

Are NGO MFIs Successful? A Comparison between India and Bangladesh

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Abstract - MFIs formed as societies and trusts which primarily provide credit services to their clients are called NGO MFIs. NGO MFIs providing microfinance do not have a specific legal and regulatory framework governing their formation or activities. They are civil society organizations that generally are established under state-level societies and trust acts. NGO MFIs are funded by donor support in the form of revolving funds and operating grants. This paper aims to compare the financial performance of NGO MFIs in India and Bangladesh. The study is primarily based on secondary data. The variables, such as institutional characteristics, financing structure, outreach indicators, overall financial performance indicators, revenue and expenses, efficiency and risk and liquidity have been considered to analyse the financial performance of 16 Indian NGO MFIs and 23 Bangladeshi NGO MFIs. The Mann-Whitney U test has been used for analyzing the data. It is found that the Indian NGO MFIs stand better than that of Bangladesh in many aspects, though Bangladesh is the place of origin for the concept of microfinance and Microfinance Institutions.

Keywords: Microfinance, microfinance institutions, MFIs, Financial Performance, India, Bangladesh

I. INTRODUCTION

The banking sector in Bangladesh has been dominated by the four state-owned commercial banks, known as Nationalized Commercial Banks (NCBs), which control approximately half of the assets within the banking system. In addition, there are five government-owned specialized banks, 30 domestic private banks, and 12 foreign banks. Unlike other south Asian countries in the region, Bangladesh does not have a proper substructure of small banks operating at local level. Against the backdrop of a relatively undeveloped formal financial system in 1970s, a strong NGO microfinance system has developed in Bangladesh by Prof. Muhammad Yunus. The microfinance sector in Bangladesh is one of the world's largest. Bangladeshi MFIs are best known for their pioneering, large-scale provision of microfinance services, principally tiny collateral-free loans to poor women. NABARD took this idea and started the concept of microfinance in India. The failure of subsidized social banking triggered a paradigm shift in delivery of rural credit with NABARD initiating the Self Help Group (SHG) Bank Linkage Programme (SBLP), aiming to link informal women's groups to formal banks. The model generated a lot of

interest among newly emerging Microfinance Institutions (MFIs), largely of non-profit origin, to collaborate with NABARD under this program. Microfinance is a critical driver in the process of financial inclusion.

NGO is a non-profit social service voluntary organization of community, persons, volunteers, civilians and citizens. NGO are funded totally or partially by government, the NGO maintains its non-government status by excluding government representatives from membership in organization. MFIs formed as societies and trusts which primarily provide credit services to their clients are called NGO MFIs. NGO MFIs providing microfinance do not have a specific legal and regulatory framework governing their formation or activities. They are civil society organizations that generally are established under state-level societies and trust acts. NGO MFIs were funded by donor support in the form of revolving funds and operating grants. In recent years, development finance institutions such as NABARD, SIDBI and microfinance promotion organisations such as the Rashtriya Mahila Kosh have provided bulk loans to MFIs. This has resulted in the MFIs becoming intermediaries between the largely public sector development FIs and retail borrowers consisting of groups of poor people or individual borrowers living in rural areas or urban slums.

II. REVIEW OF LITERATURE

Adrian Gonzalez and Richard Rosenberg (2006), in their study on "The state of microfinance – outreach, profitability and poverty" have examined the state of microfinance through three aspects like outreach, profitability and poverty. It has been found that for-profit institutions are more efficient than not-for-profit MFIs. But on other hand surprisingly, it has been revealed that the not-for-profit MFIs are more profitable than the for-profit MFIs, which may be due to non-profit MFIs are less likely to be operating in competitive environment.

Ganesh Thapa (2007) has conducted a study on "Sustainability and governance of microfinance institutions: Recent experience and lessons from South Asia". He has reviewed the experience of MFIs in different parts of the world based on the factors sustainability and governance

and has drawn lessons for south East Asian countries. The study has taken a sample of 101 South Asian MFIs consisting of India, Pakistan, Bangladesh, Cambodia and Philippines. The performance indicators namely, profitability, revenue, expense, productivity and portfolio quality have been analysed on the basis of institution type viz., Bank, NBFC, NGO and Rural bank. It has been found that South East Asian MFIs performs well in terms of financial sustainability as they earn positive returns on assets and equity, covering much higher cost level by earning more from their portfolio, but in contrast, he found that South Asian MFIs have negative returns on assets and equity, despite having one of the lowest expense structures in world. He also found that economies of scale are higher for NGOs.

Begona Gutiérrez Nieto, Carlos Serrano Cinca and Ceilio Mar Molinero (2008), in their study on “A DEA approach to microfinance institutions efficiency” have assessed the performance of MFIs from both financial and social impact. The study has analysed the data of 89 MFIs from annual account and non-financial information for the period 2003. They have identified four groups: Asia, Africa, Latin America and East Europe for the study purpose. It has also been found that financially efficient MFIs are in better position to perform their social tasks. It has been found that NGO MFI appear to be more socially efficient than MFI operating under other organization structures. They found that Asian MFIs have high social efficiency, African MFIs has low financial efficiency, Latin African MFIs have high financial efficiency and East European MFIs have low social and high financial efficiency.

Hubert Tchakoute – Tchuigoua (2010) in their article on “Is there a difference in performance by legal status of microfinance institutions?” aimed to verify the existence of significant difference in performance by legal status of MFIs. The result of the analysis has shown that there has been a significant difference in financial performance, efficiency, size, solvency and portfolio quality according to legal status of MFIs. The result has revealed that the performance of Private Corporation has been better than that of NGO only when portfolio quality has been used as an indicator for measuring performance. Also their results have shown that for profit MFIs are more socially efficient than not-for-profit MFIs. The study has concluded that the commercial approach of microfinance does not seem inconsistent with social mission of MFIs.

III. STATEMENT OF THE PROBLEM

In India, MFIs started as not-for-profit organizations like Non-governmental organizations (NGOs), credit unions and other financial cooperatives, and state-owned development. Bangladesh which is the birth place of microfinance and also pioneer in the world for applying microfinance has NGO form of MFIs. Non-Governmental Organisations (NGOs) have played a substantial role in developing financial services for the poor. To provide microfinance and

other support services MFIs should be able to sustain for long period. In order to sustain operations, MFIs must generate enough revenues from financial services to cover their financial and operating. In this context an attempt is made to compare the financial performance of NGO-MFIs in India and Bangladesh.

IV. SCOPE OF THE STUDY

The comprehensive financial performance indicators model used by Microfinance Information Exchange (MIX) has been chosen for the study. The variables, such as institutional characteristics, financing structure, outreach indicators, overall financial performance indicators, revenue and expenses, efficiency and risk and liquidity have been considered to analyse the financial performance.

V. RESEARCH METHODOLOGY

The study is primarily based on secondary data. The data have been collected from Microfinance Information Exchange (MIX) i.e., www.mixmarket.org. The MFIs for which the financial details have been reported for atleast for 5 years continuously have been identified. It is noted that only 46 MFIs in India and 25 MFIs from Bangladesh have fulfilled the requirement. Out of which only 16 are NGO MFIs in India and 23 are NGO MFIs in Bangladesh. These MFIs are compared to check if NGO MFIs of India are better than NGO MFIs in Bangladesh, in respect of their financial performance.

The Mann-Whitney U test has been used for analyzing the data. The Wilcoxon rank sum test (also known as the Mann-Whitney U test or the Wilcoxon-Mann-Whitney test) is used to test whether two samples are drawn from the same population. It is most appropriate when the likely alternative is that the two populations are shifted with respect to each other. The test is performed by ranking the combined data set, dividing the ranks into two sets according to the group membership of the original observations, and calculating a two sample z statistic.

VI. COMPARISON OF FINANCIAL PERFORMANCE OF NGO MFIS OF INDIA AND BANGLADESH

Assets

H₀: “There is no significant difference between the mean rank of assets of NGO MFIs of India and Bangladesh”

The Bangladeshi NGO MFIs have higher shown asset value when compared to Indian NGO MFIs. The mean rank has also revealed a similar trend. The U test value when converted to Z score -5.650 has revealed that assets differ significantly between Indian NGO MFIs and Bangladeshi NGO MFIs at 1 per cent level. Hence, the null hypothesis is rejected.

TABLE 1 MANN WHITNEY U TEST - ASSETS OF NGO MFIS IN INDIA AND BANGLADESH – A COMPARISON

Country	Statistics	Assets
India	Mean (US \$)	24623885
	S.D	54059015
	N	80
	Mean Rank	70.63
	Sum of Ranks	5650
Bangladesh	Mean (US \$)	78216563
	S.D	1.74E+08
	N	115
	Mean Rank	117.04
	Sum of Ranks	13460
Test statistics	Mann-Whitney U	2410
	Wilcoxon W	5650
	Z	-5.65
	Sig.	**

Source: Computed ** significant at 1 per cent

Financing Structure

H_0 : “There is no significant difference between the mean rank of financing structure indicators of NGO MFIs of India and Bangladesh”

TABLE 2 MANN WHITNEY U TEST - FINANCING STRUCTURE OF NGO MFIS IN INDIA AND BANGLADESH – A COMPARISON

Country	Statistics	CAR	DER	GLP to total assets
India	Mean	14.19	19.74	84.48
	S.D	15.73	42.68	14.17
	N	80	80	80
	Mean Rank	80.64	116.16	114.54
	Sum of Ranks	6452	9293	9163
Bangladesh	Mean	17.85	6.08	80.14
	S.D	13.47	12.01	10.24
	N	115	115	115
	Mean Rank	110.07	85.37	86.5
	Sum of Ranks	12659	9818	9947
Test statistics	Mann-Whitney U	3211.5	3147.5	3277
	Wilcoxon W	6451.5	9817.5	9947
	Z	-3.582	-3.747	-3.413
	Sig.	**	**	**

Source: Computed ** significant at 1 per cent

The mean value of capital/asset ratio has been higher for Bangladeshi NGO MFIs with 17.85 per cent when compared to Indian NGO MFIs with 14.19 per cent. The mean rank has also witnessed a similar trend. The U test value when converted to Z score -3.582 has shown that capital/asset ratio of NGO MFIs differ significantly between

the two countries India and Bangladesh at 1 per cent level. Hence, the null hypothesis is rejected.

The mean value of debt equity ratio NGO MFIs have been higher for India with 19.74 per cent when compared to that of NGO MFIs of Bangladesh with 6.08 per cent. The mean rank has also revealed the same trend. The U test value

when converted to Z score -3.747 has indicated that debt to equity ratio differ significantly between India and Bangladesh at 1 per cent level. Hence, the null hypothesis is rejected.

The gross loan portfolio to total assets of NGO MFIs has revealed a higher mean value for India with 84.48 per cent

than that of Bangladesh with 80.14 per cent. The mean rank has shown a similar trend. The U test value when converted to Z score -3.414 has shown that there is a significant difference in gross loan portfolio to total assets of NGO MFIs between India and Bangladesh at 1 per cent level. Hence, the null hypothesis is rejected.

Outreach Indicators

H₀: “There is no significant difference between the mean rank of outreach indicators of NGO MFIs of India and Bangladesh”

TABLE 3 MANN WHITNEY U TEST - OUTREACH INDICATORS OF NGO MFIS IN INDIA AND BANGLADESH – A COMPARISON

Country	Statistics	Number of active borrowers	Average loan balance per borrower	Average loan balance per borrower / GNI per capita	Average outstanding balance
India	Mean	143991	121.46	10.16	120.61
	S.D	259502	37.19	3.04	30.71
	N	80	80	80	80
	Mean Rank	71.54	103.49	46.33	108.83
	Sum of Ranks	5723	8279	3706	8707
Bangladesh	Mean	629895	116.91	19.55	112
	S.D	1491627	37.27	5.33	33.92
	N	115	115	115	115
	Mean Rank	116.41	94.118	133.95	90.47
	Sum of Ranks	13387	10831	15404	10404
Test statistics	Mann-Whitney U	2483	4161	466	3733.5
	Wilcoxon W	5723	10831	3706	10403.5
	Z	-5.461	-1.133	-10.665	-2.236
	Sig.	**	Ns	**	*

Source: Computed ** significant at 1 per cent

The mean value of number of active borrowers of NGO MFIs has been higher for Bangladesh with 629895 when compared to India with 143991. The mean rank has also shown a similar trend. The U test value when converted to Z score -5.461 has revealed that there is a significant difference in the Number of active borrowers of NGO MFIs between the two countries at 1 per cent level. Hence, the null hypothesis is rejected.

The average loan balance per borrower of NGO MFIs has shown a higher mean value for India with US \$ 121.46 than that of Bangladesh with US \$ 116.91. The mean rank has also witnessed the same trend. The U test value when converted to Z score -1.133 has revealed that average loan balance per borrower do not differ significantly between the two countries. Hence, the null hypothesis is accepted.

The average loan balance per borrower/GNI per capita of NGO MFIs has shown a higher mean value for Bangladesh with 19.55 per cent than that of India with 10.16 per cent. The mean rank has also shown the same trend. The U test value when converted to Z score -10.665 has shown that average loan balance per borrower/GNI per capita of NGO MFIs differ significantly at 1 per cent level between the two countries. Hence, the null hypothesis is rejected.

The mean value of average outstanding balance of NGO MFIs has been higher for India with 120.61 per cent than that of Bangladesh with 112 per cent. The mean rank has also indicated an identical trend. The U test value when converted to Z score -2.236 has revealed that average outstanding balance of NGO MFIs differs significantly at 5 per cent level, between India and Bangladesh. Hence, the null hypothesis is rejected.

Overall Financial Performance Indicators

H_0 : “There is no significant difference between the mean rank of overall financial performance indicators of NGO MFIs of India and Bangladesh”

TABLE 4 MANN WHITNEY U TEST - OVERALL FINANCIAL PERFORMANCE INDICATORS OF NGO MFIS IN INDIA AND BANGLADESH – A COMPARISON

Country	Statistics	ROA	ROE	OSS
India	Mean	1.6	26.28	115.14
	S.D	7.73	61.7	41.66
	N	80	80	80
	Mean Rank	100.48	115.49	98
	Sum of Ranks	8039	9239	7840
Bangladesh	Mean	1.73	-15.48	118.05
	S.D	5.09	144.03	59.11
	N	115	115	115
	Mean Rank	96.27	85.83	98
	Sum of Ranks	11072	9871	11270
Test statistics	Mann-Whitney U	4401.5	3201	4600
	Wilcoxon W	11071.5	9871	11270
	Z	-0.512	-3.609	0
	Sig.	Ns	**	Ns

Source: Computed Ns-Not significant ** significant at 1 per cent

The ROA of NGO MFIs has been higher for Bangladesh with 1.73 per cent when compared to India with 1.60 per cent. The mean rank has exhibited a reverse trend. The U test value when converted to Z score -0.512 has indicated that ROA of NGO MFIs do not differ significantly between India and Bangladesh. Hence, the null hypothesis is accepted.

The ROE of NGO MFIs has been higher for India with 26.28 per cent than that of Bangladesh with -15.48 per cent. The mean rank has shown an identical trend. The U test value when converted to Z score -3.609 has revealed that ROE of NGO MFIs differ significantly at 1 per cent level between the two countries. Hence, the null hypothesis is rejected.

The OSS of NGO MFIs has higher mean value for Bangladesh with 118.05 per cent when compared to India with 115.14 per cent. The mean rank has been same for both India and Bangladesh. The U test value when converted to Z score has revealed that OSS of NGO MFIs does not differ significantly between India and Bangladesh. Hence, the null hypothesis is accepted.

Revenue and Expense

H_0 : “There is no significant difference between the mean rank of Revenue and Expenses of NGO MFIs in India and Bangladesh”

The mean value of financial revenue/assets of NGO MFIs has been higher for India with 22.20 per cent when compared to Bangladesh with 19.50 per cent.

The mean rank has revealed the same trend. The U test value when converted to Z score -2.437 has revealed that financial revenue/assets of NGO MFIs differ significantly at 1 per cent level between the two countries. Hence, the null hypothesis is rejected.

The mean value of profit margin of NGO MFIs has been higher for Bangladesh with 5.95 per cent than that of India with -19.48 per cent. The mean rank has reflected a reverse trend. The U test value when converted to Z score -0.019 has indicated that profit margin of NGO MFIs does not differ significantly between India and Bangladesh. Hence, the null hypothesis is accepted.

TABLE 5 MANN WHITNEY U TEST - REVENUE AND EXPENSE OF NGO MFIS IN INDIA AND BANGLADESH – A COMPARISON

Country	Statistics	FR/A	PM	YGP(N)	TE/A	FE/A	PLI/A	OE/A
India	Mean	22.2	-19.48	24.36	20.12	8.76	0.91	10.96
	S.D	8.65	178.49	11.01	8.36	2.49	0.98	7.57
	N	80	80	80	80	80	80	80
	Mean Rank	109.81	98.09	98.8	104.96	147.51	75.68	78
	Sum of Ranks	8785	7848	7904	8397	11801	6054	6240
Bangladesh	Mean	19.5	5.95	23.18	17.82	4.21	1.67	12.29
	S.D	4.26	30.29	4.7	4.99	2.27	1.57	3.97
	N	115	115	115	115	115	115	115
	Mean Rank	89.79	97.93	97.44	93.16	63.56	113.53	111.91
	Sum of Ranks	10326	11263	11206	10713	7310	13056	12870
Test statistics	Mann-Whitney U	3655.5	4592.5	4536	4043	639.5	2814	3000
	Wilcoxon W	10325.5	11262.5	11206	10713	7309.5	6054	6240
	Z	-2.437	-0.019	-0.165	-1.437	-10.217	-4.608	-4.128
	Sig.	*	Ns	Ns	Ns	**	**	**

Source: Computed Ns-Not significant *significant at 5 per cent ** significant at 1 per cent

The yield on gross portfolio (nominal) of NGO MFIs has revealed higher mean value for India with 24.36 per cent than that of Bangladesh with 23.18 per cent. The mean rank has also revealed the same trend. The U test value when converted to Z score -0.165 has indicated that yield on gross portfolio (nominal) does not differ significantly between the countries. Hence, the null hypothesis is accepted.

The total expense/assets of NGO MFIs indicated higher mean value of 20.12 per cent for India when compared to 17.82 per cent of Bangladesh. The same is reflected in the mean rank. The U test value when converted to Z score -1.437 has revealed that total expense/assets of NGO MFIs does not differ significantly between the two countries. Hence, the null hypothesis is accepted.

The mean value of financial expense/assets of NGO MFIs has been higher for India with 8.76 per cent than that of Bangladesh 4.21 per cent. The mean rank has also reflected the same trend. The U test value when converted to Z score -10.217 has revealed that financial expense/assets of NGO MFIs differ significantly at 1 per cent level between the two countries. Hence, the null hypothesis is rejected for this variable.

The mean value of provision for loan impairment/assets of NGO MFIs has been higher for Bangladesh with 1.67 per cent than that of India with 0.91 per cent. The mean rank has also shown a similar trend. The U test value when converted to Z score -4.608 has revealed that provision for loan impairment/assets of NGO MFIs differ significantly at 1 per cent level between India and Bangladesh. Hence, the null hypothesis is rejected for this variable.

The mean value for operating expense/assets of NGO MFIs have been higher for Bangladesh with 12.29 per cent when compared to that of India with 10.96 per cent. The mean rank has also shown a similar trend. The U test value when converted to Z score -4.128 has shown that there is a significant difference in the operating expense/assets of NGO MFIs between the two countries at 1 per cent level. Hence, the null hypothesis is rejected for this variable.

Efficiency

H₀: “There is no significant difference between the mean rank of efficiency of NGO MFIs in India and Bangladesh”

The operating expense/loan portfolio of NGO MFIs has revealed a higher mean value for Bangladesh with 17.09 per cent than that of India with 15.41 per cent. The mean rank has also shown an identical trend. The U test value when converted to Z score -4.846 has revealed that the operating expense/loan portfolio of NGO MFIs differ significantly at 1 per cent level between India and Bangladesh. Hence, the null hypothesis is rejected for this variable.

The average salary/GNI per capita of NGO MFIs has indicated a higher mean value of 2.85 per cent for Bangladesh when compared to 1.35 per cent of India. The mean rank has shown a similar trend. The U test value when converted to Z score -9.647 has indicated that the average salary/GNI per capita differ significantly at 1 per cent level between the two countries. Hence, the null hypothesis is rejected for this variable.

TABLE 6 MANN WHITNEY U TEST - EFFICIENCY OF NGO MFIS IN INDIA AND BANGLADESH – A COMPARISON

Country	Statistics	OE/LP	AS/ GNI per capita	CPB	LPSM	PeAR
India	Mean	15.41	1.35	16.68	266	54.96
	S.D	15.43	0.78	14.72	225.03	23.32
	N	80	80	80	80	80
	Mean Rank	74.52	51.26	81.66	127.3	108.26
	Sum of Ranks	5962	4101	6533	10184	8661
Bangladesh	Mean	17.09	2.85	16.81	147	53.75
	S.D	18.3	0.96	7.22	41.23	18.88
	N	115	115	115	115	115
	Mean Rank	114.33	130.52	109.37	77.62	90.86
	Sum of Ranks	13149	15010	12578	8926	10449
Test statistics	Mann-Whitney U	2721.5	860.5	3292.5	2256	3779
	Wilcoxon W	5961.5	4100.5	6532.5	8926	10449
	Z	-4.846	-9.647	-3.379	-6.047	-2.118
	Sig.	**	**	**	**	*

Source: Computed *significant at 5 per cent ** significant at 1 per cent

The cost per borrower of NGO MFIs has recorded a higher mean value of 16.81 per cent for Bangladesh than that of India with 16.68 per cent. The mean rank has also revealed an identical trend. The U test value when converted to Z score -3.379 has revealed that there is a significant difference in the cost per borrower of NGO MFIs between the two countries at 1 per cent level. Hence, the null hypothesis is rejected for this variable.

The mean value of loans per staff member of NGO MFIs has been higher for India with 266 than that of Bangladesh 147. The mean rank also exhibited a similar trend. The U test value when converted to Z score -6.047 has shown that there is a significant difference in the loans per staff member of NGO MFIs between India and Bangladesh at 1 per cent level. Hence, the null hypothesis is rejected for this variable.

The mean value of personnel allocation ratio of NGO MFIs has been higher for India with 54.96 per cent than that of Bangladesh with 53.75 per cent. The mean rank also reflected the same trend. The U test value when converted to Z score -2.118 has revealed that personnel allocation ratio differ significantly at 5 per cent level between the two countries. Hence, the null hypothesis is rejected for this variable.

Risk and Liquidity

H_0 : "There is no significant difference between the mean rank of Risk and Liquidity indicators of NGO MFIs in India and Bangladesh".

The PAR > 90 days of NGO MFIs has a higher mean value of 5.94 per cent for Bangladesh when compared to India's 5.22 per cent. The mean rank has also revealed the same trend.

The U test value when converted to Z score -6.666 has indicated that there exist a significant difference in the PAR > 90 days of NGO MFIs between the countries at 1 per cent level. Hence, the null hypothesis is rejected for this variable.

The risk coverage of NGO MFIs has shown a higher mean value of 306.47 per cent for India than that of Bangladesh with 95.91 per cent. The mean rank has also witnessed a similar trend. The U test value when converted to Z score -2.389 has revealed that there exists a significant difference in risk coverage of NGO MFIs between the countries at 5 per cent level. Hence, the null hypothesis is rejected for this variable.

The mean value of NELA as a per cent of total assets of NGO MFIs has been higher for Bangladesh (14.60 per cent). When compared to India (12.09 per cent). The mean rank has also reflected the same trend.

The U test value when converted to Z score (-2.963) has shown that NELA as a per cent of total asset differ significantly between India and Bangladesh at 1 per cent level. Hence, the null hypothesis is rejected for this variable.

TABLE 7 MANN WHITNEY U TEST - RISK AND LIQUIDITY OF NGO MFIS IN INDIA AND BANGLADESH – A COMPARISON

Country	Statistics	PAR > 90 days	Risk coverage	NELA as a per cent of total assets
India	Mean	5.22	306.47	12.09
	S.D	19.06	648.18	11.77
	N	80	80	80
	Mean Rank	65.83	109.53	83.64
	Sum of Ranks	5267	8763	6692
Bangladesh	Mean	5.94	95.91	14.6
	S.D	9.44	99.44	8.96
	N	115	115	115
	Mean Rank	120.38	89.98	107.99
	Sum of Ranks	13844	10348	12419
Test statistics	Mann-Whitney U	2026.5	3677.5	3451.5
	Wilcoxon W	5266.5	10347.5	6691.5
	Z	-6.666	-2.389	-2.963
	Sig.	**	*	**

Source: Computed *significant at 5 per cent ** significant at 1 per cent

VII. FINDINGS AND CONCLUSION

1. The Bangladeshi NGO MFIs have wider assets when compared to Indian NGO MFIs.
2. Financing structure indicators of NGO MFIs differ significantly between the two countries. Both Indian and Bangladesh NGO MFIs have shown an optimum financing structure. Comparatively Indian NGO MFIs allocation of assets to their lending activity is higher than that of Bangladesh.
3. The outreach indicators of NGO MFIs indicated that there is a significant difference in the number of active borrowers, average loan balance per borrower/GNI per capita and average outstanding balance of two countries, whereas, no significant difference in average loan balance per borrower of NGO MFIs of two countries. It is found that Indian NGO MFIs have better average loan balance per borrower and average loan balance per borrower/GNI per capita, whereas, Bangladesh NGO MFIs have more number of active borrowers and lower average outstanding balance which is due to effective follow up.
4. The overall financial performance of NGO MFIs have revealed that ROA and OSS do not differ significantly between the countries, whereas, ROE shows significant difference between countries. Both India and Bangladesh NGO MFIs have been able to generate positive return from their assets. The Indian NGO MFIs have been able to reward their shareholders investment and operational self-sufficiency of Bangladesh NGO MFIs is comparatively higher than India.
5. The revenue and expenses of NGO MFIs have indicated no significant difference for profit margin, yield on gross portfolio (nominal) and total expense/assets between the countries, whereas, the variables financial revenue/assets, financial expense/assets, provision for loan impairment/assets and operating expense/assets show a significant difference between two countries. The NGO MFIs of India have exhibited higher revenue in terms of financial revenue/assets and yield on gross portfolio (nominal). Even with higher revenue Indian NGO MFIs are not able to cover the cost as revealed by the negative profit margin.
6. It is found that there is a significant difference in the efficiency indicators of NGO MFIs of the two countries. It is observed that Indian NGO MFIs are more efficient and productive when compared to that of Bangladesh.
7. The risk and liquidity indicators show a significant difference between the two countries. It is concluded that Indian NGO MFIs have wider risk coverage and maintained liquidity in its operations when compared to that of Bangladesh.

VIII. LIMITATIONS OF THE STUDY

The study is subject to the limitation of non-availability of continuous data from MIX for more than five years has restricted the period and number of MFIs in this study.

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