

---

N.Sivasankaran\*  
Dr.V.R.Nedunchezian\*\*  
S. Suyampirakasam\*\*\*

## A Comparative Study on the Performance of Indian and Bangladeshi NGO-MFIs listed with 5 Diamond Profile in the MIX

### Abstract

*Around 1.4 billion people in the developing countries live below the official poverty yardstick of US \$1.25 a day. In the effort to fight Poverty, Micro Finance Institutions are perceived to offer the helpline to the poor in coming out of the undesired and unwanted living conditions. In the last decade, many NGOs started venturing in to the MF sector assuming MF as a profit making venture .However only a few of them could produce economic surplus in their MF activities. It may be due to their poor performance in social, operational and financial parameters .In this context; there is a need to compare the performance of Indian MFIs with the Bangladeshi MFIs operating in the NGO format. This paper aims at measuring the performance of Indian and Bangladeshi NGO-MFIs listed with 5 diamond profile in the MIX. Findings are drawn using secondary data collected from the MIX about 6 Indian and 5 Bangladeshi Not for Profit NGO-MFIs.*

### Introduction

Poverty Eradication has long been in the agenda of the policy makers of many countries in the world. To be specific, the developing countries have been for decades fighting with the problem of poverty. As per the latest estimate of the World Bank, around 1.4 Billion people live well below the revised poverty measure of US \$ 1.25. There are 456 million Indians who come under the definition of Below Poverty Line and the number is around 69 million for Bangladesh. The World Bank had designed and implemented the Millennium Development Goals which aims at achieving the following goals: Eradicate Extreme Poverty and Hunger, Achieve Universal Primary Education, Promote Gender Equality and Empower Women, Reduce Child Mortality, Improve Maternal Health, Combat

\*Faculty Member, Bharathidasan Institute of Management, sivasankaran@bim.edu, \*\*Director, MBA Department, Karpagam Engineering College, dirvrn@yahoo.co.in, \*\*\*Retired Divisional Manager, Canara Bank, Madurai ssuyam@gmail.com

HIV/AIDS, Malaria and other Diseases, Ensure Environmental Sustainability and Develop a Global Partnership for Development. Poverty is the root cause of the above stated imperfections. Hence, the World Bank aims at reducing the world poverty number to half by the year 2015.

**Poor People are not asking for Charity: Charity is not a solution for poverty" - Dr.Muhammad Yunus**

On the one hand, many governments had so far relied on the subsidized lending schemes assuming it were impossible for the poor to repay the loans at the market based interest rates charged by the lending institutions. But these subsidized lending resulted in huge losses in the form of bad debts. On the other hand, the Commercial Banks were reluctant to lend to the poor arguing that they were not bankable as serving poor clients was costlier and riskier. And, they were not used to the practice of offering collateral free loans. By the time, the success of Grameen Bank made the main stream financial institutions operating in developing countries to realize that serving financial products to the poor was a viable and profitable business idea. Grameen Bank under the guidance of Dr. Muhammad Yunus enabled the poor people of Bangladesh to access the formal financial institutions to meet their financial requirements. In India, the pilot study conducted by the National Bank For Agriculture and Rural Development [NABARD] along with the Mysore Resettlement and Development Agency[MYRADA] in the early 90s made a new beginning in the lives of many NGOs, trusts, societies, banks and other organizations to enter into the MF race.

The NGOs have shown interests in the MF field because they readily accept new ideas if the idea requires small amount of resources, the proposed venture has no entry and exit barriers, the idea has higher level of acceptance among the targeted beneficiaries and the tasks are not complicated. The supply side players such as NABARD, SIDBI, Friends of Women's World Banking [FWWB], Rashtriya Mahila Kosh

[RMK], Council for Advancement of People's Action and Rural Technologies [CAPART], International Fund for Agricultural Development [IFAD], United Nations Development Program [UNDP], World Bank and Department For International Development, UK [DFID], Commercial Banks and Donor Funds across the World have started funding Microfinance projects of the NGOs. Micro Finance operations enable many NGOs particularly small and medium NGOs to achieve financial sustainability. Deep Joshi [2003]

The MFIs operating in Bangladesh are presumed to be better performers on the triple bottom- line compared to the MFIs operating in other parts of the world. This is due to the reason that Micro Finance as a sector has got the prominence only after the success of Grameen Bank, which was started in Bangladesh in the year 1976. Further, Grameen Bank and its founder Dr. Muhammad Yunus were awarded the Nobel Peace Prize in the year 2006 for their untiring work in Micro Finance. So, Micro Finance is considered as the contribution of Bangladesh to the world. On the contrast, many of the Indian MFIs are new born institutions started their operations in the late 1990s.

Hence, this paper has the following objectives:

1. To measure the performance of Indian NGO -Micro Finance Institutions listed with 5 Diamond profile in the Microfinance Information Exchange [MIX].
2. To measure the performance of Bangladeshi NGO -Micro Finance Institutions listed with 5 Diamond profile in the Microfinance Information Exchange [MIX].
3. To rank the Indian and Bangladeshi NGO- MFIs listed with 5 Diamond profile in the MIX on the triple bottom line and
4. To compare the performance of the Indian Not profit making NGO- MFIs with that of the Bangladeshi NGO- MFIs on the triple bottom line.

## **Background and Rationale**

Micro financial institutions are committed to assist typically poor households and small enterprises in getting access to financial services. They are distinguished from purely commercial, small-scale, and informal financial institutions dealing with the poor and from large government sponsored schemes that may hold numerous small accounts more or less as a by-product of their main business [Daniel.C.Hardy, et. al.2003]. Microfinance programs have become one of the most important interventions in developing countries' efforts to reduce poverty. There has been paramount growth of MFIs in terms of organizations, number of clients and provision of subsidized donor funding in developing countries. Hence they insist the need to measure the impact of their work on the society [Daniel Makina & Louisa M.Malobala, 2004].

There is more and more pressure on not for profit NGOs to become self sufficient so that they may be able to continue their Micro Finance Operations even after the donor agencies stop offering funds to them. It is in the interest of the MFIs and their clients; they should measure their performance on a continuous basis on the basis of portfolio quality, operational efficiency and productivity, financial management and profitability [Ashutosh Verma, 2007]. Financial sustainability of a microfinance institution does not automatically lead to the attainment of its social objectives. Hence a MFI needs to achieve both financial and social performance. It is important for a MFI to reach the people who are under the poverty line and thereby ensuring that its services enable the poor to see and appreciate improvement in their lives. The donors should demand the MFIs to offer them details about their social performance like some subjective cases of positive change and number of clients reached as a prerequisite for offering financial aid [Mitali Sen, 2008]. Thomas Fisher and M.S.Sriram [2008] had studied the comparative performance of 44 Indian MFIs rated by M-CRIL. They have compared these MFIs by segregating them into 3 groups

namely Pure Grameen Bank type, Individual banking programs and Micro-Finance Organizations promoting and supporting self-help groups. These MFIs were compared on metrics such as outreach, Savings mobilization, Staff Productivity, Portfolio Quality, Financing Structure, operating performance, portfolio management and Return on Assets].

From the above discussions, it is clear that there is a need to measure the performance of Micro Finance Institutions on the triple bottom-line on a regular basis. Further, the performance of the MFIs operating in different countries with different organizational formats need to be compared so that MFIs can set benchmarks for their performances. Benchmarking performances enable the MFIs to have peer learning, thereby improving their performances on various main and sub parameters of performance assessment. Such affirmative actions result in obtaining better rating from rating agencies such as M-CRIL and CRISIL, which is a pre-requisite in getting funds from the renowned investors, Private Equity firms, Donors and Apex institutions. Hence this paper aims at discovering the best performers among the Indian and Bangladeshi NGO-MFIs listed with 5 Diamond Profile in the Microfinance Information Exchange [MIX].

**MIX:** The Microfinance Information Exchange [MIX] was started as a United Nations Conference on Trade and Development [UNCTAD] project supported by government of Luxembourg under the guidance of a sector wide Microfinance Advisory Board. It was launched in September 2000, known as "**The Virtual Microfinance Market (VMM)**". It is supported by the Consultative Group to Assist the Poor [CGAP], the Citigroup foundation, the open society institute, the Rockdale foundation and others. It acts as a medium for the MFIs to communicate about their performance and credentials to other stakeholders of Micro Finance such as Donor funds, Investors, Academia, Apex institutions, MFI networks, and regulators.

MIX carries out its operations by offering 2 products: **The MIX market [web-based information service]** and **The Micro Banking Bulletin [Benchmarking publication]**. MIX acts as a connecting link between the suppliers of funds and the MFIs [seekers of funds] thereby reducing the transaction costs of the investors and donors. It reveals information about its listed MFIs on outreach & impact, financial performance, audited financial statement, general and contact information. It provides data about Donors/Investors besides relevant social and economic development indicators and regulatory information about various countries. It categorizes MFIs on the basis of regions, sub-regions or countries, type of institution, membership in network and disclosure of information. The microfinance Information Exchange currently provides data on 1336 MFIs, 103 investors and 169 partners. At present, there are 105 Indian and 70

Bangladeshi MFIs that are listed in the Microfinance Information Exchange.

The MIX does not guarantee the reliability or accuracy of the information posted on their site. However, they follow a quality control system to help ensure the validity of MFI and fund information.

The level of disclosure for each MFI is indicated through a **"diamond "system**; the higher the number of diamonds, the higher the level of disclosure. When an MFI has multiple years of data in MIX market, the level of Diamonds corresponds to the latest year of data.

**Diamond System:** The Microfinance Information Exchange follows a unique system namely Diamond System to categorize its listed MFIs. Accordingly, higher number of Diamonds [5] is given to a MFI which is listed with higher level of information disclosure in the MIX. Similarly, a MFI is listed under 1 Diamond profile [Lowest] if it does not fulfill the information disclosure requirements of the MIX.

**Table 1: Disclosure requirements**

<i>Level</i>	<i>Disclosure Requirements</i>	<i>Diamonds</i>	<i>Number of Indian MFIs</i>	<i>Number of Bangladeshi MFIs</i>
Level 1	General Information	1	8	2
Level 2	Level 1 and Outreach and Impact Data (minimum 2 consecutive years of data)	2	14	1
Level 3	Levels 1-2 and Financial Data (minimum 2 consecutive years of data)	3	47	46
Level 4	Levels 1-3 and Audited Financial Statements (minimum 2 consecutive years of audited financial statements including Auditors' opinion and notes)	4	15	16
Level 5	Levels 1-4 and Adjusted Data (such as ratings/evaluation, due diligence and other benchmarking assessment reports or studies)	5	21	5
<b>Total</b>			<b>105</b>	<b>70</b>

Source : MIX

## Research Methods and Design

The research design of the study is analytical in nature. This study is confined to Indian and Bangladeshi NGO-MFIs listed with 5Diamond profile in the Microfinance Information Exchange. 21 of the 105 Indian

MFIs & 5 out of the 70 Bangladeshi MFIs are listed with 5 diamond profile in the Microfinance Information Exchange. These MFIs were subjected to the test of organizational format and data disclosure for the past 5 years. Based on the preliminary test, 11 MFIs were found to be the subject

for the study. Others were not taken for the analysis as they did not fulfill the condition of having NGO organizational format & Data disclosure for the past consecutive 5 financial years. The secondary data related to the selected MFIs pertaining to the period FY2003 to FY 2007 were collected from the MIX website. Out of the selected [11] MFIs, 6 of them belong to the Indian NGO-MFIs category and the remaining 5 belong to the Bangladeshi NGO-MFIs group. The selected MFIs were analyzed on 6 parameters namely outreach, efficiency & productivity, financing structure, revenue & expense management, asset quality and overall financial performance. All the 11 MFIs were given ranks from 1 to 11 [rank 1 was given for the best performing MFI and rank 11 was given for the poorly performing MFI] based on their performance on all the sub parameters of the main parameters listed above. The top 5 MFIs in each sub parameter were given scores in the following lines: Score of 10 points for 1<sup>st</sup> rank, 8 for 2<sup>nd</sup> rank, 6 for 3<sup>rd</sup> rank, 4 for 4<sup>th</sup> rank and 2 for 5<sup>th</sup> rank. MFIs not appearing in the top 5 list were not given scores as their performances were not significant. Then the total score of a MFI in a main parameter was computed based on its scores in sub parameters. The ultimate rank was offered on the basis of the total scores. Similarly the overall rank was given based on the total score of a

MFI in all the main [6] parameters. In order to find out whether there was any difference between the Indian and Bangladeshi NGO-MFIs on the overall performance, scores of 10, 8, 6, 4 and 2 points were given for the top 5 MFIs on the overall performance. Friedman Two way ANOVA was applied to the data to discover the existence of statistically significant difference between the intra and inter group performance of the two groups.

### Findings and Analysis

A Micro Finance Institution's performance is measured on the triple bottom-line. The term triple bottom-line refers to performance in 3 measures namely social, operational and financial performance. From the literature review stated above, it is understood that a MFI has a compelling need to balance its performance on these triple measures. Otherwise, it loses its chance of getting appreciable rating from the rating agencies.

**Social Performance of the MFIs:** The Social performances of the MFIs are measured on the basis of the following sub metrics: number of active borrowers of the MFI [NAB], the MFI's average loan balance per borrower [in US\$] [ALB] and Women borrowers [WB] as a per cent of the MFI's total borrowers.

**Table 2: Outreach Indicators of Indian and Bangladeshi Not for profit NGO MFIs**

S.NO	Name of the MFI	rank	NAB	rank	ALB[US\$]	rank	WB[%]	Total score	Ultimate rank
1	AWS	10	33,196	1	209	10	99.50	10	-
2	BISWA	3	2,46,430	6	119	11	99.30	6	-
3	GK	6	1,17,647	3	175	1	100	16	4
4	GV	4	2,24,108	4	128	1	100	18	1
5	NDFS	11	13,012	2	179	1	100	18	1
6	Saadhana	8	62,792	5	124	1	100	12	5
7	ASOD	9	60,419	11	52	1	100	10	-
8	BURO Bangladesh	2	3,54,020	9	80	1	100	18	1
9	IDF	7	63,127	8	85	1	100	10	-
10	Shakti	5	1,45,888	7	114	1	100	12	5
11	TMSS	1	5,13,055	10	75	9	99.70	10	-
	Average of Indian MFIs		1,16,187		155.67		99.80		
	Average of Bangladeshi MFIs		2,27,302		81.2		99.94		

AWS, BISWA, GK, GV, NDFS and Saadhana are Indian NGO-MFIs.

The table above exhibits the NAB, ALB [US\$] and WB [%] of the Indian and Bangladeshi NGO-MFIs selected for this study. The average NAB of the Bangladeshi NGO-MFIs is 2, 27,302 which exceeds that of the Indian NGO-MFIs at 1, 16,187. But the ALB [US\$] of Indian NGO-MFIs is around twice of the Bangladeshi NGO-MFIs [81.2 US \$]. On the contrast, the Bangladeshi NGO-MFIs with 99.94% outperform the Indian NGO-MFIs with 99.80 in the % of WB sub- metric. On the outreach metric, the first rank is shared by 2 Indian MFIs [GV & NDFS] and 1 Bangladeshi MFI [BURO Bangladesh]. The average score of Indian MFIs [13.33] is marginally above that of Bangladeshi MFIs

[12]. Therefore, Indian NGO-MFIs perform better than the Bangladeshi NGO-MFIs on the Outreach indicators.

**Operational Performance of the MFIs:**

The operational performance of the Indian and Bangladeshi MFIs selected for the study is measured by using the efficiency and productivity indicators. The parameter of efficiency is divided into the 5 year average of operating expense to loan portfolio ratio[AOEPR] and the 5 year average of cost per borrower[US\$][ACPB]. Productivity of a MFI is computed based on its 5 year average number of borrowers per staff member [ANBPS] and the 5 year average number of savers per staff member [ANSPS].

**Table 3: Efficiency and Productivity indicators of Indian and Bangladeshi NGO MFIs**

Sl.No	Name of the NGO MFI	rank	AOPER [%]	rank	ACPB [US]	rank	ANBPS	rank	ANSPS	Total score	Ultimate rank
1	AWS	3	8.16	10	15.48	1	296	8	0	16	3
2	BISWA	1	5.76	1	4.85	10	133	8	0	20	2
3	GK	11	22.74	11	20.90	6	162	7	5	-	-
4	GV	8	17.31	8	12.82	4	222	4	62	8	5
5	NDFS	2	7.21	2	7.64	2	293	1	557	34	1
6	Saadhana	6	14.24	7	12.58	3	278	8	0	6	-
7	ASOD	10	20.78	3	10.04	8	145	3	92	12	4
8	BURO Bangladesh	7	16.41	9	13.22	9	134	2	175.40	8	5
9	IDF	5	13.56	4	10.16	7	158.60	6	10.60	6	-
10	Shakti	4	12.47	6	12.40	5	172.25	8	0	6	-
11	TMSS	9	17.33	5	11.82	11	131	5	57	4	-
	Average of Indian MFIs		12.57		12.38		230.50		103.83		
	Average of Bangladeshi MFIs		16.11		11.53		148.17		67		

[AWS,BISWA,GK,GV,NDFS and Saadhana are Indian NGO-MFIs.]

The data presented in the above table indicates that the five year AOPER of Indian NGO-MFIs [12.57%] is lower than the AOPER of Bangladeshi NGO-MFIs [16.11%]. On the contrast the ACPB [US \$] of Bangladeshi NGO-MFIs is better than that of the Indian NGO-MFIs. However, the Indian NGO-MFIs outdo their Bangladeshi counterparts with a higher ANBPS& ANSPS figures. Here, the Indian MFIs NDFS, BISWA and AWS grab the first, second and third rank respectively. The average score of Indian NGO-MFIs [14] is much higher than the average score of Bangladeshi NGO-MFIs at 7.20. Therefore, the Indian MFIs relatively do well on this parameter.

**Financial Performance of the Indian MFIs:**

The financial performances of the selected MFIs were broken down into metrics namely Financing Structure, Revenue and Expenses management, Asset Quality and the overall financial performance.

**Financing Structure:** The financing structure metric consists of Capital to Asset ratio [CAR], Debt to Equity ratio [DER], Deposits to loan ratio [DLR], Deposits to Total Assets ratio [DTAR] and the Gross loan portfolio to Total Assets [GLPTA].

**Table 4: Financing Structure of Indian and Bangladeshi Not for profit NGO MFIs**

Sl. No	Name of the NGO MFI	rank	CAR %	rank	DER %	rank	DLR %	rank	DTAR %	rank	GLPTA %	Total score	Ultimate rank
1	AWS	9	7.41	9	1935.78	7	0	8	0	3	92.82	6	-
2	BISWA	5	12.74	6	1051.75	7	0	8	0	1	94.54	12	-
3	GK	8	7.88	10	2655.50	6	2.22	6	1.39	9	74.40	-	-
4	GV	10	7.05	8	1800.59	7	0.29	7	0.20	11	67.60	-	-
5	NDFS	11	2.41	11	8103.22	4	3.33	4	2.67	6	81.37	8	-
6	Saadhana	7	8.35	7	1320.38	7	0	8	0	7	80.96	-	-
7	ASOD	6	10.39	5	1049.98	2	13.82	2	10.06	10	69.46	18	5
8	BURO Bangladesh	1	37.63	1	172.15	1	41.53	1	35.79	5	86.12	42	1
9	IDF	3	27.85	3	259.35	5	2.28	5	2.05	4	90.52	20	3
10	Shakti	2	30.32	2	231.49	7	0	8	0	2	93.90	24	2
11	TMSS	4	21.67	4	367.71	3	4.91	3	3.77	8	74.55	20	3
	Average of Indian MFIs		7.64		2811.20		0.97		0.71		81.95		
	Average of Bangladeshi MFIs		25.57		416.14		12.51		10.33		82.91		

[AWS,BISWA,GK,GV,NDFS and Saadhana are Indian NGO-MFIs.]

From the above table, we can infer that the Bangladeshi NGO-MFIs with a CAR of 25.57% outperform their Indian counterparts with a CAR of 7.64%. In addition to that, the Bangladeshi MFIs' DER is quite lower [416%] compared to that of the Indian MFIs [2811%]. The Bangladeshi MFIs with a DLR of 12.51%, DTAR of 10.33% and GLPTA of 82.91% outperform that of the Indian MFIs whose numbers stand at 0.97%, 0.71% and 81.95% respectively. The Bangladeshi MFIs secure all the 5 ranks on this metric. The average score of Bangladeshi NGO-MFIs is at 24.80 which are remarkably higher than the average score of Indian NGO-MFIs at 4.33. Therefore, the Bangladeshi MFIs perform better than the Indian MFIs on the financing structure metric.

**Revenue and Expense Management:** This parameter is further broken down to sub parameters namely Financial Revenue ratio

[FRR], Profit Margin [PM] and Total Expenses ratio [TER]. Total Expenses ratio is sub divided into Financial Expenses ratio [FER], operating Expenses ratio [OER] and loan loss provision expense ratio [LLPER]. Since total expenses are the summation of financial, operating and loan loss provision expense, they are excluded for computing the ultimate rank for this parameter.

We can infer from table 5 that, the Bangladeshi MFIs 'revenue and expenditure management with FRR, PM and TER of 21.36%, 16.50% and 17.46% is better compared to that of the Indian NGO-MFIs whose numbers are at 20.32%, -6.47% and 18.08% respectively. BURO Bangladesh, a Bangladeshi NGO-MFI secures the first rank, followed by IDF & Shakti, both Bangladeshi MFIs and Saadhana, an Indian MFI sharing the second position on this metric. Here again the Bangladeshi MFIs' average score [10.40] is better than the Indian MFIs [6.33].

**Table 5: Revenue and Expenses ratio of Indian and Bangladeshi Not for profit NGO MFIs**

Sl. No.	Name of the NGO MFI	rank	FRR %	rank	PM %	rank	TER %	rank	FER %	rank	LLPER %	rank	OER %	TS	UR
1	AWS	10	16.58	11	-82.53	6	17.60	9	9.06	4	0.82	3	7.72	-	-
2	BISWA	7	19.27	6	12.02	1	10.22	4	3.60	7	1.11	1	5.51	10	5
3	GK	3	23.40	9	-4.44	11	25.00	8	7.78	8	1.16	11	16.05	6	
4	GV	8	19.13	7	6.93	7	18.35	6	6.69	6	1.00	4	10.67	-	-
5	NDFS	11	15.18	8	3.84	2	14.68	7	7.66	9	1.20	2	5.82	8	
6	Saadhana	1	28.37	4	19.69	10	22.63	10	10.20	2	0.63	5	11.80	14	2
7	ASOD	9	17.06	10	-10.29	8	18.87	1	3.03	11	1.47	10	14.37	-	-
8	BURO Bangladesh	2	27.36	1	27.87	9	19.65	5	4.74	5	0.87	9	14.04	18	1
9	IDF	4	23.12	2	26.79	5	16.92	3	3.22	10	1.41	7	12.29	14	2
10	Shakti	5	19.91	3	21.22	3	15.78	2	3.18	3	0.79	6	11.82	14	2
11	TMSS	6	19.34	5	16.93	4	16.08	11	14.04	1	0.51	8	12.76	6	-
	Average of Indian MFIs		20.32		-6.47		18.08		7.50		0.99		9.60		
	Average of Bangladeshi MFIs		21.36		16.50		17.46		5.64		1.01		13.06		

**Asset quality:** This parameter is measured with the help of the MFIs' 5 year average Portfolio at Risk above 30 days ratio [PAR 30], Loan loss reserve ratio [LLRR], Risk coverage ratio [RCR] and the write off ratio[WOR].

**Table 6: Asset Quality of Indian and Bangladeshi Not for profit NGO MFIs**

S.NO	Name of the NGO MFI	rank	PAR 30 %	rank	LLRR %	rank	RCR %	rank	WOR %	TS	UR
1	AWS	4	0.032	1	20.32	5	284.31	1	0	26	2
2	BISWA	9	1.70	11	0.86	7	130.21	1	0	10	-
3	GK	1	0	9	1.60	1	53858.18	1	0	30	1
4	GV	6	1.20	7	1.84	3	624.74	11	1.36	6	-
5	NDFS	1	0	6	2.01	-	N.A	8	0.14	10	-
6	Saadhana	1	0	10	1.04	-	N.A	1	0	20	4
7	ASOD	11	8.29	2	5.16	8	96.38	9	0.46	8	-
8	BURO Bangladesh	10	2.93	8	1.76	9	65.91	10	0.77	-	-
9	IDF	7	1.24	3	4.02	2	923.79	1	0	24	3
10	Shakti	5	0.74	4	3.01	4	471.93	7	0.07	10	-
11	TMSS	8	1.62	5	2.30	6	158.85	1	0	12	5
	Average of Indian MFIs		0.49		4.61		13724.36		0.25		
	Average of Bangladeshi MFIs		2.96		3.25		343.37		0.26		

[AWS,BISWA,GK,GV,NDFS and Saadhana are Indian NGO-MFIs.]

The Indian NGO-MFIs 'average PAR 30 ratio, LLRR, RCR and WOR stand at 0.49%, 4.61%, 13724.36% and 0.25% respectively. This is better than the figures of the Bangladeshi NGO-MFIs whose numbers are 2.96%, 3.25%, 343.37% and 0.26. Here, GK, an Indian MFI obtains the first rank, which is followed by AWS another Indian NGO-MFI. The third position on this metric goes to IDF, a Bangladeshi NGO-MFI.

The average score of Indian MFIs[17] is higher than that of the Bangladeshi MFIs[10.80]. Therefore, the Indian NGO-MFIs relatively over perform the Bangladeshi NGO-MFIs on the asset quality sub-metric.

**Overall Financial Performance:** The overall financial performance of the selected MFIs are measured based on the sub metrics: Return on Assets [ROA], Return on Equity [ROE] and Operational Self sufficiency [OSS].

**Table 7: Overall financial performance of Indian and Bangladeshi Not for profit NGO MFIs**

Sl. No.	Name of the NGO MFI	rank	ROA %	rank	ROE %	rank	OSS %	TS	UR
1	AWS	9	-1.02	10	-7.89	11	83.69	-	-
2	BISWA	1	9.05	3	51.93	1	164.55	26	1
3	GK	10	-1.80	1	389.89	9	100.38	10	5
4	GV	7	0.60	9	8.00	7	109.14	-	-
5	NDFS	8	0.51	4	38	8	104.21	4	-
6	Saadhana	4	5.75	2	70.04	5	125.66	14	3
7	ASOD	11	-9.07	11	-28.89	10	94.78	-	-
8	BURO Bangladesh	2	7.67	6	18.95	2	140.69	16	2
9	IDF	3	6.19	5	22.07	3	137.86	14	3
10	Shakti	5	4.12	7	14.02	4	127.27	6	-
11	TMSS	6	3.26	8	13.98	6	123.07	-	-
	Average of Indian MFIs		2.18		91.66		114.61		
	Average of Bangladeshi MFIs		2.43		8.03		124.73		

[AWS,BISWA,GK,GV,NDFS and Saadhana are Indian NGO-MFIs.]

The average ROA and OSS of Bangladeshi NGO-MFIs are at 2.43% and 124.73%. This is marginally better than the average of Indian NGO-MFIs which are at 2.18% and 114.61%. But the average ROE of the Indian NGO-MFIs [91.66%] is much higher than that of the Bangladeshi NGO-MFIs at 8.03%.BISWA,an Indian MFI grabs the first rank on this sub-metric. BURO Bangladesh, a Bangladeshi NGO-MFI secures the second

position. The third position on this sub-metric goes to Saadhana, another Indian MFI. The Indian NGO-MFIs' average score[9] is much better than the average score of Bangladeshi MFIs[7.20].

**Overall Performance of the Indian MFIs:** The overall performances of the MFIs are measured by their overall rank on all the six parameters discussed above.

**Table 8: Overall Performance of Indian and Bangladeshi NGO-MFIs**

S L. NO	Name of the MFI	Score for Outreach	Score for efficiency & productivity	Score for financing structure	Score for Revenue & expenses management	Score for Asset Quality	Score for Overall financial performance	Total score	Overall rank on all the 6 parameters
1	AWS	-	6	-	-	8	-	14	-
2	BISWA	-	8	-	2	-	10	20	3
3	GK	4	-	-	-	10	2	16	-
4	GV	10	2	-	-	-	-	12	-
5	NDFS	10	10	-	-	-	-	20	3
6	Saadhana	2	-	-	8	4	6	20	3
7	ASOD	-	4	2	-	-	-	6	-
8	BURO Bangladesh	10	2	10	10	-	8	40	1
9	IDF	-	-	6	8	6	6	26	2
10	Shakti	2	-	8	8	-	-	18	-
11	TMSS	-	-	6	-	2	-	8	-

[AWS,BISWA,GK,GV,NDFS and Saadhana are Indian NGO-MFIs.]

From the above table we can find that the First rank for the overall performance is secured by BURO Bangladesh, a Bangladeshi NGO-MFI, followed by IDF, another Bangladeshi NGO-MFI at the second position. BISWA,NDFS & Saadhana all the three Indian NGO-MFIs obtain the third position. The overall scores of Bangladeshi NGO-MFIs [10+8=18] in the top 5 list is equal to the overall scores of the Indian NGO-MFIs[6+6+6=18]. But, the average overall score of Bangladeshi NGO-MFIs is 19.60, which is higher than the average overall score of the Indian NGO-MFIs at 17. Hence, the Bangladeshi NGO-MFIs perform better than the Indian NGO-MFIs on the triple bottom line. However there is a need to discover the existence of statistically significant difference between the intra and inter group differences between these two groups.

### Statistically significant difference between the triple bottom-line performance of Indian and Bangladeshi MFIs

In order to discover the statistically significant difference between the performance of Indian and Bangladeshi MFIs, Null Hypotheses are framed on all the 6 parameters under the Friedman two-way Anova test.

**Null Hypothesis 1-6:** There is no significant difference between the performance of Indian and Bangladeshi MFIs on

- Outreach,
- Efficiency and Productivity,
- Financing Structure,
- Revenue and expense management,
- Asset quality and
- Overall financial performance.

**Table 9: Statistically significant difference between the performance of Indian and Bangladeshi MFIs**

Parameter	Calculated value[Friedman value]	Table value[ chi-square at 5% significance]	Result
Outreach	0.33	3.841	No significant difference exists between the performance of Indian and Bangladeshi MFIs
Efficiency and productivity	1.50	3.841	No significant difference exists between the performance of Indian and Bangladeshi MFIs
Financing structure	5.00	3.841	There is significant difference between the performance of Indian and Bangladeshi MFIs
Revenue and expenses management	3.00	3.841	No significant difference exists between the performance of Indian and Bangladeshi MFIs
Asset quality	4.00	3.841	There is significant difference between the performance of Indian and Bangladeshi MFIs
Overall financial performance	0.33	3.841	No significant difference exists between the performance of Indian and Bangladeshi MFIs

Table 9 exhibits the Friedman value [calculated value] and the Chi-Square value [Table value] of the Indian and Bangladeshi MFIs on the six parameters. It is clear from the above table that there is no significant difference between the performance of Indian and Bangladeshi MFIs in their Outreach, Efficiency and Productivity, revenue and expense management, and overall financial performance. But there exists statistically significant difference between the two groups on financing structure and asset quality indicators.

**Statistically significant difference among the performance of Indian and Bangladeshi MFIs**

This study also made an attempt to discover whether there exists any statistically significant difference among the intra group performance of Indian and Bangladeshi MFIs on the triple bottom-line measures.

**Null Hypothesis 7-12:** There is no significant difference among the performance of Indian MFIs on Outreach, Efficiency and Productivity, Financing Structure, Revenue and expense management, asset quality and overall financial performance.

**Table 10: Statistically significant difference among the performance of Indian MFIs**

Parameter	Calculated value[Friedman value]	Table value[ chi-square at 5% significance]	Result
Outreach	1.48	11.07	No significant difference exists among the performance of Indian MFIs
Efficiency and productivity	6.29	11.07	No significant difference exists among the performance of Indian MFIs
Financing structure	1.91	11.07	No significant difference exists among the performance of Indian MFIs
Revenue and expenses management	4.93	11.07	No significant difference exists among the performance of Indian MFIs
Asset quality	4.14	11.07	No significant difference exists among the performance of Indian MFIs
Overall financial performance	9.29	11.07	No significant difference exists among the performance of Indian MFIs

The above table illustrates the fact that there is no statistically significant difference among the performance of Indian NGO-MFIs on all the six parameters.

**Null Hypothesis 13-18:** There is no statistically significant difference among the

performance of Bangladeshi MFIs on Outreach, Efficiency and Productivity, Financing Structure, Revenue and expense management, asset quality and overall financial performance.

**Table 11: Statistically significant difference among the performance of Bangladeshi MFIs**

Parameter	Calculated value[Friedman value]	Table value[chi-square at 5% significance]	Result
Outreach	2.93	9.488	No significant difference exists among the performance of Bangladeshi MFIs
Efficiency and productivity	1.60	9.488	No significant difference exists among the performance of Bangladeshi MFIs
Financing structure	7.20	9.488	No significant difference exists among the performance of Bangladeshi MFIs
Revenue and expenses management	-12.94	9.488	No significant difference exists among the performance of Bangladeshi MFIs
Asset quality	6.05	9.488	No significant difference exists among the performance of Bangladeshi MFIs
Overall financial performance	11.46	9.488	There is significant difference among the performance of Bangladeshi MFIs

The Bangladeshi MFIs exhibit statistically significant difference on their overall financial performance. However there is no statistically significant difference among them on all the other [5] parameters.

### Conclusion

From the analysis we can conclude that the Bangladeshi NGO-MFIs' average triple bottom-line performance is better than the Indian NGO-MFIs on the basis of the average overall score of MFIs. Further the result of Friedman Two-Way ANOVA exhibits statistically significant difference between the two groups on their financing structure and asset quality metrics. However there is no statistically significant difference between the performances of these two groups on all the other 4 parameters. The Bangladeshi NGO-MFIs exhibit differences among their performance on overall financial performance measures while the Indian NGO-MFIs do not show any difference among their performance on all the six parameters considered for the study. This study offers scope for further research on [1] measurement and ranking of the performance of all the 105 Indian and 70 Bangladeshi MFIs listed in the MIX., [2] the comparative performance among the Indian and Bangladeshi MFIs listed with 1, 2, 3, and 4 Diamonds in the MIX, [3] the comparative performance among the Indian and Bangladeshi MFIs listed with different organizational format [Bank, cooperative/credit union, Rural Bank and others] in the MIX and [4] the comparative performance among the MFIs of Various countries listed with different organizational format [Bank, cooperative/credit union, Rural Bank and others] in the MIX.

### References

1. R.Srinivasan & M.S.Sriram, "Microfinance in India: Discussion", IIMB Management Review, June 2003.
2. Daniel.C.Hardy, Paul Hoden and Vassili Prokopenko [2003], "Microfinance Institutions and Public Policy", Policy

Reform, September 2003, Vol 6[3] pp 147-158.

3. Daniel Makina & Lovisam. Malobala, "Impact Assessment of Micro Finance Programs, Including lessons from Khula Enterprise Finance", Development Southern Africa, Vol 21.No.5, December 2004.
4. Thomas Fisher and M.S.Sriram, "beyond Micro-Credit, Putting development back into Micro-Finance", 2008, Vistaar Publications, New Delhi.
5. I.Robinson, Marguerite.s., "Microfinance: the Paradigm Shift from Credit Delivery to Sustainable Financial Intermediation" strategic issues in Micro Finance, Ashgate Publishing, Aldershot.
6. Mitali Sen, "Assessing Social Performance of Microfinance Institutions in India" The ICAFI Journal of Applied Finance, 2008, Vol.14, No.7, pp 76-86, The ICAFI University Press.
7. Ashutosh Verma, "Financial Performance Evaluation of Not for profit MFIs" ICAFI Reader, October 2007, The ICAFI University Press.
8. Mohamad Nazirwan, "Microfinance A Business Proposition for Commercial Banks", Chartered Financial Analyst, November 2007, The ICAFI University Press.
9. V.R.P. Kashyap, "Microfinance-An Introduction", ICAFI University Press, First Edition.

### Websites :

1. <http://www.grameenfoundation.org/?gclid=CL-N98vApZMCFQk7egodNyrz5Q>
2. <http://www.cgap.org>
3. <http://www.thehindubusinessline.com/>
4. <http://www.mixmarket.org/>
5. <http://www.worldbank.org/>