

PROCEEDINGS

A Two day National Seminar on Multi-Disciplinary Research in Contemporary Era: Exploring Innovative Trends

20th & 21st February, 2025

Organized by
Department of Humanities
and
Internal Quality Assurance Cell (IQAC)

Editors

Dr. Sr. Prafula

Dr. Shruthi G.

Dr. Hydar Ali

Mr. Chethan M.

Mr. Vivek Charles

Dr. Sathishkumar A. V.

Volume I



TERESIAN COLLEGE

Bannur Road, Siddarthanagar, Mysuru - 570 011

Two day National seminar on Multi-Disciplinary Research in Contemporary Era: Exploring Innovative Trends

Editors

Prafula

Shruthi G

Hydar Ali

Chethan M

Vivek Charles

Sathishkumar A V

All rights reserved

ISBN: 978-81-948760-1-4

Published By

Teresian College

All data, views, opinions etc being published are the sole responsibility of the authors. Neither the publishers not the editors in anyway are responsible for them.

Copyright © **Teresian College, Mysore**

20th Feb, 2025

Seminar Organized by Department of Humanities and Internal Quality Assurance Cell (IQAC),
Teresian College, Mysuru.

INR: 600

CONTENTS

	Page No.
1. A Study On Customer Perception On Microfinance <i>Narasimhamurthy P</i>	1
2. Brexit Impact on EU And India <i>Prabhavathi M.C</i>	12
3. Problems Of Women Among Malekudiye Tribe In Kodagu District, Karnataka, India. <i>Aaron Pradeep Kumar</i>	18
4. India's Approach Towards SDG 10: Policies for Social Inclusion and Affirmative Action <i>Shivaraju C. D</i>	24
5. International Institutions and World Peace <i>Yashodha Dhoolannavar</i>	34
6. Unemployment And Mental Health: A Comprehensive Review of the Relationship. <i>Reshma Khanam M</i>	44
7. Artificial Intelligence (Ai) Tools In Research: An Overview. <i>Mahadeva.S.¹ and Krishnamurthy²</i>	48
8. The Collection Of Indian Phd Theses And Dissertationson Shodhganga: An Overview <i>Kavitha J.N.</i>	56
9. "AI And Its Revolutionary Role in Advancing Physics Research and Scientific Discovery" <i>Arpitha H.J.</i>	66
10. The Role of Green Energy in Sustainable Development. <i>B.N. Chandrashekar</i>	71
11. Advancing Waste Management Practices for A Greener Future. <i>Nirupama M</i>	81
12. Harnessing The Microbial Technology for Enriching Soil Health in Sustainable Agriculture – A Review. <i>Sapna B</i>	91
13. Health Risk Assessment of Pesticide Residue In Tilapia Sp. <i>Kavitha¹ And M P Krishna²</i>	102

A STUDY ON CUSTOMER PERCEPTION ON MICROFINANCE

Narasimhamurthy P

Assistant Professor, Department of Commerce, SAFGC CRP

Abstract

Microfinance plays a major role in providing financial services to low-income individuals and small businesses that lack access to traditional banking systems. This study examines customer perceptions of microfinance, focusing on factors such as accessibility, affordability, financial literacy, and the impact on economic empowerment. The research explores how Microfinance Institutions (MFIs) influence the financial stability and growth of beneficiaries, particularly in rural and underserved areas. Data is collected through surveys and interviews with microfinance clients to assess their satisfaction, challenges faced, and overall experience. The findings highlight the significance of microfinance in promoting financial inclusion, while also identifying areas for improvement in service delivery, interest rates, and customer support. The study concludes with recommendations for enhancing microfinance effectiveness to better meet customer needs and drive sustainable economic development.

Keywords: *Microfinance, Banking system, Interest rates*

Introduction:

Microfinance has emerged as a powerful tool for financial inclusion, aiming to provide small loans, savings, insurance, and other financial services to individuals and businesses that lack access to traditional banking. It plays a significant role in empowering low-income groups, especially in rural and economically disadvantaged areas, by enabling them to start or expand small businesses, improve their livelihoods, and achieve financial independence.

Customer perception of microfinance is a critical factor in determining its success and effectiveness. Understanding how customers view microfinance services, including their accessibility, affordability, interest rates, and overall impact, can help financial institutions and policymakers improve service delivery and tailor microfinance products to better meet customer needs. While microfinance has been widely praised for fostering entrepreneurship and economic development, challenges such as high-interest rates, repayment difficulties, and lack of financial literacy persist.

Functions of Microfinance

Microfinance plays a crucial role in providing financial services to low-income individuals and small businesses that lack access to traditional banking. The key functions of microfinance include:

1. Providing Microcredit (Small Loans)

Microfinance Institutions (MFIs) offer small, collateral-free loans to individuals or groups, enabling them to start or expand businesses, invest in agriculture, or meet personal financial needs. These loans promote entrepreneurship and self-employment.

2. Encouraging Micro-Savings

MFIs provide savings options with low minimum deposits, helping individuals to develop financial security. These savings accounts ensure better money management and act as a safety net during financial crises.

3. Offering Micro-Insurance

To protect low-income individuals from risks such as illness, natural disasters, and business losses, microfinance provides affordable insurance services. Common types include Health Insurance, Life Insurance, And Crop Insurance.

4. Facilitating Money Transfers and Payment Services

Microfinance institutions enable low-cost remittance and payment services, allowing individuals to send and receive money efficiently, especially in rural areas where banking infrastructure is limited.

5. Promoting Financial Inclusion

Microfinance extends financial services to marginalized communities, women, and small entrepreneurs who are often excluded from traditional banking due to lack of credit history or collateral.

6. Supporting Women Empowerment

A significant portion of microfinance beneficiaries are women. By providing financial support to women entrepreneurs, microfinance enhances their economic independence and contributes to gender equality.

7. Capacity Building and Financial Literacy

Many MFIs conduct training programs and workshops on financial literacy, entrepreneurship, and skill development, helping borrowers manage loans effectively and grow their businesses.

8. Strengthening Rural and Community Development

Microfinance plays a vital role in rural development by funding small-scale agriculture, handicrafts, and local businesses, thus creating employment opportunities and improving livelihoods.

9. Promoting Self-Help Groups (SHGs) and Cooperatives

Microfinance institutions encourage group-based lending models, where members from Self-Help Groups (SHGs) or cooperatives pool resources and provide loans to each other. This reduces default risks and promotes financial discipline.

10. Reducing Poverty and Enhancing Economic Growth

By providing access to credit and financial services, microfinance helps individuals escape poverty, increase income levels, and contribute to overall economic development.



Factors Influencing Customers on Microfinance

1. Accessibility and Convenience

- **Proximity of Institutions:** Easy access to Microfinance Institutions (MFIs) or local agents plays a significant role in customer choice. Institutions operating in rural or underserved areas can attract more clients.

- **Availability of Digital Platforms:** With the rise of mobile banking and digital financial services, customers are more likely to choose MFIs that offer convenient online platforms for loan applications, repayments, and account management.

2. Interest Rates and Loan Terms

- **Affordability of Loans:** High-interest rates can deter customers, while reasonable rates make microfinance services more attractive. The terms of repayment, such as loan duration and frequency of payments, are also key factors.
- **Transparency in Fees and Charges:** Hidden costs and unclear loan terms often lead to customer dissatisfaction and distrust. Clear and transparent communication about interest rates and any additional charges can encourage positive perceptions.

3. Financial Literacy and Education

- **Understanding Loan Products:** Customers with a basic understanding of financial products and services tend to make better borrowing decisions. MFIs that offer financial literacy training and awareness programs can significantly improve customer confidence and trust.
- **Debt Management Support:** Providing borrowers with tools to manage their debt, including financial planning, budgeting advice, and repayment strategies, can positively influence customer perceptions.

4. Social Influence and Peer Pressure

- **Group Lending Models:** In microfinance, many institutions use group lending model where peer pressure and social obligations play a role in the borrower's decision. The collective responsibility for loan repayment can motivate borrowers to pay back their loans to avoid affecting the group.
- **Community Trust:** MFIs that have strong relationships within a community or that are seen as reputable by local leaders often experience higher customer engagement and loyalty.

5. Customer Service and Support

- **Quality of Customer Support:** A positive customer experience is highly influenced by the responsiveness, helpfulness, and professionalism of the institution's staff.
- **Grievance Redressal Mechanisms:** Customers are more likely to trust and engage with MFIs that have effective systems for addressing concerns, complaints, and loan-related issues.

6. Loan Amount and Accessibility

- **Loan Size and Flexibility:** The ability to access loans that meet specific financial needs, whether for starting a small business, expanding an existing one, or meeting personal requirements, is crucial.
- **Collateral Requirements:** MFIs that offer collateral-free loans tend to attract customers who do not have physical assets to pledge. Additionally, flexible repayment schedules and options can increase a customer's willingness to borrow.

7. Reputation and Trustworthiness of the MFI

- **Brand Reputation:** A positive reputation of an MFI, backed by its track record, transparency, and fairness in dealings, builds trust among potential customers.
- **Recommendations from Family and Peers:** Word-of-mouth recommendations and testimonials from other customers can greatly influence an individual's decision to engage with a particular Microfinance Institution.

8. Impact of Microfinance on Financial Stability

- **Perceived Benefits:** Customers are more likely to engage with MFIs if they believe that the loan will result in a tangible positive impact on their financial stability, business growth, and overall livelihood.
- **Business Success Stories:** Hearing success stories from other customers or seeing visible results from microfinance services can motivate individuals to seek loans for business or personal development.

9. Government Policies and Regulations

- **Government Support and Subsidies:** National or regional policies that provide government-backed loans, subsidies, or support to microfinance institutions may enhance their credibility and attract more customers.
- **Regulatory Environment:** The legal and regulatory framework governing MFIs also plays a significant role. A strong and transparent regulatory system that protects the rights of consumers helps build trust.

10. Socio economic and Cultural Factors

- **Cultural Attitudes Towards Borrowing:** Cultural beliefs and community attitudes towards borrowing money and paying interest can influence individuals' willingness to access microfinance services.
- **Gender Dynamics:** In many communities, women are more likely to use microfinance for entrepreneurship and income-generating activities. MFIs that focus on supporting women's empowerment tend to attract more female borrowers.

Objectives of the Study

1. To assess customer awareness and understanding of microfinance services
2. To identify challenges faced by customers in accessing microfinance services
3. To analyze customer trust and confidence in Microfinance Institutions

Limitations of the Study

- Study is based on secondary data.
- Study is only limited to customer satisfaction about the Microfinance so that my study is limited to this field.
- Secondary data is used for this research.

Problems Faced by Customers in Microfinance

1.High-Interest Rates

Many Microfinance Institutions (MFIs) charge high-interest rates compared to traditional banks. The cost of borrowing can be a burden for low-income customers, making repayment difficult.

2. Short Repayment Periods

Most microfinance loans have short repayment cycles, often requiring weekly or monthly payments. This creates pressure on borrowers, especially those with irregular income sources

3. Over-Indebtedness

Easy access to multiple loans can lead to excessive borrowing, causing financial stress. Some customers take loans from multiple MFIs, leading to difficulties in repayment

4. Lack of Financial Literacy

Many borrowers lack proper financial education and understanding of loan terms. Poor financial management skills increase the risk of default and misallocation of funds.

5. Limited Loan Amounts

Microfinance loans are generally small and may not be sufficient for large business investments. Customers often struggle to scale their businesses due to limited capital access.

6. Poor Customer Service and Lack of Transparency

Some MFIs do not clearly explain loan terms, hidden charges, and interest rates. Customers may face difficulties in addressing grievances or getting proper guidance.

7. Misuse of Group Lending Model

In group-based lending, the failure of one member to repay can affect the entire group, putting pressure on individuals who may not be at fault. Peer pressure and social obligations force borrowers to take on additional debt to cover defaults

8. Gender-Based Exploitation

Many microfinance loans target women, but in some cases, male family members take control of the funds, leaving women responsible for repayment.

9. Lack of Proper Regulation and Oversight

In some regions, microfinance operates without strict regulatory oversight, allowing institutions to exploit consumers with unfair terms. The absence of consumer protection laws results in predatory lending practices.

Findings:

1. High Awareness but Limited Understanding

Many customers are aware of Microfinance Institutions (MFIs) and their services. However, a significant portion lacks a clear understanding of loan terms, interest rates, and repayment structures due to inadequate financial literacy.

2. Microfinance Enhances Financial Inclusion

Microfinance has successfully provided access to credit for individuals who are excluded from traditional banking systems. It has empowered small entrepreneurs, particularly in rural and economically disadvantaged areas.

3. Positive Impact on Economic Growth and Livelihoods

Many customers reported an improvement in their financial conditions due to microfinance loans.

Microfinance has contributed to business expansion, employment generation, and better standards of living for borrowers.

4. High-Interest Rates are a Major Concern

One of the biggest challenges faced by customers is the high-interest rates charged by MFIs. Many borrowers struggle with repayment, and some fall into a debt trap due to excessive borrowing.

5. Short Repayment Periods Create Financial Pressure

Most customers find the repayment schedules too frequent (weekly or monthly), making it difficult to manage their finances.

Short repayment cycles often force borrowers to take new loans to repay old ones, leading to over-indebtedness.

6. Mixed Satisfaction with Customer Service

While some customers appreciate the accessibility and ease of obtaining microfinance loans, others express dissatisfaction with the service quality. Complaints include delays in loan disbursement, lack of transparency in loan terms, and inadequate grievance redressal mechanisms.

7. Group Lending Model Poses Challenges

In group lending systems, borrowers face peer pressure and social obligations, which sometimes lead to financial strain. Defaults by one group member negatively impact others, leading to conflicts and stress.

8. Women Benefit the Most from Microfinance

A majority of microfinance borrowers are women, and many have successfully utilized loans for business activities and household needs. However, in some cases, male family members misuse the loans, leaving women responsible for repayment.

9. Need for Better Financial Literacy Programs

Many borrowers lack knowledge about managing finances, understanding interest rates, and planning loan repayments effectively. Customers express the need for financial education and training before taking loans.

10. Regulatory Gaps and Consumer Protection Issues

Some MFIs operate without proper oversight, leading to unethical practices like hidden charges and aggressive loan recovery methods. Stronger regulatory frameworks and consumer protection policies are needed to safeguard borrower interests.

Suggestions:

1. Reduce Interest Rates and Hidden Charges
2. Extend Repayment Periods and Offer Flexible Loan Terms
3. Improve Financial Literacy Programs
4. Strengthen Regulatory Oversight
5. Enhance Customer Service and Grievance Redressal
6. Promote Digital and Mobile Banking Services
7. Improve Transparency in Loan Agreements
8. Monitor and Control Group Lending Risks

Conclusions:

To enhance the effectiveness of Microfinance Institutions must focus on reducing interest rates, providing flexible repayment options, improving financial literacy

programs, and ensuring transparency in loan agreements. Strengthening regulatory oversight and adopting digital financial services can further improve accessibility and efficiency.

Overall, microfinance remains a crucial instrument for economic empowerment and poverty reduction. However, for it to be truly sustainable and beneficial, it is essential to address the challenges faced by consumers and implement ethical and customer-friendly financial practices. By doing so, microfinance can continue to uplift marginalized communities and contribute to long-term financial stability and development.

REFERENCES

1. **Armendáriz, B., & Morduch, J. (2010).** *The Economics of Microfinance. MIT Press.*
2. **Christen, R. P., & Rhyne, E. (2001).** *Microfinance: A Reader. Microfinance Network.*
3. **Gonzalez, A. R. (2007).** Microfinance and Its Role in Economic Development. *The Journal of Development Studies*, 43(4), 632-648.
4. **Johnson, S., & Rogaly, B. (1997).** Microfinance and Poverty Reduction: The Case of India. *Development in Practice*, 7(3), 224-234.
5. **Ledgerwood, J. (1999).** Microfinance Handbook: An Institutional and Financial Perspective. *The World Bank.*
6. **Morduch, J. (1999).** The Microfinance Promise. *Journal of Economic Literature*, 37(4), 1569-1614.
7. **Rhyne, E. (2001).** Microfinance: A Pathway Out of Poverty? *Accion International.*
8. **Armendáriz de Aghion, Beatriz and Jonathan Morduch. (2005).** *The Economics of Microfinance. Cambridge: MIT Press.*
9. **Coleman, Brett E. (1999).** "The impact of group lending in Northeast Thailand." **Journal of Development Economics**, 60(1), 105-141.
10. **The Economist. (2005).** "From Charity to Business." *The Economist*
11. **Gine, Xavier and Dean Karlan. (2006).** "Group versus individual liability: A field experiment in the Philippines." *Mimeo.*

12. **McIntosh, Craig, Alain de Janvry, and Elisabeth Sadoulet. (2005).** “How Rising Competition among Microfinance Institutions Affects Incumbent Lenders.” *Economic Journal* 115(506), 987-1004.
13. **McIntosh, Craig and Bruce Wydick. (2005).** “Competition and microfinance.” *Journal of Development Economics*. 78(2), 271-298.
14. Hindustantimes.com/cities/bengaluru-news/will-amend-law-to-rein-in-microfinance-companies