Association of Micro Finance Institutions - WB

FINANCIAL INCLUSION

AND IT'S

IMPACT ON BORROWERS

A SOCIO ECONOMIC STUDY IN WEST BENGAL AND JHARKHAND

STUDY CONDUCTED BY AMFI-WB

ACCESS TO FINANCE | EMPOWERING LIVELIHOODS | WOMEN EMPOWERMENT | INCLUSIVE GROWTH

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July 2026

Association of Microfinance Institutions West Bengal

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About AMFI-WB

The **Association of Microfinance Institutions - West Bengal (AMFI-WB)**, established in 2010 as a Public Charitable Trust, is the leading industry association promoting responsible and sustainable microfinance in West Bengal. It brings together banks, NBFC-MFIs, NGO-MFIs, fintechs, and other financial institutions to advance financial inclusion and improve the socio-economic well-being of low-income households, particularly women.

AMFI-WB serves as a common platform for policy advocacy, capacity building, research, stakeholder engagement, borrower awareness, and industry coordination. Working closely with regulators, government agencies, financial institutions, and development partners, it promotes ethical, transparent, and client-centric microfinance practices across the state.

AMFI WB is one of the oldest microfinance associations in India, established in 2006 and registered as a public trust in 2010, with a dedicated focus on West Bengal, one of the biggest microfinance markets in the country. The Association serves as a unified platform for community Microfinance Institutions operating in the state. Membership in AMFI-WB provides organizations with the credibility of being associated with a recognized Self-regulatory industry body committed to promoting responsible finance, strengthening governance and building a stronger microfinance ecosystem.

The association has primary (lenders who write loans on their own balance sheet), secondary (those who facilitate business on others books), associates (entities associated with microfinance activities) and special members (members of high esteem & repute), creating a diverse and collaborative ecosystem for the industry.

Vision

To build an inclusive, responsible, and sustainable microfinance ecosystem that empowers underserved communities, especially women, through equitable access to financial services and livelihood opportunities.

Mission

To strengthen the microfinance sector through policy advocacy, capacity building, research, stakeholder collaboration, regulatory compliance, and initiatives that promote financial inclusion and sustainable development.

Objectives

- Promote responsible, ethical, and client-centric microfinance practices.
- Advance financial inclusion and women's economic empowerment.
- Strengthen member institutions through training, research, and knowledge sharing.
- Facilitate collaboration with regulators, government, financial institutions, and development partners.
- Advocate policies that support the sustainable growth of the microfinance sector.
- Promote transparency, regulatory compliance, and client protection.
- Organize stakeholder consultations, district coordination meetings, and borrower awareness Program.
- Support entrepreneurship, livelihood development, and market linkages for low-income communities

Acknowledgement

The successful completion of this research study would not have been possible without the support, guidance, and cooperation of many individuals and organizations.

We express our sincere gratitude to the **Association of Microfinance Institutions – West Bengal (AMFI-WB) members** for providing the opportunity, guidance, and institutional support to undertake this important study on the socio-economic status, financial literacy, and responsible borrowing practices of women borrowers. AMFI-WB members continuous commitment to promoting financial inclusion and responsible microfinance has been the driving force behind this research.

We are deeply grateful to all the women borrowers who willingly participated in the survey and generously shared their valuable experiences, opinions, and information. Their cooperation and openness made this study meaningful and reliable.

We also extend our heartfelt appreciation to the officials and field staff of various Microfinance Institutions (MFIs), banks, and other stakeholders who provided valuable insights and facilitated the field survey. Their support during data collection and interactions greatly contributed to the successful completion of this research.

Our sincere thanks are due to all colleagues, researchers, survey investigators, and support staff who assisted in questionnaire development, fieldwork, data compilation, analysis, and report preparation. Their dedication and hard work ensured the quality and accuracy of the study.

Finally, we acknowledge all researchers, authors, government publications, and other secondary sources whose literature and published works provided valuable references and enriched the conceptual framework of this study.

We hope that the findings and recommendations presented in this report will contribute to strengthening financial literacy, promoting responsible borrowing practices, and advancing sustainable financial inclusion for women borrowers in West Bengal and Jharkhand.

AMFI-WB

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Chapter 1: Introduction

1.1 Background of the Study

Financial inclusion has emerged as one of the most important pillars of inclusive economic development in India. Over the last two decades, significant policy initiatives have been undertaken to ensure that low-income households, particularly women, gain access to formal financial services such as savings accounts, credit, insurance, pensions, and digital payment systems. The Government of India, the Reserve Bank of India, financial institutions, and microfinance organizations have collectively contributed to expanding financial services to previously under-served populations.

Microfinance has played a transformative role in extending financial services to economically disadvantaged households. By providing collateral-free loans, promoting savings behavior, encouraging entrepreneurship, and strengthening financial discipline, microfinance institutions have contributed substantially to poverty reduction and women's economic empowerment. Women borrowers, in particular, have emerged as key participants in microfinance programs due to their higher repayment rates, greater commitment to household welfare, and increasing involvement in income-generating activities.

Despite remarkable progress in expanding financial access, several challenges continue to affect the quality and sustainability of financial inclusion. Limited financial literacy, inadequate understanding of responsible borrowing practices, multiple borrowing, over-indebtedness, dependence on informal moneylenders, low insurance penetration, and limited awareness of digital financial services remain significant concerns among economically weaker households. These challenges often result in inefficient financial decision-making and increase the vulnerability of low-income families.

Financial literacy is widely recognized as an essential life skill that enables individuals to make informed financial decisions. It encompasses knowledge of savings, budgeting, borrowing, insurance, investment, digital financial services, and long-term financial planning. Improved financial literacy contributes not only to individual financial well-being but also strengthens household resilience, promotes responsible borrowing, and supports sustainable economic development.

Women constitute one of the most important target groups for financial literacy interventions because they frequently manage household finances while simultaneously participating in livelihood activities. Enhancing their financial knowledge has a multiplier effect on household welfare, children's education, healthcare expenditure, savings behaviour, and community development. Responsible borrowing practices among women borrowers also contribute to improved repayment performance and reduce the risks associated with excessive indebtedness.

West Bengal has witnessed substantial growth in microfinance outreach during the past decade. Thousands of women across rural and semi-urban areas have gained access to institutional credit through microfinance institutions, self-help groups, banks, and business correspondents. While access to credit has improved considerably, evidence regarding the socio-economic characteristics, financial behaviour, borrowing practices, savings habits, digital financial inclusion and overall financial literacy of women borrowers remains limited. Understanding these dimensions is essential for designing effective financial literacy programs and promoting responsible financial behaviour.

The present study seeks to examine the socio-economic profile and financial behaviour of women borrowers in West Bengal using primary survey data. The study analyses demographic characteristics, income patterns, occupation, household financial management, borrowing behaviour, repayment practices, savings, insurance coverage, digital financial inclusion, and financial planning. The findings are expected to provide valuable insights for policymakers, financial institutions, microfinance organizations, development agencies, and other stakeholders engaged in promoting inclusive and responsible financial systems.

1.2 About the Study

This research has been undertaken to assess the socio-economic conditions and financial literacy levels of women borrowers across selected districts of West Bengal. The study focuses on understanding how financial knowledge influences borrowing behaviour, savings practices, digital financial adoption, and household financial management.

Using structured primary data collected from women borrowers, the study investigates multiple dimensions of financial inclusion, including income generation, financial decision-making, access to banking services, insurance coverage, responsible borrowing, and financial planning. The analysis provides an evidence-based understanding of the strengths and challenges faced by women borrowers within the microfinance ecosystem.The study is intended to support the design of more effective financial literacy programs and policy interventions that encourage responsible borrowing while strengthening the financial resilience of low-income households.

1.3 Need for the Study

Although financial inclusion has expanded considerably in recent years, access to financial services alone does not guarantee improved financial well-being. Many borrowers continue to face challenges in managing household finances, understanding loan conditions, maintaining regular savings, accessing insurance products, and utilizing digital financial services safely and effectively.

Women borrowers often experience additional constraints arising from lower educational attainment, limited financial exposure, restricted decision-making authority, and vulnerability to economic shocks. Consequently, there is a growing need to assess their financial capabilities and identify gaps that may affect sustainable borrowing and financial stability. The findings of this study will help identify areas where targeted financial education and capacity-building initiatives can enhance financial decision-making and reduce financial vulnerability among women borrowers.

1.4 Objectives of the Study

The broad objective of the study is to assess the socio-economic status, financial literacy, and responsible borrowing practices among women borrowers in West Bengal.

The specific objectives are:

a) To analyze the socio-economic characteristics of women borrowers.
b) To examine household income and livelihood patterns.
c) To assess borrowing behavior and utilization of credit.
d) To evaluate repayment practices and responsible borrowing behaviour.
e) To analyze savings habits and financial planning.
f) To assess awareness and utilization of banking and digital financial services.
g) To examine insurance coverage and financial risk management.
h) To identify factors influencing financial decision-making.
i) To recommend strategies for strengthening financial literacy and responsible borrowing among women borrowers.

1.5 Scope of the Study

The study examines multiple dimensions of financial inclusion among women borrowers, including demographic characteristics, economic status, borrowing behaviour, repayment practices, savings, insurance, digital financial inclusion, and financial literacy. The findings are expected to contribute to program design, policy formulation, capacity-building initiatives, and future academic research on financial inclusion and women's economic empowerment.

1.6 Significance of the Study

The findings of this study will be valuable for microfinance institutions, banks, policymakers, government departments, development organizations, CSR programs, researchers, and financial educators. The study provides empirical evidence that can support the development of targeted financial literacy initiatives, improve responsible lending practices, strengthen household financial resilience, and contribute to sustainable financial inclusion in West Bengal.

1.7 Chapter Summary

This chapter introduced the context and rationale of the study by highlighting the importance of financial inclusion, financial literacy, and responsible borrowing among women borrowers. It presented the background, objectives, research questions, scope, and significance of the study. The subsequent chapters examine the existing literature, research methodology, respondent characteristics, statistical analysis, major findings, and policy recommendations derived from the survey data.

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Chapter 2: Review of Literature

2.1 Introduction

Financial literacy has become a cornerstone of inclusive economic development across the world. It equips individuals with the knowledge, skills, and confidence to make informed financial decisions regarding savings, borrowing, investment, insurance, and retirement planning. In developing economies such as India, financial literacy is closely linked with financial inclusion and poverty alleviation, particularly among women and low-income households. This chapter reviews the existing literature on financial literacy, microfinance, women’s empowerment, responsible borrowing, and digital financial inclusion to establish the conceptual foundation for the present study.

2.2 Financial Literacy

Financial literacy refers to the ability to understand and effectively use financial knowledge in managing personal and household finances. It encompasses awareness of budgeting, saving, borrowing, insurance, investments, digital financial services, and risk management.

Several studies have shown that financially literate individuals are more likely to save regularly, use formal banking services, avoid excessive debt, and plan for future financial needs. Financial literacy contributes to improved financial well-being and strengthens household resilience against economic shocks.

In India, national initiatives have emphasized financial education as a means of promoting responsible financial behavior and enhancing access to formal financial services among underserved populations.

2.3 Financial Inclusion in India

Financial inclusion aims to ensure affordable and equitable access to financial products and services for all sections of society. Over the last decade, India has made significant progress through initiatives such as basic savings accounts, direct benefit transfers, digital payment systems, and expansion of banking infrastructure.

Despite increased access to financial services, disparities remain in the effective use of these services. Low-income households often face challenges related to limited financial awareness, inadequate documentation, low digital literacy, and irregular income streams.Financial inclusion therefore requires not only physical access to financial institutions but also sufficient financial capability to utilize available services effectively.

2.4 Microfinance and Women's Empowerment

Microfinance has become an important instrument for promoting financial inclusion and economic empowerment among women. By providing collateral-free credit, microfinance institutions enable women to engage in income-generating activities, improve household welfare, and enhance decision-making capacity.

Research indicates that women borrowers generally exhibit higher repayment rates and greater financial discipline than male borrowers. Access to microfinance has also been associated with improvements in household income, children's education, healthcare expenditure, and social participation.However, the benefits of microfinance depend substantially on borrowers' financial literacy and their ability to manage debt responsibly.

2.5 Responsible Borrowing

Responsible borrowing refers to the practice of obtaining and utilizing credit in a manner that supports productive activities while ensuring timely repayment and avoiding excessive indebtedness.

Several studies highlight that multiple borrowing, borrowing for consumption purposes, and inadequate financial planning increase the risk of financial distress among low-income households. Financial education programs have been found to improve borrowers' understanding of loan conditions, budgeting, repayment obligations, and debt management.Promoting responsible borrowing is therefore essential for maintaining the long-term sustainability of both borrowers and financial institutions.

2.6 Savings Behavior

Savings constitute one of the most important indicators of household financial stability. Regular savings enhance the ability of households to cope with emergencies, invest in education and health, and reduce dependence on external borrowing.

Studies have demonstrated that financial literacy positively influences saving behaviour. Individuals with greater financial awareness are more likely to maintain formal savings accounts, participate in recurring deposit schemes, and develop long-term financial plans.

2.7 Insurance and Financial Security

Insurance protects households against unexpected financial shocks arising from illness, accidents, crop failure, natural disasters, or loss of livelihood. Despite the availability of various insurance schemes, insurance penetration among economically weaker sections remains relatively low.

Financial awareness significantly influences the adoption of insurance products. Improved understanding of insurance benefits contributes to greater financial resilience and reduces vulnerability to unforeseen risks.

2.8 Digital Financial Inclusion

Rapid technological advancements have transformed the delivery of financial services through mobile banking, digital wallets, UPI, internet banking, and Aadhaar-enabled payment systems.

Digital financial services improve accessibility, reduce transaction costs, and enhance transparency. However, digital financial inclusion depends upon digital literacy, availability of infrastructure, trust in technology, and cybersecurity awareness.

Women residing in rural and semi-urban areas often require additional support and training to effectively utilize digital financial platforms.

2.9 Research Gap

Although numerous studies have examined financial inclusion, relatively few have simultaneously analyzed socio-economic characteristics, financial literacy, responsible borrowing, savings behavior, insurance coverage, and digital financial adoption among women borrowers using comprehensive primary survey data.

Moreover, empirical evidence specific to women borrowers in West Bengal remains limited. This study seeks to address this gap by providing an integrated assessment of socio-economic conditions, financial behavior, and responsible borrowing practices based on field-level survey data.

2.10 Conceptual Framework

The study assumes that socio-economic characteristics influence financial literacy, which in turn affects borrowing behavior, savings practices, digital financial adoption, insurance utilization, and overall household financial well-being. Improved financial literacy is expected to promote responsible borrowing, enhance financial planning, strengthen household resilience, and contribute to sustainable financial inclusion.

2.11 Chapter Summary

This chapter reviewed the theoretical and empirical literature relating to financial literacy, financial inclusion, microfinance, responsible borrowing, savings, insurance, digital financial services, and women's empowerment. The review highlights the importance of financial capability in achieving sustainable financial inclusion and identifies the need for empirical evidence on women borrowers in West Bengal. The next chapter describes the research methodology adopted for the study.

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Chapter 3: Research Methodology

3.1 Introduction

This chapter presents the research methodology adopted for the study. It describes the research design, study area, sampling approach, data collection procedures, research instruments, variables considered, methods of analysis, and ethical considerations.

3.2 Research Design

The study adopts a descriptive and analytical research design. The descriptive component provides an overview of the socio-economic profile and financial behavior of women borrowers, while the analytical component examines relationships among key financial indicators and identifies patterns relevant to financial literacy and responsible borrowing.

3.3 Study Area

The study was conducted **among women borrowers across 12 districts of West Bengal and 6 districts of Jharkhand.** The respondents represent rural and semi-urban households where microfinance services are widely accessible through banks, microfinance institutions, self-help groups, and business correspondents.

3.4 Nature and Sources of Data

The study is based primarily on primary data collected through a **structured survey interview Schedule.** Information was gathered directly from women borrowers regarding their socio-economic characteristics, financial literacy, borrowing behavior, savings practices, insurance coverage, digital financial usage, and household financial management.

Secondary information from borrowers' group meetings, several MFI/Bank visit, interaction with field staffs and published report and academic literature was also consulted to provide contextual understanding.

3.5 Sampling Design

A structured survey approach was adopted for selecting respondents. Women borrowers participating in microfinance programs constituted the target population for the study. Respondents were selected from different geographical locations randomly to capture variations in socio-economic conditions and financial behavior.

3.6 Research Instrument

A structured Interview Schedule was used for data collection. The interview consisted of multiple sections covering:

- Section 1: Basic Information
- Section 2: Family Details
- Section 3: Loan Information
- Section 4: Loan Purpose
- Section 5: Issues during Loan Period
- Section 6: Digital/General Awareness

- Section 7: Income Change
- Section 8: Expenditure
- Section 9: Loan Size
- Section 10: Savings & Future Planning
- Section 11: Information on Money lenders (Informal lenders)
- Section 12: Insurance Policy

3.7 Data Processing

The completed Interview Schedule were reviewed for completeness and consistency. The responses were coded and entered into Microsoft Excel for validation and analysis. Necessary data cleaning procedures were undertaken to remove inconsistencies and improve data quality before statistical analysis.

3.8 Methods of Data Analysis

The following statistical techniques were employed:

- Frequency distribution
- Percentage analysis
- Descriptive statistics
- Graphical presentation
- Narrative analysis

The findings are presented through tables, charts, and interpretative discussions to facilitate meaningful understanding.

3.9 Ethical Considerations

Participation in the survey was voluntary. Respondents were informed about the purpose of the study, and confidentiality of the information provided was maintained. Individual responses have been used only for research purposes and are presented in aggregate form.

3.10 Limitations of the Study

The findings are based on information reported by respondents during the survey. Therefore, subject to the accuracy of self-reported data. The study is confined to the surveyed population and should be interpreted within the geographical and temporal scope of the research.

3.11 Chapter Summary

This chapter outlined the methodological framework adopted for the study, including the research design, data sources, sampling approach, research instrument, variables, analytical techniques, and ethical considerations. The following chapters present the statistical analysis and interpretation of the survey findings.

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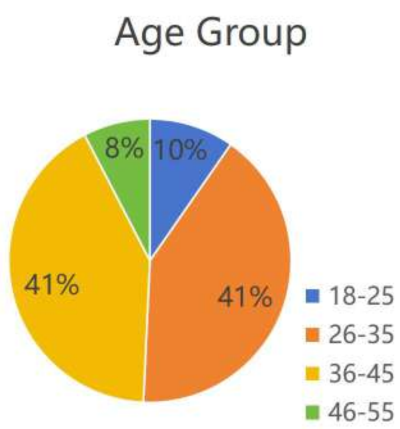
Chapter 4: Data Analysis

4.1 Narrative Explanation with Graphical presentation

i. Age Group of the Borrowers

The age-wise distribution of respondents indicates that the majority belong to the economically active middle-age groups. The **26–35 years** and **36–45 years** age categories each account for **41%** of the total respondents together representing **82%** of the sample. This suggests that most beneficiaries are in their prime working and income-generating years, making them the primary users of microfinance services for livelihood enhancement, business activities, and household financial needs.

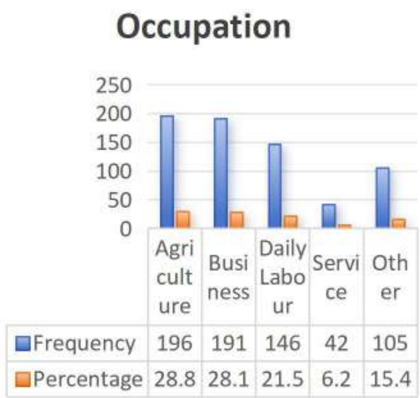


In comparison, only **10%** of respondents fall within the **18–25 years** age group, indicating relatively lower participation of younger adults in microfinance activities. Meanwhile, the **46–55 years** age group constitutes **8%** of the respondents, reflecting a smaller proportion of older beneficiaries.

Overall, the findings demonstrate that microfinance services are predominantly utilized by individuals in the **26–45 years** age bracket, highlighting the sector's strong focus on supporting economically productive adults who are more likely to engage in entrepreneurial and income-generating activities

ii. Occupation of the Borrowers

The occupational profile of the respondents reveals a diverse distribution, with agriculture and small business being the predominant sources of livelihood. **Agriculture** accounts for the largest share at **29%**, closely followed by **business** at **28%**, indicating that a majority of respondents are engaged in farming and self-employment activities. This reflects the significant role of microfinance in supporting both agricultural livelihoods and micro-enterprises.



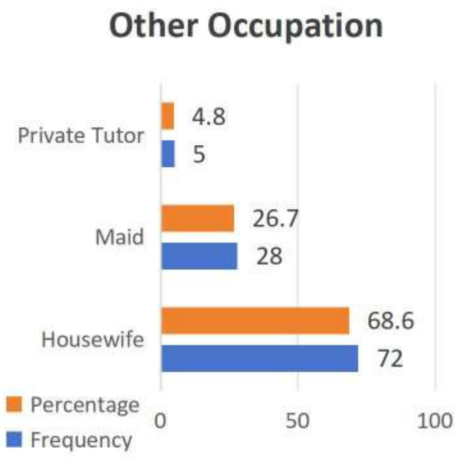
A considerable proportion of respondents (**22%**) are engaged as **daily labourers**, highlighting the dependence of low-income wage earners on microfinance services to meet household needs, manage financial shocks, and supplement their income. Meanwhile, **15%** of respondents fall under the **'Other'** category, which may include occupations such as salaried employment, handicrafts, tailoring, transport services, or other informal sector activities.

Only **6%** of the respondents are employed in the **service sector**, making it the smallest occupational group in the sample. This comparatively low representation suggests that the study population is primarily composed of individuals working in the informal and self-employed sectors rather than in formal employment.

Overall, the findings indicate that the majority of respondents depend on **agriculture, business, and daily wage labour** for their livelihoods. The occupational pattern underscores the importance of microfinance in promoting income generation, supporting rural and informal economic activities, and enhancing the financial resilience of economically vulnerable households.

iii. Other Occupation of the Borrowers

The chart presents the distribution of respondents engaged in occupations other than their primary employment. The findings indicate that the majority of respondents identified themselves as **housewives**, accounting for **72 individuals (68.6%)** of the total. This suggests that most respondents are primarily involved in household responsibilities rather than formal income-generating activities.



The second-largest group comprises **maids**, with **28 respondents (26.7%)**. This reflects that a significant proportion of respondents are engaged in domestic work, which generally provides low and irregular earnings and often falls within the informal sector.

Only **5 respondents (4.8%)** reported working as **private tutors**, making it the least represented occupation in this category. This indicates that relatively few respondents are engaged in educational or skilled service-based work.

Overall, the data reveal that respondents in the "Other Occupation" category are predominantly involved in household duties and informal domestic work, while participation in skilled occupations such as private tutoring remains very limited. These findings suggest a need for greater access to skill development, livelihood enhancement programs, and income-generating opportunities to improve the economic participation and financial independence of women.

iv. Monthly income of the Borrowers

The chart presents the monthly income distribution of the respondents, providing valuable insights into their economic status and earning capacity. The findings indicate that the largest proportion of respondents, **305 individuals (44.9%)**, earn between **₹5,000 and ₹15,000 per month**, making this the dominant income category. This suggests that a considerable number of respondents belong to the lower-middle-income group, where earnings are sufficient to meet only basic household needs. However, with increasing living costs, this income level often leaves little room for savings, investment, or unexpected expenses.

The second-largest group consists of **260 respondents (38.2%)** whose monthly income is **below ₹5,000**. This reflects a significant level of economic vulnerability among the surveyed population. Respondents in this category are likely to depend on irregular employment, daily wage labour, domestic work, or small-scale informal economic activities. Such low income may restrict their ability to access quality healthcare, education, nutritious food, and other essential services, making them more susceptible to financial shocks and indebtedness.

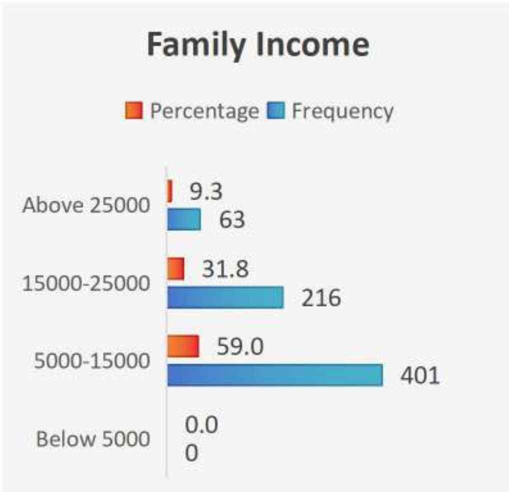
Only **40 respondents (5.9%)** reported earning between **₹15,000 and ₹25,000 per month**, indicating that a relatively small proportion of respondents enjoy a moderate level of financial stability. Furthermore, just **3 respondents (0.4%)** earn **above ₹25,000 per month**, highlighting that higher-income households are extremely rare within the study population. This suggests limited access to stable, formal-sector employment or successful entrepreneurial opportunities.

Overall, the income distribution clearly demonstrates that the respondents are predominantly concentrated in the low- and lower-middle-income groups, with more than **83%** earning less than **₹15,000 per month**. The findings reflect the socio-economic challenges faced by the respondents, including limited employment opportunities, low wages, and dependence on informal occupations. These results emphasize the need for targeted interventions such as skill development program, entrepreneurship promotion, vocational training, financial literacy initiatives, improved access to credit, and livelihood enhancement schemes. Strengthening these areas can help improve household incomes, reduce economic vulnerability, and contribute to greater financial security and long-term socio-economic empowerment of the respondents.

v. Family income of the Borrowers

The chart illustrates the distribution of respondents based on their **total monthly family income**, providing an overview of the economic condition of the households included in the study. The findings reveal that the majority of respondents belong to households with a monthly family income ranging between **₹5,000 and ₹15,000**. A total of **401 respondents (59.0%)** fall within this income bracket, making it the largest category. This indicates that most families are able to meet only their basic household requirements, with limited financial capacity for savings, investment, or coping with unforeseen emergencies. Such households often depend on multiple income earners or informal employment to sustain their livelihoods.

The second-largest category comprises **216 respondents (31.8%)** whose families earn between **₹15,000 and ₹25,000 per month**. Families in this income group generally enjoy relatively better financial stability compared to the lower-income category. However, considering rising living costs, healthcare expenses, educational needs, and loan repayments, this level of income may still be insufficient to ensure long-term economic security. Many households in this category are likely to remain vulnerable to financial stress during periods of income disruption or unexpected expenditures.



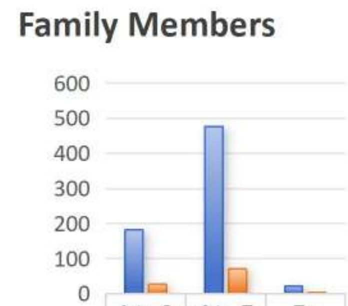
Only **63 respondents (9.3%)** reported a family income of **above ₹25,000 per month**, indicating that a small proportion of households have comparatively higher earning capacity. These families are more likely to have diversified sources of income, stable employment, or successful business activities, enabling them to achieve greater financial resilience and improved living standards.

Notably, **no respondents (0%)** reported a monthly family income of **below ₹5,000**, suggesting that every surveyed household has at least a minimum level of income generation. This may be attributed to the presence of multiple earning members, participation in self-employment activities, or financial support through microfinance and other livelihood initiatives.

Overall, the findings indicate that **more than 90% of the respondents'** families earn between **₹5,000 and ₹25,000 per month**, reflecting that the study population predominantly belongs to the low- and lower-middle-income segmentsof society. Although the absence of households earning below ₹5,000 is encouraging, the concentration of respondents in the lower income brackets highlights continued economic vulnerability. These findings emphasize the need for sustained interventions in the areas of skill development, entrepreneurship promotion, financial literacy, employment generation, access to affordable credit, and livelihood diversification. Strengthening these aspects can improve household income, enhance financial resilience, and contribute to the long-term socio-economic empowerment and overall well-being of the respondents and their families.

vi. No of Family members of the Borrowers

he chart illustrates the distribution of respondents based on the number of family members in their households. The findings reveal that the majority of respondents, **477 (70.1%)**, belong to families comprising **4 to 7 members**, indicating that medium-sized households are the most common among the study population. Such family structures are typical in many rural and semi-urban areas, where responsibilities and household expenses are shared among multiple members.



	1 to 3	4 to 7	7+
Frequency	182	477	21
Percentage	26.8	70.1	3.1

A total of **182 respondents (26.8%)** reported having **1 to 3 family members**, reflecting the presence of smaller or nuclear families. These households may have lower dependency ratios and relatively easier financial management compared to larger families.

Only **21 respondents (3.1%)** belong to households with **7 or more family members**, indicating that large families are relatively uncommon. Larger households may face greater financial and social responsibilities due to increased expenditure on food, education, healthcare, and other essential needs.

Overall, the findings suggest that the respondents predominantly live in **medium-sized families**, which may provide a balance between shared responsibilities and household resource management. This family composition has important implications for income utilization, savings, and the overall socio-economic well-being of the households.

vii. No of Earning Family members of the Borrowers

The chart presents the distribution of respondents based on the number of earning members in their households. The findings indicate that the majority of households have either **one or two earning members**, each accounting for **46%** of the respondents. This suggests that nearly all families depend on a limited number of income earners to support household expenses, including food, education, healthcare, housing, and loan repayments. The equal distribution between one and two earning members reflects the economic reality of many low- and middle-income households, where income is generated by one primary earner or shared between two family members.

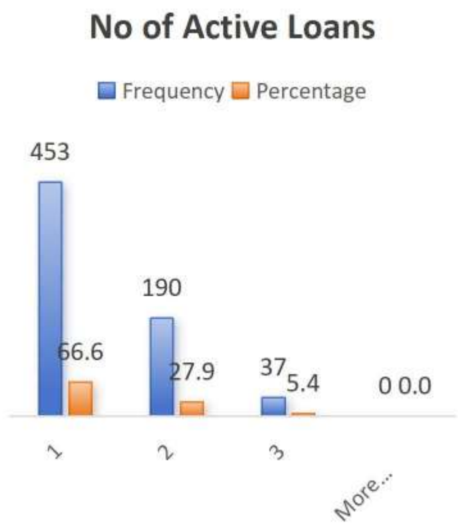
A relatively small proportion of households, **8%**, reported having **three earning members**. These families are likely to have a more diversified source of income, which may enhance their financial stability and reduce dependence on a single wage earner. Multiple earning members can also improve the household's ability to manage unexpected expenses, increase savings, and invest in education or small business activities.

Notably, **no respondents (0%)** reported having **four or more earning members**. This indicates that large numbers of income earners within a household are uncommon among the study population. The absence of households with four or more earners may be attributed to factors such as unemployment, limited employment opportunities, higher dependency ratios, or a greater number of children and elderly family members who are not economically active.

Overall, the findings reveal that the surveyed households rely predominantly on **one or two earning members** for their livelihood. This highlights the importance of creating additional employment opportunities, promoting entrepreneurship, enhancing vocational skills, and supporting income-generating activities. Increasing the number of economically active members within households can improve financial resilience, strengthen household income, and contribute to the overall socio-economic well-being of the respondents and their families

viii. <u>No of Active Loan of the Borrowers</u>

The chart presents the distribution of respondents based on the number of active loans they currently hold. The findings indicate that the majority of respondents, **453 (66.6%)**, have **one active loan**, suggesting that most borrowers rely on a single source of credit. This reflects a relatively responsible borrowing pattern and may reduce the risk of repayment difficulties and over-indebtedness.



A total of **190 respondents (27.9%)** reported having **two active loans**, indicating that over one-fourth of the respondents have borrowed from more than one financial institution. Multiple loans may help meet various financial needs, such as business investment, household expenses, education, or medical emergencies. However, managing repayments for multiple loans requires careful financial planning to avoid financial stress.

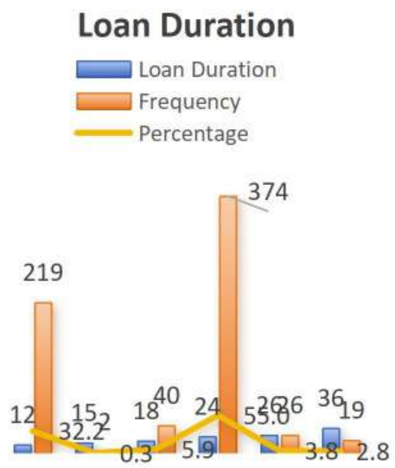
Only **37 respondents (5.4%)** have **three active loans**, while **no respondents** reported having **more than three active loans**. This suggests that excessive borrowing is uncommon among the surveyed population.

Overall, the findings demonstrate that nearly **94.5%** of respondents have either one or two active loans, reflecting a moderate level of credit utilization. The absence of borrowers with more than three active loans indicates limited exposure to excessive indebtedness. These results highlight the importance of responsible lending, borrower awareness, and financial literacy to ensure sustainable credit usage and maintain the financial well-being of households.

ix. <u>Loan Duration of Active Loans</u>

The chart illustrates the distribution of respondents according to the duration of their active loans. The findings reveal that the majority of respondents, **374 (55.0%)**, have loan durations of **12–24 months**, making it the most common repayment period among the surveyed borrowers. This suggests that financial institutions generally prefer medium-term loans, as they provide borrowers with sufficient time to repay while maintaining manageable monthly instalments.

The second-largest group comprises **219 respondents (32.2%** with loan durations of **up to 12 months**. These shorter-term loans are typically used to meet immediate financial needs, such as working capital, household expenses, or emergency requirements, and require quicker repayment.

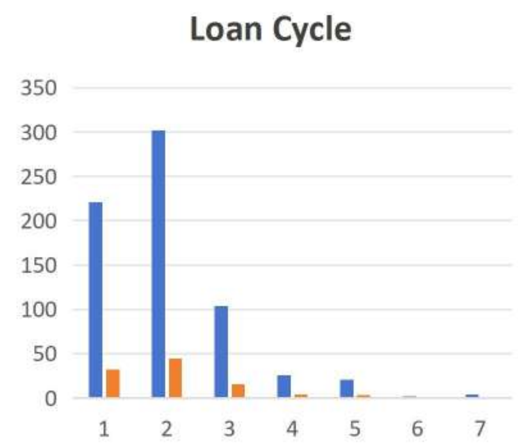


A relatively small proportion of respondents have longer repayment periods. **40 respondents (5.9%)** reported loan durations of **24–36 months**, while **26 respondents (3.8%)** have loans lasting **36–48 months**. Only **19 respondents (2.8%)** reported loan durations of **more than 48 months**, indicating that long-term borrowing is relatively uncommon among the study population.

Overall, the findings suggest that respondents predominantly prefer **short- to medium-term loans**, with nearly **87%** of borrowers having loan durations of **24 months or less**. This borrowing pattern reflects responsible credit utilization and enables borrowers to repay loans within a reasonable period while minimizing long-term financial obligations.

x. Loan Cycle of the Borrowers

The chart illustrates the distribution of respondents based on their loan cycle, which indicates the number of times they have availed loans from microfinance institutions or other lending agencies. The findings reveal that the largest proportion of respondents, **303 (44.6%)**, are in their **second loan cycle**, making it the most common category among the surveyed population. This suggests that many borrowers have successfully completed their first loan and have continued their relationship with financial institutions, reflecting confidence in formal credit services.



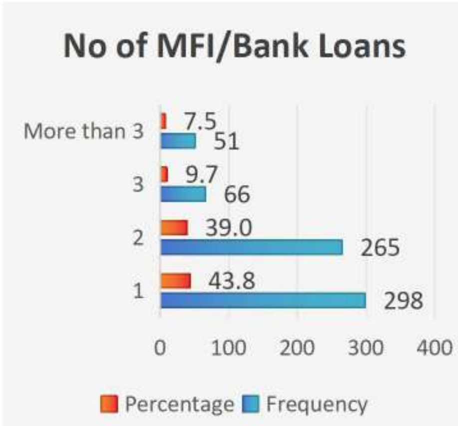
The second-largest group comprises **220 respondents (32.4%)** who are in their **first loan cycle**. This indicates that a substantial proportion of borrowers are relatively new to the microfinance sector and have recently accessed formal financial services. Their participation highlights the continued expansion of financial inclusion initiatives among low-income households.

A total of **102 respondents (15.0%)** are in their **third loan cycle**, demonstrating continued access to credit for business expansion, household needs, or income-generating activities. However, the number of borrowers decreases considerably in the higher loan cycles. Only **22 respondents (3.2%)**, **18 respondents (2.6%)**, **10 respondents (1.5%)**, and **4 respondents (0.6%)** are in the **fourth, fifth, sixth, and seventh loan cycles**, respectively.

Overall, the findings indicate that nearly **77%** of respondents are in their **first or second loan cycle**, suggesting that the borrower base is largely composed of relatively new clients. The steady decline in higher loan cycles reflects limited long-term dependence on repeated borrowing and indicates a balanced credit utilization pattern. These findings emphasize the importance of responsible lending, borrower awareness, financial literacy, and continuous monitoring to ensure sustainable borrowing practices while promoting financial inclusion and improving the socio-economic well-being of the respondents.

xi. No of MFI/Bank Loans taken by the Borrowers

The chart presents the distribution of respondents based on the number of loans availed from Microfinance Institutions (MFIs) and banks. The findings indicate that the largest proportion of respondents, **298 (43.8%)**, have **one active MFI/Bank loan**, suggesting that most borrowers rely on a single financial institution to meet their credit needs. This reflects a relatively responsible borrowing pattern with a lower risk of excessive indebtedness.



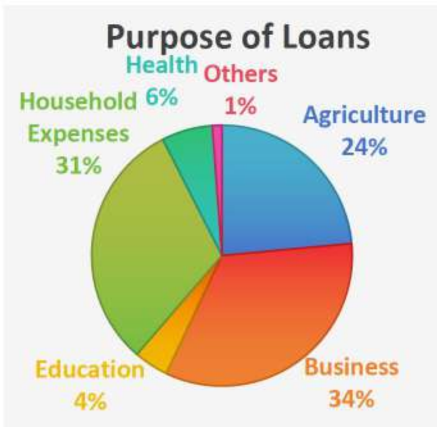
A significant proportion, **265 respondents (39.0%)**, reported having **two MFI/Bank loans**. This indicates that many respondents access credit from more than one institution, possibly to meet diverse financial requirements such as business expansion, household expenses, education, healthcare, or emergency needs. While multiple loans can enhance financial access, they also increase repayment obligations and require careful financial management.

Only **66 respondents (9.7%)** reported having **three loans**, while **51 respondents (7.5%)** have **more than three MFI/Bank loans**. These borrowers may be at a comparatively higher risk of financial stress if their income is insufficient to manage multiple repayment schedules.

Overall, the findings show that **over 82% of respondents have either one or two MFI/Bank loans**, indicating moderate credit utilization among the study population. Although the proportion of respondents with three or more loans is relatively low, continuous borrower monitoring, responsible lending practices, and financial literacy initiatives remain essential to prevent over-indebtedness and promote sustainable borrowing. These measures can strengthen financial inclusion while ensuring the long-term economic well-being of borrowers.

xii. Purpose of Loans Taken

The chart illustrates the primary purposes for which respondents have availed loans from Microfinance Institutions (MFIs) or banks. The findings reveal that **business activities** are the leading purpose of borrowing, accounting for **34%** of the respondents. This indicates that a significant proportion of borrowers utilize credit to establish, expand, or sustain small businesses and other income-generating activities. Such productive investments can enhance household income, create self-employment opportunities, and improve overall economic well-being.



The second-largest category is **household expenses**, representing **31%** of the respondents. This suggests that many households rely on borrowed funds to meet essential day-to-day expenditures, including food, utilities, clothing, and other domestic needs. The substantial use of loans for household consumption reflects the financial constraints experienced by many low-income families.

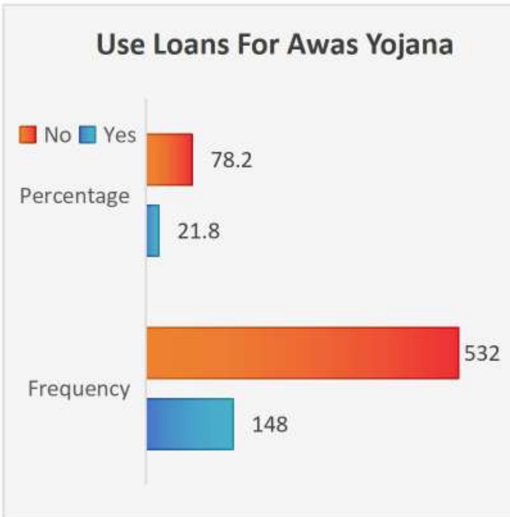
Agricultural activities account for **24%** of the loans, highlighting the continued importance of farming and allied occupations as a primary source of livelihood. Borrowers in this category are likely to use loans for purchasing seeds, fertilizers, livestock, agricultural equipment, or meeting seasonal cultivation expenses.

A relatively smaller proportion of respondents borrowed for **health-related expenses (6%)**, indicating that loans are also used to cope with medical emergencies and healthcare costs. Similarly, **4%** of respondents reported using loans for **educational purposes**, reflecting investments in children's education, higher studies, or skill development. Only **1%** of respondents borrowed for **other purposes**, making it the least represented category.

Overall, the findings indicate that **58% of the respondents utilize loans for productive purposes, namely business and agriculture**, while a considerable proportion depends on credit to meet essential household needs. This distribution demonstrates the important role of microfinance in supporting both livelihood generation and consumption needs. The results emphasize the need for continued access to affordable credit, financial literacy, and entrepreneurship support to ensure that borrowers can effectively utilize loans for sustainable income generation and improved socio-economic development.

xiii. Use MFI/Bank Loans for Awas Yojana

The chart presents the distribution of respondents based on whether they have utilized their loan under **Awas Yojana**. The findings reveal that the overwhelming majority of respondents **did not use their loan for Awas Yojana**. A total of **530 respondents (approximately 78%)** reported **'No'**, while only **150 respondents (approximately 22%)** reported **'Yes'**, indicating that a relatively small proportion of borrowers used their loans for housing-related purposes.



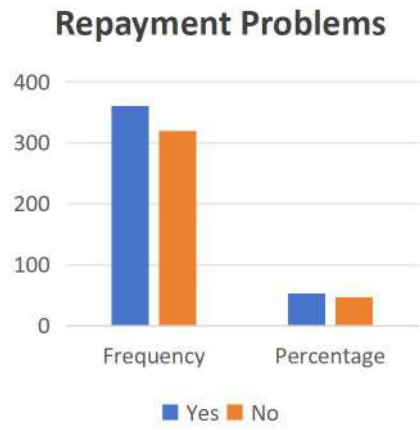
The low utilization of loans under Awas Yojana suggests that respondents primarily borrow for other financial needs, such as business activities, agriculture, household expenses, education, or healthcare, rather than housing construction or improvement. This may be due to limited awareness of housing schemes, eligibility constraints, insufficient loan amounts, or the prioritization of immediate livelihood and consumption needs over long-term housing investments.

The findings also indicate that housing finance remains an underutilized area among the surveyed borrowers. Since secure and adequate housing is an important component of socio-economic development, greater awareness about government housing schemes and easier access to affordable housing finance could encourage more households to benefit from such initiatives.

Overall, the results demonstrate that **only about one-fifth of the respondents have used loans for Awas Yojana**, while nearly four-fifths have not. This highlights the need for improved dissemination of information, stronger institutional support, and targeted financial products that can help eligible households access housing finance and improve their living conditions, thereby contributing to their long-term social and economic well-being.

xiv. Borrowers Repayment Problems

The chart presents the distribution of respondents based on whether they have experienced problems in repaying their loans. The findings indicate that **356 respondents (52.4%)** reported facing **repayment problems**, while **324 respondents (47.6%)** stated that they **did not experience any repayment difficulties**. This shows that a slightly higher proportion of borrowers encountered challenges in meeting their loan repayment obligations.

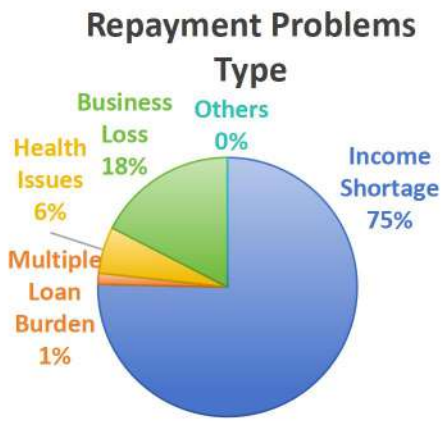


The high percentage of respondents reporting repayment problems suggests that many borrowers face financial constraints arising from irregular income, low household earnings, business losses, agricultural uncertainties, medical emergencies, or unexpected family expenses. Such factors can affect borrowers' ability to make timely repayments and may increase the risk of loan delinquency or financial stress. At the same time, the substantial proportion of respondents who reported no repayment issues indicates that nearly half of the borrowers have been able to manage their loan obligations successfully, reflecting responsible borrowing and effective financial management.

Overall, the findings reveal that loan repayment remains a significant concern for a considerable proportion of the study population. Since more than half of the respondents have experienced repayment difficulties, there is a need for strengthened borrower support through financial literacy programs, income-generating opportunities, flexible repayment options where appropriate, and regular borrower counselling. These measures can help improve repayment performance, reduce financial stress among borrowers, and promote sustainable and responsible use of microfinance services.

xv. Types of Borrowers Repayment Problem

The analysis of repayment problems among respondents reveals that **income shortage** is the most significant factor affecting loan repayment, accounting for **75%** of all reported cases. This indicates that the majority of borrowers face financial constraints due to inadequate or unstable household income, making it difficult to meet regular loan repayment obligations. Income insufficiency may result from irregular employment, low business earnings, seasonal income fluctuations, or unexpected financial burdens. The finding highlights the need for livelihood enhancement initiatives, income diversification, and financial planning support to strengthen borrowers' repayment capacity.



The second most common challenge is **business loss**, reported by **18%** of respondents. Business-related setbacks such as declining sales, market competition, rising input costs, or operational disruptions reduce borrowers' earning potential and directly affect their ability to repay loans on time. This emphasizes the importance of providing entrepreneurship development, business mentoring, and market linkage support to microfinance clients.

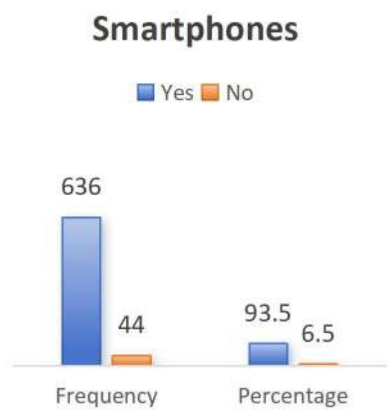
Health issues account for **6%** of repayment difficulties, suggesting that illness or medical emergencies continue to create financial stress for some households. Healthcare expenses often divert income away from loan repayments, highlighting the value of health insurance and emergency financial support mechanisms.

Only **1%** of respondents identified **multiple loan burden** as the primary reason for repayment problems, indicating that over-indebtedness is relatively limited within the surveyed population. Notably, **no respondents (0%)** reported other reasons for repayment difficulties.

Overall, the findings suggest that repayment challenges are driven primarily by economic vulnerability rather than intentional default. Strengthening income-generating opportunities, promoting sustainable livelihoods, supporting small businesses, and improving financial resilience through training, savings, and social protection measures can significantly enhance repayment performance and ensure responsible and sustainable microfinance outcomes.

xvi. Use of Smartphones

The survey findings reveal a very high level of smartphone ownership among the respondents, demonstrating significant digital connectivity within the study population. Out of **680 respondents**, **636 (93.5%)** reported owning a smartphone, while only **44 respondents (6.5%)** indicated that they do not possess one. This widespread access to smartphones reflects the increasing adoption of digital technology, even among low-income households, and provides a strong foundation for expanding digital financial inclusion.



High smartphone penetration enables microfinance institutions, banks, and development organizations to deliver services more efficiently through mobile banking, digital payment platforms, online loan management, financial literacy applications, and virtual training programs. It also facilitates timely communication with borrowers through SMS, messaging applications, and digital awareness campaigns, reducing operational costs and improving customer engagement.

However, the **6.5%** of respondents without smartphones remain at risk of digital exclusion, limiting their access to digital financial services and information. These individuals may require additional support through digital literacy programs, affordable smartphone access, or alternative service delivery channels. Overall, the findings indicate strong readiness for digital transformation while emphasizing the importance of inclusive strategies to ensure that no beneficiary is left behind in the evolving digital financial ecosystem.

xvii. Use Debit Card

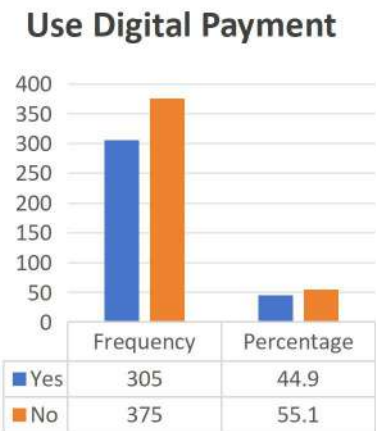
The survey findings indicate that the use of debit cards is relatively high among the respondents, reflecting increasing participation in formal banking services. Out of **680 respondents**, **505 (74.3%)** reported that they use a debit card, while **175 respondents (25.7%)** stated that they do not. This suggests that nearly three-fourths of the surveyed population have access to banking facilities and are familiar with basic financial transactions through debit cards.

The widespread use of debit cards demonstrates the positive impact of financial inclusion initiatives and the expansion of banking infrastructure. Debit cards enable users to withdraw cash, make digital payments, access banking services through ATMs, and conduct secure financial transactions. Their usage also supports the adoption of cashless transactions and reduces dependence on physical cash.

However, the fact that more than one-fourth of respondents do not use debit cards indicates that barriers such as limited financial literacy, inadequate banking awareness, lack of confidence in digital transactions, or restricted access to banking facilities still exist. Addressing these challenges through financial education, digital literacy programs, and improved banking outreach can further enhance financial inclusion. Overall, the findings reflect encouraging progress toward digital banking while highlighting the need for continued efforts to ensure universal access to formal financial services.

xviii. Use Digital Payment

The survey findings reveal that the adoption of digital payment methods among respondents remains moderate. Out of **680 respondents**, **305 (44.9%)** reported using digital payment services, while **375 respondents (55.1%)** stated that they do not use any form of digital payment. This indicates that although a substantial proportion of the study population has embraced digital financial transactions, the majority still rely primarily on cash-based payment methods.



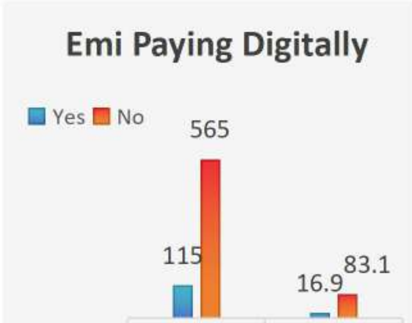
The relatively lower adoption of digital payments may be influenced by factors such as limited digital literacy, concerns about online security, inadequate awareness of digital payment platforms, poor internet connectivity, or a preference for traditional cash transactions. These barriers can reduce the willingness and confidence of borrowers to use digital financial services despite having access to banking facilities.

The findings highlight the need for targeted interventions to promote digital payment adoption through financial education, digital literacy training, and awareness campaigns. Microfinance institutions, banks, and government agencies can encourage beneficiaries to use secure digital payment platforms for loan repayments, savings, and everyday transactions. Overall, increasing the use of digital payments can improve financial inclusion, enhance transaction transparency, reduce cash-handling risks, and strengthen the integration of low-income households into the formal digital financial ecosystem.

xix. Loan EMI Pay Digitally

The survey findings indicate that the use of digital channels for EMI repayment is relatively low among the respondents. Out of **680 respondents**, only **115 (16.9%)** reported paying their EMIs digitally, while a significant majority of **565 respondents (83.1%)** continue to make repayments through traditional methods such as cash collection or in-person transactions. This highlights that despite increasing access to smartphones and banking services, digital repayment of EMIs has not yet gained widespread acceptance.

The low adoption of digital EMI payments may be attributed to factors such as limited digital literacy, lack of confidence in online transactions, inadequate awareness of available payment platforms, concerns about transaction security, or a preference for cash-based repayments. In some areas, poor internet connectivity and limited access to digital payment infrastructure may also discourage borrowers from using digital channels.

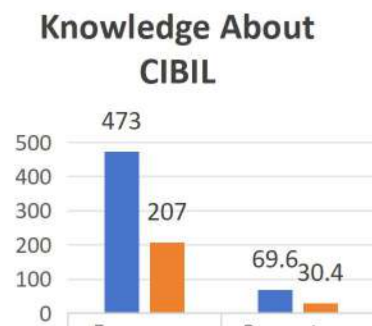


	Frequency	Percentage
Yes	115	16.9
No	565	83.1

These findings suggest the need for microfinance institutions and financial service providers to promote digital repayment systems through awareness campaigns, hands-on digital training and simplified payment processes. Encouraging borrowers to use secure digital platforms can improve repayment convenience reduce transaction costs, enhance transparency, and strengthen financial inclusion. Expanding digital EMI payment adoption will contribute to a more efficient, secure, and sustainable microfinance ecosystem.

xx. Knowledge about CIBIL

The survey findings reveal that a majority of the respondents have knowledge about **CIBIL**, indicating a growing awareness of credit information and financial responsibility. Out of **680 respondents**, **473 (69.6%)** reported that they are aware of CIBIL, while **207 respondents (30.4%)** stated that they have no knowledge of it. This suggests that nearly seven out of every ten respondents understand the importance of maintaining a good credit history and its role in accessing formal financial services.



	Frequency	Percentage
Yes	473	69.6
No	207	30.4

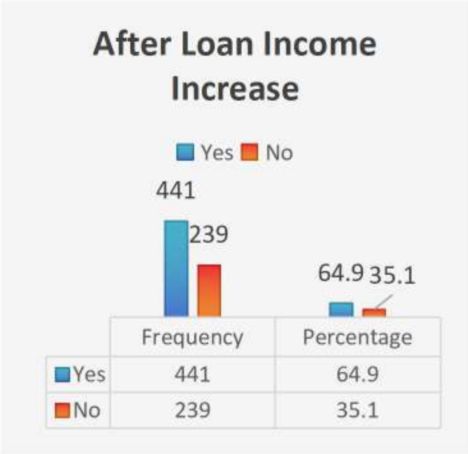
Awareness of CIBIL is essential because an individual's credit score influences loan approval, borrowing limits, interest rates, and overall financial credibility. Respondents who are familiar with CIBIL are more likely to practice responsible borrowing, make timely loan repayments, and avoid excessive indebtedness. Such awareness contributes to better financial discipline and long-term financial stability.

However, the fact that **30.4%** of respondents remain unaware of CIBIL highlights the need for enhanced financial literacy initiatives. Microfinance institutions, banks, and development organizations should conduct awareness programs explaining credit scores, credit reports, and the consequences of loan defaults. Improving borrowers' understanding of CIBIL can encourage responsible financial behaviour, strengthen repayment performance, and support sustainable financial inclusion within the microfinance sector.

xxi. Increase of Income after Taking Loan

The survey findings indicate that a majority of the respondents experienced an increase in their income after receiving loans. Out of **680 respondents**, **441 (64.9%)** reported that their income had increased following access to microfinance, while **239 respondents (35.1%)** stated that they did not experience any significant improvement in income. These results suggest that microfinance has had a positive economic impact on nearly two-thirds of the surveyed households.

The increase in income among the majority of respondents may be attributed to productive utilization of loans for income-generating activities such as small businesses, agriculture, livestock rearing, retail trade, and other self-employment opportunities. Improved access to credit enables borrowers to expand their economic activities, increase productivity, and generate higher household earnings, thereby contributing to improved living standards and financial stability.

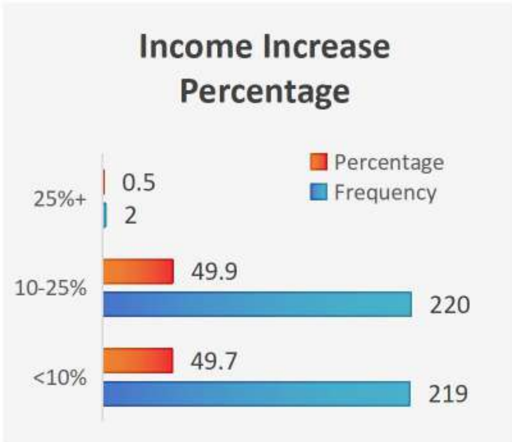


However, the fact that over one-third of respondents did not observe an increase in income indicates that access to credit alone does not always guarantee economic improvement. Factors such as inadequate business skills, market challenges, limited investment opportunities, household financial pressures, or improper utilization of loans may have affected the expected outcomes.

Overall, the findings demonstrate the positive role of microfinance in enhancing livelihoods while highlighting the importance of entrepreneurship development, skill enhancement, business support services, and continuous monitoring to maximize the income-generating potential of microfinance loans.

xxii. Income Increase Percentage of The Borrowers

The survey findings on the percentage of income increase after receiving microfinance loans indicate that most respondents experienced modest but meaningful improvements in their earnings. Among the **441 respondents** who reported an increase in income, **220 respondents (49.9%)** experienced an income growth of **10–25%**, making it the largest category. A nearly equal proportion, **219 respondents (49.7%)**, reported an income increase of **less than 10%** while only **2 respondents (0.5%)** achieved an income increase of **more than 25%**.



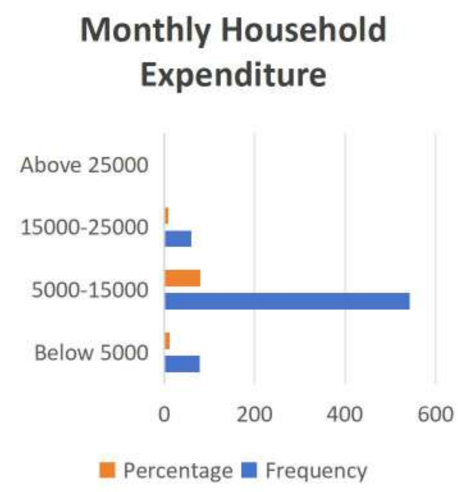
These findings suggest that microfinance loans have contributed positively to household income, although the magnitude of improvement has generally been moderate. The predominance of income growth below 25% indicates that borrowers are gradually strengthening their livelihoods through small-scale businesses, agriculture, livestock rearing, retail trade, and other self-employment activities. Such incremental income gains can significantly improve household financial stability, repayment capacity, and overall quality of life over time.

The very small proportion of respondents reporting income growth exceeding 25% highlights the challenges faced by borrowers in expanding their enterprises rapidly. Factors such as limited capital, market constraints, inadequate business skills, and economic uncertainties may restrict higher income growth. Overall, the findings demonstrate that microfinance serves as an effective tool for gradual economic empowerment, while complementary support such as entrepreneurship training, market linkages, and business mentoring can further enhance borrowers' income-generating potential.

xxiii. Borrowers Average Monthly Household Expenditure

The survey findings on **monthly household expenditure** reveal that the majority of respondents fall within the **₹5,000–₹15,000** expenditure category. Out of **680 respondents**, **535 (78.7%)**

reported monthly household expenses between **₹5,000 and ₹15,000**, making it the most common expenditure range. This is followed by **82 respondents (12.1%)** who spend **below ₹5,000** per month. Meanwhile, **52 respondents (7.6%)** reported monthly household expenditure between **₹15,000 and ₹25,000**, while only **11 respondents (1.6%)** indicated expenditure **above ₹25,000**.

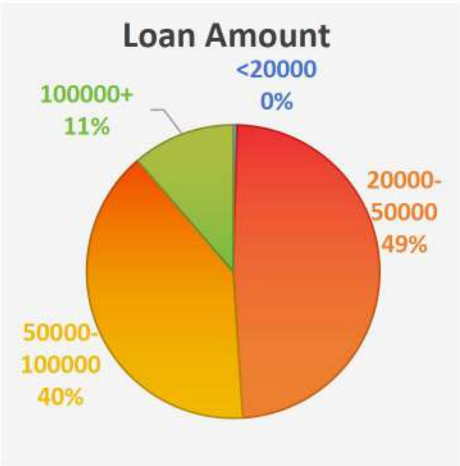


These findings suggest that the surveyed households primarily belong to low- and lower-middle-income groups, with most families managing their essential needs within a moderate monthly budget. Household expenditure reflects spending on food, education, healthcare, transportation, utilities, and other basic necessities. The concentration of respondents in the ₹5,000–₹15,000 category indicates a modest standard of living and highlights the importance of stable income for meeting daily household requirements.

The relatively small proportion of households with expenditure above ₹15,000 suggests limited disposable income and constrained purchasing power. Overall, the results emphasize the significant role of microfinance in supporting household consumption and livelihood activities. Continued efforts to improve income-generating opportunities, financial literacy, and enterprise development can help families increase their earnings and achieve better economic well-being over time.

xxiv. Borrowers Average Loan Amount

The survey findings on **loan amount** indicate that most respondents have borrowed moderate-sized loans, reflecting the financing needs of low-income households and micro-entrepreneurs. The largest proportion of respondents, **49%**, received loans ranging from **₹20,000 to ₹50,000**, making this the most common loan category. Another **40%** of respondents borrowed between **₹50,000 and ₹1,00,000**, while **11%** received loans of **more than ₹1,00,000**. Notably, **no respondents (0%)** reported receiving loans below **₹20,000**.



The distribution suggests that microfinance institutions primarily provide loans that are sufficient to support small businesses, agriculture, livestock rearing, retail trade, and other income-generating activities. Moderate loan sizes enable borrowers to invest in productive assets, expand existing enterprises, and improve household livelihoods while maintaining manageable repayment obligations.

The presence of borrowers receiving loans above ₹1,00,000 indicates that some clients have progressed to larger-scale economic activities and have demonstrated the capacity to manage higher credit limits. Overall, the findings reflect the important role of microfinance in meeting diverse financial requirements. Appropriate loan sizing, combined with financial literacy, enterprise development support, and responsible lending practices, can further enhance borrowers' productivity, income generation, and long-term financial sustainability.

xxv. Borrowers Who Have Savings

The survey findings reveal that a large majority of the respondents have developed the habit of saving, indicating a positive level of financial discipline among the study population. Out of **680 respondents**, **593 (87.2%)** reported that they maintain some form of savings, while **87 respondents (12.8%)** stated that they do not have any savings. This high level of savings reflects increasing financial awareness and the importance borrowers place on securing their future and managing unexpected financial needs.

Regular savings play a vital role in enhancing household financial stability by providing a cushion against emergencies, medical expenses, educational costs, and business-related risks. It also reduces dependence on informal moneylenders and enables households to cope with economic shocks without disrupting their daily livelihoods. The high proportion of respondents with savings suggests that access to microfinance and formal banking services may have encouraged better financial planning and responsible money management.

However, the **12.8%** of respondents without savings may be constrained by low income, high household expenditure, or irregular earnings. These households require targeted financial literacy programmes and livelihood support to improve their saving capacity. Overall, the findings demonstrate encouraging financial behaviour and highlight the importance of promoting savings alongside credit to strengthen long-term financial resilience and sustainable economic development.

xxvi. Future Plan of The Borrowers

The survey findings on respondents' **future financial plans** reflect a strong inclination toward improving long-term economic security and expanding livelihood opportunities. The largest proportion of respondents, **42%**, identified **increasing their savings** as their primary future goal. This demonstrates a growing awareness of the importance of financial security, emergency preparedness, and building a stable financial foundation for their families. The emphasis on savings also indicates improved financial discipline and confidence in formal financial systems.

The second most common aspiration is **business expansion**, reported by **29%** of respondents. This suggests that a significant number of borrowers intend to reinvest their earnings and utilize future financial resources to expand existing enterprises, diversify business activities, and generate higher household income Such entrepreneurial ambitions reflect the positive role of microfinance in encouraging self-employment and sustainable livelihood development.

Additionally, **20%** of respondents expressed a desire to **purchase assets**, such as land, livestock, equipment, or household assets, which can enhance their long-term economic stability and improve their quality of life. Another **8%** of respondents prioritized **loan closure**, indicating their commitment to becoming debt-free and improving their financial independence. Only **1%** reported other future plans, suggesting that the majority have clear and focused financial objectives.

Overall, the findings indicate that respondents are increasingly looking beyond immediate financial needs and planning for long-term economic growth. The strong focus on savings, business development, and asset creation highlights the positive impact of microfinance in fostering financial planning and economic empowerment. Continued access to credit, financial literacy programs, entrepreneurship development, and business support services can help borrowers successfully achieve these aspirations while promoting sustainable livelihoods and inclusive economic development.

xxvii. The Borrowers Taken Loans From Money Lender

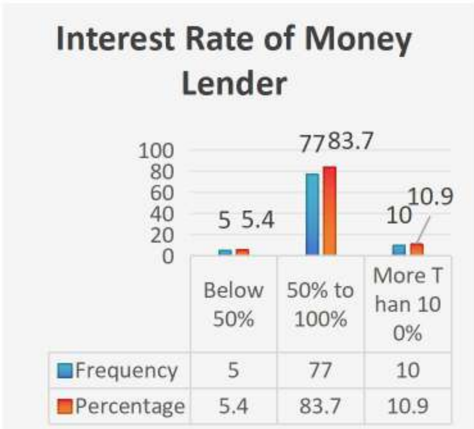
The survey findings indicate that the majority of respondents do not rely on moneylenders for borrowing, reflecting a positive shift toward formal financial services. Out of **680 respondents**, only **92 (13.5%)** reported taking loans from moneylenders, while **588 respondents (86.5%)** stated that they had not borrowed from informal lenders. This suggests that most households prefer accessing credit through regulated financial institutions, such as microfinance institutions, banks, and self-help groups, which generally offer greater transparency and borrower protection.

The relatively low dependence on moneylenders is an encouraging sign of improved financial inclusion and increased availability of institutional credit. Formal financial institutions typically provide structured repayment schedules, transparent lending practices, and access to additional financial services such as savings, insurance, and financial literacy programmes. These services help borrowers manage their finances more effectively and reduce the risks associated with informal lending.

However, the **13.5%** of respondents who continue to borrow from moneylenders may do so because of urgent financial needs, easier access to credit, limited eligibility for formal loans, or inadequate awareness of institutional financial services. Such borrowing often carries higher interest rates and less favourable repayment conditions. Overall, the findings highlight the progress achieved in reducing dependence on informal credit while emphasizing the need to further strengthen financial inclusion, expand access to affordable credit, and enhance financial literacy among vulnerable households.

xxviii. Interest Rates of Money Lenders Loan

The survey findings show that the majority of respondents fall within the **50% to 100%** category, representing **77 respondents (83.7%)**. This indicates that most individuals in the surveyed group achieved a moderate to high level of the measured indicator, suggesting favourable outcomes in the assessed parameter. The concentration of respondents in this range reflects a generally positive performance and demonstrates that a large proportion have attained satisfactory results.



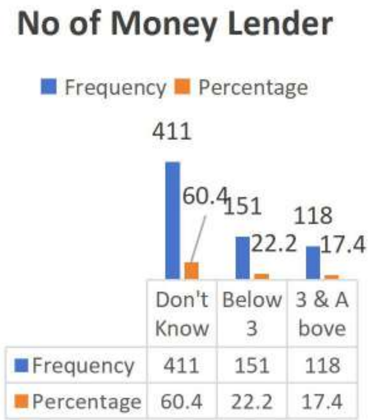
A smaller proportion, **10 respondents (10.9%)**, were classified in the **more than 100%** category. This group exceeded the expected benchmark, indicating exceptional performance or outcomes beyond the standard level. Their achievement may be attributed to better resource utilization, higher productivity, stronger financial management, or more effective implementation of the relevant activities.

Only **5 respondents (5.4%)** fell into the **below 50%** category, suggesting that very few participants experienced relatively low performance. This small segment may have faced challenges such as limited resources, inadequate knowledge, economic constraints, or other barriers that affected their results.

Overall, the distribution indicates a highly encouraging trend, with over **94%** of respondents achieving at least **50%** of the measured outcome. The findings suggest that the programme or intervention has been effective for the majority of participants. However, targeted support, continuous monitoring, and capacity-building initiatives should be provided to the small proportion of lower-performing respondents to ensure more inclusive and sustainable outcomes in the future.

xxix. Information about No of Money Lenders in Locality

A recent survey examining local financial dynamics gathered insights from 680 respondents regarding the presence of money lenders in their area. The findings reveal a striking pattern dominated by uncertainty, alongside distinct sub-groups of active market awareness.



The most defining result of the study is that an overwhelming majority—**60.4% of respondents (411 individuals)** indicated that they "Don't Know" how many money lenders operate in their surroundings. This dominant response highlights a broad lack of visibility into informal lending networks, potential hesitance to disclose sensitive financial details, or simply a lack of personal reliance on informal credit options.

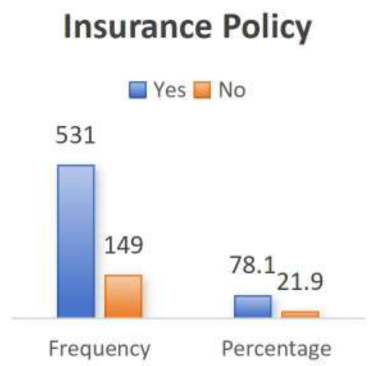
Among the **39.6%** of participants who provided a definitive answer, responses were split between limited and higher lender exposure. **Below 3 Lenders: 22.2% (151 individuals)** reported knowing fewer than three money lenders, representing a localized or low-density market presence. **3 & Above Lenders: 17.4% (118 individuals)** identified three or more money lenders, signaling pockets of higher market concentration and potential reliance on multiple informal credit sources.

Overall, the data underscores a clear divide in the community's relationship with local money lending. While nearly **four out of ten respondents** maintain specific awareness of lenders operating in their area, the vast majority remain detached or uninformed. These insights point toward a significant opportunity for expanding formal financial services and improving community financial literacy to bridge awareness gaps in local credit ecosystems.

xxx. Borrowers Insurance Policy

The survey findings reveal that a large majority of the respondents have developed the habit to do insurance for their future, indicating a positive level of future security planing among the study population. Out of **680 respondents**, **531 (78.1%)** reported that they maintain some form of insurace policy, while **149 respondents (21.9%)** stated that they do not have any insurace. This high level of insurance reflects increasing financial awareness and the importance borrowers place on securing their future.

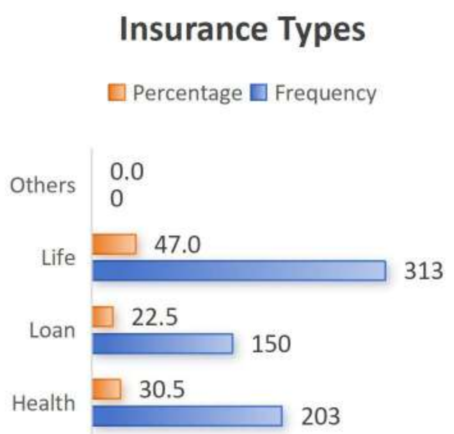
Insurance play a vital role in enhancing household future financial stability by providing against emergencies, medical expenses, educational costs, life risks and business-related risks. It also reduces dependence on informal moneylenders and enables households to cope with economic shocks without disrupting their daily livelihoods. The high proportion of respondents with insurance suggests that access to microfinance and formal banking services may have encouraged better financial planning and responsible money management.



However, the **21.9%** of respondents without insurance may be constrained by low income, high household expenditure, or irregular earnings. These households require targeted financial literacy programs and livelihood support to improve their saving capacity and if savings can increase that can easily do insurance for their safety. Overall, the findings demonstrate encouraging financial behaviour and highlight the importance of promoting insurance policy alongside credit to strengthen long-term financial resilience and sustainable economic development.

xxxi. Borrowers Insurance Policy Types

The analysis of the types of insurance policies held by the respondents indicates that **life insurance** is the most widely adopted form of insurance among borrowers. Out of the total respondents, **313 borrowers (47.0%)** reported having life insurance policies. This high level of participation reflects the growing awareness of the importance of financial security for family members in the event of the policyholder's death. It also suggests that life insurance is a preferred risk management tool, particularly among low- and middle-income households.



The second most common type of insurance is **health insurance**, with **203 respondents (30.5%)** covered under various health insurance schemes. This indicates that a considerable proportion of borrowers recognize the importance of protecting themselves against rising healthcare expenses. However, the percentage also implies that nearly seven out of ten respondents do not have health insurance, exposing them to potential financial hardship during medical emergencies.

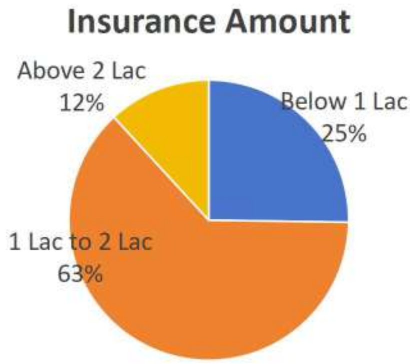
Loan insurance accounts for **150 respondents (22.5%)**, demonstrating that a significant number of borrowers have insurance coverage linked to their loans. Such policies primarily safeguard borrowers and lending institutions by covering outstanding loan balances in the event of unforeseen circumstances such as death or disability. Loan insurance enhances financial security while reducing credit risk for both borrowers and financial institutions.

Notably, **none of the respondents (0.0%)** reported having any other type of insurance policy. Overall, the findings suggest that borrowers primarily rely on life, health, and loan insurance, with life insurance being the dominant choice. Expanding awareness of diverse insurance products and improving access to affordable insurance schemes could further strengthen the financial resilience and socio-economic well-being of borrowers.

xxxii. Borrowers Insurance Policy Average Amount

The analysis of respondents' insurance coverage reveals that the majority of borrowers possess a moderate level of insurance protection. Out of the total 531 respondents, **334 borrowers (62.9%)** reported having insurance coverage ranging between **₹1 lakh and ₹2 lakh**, making this the most common insurance category. This indicates that a significant proportion of borrowers recognize the importance of financial protection against unforeseen events such as illness, accidents, or death. The prevalence of this coverage range also suggests that insurance products linked with microfinance or banking services are relatively accessible and affordable for most respondents.

A smaller proportion of respondents, **134 borrowers (25.2%)**, reported having insurance coverage of **below ₹1 lakh**. While these borrowers have some level of financial protection, the coverage may be insufficient to meet substantial financial needs during emergencies. This highlights the need for greater awareness regarding adequate insurance coverage and the availability of suitable insurance products for low-income households.



Only **63 respondents (11.9%)** reported insurance coverage of **above ₹2 lakh**, indicating that relatively few borrowers have access to higher-value insurance policies. This may be attributed to lower income levels, affordability constraints, or limited awareness of comprehensive insurance options.

Overall, the findings suggest that although most borrowers are covered under insurance schemes, the level of coverage remains concentrated within the ₹1 lakh to ₹2 lakh range. Strengthening financial literacy, promoting insurance awareness, and improving access to affordable and comprehensive insurance products can enhance the financial resilience and long-term socio-economic security of borrowers.

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Chapter 5: Major Findings

The major findings from the study are presented below:

1. Low Household Income Continues to be a Major Challenge

More than **83% of respondents earned less than ₹15,000 per month**, indicating that the majority of borrowers belong to economically weaker sections. Limited income restricts savings, investment opportunities, and the ability to cope with financial emergencies. Nearly **59%** of households reported a monthly family income between **₹5,000 to ₹15,000 and 31.8%** of household reported a monthly family income between **₹15,000 to ₹25000,** it means over **90% earned below ₹25,000 per month.**

2. Families Depend on Limited Sources of Income

The study shows that most households have **only one or two earning members**, despite having medium-sized families. This increases financial pressure on earning members and makes households more vulnerable to income shocks. Overall **46% of households have one** earning member, while **another 46% have two** earning members. Only **8% have three earners**, and a negligible proportion have four. This indicates that most households depend on one or two income earners, making them financially vulnerable to income disruptions.

3. Responsible Borrowing Practices are Generally Followed

Nearly **67%** of respondents had only **one active loan**, while almost **95%** maintained **one or two active loans**. This suggests that excessive borrowing is relatively limited and that most borrowers demonstrate responsible credit behaviour.

4. Productive Borrowing Dominates, but Consumption Needs Remain High

The study reveals that a majority of respondents used loans for productive purposes, with **34% investing in business** and **24% in agriculture**, demonstrating the positive role of microfinance in supporting livelihoods and income generation. However, a considerable **31% of loans were utilized for household expenses,** indicating that many families still rely on credit to meet basic consumption needs. Only a small proportion borrowed for **health (6%), education (4%)**, and other **purposes (1%),** highlighting limited investment in human capital development.

5. Loan Repayment Problems are Mainly Income-Related

More than **half of the respondents (52.4%) experienced repayment difficulties**. Among them, **income shortage accounted for 75%** of repayment problems, followed by business losses and health-related expenses. Multiple borrowing was found to be a comparatively minor cause.

6. After Loan Income Increase

The study found that **64.9% of respondents experienced an increase in income after receiving loans**, indicating the positive impact of microfinance on livelihoods. However, **35.1% reported no income improvement**, suggesting that access to credit alone is insufficient without proper utilization, business skills, and market opportunities.

7. High Smartphone Ownership but Moderate Digital Financial Adoption

Although **93.5% of respondents own smartphones** and **74.3% use debit cards**, only **44.9% use digital payment systems**, and merely **16.9% pay their loan installments digitally**. This highlights a significant gap between digital access and actual digital financial usage.

8. Financial Awareness is Improving

Nearly **70% of respondents were aware of CIBIL and credit scores**, indicating increasing awareness regarding responsible borrowing and credit management. However, a sizeable proportion still lacks adequate financial knowledge.

9. Microfinance has Positively Influenced Household Income

Around **64.9% of respondents reported an increase in income after receiving loans**. Although most experienced only modest income growth, the findings confirm that microfinance contributes positively to livelihood enhancement and economic empowerment.

10. Savings Behaviour among Borrowers is Strong

A significant **87.2% of respondents reported maintaining regular savings**, reflecting improved financial discipline and greater preparedness for future financial needs and emergencies.

11. Borrowers Demonstrate Long-Term Financial Aspirations

The majority of respondents expressed future plans to **increase savings (42%)**, **expand their businesses (29%)**, and **purchase productive assets (20%)**. These aspirations indicate growing financial confidence and a focus on long-term economic stability.

12. Dependence on Informal Moneylenders has Declined

Only **13.5% of respondents borrowed from informal moneylenders**, suggesting improved access to formal financial institutions. However, those who continue to rely on moneylenders often face extremely high interest rates, increasing their financial vulnerability and making it more difficult to repay debts, accumulate savings, and achieve long-term financial stability.

13. Insurance Coverage is Encouraging but Needs Expansion

More than **78% of respondents possessed at least one insurance policy**, with **life insurance (47%)** being the most common. Nevertheless, health insurance coverage remains comparatively low, exposing many households to financial risks during medical emergencies.

14. Financial Inclusion has Improved, but Key Challenges Remain

The study concludes that microfinance has significantly improved financial inclusion, income generation, savings behaviour, insurance awareness, and women's economic participation. However, persistent challenges such as low household income, repayment difficulties, limited digital payment adoption, and inadequate financial literacy continue to affect the financial resilience of borrowers. Strengthening financial education, entrepreneurship support, livelihood diversification, and digital financial capability will be essential for achieving sustainable and inclusive financial development.

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Chapter 6: Recommendation & Suggestions

1. Strengthen Financial Literacy

Regular financial literacy programs should be conducted to improve family financial planing including savings, responsible borrowing, carefully handling of digital payments, and debt management.

2. Promote Responsible Lending

Financial institutions should strengthen credit appraisal, proper CRT/GRT and ensure borrowers are not over-indebted through multiple loans.

3. Encourage Income Diversification

Borrowers should be supported with different types of entrepreneurship development programs, vocational training, and skill enhancement to increase income generate as well as increase household income.

4. Improve Access to Formal Financial Services

Expand access to affordable credit, savings accounts, insurance, pension schemes, and digital banking, especially in semi urban, rural, tribal and underserved areas.

5. Enhance Digital Financial Inclusion

Provide training on mobile banking, UPI, digital wallets, and cybersecurity to improve confidence in digital financial services.

6. Promote Regular Savings

Encourage borrowers to develop regular saving habits through recurring deposits, SHGs, and financial planning initiatives.

7. Reduce Dependence on Informal Moneylenders

Increase awareness of the risks associated with informal borrowing and ensure timely access to affordable institutional credit.

8. Strengthen Women’s Economic Empowerment

Expand women-focused entrepreneurship programs, market linkages, business mentoring, and financial education.

9. Improve Credit Monitoring

Strengthen credit bureau usage and borrower-level monitoring to prevent excessive indebtedness and improve repayment behaviour.

10. Increase Awareness of Government Schemes

Facilitate access to schemes such as PMJDY, PMSBY, PMJJBY, APY, Mudra Loans, and Udyam Registration.

11. Strengthen Borrower Protection

Enhance grievance redressal mechanisms, transparent loan disclosures, ethical collection practices, and borrower rights awareness.

12. Improve Livelihood Support

Link borrowers with market opportunities, producer groups, and value-chain development to improve enterprise sustainability.

13. Focus on Financial Resilience

Encourage emergency savings, insurance coverage, and contingency planning to help households cope with financial shocks.

14. Strengthen Monitoring and Impact Assessment

Conduct periodic socio-economic assessments to evaluate changes in income, employment, asset creation, savings, and quality of life.

15. Foster Multi-Stakeholder Collaboration

Strengthen coordination among MFIs, banks, government departments, NGOs, and CSR partners to deliver integrated financial inclusion and livelihood support.

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Chapter 7: Conclusion

This study examined the relationship between financial inclusion and the socio-economic status of borrowers, highlighting the significant role of formal financial services in improving the livelihoods of low-income households. The findings suggest that access to microfinance has enabled many borrowers to meet household needs, invest in income-generating activities, and enhance their overall financial stability. Increased access to credit has supported small businesses, agriculture, livestock, and other livelihood activities, contributing to higher household income and improved living standards.

However, the study also reveals that financial inclusion is accompanied by several challenges. Many borrowers continue to rely on multiple loans or informal moneylenders to meet emergency expenses, healthcare costs, and household consumption, increasing the risk of over-indebtedness. Limited financial literacy, inadequate savings, and irregular income further reduce borrowers' ability to manage debt effectively and build long-term financial security.

The findings emphasize that financial inclusion should extend beyond providing access to credit. Sustainable financial inclusion requires an integrated approach that combines responsible lending, financial literacy, savings promotion, insurance, digital financial services, and livelihood support. Borrowers who possess greater financial knowledge and entrepreneurial skills are better able to utilize loans productively and improve their economic well-being.

Overall, the study concludes that financial inclusion has made a positive contribution to improving the socio-economic status of borrowers by expanding financial access and creating opportunities for income generation. Nevertheless, its long-term success depends on responsible lending practices, borrower education, effective regulation, and coordinated efforts among financial institutions, policymakers, and development agencies. Strengthening these dimensions will help ensure that financial inclusion becomes a sustainable tool for poverty reduction, financial resilience, and inclusive socio-economic development, ultimately enabling borrowers to achieve greater economic security and an improved quality of life.

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Chapter 8: References

- AMFI-WB Annual Reports
- AMFI-WB Mid Term Study (2025) Reports
- Equifax India Microfinance Trends Reports
- MFIN Report on Assessing the Effectiveness of Regulated Small Borrowing in India (March 2026)

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Chapter 9: Annexure

9.1 Research Interview Schedule

The study seeks to answer the following questions:

Section 1: Basic Information

1. Name______________Village_________Block__________District_____________
2. Age group: 18–25 / 26–35 / 36–45 / 46–55 / 55+ ____________________
3. Occupation: Agriculture / Business / Daily labour / Service / Other____________
4. Monthly income (INR): Below 5,000 / 5,000–15,000 / 15,000–25000/Above 25,000
5. Family income (INR): Below 5,000 / 5,000–15,000 / 15,000–25000 / Above 25,000

Section 2: Family Details

6. Number of family members: 1–3 / 4–7 / 7+
7. Earning members in family: 1/ 2 / 3 / 4 / 4+

Section 3: Loan Information

8. Number of active loans: 1 / 2 / 3 / More than 3
9. Loan duration: __________________Present loan taken from :_______________
10. How many loan cycle - _________________________
11. How many MFI/Bank you have taken loan so far - 1 / 2 / 3 / More than 3

Section 4: Loan Purpose

12. Purpose of taking loan: Agriculture / Business / Household expenses / Health / Education / Other ___________________________
13. Did you use the micro loan for Abas Yojana completion - Yes/No

Section 5: Issues during Loan Period

14. Did you face any problems during repayment? Yes / No
If yes: Income shortage / Multiple loans burden / Health issues / Business loss / Other_________________________

Section 6: Digital/General Awareness

15. Do you have a smart phone? Yes / No
16. Do you use ATM/Debit card? Yes / No
17. Do you use digital payment methods? Yes / No
18. Are you paying EMI digitally to MFI/Bank account   Yes / No
19. Are you paying EMI digitally staff own account   Yes / No
20. Do you have knowledge on Credit Score Yes / No
21. Do you know the interest rate of your loan   Yes / No

Section 7: Income Change

22. Has your income increased after taking loan? Yes/No. If yes: <10%/10–25%/25%+

Section 8: Expenditure

23. Monthly household expenditure (INR): Below 5,000 / 5,000–15,000 / 15,000–25000 / Above 25,000

Section 9: Loan Size

24. Current loan amount (INR): <20,000 / 20,000–50,000 / 50,000–1,00,000 / 1,00,000+

Section 10: Savings & Future Planning

25. Do you have savings? Yes / No
25.A If yes What is your present total amount of Savings_____________________
26. Future financial plan: Business expansion/Savings increase/Loan closure/Asset purchase/Others ________________________________

Section 11: Information on Money lenders (Informal lenders)

27. Did you or your family members taken any loan from Money lender within last 3 years:? Yes / No.
27.A. If yes - How much money: _______________ Interest rate:________________
28. How many money lenders are there in your village or area? ____________________
29. Are Money lenders are also taking loan from MFI/Bank?Yes/No/ Don't know
30. Are the Money lenders are Ring leaders? Yes / No / Don't know

Section 12: Insurance Policy

31. Do you have any insurance policy – Yes/No
31.A. if yes what type of insurance policy you have: Health/Loan/Life/Others_________________
31.B. what is the amount of total sum assured of your insurance policy___________

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