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The Power of Research: Policy Should Be Backed By Knowledge TheCase of the Centre for Micro Finance, Chennai

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Abstract: *Research draws its power from the fact that it is empirical: rather than merely theorizing about what* might *be effective or what* could *work, researchers go out into the field and design studies that give policymakers hard data on which they can base their decisions. Centre for Microfinance, a research and policy advocacy agency has been providing insights through its robust research, policy advocacy and dissemination of knowledge. Financial Inclusion, Policy and Regulations, livelihoods and social objectives are four key areas that CMF actively engages in conducting qualitative and quantitative researches.CMF's work caters to policymakers' need, in terms of insights, inputs and evidence to improve existing social intervention models and design new ones with. The Case of one research organization in one particular field goes to show the relevance of research and the inputs derived from it toward policy making.*
Keywords:*Research, Centre for Microfinance, Policy making, Financial Inclusion, Financial Literacy*

I. Introduction

With great power comes great responsibility

The purpose of any research is to trigger action based on conceptual findings. Research must always be credible, of high quality in order to produce knowledge that is applicable outside of the research setting with implications that go beyond the group that has participated in the research.

A hypothesis is made that the results of the research should have implications and must form the basis for policy and project implementation.

Many a time, a disconnect exists between those who create the evidence base and those who are positioned to implement the research findings. This maybe because of purposive sampling, where the research takes into samples that suit their required hypothesis. Hence this data may not be suitable for any other study or policy. The distance between the actual and what you seek to prove has to be minimal.

Thus, researchers the world over, have to be neutral, transparent and ready to explain the findings with respect to their hypothesis. Explorative studies, on the other hand, go about trying to collect data and inputs in a broader perspective and then derive takeaways. Based on the outcomes, new queries can be countered and explored for further confirmation.

Countries, Economies, Policy makers, Decision makers make use of the findings of research in making policy decisions. The frequent research we find are the market surveys with regard to product or service feedback before and/or after its launch. This is the norm in all sectors, be it manufacturing or service industry.

Research draws its power from the fact that it is empirical: rather than merely theorizing about what *might* be effective or what *could* work, researchers go out into the field and design studies that give policymakers hard data on which they can base their decisions. Furthermore, good research produces results that are examinable by peers, methodologies that can be replicated, and knowledge that can be applied to real-world situations. Researchers work as a team to enhance our knowledge of how to best address the world's problems.

The "Iterative" Process of Research

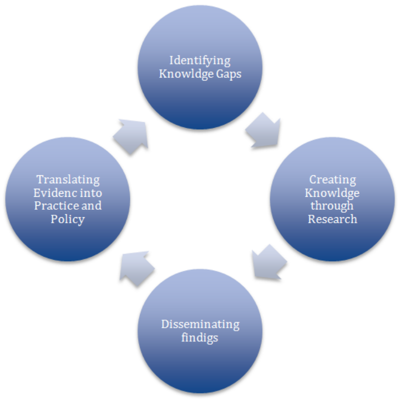
Research has to repeatedly revisit the research questions, methodology and data, and make relevant changes if it so demands. There should be scope for new ideas to be incorporated, revisions, improvements and corrections.

It is easy to think of research as a step-by-step process, but it is important to be dynamic and open to change. Often, by discussing the research project with advisers and peers one will find that new research questions need to be added, variables need to be omitted, and other changes made. As a proposed study is

examined and reexamined from different perspectives, it may begin to transform and take a different shape. This is to be expected and is a component of a good research study. In addition, it is important to examine study methods and data from different viewpoints to ensure a comprehensive approach to the research question.
There is no one formula for developing a successful research study, but it is important to realize that the research process is cyclical and iterative. Keeping all these goals in mind, it is time to understand the workings of a research organization, based in Chennai doing precisely this.

Centre for Microfinance

Centre for Microfinance, a research and policy advocacy agency has been providing insights through its robust research, policy advocacy and dissemination of knowledge. Financial Inclusion, Policy and Regulations, livelihoods and social objectives are four key areas that CMF actively engages in conducting qualitative and quantitative researches.



CMF has partnered with many investors, MF institutions and banks. Additionally, it has partnered with academic institutions in India and abroad. Some of them are MIT, University of Hyderabad, Duke, IIM Kolkata, Yale and IBS Hyderabad.

International Organization like Ford Foundation, USAID and AusAID are funding CMF and helping it achieve its mission. Also NABARD's Bankers Institute of Rural Development (BIRD) funds CMF.
Insights and knowledge gained through research studies informs the banking domain and micro-finance as well. This further helps customize and enhance financial services to the BOP (Bottom of the pyramid) population. In this process, CMF has ties with elite partners like Sa-Dhan, ACCESS Development Services and RBI's the College of Agricultural Banking. Continually, CMF conducts conferences, meetings with academia, policy makers and industry leaders to share findings of research and also inform concerned policy authorities. Additionally, it strives to find new and important areas for research.

CMF has divisions with professionals who are responsible for outreach, impact evaluation and policy research. Two of the divisions, outreach and policy research ideate and conduct studiesthat relate to policy change and other areas that are in the domain of micro-finance and banking.

Background

Researchers have identified under-saving as a well-renowned problem. The failure to save, calls for the need to study the root issue and devise solutions that would enable healthy saving.

Self-help Groups (SHGs) in India is growing fast with millions of groups functioning across the nation. Various researchfindings have informed that SHGs can become a tool for empowering rural women and also alleviation of poverty.

Microfinance stood as ineffective in benefitting the poorest of the poor. The broad objectives of this organisation's projects aim at seeing whether transfer of asset and microfinance integration is utilized to benefit the poorest of the poor.

One of the significant factors that contribute in alleviation of poverty is financial inclusion, although there are many unanswered question regarding this.

CMF aims at achieving the following:

- Nurturing knowledge partnerships amongst microfinance organizations and research scholars and thereby promote research-practice discourses
- Reaching out to scholars interested in the area of microfinance research and building their capacity.
- Networking of microfinance researchers from the country to build a sector-wise knowledge base.

In order to enable Indian researchers to engage in microfinance arena, the CMF's flagship capacity development initiative conducts regular training. It not only organizes seminars, workshops and exposure visits, candidates are also given funding and international network opportunities.

CMF welcomes interns from institutions both Indian and foreign. Interns engage under the Total Immersion Program in Finance and Development, which is a 1-2 weeks duration course covering Indian Finance and issues in Development. This program is conducted in collaboration with other IFMR Centers located across India. One of the main features of the TIP/FD program isfield visits. This gives interns an opportunity to see SHGs in action.

Origin of CMF

In 2005, the Centre for Micro Finance at IFMR was created. The purpose of it was to improve the financial services for Bottom of the Pyramid (BoP) population by disseminating policy and research evaluation information. There were hundreds of other organizations working in the area of financials services for BoP segment – there were both profit and non-profit. It was difficult to predict that the program would help in creating a difference, but there wasn't any data to refer that could speak about the impact of such program.

With rigorously focusing on measuring individual and household impact, CMF founds its niche in assessing financial services program. At the heart of the belief is CMF's understanding that providing inputs to policy makers and practitioners can make better designs for transforming lives, if readily accessible identified mechanisms are available. CMF's researchers study broader financial issues apart from the specific microcredit and micro-insurance.

CMF Today

Since its inception, CMF has been relentlessly working towards assessing and analyzing the impact of programs intended at alleviating poverty. There has been diversification in terms of areas of research: livelihoods, financial education and agricultural risk and information, areas that were considered beyond the traditional areas. The thrust in the area of financial program is with the belief that it can play a pivotal role in achieving social objectives, however there is a need for research to prove the same.

Research areas:

The four broad areas that CMF focuses:

- Financial Inclusion
- Livelihoods
- Social Objectives
- Policy and Regulations

CMF's work caters to policymakers' need, in terms of insights, inputs and evidence to improve existing social intervention models and design new ones with.

II. Methodology

Around half of CMF's studies are Randomized Controlled Trial (RCT) investigations of social development programs. From assessing the effect of urban microcredit development to testing whether horticultural guidance conveyed through mobile devices can enhance rural farming practice, CMF's RCT studies are central to its research corpus.

In any given RCT, researchers randomly select and compare between groups – the control and treatment. Control groups are those, who do not receive any intervention, and treatment groups are those that receive intervention. The measure of difference at the end of evaluation period is used to track the impact of the intervention.

Apart from the RCT, other academic methods are used to study and evaluate interventions at CMF. Across India, CMF has four offices. There are 30 – full time professionals and other support staff collaborating and working together. It also seamlessly consults with its academic research partners globally with Institutions like Harvard University, London School of Economics, IIM-Calcutta (India), Yale University and Pennsylvania. Additionally, CMF engages to garner field knowledge through its partners. Top social development organizations like SEWA, Bandhan, KshetriyaGrameen Financial Services and Development Support Center are some of the organizations. The World Bank, USAID, DFID, 3ie and the Agricultural Technology Adoption Initiative financially support all these work.

Outreach and Impact

Since its commencement, CMF has endeavored to partner with experts in India and abroad to bridge the theory and practice gap and to implement the research-based theoretical insights into practice. Thus, itsadvocacy is based on a belief that 'policy should be informed by knowledge' about what feasibly works for low-income households.

Every year in January, the Center co-supports a meeting with the College of Agricultural Banking – Reserve Bank of India in Pune titled "Microfinance: Translating Research into Practice," where policymakers, professionals and analysts assemble to talk about how projects and administrations can be intended to better serve poor people. Analysts and individuals from CMF's Policy and Outreach group likewise meet routinely with industry masters and government authorities to present research and examine matters of concern. CMF has made considerable progress since its establishment in 2005, both in terms of research and policy related communications.

CMF's work is often referenced in national and international journals and forums. And, has substantially contributed towards 'food for thought' at international forum wherever the idea of customizing financial services for the poor has been discussed and planned.

In the course of last 11 years since its inception, the Centre's professional and support team has produced a volume of work in the area of financial access which will have a pivotal role in providing researchers and policy makers with knowledge that will ultimately fuel the national poverty alleviation schemes and other social interventions targeted at the low-income households.

As their name suggests, their primary focus is on microfinance lending and disbursals and the effects, impacts and outcomes thereof. The theme may be on financial literacy, women empowerment, financial access in a specific geographical region, impact of an NGO, Business Correspondent Model, No Frills Accounts, Problems of Migrant Workers, and many such. The methodology is designed according to the study at hand. Primary data is the mainstay that is supported and backed by the existing secondary sources.

Objective of the CMF's Summary Report

These reports contain all important research studies conducted over the last five years. These studies are intended to help researchers and policy makers in the domain area to get idea, insights and data related to financial access. The studies will serve both the general and expert audiences, informing them about the research in the area of financial services in India.

These reportsare presented thematically; it talks about the CMF's current work and briefly presents the 'key findings' of all completed studies. Apart from recommendation on how should financial services evolve in order to serve the poor, the report also identifies areas for research that have potential to shape the sector futuristically.

Noteworthy Findings of CMF on Financial Inclusion

Financial Inclusion has been considered as one of the primary objectives towards alleviating poverty. Thus, the microfinance movement has been overwhelming like never before – bringing financial access to the poor has become agenda of both government and private stakeholders. In India, apart from government bodies, both private sector firms and non-profit organization have experimented different approaches towards this effort. For instance, expanding and creating of Regional Rural Banks network to Self-Help Groups (SHGs) – Bank linkage program conceptualized and implemented by NABARD are some of the initiatives. Even after all these, as per estimate by Reserve Bank of India, approximately 40% of adult population in India lacks the basic financial access. Effectiveness of various approaches and loopholes in the approaches has been studies by many financial inclusion studies conducted by CMF.

There have been many studies assessing the design and impacts of financial intervention programs targeted at poor. One of the studies on microcredit revealed that it helps people multiply business investment and also invest in new enterprises. However, there is minor impact on other dimensions of human development such as health, women empowerment and education.

Many other studies have suggested that the design of the contract itself directly affects the investment behavior – giving a 60 days' grace period could enable investment in more risky and high return venture or property. However, there is a high chance of defaulting the repayment as well.

Weekly meetings contributed in developing more social capital and relationship amongst lenders. This in return helped the group in sharing concerns and also there were low defaulters.

It has been observed that amongst farming community there is a low-take-up of non-credit products like weather insurance, this has been because of the factors like trust and liquidity. This is an area of concern for policy makers.

CMF strives to figure out the organizational, structural and behavioral factors that affect financial access. One of the studies have found out that poor migrant individual prefer to send money through informal agents because they are more accessible and convenient than the structured and fancy financial institutions. There are cases wherein families haven't opened any bank accounts nor do they use (even if one is opened). Another survey in rural Andhra Pradesh revealed that rare number of people are insured and carry highaccumulated debts; again, this is from informal source, not financial institutions. The survey also revealed that there are often non-scheduled expenditures.

All these research and survey collectively speak about the findings to be considered while designing novice program for the citizens who till date do not have access of organized financial services.

Some of the other research studies have been on:

Access to Finance in Andhra Pradesh

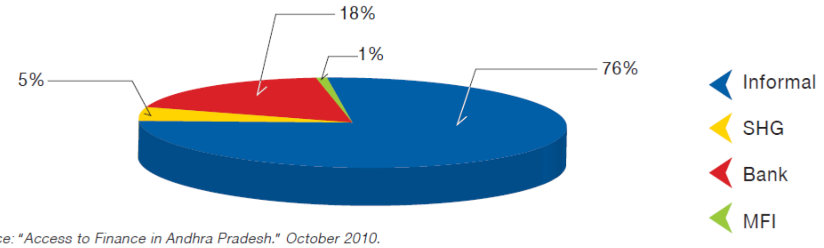
The finding of this study were interesting, when it came to Savings, it was observed that around two-thirds of the households had a savings account. This is quite high but nearly 41% of these accounts remain dormant. These accounts were opened just for the sake of receiving benefits from government schemes or at most cases to avail a loan. 79% households reported that they opened account to avail loan whereas only 14% household reported that their account is opened to save some money.

The reason for not having an account were varied – like not having required documents, this is quite contradicting because RBI has relaxed the KYC documentation. And, other reasons being household being not aware of a bank product or services.

Some of the key findings of the survey were:

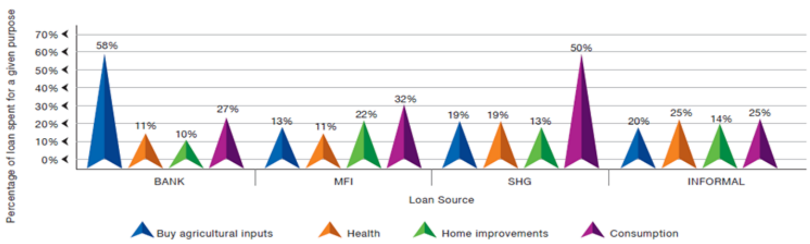
- Informal debt constituted about 75% of total debt held by survey households
- The study found that multiple borrowing was quite prevalent in Andhra Pradesh – about 84% of rural households had more than one loan outstanding at the time of survey
- Over 60% of households made a non-routine expenditure in the last 6 months
- Less than 3% of households had access to formal insurance.

Figure 1: Total Loans Outstanding by Source (Volume)



Source: "Access to Finance in Andhra Pradesh." October 2010.

Figure 2: Households use money from different sources differently (%)



Source: "Access to Finance in Andhra Pradesh."2010.

Learning Outcome for Policy: The habit and ability to save is not synonymous with having a Savings bank account. There is scope for Banks and Insurance agencies to work together in the relatively untapped rural sector.

Financial Inclusion Studies: Analysing No Frills Accounts Drives in Gulbarga and Cuddalore

For alleviating poverty, financial inclusion has been considered as a powerful tool globally. In 2005, India's apex bank RBI initiated financial inclusion mission in order to reach the unbanked population. One district in each state was targeted under this initiative – the objective was achieving 100% inclusion in one district in each State of India. The KYC protocols were relaxed, thus encouraging citizens to open account at a zero balance or nominal deposit and also minimal documents.

CMF team studied two districts – Gulbarga in Karnataka and Cuddalore in Tamil Nadu, to assess the ground reality after the concerned states had declared 100% financial inclusion goal achievement. The study aims at analyzing the situation whether the goals has been met and how the newly opened account being used by the customers.

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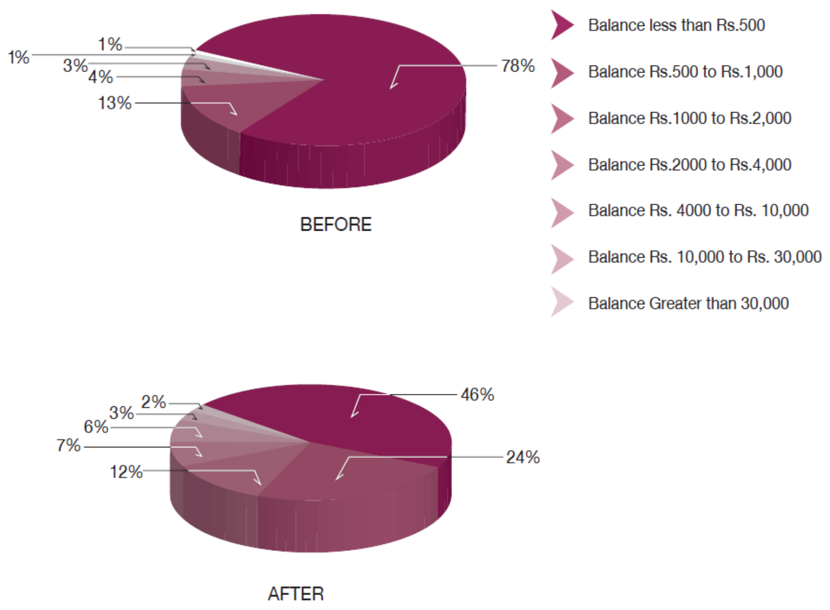
The research discovered that majority of population was without financial access despite the claim that 100% inclusion goal has been achieved. 25.3% of the total households in the Cuddalore district didn't have access whereas in Gulbarga the percentage was a bit higher with 36% households not having account at the time of research intervention. 72% of clients' accounts in Cuddalore district has zero or the minimum balance even after a year of opening the account.

Figure 3: Account Balance of Customers Before and After Inclusion Drive, Cuddalore



Source: "Cost – Benefit and Usage Behaviour Analysis of No Frills Accounts: A Study Report on Cuddalore District." December 2008.

Learning Outcome for Policy: Mere opening of bank accounts does not ensure financial literacy or access. No-Frills accounts may reduce the cost of credit disbursal but does not translate into financial access and/or literacy.

Putting Money in Motion: How Much Do Migrants Pay for Domestic Transfers?

In India, due to imbalanced development and limited job opportunities, there's high number of migration. In fact, the season migration is estimated to be over 100 million in the country. One of the key concerns for this migrating population is remitting money from job location to their family. Since, the population is marginalized and under-resourced, the family back home depend on the remittances for household expenses and small investments on assets and livestock. Thus, it becomes pertinent that these migrants transfer as much amount as possible to their homes.

Following diverse migration routes were considered for this study:

- Rural Orissa to Surat
- Semi-urban West Bengal to New Delhi
- Bihar to Hoskote (a small town in Karnataka)
- Semi-urban Tamil Nadu to Mumbai

The study discovered that majority of the respondent relied on informal transfer methods (commonly known as Hawala couriers) to remit money to their families. Half of the respondents preferred using Banks, but only 30% used the services, this indicates the interest of the migrants and demand for banking service.

Figure 4: Cost of Sending 2000 (as per percentage of total remittance amount)

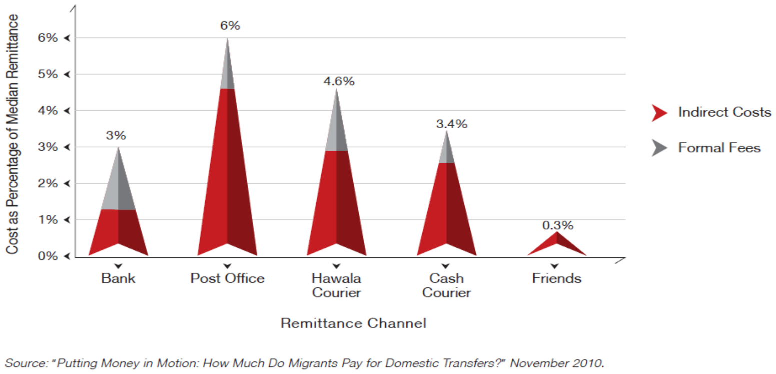
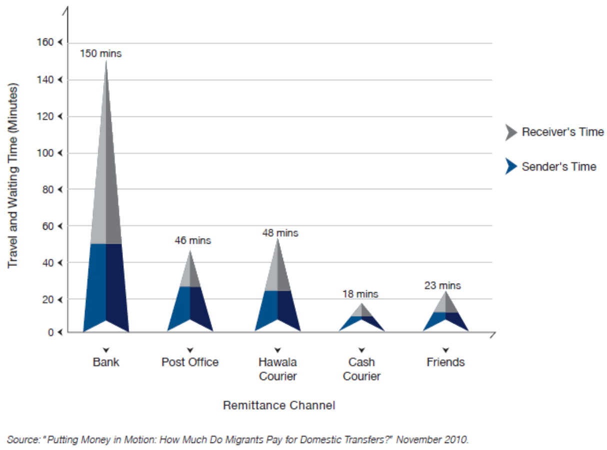


Figure 5: Travel and Waiting Time Involved in Making a Transfer



Learning Outcome for Policy: Awareness about various services of banks has to be enhanced, than mere opening of accounts.

Miracle of Microfinance: Evidence from a Randomized Evaluation

In this research, CMF evaluates one of expansion of microcredit lenders to see whether its service enables poor to invest in business and brings prosperity to the household.The findings indicated that there is a tentative support that the financial access has led to any new enterprise creation. It was observed that 32% increase in new businesses where Spandana operated in comparison to the control group – where no microcredit facility was offered.

It was observed that there was a shift in composition of expenditure. Treatment households spent 22 rupees per capita per month on general durable goods and 12 rupees per capita on durable goods for businesses per month. Additionally, the treatment households spent less per capita per month on alcohol and tobacco – the expenditure was 9 rupees only.

There wasn't any sign of impact on health, women's empowerment and education - which clearly establishes no significant impact of microcredit access.

Learning Outcome for Policy: Microfinance brings about responsibility in household spending. Microfinance also influences usage of alcohol and tobacco, meaning leads to responsible living.

The Impact of Access to Finance in Rural Tamil Nadu: Evidence from a Randomized Control Trial

Lacking adequate capital means forgoing economic opportunities – which is often a case in poor households. These households experience fluctuating incomes, which negatively hampers achieving important goals.

CMF partnered with PundhuaaruKshetriyaGrameen Financial Services (PKGFS), a Tamil Nadu based microfinance-lending organization, to study the impact of rural bank branches in providing financial access to the poor. The finding is expected to inform policy makers working towards designing financial inclusion model in India and abroad. Also, this will help in creating appropriate financial instruments to support Bank's rural clientele.

Learning Outcome for Policy: Banks can improve their tools towards enhancing financial inclusion.

Does Microfinance Repayment Flexibility Affect Entrepreneurial Behavior and Loan Default?

This study discovered how providing customers with grace period could boost business investments and on raw materials. This happened as per researchers prediction – as bigger investments requires more time for profitability, thus providing grace period would enable entrepreneurs to be little more liberal while considering the investment.

Grace period also has magical impact on the starting of new ventures by new entrepreneurs – grace period means borrower were twice likely to start their own new business – as observed with treatment group.This particular study found a positive impact on business investment was majorly on borrowers who were risk-averse, which clearly suggests that higher grace period was benefitting risk-averse clients only.

Figure 6: Business Expenditure by Grace Period and Standard Repayment Clients

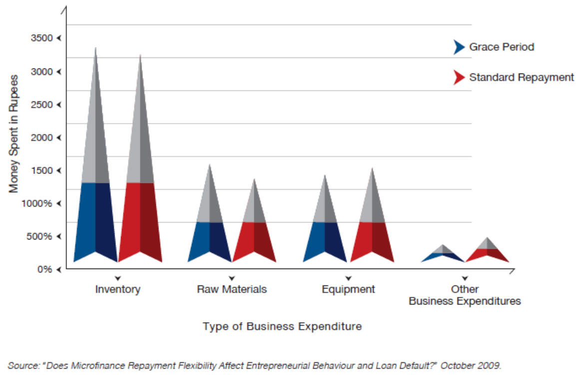
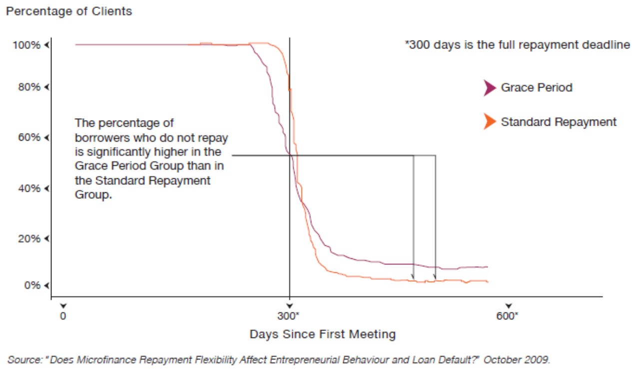


Figure 7: Percentage of Clients Who Did Not Repay – Standard vs. Grace Period Clients



Learning Outcome for Policy: Increasing the grace period for repayment does encourage entrepreneurship and repayment patterns.

Understanding the Psychology of Mass Default: A Case Study of Eastern Maharashtra

In the last 3 decades, the microfinance industry as a whole has seen a rapid growth. To take India's case into consideration, it has been observed that the intensity of demand for microfinance was very high which is in fact evident with the growth of MFIs (Micro-finance Institutions) from just 10 in 2001 to burgeoning 90 by 2010 – this is phenomenal. As per a Mix Market (mixmarket.org) the active borrowers increased from 1 million in 2001 to an approximately 30.7 today.

To better understand the community defaults, CMF partnered with RBI-CAB and MFIN to initiate an independent research on the above mentioned crises – the Marathwada region of East Maharashtra. The study aimed at probing the causes of the defaults and thereby defining an incentive model. Additionally, the study focused on learning the decision-making processes underlying such community defaults.

The initial findings of the study suggested that defaulter and non-defaulters were equally interested in the microfinance loans. It seemed there wasn't any one factor for the cause, however, many cases of individual defaults converged to create the mass momentum. It was observed that clients who were defaulting didn't do it with one specific MFI. Defaulters were doing it across all MFIs.

Learning Outcome for Policy: The recurrence of default has to be corrected by tighter and/or appreciative inquiry towards understanding the reasons behind it and providing a solution. It can be more on positive incentives for not defaulting.

Social Networks and Microfinance

In order to understand how societies and economic agents operate, it becomes pertinent to have social networks. Like what Matthew Jackson tells in "Social and Economic Networks," that mere knowing how social network manipulate behavior is equally important along with understanding the emerging pattern of network structures and how they evolve.

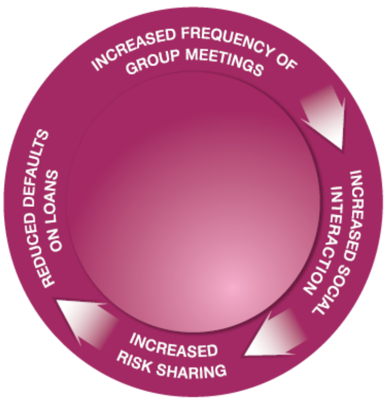
This Social Networks project conducted in Karnataka is first-of-its-kind empirical study that intends to understand the role of networks in adopting innovation by studying the reach of microfinance.

As per the initial study – the diffusion of microfinance- show a significant effect of providing information to people who are central to their village networks in information transmission. It was seen that participation effect was huge, were in a program participant was more like to inform a non-participant. The peer effects were found to be negligible.

Learning Outcome for Policy: Governments can spread the message about microfinance and make it a campaign.

The Economic Returns to Social Interaction: Experimental Evidence from Microfinance

In developing countries, the reach of formal insurance is very low amongst the low-income population. It is expected that social ties amongst individuals would bear better outcomes in terms of expansion of informal risk-sharing networks. This is the reason why some developmental organizations focus on community activity and interactions.



In this study CMF tracked whether regular group interactions builds social capital. 'Returns to the enhanced Social Capital' were measured by closely studying the borrowing outcomes for groups that engaged itself in meetings and group interactions.

The findings of the study proved that weekly meeting were more effective in building the social capital and more risk sharing. Also, the default risk had dwindled for the frequently meeting groups in comparison to those who met monthly. This wasn't due to pressure to pay, but rather due to enhanced social capital.

Learning Outcome for Policy: For any policy decision that has to be implemented, social acceptance is necessary.

Understanding the Incentives of Commission Motivated Agents: Theory and Evidence from Indian Life Insurance

In developing countries, financial products are sold via agents, who get monetary benefit in return. The agents also serve as financial advisors as the customers generally lack financial literacy and product knowledge. There are two types of Insurance product – the Term insurance and Whole Life insurance. The Term Insurance generally offers a better return in investment (ROI) than the Whole Life Insurance, however, it has been observed that Whole Life insurance is very popular in Indian market.

In this research, the team tried to explore why Whole Life insurance was being preferred despite being sub-optimal. One of the pertinent reasons could be the companies paying high commissions to the agent on sale of Whole Life policy. But, could this be the sole reason? There can be other reasons like customers lack of knowledge of compound interest and loss aversion. The study team found that it was the insurance agent always wished to push the Whole Life insurance product just to earn higher commission

Learning Outcome for Policy: Increase awareness regarding policies, so that agents do not take advantage of gullible poor people. Financial literacy has to be enhanced.

Incentivizing Calculated Risk-Taking Evidence from Experiments with Commercial Bank Loan Officer

The recent financial crisis, which has been caused due to the huge sanction of bad loans, has brought in the question of incentive structure of lending organization. The study found a positive impact about compensation for a good sanction and penalty for a bad one, as this caused a positive return on loans. As per the research a high-powered incentive scheme, motivated loan sanctioning officers to thoroughly screen the files and documents submitted for approval of a loan was required. With this approach, the officers were making smarter decision and more conscious regarding each sanction.

Learning Outcome for Policy: Positive incentives motivated people to work better, especially in screening bad loans.

Barriers to Household Risk Management: Evidence from India

The farming population often faces the risk of low crop production due to weather fluctuations. Many governments have launched a yield-based insurance for crops, however the program hasn't been successful as it suffers from selection, high administrative costs, monitoring and problems with incentive disbursal.

Rainfall Index insurance could help farmers cope with such an agricultural loss during low rainfall. Since rainfall data is easily available, there isn't any cost factor involved if a claim has to be verified.This research examines index-based rainfall insurance on its impact on farmer's decision-making and overall household'swell being. The study will also focus on methods used to market the products, as the take-up of index-based insurance is low.The study found that the demand was very price elastic, which ranges from -0.66 to -0.88. Also, in Andhra Pradesh when a trusted organization endorsed a product, the take-up dramatically increased by 10.4%.

Learning Outcome for Policy: Ifrainfall index is incorporated into the insurance policies and claims are cleared based on it, it will definitely increase its subscription. Known organisations to endorse the product for establishing trust which is a very important factor.

Selling Formal Insurance to the Informally Insured

In this research, which spanned among three states, researchers tried understanding why the farmers were reluctant towards purchasing rainfall-index insurance despite an exposure that the insurance could help them reduce the risk of monetary loss. The rainfall-index insurance is an innovatively created product to support farmers and protect them against deficit or excessive rainfall. During this study, researchers also tried marketing the product in different way to various sub-caste communities.

This study was conducted in partnership with AIC (Agriculture Insurance Company of India Limited. The team adopted an innovative approach towards experimenting the study – by utilizing a variation in access levels to informal insurance with a customized price variation and differentiated marketing approaches. Research team will try to explore whether lack of knowledge of the insurance product, liquidity constraints or trustworthiness were concerns for low take-up rates. In the initial findings, the take-up was 39% in Tamil Nadu, 38% in Andhra Pradesh and 42% in Uttar Pradesh

Learning Outcome for Policy: Policy has focused primarily on financial inclusion whereas the more urgent requirement is for financial literacy.

Map of Microfinance Distribution in India 2010

Developed by CMF, the Map of Microfinance Distribution in India 2010 is a resource, which attempts at covering the reach of financial services for the poor in the country. This project covers the significant policy-relevant data such as the reach of financial services and various models of the microfinance across geography of India. The map also considers which area are not served or underserved. Using the data, concerned authorities can make better decision regarding expansion and replication of financial services for the poor.

As of March 2010, 24 million customers were served the MFS with Rs 19,676 crores in loans outstanding. Approximately 81 million people are catered by SHG-linked schemes, which has Rs 6,199 crores of deposits (savings) and Rs 28, 048 in loans (outstanding)

To mention about the reach to the poorest of the poor, the data revealed that out of 210 poorest districts of India, MFIs aren't present in 80% percent of them, there's less than 1% penetration in 62 districts. And, the poorest districts with highest penetration are all located in southern India.

Learning Outcome for Policy: Microfinance has to be extended to rest of India and not focused only in the southern region.

Finale

The power of research and its compulsory requirement as part of decision-making should not be underestimated. The Case of one research organization in one particular field goes to show the relevance of research and the inputs derived from it toward policy making.

The conclusion that choice of Whole Life Insurance and Term Insurance depends upon the commission of the agent of the Insurance company. Bad loans are a fall out of non-incentives based bank employees and scope for on-the-job training. Massive default leading to financial crises was unrelated to any single reason but a curious case of massive defaults in a non-organised individual default. Rainfall index is crucial to be factored in while selling Insurance to farmers for bad crops yet most important in a farmer buying insurance is trust and awareness about the company. The cost of transferring money is higher than the actual money transferred, is another outcome of another research.

As a broad conclusion, we can say financial literacy is more imperative than financial inclusion, as accounts/no-frills accounts, rainfall-index sync insurance policies, term-insurance policies and many such tools are there but no takers. This goes to show that several takeaways come out of each research and if the conclusions are implemented in the right way, decision-making is effective.

The power of research is far reaching and wide and deep. Policy makers and decision makers need to make note of the research findings before, while and after any Policy is embarked upon. That is, at various stages of formation and implementation research findings have to be taken into account.

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