

**OVERVIEW OF THE PROGRESS OF MICROFINANCE PROGRAMME IN INDIA****Ms. Parul Mittal****Assistant Professor, Department of Commerce,****KLP College, Rewari-123401****M. D. University, Rohtak (Hr.) India.****ABSTRACT**

*Throughout this paper, we tried to discuss the progress of microfinance programme in India. The main objective of microfinance programme is to provide financing facilities to those areas of thrust from where the generation of income and the employment may be takes place. There are certain principles and delivery models also through which the microfinance process takes place. In this regard, Self Help groups play a vital role. In this sector, many banks (public and private), NGOs, Cooperative banks have shown very keen interest. There are also many programmes/schemes through various agencies and departments are going on to promote the SHGs. In addition, it also provides the services of Micro savings, Micro insurance, Micro Leasing and the money transfer which are similar to banking services.*

**Key Words:** *Microfinance, Microfinance Institutions, SHGs, NGOs.*

## **INTRODUCTION**

Microfinance refers to loan; saving, insurance, transfer services and other financial products targeted at low levels clients. Microfinance in India is mainly provided through Self-Help Groups (SHGs), Microfinance Institutions (MFIs) and some other methodologies. The network of many financial institutions like public and private sector commercial banks, co-operative banks, regional rural banks (RRBs) and MFIs is used to provide microfinance services to the poor people. Microfinance programme claims to provide the poor an access to capital and give them opportunities to climb the economic ladder. Microfinance, by its name refers the whole journey of financial and non financial services which covers skill up gradation, entrepreneurship development rendered to the poor and needy people for the purpose of enabling them to overcome poverty. The microfinance as a tool in poverty reduction, improving socio economic conditions of the poor and empowerment particularly in rural areas, has gained credence in development dialogue the world over (Joy and Murthy, 2007). It is a method to meet the credit requirements in rural areas. It puts credit, savings, insurance and other basic financial services like fund transfer (Robert et al, 2004) within the reach of poor and low income household & their microenterprises. After this, various programmes and schemes of Microfinance such as Swayamsiddha, Swa-shakti, RMK, CAPART, SJSRY, SGSY, VELUGU, and SCRIA etc. were initiated for poverty alleviation. Now, microfinance has received bigger attention among financial service providers, as a good alternative in the rural credit market. Within this context, the SHGs movement in India especially the SGSY of DRDA, SHG- bank linkage programme of the NABARD, various MFIs and community based organizations presented the rich experience.

## **OBJECTIVES OF STUDY**

The objective of this study is to examine the various Microfinance programmes and schemes in India. It also shows the progress of MFIs and penetration in this sector.

## METHODOLOGY

The secondary literature is drawn in house. The secondary data was collected through various published reports, journals, magazines, web sites. The literature is cross checked and validated to gives the latest information.

- **MICROFINANCE PROGRAMMES IN INDIA**

The Government of India has initiated various programmes and schemes in the area of microfinance. The most important programmes are SGSY (1999) and NABARD's SBLP (1992) which are using SHGs approach. Other initiatives by government include IMY, Swa-Shakti, DWCRA, CAPART, SJSRY, IFAD, Swayamsiddha, RMK etc. These all programmes aimed at reduction of poverty and improving the living condition of rural poor with the help of economic activities. Some details about the progress of above programmes are given here:

1. **Swaranjayanti Gram Swarozgar Yojana / National Rural Livelihood Mission (SGSY/NRLM)**

The Swaranjayanti Gram Swarozgar Yojana (SGSY) is a major on-going programme for the generation of self-employment of the rural poor people so that they can enhance their living conditions. Due to the ineffective results of IRDP, DWRCRA and TRYSEM, it was felt that there should be single self employment programme based on group approach. So for this purpose SGSY was launched on 01.04.1999 after restructuring and merging the erstwhile Integrated Rural Development Programme (IRDP) and its allied programmes namely Training of Rural Youth for Self Employment (TRYSEM), Development of Women and Children in Rural Areas (DWCRA), Supply of Toolkits in Rural Areas (SITRA) and Ganga Kalyan Yojana (GKY), besides Million Wells Scheme (MWS). The Planning Commission set up a committee under the chairmanship of Prof. S R Hashim in 1997, the report of which formed the basis for shifting from an individual beneficiary approach to a group-based approach for poverty alleviation. The Swarnjayanti Gram Swarozgar Yojana (SGSY) became major sustainable income generation through Self Employment and micro-enterprise development programme to be implemented by the states, with peffect from April, 1999. The Performance of SGSY was assessed through concurrent evaluation, studies and reports which includes studies conducted by NIRD, Hyderabad; BIRD, Lucknow;

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Centre for Management Development, Thiruvananthapuram; reports of the Steering Committee constituted by the Planning Commission for the 11th Plan. Prof. Radhakrishna Committee on Credit Related Issues related to SGSY, set up by the Ministry of Rural Development in April, 2008 and reported on the shortcoming in the implementation of SGSY. Accordingly, based largely on the recommendations of the Prof. Radhakrishna Committee, SGSY has been restructured as National Rural Livelihoods Mission (NRLM), subsequently renamed as "Aajeevika", to implement it in a mission mode across the country. The programme was formally launched on 3rd June, 2011. Since the inception of the Programme 43.96 lakh SHGs have been formed up to 2013 in India. As of March 2014, all States except Goa have transited to NRLM (have set up a SRLM as society/company, appointed CEO and core team, and prepared action plan). Among the Union Territories, Pondicherry has transited to NRLM. Goa and the remaining union territories (except Chandigarh and Delhi) are expected to transit in FY 2014-15.

During 2011-12, a total of 16.77 lakh Swarojgaris were assisted out of which 11.03 lakh (68.63%) were women Swarojgaris. In 2012-13, till December, 4.38 lakh Swarojgaris have been assisted out of which 3.49 lakh (79.68%) are women. Currently a total of 90,917 individual Swarojgaris from SCs/STs group (50% of total no. of individual Swarojgaris) have been assisted under SGSY/NRLM in 2012-13. During 2012-13 against the national target of 18, 87,471 (swarojgaris to be assisted under SGSY), a target of 2, 83,189 has been set for minorities. Out of this target 53,419 individual Swarojgaris have been assisted under SGSY up to 12-02-2013 during the year. Under SGSY/NRLM, a total of about 86 lakh SC and ST members from SHGs were assisted for economic activities in 2013-14. During 2013-14, NRLM was implemented in 261 new blocks, making the cumulative NRLM footprint to 1303 blocks. It has entered 32,573 villages spread across these blocks. NRLM has supported additional 2.92 lakh SHGs (either newly formed or strengthened) during the year 2013-14. Further, NRLM has provided funds amounting to Rs. 204.56 crore to the SHGs/Federations during 2013-14.

Table 1 shows the financial and physical performance of SGSY/NRLM since inception in India. The total allocation amount was Rs. 25993.61 crores in 2013 which includes central allocation (Rs. 19695.90 crores) and state allocation (Rs. 6297.72 crores). The central release and state

release were Rs. 19846.49 & Rs. 4708.74 crores respectively. Total funds available were Rs. 29705.72 crores out of which Rs. 21632.38 crores were utilized. The amount of credit mobilized was Rs. 33500.46 crores in 2013. Total 4396468 SHGs were formed since inception out of which 2992752 were women SHGs. 98.49% of SHGs have undertaken economic activities after Grade-II. Total 12934204 Swarojgaris were assisted out of which 8798475 were SC/ST members.

## **2. Indira Mahila Yojana (IMY)**

It was first SHG based women's empowerment programme. IMY was launched by ministry of women and child development in 1995-96 in 238 blocks in the country. It has been recast after merging Mahila Samridhi Yojana and retiled as 'Swayamsiddha' in 2001 to empower women through awareness generation, achievement of economic strength through micro-level income-generating activities and establish convergence of various services such as literacy, health, rural development etc. The major thrust of IMY was the formation of SHGs at the village or at the Aaganwadi level, so as to establish a strong base for women at the Panchayati level to prioritize women's needs. More than 42,000 Women Self-Help Groups were formed by the end of 2000 under this and the total expenditure was 7.20 crores.

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**Table 1: Financial and Physical performance of SGSY/NRLM in India since inception i.e. 01-04-1999 (Rs. in crores)**

SR. NO.	ITEMS	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	Total/Avg.
<b>FINANCIAL PROGRESS</b>																
1	<b>Total allocation</b>	1472.33	1332.50	774.50	756.37	1065.83	1332.67	1332.67	1466.00	2268.82	2643.44	2688.66	3116.46	2865.66	2877.69	25993.61
2	<b>Budget allocation/revised allocation</b>	950	620	550	710	800	1000	1000	1200	1697.70	2350	2350	2984	2621.29	2681.29	21574.28
3	<b>Central allocation (subsidies to DRDAs)</b>	1105	1000	581.50	567.90	800	1000	1000	1100	1702.24	2020	2051.54	2380	2191	2196.72	19695.90
4	<b>State Allocation</b>	367.34	332.50	193	188.47	265.83	332.67	332.67	366	566.58	623.44	637.12	737.46	674.66	680.97	6297.72
5	<b>Central Releases</b>	946.76	544.94	536.27	706.04	797.55	996.59	1029.56	1188.35	1697.70	2337.89	2230	2665.18	2394.89	1774.78	19846.49
	<b>% of Central Releases</b>	99.66	87.89	97.50	99.44	99.69	99.66	102.96	99.03	100	99.48	94.89	89.32	89.32	66.19	91.99
6	<b>Central Releases (Subsidies to DRDAs)</b>	869.55	462.11	401.10	504.64	645.20	900.10	910.27	1040.16	1540.28	1989.600	1974.96	2230.67	1834.46	1328.22	16631.31
	<b>% of Central Releases (subsidies to DRDAs)</b>	78.69	46.21	68.98	88.86	80.65	90.01	91.03	94.56	90.49	98.49	96.27	93.73	83.73	60.46	84.44
7	<b>State Releases</b>	261.47	200.76	156.07	181.14	192.64	261.81	315.67	338.91	475.69	542.57	608.31	551.08	500.30	122.30	4708.74
	<b>% of State Releases</b>	71.18	60.38	80.87	96.11	72.47	78.70	94.89	92.60	83.96	87.03	95.48	74.83	74.16	17.96	74.77
8	<b>Opening Balance as on 1<sup>st</sup> April</b>	776.66	854.74	661.58	415.77	287.38	249.01	241.83	262.97	302.58	438.80	857.17	905.55	820.83	330.56	528.96*
9	<b>Misc. Receipts</b>	54.33	90.57	80.80	76.66	89.66	100.28	90.76	82.51	75.62	32.08	55.20	64.90	46.79	20.05	68.59*
10	<b>Total Funds Available (6+7+8+9)</b>	<b>1962.01</b>	<b>1608.18</b>	<b>1299.55</b>	<b>1178.22</b>	<b>1214.88</b>	<b>1511.20</b>	<b>1558.53</b>	<b>1724.55</b>	<b>2394.17</b>	<b>3003.05</b>	<b>3495.65</b>	<b>3752.21</b>	<b>3202.39</b>	<b>1801.14</b>	<b>29705.72</b>

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<b>11</b>	<b>Total Funds Utilized</b>	<b>959.86</b>	<b>1117.94</b>	<b>970.32</b>	<b>921.11</b>	<b>1043.43</b>	<b>1290.83</b>	<b>1338.78</b>	<b>1424.20</b>	<b>1965.97</b>	<b>2285.40</b>	<b>2779.19</b>	<b>2804.04</b>	<b>2318.17</b>	<b>413.15</b>	<b>21632.38</b>
	<b>% of utilization to fund available</b>	48.92	59.52	74.67	78.18	85.89	85.42	85.90	82.58	82.12	76.10	79.50	74.73	72.39	22.94	72.82
	<b>% of utilization to allocation</b>	65.19	83.90	125.28	121.78	97.90	96.86	100.46	97.15	86.65	86.46	103.37	89.98	80.89	14.36	89.30*
	<b>% of utilization on subsidies</b>	36.79	52.67	86.16	65.78	68.37	66.52	67.59	68.18	65.57	76.23	70.56	64.68	72.25	61.77	65.94*
	<b>% of utilization of revolving funds</b>	5.06	6.73	8.79	12.58	15.14	10.79	11.08	9.86	9.52	10.83	12.04	10.42	9.22	10.74	10.20*
	<b>% of utilization on infrastructure development</b>	22.16	24.45	15.79	14.79	14.47	14.10	13.30	12.99	15.98	15.78	16.30	15.14	14.35	14.64	16.02*
	<b>% of utilization on training/skill development</b>	4.65	4.32	4.97	4.47	4.91	5.90	6.31	7.26	9.76	9.42	9.52	9.33	8.25	10.20	7.09*
	<b>% of utilization on others</b>	0.79	0.82	1.05	1.76	2.34	2.06	2.16	2.15	5.48	1.93	0.17	0.17	0.17	0.27	1.52*
<b>12</b>	<b>Total credit target</b>	3205.00	3205.00	3200.87	2525.21	2129.33	2507.67	2515.65	2869.12	3743.55	3929.80	4443.91	5210.63	6020.00	0.00	45505.76
<b>13</b>	<b>Total credit mobilized</b>	<b>1056.46</b>	<b>1459.44</b>	<b>1329.68</b>	<b>1184.30</b>	<b>1302.10</b>	<b>1658.18</b>	<b>1823.16</b>	<b>2291.21</b>	<b>2760.31</b>	<b>3530.07</b>	<b>4447.03</b>	<b>4585.98</b>	<b>4399.00</b>	<b>1673.54</b>	<b>33500.46</b>
<b>PHYSICAL PROGRESS (Nos.)</b>																
	<b>ITEMS</b>	<b>1999-00</b>	<b>2000-01</b>	<b>2001-02</b>	<b>2002-03</b>	<b>2003-04</b>	<b>2004-05</b>	<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>Total/Avg.</b>
<b>1</b>	<b>SHG formed</b>	292426	223265	434387	398873	392136	266230	276414	246309	306688	563530	389259	311314	233713	61924	4396468
<b>2</b>	<b>Women SHG formed</b>	176263	153285	296175	221085	233136	191666	213213	176712	231670	404972	292788	207280	153558	40949	2992752
	<b>% of women SHGs</b>	60.28	68.66	68.18	55.43	59.45	71.99	77.14	71.74	75.54	71.86	75.22	66.58	65.70	66.13	68.07

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<b>3</b>	<b>No. of SHG passed grade I</b>	125402	214011	176002	189634	204987	219604	210639	222029	251163	322322	439275	280575	181070	73217	3109930
<b>4</b>	<b>No. of SHG passed grade II</b>	74234	101291	54040	94754	90673	105839	91920	156353	116878	138641	161496	171657	148138	48387	1554301
<b>5</b>	<b>SHG taken up IGAs- Target</b>	-	-	-	-	-	-	53876	77018	10636	138169	155288	185525	187821	178937	1081670
	<b>Achievements</b>	29017	26317	30576	35525	50717	68102	80130	137931	181386	114452	136411	312288	242948	85087	1530887
	<b>% of SHG engaged in IGAs after Grade-II</b>	<b>39.09</b>	<b>25.98</b>	<b>56.58</b>	<b>37.49</b>	<b>55.95</b>	<b>64.34</b>	<b>87.17</b>	<b>88.22</b>	<b>155.19</b>	<b>85.55</b>	<b>84.47</b>	<b>181.93</b>	<b>164.00</b>	<b>175.85</b>	<b>98.49</b>
<b>6</b>	<b>SHGs swarojgaris assisted-Target</b>	-	-	-	-	-	-	528757	770175	1060365	1381689	1552884	1855250	1878210	1789370	10816700
	<b>Achievements</b>	347912	318803	364676	414419	577532	788573	873485	1472066	1154269	1470032	1736214	1743726	1468796	407492	13137995
<b>7</b>	<b>Individuals swarojgaris assisted-Target</b>	-	-	-	-	-	-	330473	320906	292380	380981	269598	222093	102972	98101	2117504
	<b>Achievements</b>	585956	687349	572792	411848	319363	327355	277631	219860	253503	291392	278136	296113	208321	30607	4760226
<b>8</b>	<b>swarojgaris assisted-Special projects</b>	-	-	-	-	-	-	-	-	291523	100451	70827	70147	0	0	532948
<b>9</b>	<b>Total swarojgaris assisted- Target</b>	-	-	-	-	-	-	<b>859230</b>	<b>1091081</b>	<b>1352745</b>	<b>1762670</b>	<b>1822482</b>	<b>2177343</b>	<b>1981182</b>	<b>1887471</b>	<b>12934204</b>
	<b>Achievements</b>	<b>933868</b>	<b>1006152</b>	<b>937468</b>	<b>826267</b>	<b>896895</b>	<b>1115928</b>	<b>1151116</b>	<b>1691926</b>	<b>1699295</b>	<b>1861875</b>	<b>2085177</b>	<b>2109986</b>	<b>1677117</b>	<b>438099</b>	<b>18431169</b>
	<b>% of swarojgaris assisted</b>	<b>37.25</b>	<b>31.69</b>	<b>38.90</b>	-	-	-	<b>133.97</b>	<b>155.07</b>	<b>125.62</b>	<b>105.63</b>	<b>114.41</b>	<b>96.91</b>	<b>85.65</b>	<b>23.21</b>	-
<b>10</b>	<b>SC swarojgaris assisted</b>	278980	310886	284040	249556	274893	352864	383124	600364	561052	601299	753640	734775	537667	127097	6050195



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11	ST swarojgaris assisted	134944	137850	143619	130260	138909	149115	165407	241291	251783	274530	322142	361891	251337	45202	2748280
12	Total SC/ST swarojgaris assisted	413882	448376	427659	379816	413802	501979	548531	841655	812835	875829	1075782	1006666	789004	172299	8798475
13	Minorities swarojgaris assisted	-	-	-	-	-	-	-	60494	142399	275121	241866	244225	273355	39212	1276672
14	Women swarojgaris assisted	416690	409842	385891	382613	470740	606141	662764	1247132	1083905	1206513	1502285	1424059	1103553	349322	11251450
15	Disabled swarojgaris assisted	8529	6737	6059	6118	8504	12680	14793	31864	36113	42315	45869	40838	24505	4506	289430
	% of SC/ST swarojgaris assisted	44.32	44.60	45.62	45.97	46.14	44.98	47.65	49.75	47.83	47.04	51.59	51.98	47.05	39.33	46.70
	% of Minorities swarojgaris assisted	-	-	-	-	-	-	-	3.58	8.38	14.78	11.60	11.57	16.30	8.95	11.04
	% of Women swarojgaris assisted	44.62	40.73	41.16	46.31	52.49	54.32	57.58	73.71	63.79	64.80	72.05	67.49	65.80	79.74	61.05
	% of Disabled swarojgaris assisted	0.91	0.67	0.65	0.74	0.95	1.14	1.29	1.88	2.13	2.27	2.20	1.94	1.46	1.03	1.57

**Source:** Ministry of Rural Development, GOI

**Note:** All India target for per capita investment and credit subsidy ratio are Rs. 25000 and 3:1 respectively.

(-)-Not Available.

\*Average per year.

### 3. Swa-Shakti Project

The Rural Women's Development and Empowerment Project (RWDEP) now called the Swa-Shakti Project. Swa-Shakti is jointly assisted by the World Bank, IFAD and Government of India (GOI). It was started on 16<sup>th</sup> October, 1988 for duration of 5 years with an outlay of Rs. 186.21 crore. An additional amount of Rs. 5 crore was provided under the project for setting up a revolving fund for giving interest bearing loans to beneficiary groups, primarily during the formative stages. It was started by the WDC of 7 states viz. Gujarat, Haryana, Bihar, Jharkhand, Karnataka, M.P, U.P. Over all 57 districts, 335 development blocks, 7531 villages are covered under the project while 17647 SHG's were formed with the membership of 243962 women. The project is being implemented by 218 NGOs in various states. The total amount of group savings was Rs. 2215 lakh and bank loan was 2508 lakh rupees. Inter-loaning amount was Rs. 5487 lakh. In this project, 130896 members were engaged in economic activities. Gujarat, U.P and Karnataka formed highest number of SHGs while Bihar had low quantity of groups formed. In Haryana, total 1550 SHGs were formed under Swashakti.

### 4. Swayamsiddha Project

An improved version of the SHG based women's empowerment and development programme, namely Swayamsiddha, was launched in Feb. 2001 in 650 blocks, including the 238 IMY blocks in 35 states/UTs, with a total budget of Rs. 116.30 crores. The Scheme ended in March 2008. Govt. of India has desired that the State Governments should hand hold the Self Help Groups formed under the Swayamsiddha scheme till the launch the second phase of the programme. There were total 335 districts covered in this programme which include 650 blocks. The total numbers of SHGs formed were 69803. During the period 2000-06, total Rs. 4392.77 lakh was released as fund. In the year of 2007-08, Rs. 2287.30 lakh were released. The highest number of SHGs formed in the state of U.P (9268), West Bengal (5184), Tamil Nadu (5452) and Bihar (6340) while some states and U.T showed low progress of groups under this project like Delhi (276), Sikkim (576), Nagaland (600), Manipur (300), Mizoram (300), A&N Island (225), Lakshadweep (273) and Pondicherry (300). In Haryana, 1300 groups were formed.

- **FINANCIAL INSTITUTIONS OF MICROFINANCE IN INDIA**

Various type of financial institutions offer microfinance programmes and schemes. There are many Apex Financial Institutions and Microfinance Institutions (MFIs). In India, Microfinance

programme was initiated by NABARD's SHG-Bank linkage programme (SBLP) in 1992. SIDBI is second player in this sector. SIDBI also provides refinance to the SFCs and commercial banks for their direct lending. RMK is the third player providing the loans to NGOs for on-lending to the women's SHGs. Each has different approach in microfinance sector. The details of all Institutions are as follows:

### **1. NABARD's SHG Bank Linkage Programme (SBLP)**

The SBLP has now completed more than 21 years of existence. The Self Help Group-Bank Linkage Programme (SBLP) was originated in GTZ-sponsored project in Indonesia. NABARD has set up a task force with the APRACA to identify the existence of SHGs. Starting from a modest scale as a pilot in the year 1992, the SHG-Bank linkage programme has turned into a solid structure with more than 73.18 lakh savings-linked Self Help Groups (SHGs) covering over 9.50 crore poor households as on 31 March 2013. The total savings of these SHGs with banks amounted to Rs. 8,217.25 crore. The number of credit-linked SHGs under the programme stood at 44.51 lakh. NABARD expended a sum of Rs. 50.44 crore during 2012-13 from Micro Finance Development and Equity Fund and Women Self Help Group Development Fund for various micro finance related activities such as formation and linkage of SHGs through SHPIs, training and capacity building of stakeholders, livelihood promotion, documentation and awareness, etc. NABARD continued to extend support to NGOs, RRBs, CCBs, Farmers' Clubs and Individual Rural Volunteers (IRVs) for promoting and nurturing SHGs. During 2013-14, grant assistance of Rs. 36.33 crore was sanctioned to these agencies. The cumulative assistance sanctioned to various agencies was Rs. 262.83 crore for promoting 7.46 lakh SHGs. Cumulative assistance of Rs. 79.04 crore was released for formation of 4.99 lakh SHGs as on 31 March 2014. The NGOs were the most dominant SHPI, forming more than 3.79 lakh SHGs. Grant assistance of Rs. 76.74 crore was sanctioned for promotion of 3.99 lakh JLGs across the country as on 31 March 2014. During 2013-14, Rs. 1,392.58 crore was disbursed by banks to around 1.29 lakh JLGs and the cumulative loan disbursement as on 31 March 2014 was Rs. 6,075.91 crore to 6.58 lakh JLGs.<sup>1</sup> There was small increase of 2% in the number of SHGs with outstanding bank loans on 31 March 2013 as compared to a year earlier. This reversed the decline during 2010-12. The

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<sup>1</sup> NABARD Report, 2013-14

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volume of fresh loans issued by banks to SHGs during 2012–13 showed a significant growth of 24.5 per cent to reach Rs. 205.85 billion. The average loan outstanding was Rs. 88,455 on 31<sup>st</sup> March, 2013 as against Rs. 83,457 a year earlier. Despite significant growth (25.4 per cent) in bank savings of SHGs, the number of savings-linked groups declined between 2012 and 2013, with a consequent increase in average savings. The number of SHGs savings-linked with the banking system grew steadily since 2008 and had peaked at 7.96 million groups in March 2012. The number declined to 7.32 million as at the end of March 2013. Over a period of more than 15 years up to 2011–12 NABARD sanctioned an amount of Rs. 184.17 crore for promoting 675,661 SHGs. A further Rs. 45.62 crore was sanctioned for promoting and credit linking 97,862 SHGs during 2012–13.<sup>2</sup>

It is clear from table 2 that SBLP was started with 255 SHGs in 1992, a total of 4451343 SHGs were linked with banks in 2013. The cumulative disbursement of bank loan was Rs. 0.29 crores in 1992 while it increased to Rs. 105264.60 crores in 2013. The total of Rs. 20585 crore was given as bank loan in 2013. During the year of 2013, a total of Rs. 1767.42 crores was refinanced by NABARD.

**Table 2: Self Help Group- Bank Linkage Programme (Amount in Rs. Crore)**

Year (End March)	No. of SHGs financed by Banks			Bank Loan			Refinance	
	During the year	Cumulative	Growth (%)	During the year	Cumulative	Growth (%)	During the year	Cumulative
1992-93	255	255	-	0.29	0.29	-	0.27	0.27
1993-94	365	620	43.1	0.36	0.65	24.1	0.19	0.46
1994-95	1502	2122	311.5	1.79	2.44	397.0	1.67	2.13
1995-96	2635	4757	75.4	3.62	6.06	102.0	3.53	5.66
1996-97	3841	8598	45.8	5.78	11.84	60.0	4.99	10.65
1997-98	5719	14317	48.9	11.92	23.76	106.0	10.74	21.39
1998-99	18678	32995	226.6	33.31	57.07	140.0	30.67	52.06
1999-00	81780	114775	337.8	135.91	192.98	238.0	98.07	150.13
2000-01	149050	263825	82.0	287.89	480.87	112.0	244.85	394.98
2001-02	197653	461478	33.0	545.47	1026.34	89.0	395.26	790.24
2002-03	255882	717360	29.0	1022.33	2048.67	87.0	622.47	1412.71
2003-04	361731	1079091	41.0	1855.53	3904.20	81.0	705.44	2118.15

<sup>2</sup> State of sector report, 2013-14.

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2004-05	539365	1618465	49.1	2994.25	6898.46	62.0	967.76	3085.91
2005-06	620109	2238565	14.9	4499.09	11397.55	50.0	1067.72	4153.63
2006-07	1105749	3344314	78.3	6643.19	18040.74	47.7	1292.86	5446.49
2007-08	1227770	4572084	11.0	8849.26	26890.00	33.2	1615.50	7061.99
2008-09	1609586	6181670	31.1	12253.51	39143.51	38.5	2620.03	9682.02
2009-10	1586822	7768492	-1.4	14453.30	53596.81	18.0	3173.42	12855.44
2010-11	1196154	8964626	-24.6	14548.23	68145.04	0.65	2545.43	15400.87
2011-12	1148000	10112626	-4.0	16534.56	84679.60	13.66	3072.59	18473.46
2012-13	4451434	14564060	-	20585.00	105264.60	-	1767.42	20240.88

**Note:** Data relate to Commercial Banks, RRBs and Cooperative Banks. From 2006-07 onwards, data on number of SHGs financed by banks and bank loans are inclusive of 'Swarnajayanti Gram Swarozgar Yojana' (SGSY).

**Source:** Compiled from NABARD Annual Reports and NABARD publications, Progress of SHG-Bank Linkage in India and Status of Microfinance in India.

Table 3 demonstrates the top 10 states in terms of SHGs with outstanding loan and disbursement for the year of 2012 and 2013. It stated that Andhra Pradesh have highest numbers of SHGs with outstanding loan in 2013 i.e.1356720 which is followed by Tamil Nadu (511859), West Bengal (494166), Karnataka (379305) and Odisha (277954). While M.P, Kerala and Bihar showed less number of SHGs. In terms of SHGs with disbursement, Andhra Pradesh has first position with total 484292 SHGs in 2013. Tamil Nadu was in the 2<sup>nd</sup> position and Karnataka has 3<sup>rd</sup> position. In low growth states, NABARD has taken some action or special measures for their growth and development.

**Table 3: Top Ten States under SHG- Linkage Programme in India**

Name of the state	No. of SHGs with Loan Outstanding		No. of SHGs with Disbursement	
	2012	2013	2012	2013
Andhra Pradesh	1400995	1356720	378526	484292
Tamil Nadu	514203	511859	179902	150586
West Bengal	382942	494166	99379	95284
Odisha	314669	277954	49831	47676
Karnataka	226978	379305	87943	145733
Bihar	223033	185309	39241	30574
Maharashtra	214012	219651	68396	54749
U.P	212922	228646	34497	33140
Kerala	159843	153336	55242	60830
M.P	60815	65358	8751	15182

**Source:** Microfinance India- State of the Sector Report, 2013

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In India, there is no uniformity regarding the progress of microfinance in all regions. In comparison to other regions of the country, Southern region has great progress of microfinance sector in terms of numbers of SHGs formed. Northern, North eastern and central region has very low performance while Eastern region as better progress. Table 4 shows that in 1999, Southern region had 78720 SHGs which increased to 2415191 in 2013 which is followed by Eastern (1020656), Central (362521), Western (295451), Northern (213955) and North Eastern (143660) in 2013. The total numbers of groups in all regions were 4451434.

**Table 4: SHG Bank Linkage Programme- Regional Spread of Physical Progress (Cumulative)**

Region	Northern Region	North Eastern Region	Eastern Region	Central Region	Western Region	Southern Region	All India
1999-00	3222	196	9398	15256	7983	78720	114775
2000-01	9012	447	22252	28581	15543	187690	263825
2001-02	19321	1490	45892	48181	29318	317262	461478
2002-03	34923	4096	90893	81583	42180	463712	717360
2003-04	52396	12278	158237	127009	54815	674356	1079091
2004-05	86018	34238	265628	197365	92266	938941	1618456
2005-06	133097	62517	394351	267915	166254	214431	2238565
2006-07	182018	91754	525881	332729	270447	1522144	2924973
2007-08	134783	103424	753048	326763	446550	1861373	3625941
2008-09	166087	117609	893126	326602	357775	2283992	4145191
2009-10	152491	133785	1027570	497922	457476	2582112	4851356
2010-11	149108	150021	1105530	358872	316821	2706408	4786763
2011-12	212041	159416	985329	352452	289472	2355732	4354442
2012-13	213955	143660	1020656	362521	295451	2415191	4451434

Source: SBLP, Status of Microfinance, Various Year, NABARD

## 2. Small Industrial Development Bank of India (SIDBI)

SIDBI also launched its bank linkage programme in 1992. The micro credit scheme (MCS) was formulated in March 1994. Encouraged by the success of the pilot phase of MCS, the bank launched SIDBI foundation for Micro credit (SFMC) during the year of 1999. The cumulative disbursements (including loans, equity and quasi equity but excluding IMEF) under SIDBI's micro finance initiatives up to March 31, 2013 aggregated Rs. 7,404.43 crore. The outstanding

micro credit portfolio of the Bank stood at Rs. 1,810.92 crore, as on March 31, 2013. The number of MFIs assisted by SIDBI and having loaned outstanding with the Bank as on March 31, 2013 stood at 102. The assistance through SIDBI has benefited around 322 lakh disadvantaged people, most of them being women. Under IMEF (the scheme operationalised as per Union Budget 2011-12), a sum of Rs. 104.25 crore has been sanctioned up to March 31, 2013 out of which Rs. 73.25 crore stands disbursed as on March 31, 2013. The total numbers of beneficiaries assisted under SIDBI were 12.88 lakh in 2007-08 and 19.62 lakh in 2008-09. Transformation loan assistance of Rs. 8 crore was extended to 10 MFIs during the year. Total disbursement during the year 2009 was 1741.61 crores and loan portfolio was 2136.89 crores. In 2013, the total amount of Rs. 1810.92 crores was sanctioned by SIDBI out of which only Rs. 335.06 crores was disbursed.

### **3. Rashtriya Mahila Kosh (RMK)**

The Rashtriya Mahila Kosh (RMK) is a national level mechanism to meet the micro credit needs of the poor and asset-less women in the Informal Sector. It works under the ministry of women and child development. From inception in 1993 till February 2001, total credit worth Rs. 100 crore was sanctioned to benefit more than 400,000 women through 827 NGOs spread over the country. RMK has a very creditable recovery rate of 90 to 95 per cent. It has also ventured to develop an institutional base at grass-roots level with the establishment of Self Help Group for expanding its credit services. Since inception, in all over India RMK had sanctioned total amount of Rs. 34103.09 lakh and out of this Rs. 22931.79 lakh had been disbursed up to the year of 2012. Total number of 717434 beneficiaries was linked with RMK as on Feb., 2012. The total sanctioned loan amount was Rs. 439.33 lakh in 1993 and total disbursement was Rs. 140.82 lakh. This increased to a large extent up to 2013. Total 41 NGOs are working through RMK. There were 3617 SHGs were linked in the year of 2009. Out of total beneficiaries, women were 23019 in 2013.

### **4. Microfinance Institutions (MFIs)**

Microfinance Institutions (MFIs) was promoted by government, banks, NGOs and individuals. **AGA KHAN** is the first microfinance bank which was established in the year 2002. Though the microfinance industry was present in India from the early 1970s, but it came into prominence very recently. The cumulative annual growth rate of the sector for the last 5 years is 93%. It

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provides services like micro credit, economic development, savings, insurance, remittances, nonfinancial services etc. During the year 2011-12, the banks financed 453 MFIs with bank loans of Rs. 49658.68 crores and 1831 MFIs were with outstanding loans of Rs. 98532.37 crores. As per the provisional data furnished by Sa-Dhan for 2012–13, there are 2.75 crore active clients of MFIs—both NBFCs and others—with a loan outstanding of Rs. 22,300 crore. Both client outreach and outstanding loans of MFIs have not increased since 2010–11. The number of active clients has remained around 9 crore over the last four years, if one ignores the possible overlapping between the SBLP and MFI models. The loan outstanding was stagnant around Rs. 21,000 crore, and increased marginally by about Rs. 1,300 crore between 2011–12 and 2012–13<sup>3</sup>.

Table 5 demonstrates the top 10 MFIs all over India. SKS Microfinance is leading the sector with the total 4.26 million clients in 2012. Its outstanding loan amount was Rs.16.69 billion in 2012. Other leading Microfinance Institutions in this sector was BANDHAN, SPANDANA, SHARE, EUQITAS, SKDRDP, UJJIVAN, GRAMA VIDYAL, BASIX and CASHPOOR. The data given in the table shows the client outreach and loan outstanding in the year of 2011 and 2012.

**Table 5: Top 10 Micro Finance Institutions by Outreach**

Year	Outreach (Rs. Millions)		Outreach Growth (%)	Loan Outstanding (Rs. Billion)		Loans Growth (Rs.)
	2011	2012		2011	2012	
SKS Microfinance	6.24	4.26	-32	41.11	16.69	-59
BANDHAN	3.25	3.62	11	25.07	37.30	49
SPANDANA Spoorthy	4.19	3.44	-18	34.58	27.15	-21
SHARE Microfinance Ltd.	2.84	2.16	-24	20.65	21.10	2
EQUITAS Microfinance	1.53	1.19	-22	7.94	7.24	-9
SKDRDP	1.38	1.02	-26	9.58	6.01	-37
UJJIVAN	0.84	0.82	-2	6.25	7.03	13
GRAMA VIDYAL (ASA)	0.93	0.82	-12	5.2	5.20	0
BASIX	1.53	0.57	-63	12.49	2.92	-77
CASHPOR	0.43	0.46	7	2.38	3.23	-36

**Source:** Data from MIX.org

<sup>3</sup> State of Sector Report, 2013-14.



- **MICROFINANCE PENETRATION IN INDIA**

In the current microfinance landscape in India, there is a significant change in the Microfinance Penetration Index (MPI) and Microfinance Poverty Penetration Index (MPPI) in several states. The analysis shows Manipur has taken the top position for the second consecutive year with a score of 4.13 in MPI and 7.06 in MPPI. AP, the top ranking state in penetration in the previous years is now placed third. Puducheri (Pondicherry) has improved its ranking and moved to second place. The ranking of the last five ranks remain the same as the previous year except that there was some increase in the values. The population data has been sourced from the latest Census 2011 and this might be one of the reasons for some changes among states in terms of MPI. The changes in the spread of SHG linkage and MFIs customer base as the result of the crisis have caused some changes to the MMPI rankings of states (Table 6). The low MPPI ratio in states like Bihar and UP with a large proportion of households under poverty line indicates that considerable work has to be done in these states both by SBLP and MFIs.

**Table 6: Ranks of the selected states based on MPI and MPPI, 2012**

Top 5			
State	MPI	State	MPPI
Manipur	4.13	Manipur	7.06
Pondicherry	3.46	Andhra Pradesh	6.24
Andhra Pradesh	3.34	Pondicherry	4.67
Tamil Nadu	2.32	Tamil Nadu	2.76
Odisha	2.19	Sikkim	3.28
Last 5			
State	MPI	State	MPPI
J & K	0.07	Mizoram	0.23
Mizoram	0.32	J & K	0.46
New Delhi	0.24	New Delhi	0.45
Punjab	0.27	Bihar	0.42
Meghalaya	0.21	U.P	0.38

**Source:** Microfinance India- State of the Sector Report, 2012

**CONCLUSIONS**

Although Microfinance in India has grown at a remarkable pace in recent years and also achieved considerable outreach amongst rural households across the nation. Microfinance services are provided by the SBLP of NABARD, NGOs, MFIs and various government schemes and programmes. SHGs in India are mostly promoted by SBLP of NABARD, NGOs and MFIs. Microfinance helped poor to gain banking and financial facilities. Despite of the significant role of microfinance programme in enhancing the status of rural poor and nurturing the SHGs, the overall progress of microfinance across the country is not equal. There were regional disparities. This programme concentrated more in southern region in comparison to other region of India. On the basis of above findings, it is observed that there are so many problems associated with the MFIs. There is a big difference between demand and supply of microfinance in India. The Southern regions showed greater progress in this sector. Moreover, Microfinance institutions are lagging behind in terms of loan and credit the real needy, regional imbalance, a proper regulation etc. These Internal, external and client based challenges are prevailing from starting of the MFIs in India. Finally, MFIs in India have so many lacunas in their running, though the MFIs paid an important role in the poverty alleviation and enhancing the living standards of the poor.

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