

ABSTRACT

Title of the Thesis : Microfinance Institutions (MFIs) – A Study on their Performance and Dynamics in Assam

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Periodicity of the Research : The research covers a period from FY 2007-08 to FY 2010-11.

Objective of the Research : This study aims to achieve the following three objectives:-

- (i) To measure objectively the performance of selected microfinance institutions using financial parameters;
- (ii) To measure objectively the performance of selected microfinance institutions using social parameters;
- (iii) To understand the dynamics of MFIs in terms of their microfinance assessment mechanism, delivery system and monitoring system.

Thus we see that the findings of this study highlighted some issues on the performance dynamics of the sample MFIs of Assam. Microfinance sector is fast growing in India and in the state of Assam it is at a nascent stage. The microfinance sector in Assam is wholly unorganized and therefore there is lack of information about the MFIs operating in the state. For some of the important performance dimensions viz., return on assets, return on equity, portfolio at risk, debt equity ratio, operational self sufficiency, provision expenses, funding expenses, cost of funds, subsidy dependence, repayment rates, client turnover, etc. no benchmarks are available for the MFIs of Assam. The present study finds the average performance of the MFIs and also provides sample averages in these dimensions which may be considered as a benchmark and can help the future researches, practitioners, donors and other stakeholders of microfinance industry to explain the performance dynamics of the MFIs. Most of the MFIs have never done an internal evaluation of their social performance by using the SPI tool in Assam. The study also highlights the social performance of the MFIs. The study highlights some of the healthy practices of the sample MFIs of Assam. However, the study also reports that there is no uniformity in the microfinance practices and some of the MFIs are violating the Reserve Bank of India Guidelines. It is expected that the findings of this study would highlight many important issues related to the financial performance, social performance and dynamics of MFIs and may open up avenues for other relevant and useful researches in the line of the performance assessment and the dynamics of MFIs in India and abroad.