

Summary and Conclusion

The microfinance industry has expanded into several sustainable impact areas to offer a bottom of the pyramid development in entrepreneurial activities. Additionally, the credit- plus initiatives of microfinance sector aided the underprivileged in gaining both financial and social status. From its unorganized origins to a structured worldwide movement focused on financial inclusion and poverty eradication. According to the groundbreaking Grameen Bank concept of the 1970s to the modern application of digital technologies, microfinance is still developing and influencing the growth of micro entrepreneurs.

Microfinance creates a dramatic challenge in the social, economic and financial status of micro entrepreneurs. NBFC-MFIs are efficient service providers by providing microfinance financial support at the baseline of entrepreneurship. NBFC-MFIs foster entrepreneurship and empower women entrepreneurs by providing adequate financial support without any collateral security.

The objectives of the study is to analyse the sustainability and outreach of the NBFC-MFIs in promoting women micro entrepreneur. The following are the specific objectives associated with the study.,

- ❖ To understand the awareness of loan terms and usage of borrowed funds by women micro entrepreneurs
- ❖ To analyse the NBFC-MFIs role in enhancing business development, social status, and financial status of women micro entrepreneurs
- ❖ To evaluate the operating performance, and perception of NBFC-MFI managers and women micro entrepreneurs on the sustainability of NBFC-MFIs
- ❖ To examine the outreach of NBFC-MFIs based on operating efficiency and perspective of women micro entrepreneurs and
- ❖ To assess the effect of various factors on that influence sustainability and outreach of NBFC-MFIs.

The research employs both primary and secondary data. Primary data was collected from 386 women borrowers in the Coimbatore district through interview schedule. Data was gathered from 30 managerial level employees of the selected NBC-MFIs using a standardized questionnaire. Descriptive statistics, ANOVA test of proportion, Factor analysis Kendall's Rank test and Path analysis were used to analyse the primary data and Ratio analysis, Growth Rate, LAGR and CAGR were applied to measure sustainability and outreach of NBFC-MFIs.

The following research hypotheses were framed to validate the research.

H_{a1}: There is a significant mean difference in awareness of loan terms among the socio-economic, business, and loan profiles of the respondents.

H_{a2} : There is a significant mean difference in usage of borrowed funds among socio-economic, business, and loan profiles of the respondents.

H_{a3} : There is a significant mean difference in business development of the respondents among socio-economic, business and loan profiles of the respondents.

H_{a4} : There is significant mean difference in social status of the respondents among socio-economic, business and loan profiles of the respondents.

H_{a5} : There is a significant difference in the possession of assets before and after starting the business

Hypotheses based on the conceptual model of the study are,

H₁ : Awareness of loan terms significantly influences the usage of borrowed funds, business development, social status, sustainability, and outreach of NBFC-MFIs

H₂ : Usage of borrowed funds significantly influences the business development of the respondents.

H₃ : Business development of the respondents significantly influences the Sustainability of NBFC-MFIs.

H₄ : Business development of the respondents significantly influences the outreach of NBFC-MFIs

H₅ : Social status of the respondents significantly influences the sustainability of NBFC-MFIs

- H₆ : Sustainability of NBFC-MFIs significantly influences the outreach of NBFC-MFIs.
- H₇ : Usage of borrowed funds mediates between awareness of loan terms and business development of the respondents.
- H₈ : Business development of the respondents mediates between awareness of loan terms and sustainability NBFC-MFIs.
- H₉ : Business development of the respondents mediates between awareness of loan terms and outreach of NBFC-MFIs.
- H₁₀ : Social status of the respondents mediates between awareness of loan terms and sustainability of NBFC-MFIs
- H₁₁ : Sustainability of NBFC-MFIs mediates between social status of the respondents and outreach of NBFC-MFIs.
- H₁₂ : Sustainability of NBFC-MFIs mediates between business development of the respondents and outreach of NBFC-MFIs.

5.1 Findings of the Study

The major findings of the study are as follows

5.1.1 Socio-Economic Profile of the Respondents

- Age group of the respondents revealed that, majority of the respondents (53.1%) were belong to the age group of 36-43 years. Only 5.7 percent of the respondents were between 52-60 years. Most of the respondents belong to the millennial generation gender revealing they have higher responsibility and well behaviour experience. Millennial generation are considered to be the easy follower of business values and contributes more to economic development.
- A maximum number of women micro entrepreneurs were educated at school-level (49.5%), 19.4 percent of respondents completed an undergraduate degree, 13.7 percent of respondents were illiterate, 7.5 percent hold a diploma, 8.3 percent held a professional degree, and fewer holding a postgraduate degree (1.6%). Most of the respondents have completed their school-level education in the study area. Therefore, the respondents can understand the loan aspects and other services offered by NBFC-MFIs.

- Majority of the respondents (62.7%) belong to the Most Backward class, 29.5 percent belong to the Backward Class and 7.8 percent belonging to the SC/ST community. Most backward class community respondents occupied a dominant position in obtaining microcredit. The majority of respondents (98.4%) are not differently abled, which shows their physical strength in doing their business. Respondents belong to the SC/ST community have very less, shows their less financial access due to geographical location and their unawareness about the microcredit schemes.
- Majority of the respondents (58.5%) were living in a nuclear family system and 41.5 percent in a joint family system. The result highlights that the nuclear family will dynamically impact on financial decisions, risk-taking ability, and the ultimate use of borrowed funds in productive activities. The majority of the respondents (48.2%) have three to four members in the family.
- Earning members in a family reveals that 55.4 percent of the respondents have two earning members in the family and 24.4 percent have three earning members in the family. 17.9 percent have more than three earning members in their family. Most of them have two earning members in their family, which decides the respondent's financial strength in managing the family and business due to dual income. Less earning members in the family affect the financial soundness.
- Most of the respondents (42.2%) live in semi-urban area, 31.1 percent live in urban areas and 26.6 percent live in rural areas. Respondents from semi-urban area are inspired of entrepreneurial activities and benefit through NBFC-MFIs. Borrowers from urban areas have multiple options to raise funds due to the wide geographical scope.

Overall, the socio-economic profile of the women micro entrepreneurs states most of the borrowers belong to GEN Y category with a basic understanding and awareness of loan terms due to their school level education. The borrowers also have adequate financial support due to two earning members in their family, Most Backward community borrowers occupied highly and more dependency on fund in semi-urban area showing the reach of NBFC-MFIs in empowering of micro entrepreneurs.

5.1.2 Business Profile of the Respondents

- In terms of experience in doing business, 47.2 percent of respondents had experience of 6-10 years, 28.5 percent had experience of 1-5 years, 20.2 percent had experience of

11-15 years, and only 4.1 percent had experience of over 15 years. Most of the women micro entrepreneurs have well experience in doing business which highlights their empowerment and the adequate and timely support from NBFC-MFIs.

- The result shows that small-scale and cottage units benefited from more funding assistance from NBFC-MFIs due to higher level of opportunities business and startups. The women micro entrepreneurs engage in a variety of businesses, including small-scale farming (12.2%), tailoring (10.6%), vegetable (8.0%), flower (8.5%), petty shop and garments (8.3%), fast food (7.8%) and small-scale and cottage units (36.3%). The study evident the functioning of small scale and cottage industries in Coimbatore (study area) which leads to employment opportunities and industrial growth. Further they support and act as a sub unit for large industries.
- The majority of respondents (53.9%) borrowed money from NBFC-MFIs to meet their initial investment requirements i.e., for business startups while 18.7 percent respondents initiated the business activities with their funds. 12.2 percent of micro entrepreneurs borrowed money from friends and family, 13.7 percent raised money from private money lenders and 1.6 percent of respondents opted funding from banks. The result highlight that most of the borrowers depend on NBFC-MFIs for their initial funding assistance due to their simplified lending practices, a small amount of loan size, lack of collateral security, and outreach initiatives. Minimum number of respondents depend on friends and family because of emotional factors and uncomfortable arise if the business is unstable.
- 32.6 percent of women micro entrepreneurs have a monthly income of ₹30,001- ₹40,000, while 26.4 percent have an income of ₹20,001- ₹30,000. The respondents' incomes from ₹ 40,001- ₹50,000 accounted for 20.7 percent. 15.8 percent made up of Rs 10,000-20,000 incomes. A lower number of respondents (4.4%) who make more than ₹50,000 a month. However, most of the respondents earning a income between ₹30,001- ₹40,000. A considerable amount of income is generated by the micro entrepreneurs from their business units, which results in empowerment.
- Monthly business expenditure of the micro entrepreneurs shows that 30.6 percent of them have business expenditure of ₹15,001- ₹20,000, 24.6 percent of them have the expenditure of ₹10,001- ₹15,000, 21.8 percent have expenditure of ₹5,001- ₹10,000. 9.6 percent of them have the expenditure of ₹20,001- ₹25,000, 8.5 percent of them have

expenditure of ₹25,001- ₹30,000. Least of them (2.1%) have incurred expenditure of above ₹30,000. The micro entrepreneurs are incurred a reasonable amount of expenditure in connection with their business. The least number of micro entrepreneurs have high business expenditure, which shows most of them are doing small scale size with medium funding assistance.

- 34.2 percent of the respondents have a monthly savings of ₹15,001-₹20,000, while 28.2 percent of micro entrepreneurs have a monthly savings of ₹10,001-₹15,000. About 18.7 percent of micro entrepreneurs have savings of ₹5,001-₹10,000, 13.0 percent have saved from ₹20,000 to ₹25,000 and 4.4 percent have saved above ₹25,001. Only 1.6 percent have saved up to ₹5,000. The results indicates the respondents are well balancing their income expenditure and savings by proportionate allocation of funds.

Business Profile of the respondents highlights, small scale and cottage units are the main focus in Coimbatore district region, NBFC-MFIs as initial funding support and they are earning a reasonable monthly income to manage the expenditures and to maintaining an adequate amount of savings from their income to meet out the future needs.

5.1.3 Loan Profile of the Respondents

- Years of association with NBFC-MFIs revealed that 37.3 percent of the micro entrepreneurs have six to seven years of association with NBFC-MFI, 20.5 percent of the respondents have 4-5 years of association, 16.8 percent of the respondents have 8-9 years of association, 14 percent of the respondents have more than 10 years of association and 11.4 percent of them 2-3 years of association. The majority of them have 6-7 years of relationship with the NBFC-MFIs revealing that the borrowers have high trust, and creditworthiness and respondents are comfortable in accessing NBFC-MFIs financial services. A cordial relationship reflects timely repayment of loans by the borrowers and immediate sanction of funds from the NBFC-MFIs.
- It was found that 33.2 percent of them had taken loan exceeding ₹65,000 in a year from NBFC-MFIs, 26.4 percent of them had take loan ₹55,001- ₹65,000, 16.8 percent of them taken loan ₹35,001- ₹45,000, 14.5 percent availed loan ₹45,001-₹55,000, and only 9.1 percent availed at loans up to ₹35,000. The majority of them obtained loans over ₹65,000. An adequate fund required to run the small business is supported by the NBFC-MFIs.

- Top-up loan availed by the borrowers revealed that the majority of the respondents were not interested to avail top-up loans (75.4%) along with their existing loans and less number of respondents availed (24.6%) top-up loans. Due to less awareness and flexible returns less number of the respondents prefer top-up loans. Further respondents are not willing to raise additional fund before closing the previously sanctioned funds.
- Method of loan repayment, 49.7 percent of the respondents repaid the amount through executives, they have collected the dues from their respondent's place. 31.9 percent of them repaid through the collection point, 13.0 percent of them repaid at NBFC-MFIs office and only 5.4 percent of them preferred online payment. Borrowers are convenient to pay the due amount through executives who collect directly from the borrowers from their units. Borrowers are not comfortable in paying the due amount through online mode due to a lack of technological awareness and the unavailability of networks in remote location.
- Factors influenced to borrow funds from NBFC-MFIs, 37.2 percent of the respondents were encouraged and influenced by other entrepreneurs to borrow funds from NBFC-MFIs, by self-interest (32.6%) influenced by family members (16.6%), by friends 8.5 percent, 3.1 percent of them influenced to borrow through NBFC executives. Less number of respondents (1.6%) were influenced by media. Most of them are influenced by other women micro entrepreneurs, social networking between the entrepreneurs plays a dominant role in popularising NBFC-MFIs. Initiatives taken by NBFC-MFIs to reach by different forms of media are less due to the system of group lending model, the borrowers communication spread in the wider area.
- Difficulties faced by the respondents while transacting with NBFC-MFI, reveals 25.1 percent of the respondents pointed out more formalities were followed to get a loan, 20.7 percent of them experienced the problem of high interest rates, less coordination from the executives was the problem for 18.4 percent of the respondents, 14.2 percent of them reported the problem of insufficiency of loan amount offered by NBFC-MFIs, 12.4 percent of them indicated the problem of delay in getting fund, 4.7 percent of them encountered the problem of technical issue and fewer respondents noted that NBFC-MFIs lack an advisory service.

Thus, the loan profile reveals most of the borrowers have more years of relationship with NBFC-MFIs, availed adequate funding support and prefer repayment of loans due through executives. Less number of women micro entrepreneurs preferred top-up loans.

5.1.4 Awareness of Loan Terms by the Respondents

Awareness of terms of the loans by the women micro entrepreneurs was measured by using 5point Likert scale. Descriptive statistics and ANOVA were used to analyse and examine the mean difference between socio-economic profile of the respondents, business and, loan profiles of the respondents with NBFC-MFIs.

- The respondents were *highly aware of Knowledge on loan schemes offered by NBFC-MFI* with a mean score of 4.59. 44.6 percent of the respondents, with a mean of 4.52 aware of the *eligible amount of loan sanctioned from the MFIs* followed by awareness of repayment schedule of terms (Mean 4.35). Least number of the respondents were aware about the *documentation procedures and rights of the borrowers* with a mean score of 3.80 and 3.57 respectively. The borrowers have a high degree of knowledge about the various loan schemes, eligibility requirements, and repayment options. However, they still have a very limited awareness about their rights, which includes ethical lending practices, documentation procedures, and grievance redressal procedures. This disparity emphasizes the necessity of borrowers education initiatives that should focuses on the schemes and rights of the borrowers.
- ANOVA results state the prevailing mean difference between socio-economic profile and awareness of loans terms. The respondents age ($p = 0.0001$), educational qualification ($p = 0.0001$), social category (0.044), earning members in the family ($p = 0.0001$), and area of residence ($p = 0.0001$) are significantly different among awareness of loan terms. The level at which borrowers comprehend the conditions of the loans they obtain tends to be influenced by these socio-economic factors. However, there is no mean difference between awareness levels and family type ($F = 1.789$), indicating that a borrowers knowledge of loan conditions was not influenced by whether they live in a nuclear or joint household.
- ANOVA results are substantially related to the business and loan profiles with awareness of terms of loans. There is a significant mean difference between awareness of terms of loans and business experience ($p = 0.0001$), type of business ($p = 0.0001$), monthly income from the business ($p = 0.0001$), years of association with NBFC-MFIs ($p = 0.0002$), and the amount of loan taken ($p = 0.0001$). As a result, the borrowers who have more expertise, steady income from a business, longer institutional connection, and higher loan amounts are more likely to establish a good understanding on the awareness of loan terms.

5.1.5 Usage of Borrowed Funds by the Respondents

Usage of borrowed funds by the women micro entrepreneurs from NBFC-MFIs was measured by using five point Likert scale. Descriptive statistics, Kendells rank coefficient, and ANOVA was used to analyse and examine the mean difference between socio-economic profile, business profile and loan profile of the respondents with NBFC-MFIs.

- The highest mean score of 46.72 was assigned by the respondents to the factor *convenient*. This implies that borrowers give top priority to features like, easy accessibility, minimum procedures, and simple loan availability. The factor of quickly resolving complaints, had the lowest mean score (3.55), indicating that it has the least impact on their borrowing preferences. This suggests that grievance redressal is important, but it might not be a decisive element when compared to the general accessibility and convenience provided by NBFC-MFIs.
- 58.5 percent of the respondents strongly agree that the fund has supported *day-to-day operational activities* with a mean score of 4.49. This suggests that the majority of the borrowers utilize the money mostly to handle regular business expenses like working capital, stock purchases and raw materials purchases. The mean score for funds that assisted women micro entrepreneurs in launching new business units was 4.1, with mean score of 4.1 indicating a strongly favourable response. The use of funds *to purchase vehicles, equipment, and other assets*, has the lowest mean score (3.92), indicating that respondents are less likely to prioritize those capital investments over operational necessities.
- The ANOVA analysis reveals that the use of borrowed funds does not vary across socio-economic variables. The variables such as age ($p = 0.124$), educational qualification ($p = 0.191$), social category ($p = 0.957$), type of family ($p = 0.422$), and area of residence ($p = 0.629$) shows no mean difference in utilizing the funds. This suggests that the utilization of borrowed money is not influenced by these factors. There is a strong mean difference between number of earning family members ($p = 0.031$) and utilisation of funds. Households with more earning members can use the borrowed funds, revealing the family commitment towards entrepreneurial activities.

- The ANOVA indicates that the usage of borrowed funds does not vary notably with concerning business and loan profile profiles. Variables such as years of experience in business ($p = 0.288$), monthly income from the business ($p = 0.929$), years of association with NBFC-MFIs ($p = 0.199$), and the amount of loan taken in a year ($p = 0.225$) did not shows a variation with the funds are utilized by the respondents. This suggests that regardless of year of business, income level and loan size, borrowers tend to use funds in similar ways. However, the variable nature of business ($p = 0.088$) displays a noticeable mean difference with fund usage, indicating that the type of business activity may influences how the borrowed funds are allocated.

5.1.6 Growth and Development of the Respondents

Growth and development of women micro entrepreneurs are measured through business development, social status and financial status. Descriptive statistics, ANOVA and Test of Proportion were applied to test the data.

5.1.6.1 Business Development of the Respondents

- Business development of the respondents indicates portraitist that a high mean score of 4.48, was gained by *opportunity to increase market access* by selling their goods and services. This highlights the ability of the women micro entrepreneurs to reach larger client bases and explore new market potential access to microfinance and business development assistance. Although the market access has increased, respondents encounter difficulties in managing *competition or coming up with strategic plans* obtained the lowest mean score of 4.20.
- ANOVA results highlight significant difference between the business development and socio-economic profiles such as age ($p = 0.001$), educational attainment ($p = 0.0001$), the number of earning members in family ($p = 0.001$) and place of residence ($p = 0.01$) shows the variations in borrowers business development outcomes. The business development found to be unaffected by the variables, social category ($p = 0.56$) and family type ($p = 0.699$), suggesting that these factors do not affect the development of the business.
- Years of experience in business ($p = 0.001$), nature of business ($p = 0.038$), years of association with NBFC-MFIs ($p = 0.024$) and amount of loan taken in a year (0.017) have a significant difference in the business development on business and loan profiles

of the respondents with NBFC-MFIs. But the monthly income from the business ($p = 0.396$) does not have a significant effect on business development.

5.1.6.2 Social Status of the Respondents

- Social status revealed that 56.7 percent of respondents strongly agree with the statement of improved ability to manage household emergencies effectively and the lowest score for taking part in social and community gatherings (Mean 4.16). The results exhibit the minimum significant improvement in ability to cope with urgent family needs and financial resilience. Social participation financial stability, possibly as a result of enduring time constraints, cultural norms and group prioritizing.
- The mean difference between social status of respondents and socio-economic profile revealed that socio-economic variable of the respondents like age ($p = 0.020$), educational qualification ($p = 0.0001$), social category ($p = 0.003$), earning members in the family ($p = 0.004$) and area of residence ($p = 0.01$) have a significant mean difference on the social status. These factors influence the women micro entrepreneurs position in the society. The status of family ($p = 0.263$) does not have significant impact on the social status of women entrepreneurs.
- Difference between social status of the respondents and business and loan profiles shows that years of experience in business ($p = 0.001$), nature of business ($p = 0.001$), and monthly income from the business ($p = 0.045$) have a significant mean difference on social standing. In addition to fostering business expansion, economic activity and financial success through NBFC-MFIs also help borrowers progress socially in their communities. Factors like years of association ($p = 0.0002$) and amount of loan taken in a year ($p = 0.0001$) do not have impact on social status of women entrepreneurs by showing no mean difference.

5.1.6.3 Financial Status of the Respondents

- By studying the financial status of the respondents it is understood that majority of the respondents (82 percent) agreed their earnings increased after starting their businesses, while 6 percent stated their income not increased and 12 percent of respondents agreed that their income has remained the same. The income status of the respondents have been increasing reveals the significant sign of NBFC-MFIs major role in empowering the entrepreneurs.

- With regard to the assets acquired by the respondents before and after getting in to the entrepreneurial activities, fixed assets like Land (44.6%), House (87.8%), Gold (100%) and Cattle (32.6%) show a significant increase. The investment activities such as investments and deposits, such as insurance policies (59.8%) savings in the bank (23.1%) and post office (54.7%) demonstrate a notable rise in percentages before and after the establishment of the business.
- The test of proportion results states that there is a significant increase in the proportion of assets and investments owned by the respondents before and after starting the business showing their keen interest in purchasing the assets and the high and reasonable amount of funds generated from the business. With respect to the test value of the House (1.155), Machinery (0.847), Gold (0.0), and other Assets (1.841) do not show any significant difference before and after starting the business. It highlights that asset growth with a higher amount of returns is preferred by the respondents .

5.1.7 Sustainability of NBFC-MFIs

The sustainability of the NBFC-MFIs was measured by way of the operating performance of NBFC-MFIs managers' perspective and borrowers perspective. The major findings are

5.1.7.1 Sustainability of NBFC-MFIs based on Operating Performance

- The loan portfolio has shown consistent growth, and showed a 29.55 percent increase in 2023-2024. A slight slowdown in 2019-2020 and 2020-2021 (around 9%) indicates cautious lending due to market uncertainties, economic downturn and COVID-19 impact.
- During 2018-2019, 39.79 percent expansion was exhibited by the microcredit portfolio, and a lesser growth rate in 2019-2020 and 2020-2021 due to market uncertainties. The highest post-pandemic growth rate, signaling strong confidence in microfinance lending in 2021-2022 and 2022-2023 of 24.65 percent and 37.75 percent respectively. In 2023-2024 (23.57%) the growth rate remains strong and started vibrant journey in the field of microcredit.
- Client growth rate in 2018-2019 was 25.3 percent, which shows a strong customer acquisition strategy. However, the growth slowed down from 2019-2020 and even showed a slight decline in 2020-2021 (-2.80%) geared up in 2021-2022 (8.63%),

2022-2023 (14.71%) and 2023-2024 (10.26%) indicates a recovery phase and attracting more customers through the efficient activities.

- Loan amount disbursement growth rate increased to 39.07 percent in 2018-2019 suggesting a push for higher disbursement. Declined in 2019-2020 (-7.06%) and 2020-2021 (-24.89%) indicate risk aversion, possibly due to economic instability. A sharp rise (43.98%) in 2021-2022 and a massive increase in a 2022-2023 of (56.64 %) shows a turn to aggressive lending. A slowdown of 5.92 percent in 2023-2024 indicates market saturation and stricter credit policies implemented by the regulations and internal policies of the institutions.
- Loan accounts growth rate in 2018-2019 shows a hike of 36.62 percent, and showed a decreasing status during 2019-2020 and 2020-2021, followed by the recovery phase in 2022-2023 (17.95%) and 2023-2024 (13.04%). It indicates that NBFC-MFIs attract more women entrepreneurs through their strategic moves.
- A steady increase from 98.24 percent in 2018-19 to 108.94 percent in 2023-24 suggests that NBFC-MFIs is dominating the microcredit market.
- Loan per client in 2018-2019 was 21516 clients, over the period of 6 years in 2023-2024 it has gone up to 36,485. The client base demonstrated the sustainability of NBFC-MFIs and the ability to meet the entrepreneurial requirements of the borrowers.
- The increase in clients per branch during 2018-2019 (2,583 clients per branch) suggests a high efficiency in operations. A gradual decline during the study period (2,113 clients per branch in 2023-2024) suggests expansion in branch networks, leading to more localized customer service. The NBFC-MFIs expanding its network operations due to more market opportunities.
- The Loan to Asset Ratio has been consistently above 77.43 percent during the study period, showing that a significant portion of the NBFC-MFIs fund was allocated to lending and peaked in 2022-2023 (82.87%), indicating aggressive loan growth and in 2023-2024 (82.72%), but remains constant. It showed a stable growth in borrowing activities of NBFC-MFIs. NBFC-MFIs do not accept deposits from clients so far lending purposes they are availing more loans which reflects the good sign of establishment.

- Borrowing to asset ratio indicates the percentage of total assets funded through borrowings increased from 65.63 percent in 2018-2019 to 73.50 percent in 2023-2024 shows higher debt reliance. Even though the ratio is higher and the institution is exposed to more credit risk, it is good and stable for NBFC-MFIs business model.

Thus, the operating performance studied through loan and client basis, loan to asset ratio and borrowing to asset ratios showed a significant connectivity performance leads to optimum utilisation of resources and contributes to financial stability.

5.1.7.2 Sustainability based on NBFC-MFIs Manager's Perspective

- The sustainability of NBFC-MFIs as from managers perspective was examined through percent analysis and Kendall's Rank test.

■ Lending Framework of NBFC-MFIs

- 76.7 percent of the NBFC-MFIs managers were not considering the particular nature of business to give loans.
- Regarding the most preferable factor to selecting micro entrepreneurs to provide loans, 53.3 percent of them prefer based on group members and less number of NBFC-MFIs (6.7%) considering the recommendation for providing loans.
- NBFC-MFIs are offering loans as per the institution's policies and regulations for approving the total amount of loans and routinely updating borrower's business profiles.
- Majority of the NBFC-MFIs (93.3%) agreed that Government policies helps microcredit lending activities.
- With reference to the repayment ability of borrowers of the NBFC-MFIs, 90 percent of them state that high repayment ability is found among the borrowers
- The majority of NBFC-MFIs (53.3%) assess the regular repayment of interest on prior loans, to decide about the top-up loans. Furthermore, 20 percent of respondents better business profile, and 13.3 percent of respondents interest accumulation and the present business's profit level.
- The majority of respondents (63.3%) agreed that they face competition from similar institutions, and 42.1 percent of them cited the quick approval of loans by competitors as a major element affecting their competitiveness.

■ Customer Behaviour and Attitude

- The highest mean score of 4.53 reveals that the customers are properly communicating and understanding the terms and conditions of NBFC-MFIs. A few NBFC-MFIs manager's felt that the literacy rate is poor with minimum educational qualification support with the lowest score of 3.83. The findings show micro entrepreneurs have a low level of formal education, but they can communicate effectively enabling them to engage in borrowing activities with success.

■ Risk factors of NBFC-MFIs

- The most important risk factor considered by the managers was irregular repayment schedule (Mean Score 10.33) and least considered factor was Government policies and regulations, it indicates that irregular repayment schedules put significant pressure on NBFC-MFIs, which creates difficulties in managing the funds. Government interventions are less due to predicted policies and regulations.

■ Maintain a Regular Relationship with the Respondents

- The highest mean value of 4.70 was for severe actions against defaults by the borrowers from NBFC-MFIs and the lowest mean value of 3.76 for follow up through SMS alerts. The result shows that NBFC-MFIs legal activities and stringent enforcement procedures have a significant impact on borrower behaviour. The ability of comprehensive credit monitoring programs helps to ensure on-time repayment. Low digital literacy among the micro entrepreneurs is a reason for the lesser communication in terms of technology.

Overall, the NBFC-MFIs are gaining momentum and maintaining a cordial relationship with customers have good opinion about their customers and well regulated through government policies.

5.1.7.3 Sustainability of the NBFC-MFIs based on the Perception of the Respondents

- Borrower's perceptions are strongly related to the sustainability of the NBFC-MFIs. Borrower's trust, satisfaction, and constant involvement have a direct impact on the performance, repayment rates, and long-term survival of NBFC-MFIs. 64.8 percent of the respondents were highly satisfied with the NBFC-MFIs adherence to ethical financial practices with a highest mean score of 4.54. The results also reveal that

borrowers prefer transparency, equity in loan processing and courteous treatment from the institution, these factors help to build confidence and a longstanding connection between the borrower and the institution. Flexibility in repayment options to accommodate financial situations received the lowest sustainability score of 2.98. This low score suggests that, particularly in industries like agriculture, small-scale trade, and seasonal businesses, borrowers find the current repayment arrangements as rigid and would like to have customized repayment programs, which will reduce the possible default.

■ **Factors influencing the Perception of the Respondents on Sustainability of NBFC-MFIs**

- Factor analysis was conducted to identify the factors influencing sustainability of NBFC-MFIs. There are five core dimensions, influencing the sustainability of NBFC-MFIs each contributing to the institutional effectiveness. 57.67 percent of influence showed by all the five factors on sustainability. Financial adequacy and security contribute strong factor in NBFC-MFIs operational, social and financial aspects as well as how customers perceive them. Technology advancement of NBFC-MFIs needs progress and they can continue to support low-income groups while maintaining a robust business.

5.1.8 Outreach of NBFC –MFIs

Outreach of NBFC-MFIs are measured through major two aspects such as operating performance of NBFC-MFIs and the perception of the respondents about NBFC-MFIs.

5.1.8.1 Operating Performance of NBFC-MFIs

- The number of branches in the NBFC-MFI sector has increased from 12,277 in the year 2018-19 to 20348 in the year 2023-24. During this six-year period, the average number of branches is found to be 15325. The result highlights the improved mobility of underserved borrowers. NBFC-MFIs strongly expanding their physical presence and outreach all over India for the benefit of underserved population.
- Clients who borrowed microcredit from the NBFC-MFI sector shown an increase from ₹3.17 crore in the year 2018-19 to ₹4.30 crore in the year 2023-24. The six-year period, the average number of clients growth is found to be 3.38 percent. NBFC-MFIs are

contributing significantly to financial inclusion by extending easily accessible financing. This steady client growth is due to expanding branch networks, suitable financial products and heightened confidence in the microfinance business.

5.1.8.2 Outreach from the Respondents Perspective

- Outreach of the institutions reflects, respondents' perceptions and instances pertaining to NBFC-MFIs. It reveals the way effectively borrowers perceive the institution is granting access to financial services, particularly to women, and low-income individuals. 63.4 percent of the respondents strongly agree that they recommend the services of NBFCs-MFI to others with a highest score of 4.48, The lowest-rated aspects are clients receive individualized attention (Mean 3.17), and operations use the newest technology (Mean 3.44). The findings reveal that there is a strong level of reach in and trust in the services provided by the NBFC-MFIs in positive aspects like accessible, reliable, well ethical practices, timely disbursement, and fair interest rates. Personal attention by the MFIs is lagging due to wider expansion.
- Factor score coefficients on outreach can be identified and computed to know the influence of outreach factors. The cumulative variance contribution for the outreach factor is 54.91 percent revealing that the chosen variables account for a sizable amount of the outreach performance. Efficient administration and service quality are lead to better growth and contributed highly on outreach factors and more outreach mechanisms for field- level service and accessibility further strengthen the institution's outreach. Outreach mechanism helps to the institutional growth and wider financial inclusion.

5.1.9 Determinants of Factors influencing the Sustainability and Outreach of NBFC-MFIs

Awareness of loans terms by women micro entrepreneurs is the independent variable in this research study. It influences mediating and dependent variables. Variables including the usage of borrowed funds, business development, social status of women micro entrepreneurs, sustainability, are considered mediating variables. The outreach of NBFC-MFIs is treated as the dependent variable. It is shaped by the cumulative effects of the independent and mediating variables. Specifically, outreach is influenced by awareness of loan terms, how borrowed funds are used, the extent of business development, and social upliftment of the borrowers.

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- **H₁: Awareness of loan terms significantly influences the usage of borrowed funds, business development and social status of the respondents and sustainability and outreach of NBFC-MFIs.**
 - Awareness of loan terms has significant effects on usage of borrowed funds (0.128), business development of women micro entrepreneurs (0.174), social status of women micro entrepreneurs (0.139), sustainability of NBFC-MFIs (0.223) and outreach of NBFC-MFIs (0.202) at 1% level of significance.
 - Awareness of loan terms contributes positively to the usage of borrowed funds, business development, social status of women micro entrepreneurs, sustainability and outreach of NBFC-MFIs. Women micro entrepreneurs who comprehend the terms of their loans use the funds for their businesses, which promotes greater growth and raises their social standing. Borrowers also make timely repayments, which supports the continued sustainability of NBFC-MFIs and increased awareness enhances outreach through better referrals.
 - **H₂: Usage of borrowed funds significantly influences the Business development of the respondents**
 - Usage of borrowed funds contributes positively to the business development of women micro entrepreneurs with a regression weight of 0.219. If the borrowed funds are properly utilised that leads to sustainable business growth.
 - **H₃: Business development of the respondents significantly influences the sustainability of NBFC-MFIs**
 - Business development has significant positive effect on sustainability of NBFC-MFIs (0.395) at 1% level of significance.
 - Business development of women micro entrepreneurs have significant positive effect on sustainability of NBFC-MFIs. Effective businesses generate regular revenue, which lowers the risk of default and enables on-time loan repayments. By strengthening borrower connections and increasing client retention, the NBFC-MFIs enhances financial standing and fosters their long-term growth.
 - **H₄: Business development of the respondents significantly influences the outreach of NBFC-MFIs**
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- Business development has significant positive effect on outreach of NBFC-MFIs (0.573) at 1% level of significance.
 - Business development of women micro entrepreneurs have significant positive effect on the outreach of NBFC-MFIs. Businesses growth influences the NBFC-MFIs financial services it leads to regular borrowing. This way NBFC-MFIs expands the institution's customer base, and helps NBFC-MFIs reach more underserved communities.
 - **H₅: Social status of the respondents significantly influences the sustainability of NBFC-MFIs**
 - Social status, of women micro entrepreneurs have significant positive effect on sustainability that could not be sustained. This highlights that social status alone, without economic stability, will not be sufficient to sustain NBFC-MFI operations.
 - **H₆: Sustainability of NBFC-MFIs significantly influences the Outreach of NBFC-MFIs.**
 - The effect of sustainability on outreach of NBFC-MFIs was found to be positive (0.332) and significant at 1% level.
 - Sustainability of NBFC-MFIs have a significant positive effect on outreach of NBFC-MFIs that is the financially stable and well run NBFC-MFIs are more capable to reach more people by opening new branches, serving more borrowers, and expanding its services.
 - **H₇: Usage of borrowed funds mediates between awareness of loan terms and business development of the respondents**
 - The mediation effect between awareness of loan procedures and business development of the women micro entrepreneurs on usage of borrowed funds is significant.
 - The mediation effect between awareness of loan procedures and business development of the women micro entrepreneurs on usage of borrowed fund by usage of borrowed funds is significant. It reveals that women entrepreneurs are able to use the funds effectively and improve their businesses when they are aware of the terms of the loan.

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- **H₈: Business development of the respondents mediates between awareness of loan terms and sustainability NBFC-MFIs.**
 - The probability value is 0.009 for awareness against sustainability of NBFC-MFIs when mediated by business development of women micro entrepreneurs.
 - Business development of women micro entrepreneurs mediated between awareness of terms of loans and sustainability of NBFC-MFIs. Business development leads and connecting awareness of loan terms and institutional sustainability.

 - **H₉: Business development of the respondents mediates between awareness of loan terms and outreach of NBFC-MFIs.**
 - The business development of the women micro entrepreneurs served as mediator between awareness of terms of loans and outreach of NBFC-MFIs. Business development act as a key role in connecting borrower awareness to higher outreach.

 - **H₁₀: Social status of the respondents mediates between awareness of loan terms and sustainability of NBFC-MFIs**
 - The social status of women micro entrepreneurs do not significantly mediates between awareness of terms of loans and sustainability of NBFC-MFIs. Even though awareness created, social status of the entrepreneurs are not meditating factors which support for the institutional sustainability.

 - **H₁₁: Sustainability of NBFC-MFIs mediates between social status and outreach of the respondents NBFC-MFIs**
 - Sustainability of NBFC-MFIs mediates between social status of the women micro entrepreneurs and outreach of NBFC-MFIs is significantly related. Social status of the entrepreneurs is no way connected with the outreach of NBFC-MFIs.

 - **H₁₂: Sustainability of NBFC-MFIs mediates between business development of the respondents and outreach of NBFC-MFIs**
 - Probability value is 0.0153 when sustainability is mediated between business development of women micro entrepreneurs and outreach of NBFC-MFIs.

- The sustainability serves as the mediator between the business development of women micro entrepreneurs and outreach of NBFC-MFIs is accepted. Business development of the entrepreneurs leads to sustainability, better financial viability helps to achieve outreach.

Awareness of loan terms have significant impact on the use of borrowed funds ($\beta = 0.128$), business development ($\beta = 0.174$), social status ($\beta = 0.139$), sustainability ($\beta = 0.223$), and outreach ($\beta = 0.202$). Outreach is most directly impacted by business development ($\beta = 0.573$), and sustainability is also greatly impacted ($\beta = 0.395$). Although social standing has a marginally negative direct impact on sustainability ($\beta = -0.045$), this could be due to socioeconomic difficulties or repayment.

Regarding indirect impacts, awareness affects other mediating variables, which in turn affect outreach ($\beta = 0.214$) and sustainability ($\beta = 0.073$). In the same way, usage of borrowed money contributes to outreach ($\beta = 0.154$) and sustainability ($\beta = 0.086$). While social status has a negative indirect effect ($\beta = -0.015$), but business development has an indirect positive effect on outreach ($\beta = 0.131$). Overall, the results show that increasing loan awareness, making efficient use of funds, and encouraging business growth will have an impact on NBFC-MFIs' sustainability and outreach.

5.2 Suggestions from the Study

Based on the study results the suggestions are given to policy makers, NBFC-MFIs and Micro entrepreneurs.

5.2.1 Suggestions to Micro Entrepreneurs

- ❖ In order to qualify for subsequent microcredit loans, women micro entrepreneurs must make timely loan repayments and avoid actions against default. In addition to enhancing the borrowers creditworthiness, timely and responsible repayment helps them to stay out of issues and prevent default-related issues. Women borrowers can establish enduring connections with NBFC-MFIs and continue to obtain capital for the expansion and sustainability of their enterprises by developing a financial discipline.
- ❖ Borrowers should aware about their rights related matters in connection to microcredit funding. The understanding of loan terms and conditions, interest rates, repayment schedules, grievance redressal and fair and transparent practices

will empower women and engage positively with NBFC-MFIs for informed financial decision.

- ❖ To ensure higher business growth, women micro entrepreneurs should make efficient use of the borrowed capital. In addition to increasing their revenue, effective utilization enhances their trustworthiness, which makes it simpler for them to get future loans. Both business expansion and regular assistance from NBFC-MFIs have been facilitated by this responsible financial practice.
- ❖ The social outreach of women micro-entrepreneurs should be attained by way of taking part in community and social gatherings. Entrepreneurs can share values, create networks, social capital and get support from peer groups in these community gatherings. Entrepreneurs confidence and social status are raised by this greater connectivity, which also creates new chances for partnerships, resource access and business expansion.
- ❖ The generated income from the business should be properly utilised in purchases of assets and investments and the women micro entrepreneur capacity in wealth creation leads to regular repayment of the loan.

5.2.2 Suggestions to NBFC-MFIs

- ❖ To enable borrowers, to get closer to the organization, NBFC-MFIs should place a high priority on digitization, and technology utilization and should develop customer user-friendly apps to sustain in the long run. Adopting digital platforms helps NBFC-MFIs enhance operational efficiency, expand their outreach, improve transparency, and secure long-term viability in a financial ecosystem that is becoming more reliant on technology.
- ❖ NBFC-MFIs should select a proper media for promoting the services and schemes to the women micro entrepreneurs to have more outreach. This entails making use of social media advertising, mobile messaging services, print media in the local language, and partnerships with local NGOs.
- ❖ By focusing on all regions, the NBFC-MFIs executives should regularly offer awareness programs to borrowers regarding microfinance schemes, eligibility criteria for loans, types of schemes, loan procedures, and other elements. Regular

outreach efforts will improve financial literacy and awareness, build trust, and empower borrowers in underserved and rural areas.

- ❖ By lowering interest rates, NBFC-MFIs encourage more women entrepreneurs to come up with business ideas. Those entrepreneurs who have access to affordable credit more easily can start and expand their business activities. Inclusive economic growth can be achieved by NBFC-MFIs by providing microloans at competitive and affordable interest rates, which will draw in a wider range of potential entrepreneurs, particularly those from underserved or low-income categories.
- ❖ The top-up loans are accessible to only a small limited borrowers due to less awareness and institutions flexibility. Institutions should revise their top-up loan policies to provide more flexible terms and conditions to improve borrower funding assistance. To make the top-up loan to be available to all eligible borrowers who exhibit sound repayment practices which improves customer retention and fosters microbusiness expansion.
- ❖ Group lending is a common method used by microfinance institutions to distribute funds. NBFC-MFIs must keep a close watch on group members' activity. Frequent oversight helps to ensure the funds are being used effectively, and that the business and that repayment schedules are being adhered to. Sustainability and efficiency are improved via efficient monitoring of group members.
- ❖ NBFC-MFIs need to initiate extensive literacy and awareness campaigns about loan-related topics, emphasizing the value of microcredit in supporting new business ventures. Empowering marginalized populations, like women and rural entrepreneurs to comprehend how microcredit can act as a catalyst for financial independence and sustainable livelihoods.
- ❖ The NBFC-MFIs should open branches in rural areas will increase the gap in financial assistance to marginalized and impoverished people. These can encourage the financial inclusion of the entrepreneurs, provide specialized microfinance services, and attend to the particular requirements of rural micro entrepreneurs by increasing their physical presence in economically

underdeveloped areas. These outreach initiatives support help equitable regional deveopment.

- ❖ NBFC-MFIs should concentrate on risk assessment and microcredit portfolio to lend funds to borrowers to eliminate risk. Further, choosing the ideal loan amount for each customer based on their specific needs, payback history and capacity for income creation can improve the quality of their portfolios and their financial sustainability. By using a data-driven, risk-aware strategy, NBFC-MFIs can successfully support their customers for safeguarding their wealth.
- ❖ NBFC-MFIs can increase overall productivity, service and delivery, and make better use of their resources by appropriate client-to-branch ratios. Minimize unnecessary administrative and operating expenses, the number of clients handled by each branch should be kept at an ideal level. This strategy maintains the NBFC-MFIs financial stability while promoting cost-effectiveness and providing borrowers with quality service.
- ❖ NBFC-MFIs should maintain a balanced capital structure in order to provide adequate leverage and reduce undue reliance on debt. A well-designed combination of debt and equity financing increases the institution's ability to withstand risk exposure, and promotes financial stability. To ensure long-term growth by staying away from excessive leverage and keeping a good debt-to-equity ratio, the capital structure should be in a balanced manner.
- ❖ Better evaluation of the institutions financial health and risk exposure is made possible by borrowing-to-asset ratio, which shows long-term financial stability. NBFC-MFIs can prevent excessive debt, preserve a sustainable balance between liabilities and assets, guarantee long-term operational and financial stability by consistently tracking the borrowing-to-asset ratio.
- ❖ Doorstep services and individual attention to the borrowers made the institution achieve long-term success and survival from the competitors. Personalized involvement builds strong relationships with clients, increases borrower satisfaction and helps establish confidence. NBFC-MFIs have a competitive advantage in the microfinance industry due to these customer-centric strategies, which help increase repayment rates.

- ❖ NBFC-MFIs should consider young borrowers for funding assistance, as they often bring innovative business ideas and a strong potential for entrepreneurial drive. In addition to funding, MFIs concentrate on mentorship, training and incubation support. Encouraging young people to start innovative businesses can significantly improve financial inclusion and advance sustainable development leading to youth empowerment.
- ❖ The borrower's business model should be taken into consideration while providing loan assistance. MFIs are required to evaluate business model viability in evolving customer needs and local economic trends. MFIs can increase the effect of their financial services and make a significant contribution to inclusive economic growth by assisting need-based and market-driven enterprises.
- ❖ Borrowers who repay their loans on time or before the due date exhibit their creditworthiness and financial discipline recognised and rewarded by NBFC-MFIs. Borrowers who have an outstanding financial track record and maintain a consistent repayment record should be given preference for further substantial funding assistance. Promoting such good repayment behaviour lowers MFIs' default risk and encourages other borrowers to follow likewise.
- ❖ Integrate sustainability with outreach goals, NBFC-MFIs should concentrate on maintaining a balance between social goals and financial sustainability. In order to expand their reach, they should continue to serve low-income sectors, manage operational efficiency and maintain high repayment rates.
- ❖ The positive effect on funds usage, business development, sustainability and outreach, NBFC-MFIs should concentrate on increasing borrower awareness. Business development has a high impact on outreach, suggesting that promoting women's entrepreneurship institution can increase reach. In order to enhance internal performance and external effect, NBFC-MFIs should fortify their financial literacy initiatives, keep focus on appropriate funds utilization, and provide business support services.

5.2.3 Potential Recommendations to Policymakers

- ✓ Regulating the interest rate by the Reserve Bank of India (RBI) will increase the affordability of credit for micro entrepreneurs, because high interest rates are a significant barrier for small borrowers who rely on microfinance to start or sustain their businesses. By implementing interest rate restrictions, improving loan pricing transparency, and encouraging fair lending practices among NBFC-MFIs, the RBI can reduce the financial burden on micro-entrepreneurs. These regulatory actions will not only promote inclusive financial growth but also make it easier for low-income individuals to participate in economic development.
- ✓ To promote microcredit activity, the Government should create suitable microfinance initiative programs to support micro entrepreneurs. These programs should focus on accessibility and affordability of credit facilities, promotion of financial literacy and expansion of small and micro businesses for rural and underprivileged communities.
- ✓ NBFC- MFIs should tailor its microfinance loans to fulfil specific needs of the entrepreneurs based on their business activities which enables the microfinance institutions to increase the efficacy of financial inclusion, improve loan utilization, and assist borrowers in generating sustainable income by matching loan products with the unique characteristics of each business activity.
- ✓ To ensure that borrowers understandability on repayment conditions and available services. Government should establish and support structured awareness programs and training initiatives to educate women entrepreneurs. Educating women with this sort of information permits them to use credit responsibly, make wise financial decisions and actively contribute to the expansion of their business.

5.3 Conclusion

The sustainability and outreach of NBFC-MFIs are determined by multiple factors. The institutions that fullfills the needs of micro entrepreneurs will get positive responses which will lead the NBFC-MFIs in right path. The viability and credibility of the institution are directly impacted by women micro entrepreneurs loan repayment capacity, ethical procedures, responsible usage of money, and consequent business development and social

standing. Institutional trust and long-term profitability are ensured by upholding fair interest rates, utilizing technology, and adhering to moral principles. The institution's emphasis switches to achieving financial sustainability through effective procedures, risk management and client retention. The operating performance of NBFC-MFIs during the period 2018–2024 shows a strong recovery, sustained growth and strategic development. After a temporary slowdown in 2019–2021, the sector demonstrated resilience through a significant rebound in loan portfolio growth, client acquisition and loan disbursement. NBFC-MFIs have maintained operational stability, expanded their market share and strengthened their role by promoting financial inclusion and entrepreneurial development.

The deployment of more strategies to enhance awareness and concentration on the business of the micro entrepreneurs and their financial viability will move forward the NBFC-MFIs which increase borrower participation, foster peer group referrals, and increase trust, all of which contribute to sustainability by growing the client base and enhancing repayment patterns. Outreach and sustainability reinforce each other.

The combined actions of borrowers, institutional managers and the broader financial performance have a significant impact on the sustainability and outreach of NBFC-MFIs. This NBFC-MFIs widespread entrepreneurial activity contributes to inclusive economic development and aligns with the achievement of national goals such as financial inclusion, women empowerment and poverty alleviation. The study's overall result states that NBFC-MFIs sustainable operation not only promote development of the entrepreneurs but also acts as a catalyst for wider economic growth of the nation.

5.4 Scope for Future Research

The current theme presents numerous opportunities to understand interdisciplinary and socially impactful research. The following areas some key areas that future studies can focus on

1. Conduct of comparative study on the performance of NBFC-MFIs with other microfinance institutions in promoting entrepreneurship will removes the trend, pattern and procedures adopted by various microfinance institutions in promoting entrepreneurial activities.
2. The research focus on the operational and financial sustainability of the NBFC-MFIs to understand the long-term sustainability of the institution.

3. The studies focusing technology enabled interventions and its impact on women led micro enterprises will shed light on the technology enabled social inclusion and skill development needs of the women entrepreneurs.