

Effect of E-Microfinance on Economic Growth in India

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Abstract

This paper examines the effect of E-microfinance on economic growth in India. Emphasis is made on the Major role of microfinance institutions in India which is poverty reduction. Assets, Deposit Liabilities, Loans & advances microfinance banks were used the activities of microfinance institutions in India while Gross Domestic Product was used as for economic growth. The importance of Electronic Microfinance Institutions in India economy cannot be over emphasized; this is because it plays a vital role in the financial intermediate on process and also in the lives of the low income earners whom constitute over 70 per cent of the Indian population. Employment and income generation are important of poverty alleviation effort, building capacities for wealth creation among enterprising poor people and promoting sustainable, Agriculture and microenterprise, Rural people are empowered through Electronic microfinance loans and services, and hence small scale agricultural practice and microenterprise is developed. Electronic Microfinance is an intervention based on Social Intermediation in which poor people can mobilize their savings, link it with credit and finally become self-employed. It results in building social capital. This study is based on existing literature Review and some of the has been collected from Nabard annual Reports, progress status of Microfinance of each state and RBI reports etc. Although, the Indian Government has launched several subsidized microfinance programme for the benefit of the very poor section of the society and the cooperatives weaker section of the society could not be turned around. Of late, electronic microfinance has emerged as a Catalyst of rural social development, especially in the overpopulated country like India. The impact of micro finance programme especially through Self Help Groups has been effective in making positive social change to all members, irrespective of the direct borrowers of the micro credit. Microfinance institutions (MFIs) in India exist as NGOs, Section 25 companies and Non-Banking Financial Companies (NBFCs). Commercial Banks, Regional Rural Banks (RRBs), cooperative societies and other large lenders have played an important role in providing refinance facility to electronic MFIs. With financial inclusion emerging as a major policy objective in the country, Microfinance has been found to be playing a vital role for extending financial services to unbanked sections of population. The electronic microfinance services of microfinance not only uplifted the poor from income poverty but it also from the knowledge level of poverty. Hence, easily accessible and affordable “e-microfinance services “should be provided to the vulnerable poor who are excluded socially and economically for a long journey period of time. The Indian state of electronic microfinance industry has grown over the decade across with specific key indicators of microfinance (i.e. Outreach, loan, and savings etc., the number of electronic microfinance active borrowers increased Current Research Paper of the Electronic microfinance institutions. A review of past literature was conducted and it was found that the Electronic Microfinance of data flow and security, access to credit Through Electronic Microfinance, as well as cost were restricting the microfinance institutions from properly adopting Electronic technology into their operations of Electronics Microfinance of lending and borrowing of money. Hence, proper structuring of both core and additional system of technology had been proposed through the implementation of Electronic Technology, Electronic technology and also process automation technology. Hence, proper structuring of both the core and additional systems of technology has been Implemented through the implementation of the Electronic Microfinance Management Information System, Electronic technology Based Microfinance, as well as process automated technology Based Microfinance. Although the findings reveal that the loopholes Caused by the various problems Electronic microfinance operations could be solved with the recent advancement of technology, many microfinance institutions are avoiding the implemented of technology due to the realization of the high cost and lack of major participation from clients, which, in turn, affects the demand and supply in the electronic microfinance market of india. The advancement of E-Microfinance, can be solved with the introduction of systems to adequately synchronize the data Statistics Mathematical management of the microfinance institutions so that hence, the Major objective of Electronic microfinance institutions to help improve the lives of the poor in developing countries would be greatly achieved.

Keywords: Microfinance Institutions, E-Microfinance, E-Microfinance Management, Microfinance Operation, Electronic Technology, India

Introduction

Microfinance providing low income, and other population’s access to broader range of goods and services at lower retail prices; providing small scale producers with sales channels; and Reducing operational and startup

costs for microbusiness.

Microfinance institutions use E-Microfinance at different levels for financial services provision. E-Microfinance has eased communication services, data processing services and report generation activities in some microfinance institutions. Electronic results show that most MFIs have more than the clients which makes computerization of Microfinance business services a feasible exercise. Less than half of these institutions use Electronics Machine of Cash Dispense to provide financial services to their clients. In Some cases the Electronic management of an MFI acquires software for an institution using outsourcing approach. These institutions hardly use open source software tools for business automation Process Control System. The institutions have visited plan for their electronic strategy with the remaining having no strategic plans for electronic microfinance use and management. Electronic microfinance adds value to existing

Financial services when used constructively to support business data processing and communication. Electronic microfinance brings new opportunities to microfinance institutions apart from industry automation process control system. From literature, we see electronics microfinance has been used in some countries to create branchless microfinance banks. In India there is still problem with infrastructure to create branchless banks. With government plans of setting up communication infrastructure for electronics governances, microfinance business

Stands to benefit from shared infrastructure.MFIs to align their business strategies with IT strategies if they are to benefit from the available infrastructure provided by the government. This research focused on electronics microfinance for business services and staff skills development. We found that microfinance software has been developed by some Computer, laptop, other electronics companies to support business processes. There is also need to find out the level of acceptance of electronics microfinance software that is currently used by institutions in India.

The long-term shift to Electronics Microfinance stimulates economic growth, and finds that electronic Microfinance do have a meaningful impact on the world economy. Interestingly, Electronics may be both the instigator of this new environment and the potential solution to MFI survivability. This study will benefit to greater extent the Electronic Microfinance industry, the Government, other economic Growth. The purpose of this study was to assess the impact of integrating Electronic technology services on the performance of technology microfinance institutions. This Major study was guided by the following study objectives; to find out the effect of information as a component of Electronic technology service on the performance of Microfinance institutions. The research study was successful, it encountered challenges which were a major drawback for comprehensively covering Whole objectives. In the microfinance industry its trends toward financial and operational sustainability. Recently, investors, donors, lenders, regulators, and microfinance institutions have been more concerned with social and outreach performance. New electronic -enabled microfinance institution (MFI) outreach technology adoption among MFIs will in direct better improvements to MFI operations and a greater capacity for poverty and geographic outreach. The overall significance of the Electronic microfinance shows that the activities of the microfinance institutions cannot be overemphasized in the pursuance of a sustained economic growth in India. It is therefore recommended that the Indian government should create a capable of supporting the microfinance institutions in microfinance industry. India development challenges go deeper than low income, low savings and slow growth. They also include inequality and uneven access to productive resources. The need for Indian government electronic or technological changes should be by improved government to improve infrastructural facilities (roads, water supply, electricity etc.) in the rural areas. This improvement would attract people and economic activities into the rural areas. The management of microfinance institutions to enhance the improve to livelihood to the electronic microfinance system .The level of electronic microfinance Management control system also useful of microfinance whole system network of India. The crux of this study is of E-microfinance system in India: Its economic benefits. The arrival of the internet has taken electronic microfinance an exponential growth level. But a wide variety of new secure microfinance network schemes have been developed as consumers became more aware of their privacy and security. The benefits of e-microfinance are unquantifiable in that it would India into a cashless society and elimination of fear of the unknown. The impact of microfinance on the socioeconomic lives of entrepreneurs in India. Using India provides valuable insights into micro financing in a developing India economy context. The E-Microfinance application has been designed to automate almost all the Activity of microfinance operations. It also increases the interaction between the user of Microfinance and the system of E - Microfinance .Though the application of E- Microfinance is basic but it provides a variety of features both in terms of advanced design and information storage and retrievals. This application, automate the complete lead generation operations of Microfinance finance organizations. The application helps the user to analyze the customer E - Microfinance data and take further actions for lead generation process. It enables the E -Microfinance user to update, view the information given by the Microfinance customer. The employees of any financial organization with an E-Microfinance application that could be used for analyzing the customers during lead process anywhere at any time in a secure way with proper authentication. It also provides excellent scope for the betterment of E-

Microfinance operations in any E - Microfinance financial organization.

Meaning and Nature

The world of E-Microfinance has shown a great transformation More over generations, E-Microfinance has moved from a simple E-Microfinance system to an Advanced E-Microfinance system. The increasing demand and increased number of E- Microfinance users has forced the Microfinance industry to modify technology from 3G to 4G.The modified facilities given to the E-Microfinance users by the Microfinance industry enabled Microfinance users to expand their business and Responses worldwide as Opportunities.

Microfinance has been a major concern for successive governments in India over the years because it is believed to be the universally accepted way of achieving Economic growth in the E- Microfinance Indian country. The intended purpose is to raise the living standards of the people and improve upon their quality of life. As a result, different economic policy reforms are pursued to achieve Advanced E-Microfinance. The demand of internet is increasing day by day, they are becoming the preferred means of Professional E- Microfinance, giving a new dimension to the Microfinance industry. To meet up the users demand more and more advancement is being done in the field of E-Microfinance. Advanced E - Microfinance recommends expansions of the scheme activities to also include E-Microfinance in the areas of management, E-Microfinance management to ensure its sustainability. Despite this findings, the study used simple descriptive analysis and gathered information based on self-report.

Challenges of E – MICROFINANCE

Indian government is providing due importance to E-Microfinance sector.

MFI's staff needs training which can effect on E-Microfinance Sector.

That loan is 70% utilized in Finance investments activities rather than Microfinance personal consumption.

Microfinance has very low attention toward its clients' skill &consumption of microfinance development.

A majority of perceive E-microfinance and other financial services against their religious beliefs.

E-microfinance is relatively high in Comparison to other financial products.

Strategic alliance of commercial banking loans and microfinance is as positive.

Microfinance is a financial service provided to those who have not access to financial services. This study was related to the issues relating to E-Microfinance constraints which are facing by Indian microfinance sector.

STATEMENT OF PROBLEMS

The advent of E-Microfinance in the operations of Financial Institution in India among other sector has brought several developments, it has not come without bringing along its antecedent problems. One of the major challenges in today's business world is that quite a number of Microfinance organizations has no tangible statistical analysis as to how E- Microfinance Technology has benefited Business organization. Despite the function of E-MICROFINANCE Technology (ET) and its impact on organizational development, there are still slow Adoption of E Microfinance Technology (ET) in Indian Microfinance Banks The extent to which micro finance bank can be benefited from E-MICROFINANCE Technology(ET) is worthy of exploration. The impact of ET on Micro finance bank operation has not been greatly explored in India.

RESEARCH METHODOLOGY OF THE STUDY

The recent trends in Advanced E-microfinance & the technology on the E-Microfinance in India. The necessary data is gathered from the secondary sources like text books, magazines, journals, e-journals, published and unpublished articles, websites, etc

THEORETICAL FRAMEWORK

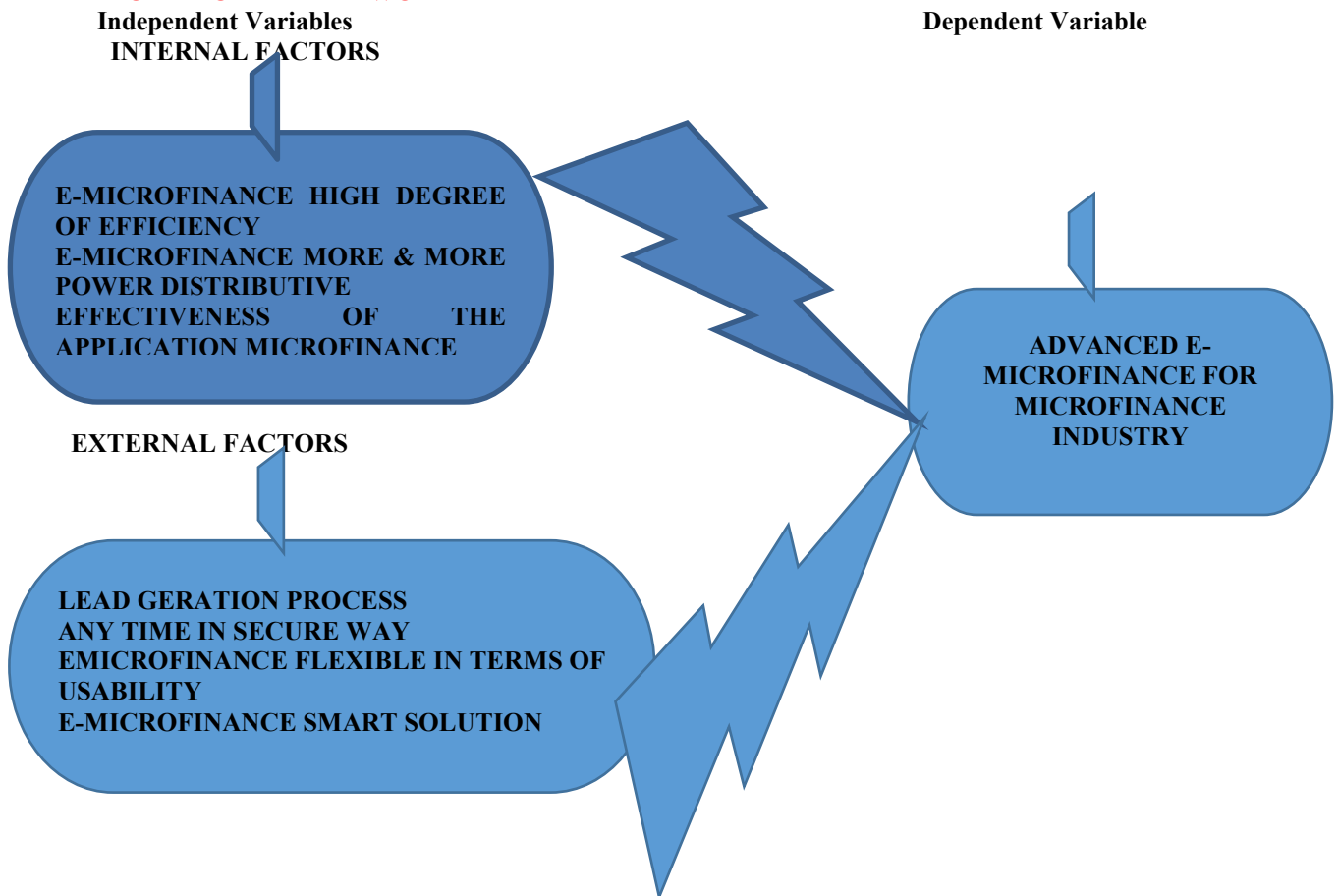


FIGURE: CONCEPTUAL FRAMEWORK

SOURCE: RESEARCHER (2015)

RECOMMEDATION AND CONCLUSIONS:

E-MICROFNANCE should open many branches so that they can be able to reach as many as possible which will enhance their sustainability. For microfinance institutions to survive well in the market, run by qualified members effective regulation and supervision of the operation and considering attracting the Very poor people in their regions by giving those loans at much lower interest-Microfinance Technological advancement in India country can sometimes be measured in terms of the socioeconomic development which is a result of technology. However, no country can be self-sufficient Confirming this view, Oladejo and Yinus (2014) .the basic indicator of modern day development in any society is the level of technological advancement and how it has contributed to Indian development of that Indian society, one is able to identify how important E-Microfinance Technology is in restructuring the business environment of a community which invariably improves the standard of living of the inhabitant of that society.Essentially, Electronic Microfinance Technology is described by Chang et al (2010)as a generic term referring to technologies used for collecting, storing, editing and passing of information in various forms. Lai and Li (2005) went further to describe as a manipulation of data by electronic means to collect, organize, record, process, distribute and store information for decision making .E-MICROFINANCE has the potential to reduce poverty in Microfinance has the potential to reduce poverty in to Local Government of India. The study concluded that obtaining E-Microfinance in increase in assess which help in reducing poverty among the Indian Respondents ‘Microfinance in poverty reduction and wellbeing improvement has attracted the policymakers’ attention in the developing countries across the globe Indian. The underlying logic is that by providing E-Microfinance services, poor will be able to participate in the economic market through forming their businesses. Consequently, they will be able to generate income and improve their households, self-esteem and efficacy. Impact of E- Microfinance on the poor wellbeing which contributes to the E-Microfinance of the Microfinance. It also will hopefully provide valuable guidelines, to the policymakers in how to improve the E-Microfinance outreach and sustainability of Microfinance particularly. E-Microfinance, technology, innovation, have become the key drivers of economic growth today. A across many industry verticals, suggests that much of the economic growth of Microfinance Industry in India. E-microfinance to use technology interventions are the

same technology's ability to speed up the flow of information and capital, automate transactions, control and analyze data, improve customer experience, reduce transaction costs, and increase efficiency and customer outreach. Technology's potential has, therefore, led E-Microfinance to believe that technology .E-Microfinance problem in the microfinance, as some means for making deposits and withdrawals of small amounts of capital is necessary for the growth of microfinance markets and accumulation of wealth for the rural poor. Profit financial entities have found the idea of providing such access to living outside of urban areas with both density unattractive because the amount of capital represented by rural micro depositors is only significant once aggregated, and the cost of providing access to these customers has been far greater than any revenue gained by doing so. E-microfinance dominates the of developing Indian countries, so also great solutions to Indian microfinance. The problem is more without using the uses of E-

The demand of E-Technology with E-Microfinance and internet is increasing day by day, they are becoming the, giving a Designing new Super dimension to the Microfinance industry.

Microfinance. This is despite the abundance of human and natural resources, apart from the existing unutilized and underutilized microfinance institutions. Recently, the major objective of this study is to develop the E-microfinance Indian countries.

There are numerous signs indicating that E-Microfinance financial services play an important role in Improving the services rendered by MFIs and in contributing to deeper financial inclusion, including:

- Growth in the number of service companies offering E-Microfinance support platforms.
- An increasing number of E-Microfinance users, especially among NGOs and governments, field workers.
- A variety of social applications, such as health, education and vocational training all these factors contribute to an environment for developing E-Microfinance financial services.

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