **Table No. 1.7** and **Table No. 1.8**.

Table No.1.7
Descriptive Statistics

	Mean	Std. Deviation	N
Mean_Socialefficiency	3.7979	1.01435	47
Mean_Livelihood	4.0336	.58583	47
Mean_development_opportunities	4.2674	.52424	47
Mean_Eco_Dev	4.2583	.45784	47
Mean_Intellectuals	4.8511	.27416	47
Mean_Health	4.3974	.60065	47
Mean_Education	4.1202	.87787	47
Mean_Satisfaction	3.4983	.97568	47

Now, based on the output presented with the help of Table No. 1.7. and 1.8 the inferences are as follow-

In the below table Pearson correlation has been provided for each of the variables describing inclusive social efficiency with mean level of satisfaction. Moreover, the highlighted cells in the below table provide the value 'Sig. (2-tailed)' that is the probability of obtaining correlation value transformed with correlation coefficient. Now as per statistics, if "sig." value observed to be below 0.05 then it is statistically significant to accept the correlation between two variables to the magnitude of 'Pearson Correlation Coefficient'.

Based on the logical interpretation provided above, it may be noted based on the below table that correlation between the variables 'social efficiency' and 'level of satisfaction' is statistically significant. While the correlation between 'level of satisfaction' and other variables describing inclusive social efficiency is not statistically significant.

Table No.1.8 Correlations		
		Mean_Satisfaction
Mean_Socialefficiency	Pearson Correlation	.456**
	Sig. (2-tailed)	.001
	N	47
Mean_Livelihood	Pearson Correlation	.186
	Sig. (2-tailed)	.209
	N	47
Mean_development_opp ortunities	Pearson Correlation	.165
	Sig. (2-tailed)	.268
	N	47

Mean_Eco_Dev	Pearson Correlation	.047
	Sig. (2-tailed)	.756
	N	47
Mean_Intellecutuals	Pearson Correlation	-.271
	Sig. (2-tailed)	.065
	N	47
Mean_Health	Pearson Correlation	.158
	Sig. (2-tailed)	.288
	N	47
Mean_Education	Pearson Correlation	-.190
	Sig. (2-tailed)	.200
	N	47

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

*. Correlation is significant at the 0.05 level (2-tailed).

Considering all the discussion above, hypothesis null is accepted and the result is interpreted as *components involved in Inclusive Social Efficiency are not varied as per the client's satisfaction.*

Subsection-(ii): Testing of Hypothesis-H2

In this subsection below mentioned hypothesis is tested.

H0 2. There is no correlation between measurable and non- measurable factors influencing Inclusive Social Efficiency.

Ha 2. There is a correlation between measurable and non- measurable factors influencing Inclusive Social Efficiency

From the hypothesis above it has been assumed that measurable and non measurable factors are correlated. Now considering the structure of the hypothesis and Five point Likert scale of measurement, Pearson Correlation Coefficient is found to be a scientifically appropriate test. Now keeping this in mind, measurable components of inclusive social efficiency are defined as; (a) Health services, (b) Educational related services and (c) Financial related services. While non-measurable component is defined as; (a) Leadership development training, (b) Communication skills related training and services, (c) Decision making skills trainings, (d) Financial Literacy, (e) Behavioral inputs for influence in family decisions, (f) Inputs on enhancing financial reliability, (g) Inputs on Independence in self finance, (h) Vocational trainings, (i) Job placements, (k) Creche, (l) Scholarship, (m) Saving schemes. The arithmetic mean of each variable of the set of constructs is assumed to be a construct of measurable as well as non-measurable components influencing inclusive social efficiency.

Now the test of Pearson correlation is operated and the results are mentioned with the help of

Table No. 1.9 and Table No. 1.10.

Table No. 1.9
Descriptive Statistics

	Mean	Std. Deviation	N
Measureable_Services_provided	3.1981	1.05540	47
Measureable_Services_benefitted	2.9645	1.17793	47
Measureable_Services_expected	3.3194	.90900	47
Non_Measurable_services_provided	3.1655	.96313	47
Non_Measurable_services_benefitted	2.9783	1.03821	47
Non_Measurable_services_expected	3.1045	.96448	47

Table No. 1.10
Correlations

		Non_Measurable_services_provided	Non_Measurable_services_benefitted	Non_Measurable_services_expected
Measureable_Services_provided	Pearson Correlation	.714**	.655**	.599**
	Sig. (2-tailed)	.000	.000	.000
	N	47	47	47
Measureable_Services_benefitted	Pearson Correlation	.778**	.808**	.654**
	Sig. (2-tailed)	.000	.000	.000
	N	47	47	47
Measureable_Services_expected	Pearson Correlation	.561**	.647**	.660**
	Sig. (2-tailed)	.000	.000	.000
	N	47	47	47

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

Now without going into the further details, it is to be pointed out that all the values of 'Sig.' are observed to be less than 0.05. Hence, hypothesis null is rejected and the result can be interpreted as *there is a correlation between measurable and non-measurable factors influencing Inclusive Social Efficiency.*

Subsection-(iii): Testing of Hypothesis-H3

This subsection deals with the testing of the below mentioned hypothesis.

H0 3. Client's satisfaction towards the Micro Finance services is not linked with their expectations.

Ha 3. Client's satisfaction towards the Micro Finance services is linked with their expectations.

From the hypothesis above it has been assumed that microfinance services and clients

expectations are correlated. Now considering the structure of the hypothesis and Five point Likert scale of measurement, Pearson Correlation Coefficient is found to be a scientifically appropriate test.

Now the test of Pearson correlation is operated and the results are mentioned with the help of **Table No. 1.11** and **Table No. 1.12**.

Table No. 1.11: Descriptive Statistics

	Mean	Std. Deviation	N
Client_Satisfaction	3.4983	.97568	47
Mean_expectations	3.2126	.85293	47

Table No. 1.12 Correlations		
		Mean_expectations
Client_Satisfaction	Pearson Correlation	.691**
	Sig. (2-tailed)	.000
	N	47
**. Correlation is significant at the 0.01 level (2-tailed).		

Based on the values mentioned in the above table, it is to be pointed out that the values of 'Sig.' are observed to be less than 0.05. Hence, hypothesis null is rejected and the result can be interpreted as *client's satisfaction towards the Micro Finance services is linked with their expectations*.

Conclusion

All of the above discussion shows that micro-finance is the part and parcel of our life. It is not only important for individuals but also for families, communities, businesses and governments. It offers various benefits in terms of financial stability, increasing level of satisfaction, better standard of living, savings and investments, financial freedom, informed decision-making and long-term growth. Additionally, social and inclusive growth, women empowerment, community development, financial inclusion are possible through micro-finance. It is an important aspect for a developing economy like India.

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