1.1 Introduction

Microfinance is financial services for poor and low-income clients offered by different types of service providers. In general, the term is often used more narrowly to refer to loans and other services from providers that identify themselves as “microfinance institutions” (MFIs). Microfinance is very small loans to unsalaried borrowers, taking little or no collateral security. Moreover, microfinance refers to a movement that envisions a world in which low-income people have permanent access to a range of high quality and affordable financial services offered by financial service providers. These services include savings, credit, insurance, remittances, and payments, and others. Microfinance is financial aid to economically disadvantaged segments of society and to enabling them to enhance their income levels. “The provision of financial services to low-income poor and very poor self-employed people” Otero (1999, p.8) “The attempt to improve access to small deposits and small loans for poor households neglected by banks” Schreiner and Colombet (2001, p.339). Microfinance is the provision of financial services to low-income clients or solidarity lending groups including consumers and the self-employed, who traditionally lack access to banking and related services. Microfinance is the provision of thrift, credit and other financial services and products of very small amounts to the poor for enabling
them to raise their income levels and improve their living standards (RBI). Microfinance is a combined term used for monetary intermediation services to low income group and poor clients. Services offered are credit facility, saving accounts, money transfers, remittances, insurance and even investment. In general, microfinance deals with providing low income family with very small loans (micro-credit) to support them in order to engage them in productive activities. Perhaps the fundamental question for the motivational underpinnings of microfinance is whether it is a viable strategy for poverty alleviation relative to other poverty alleviation policies. Adams and von Pischke (1992). Amartya Sen writes, “While it is important to distinguish conceptually the notion of poverty as capability inadequacy from that of poverty as lowness of income, the two perspectives cannot but be related, since income is such an important means to capabilities.\(^1\)

Microfinance is an economic development tool whose purpose is to aid the under privilege people to work their way out of poverty. It covers a range of services which include, in addition to the provision of credit, many other services such as savings, insurance, money transfers, counseling, microcredit, micro-lending, and other similar terms are often

used interchangeably, microfinance is the term that is most comprehensive, including savings, loans, and insurance, and as such is the term that will be used throughout this thesis. Microfinance concept which evolved that the borrowers are low-income groups the loans are for small amounts, the loans are without collateral, the loans are generally taken for income generating activities, although loans are also provided for consumption, housing and other purposes, the tenure of the loans is short, the frequency of repayments is greater than for traditional commercial loans. The Microfinance is also the idea that low income individual are capable of lifting themselves out of poverty if given access to financial services. Microfinance is the term that has come to refer generally to such informal and formal arrangement offering financial services to the poor.

“Microfinance is the provision of financial services to low income clients or solidarity lending groups including consumers and the self-employed, who traditionally lack to banking and related services”. Microfinance is not just about providing micro credit facility to the poor to a certain extent it is an economic development tool whose objective is to assist poor to tackle out of poverty. It covers a wide range of services like credit, savings, insurance, remittance and also non financial services like training, counseling etc. The Microfinance borrowers are from the low income group, loans are of small amount –
micro loans, Short duration loans, loans are offered without collaterals, high frequency of repayment. Loans are generally taken for income generation purpose.

In 1976, however, as the most popular story of microfinance goes, the man credited as the father of microfinance Muhammad Yunus, he challenged this idea and proved that the poor were really bankable. As he describes his experience, he relates that his work “became a struggle to show that the financial untouchables are actually touchable, even huggable.”\(^2\) As Richard Rosenberg states, the issue of poverty is not just a matter of low incomes for households, but also a matter of the irregular and uncertain nature of the incomes which can be reduce through microfinance.

### 1.2 Definition of Microfinance:

**Asian Development Bank** (ADB) defines microfinance as “the provision of a broad range of financial services such as deposits, loans, money transfers, and insurance to small enterprise and households.”

**CGAP**\(^3\) (2003) defines microfinance as “a credit methodology that employs effective collateral substitutes to deliver and recover short-term

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\(^2\) *Yunus, Muhammad. “Banker to the Poor: Micro-Lending and the Battle Against World Poverty,”* pg. 57

\(^3\) *Consultative Group to Assist the Poor*
working capital loans to micro entrepreneurs.”

Otero (1999, p.8) is “the provision of financial services to low-income poor and very poor self employed people”

Schreiner and Colombet (2001, p.339) define microfinance as “the attempt to improve access to small deposits and small loans for poor households neglected by banks.”

1.3 Background of Microfinance
Over the past decades, microfinance provider has come up with various ranges of models for delivering financial services to the poor’s which meet the dual criteria of sustainability and outreach. The Many people agree that microfinance can make a difference in people’s lives, and it’s difficult to identify what extent does microfinance contributes to poverty reduction. In past years, the question of the association between microfinance and poverty has aroused much passion among providers, promoters, and others involved in the microfinance field. While he was the head of the economics department at Chittagong University in Bangladesh following the 1974 famine, Muhammad Yunus became involved with poverty reduction efforts. It was during one of his visits to a rural village that he realized that one of the major problems facing the poor of his country was the lack of access to formal credit. As such, the
poor were forced to take out loans from local moneylenders who charged high interest rates and required the borrower to make repayments with the profits. Giving a small collateral free loan of $27 dollars from his own pocket to a group of 42 women in a village, Yunus found however, that the poor do repay their loans, social collateral can be substituted for traditional collateral, and that micro loans make a substantial difference in the economic opportunities of the poor. Although Muhammad Yunus was not the first person to experiment with microfinance, he popularized it, especially in South Asia, and made it mainstream through the founding of the Grameen Bank and the winning of the Nobel peace prize for his endeavors. In Bangladesh and other parts of the world micro financing has been in practice for a long ago. Provision of credit and other financial services on a micro level where non conventional customs, however, it was not often termed to as ‘microfinance’. The existence of microfinance in Europe has been old-fashioned back to the extensive increases in the poverty levels in the 16th and 17th centuries. The early history of microfinance in Ireland has its roots in the time period spanning 1720 to 1950. Similarly, in Germany, the first sign of microfinance was present in the late 1700s through the existence of thrift societies and communal
savings funds. And the second wave appeared after the year noted as the hunger year of 1846-47.⁴

1.4 Historical background⁵

Micro-finance institutes of Bangladesh

Bangladesh has been acknowledged as a pioneer in the field of micro-finance. Muhammad Yunus, Professor of Economics in Chittagong University of Bangladesh, was an initiator of an action research project ‘Grameen Bank’. The project started in 1976 and it was formally recognised as a bank through an ordinance, issued by the government in 1983. Even then it does not have a scheduled status from the Central bank of the country, the Bangladesh Bank. The Grameen Bank provides loans to the landless poor, particularly women, to promote self employment. At the end of December 2001, it had a membership of 23.78 lakh and cumulative micro-credit disbursements of Tk 14.653 crore. Bangladesh Rural Advancement Committee (BRAC), Association for Social Advancement (ASA) and PROSHIKA are the other principal Micro-credit Finance

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⁴ Seibel, Hans Dieter. Does History Matter? The Old and the New World of Microfinance in Europe and Asia

⁵ An Evaluation of Impact of SHG on The Social Empowerment Of Women In Maharashtra Conducted by ‘Drashti’ - Stree Adhyyayon Prabodhan Kendra
Institutions (MFIs) operating for over two decades and their activities are spread in all the districts of that country. BRAC is the largest NGO of Bangladesh with a total membership of 41.38 lakh. Initially set up in 1972 as a relief organisation, it now addresses the issues of poverty alleviation and empowerment of poor, especially women, in the rural areas of the country. This institute also works in the field of literacy, legal education and human rights. BRAC has worked significantly in the fields of education, health, nutrition and other support services. PROSHIKA is also active in the areas of literacy, environment, health and organization building, while ASA and Grameen Bank are pure MFIS. The micro-finance practices of these institutions revolve around five basic features. Firstly, these institutions primarily have women as their target group. Secondly, they adopt group approach for achieving their targets. The group approach focuses on organising the people into small groups and then introducing them to the facility of micro-financing. The MFIs of Bangladesh place a great deal of importance to group solidarity and cohesiveness. Thirdly, savings are an essential precondition in all these MFIs for availing credit from them. Fourthly, the officials of the Bangladesh MFIs remain present in the weekly meetings of the groups and collect the savings, update the pass books and even disburse the
loans, and lastly, the systems and procedures of the MFIs are quite simple and in tune with the requirements and capabilities of their clients.

1.5 The Grameen Bank Model in Bangladesh

The Grameen Bank (GB) was launched as a project in a village of Bangladesh in 1976 to aid the poor families by providing credit. In 1983, it was formed into a formal bank under a special law. It is owned by the underprivileged borrowers of the bank who are mostly women. GB has changed conventional banking practice by providing loan with no collateral security. The GB shaped a banking system based on mutual trust, accountability, participation and creativity. It offers finance for creating self-employment, income generating activities and housing for the poor. It initiated financial service at the doorstep of the poor and low income people as concept of Financial Inclusion, In order to obtain loans, a borrower must be group, each group must have five members no any guarantee for a loan to its member required. The repay of loan responsibility rests on the individual borrower, while the group and the bank oversee that everyone behaves in a responsible way and none gets into repayment problem. No group members are responsible to pay on behalf of a defaulting member. New loan becomes available to a

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6 Website of Grameen Bank; www.grameen-info.org
borrower if her previous loan is repaid. Loans are to be paid back in installments (weekly or fortnightly). The GB initially target on providing credit facilities and paid little attention to voluntary deposit mobilization. This policy was changed in 2000, with increased emphasis on deposit mobilisation. GB currently offers four kinds of savings, namely a) personal savings account, b) special savings account, c) Grameen pension savings and d) credit-life insurance savings fund. After operating group lending for 25 years, the GB switched to individual lending with repeated loan cycles and greater credit exposure, homogeneity of the group would weaken as loan requirements vary with variation in the levels of upliftment attained. The Grameen II is more suitable for reaching the poor because its products can be easily used for everyday money management as well as for microenterprises. GB II dispensed with the general loans, seasonal loans, family loans, and more than a dozen other types of loans. It also initiated to give the group fund; the branch wise and zone-wise loan ceiling, fixed weekly installment, the rule to borrow for one whole year, even loan only for three months. The Government of Bangladesh has fixed interest rate for government-run micro credit programmes at 11 per cent at flat rate, which amounts to about 22 per cent on a declining balance basis. The interest rate charged by the Grameen Bank is lower than that fixed by the Government of
Bangladesh. There are four interest rates for loans from Grameen Bank: 20 per cent (declining balance basis) for income generating loans, 8 per cent for housing loans, 5 per cent for student loans, and 0 per cent (interest-free) loans for struggling members. All interests are simple interest, calculated on declining balance method. This implies an annual interest rate of 10 per cent for income-generating loan which is less than that (11 per cent) fixed by the Government of Bangladesh. GB offers attractive rates for deposits ranging from 8.5 per cent to 12 per cent.

### 1.6 The Financial Inclusion

The Financial inclusion is the process of ensuring access to financial services timely and adequate credit needed by vulnerable groups such as weaker sections and low income groups at affordable cost. Credit is one of the critical inputs for economic development. Its timely availability in the right quantity and at an affordable cost goes a long way in contributing to the well-being of the people especially in the lower rungs of society. Thus access to finance, especially by the poor and vulnerable groups is a prerequisite for employment, economic growth, poverty reduction and social cohesion. Financial Inclusion is the process of ensuring access to appropriate financial products and services needed

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*Financial Inclusion and Microfinance in India: An Overview by Jayasheela*
by all sections of the society in general and vulnerable groups such as weaker sections and low income groups in particular at an affordable cost in a fair and transparent manner by mainstream institutional players.

1.7 Definition of Financial Inclusion

- Financial inclusion may be defined as the process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as weaker sections and low income groups at an affordable cost.  

- Financial Inclusion, broadly defined refers to universal access to a wide range of financial services at a reasonable cost. These include not only banking products but also other financial services such as insurance and equity products.

1.8 Approaches of Financial Inclusion:

According to C. Rangarajan there are six approaches in the system of Financial Inclusion, they are, as follows.

1. First, credit to the farmer households is one of the important elements of financial inclusion among them providing credit to

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8 (The Committee on Financial Inclusion, Chairman: Dr. C. Rangarajan)
the marginal and sub marginal farmers as well as other small borrowers is crucial to the need of the hour.

2. Second, rural branches must go beyond providing credit and extend a helping hand in terms of advice on a wide variety of matters relating to agriculture.

3. Third, in district where population per branch is much higher than the national average commercial banks may be encouraged to open the branches.

4. Fourth, there is need for the simplification of the procedures in relation to granting of loans to small borrowers.

5. Fifth, the further strengthening the SHG-Bank Linkage Programme (BLP), as it has proved to be an effective way of providing credit to very small borrowers.

6. Sixth, the business facilitator and correspondent model needs to be effectively implemented.

**The important financial inclusion initiatives of RBI are as follows**

i. Introduction of “No-Frills” account

ii. Relaxing “Know Your Customer”(KYC) norms

iii. General Purpose Credit Card(GCC) Schemes

iv. Role NGOs, SHGs and MFIs
v. Business Facilitator (BF) and Business Correspondent (BC) Models
vi. Nationwide Electronic Financial Inclusion System (NEFIS)

vii. Financial Literacy and Credit Counseling (FLCC) centers
viii. National Rural Financial Inclusion Plan (NRFIP)
ix. Financial Inclusion Fund (FIF)
x. Financial Technology Fund (FITF)

1.9 Inclusive Growth

Inclusive growth as the literal meaning of the two words refers to both the pace and the pattern of the economic growth. The ‘inclusive growth’ as a strategy of economic development received attention owing to a rising concern that the benefits of economic growth have not been equitably shared. Growth is inclusive when it creates economic opportunities along with ensuring equal access to them. India’s government has made “inclusive growth” a key element of their policy platform, stating as a goal: “Achieving a growth process in which people in different walks in life… feel that they too benefit significantly from the process.” (Ahluwalia, 2007). How a country may achieve a self-sustaining transition from traditional to industrial economies has been addressed by many contributions to development theory. Economic growth models do

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9 Inclusive Growth-Role of Financial Sector- Dr. KC Chakrabarty, 2010
not establish or suggest, however, an explicit causal effect relationship between a country’s rates of economic growth and the resulting poverty reduction, although policymakers often assume an implicit connection. The current literature provides some guidelines about conditions under which economic growth might be ‘inclusive’ or ‘pro-poor’, although how these concepts should be defined remains controversial. One view is that growth is ‘pro-poor’ only if the incomes of poor people grow faster than those of the population as a whole, i.e., inequality declines (e.g., Kakwani and Pernia, 2000). An alternative position is that growth should be considered to be pro-poor as long as poor people also benefit in absolute terms, as reflected in some agreed poverty measure (Ravallion, 2004). The objective of inclusive growth with stability is not possible without achieving universal Financial Inclusion. Thus, financial inclusion is just not a policy today but it is compulsory policy. If financial inclusion objective achieved, then the role of the mainstream financial sector in achieving inclusive growth becomes central.

The micro finance gives capital to the rural poor to generate self-employment, which promotes inclusive growth. Micro finance enables people generate self employment in animal husbandry, in all kinds of
petty trading, in provisions of local transport, sari and carpet weaving and cultivation of leased-in agricultural land.

1.10 Elements on Inclusive Growth

Figure 1.1: Five Interrelated Elements of inclusive growth

1. Poverty Reduction and increase in Quality and Quality of Employment.
2. Agricultural Development
3. Social Sector Development
4. Reduction in regional disparities
5. Protecting the Environment

1.11 NEED FOR INCLUSIVE GROWTH IN INDIA

Inclusive growth is essential for sustainable growth and impartial allocation of wealth. The challenge is to obtain the height of growth to all parts of the society of the country. The most excellent way to attain inclusive growth is through developing people’s skills. Ever since freedom, considerable development in India’s economic and social improvement made the nation to develop strongly in the 21st century.

The following are the need for India to focus more on inclusive growth.

\textsuperscript{10} Inclusive Growth in India: Challenges and Prospects Dr. Yogeshwar Shukla
• India is the 7th largest by area and 2nd by population and 12th largest economy at market exchange rate; still India is not among the development country.

• Low agriculture growth, low quality employment growth, low human development, rural-urban divides, gender and social inequalities, and regional disparities etc. are the problems for the nation.

• Reducing poverty and inequality and increasing economic growth are the main aim of the country through inclusive growth.

• Corruption is one of the problems that prevent inclusive growth.

• Literacy levels have to rise to provide the skilled workforce required for higher growth.

• Accomplishment of highest GDP growth for country is one of the boosting factors which give the importance to the Inclusive Growth in India

1.12 Inclusive growth in India

➢ The India's 12th Five Year Plan to focus on 'Inclusive Growth' ...

A target of GDP growth in the 9 percent to 9.5 percent range. The Plan provides “an opportunity to restructure policies to achieve a new vision based on faster, broad based and inclusive growth. It is
designed to reduce poverty and focus on bringing the various divides that continue to fragment our society”.

- “Achieving a growth process in which people in different walks in life…feel that they too benefit from the process.” (Ahluwalia)

- UNDP has defined Inclusive Growth, “the process and the outcome where all groups and benefited in the organization of growth represents an equation – with organization on the left-hand side benefits on the right-hand side.”

- Inclusive growth basically means “broad based growth, shared growth, and pro-poor growth”.

- Inclusive growth that allows people to contribute to and benefit from economic.”

**1.13 Social Sector**

Social sector comprising of sub-sectors like Education, Health and Medical Care, Housing. Social development paves the way for economic development. Most of the Social Sector subjects fall within the purview of the States, for which funding is provided through the Centrally Sponsored Schemes. The Government plays a very significant part in the development of the Social Sector.
1.14 Initiatives in Social Sector in India

- Allocation for National Food for Work programme
- Annapurna
- Antyodaya Anna Yojana
- Integrated Rural Development programme
- Mid Day Meal Scheme
- National family Benefit Scheme (NFBS)
- National Maternity Benefit Scheme
- National Old Age Pension Scheme (NOAPS)
- National Rural Employment Guarantee Act (NREGA)
- National Rural Health Mission (NRHM)
- Rural Housing-Indira Awaas Yojana (IAY)(initiated in 1985)
- Rural Infrastructure Development Fund Jawahar Lal Nehru National Urban Renewal Mission (JLNNURM)
- Sarva Shiksha Abhiyan

Figure 1.2: Microfinance Activities
- **Microcredit:** It is small amount of money given (financial loan) to a client (poverty stricken individuals) to start their own business, by any bank or financial institution. Micro credit are offered against nominal interest with no collateral security.

- **Micro Saving:** It is deposit service that allows one to save small amounts of money for future use. Often without minimum balance requirements, these savings accounts allow households to save in order to meet unexpected expenses and plan for future expenses.

- **Micro-Insurance:** Micro insurance is a mechanism to protect poor people against risk (eg. Accident, illness, death in family and natural calamities) in exchange for payment tailored to their needs, income, and level of risk. It is aimed primarily at the developing world’s low-income workers, especially those in the formal economy who tend to be undeserved by mainstream commercial and social insurance schemes.

- **Remittance:** Microfinance institution provide remittance facility to low income people in order to avoid carrying cash for the purchase of goods or for business purpose, the customer or client of microfinance institution are able to conduct transfer.
1.15 The Micro Finance (Development and Regulation) Bill 2010

- The Central Government has drafted a ‘Micro Finance (Development and Regulation) Act 2010’ which will apply to all microfinance organisations other than:

a) banks;

b) co-operative societies engaged primarily in agricultural operations or industrial activity or purchase or sale of any goods and such other activities;

c) NBFCs other than licensed under Section 25 of the Companies Act, 1956;

d) co-operative societies not accepting deposits from anybody except from its members having voting rights or from those members who will acquire voting rights after a stipulated period of their making deposits as per the law applicable to such co-operative societies.

- The proposed Act provides that the Central Government will constitute a Microfinance Development Council to advise NABARD on the formulation of policies, schemes and other measures required in the interest of orderly growth and development of microfinance services.
The proposed Act also provides that a microfinance organisation which is providing thrift services or which intends to commence the business of providing thrift services should be registered with NABARD.

NABARD has the responsibility under the proposed Act to promote and ensure orderly growth of microfinance services provided by the organisations covered by the Act. In furtherance of this responsibility it has the power to issue directions to such organisations and to carry out inspection of such organisations.

A Parliamentary panel on 11th Feb, 2014 rejected the Bill of Microfinance Institution, which sought to empower the RBI to regulate them and fix interest rates ceiling on loans to be provided by MFIs.

1.16 The Need for Microfinance

The Reserve Bank of India (RBI) defines microfinance as “the provision of thrift, credit and other financial services and products of very small amounts to the poor in rural, semi-urban and urban areas for enabling them to raise their income levels and improve their living standards. It also serves as an umbrella term for the provision of financial access, through focused financial intermediaries, to those parts of the population that are not being served by mainstream financial services providers.
Today microfinance is not limited to the provision of microcredit. It denotes short-term financial products for those who do not have access to these from traditional formal sources. These products include individual and group loans, savings services, facilities to en-cash cheques, payment orders, micro insurance, loan-guarantees and the transfer of remittances from abroad. Marguerite Robinson contends that about 80 per cent of the world’s 4.5 billion people living in low and lower middle income economies do not have access to formal financial sector services. Rural Indian families do not have bank accounts, thereby necessitating interventions such as microfinance. In the Indian context, especially in rural areas, there remains a vast lacuna in the availability of formal finance, and informal finance often comes tagged with extraordinary terms or conditions of servitude. Following the bank nationalization drive started by Indira Gandhi in 1969, where commercial banks were required to open rural branches; India’s banking network grew exponentially. Today India rapidly increasing rural branches of commercial banks and regional rural banks, along with cooperative bank branches, Even Postal department of India has also initiate the post office saving account facility with network at large, as well as several other non-bank finance companies and mutual fund sellers, and the second most significant source was informal borrowing from friends, relatives and moneylenders.
1.17 Microfinance Model in India

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Model I</strong></td>
<td>Individuals or group borrowers are financed directly by banks without intervention/facilitation of Non-Government Organisation.</td>
</tr>
<tr>
<td><strong>Model II</strong></td>
<td>Borrowers are financed directly with facilitation extended by formal or informal agencies like Government, Commercial Banks and Micro-Finance Institutions (MFIs) like NGOs, Non-Bank Financial Intermediaries and Co-operative Societies.</td>
</tr>
<tr>
<td><strong>Model III</strong></td>
<td>Financing takes place through NGOs and MFIs as facilitators of a financing agency.</td>
</tr>
<tr>
<td><strong>Model IV</strong></td>
<td>Is the Grameen Bank Model, similar to the model followed in Bangladesh.</td>
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</table>

1.18 Regulatory Framework for Microfinance Institutions in India

<table>
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<tr>
<th>Sl. No.</th>
<th>Type of MFI</th>
<th>Legal Registration</th>
</tr>
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<tbody>
<tr>
<td>1</td>
<td>NGOs</td>
<td>Society Registration Act, 1860, Indian Trust Act, 1882</td>
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<tr>
<td>2</td>
<td>Non-Profit companies</td>
<td>Section-25 of Indian Companies Act, 1956</td>
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<tr>
<td>3</td>
<td>Mutual benefit MFIs – Mutually Aided Cooperative Societies (MACS)</td>
<td>Mutually Aided Co-operative societies, Act enacted by State Governments</td>
</tr>
<tr>
<td>4</td>
<td>Non-Banking Financial Companies (NBFCs)</td>
<td>Indian companies Act, 1956, Reserve Bank of India Act, 1934</td>
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12 Report on Trend and Progress of Banking in India, 2007-08
1.19 Financing Model: Adapted by Bank in India for Microfinance

1.20 Self Help Groups (SHGs)

A Self Help Group (SHG) is a small, economically homogeneous and affinity group of rural poor which comes together to:\(^{13}\)

- Save small amounts regularly.
- Mutually agree to contribute to a common fund.
- Meet their emergency needs.
- Have collective decision making.
- Resolve conflicts through collective leadership and mutual discussion.

\(^{13}\) Development monthly (2006), “Role of SHGs”, volume 50
• Provide collateral free loans on terms decided by the group at market driven rates.

Self-Help Group or in-short SHG is now a well-known concept. It is now almost three decades old. It is reported that the SHGs have a role in hastening country’s economic development.

1.21 Self Help Group: Indian Scenario

In India, banks are the apex agency for delivery of micro-credit. In 1970, Self Employed Women’s Association [SEWA] at Ahmadabad had developed a concept of ‘women and micro-finance’. The Annapurna Mahila Mandal’ in Maharashtra and ‘Working Women’s Forum’ in Tamil Nadu and National Bank for Agriculture and Rural Development (NABARD)-sponsored groups have followed the path laid down by ‘SEWA’. ‘SEWA’ is a trade union of poor, self-employed women workers.

1.22 Self Help Groups (SHGs) and Bank Linkage Programme

The SHGs-bank linkage programme is the flagship microfinance intervention mechanism of National Bank for Agriculture and Rural Development [NABARD]. The lunching of its pilot phase in Feb, 1992 could be considered as landmark development in the annals of banking.

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14 Development monthly (2006), “Role of SHGs”, volume 50
with poor. The informal thrift and credit groups of the rural poor came to be recognized as bank clients under the pilot phase. The pilot phase was followed by setting up of a working group on NGOs and SHGs by Reserve Bank of India in 1994, which came out with wide ranging recommendation on internalization of the SHG concept as a potential intervention tool in the strategy of banking with the poor. The Reserve Bank of India accepted most of the major recommendation and advised the banks to consider lending to SHGs as part of their mainstream rural credit opera.

**Under the SBLP, the following three different models have emerged:**

1. Model I: SHGs promoted, guided and financed by banks.

2. Model II: SHGs promoted by NGOs/ Government agencies and financed by banks.

3. Model III: SHGs promoted by NGOs and financed by banks using NGOs/formal agencies as financial intermediaries.

Model II has emerged as the most popular model under the SBLP programme. Commercial banks, co-operative banks and the regional rural banks have been actively participating in the SBLP.

National Bank for Agriculture and Rural Development [NABARD] has been playing the role propagators and a facilitator by providing a
Conducive policy environment, training and capacity building besides extending financial support the healthy growth of the SHG-Bank Linkage Programme in the country.

Over the years, various promotional steps taken are enumerated as under.\(^{15}\)

- Conceptualization and introduce of pilot programme in 1992 for linking 500 SHG with banks after consultations with Reserve Bank of India, banks and NGOs.
- Introduction of Bulk Lending Scheme in 1993 for encouraging the NGOs which were keen to try group lending approach and other financial services delivery innovations in the rural areas.
- Developing a Conducive policy framework through provision of opening saving bank accounts in the names of SHGs (though they are informal groups), relaxation of collateral norms, simple documentation and delegation of all credit decisions and repayment terms to SHGs.
- Training and awareness building among the stakeholders.
- Provision of capacity-building support of NGOs/SHGs/banks

\(^{15}\) Sukhbir Singh “SHG-Bank Linkage Programme” NABARDs Initiatives pg.117
Mainstreaming the SHG-Bank linkage Programme as part of corporate planning and normal business activity of banks in 1996 and internal training, monitoring and review mechanism.

- Encouraging banks (RRBs and Cooperative Banks) for promotion of SHGs.
- Financial Support to NGOs for promotion of SHGs.
- Encouraging rural individual volunteers in promotion and nurturing of SHGs.
- Close Monitoring
- Dissemination through seminars, workshop, occasional papers and print media.
- Constitution of a high powered task force to look into the aspects of policy and regulation of microfinance and suggest policy, legal, regulatory measures for smooth, unhindered growth of the microfinance sector.
- Setting up a Microfinance development fund in NABARD for meeting the promotional costs of upscaling the microfinance interventions. The fund has since been re-designated as microfinance development and equity fund.
- Initiating the credit rating of MFIs through accredited credit rating agencies in India by meeting 75% of the cost of the rating as grant.
This is done to enable the MFIs to approach banks for commercial borrowing and extending microcredit to the poor.

1.23 SHG-Post office Linkage Programme

A pilot SHG-post office linkage programme was launched by NABARD in December 2003. This programme envisaged credit linking 200 SHGs in select 5 districts, viz., Sivaganga, Pudukottai, Tiruvannamalai, Tanjavur and Tiruvarur districts of Tamil Nadu. The objectives of the pilot programme were to (i) examine the feasibility of utilising the vast network of post offices in rural areas for disbursement of credit to rural poor on agency basis; and (ii) to test the efficacy of Department of Posts in providing micro finance services to rural clientele. The salient features of the scheme are:

(i) Post offices open savings accounts in the name of SHGs promoted by identified NGOs.

(ii) The SHGs with savings accounts in the post office and which are six months old are provided loan by the post office, in multiples of their savings, based on the rating exercise on the lines of those adopted by banks.

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(iii) Post offices provide term loans to SHGs repayable within two years in 24 monthly installments.

(iv) Post offices charge an interest of 9 per cent per annum on the loans given to SHGs using a reducing balance method.

(v) Post offices do not collect any loan processing charges or any other charges from SHGs.

(vi) Project Implementation and Monitoring Committee (PIMCs) at district and State level are constituted by the post office.

(vii) The district PIMC is responsible for smooth grounding of the project, sorting out operational issues and identification of appropriate NGOs. The PIMC meets on a quarterly basis.

(viii) State level PIMCs review overall implementation of the project, suggest new initiatives and recommend release of funds by NABARD to the Department of Posts.

(ix) Department of Posts maintains separate books of accounts for all transactions relating to utilisation and operations of Revolving Fund Assistance (RFA) from NABARD.
Under the project, NABARD would provide financial support for capacity building programmes of postal officials. While loans are given at interest rates of 9 per cent per annum to SHGs by post offices, post offices would be allowed to retain an interest margin of 3 percent. The amount of actual interest collected from the SHGs would be shared between NABARD and post offices in the ratio of 2:1.

1.24 Micro Finance Development and Equity Fund (MFDEF)\(^\text{17}\)

The objective of the MFDEF, which was set up following the announcement in the Union Budget 2005-06, is to facilitate and support the orderly growth of the micro finance sector through diverse modalities for enlarging the flow of financial services to the poor, particularly to women and vulnerable sections of the society consistent with sustainability.

**Activities to be supported out of the MFDEF**

The Fund would be utilised to support interventions to eligible institutions and stakeholders. The components of assistance will include, inter alia, the following purposes:

\(^{17}\) *Report on Trend and Progress of Banking in India, 2007-08*
Capacity Building

I. Training of SHGs and other groups for livelihood, skill upgradation and micro enterprise development.

II. Capacity building of staff of institutions involved in micro finance promotion such as banks, NGOs, government departments, NABARD, among others.

III. Capacity building of MFIs.

Funding Support

I. Contributing equity/other forms of capital support to MFIs and service providers, among others.

II. Providing financial support for start-up and onlending for micro finance activities.

III. Supporting self help promotion initiatives (SHPI) of banks and other SHPIs.

IV. Meeting on a selective basis the operational deficit of financial intermediary NGOs/MFIs at the start up stage.

V. Rating of MFIs and self regulation.

Management Information Services (MIS)\textsuperscript{18}

- Supporting systems management with regard to MIS, accounting,

\textsuperscript{18} Report on Trend and Progress of Banking in India, 2007-08
internal controls, audits and impact assessment.

- Building an appropriate data base and supporting development thereof. Regulatory and Supervisory Framework Recommending regulatory and supervisory framework based on an on going review.

**Studies and Publications**

- Commissioning studies, consultancies, action research, evaluation studies, etc., relating to the sector.
- Promoting seminars, conferences and other mechanisms for discussion and dissemination.
- Granting support for research
- Documentation, publication and dissemination of micro finance literature.

**Others**

Any other activities recommended by the Advisory Board to Fund.

**Eligible Institutions**

The following types of structures, community based organisations and institutions, would be eligible for support from the Fund:

a) Training: SHGs, community based organisations (CBOs), NGOs, banks, MFIs, NABARD, training establishments, networks and
service providers.

b) Funding Support: NGOs, CBOs, MFIs, and Banks.

c) MIS: SHGs, NGOs/voluntary associations (VAs), Banks, MFIs, NABARD.

d) Regulatory and Supervisory Framework: Banks, MFIs, Self Regulatory Organisation (SROs), NGOs, MFI Networks, NABARD.

e) Studies and Publications: Banks, MFIs, NABARD, training and research organisations, academic institutions and universities.

f) Any other organisation as may be decided by the Advisory Board from time to time.

**Mode of Assistance**

Mode of assistance from the Fund would include the following:

[1] Promotional support for training and other promotional measures.

[2] Loans and advances including soft loans.

[3] Revolving Fund Assistance (RFA) to NGOs/ MFIs.

[4] Equity and quasi equity support to MFIs.


**Management of Fund**

The Fund is being managed and administered by NABARD. The interest
accrued/ income earned from the fund is ploughed back to the fund. The administrative charges incurred by NABARD in conduct of Advisory Board meeting and salaries, allowances of the NABARD staff involved in micro finance programmes will be met out of the Fund on such basis as may be determined from time to time. As per extant practice, meetings of the banks contributing to the MFDEF will be convened from time to time in which they will be informed regarding the status and utilisation of fund.

**Advisory Body to MFDEF**

The Advisory Board guides and renders advice on the various aspects relating to the micro finance sector. The Board determines its own procedures for day-to-day working, including constitution of committees and task forces, among others, for examination of various issues.

The Advisory Board meets at such intervals as deemed necessary but in any case once in a quarter to review the status and progress of outflow and to render policy advice for orderly growth and development of the sector.
Background or Reasons to the growth of Micro finance Self Help Groups.¹⁹

After independence, the structure of rural credit institutions, with co-operative bank and mortgage bank catering to short term and long term credit needs respectively. The assessment of performance of co-operative by All India Rural Credit Survey Committee in 1954 brought the fact that volume of credit supplied by the co-operative movement was insignificant, accounting only 3per cent of the total borrowing of cultivators. It revealed that the share of Institutional agencies, comprising the Government, the co-operative and commercial banks in financing the borrowings of rural household was only 7.3per centin 1951-52 corresponding to the share of private money lenders was high as 68.6per cent(Lalitha, 1998).

The Nationalization of SBI in 1955 had drawn in to rural banking. But other commercial bank kept away from it. The All India Rural Credit Review Committee appointed by RBI under the chairman, B. Venkatappaih, submitted its report in 1969, showed the inadequacy of co-operative system alone to meet the credit requirements of rural sector. Committee prepared the multi agency approach to rural finance. It was only with social control banks in late 1960’s and Nationalization of

¹⁹ *Financial Inclusion and Microfinance in India: An Overview by Jayasheela*

The financial sector developed in India by the late 1980s was criticized as largely target and supply driven. High default rates; corruption and high degree of suspicion among bankers about the credit worthiness of poor people were the major features of the time. Savings products were inflexible and inappropriately designed and appropriate insurance products few and far between. On the credit side then, while the in the rural borrowing supplied by informal sources fell to 40 per cent in 1991, household with the least assets were far more dependent on informal sources (Mahajan, 2000, cited in Sriram and Fisher). Borrowers faced high transaction costs to secure subsidized loans, making their real cost 22 to 33 percent.

Fisher Sriram and points out that, formal financial sector unsuccessful to recognize the divergence between the hierarchies of credit needs and credit availability. The result is the adverse use of credit. Credit use start with consumption purpose, which are only
being met, through informal sources at high cost. Higher needs come in to play when the lower needs are satisfied. However credit (often subsidized rate) is usually available for new enterprises (i.e. for diversification). Money is fungible, loan therefore taken for diversification but used in lower rungs of hierarchy. This implies that any appraisal of loan is not honoured resulting in the adverse usage and hence adverse repayment performance (Fisher and Shriram, 2002). The success of few Non Governmental Organisations (NGOs) like Mysore Resettlement and Development Agency (MYRADA) in-group lending, made the government in shifting the strategy of women development and empowerment. Under Development of Women and Children in Rural Areas (DWCRA) programme through group based approach (Rajshekar, 2004). Thus group based approach started in a very modest manner. However the first interest in informal group lending in India took shape during 1986-87 on the initiative of NABARD. This apex bank for rural development, took a research project on SHGs as a channel for delivery of micro finance in the late 1980s. Amongst these MYRADA sponsored research project on ‘Savings and credit management’ of SHGs was partly funded by National bank for Agriculture and Rural Development (NABARD) in 1986-87. In the very next year, in association with Asia Pacific Rural
and Agricultural Credit Association’ (APRACA), the bank (NABARD) undertook a survey of 43 NGOs in 11 states, to study the functioning of micro finance Self Help Groups (SHG) and their collaboration possibilities with the formal banking system. Both these research projects threw up the encouraging possibilities and NABARD initiated a pilot project called SHG-bank linkage project (Satish 2005, NABARD 1991).

In 1991, the macro economic conditions propelled the government to introduce structural changes in the economy, commonly referred to as economic reforms of 1991. Karmakar remarked that the immediate impact of reform to the financial sector become necessary by 1990’s have in many ways made things worse for the poor people. There has been drastic fall in rural credit. The share of rural credit in the total credit disbursement by commercial banks, which grew from 3.5 to 15 percent from 1971 to 1991, has now declined again to 11 percent in 1998 (SaDhan, 2004).

Even after the institutional finance came in to being as banking sector emerged, the need for ‘micro’ credit characteristically for the poor section of the society was unmet by the formal banking sector. The nature of formal banking sector, with its emphasis on
‘collateral based lending’ could not cater the needs of smaller borrowers, especially women, who were typically resource poor and possessed negligible assets to offer as collateral. Given the male dominated rural society, prior to 1990s there were hardly any credit schemes designed for rural women (Karmakar, 2002). All these development resulted in a fall in the availability of credit from formal financial system, leaving informal sources as well as SHGs and MFIs to fill this gap (Fisher and Sriram, 2002). Even the government policies are also stared focusing from development towards empowerment of women through group-based approach.

**Leading Microfinance Institution in India**

1. SKS Microfinance Ltd (SKSMPL)
2. Spandana Sphoorty Financial Ltd (SSFL)
3. Share Microfinance Limited (SML)
4. Asmitha Microfinance Ltd (AML)
5. Shri Kshetra Dharmasthala Rural Development Project (SKDRDP)
6. Bhartiya Samruddhi Finance Limited (BSFL)
7. Bandhan
8. Cashpor Micro Credit (CMC)
9. Grama Vidiyal Micro Finance Pvt Ltd (GVMFL)
10. Grameen Financial Services Pvt Ltd (GFSPL)

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20 CRISIL Rating, India’s 25 Leading MFIs, June 2014 pg 24-48
1.25 Uttar Pradesh

Uttar Pradesh has been one of the most highly populated states in India for a long time now. The census over the years has put the state at the pinnacle in terms of population. Located in the northern region of the country, the state shares its borders with states like Rajasthan, Madhya Pradesh, Bihar and Haryana. The state also borders the capital of India New Delhi along with the newly formed state of Uttarakhand. Uttar Pradesh has been one of the oldest states in the country and in every single way reflects the life and culture of India as a whole. The state has a population of about 190 million according to the Uttar Pradesh Census 2011. The growth rate of the population of Uttar Pradesh is about 20% which is alarming among the highest growth rates in the country. Spread over an approximate area of 240000 Sq. km. the state has many places of strategic and cultural significance. The state has some of the most important educational institutions in the country and boasts of some of the biggest tourist destinations in the country. Uttar Pradesh is the second best state in terms of economy in the country and a large part of the revenue of the state comes from the Agriculture and the services sector. A new state Uttarakhand was carved out of the state of Uttar Pradesh in 2000 and it now covers about 7% of India's total area. According to the Uttar

21 Uttar Pradesh Population Census Data 2011, Census 2011
Pradesh Census 2011, the density of population in Uttar Pradesh is about 800 people per square kilometer which is way above the national average of about 380 and a major cause of concern. The literacy rate in the state has gone up in recent years and yet continues to linger at about 70% which is below the national average of 74%. The sex ratio is almost at par with the national average and stands at about 900. The largest city in the state of Uttar Pradesh is Lucknow while Kanpur is the capital city of the Uttar Pradesh. The languages spoken in the Uttar Pradesh state includes Hindi and Urdu. In total Uttar Pradesh (UP) state comprises 71 districts. The ISOCODE assigned by International Organization for Standardization for Uttar Pradesh state is UP.

**Table1.1: Microfinance in Uttar Pradesh in Brief**

<table>
<thead>
<tr>
<th>State</th>
<th>Uttar Pradesh</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total no. of MFIs operating in the state</td>
<td>22</td>
</tr>
<tr>
<td>No. of MFIs having HQ in the state</td>
<td>7</td>
</tr>
<tr>
<td>Banks providing microfinance services</td>
<td>53</td>
</tr>
<tr>
<td>(Public Banks=20, Private Banks=2, RRBs=10, DCCBs=24 )</td>
<td></td>
</tr>
<tr>
<td>Total no. of SHGs under SBLP in the state</td>
<td>379270</td>
</tr>
<tr>
<td>Total SHG - savings with banks(in lakhs)</td>
<td>43858.84</td>
</tr>
<tr>
<td>Total portfolio outstanding(in lakhs)</td>
<td>193688.67</td>
</tr>
<tr>
<td>No. of districts served by MFI</td>
<td>43</td>
</tr>
<tr>
<td>Out of which no. of poorest districts</td>
<td>24</td>
</tr>
</tbody>
</table>

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22 Status of Microfinance in India,2013-14,NABARD
2.1 Literature Review

Seibel and Parhusib (1990) mentioned in their study that expansion of credit coverage through State interventions approach was based on the premise that rural micro entrepreneur are enable to organize themselves. They need subsidized credit for increasing their income and are too poor to serve.

The study by Yaron (1994) found that microfinance is much more than microcredit, stating:” Provision of thrift, credit and other financial services and products of very small amounts to the poor in rural, semi-urban and urban areas for enabling them to raise their income levels and improve living standards”. The Self Help Group promoters emphasize that mobilizing saving is the first building block of financial services. Micro Finance programs have rapidly expended in recent years. Some examples are: Membership of Sa-Dhan (a leading association) has expended from 43 to 96 community development. The CARE CASH program took on the challenge of working with small NGO-MFIs and community owned-managed microfinance organization.

The study also reveals that results in term of microfinance outreach can be identified that represents achievements that are far beyond any ambitious out reach out come that could have been imagined only
fifteen years is a very short span of time.

According to Otero (1994) to be successful, financial intermediaries, providing services and generating domestic resources must have the capacity to achieve excellent repayment and generate domestic resources. They must have the capacity to achieve access to clients in order to do so MFI need to find ways to cut down on their administrative cost. This can be done through simplified and decentralized loan applicating approval and collection processes, hence reduce cost.

Barry (1996) is of the view that MFIs to become financially viable, self sustaining and interegal to the communities in which they operate, must have the potential to attract more resources and services to clients. Despite the focus of MFI "s, only about 2% of the suffering world and 500 million small entrepreneurs are estimated to have access to financial sector.

Benjamin and Piprek (1997) have traced a traditional approach in rural finance. Under this approach the key problem area visualize the rural finance market included a lack of market in rural areas, absence of moderate technology in rural areas and prevalence of unspurious money lenders. A considerable of body of literature has accumulated and
monitoring the development of micro finance sector.

**Borborga and mahanta (2000)** analyse the impact of micro financing through SHGs taking the Case of Rashtriya Grammen Vikas Nidhi in Assam and found that 80% of the SHG members were from poor families, and belonged to the age group of 8 to 50 years. This was the case for both savings and taking loan. The repayment performance was about 91% and the program has been successful in expanding outreach covering last number of groups

**Singh (2001)** has undertaken a study in Uttarpradesh comparing the pre and post situations of women SHG”s. He found that the average value of assets increased by 46% and the annual income per household increased by 20% between pre and post SHG periods. The borrowing for consumption purpose was also done during pre SHG, but it was completely absent in the post-SHG situation. The important benefit of SHG”s is compulsory savings, even cutting the necessary expenditures. But the commercial banks are prompt in linking SHG”s with loan.

**A study conducted by NABARD (2002)** covering 560 households from
223 SHG”s in 11 states of India elucidated that there has been positive result in the standard of living of SHG”s members in case of asset owenership.saving and borrowing capacity, income generating activities and income levels. The average value of asset including livestock and consumer durable has increased considerably. The housing condition of the people has improved, from the mud walls to thatched roofs to brick walls and tiled roofs. Almost all members and the members developed saving habit in post SHG. The trend of consumption loans has come down; in contrast the loan for income generating purpose has increased considerably during the pre SHG period.

The study by Pubazhendi (2002) aims to shed light at the process of micro financialization in particularly at the spatial dimension and dynamics. The results highlight that spatial variation and changes in development of micro financing sector can enhance our understanding of complex process of current regional development in India. Linking of formal credit investment to borrowers through a group approach has been recognized as a supplementary mechanism for provided credit report to the real poor.

Priya Basu (2005) “India’s Financial Sector: Recent Reforms, Future Challenges. This paper concluded with all the recent reforms took place
in India in the Finance Sector along with microfinance.

An analysis of 83 MFIs by Sa-Dhan in 2006 documented that the return on their gross loan portfolios (GLP) ranged from -2.3 percent to +2.4 percent, depending on an MFI's organizational form. Cooperative MFIs posted the highest return (+2.4 percent), followed by NBFCs (+0.9 percent) and nonprofit companies (-2.3 percent). MFI cooperatives also achieved the highest return on equity (+6.5 percent), followed by NBFCs (+5 percent) and non-profit organizations (-18.6 percent). India lags well behind Bangladeshi microfinance institutions reporting to the MIX, which lead the region in profitability. The financial viability of Indian MFIs is also under pressure, despite yield improvements. Low portfolio yields, combined with poor portfolio quality and rising financial costs, have reduced Indian MFIs surplus even though improvements in collection measures have boosted portfolio yields.

Performance evaluation of MFIs, TRIAS training session, Brussels, January 2005 focuses on basics of performance evaluation. The main financial indicators discussed in this session were Portfolio Quality, Efficiency and Productivity, Financial Management / Risk Management and Profitability and Sustainability. A case of PILARH was taken and the above mentioned indicators were studied. It also discussed howto react
In the year 2006, Giovanni Ferro Luzzi and Sylvain Weber in their paper “Measuring the Performance of Microfinance Institution” use factor analysis to construct performance indices based on several possible associations of variables without posing too many a priori restriction. The base variables are thus combined to produce different factors, each one representing a distinct dimension of performance. They then use the individual scores ascribed to each MFI on each factor as the dependent variables of a simultaneous equation model and presents new evidence on the determinants of MFIs performance.

In the year 2006, Yogendra Prasad Acharya, Uma Acharya in their paper “Sustainability of Microfinance Institutions from Small Farmer Perspective: A Case of Nepal” demonstrate that small farmers generally do not think in terms of institutional sustainability when they obtain loans from cooperatives. They define the term ‘sustainability’ in terms of personal benefits. Their frames of reference are more utility-focused and directly connected to their lives and livelihood, the level of benefit, income, and economic survival of the family. In other words, what is sustainability for a banker is not so for the small farmers.
In the year 2007, J. Jordan Pollinger, John Outhwaite and Hector Cordero-Guzman in their paper “The Question of Sustainability for Microfinance Institutions” seek to understand the implications for providers of microfinance in pursuing relationship based financing strategy in the US. They analyzed their lending process, and presented a model for determining the break-even price of a micro credit product. They found that credit is generally offered at a range of subsidized rates to micro entrepreneurs. Such subsidization of credit has implications for the long-term sustainability of institutions serving this market and can help explain why mainstream financial institutions have not directly funded micro enterprises.

In November 2007, Befekadu B. Kereta in his paper “Outreach and Financial Performance Analysis of Microfinance Institutions in Ethiopia” finds that in Ethiopia the industry's outreach rises in the period from 2003 to 2007 on average by 22.9 percent per annum. The paper identified that while MFIs reach the very poor; their reach to the disadvantaged, particularly to women is limited (38.4 Percent). From financial sustainability angle, it finds that MFIs are operationally sustainable measured by return on asset and return on equity. Similarly, the study also finds that MFIs are financial sustainable. Finally, it finds no evidence
of trade-off between outreach and financial sustainability.

Robert Cull et al on the performance of leading MFIs in 49 countries find interesting results. They found that over half of surveyed MFIs are profitable after making adjustment of subsides. They also identified no evidence of trade-off between being profitable and reaching the poor.

SM Rahman, CDF, Dhaka, Bangladesh in his paper “Commercialization of Microfinance in Bangladesh Perspective” suggests that real customer service through commercialization should be the bottom line for moving forward. In a competitive environment, customer satisfaction and commercialization should be the driving force for survival and growth. According to him the microfinance regulation in the country is now underway, which will provide a legal basis and streamline the current and future MFI activities. To reap the benefits of commercialization, the clients should be allowed to exercise their free choices. They should be granted liberty to do their own financial management in order to increase their net worth, while the financial intermediaries will require mandate for providing a wide range of financial operations. In the case of Indian, there are few studies that are undertaken in relation to MFIs. But, the objectives addressed in these previous studies are different, ensuring the value added of this study.
Vijay Mahajan and G Nagasri, BASIX tried to examine what comes in the way of making Indian MFIs sustainable and what can facilitate this. An attempt has been made in this paper to look at sustainability from multiple dimensions such as demand, mission, legal and regulatory framework, ownership, governance and human resources and financial sustainability.

Piyush Tiwari and S.M. Fahad discuss conceptual framework of a microfinance institution in India. The successes and failures of various microfinance institutions around the world have been evaluated and lessons learnt have been incorporated in a model microfinance institutional mechanism for India. The authors found that the poor repay their loans and are willing to pay for higher interest rates. Secondly, the poor save and hence microfinance institutions should provide both savings and loan facilities. These two findings imply that banking on the poor can be a profitable business. However, attaining financial viability and sustainability is the major institutional challenge.

Sukhbir Singh (2007) “SHG-Bank Linkage Programme: Progress and Prospects” Microfinance services in India are provided mainly by two different model viz. SHG-bank linkage model and MFI-bank model. The self help group(SHG)-bank linkage model has emerged as the more
dominant model due to its adoption by state-owned formal financial institutions, namely, commercial, regional rural cooperative banks. The MFI-bank model too is gaining importance due to massive support it gets from banks, especially new generation banks in the private sector and foreign funding agencies.

**H.R Dave (2007)** “SHGs and Saving Mobilization” in this paper he has thrown light on the key issues relating to saving mobilization by SHGs are as safety of the saving mobilized, payment of interest on the saving mobilized, need for other saving products for the SHGs and members.

**The study by Sapovadia (2007)** explores that the typical micro finance clients are self employed, household-based entrepreneurs and low income persons that don’t have access to formal financial institutions and also lack business skills. Micro entrepreneurs face many huddles in getting started. They sometimes lack the skills necessary to manage the financial aspect of their business line and in large number of cases they indulge in particular business by default. Various micro enterprise development programs have helped micro entrepreneurs in achieving great success and growth. These micro entrepreneur development programs have immensely helped micro entrepreneurs, who look for collateral security, or are in capable to find
such collateral needed to secure alone or those who have low credit. They providing them with training support, help in developing business plan, and assistance in building their business. Therefore the study reveals that successful micro entrepreneurs have contributed much to society by creating wealth, economic assets and jobs.

The study of Sinha (2007) reveals that micro finance sector has seen a series of critical developments in India. MFI’s have started to leverage the new found management expertise to achieve scale and spread their operations well beyond their traditional operational areas. Rating data from a large sample of lending MFI’s shows that these have recorded high growth rate to the order of 80% per annum in terms of number of borrowers and around 40% per annum in terms of portfolio, reaching from 300,000 to one million clients each. The study also reveals that expansion has either to less developed areas of the country viz., Orissa, Jharkhand, Rajasthan, Madhya Pradesh, Tripura, Assam or to areas such as Maharashtra that also have substantial numbers of low income families in some regions even if their overall development indicators are income families in some regions even if their overall development indicators are not as low as those for the other states.
Sinha (2007) reveals that self-help groups (SHGs) are started by non-profit organization (NGOs) that generally have broad anti-poverty agenda. Financing through SHGs linked in 2007 it represents an increase of 31% over the cumulative number of SHGs ever linked and an increase of 11% over the number of new SHGs linked in 2006. The SBLP banks linkage program expanded by 37% in 13 priority States. These states account for 67% of rural poor. These states were identified by NABARD in 2005 for special efforts and location-specific strategies. Growth was particularly rapid in Maharashtra. As a result, the western region experienced the fastest growth of all the regions, and its share in total number of poor. The two regions which have the most catching up to do are the central and eastern regions, whose share of groups lag behind their share of the poor by 21 and 11% points respectively.

K.G Karmakar (2007) “Microfinance Revisited” The concept of rural credit and issue of microfinance had been discussed along with challenges of microfinance in India.

K Muralidharan Rao (2007) “MFIs in India: An Overview” The MFI sector in India is highly heterogeneous and only few of the MFIs have
significant outreach with substantial volume of credit. These MFIs are already regulated as NBFCs but remaining MFIs that constitute the bulk are generally very small in size and operate in small geographical area. Microfinance, the supply of banking services to the poor, is high on the public agenda and is attracting increased interest from academics. The development-enhancing aspect of microfinance has been recently recognized with the Nobel Prize awarded to Mohammad Yunus and Grameen Bank. Microfinance is also increasingly becoming an investment opportunity. The total stock of foreign capital investment in microfinance more than tripled between 2004 and 2006, to US $4 billion with the establishment of 40 new specialized international investment funds. (Roy, 2008)

Hans (2008) analyzed that credit is one of the critical inputs for economic development. Its timely availability in the right quantity and at an affordable cost goes a long way in contributing to the well-being of the people especially in the lower rungs of society. The study reveals that the extent of exclusion from credit markets is much more, as number of loan accounts constituted only 13 percent of adult population. Regional differences are significant with the credit coverage at 25 percent for southern region and as low as 7.7 and 9 percent respectively in North
Eastern and Central Regions. Within India, the Micro Finance Revolution in western and southern India has received most attention, both in media as well as academic as well as academic research. Some prominent MFIs in these are namely SHARE, BASIX, SEWA, MYRADA and PRADHAN. Andhra Pradesh in particular has witnessed remarkable growth in micro finance activities and its success stories have been widely reported well. In comparison eastern India has not enjoyed the lime light in the stage of micro finance.

**Manish Kumar (2010)** “Micro-Finance as an Anti Poverty Vaccine for Rural India” The potential for growing micro finance institutions in India is very high. Major cross-section can have benefit if this sector will grow in its fastest pace Annual growth rate of about 20% during the next five year. The loan outstanding will consequently grow from the present level of about 1600 crores to about 42000 crores Annual growth rate of about 20% can be achieved during the next five years.

**Sreekumar (2012)** “Status of Microfinance in India - A Review” Government of India introduced Micro Finance Institutions (Development and Regulation) Bill 2012 on May 22, 2012 to establish a regulator under RBI to regulate and supervise the activities of NGOs and MFIs. The Bill requires all MFIs to obtain a certificate of registration
from RBI. The RBI has the authority to set maximum annual percentage rate charged by MFIs and sets a maximum limit on the margin MFIs can make. Margin is defined as the difference between the lending rate and the cost of funds.

**Dr. A Sundaram (2012)** “Impact of Self Help Group in Socio-Economic Development of India” He focused on programme in various blocks all seems to be successful in reaching poor clients importantly there evidence of increased household income. This is very significant indicator of impact. He also focused on SHGs roles in training Swarozgar Programme, infrastructure development, marketing and technology support, communication levels of members change in family violence, change in the saving pattern of SHG’s members per month achieving social justice, involvement in community action, defaults and recoveries, sustainable quality and accountability- financial values.

### 2.2 Research Methodology

**Secondary Data:** The Data which are already available i.e. data which are already collected and analysed by someone else. Secondary data may either be published data or unpublished data. Usually published data are available in following forms

- Various publications of the Central, State are local governments
• Various Publications of Foreign governments or of the international bodies and their subsidiary organizations
• Technical and trade journals
• Books, Magazines and newspapers
• Reports and Publications of various associations connected with business and industry, banks, stock exchanges etc.
• Reports prepared by research scholars, universities, economists etc in different field and
• Public Records and statistics, historical documents and others source of published information,

The Source of unpublished data are many, they found in diaries, letters, unpublished biographies and autobiographies and also may be available with scholars and research workers, trade associations, labour bureaus and other public/private individuals and organization.  

2.3 Descriptive vs. Analytical Research

Descriptive research includes surveys and fact-finding enquires of different kinds. The major purpose of descriptive research is description of the state of affairs as it exits at present. In Social Science and business research we quite often use the term Ex post facto for descriptive research.

studies. The main characteristic of this method is that the researcher has no control over the variables; he can only report what has happened or what is happening. Most ex post facto research projects are used for descriptive studies in which the researcher seeks to measure such items as, for example, frequency of shopping, preferences of people, or similar data. Ex post facto studies also include attempts by researchers to discover cause even when they cannot control the variables. The methods of research utilized in descriptive research are survey methods of all kind, including comparative and correlation methods. In analytical research, on the other hand, the researcher has to use facts or information already available, and analyze these to make a critical evaluation of the material.

The research work is based on descriptive and analytical research. The proposed study is based on Secondary data. Secondary data has be collected through all the relevant source like annual report of the Banks, MFI., NGO’s, government reports & publication, others published books and journals related to the Microfinance, periodicals, commercial magazines, micro finance documents, statistical abstracts related to Micro finance, various economic surveys already conducted, various reports by

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Government. Data collected through various account reports of various financial institutions which are active in the field of microfinance through their Financial Statements.

2.4 Tools Used
An analysis is one of the most important steps in research process. After collecting the data from various sources, we need to analyze all the data and tried to find out the logical inference which satisfied our problems. For analyzing the data, various statistical tools have been applied such as simple average, ratio, frequency analysis, percentage, growth rate, standard deviation, correlation. For applying some of the above statistical tools SPSS (Statistical Package of Social Science) has been used. To represent the data bar, line, pie, chart etc diagrams has been used. A brief description of some important tools is given below.

Simple Average
The simple or arithmetic average may be defined as the sum or aggregate of a series of items divided by their total numbers. It can be obtained by using the following formula:

\[
\text{Simple Average } (X) = \frac{\text{Sum of all the item of Series}}{\text{Number of item in Series}}
\]

Growth Rate
Growth rate indicate the increase in value of variable over the previous
year. It is simply a percentage which is represented in the term of current year and previous year values. It is calculated by using the following formula:

\[
\text{Growth Rate (g)} = \frac{Y_t - Y_{t-1}}{Y_{t-1}} \times 100
\]

where, \( g \) = Growth rate

\( Y_t \) = Value of variable \( y \) in current year

\( Y_{t-1} \) = Value of variable \( y \) in the previous year

**Means Score/Average Weighted Scores**

Means Score/Average weighted scores has been calculated for the question where the respondents have asked to rate different factors related to Direct Tax System which were developed on Likert’s five-point scale to measure the extent of agreement or disagreement. The Means Score have been calculated by assigning the weights to all scale point or rank such as 5=Strongly Agree, 4=Agree, 3=Neither Agree nor Disagree, 2=Disagree & 1=Strongly Disagree and 1=First Rank, 2=Second Rank and so on. Afterward the frequency for each factors have been determined. The Means Score for each factor has been calculated by using following formula:

\[
\text{Means Score} (\overline{X_w}) = \frac{\sum wfx}{\sum fw}
\]

Where, \( \overline{X_w} \) = Means Score /Average weighted score

\( w \) = Weight given to factor

\( fw \) = Number of respondents who attached weight to the attribute.
Standard Deviation

Standard deviation is the square root of the mean of the squared deviation from the arithmetic mean. Standard deviation is denoted by the small Greek letter $\sigma$ (read as sigma).

$$\text{Standard Deviation (} \sigma \text{)} = \sqrt{\frac{\sum f d^2}{\sum f}}$$

Where, $d = X - \bar{X}$

$\sigma = \text{Standard Deviation}

f = \text{Frequency}$

Coefficient Variance (CV)

CV is the proportion of the Standard Deviation and the Mean value of the give data which is expressed in percentage.

$$CV = \frac{SD}{\text{Mean}} \times 100$$

Ratio

A ratio is a simple arithmetical expression of the relationship of one number to another. It may be defined as the indicated quotient of two mathematical expressions. A ratio is the relation, of the amount, a, to another, b, expressed as the ratio of a to b; a: b (a is to b); or as a simple fraction, integer, decimal fraction or percentage. Ratio can be calculated by using the following formula:
Ratio (a to b) \( \frac{a}{b} \) or \( \frac{a}{b} \times 100 \)

Where, a= First variable
b=Second variable

**Compounded Annual Growth Rate (CAGR)**

CAGR is the proportion between the last term and the first term of given value which will be powered with the number of items or the year, value observed is deducted from the unit and result is multiplied with 100.

\[
\text{CAGR} = \left( \left( \frac{\text{Last term}}{\text{First term}} \right)^{\frac{1}{n}} - 1 \right) \times 100
\]

**Correlation (r)**

Correlation is the study of the linear relationship between two variables. Karl Pearson suggested a mathematical method for measuring the magnitude of linear relationship between two variables. Karl Pearson’s method is the most widely used method in practice. It is denoted by the symbol ‘r’. The Coefficient of Correlation (r) can be calculated by using the following formula:

\[
\text{Coefficient of Correlation (r)} = \frac{\sum x y}{N \times \sigma_x \times \sigma_y}
\]

Where, \( x = (X - \bar{x}) \), \( y = (Y - \bar{y}) \)

\( \sigma_x = \) Standard deviation of series x
\( \sigma_y = \) Standard deviation of series y

N= Number of observation
The value of Coefficient of Correlation (r) varies between ±1. If a coefficient of correlation (r) =+1 indicates that the two variables are perfectly positively correlated, so as one variable increases, the other increases by a proportionate amount. Conversely, a coefficient of correlation (r) =-1 indicates a perfect negative relationship, if one variable increases, the other decreases by a proportionate amount. A coefficient of correlation (r) zero indicates no linear relationship at all and so if one variable changes, the other remain the same.

2.5 Need of the Study

- The need of microfinance arises because the rural India requires sources of finance for poverty alleviation.

- The need of microfinance arise because India being agricultural country, how the microfinance assist in the agricultural development of country.

- To know how Microfinance assist in the social and economic development of Rural India.

- To understand the Business Strategies of Microfinance Institutions (MFIs).

- To understand who are microfinance clients?

2.6 Objective of Study

- To understand function and importance of Microfinance in Indian
Financial System.

- To analyze the structure of microfinance programme in rural India by the MFIs, NBFCs.

- To examine the Role of Government in extending Microfinance Services for Rural People as well as Urban.

- To enumerate the achievements and problems of Microfinance in different section of society.

2.7 Hypothesis

**H_0:** SHG’s are playing no crucial role in channelization of institutional credit to rural poor.

**H_0:** Microfinance has made no impact on the growth of social sectors.

**H_1:** Microfinance has made impact on the growth of social sectors.
3.1 Microfinance in India The Reserve Bank of India (RBI) defines microfinance as “the provision of thrift, credit and other financial services and products of very small amounts to the poor in rural, semi-urban and urban areas for enabling them to raise their income levels and improve their living standards. It also serves as an umbrella term for the provision of financial access, through focused financial intermediaries, to those parts of the population that are not being served by mainstream financial services providers. Today microfinance is not limited to the provision of microcredit. It denotes short-term financial products for those who do not have access to these from traditional formal sources. These products include individual and group loans, savings services, facilities to encash cheques, payment orders, micro insurance, loan-guarantees and the transfer of remittances from abroad. Marguerite Robinson contends that about 80 per cent of the world’s 4.5 billion people living in low and lower middle income economies do not have access to formal financial sector services. Rural Indian families do not have bank accounts, thereby necessitating interventions such as microfinance. In the Indian context, especially in rural areas, there remains a vast lacuna in the availability of formal finance, and informal finance often comes tagged with extra ordinary terms or conditions of servitude. Following the bank
nationalization drive started by Indira Gandhi in 1969, where commercial banks were required to open rural branches; India's banking network grew exponentially. Today India rapidly increasing rural branches of commercial banks and regional rural banks, along with cooperative bank branches, Even Postal department of India has also initiate the post office saving account facility with network at large, as well as several other non-bank finance companies and mutual fund sellers, and the second most significant source was informal borrowing from friends, relatives and moneylenders.

Microfinance has emerged as in vital sector all over the world for providing financial services such as saving, credit, insurance and remittance service to the poor. Microfinance and its distribution of micro-credit is a growing industry in India. There are many different ways that microfinance institutions provide loans in India. One way is through self-help groups (SHGs), which are groups of fifteen to twenty women, meeting regularly (Premchander 2009, 3)
3.2 Phase I: Microfinance in India

- Social Banking
  - Nationalization of private commercial bank
  - Expansion of rural branch network
  - Extension of subsidized credit
  - Establishment of Apex Banks such as RRB, NABARD, SIDBI

3.3 Phase II: Microfinance in India

- Financial System Approach
  - Peer pressure
  - Establishment of MFIs, typically of non-profit origins
3.4 Phase III: Microfinance in India

- Financial Inclusion
  - NGO MFIs and SHGs private commercial gaining more legitimacy banks
  - MFIs emerging as strategic partners to diverse entities interested in the low-income segments
  - Consumer finance emerged as high growth area
  - Increased Policy Regulation
  - Increasing Commercialisation
<table>
<thead>
<tr>
<th>1960 to 1980</th>
<th>1990</th>
<th>2000 onward</th>
</tr>
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<tbody>
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<td>Social Banking</td>
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<td>3. Extension of subsidized credit</td>
<td></td>
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</tr>
<tr>
<td>4. Establishment of rural Regional Banks</td>
<td></td>
<td>4. Increased Policy Regulation</td>
</tr>
<tr>
<td>5. Establishment of Apex Institution such as NABARD, SIDBI, RRBs</td>
<td></td>
<td>5. Increasing Commercialisation</td>
</tr>
</tbody>
</table>

**Phase 1:** In the 1960’s, the credit delivery system in rural India was largely dominated by the cooperative segment. The period between 1960 and 1990, referred to as the “social banking” phase. This phase includes nationalization of private commercial banks, expansion of rural branch networks, extension of subsidized credit, establishment of Regional Rural Banks (RRBs) and the establishment of apex institutions such as the National Bank for Agriculture and Rural Development (NABARD) and the Small scale Industries Development Board of India (SIDBI).\(^{25}\)

**Phase 2:** After 1990, India witnessed the second phase “financial system

\(^{25}\) A Summer Training Project Report On “Micro-Finance In India” Undertaken At (District Central Co-operative Bank Ltd.) Project Report Submitted To Vikram University, Ujjain towards Partial Fulfillment of The Requirement For The Degree Of Master Of Business Administration By Neha Jain
approach” of credit delivery. In this phase NABARD initiated the Self Help Group (SHG) - Bank Linkage Bank Linkage program, which links informal omens groups to formal banks. This concept held great appeal for non-government organizations (NGOs) working with the poor, prompting many of them to collaborate with NABARD in the program. This period also witnessed the entry of Microfinance Institutions (MFIs), largely of non-profit origins, with existing development programs. 26

**Phase 3**: In 2000, the third phase in the development of Indian microfinance began, marked by further changes in policies, operating formats, and stakeholder orientations in the financial services space. This phase emphasizes on “inclusive growth” and “financial inclusion.” This period also saw many NGO-MFIs transform into regulated legal formats such as Non-Banking Finance Companies (NBFCs). Commercial banks adopted innovative ways of partnering with NGO-MFIs and other rural organizations to extend their reach into rural markets. MFIs have emerged as strategic partners to individuals and entities interested in reaching out to India’s low income client segments. 27 The most prominent SHG micro-finance project within rural India is part of the Indira Kranti

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26 A Summer Training Project Report On “Micro-Finance In India” Undertaken At (District Central Co Operative Bank Ltd.) Project Report Submitted To Vikram University, Ujjain towards Partial Fulfillment of The Requirement For The Degree Of Master Of Business Administration By Neha Jain

27 A Summer Training Project Report On “Micro-Finance In India” Undertaken At (District Central Co-Operative Bank Ltd.) Project Report Submitted To Vikram University, Ujjaintowards Partial Fulfillment Of The Requirement For The Degree Of Master Of Business Administration By Neha Jain.
Patham programme.\footnote{Note that one can distinguish two main models for micro-finance and development based on the delivery network of the lending/investment. The first is the use of SHGs linked through formal national development projects (like Velugu), and the second is through micro-finance institutions (MFIs) only – see Ghate, 2006. Here, we do not maintain the formal separation between the two since in reality, delivery in rural contexts tends to be blurred between the two through the mix of local participants.} Formerly called Velugu, this is a World Bank sponsored movement focusing specifically on the empowerment of women, initiated in 2000. Velugu, in turn, grew out of the Indian government programme Development for Women and Children in Rural Areas (DWCRA). DWCRA began in 1982-83 as a gendered offshoot of the National Integrated Rural Development Program of 1979 (Deshmukh-Ranadive, 2004). Under the Rural Development Program, the central bank, the Reserve Bank of India, initiated the creation of an ‘apex bank’ to facilitate the integration of rural investment and lending. This apex bank was called The National Apex Bank for Agriculture and Rural Development (NABARD). NABARD became a key institution for the orchestration of future diverse forms and origins of credit provision in rural India, and also a main source of data on lending levels. The 1979 programme was also the first attempt to use SHGs in India. The first SHGs in DWCRA stipulated that each should contain a minimum of 25 members from the same socioeconomic background who wanted to undertake a similar economic activity. Eligible SHGs received a grant of 15,000 rupees funded by UNICEF, the state and the national
government. This formed the basis of smaller periodic loans to members. Repayments then created ‘revolving’ lending facility.

3.5 Evolution of Microfinance in India

- Legal framework for establishing the cooperative movement set up in 1904.
- Reserve Bank of India Act, 1934 provided for the establishment of the Agricultural Credit Department
- Nationalization of banks in 1969
- Regional Rural Banks created in 1975
- Microfinance in India has started in early 1980’s with an effort of forming informal Small Help Group (SHG) to provide access of Financial Servicer
- NABARD established as an apex agency for Rural Finance in 1982.
3.6 Major initiatives in Rural Credit

Government’s initiative to reduce poverty by improving access to financial services to poor started since independence. India’s overwhelming majority of poor is located in rural areas and this motivated the government to give special attention to rural credit. Following the report of All India Rural Credit Survey in mid 1950’s, the State took crucial steps in reviewing Cooperative structure including the partnership of State in cooperatives. Also the policy initiative of ‘social banking’ concept described as “the elevation of the entitlements of previously disadvantaged groups to formal credit even if this may entail a weakening of the conventional banking practices” led to the nationalisation of commercial banks in 1969, adoption of direct lending programmes to rural areas and development of credit institutions such as Regional Rural Banks (RRBs). Government initiatives during the Fourth Plan focused on marginal farmers and agricultural labourers bringing individual family as the basic borrowing unit. Integrated sustainable income generating activity was promoted through subsidized lending under Integrated Rural Development Programme (IRDP) and its subsequent variations including the current self-employment programme known as Swaranjayanti GramSwarozgar Yojana (SGSY).

3.6.1 Shivaraman Committee (1978)

Looking into all aspects of consumption credit for the poor, the Expert Committee on Consumption Credit (Chairman: Shri B. Shivaraman, Member, Planning Commission) recommended for allowing a line of credit to poor households by the formal banking sector. Examining the consumption need of the poor in 1976, the Committee recommended a line of credit equal to Rs.750 per household. The specific consumption demands identified by the Committee were: (a) medical expenses (33%), (b) marriage (33%), (c) education (13%), (d) birth, death & religious purposes (10%) and (e) general consumption (10%). The co-operative credit structure was to be the main pillar of this drive. The Committee further recommended for legislative reforms in all states for universal membership in all the Primary Agricultural Cooperative Credit Societies (PACS) across the country. In regard to the rate of interest, the Committee observed that the rate charged by both cooperative banks and commercial banks on consumption loans should be the same as crop loans. It further observed, ‘The cost of servicing the consumption loans will perhaps be even higher than the agricultural loans, therefore, to expect the societies to operate on smaller margins than on the agricultural loans will be unrealistic’. On the premise that the risk to the banking sector in the case of consumption loan is higher than the
production loan, the Committee recommended for a higher percentage (10%) of risk cover by the Government than usually done for other (rural) loans extended by the co-operative and commercial banks. On the estimated demand for consumption loan of Rs.170 crore (in 1976), it provided for Rs.17 crore as Risk Fund. This fund, moreover, was required to be shared equally by the Central and the State Governments. However, despite all its moorings there was not much progress in regard to flow of consumption credit to the poor by the formal banking sector. Legislative reforms vis-à-vis universal membership in PACS was introduced; but the co-operative banks themselves became weaker and weaker in the subsequent years. The introduction of bank-SHG linkage programme in the 1990’s has in some ways addressed the need of consumption credit of the poor. Under this system, the banks lend to the SHGs who, in turn, are free to disburse loan to their members in their best judgement, whether for production or for consumption purposes.

3.6.2 Reserve Bank of India’s All India Rural Credit Surveys

The All India Rural Credit Surveys conducted by the RBI during the various years, show the following transformation in rural credit, viz.,

(i) The share of non-institutional sector in rural credit that was 91 per cent in 1951 went down to 45 per cent in 1991.
(ii) The share of institutional sector that stood at 9 per cent in 1951 went up to 53 per cent in 1991.

(iii) The share of credit cooperatives in rural credit that was 4.6 per cent in 1951 went up to 29 per cent in 1981, but declined subsequently to 19 per cent in 1991.

(iv) The share of commercial banks in rural credit that was 1.1 per cent in 1951 went up to 29 per cent in 1981 and has remained at the same level in 1991. The above mentioned percentages are, however, based on aggregate figures and do not throw much light in regard to transformation in rural credit vis-à-vis micro-finance. There has not been any rural credit survey at the all-India level since 1991. A survey was, nevertheless organised by the World Bank & NCAER in 2003. It utilised a sample of 6000 households (in Andhra Pradesh and Uttar Pradesh) and throws light on the condition of micro-finance as well. According to this study, around 87 per cent of marginal farmers /landless labourers do not access credit from the formal banking sector. In other words, the share of non-institutional sector in micro-credit remains, more or less, the same as during 1951. Most of the benefits of the so called extensive banking infrastructure have gone to the relatively better-
off people; around 66 per cent of large farmers have a deposit account and 44 per cent have access to credit.

### 3.6.3 Formal/Banking sector initiatives

Various programmes were initiated by banks to inculcate savings habit and to provide financial assistance. The initiatives are as follows-

1. **Pigmy deposit scheme** – The Pigmy deposit scheme intended to collect tiny deposits from the depositors from their doorsteps. The scheme was implemented by a few banks by engaging local people. The experience of the banks was not encouraging as there were large scale cash leakages, frauds and reconciliation problems. Most banks found the scheme unattractive.

2. **Mobile banks** – Some of the banks started mobile banks in rural areas. The location and time of operation are usually synchronized with the market days so that the large number of people could transact its business. This programme was dropped because of the man power constraints.

3. **Regional Rural Banks (RRBs)** were intended to serve the people not covered by co-operatives and commercial banks. But they were not able to serve the purpose as they were more focused on profitability and strong
balance-sheets. In spite of this, it was found that the RRBs are better equipped than the commercial and co-operative banks to undertake micro finance operations because of the understanding of the local conditions. As on 2005, there were 196 RRBs, covering 516 districts and a client base of 6.27 crore.

4. Local area banks (LABs) aimed to mobilise rural savings by local institutions and makes them available for investment locally. They were set up in private sector and regulated by RBI. The working of LABs was not very encouraging. One serious drawback was absence of refinancing facility. Krishna Bhima Samrudi, the local area bank in Andhra Pradesh is only one into the business of micro finance on a large scale. India today has an extensive banking infrastructure comprising over 30,000 rural and semi-urban branches of commercial banks, over 14,000 branches of Regional Rural banks (RRBs), around 12,000 branches of District Cooperative Credit Banks (DCCBs) and 1,12,000 Primary Agricultural Credit Societies (PACS) at the village level (around 66,000 PACS are stated to be functional; the remaining are dormant).

3.6.4 SEWA Co-operative Bank (1974)

The implementation of formal lending programmes towards the poor suffer from the difficulties such as of exact targeting, screening problems
of distinguishing good and bad borrowers and usually lending agencies won’t be able to ensure the productive usage of loans. Also, the high transaction costs incurred in lending to the poor made the formal lending agencies leave the poor un-banked. The Indian cooperative credit structure meant to empower the poor was not very successful as it was captured by a few powerful and because of excessive governmental interference and regulation. The search for an alternative to the formal banking sector and an effective financial system to cater to the needs of the poor, especially the rural poor, continued. The origin of microfinance can be traced to the establishment of the SEWA cooperative bank in 1974, to provide banking services to the poor women employed in the unorganised sector in Ahmadabad in Gujarat.

3.6.5 Self Help Groups (SHGs)
Government initiatives during seventies and the Fourth Five Year Plan focussed on small and marginal farmers and agricultural labourers. Integrated sustainable income generation activity was promoted under Integrated Rural Development Programme. Inadequacies inherent in running programs focussed on individual households called for shift to a group based approach. The first step towards setting up self help groups (SHGs) was taken by MYRADA and it built upon rural chit funds and
informal lending networks to evolve a credit management group.

3.6.6 National Bank for Agriculture and Rural Development
In 1999-92, NABARD launched the SHG-Bank Linkage Programme on a pilot basis to finance SHGs across the country through the formal banking system. High repayment rates by the SHGs encouraged the banks to finance SHGs.

3.6.7 Rashtriya Mahila Kosh (RMK), 1993
The success of the concept of micro-credit through self help groups (SHGs) has encouraged the Government of India to establish a National level Micro-Credit organization/Rashtriya Mahila Kosh (RMK) (National Credit Fund for Women) under the Ministry of Women and Child Development in 1993, with an initial corpus of Rs.31 crore. The objective was to help women organise income generating activities to improve their socio economics status.

3.6.8 Small Industries Development Bank of India (SIDBI), 1994
In 1994, Small Industries Development Bank of India (SIDBI) launched a pilot scheme to provide financial assistance by way of loans to NGO’s for providing credit to the poor households, especially women. A small amount of grant also accompanied the loans so as to build capacity of the intermediates and end-users. The programme did not achieve the desired
objective. A large number of NGOs were not able to upscale their lending operations because of difficulties like interest rate cap on lending, security stipulations etc. SIDBI reoriented its Micro Finance Programme in 1999 by addressing the weakness of the pilot scheme, with an objective to create a national network of large and viable Micro Finance Institutions from the formal and informal sector. The programme provides need based assistance by way of term loans to partner institutions for meeting their on lending fund requirements. Its programme took off slowly.

3.6.9 SHG-Bank Linkage Programme (1996)

In 1996, Reserve Bank of India included financing of SHGs as a mainstream activity of banks under the priority sector lending programmes.

3.6.10 Microfinance Development and Equity Fund (MD & EF), 2001

Government of India, in 2001 re-designated the existing Micro Finance Development Fund as Micro Finance Development and Equity Fund with the objective of facilitating and supporting the orderly growth of the microfinance sector, by especially assisting the women and vulnerable sections of the society and also by supporting their capacity building. The size of the fund was also enhanced form the existing Rs.100 crore to Rs.200 crore. The additional amount was to be contributed by Reserve

3.6.11 Micro Finance Programme (MFC), 2004

In March 2004, the Ministry of Small Scale Industry introduced the Micro Finance Programme along with the SIDBI. The Government provides funds for Micro Finance Programme to SIDBI, called “Portfolio Risk Fund (PRF)”. This fund is used for security deposit required of the MFIs/ NGOs to get loan. At present SIDBI takes fixed deposit equal to 10% of the loan amount. The share of MFIs/ NGOs is 2.5% of the loan amount (i.e. 25% of security deposit) and balance 7.5% (i.e. 75% of security deposit) is adjusted from the funds provided by the Government of India. The MFIs/ NGOs avail of loan from SIDBI for further on lending on the support of the deposit.


The Micro Financial Sector (Development & Regulation) Bill was recently introduced in the Parliament. The silent features of the draft Micro Finance Bill (2006) are as follows:

(a) Enactment of the bill will give the NABARD explicit powers to regulate the micro finance and so ensure greater transparency, effective management and better governance. This will facilitate
the flow of Micro Finance Services in a more efficient way to the un-banked population.

(b) The Bill defines the Micro Finance services as provision of financial assistance to the eligible clients either directly or through group mechanism for small and tiny enterprise, agriculture, allied activities including consumption, upto an amount not exceeding Rs. 50,000/- in aggregate and upto Rs. 1,50,000/- for housing purpose or such other amounts for the above purpose or such other purposes as specified by the NABARD from time to time.

(c) Micro Finance Organization is defined as an Organization carrying on the business of extending Micro Finance Services and includes Society registered under the Societies Registration Act, 1860 or a Trust created under the Indian Trust Act, 1880 or Public Trust registered under any State enactment or a Cooperative Society engaged in Micro Finance service excluding a Cooperative Banks defined under the Banking Regulation Act, 1949.

(d) It differentiates between Organizations accepting thrift and those not accepting thrift. Thrift receiving organizations will be kept
under sharp focus. No micro finance Organization would be able to accept thrift unless it obtains a certificate of registration from the NABARD subject to fulfillment of certain conditions. It will require MFOs accepting thrift to create a Reserve Fund.

(e) It provides for the creation of a Micro Finance Development Council for advising the NABARD on formulation policies.

(f) It provides to facilitate constitution of a Micro Finance Development and Equity Fund to provide loans, refinance, and grant and seed capital to MFOs.

(g) It will provide a redressal mechanism through a Scheme of Micro Finance Ombudsman.

(h) It will provide penalties for violation on the provisions of the Act.

(i) It will authorise the Central government to make rules and authorise the NABARD to formulate regulations with the previous approval of Central Government.
3.7 Microfinance Model in India

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model I</td>
<td>Individuals or group borrowers are financed directly by banks without intervention/facilitation of Non-Government Organisation.</td>
</tr>
<tr>
<td>Model II</td>
<td>Borrowers are financed directly with facilitation extended by formal or informal agencies like Government, Commercial Banks and Micro-Finance Institutions (MFIs) like NGOs, Non-Bank Financial Intermediaries and Cooperative Societies.</td>
</tr>
<tr>
<td>Model III</td>
<td>Financing takes place through NGOs and MFIs as facilitators a financing agency.</td>
</tr>
<tr>
<td>Model IV</td>
<td>Is the Grameen Bank Model, similar to the model followed in Bangladesh</td>
</tr>
</tbody>
</table>

3.8 Regulatory Framework for Microfinance Institutions in India

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Type of MFI</th>
<th>Legal Registration</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>NGOs</td>
<td>Society Registration Act, 1860, Indian Trust Act, 1882</td>
</tr>
<tr>
<td>2</td>
<td>Non-Profit companies</td>
<td>Section-25 of Indian Companies Act, 1956</td>
</tr>
<tr>
<td>3</td>
<td>Mutual benefit MFIs – Mutually Aided Cooperative Societies (MACS)</td>
<td>Mutually Aided Co-operative societies, Act enacted by State Governments</td>
</tr>
<tr>
<td>4</td>
<td>Non-Banking Financial Companies (NBFCs)</td>
<td>Indian companies Act, 1956, Reserve Bank of India Act, 1934</td>
</tr>
</tbody>
</table>

30 Source: RBI
31 Source: RBI
3.9 Non-Government Organisation (NGO)

A non-government organization is a citizen based association that operates independently of government, usually to deliver resources or serve some social or political purpose. The World Bank classifies NGOs as either operational NGOs, which primarily concerned with development projects, or advocacy NGOs. Private Sector, voluntary (Non-Profit Organisation) that contributes to, or participates in, cooperation projects, education, training or other humanitarian, progressive, or watchdog activities. Non-governmental organization, or NGO is an officially comprised organization created by normal or authorized person that operates autonomously from any government.

3.10 Types of NGOs

- NGO type by Orientation

- NGO type by Co-operation

Figure 3.1: NGO Type by Orientation
3.11 Profile of Rural India

- 350 million Below Poverty Line
- 95% have no access to microfinance.
- 56% people still borrow from informal sources.
- 70% don't have any deposit account.
- 87% no access to credit from formal sources.
- Annual credit demand is about Rs.70, 000 crores.
- 95% of the households are without any kind of insurance.
- Informally Microfinance has been in practice for ages.

3.12 Financial Inclusion, the Role of MFIs and SHGs

In the existing financial inclusion strategy of the RBI, MFIs and SHGs do not figure anywhere. MFIs have been able to enroll 24 million customers and provide actively transacted credit accounts, and customers will be comfortable to use any saving service offered by the MFI—especially as an agent of a bank. Having a bank link the already transacting customers of MFI for just the headcount in financial inclusion seems a scandalous...
waste of resources. Opening up banking agency to NBFC–MFIs will give a push to savings inclusion in the hands of banks. The link between MFIs and banks is weak, beyond the bulk loans. Banks have a lot to gain by financing the larger loans required by graduating clients of MFIs and SHGs. Banks do not see the merits of such a model where the smaller loans with high transaction costs are provided by MFIs and the larger loans provided by banks. While SIDBI is doing some initial work in the small enterprise space in collaboration with MFIs, the regulator should also examine the merits of such collaboration between MFIs and banks. Financial inclusion, to benefit excluded people and vulnerable sections, should be through institutions that are able to provide an ability to transact on these accounts. Their local presence, proximity to the customers, and a business model that truly believes that vulnerable people are good business will be the drivers of financial services business. Banks, even with rural branches, do not consider vulnerable poor as business prospects; do not have a willing staff with appropriate attitudes and are unable to provide meaningful inclusion despite opening accounts. SHGs, MFIs, post office branches, and cooperative societies are nearer to the vulnerable people and are better suited to make financial inclusion for such people a reality. Responsible planning and strategizing for inclusions should be take this ground reality into account.
and work around such institutions rather than focusing on unwilling high street banks.

### 3.13 Self Help Groups (SHGs)

A Self Help Group (SHG) is a small, economically homogeneous and affinity group of rural poor which comes together to:  
- Save small amounts regularly.
- Mutually agree to contribute to a common fund.
- Meet their emergency needs.
- Have collective decision making.
- Resolve conflicts through collective leadership and mutual discussion.
- Provide collateral free loans on terms decided by the group at market driven rates.

Self-Help Group or in-short SHG is now a well-known concept. It is now almost three decades old. It is reported that the SHGs have a role in hastening country’s economic development.

### 3.14 Self Help Group: Indian Scenario

In India, banks are the apex agency for delivery of micro-credit. In 1970, Self Employed Women’s Association [SEWA] at Ahmadabad had developed a concept of ‘women and micro-finance’. The Annapurna

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33 *Sukhbir Singh “SHG-Bank Linkage Programme”*
Mahila Mandal’ in Maharashtra and ‘Working Women’s Forum’ in Tamil Nadu and National Bank for Agriculture and Rural Development (NABARD)-sponsored groups have followed the path laid down by ‘SEWA’. ‘SEWA’ is a trade union of poor, self-employed women workers.

In 1991-92 NABARD started promoting self-help groups on a large scale. And it was the real take-off point for the ‘SHG movement’. In 1993, the Reserve Bank of India also allowed SHGs to open saving accounts in banks. Facility of availing bank services was a major boost to the movement.

3.15 Evolution of SHG in India can be divided into six phase

Phase I: NABARD’s lead in partnering with NGOs, particularly MYRADA

Phase II: The pilot project the well known SHG-bank linkage models in a big way by way of revolving loan funds and other support.

Phase IV: SHG-bank linkage reaching the scale of more than a million bank-linked SHGs.

Phase V: Emergence of SHG federation to sustain the SHG movement.

Phase VI: Widespread recognition for SHGs and SHG federation to act
as implementing agencies of various government schemes and also as agent for microfinance.

3.16 Self Help Groups (SHGs) and Bank Linkage Programme

The SHGs-bank linkage programme is the flagship microfinance intervention mechanism of National Bank for Agriculture and Rural Development [NABARD]. The launching of its pilot phase in Feb, 1992 could be considered as landmark development in the annals of banking with poor. The informal thrift and credit groups of the rural poor came to be recognized as bank clients under the pilot phase. The pilot phase was followed by setting up of a working group on NGOs and SHGs by Reserve Bank of India in 1994, which came out with wide ranging recommendation on internalization of the SHG concept as a potential intervention tool in the strategy of banking with the poor. The Reserve Bank of India accepted most of the major recommendation and advised the banks to consider lending to SHGs as part of their mainstream rural credit operations.

National Bank for Agriculture and Rural Development [NABARD] has been playing the role propagators and a facilitator by providing a conducive policy environment, training and capacity building besides extending financial support the healthy growth of the SHG-Bank Linkage
Programme in the country.

Over the years, various promotional steps taken are enumerated as under.

- Conceptualization and introduce of pilot programme in 1992 for linking 500 SHG with banks after consultations with Reserve Bank of India, banks and NGOs.
- Introduction of Bulk Lending Scheme in 1993 for encouraging the NGOs which were keen to try group lending approach and other financial services delivery innovations in the rural areas.
- Developing a conducive policy framework through provision of opening saving bank accounts in the names of SHGs (though they are informal groups), relaxation of collateral norms, simple documentation and delegation of all credit decisions and repayment terms to SHGs.
- Training and awareness building among the stakeholders.
- Provision of capacity building support of NGOs/SHGs/Banks.
- Mainstreaming the SHG-Bank linkage Programme as part of corporate planning and normal business activity of banks in 1996 and internal sing training, monitoring and review mechanism.
- Encouraging banks (RRBs and Cooperative Banks) for promotion of SHGs.
- Financial Support to NGOs for promotion of SHGs.
- Encouraging rural individual volunteers in promotion and nurturing of SHGs.
- Close Monitoring
- Dissemination through seminars, workshop, occasional papers and print media.

3.17 Impact of SHG in the process of empowerment of women\textsuperscript{34}

The year 1975 was declared as a ‘year for women’. Also, the decade from 1975 to 1985 was declared as a ‘decade for women’. This period, is the movement for empowerment of women during this period women received a spur. The woman, which consists 50\% of the society, was highlighted in this duration of period. It was emphasized that woman should get the same opportunities as that to men. The year 2001 was declared as a ‘year of women empowerment’. The efforts were being made in the direction that women should have a role in all span of life; and special provisions should be made in the budget for activities related to the development of women. Many schemes were planned and started to be executed, at government level, in respect of women education, laws regarding prevention of atrocities on women, their participation in

\textsuperscript{34} An Evaluation Of Impact Of SHG On The Social Empowerment Of Women In Maharashtra, pg 4
economic and political spheres etc. At this juncture, SHG movement also started and in a way journey towards women empowerment began.

3.18 Scheme for Promotion of Women Self Help Groups
A scheme for promotion and financing of Women Self Help Groups (WSHG) in association with Government of India is being implemented across 150 backward districts of the country. The scheme is an attempt at having Self Help Promoting Institutes (SHPI) to work not merely as an SHPI for promoting and enabling credit linkage of these groups with institution, not just only to promote and enable credit linkage, but also serving as business provider, tracking, control these groups and also being responsible for loan repayments. The objective of the scheme is to saturate the districts with feasible and self sustainable WSHGs by involving NGOs, support agencies who shall promote and facilitate credit linkage of these groups with banks. NABARD shall provide grant support @ ₹ 10,000/- per SHG to these NGOs over a period of three years and also bear the cost of training and other capacity building initiatives.

Some of the salient features of the scheme are as below:

i. An anchor NGO / support agency will be selected by LDM in consultation with the DDM, NABARD and DLCC in each of the

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35 https://www.nabard.org/english/SchemePromotion.aspx
identified districts for implementation of the project.

ii. The scheme would be implemented through bank branches, having CBS facility.

iii. The identified bank branch will enter into a MoU with the identified NGO / support agency.

iv. The identified NGOs will be eligible for grant assistance upto a maximum of ₹10,000 per WSHG.

v. All loans to new WSHGs promoted shall preferably be under the cash credit mode.

vi. NABARD will provide need based awareness and capacity development programmes for key stakeholders under the project.

A Service Charge of 5% per annum on monthly average loan outstanding shall be paid by the participating bank to the respective NGOs / support agencies to meet their administrative, transaction and risk costs

3.19 NABARD’s Strategic Focus on SHG-BLP (2013-17)\textsuperscript{36}

- All eligible poor rural households in the country to be covered through SHGBLP by March 2017.

\textsuperscript{36} Status of Microfinance in India 2012-13, by NABARD
Resource poor states of Uttar Pradesh, Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh, Rajasthan, Maharashtra, Odisha, Assam and West Bengal to be the focus areas for promotional interventions under SHG-BLP during the next four years. Emphasis would be in 127 districts from these resource poor States where less than fifty percent of the potential for promotion of SHGs have been exploited, of which 33 districts are already covered under Women SHG Development Scheme.

Promotion of Women SHGs in 150 Left Wing Extremism affected and backward districts of the country to be speeded up to cover every rural household in the identified districts within the next two years.

In all, it is expected that about 20 lakh new SHGs are to be promoted and linked to the banks during this period.

Convergence with Government Programmes like National Rural Livelihood Mission (NRLM) to maximise benefits to the SHG members.

Strategic shift from State / District-based planning for SHG-BLP to Block based planning, to address the issue of intra-district imbalances in promotion of SHGs.

Special schemes to revive dormant SHGs through effective capacity building and hand holding support.
- Initiate additional financial literacy drive at the SHG level to eliminate over indebtedness at the member-level, especially in high SHG density States.
- Focus on convergence of SHG-BLP and Financial Inclusion (FI) initiatives.
- Priority to shift from promotion of SHGs to provide livelihood opportunities to the SHG members in a calibrated manner through skill building, production optimisation, value chain facilitation and market linkage.
- Community based organizations to be encouraged as the nodal points for promoting livelihood activities of members of SHGs.
- ICT based interventions at primary level (SHGs), promoting institutional level (SHPIs) and at National level

**3.20 Guidelines by RBI for the Microfinance sector**

<table>
<thead>
<tr>
<th>Timeline</th>
<th>Notable Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>October 2010</td>
<td>Assign Malegam Committee by RBI to study the issues and concerns in microfinance sector</td>
</tr>
<tr>
<td>January, 2011</td>
<td>RBI released Malegam Committee recommendations for the Microfinance sector</td>
</tr>
</tbody>
</table>
| May, 2011   | Malegam Committee framework and recommendation accepted by board in Monetary Policy Statement 2011-12 including: Retention of priority sector lending status for bank loans to MFIs, margin cap at 12% and interest rate cap at 26%.

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>December, 2011</td>
<td>RBI introduced new category of NBFC and termed as “Non-Banking Financial Company- Microfinance Institutions”(NBFC-MFIs). Highlights are:</td>
</tr>
<tr>
<td></td>
<td>• Minimum Net Owned Fund of Rs. 5 crore for new NBFC-MFIs and for existing NBFC-MFIs w.e.f. April 1, 2012</td>
</tr>
<tr>
<td></td>
<td>• Capital Adequacy Ratio 15% (relaxation for AP based MFIs for FY 2012 and for NBFC-MFIS with loan portfolio less than Rs. 100)</td>
</tr>
<tr>
<td></td>
<td>• Margin Cap at 12%, interest rate cap at 26% and processing charge at 1%</td>
</tr>
<tr>
<td>August, 2012</td>
<td>Amendment to NBFC-MFIs guidelines by RBI which included</td>
</tr>
<tr>
<td></td>
<td>• Registration compulsory for NBFCs intending to operate NBFC-MFIs by Oct, 2012</td>
</tr>
<tr>
<td>July, 2013</td>
<td>Amendment to NBFC-MFIs guideline by RBI which included</td>
</tr>
<tr>
<td></td>
<td>• Relaxation in margin cap for all NBFC-MFIs irrespective of size at 12% till March, 2014. However from April, 2014, margins are capped at 10% for large MFIs and 12% for others.</td>
</tr>
<tr>
<td>Nov, 2013</td>
<td>RBI has allowed recognition of industry association of NBFC-MFIs as Self-Regulatory Organisation.</td>
</tr>
<tr>
<td>Feb, 2014</td>
<td>Amendment to NBFC-MFIs guidelines by RBI with respect to pricing of credit: it would be lower of two</td>
</tr>
<tr>
<td></td>
<td>• The cost of funds plus margin.</td>
</tr>
<tr>
<td></td>
<td>• The average base rate of the five largest commercial banks by assets multiplied by 2.75</td>
</tr>
</tbody>
</table>
Figure 3.3: Microfinance and Its Advantages

Microfinance and Its Disadvantage

- To the bank the borrowers are few for the problem of reaching out to the people.

- A main disadvantage to micro-finance is that the deal is too small for the lender to devote ample time and money to doing proper due diligence.
As the capital is low the profits are also low.

Borrowers seldom if ever give lenders the full story on their situation and with a small amount at risk; it does not make sense for lenders to spend a lot of money to check out the story. When lenders get burned, they decide to stop lending and the next round of lending must be done by greenhorns who have no idea what they are getting into.

In other words, to some extent micro lending depends on an ever-increasing number of lenders in order to be successful.
4.1 Social Sector Comprises of various sector which are resultant to socio-economic development of the Nation. India being developing country it needs socio-economic development because unless and until there is social development there is no possibility of economic development. Micro financing plays vital role for the socio-economic development. The Microfinance ideas direct deals with society. Microfinance leads various social sectors like Agricultural, Poverty, Education, Employment and Health. The term social sector refers all those areas which do lead in the development of society and economy of country. Social sector, comprising of housing, nutrition, water supply, health, education, and employment and weaker sections of societies .The Microfinance instrument for the upliftment the social and economic status of weaker section of society. It includes unorganized sector, informal sector, economically vulnerable or backward classes and other categories of person, both in rural and urban areas. Microfinance initiative like micro credit, micro insurance, micro saving and remittance concept help in strengthen the financial power of rural and urban poor. It just not only provide financial aid to vulnerable and low income people but also provide assistance through various policies initiative like various programme run by central government and state government.
Microfinance in India is popular channel through which financial inclusion take place in India.

4.2 Agriculture in India
In India 55% of total population engage in agriculture. Agriculture is main source of income for Indians. At 179.9 million hectares, India holds the second largest agricultural land in the world. With 20 agri-climatic regions, all 15 major climates in the world exist in India. The country also possesses 46 of the 60 soil types in the world. India is the largest producer of pulses, milk, tea, cashew and jute; and the second largest producer of wheat, rice, fruits and vegetables, sugarcane, cotton and oilseeds.38 Central Government, State Government and various agricultural society joint initiatives lead 244.78 million ton production in year 2010-11 which is record production of India. Various Government plan, involvement of better technology and joint collaboration of various department are behind record production in India. The significance of agriculture in India arises from the fact that the development in agriculture is an essential condition for the development of the national economy. India is initiating a massive infrastructure project to further boost agricultural performance through the inter-hiking of major rivers.

38 Source: Ministry of Agriculture, Kotak Securities, Aranca Research
Food grain production estimated for the current year is 263 million tonnes compared to 255.36 million tonnes in 2012-13. Agriculture export likely to cross $45 billion higher from $41 billion in 2012-13, in same manner credit exceed the target of Rs.7 lakh crores. Agricultural GDP growth from current year estimated at 4.6% compared to 4% in last four years. After Independence the early years witnessed accentuation (emphasis) on the development of infrastructure for scientific agriculture. The Important steps were like including the establishment of fertilizer, pesticide factories, construction of large multi-purpose irrigation- cum-power projects, organization of community development projects and national extension programmes and even most majorly starting the agricultural universities as well as new agricultural research institutions across the length and breadth of the nation. Green Revolution In Green Revolution the task Policy makers and planners took care about the concerns of national food independence, security, and political stability realized that self-sufficiency in food production was an absolute prerequisite. This particular perception led to a program of agricultural improvement called the Intensive Agriculture District Programme (IADP) and then eventually to the Green Revolution. The National Bank for Agriculture and Rural Development (NABARD) was set up for more easy transaction of money for the farmers all around the country. All these steps taken up by the
Indian Government led to the quantum jump in the productivity and production of crops.\textsuperscript{39}

**White and Yellow Revolution**

The Green revolution in India generated a mood of self-confidence in the agricultural capability, which led to the next phase which was the Technology Mission. Under White and Yellow Revolution approach, the focus was mainly on conservation, cultivation, consumption, and commerce. An end-to-end approach was introduced which involved attention from all links in the production-consumption chain, by which the progress was steady and sometimes striking as in the case of milk and egg production. Present Times Today Indian Agriculture Industry continues to face internal and external challenges. While the reasons might be monsoon dependence, low level of input usage, fragmented land-holding, lack of technology application, antiquated agronomic practices and poor rural infrastructure that would deter a healthy growth. While even the subsidies and barriers have been distorting international agricultural trade, rendering agri-exports from developing nations such as India uncompetitive. Brief introduction The Indian Agriculture Industry is at the verge of a revolution that will modernize the entire food chain in

\textsuperscript{39} business.gov.in/agriculture
India and as the total food production in India is likely to double in the next ten years. Today there are excellent export prospects, competitive pricing of agricultural product standards that are compared internationally which has created trade opportunities in the agro industry. This has enabled Indian Agriculture Industry Portal to serve as a main means by which every exporter and importer of India and abroad, could fulfill their requirements and avail the benefits of agro related buy-sell trade leads and other business opportunities. This Indian Agricultural Industry revolution brings along with it the opportunities of profitable investment. The Indian government initiative has taken up to improve the Agricultural Standards by formulating the policies like EXIM policy, price policy, seed policy and this has paved the way for the profits to the Agricultural Industry in India. The statistics convey that the Indian Agricultural Industry today is the world's second largest producer of food. From canned, dairy, processed, frozen food to fisheries, meat, poultry, food grains, alcoholic beverages & soft drinks, the Indian agro industry has dainty areas to choose for business.
### 4.3 Evolution of Agriculture in India

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<thead>
<tr>
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<tbody>
<tr>
<td>Stagnation in agriculture</td>
<td>Pioneering work of agricultural scientists and efforts of farmers</td>
<td>Expanding cereal Production</td>
<td>MNC players brought in better technology</td>
</tr>
<tr>
<td>Low growth in crop and grain production (0.4 and 0.1 per cent p.a.)</td>
<td>led to Green Revolution</td>
<td>Economic reforms introduced; greater encouragement to exports</td>
<td>Rise in institutional credit for agriculture</td>
</tr>
<tr>
<td>Food grain production of 59.2 mt in 1952–53, with a yield of 579.8 kg/ha</td>
<td>High Yield Variety (HYV) of seeds, increased use of fertilizers and irrigation resulted in a significant spike in production</td>
<td>Surplus of production of agricultural commodities over domestic demand</td>
<td>Government launched NFSM to increase production of commodities</td>
</tr>
<tr>
<td></td>
<td>Attained food security and reduced import of food grains</td>
<td>India emerges as a net exporter of agricultural products</td>
<td>Schemes like National Horticulture Mission (NHM) and Bringing Green Revolution in Eastern India (BREI) helped achieve record production</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Increase in population and strong income growth</td>
<td>Commodity exchanges helped in fair pricing of commodities</td>
</tr>
</tbody>
</table>
4.4 Policies and Incentive\textsuperscript{40}

Several significant initiatives have been taken in recent years by the Government in order to reverse the downward trend in agricultural production. Some of these important initiatives include:

- Bharat Nirman
- National Rural Employment Guarantee Programme
- National Horticulture Mission
- Expansion of Institutional Credit to Farmers
- Establishment of the National Bee Board
- Establishment of the National Rainfed Area Authority
- Establishment of the National Fisheries Development Board (NFDB)
- Watershed Development and Micro Irrigation Programmes
- Reforms in Agricultural Marketing and Development of Market Infrastructure
- Revitalisation of Cooperative Sector
- Agri-business Development through Venture
- Capital Participation by the Small Farmer Agri-business Consortium
- Reform and Support for Agriculture Extension Services
- National Rural Health Mission
- National Food Security Mission
- Rashtriya Krishi Vikas Yojana to incentivise the states to invest more in agriculture
- Integrated Food Law
- Legislative Framework for Warehousing
- Development and Regulation

\textsuperscript{40} business.gov.in/agriculture/policies_incentives.php
- Protection of Plant Varieties and Farmers &qu Rights (PPVFR) Act, 2001
- National Bamboo Mission and
- Knowledge Connectivity through Common Service Centres (CSC) and IT initiatives.

### 4.4.1. Rashtriya Krishi Vikas Yojana (RKVY)

It was launched to incentivise the States to increase the share of investment in agriculture in their State plans. It aims at achieving the 4 per cent annual growth in the agriculture sector during the Eleventh Five Year Plan period by ensuring a holistic development of agriculture and allied sectors. It is a State Plan Scheme and the eligibility for assistance under the scheme depends upon the amount provided in the State budgets for agriculture and allied sectors, over and above the baseline percentage expenditure incurred on agriculture and allied sectors. The funds under the RKVY are to be provided to the States as 100 per cent grant by the Central Government. The main objectives of the schemes are: Incentivise the States to increase public investment in agriculture and allied sectors. Provide flexibility and autonomy to the States in planning and executing agriculture and allied sector schemes. Ensure the preparation of plans for the districts and the States based on agro-climatic conditions, availability of technology and natural resources. Ensure that the local needs/crops/priorities are better reflected. Achieve the goal of reducing the yield gaps
in important crops, through focused interventions. Maximize returns to the farmers.

4.4.2 National Food Security Mission (NFSM)

It is a centrally-sponsored scheme, launched with the objective of increasing the production of rice, wheat and pulses by 10, 8 and 2 million tonnes, respectively, over the benchmark levels of production, by the end of the Eleventh Five Year Plan period. The Mission aims at increasing food grains production of the above crops through area expansion and productivity enhancement; restoring soil fertility and productivity; creating employment opportunities; and enhancing farm level economy to restore confidence of farmers of targeted districts. It is being implemented in 305 districts of 16 States of the country. Various activities of NFSM relate to demonstration of improved production technology, distribution of quality seeds of HYVs and hybrids, popularisation of newly released varieties, support for micronutrients, and training and mass media campaign including awards for best performing districts. The identified districts are given flexibility to adopt any local area specific interventions as are included in the Strategic Research and Extension Plan (SREP) prepared for the agriculture development of the district. National Policy For Farmers, 2007 Government of India has approved the National Policy for Farmers, 2007 taking into account the
recommendations of the National Commission on Farmers and after consulting the State Governments. The National Policy for Farmers, among other things, has provided for a holistic approach for development of the farm sector. The primary focus of this policy is on ‘farmer’ defined holistically and not merely on agriculture. In that sense, it is much more comprehensive than an Agriculture Policy. The objective is, inter alia, to improve the economic viability of farming through substantially improving net income of farmers. Needless to say, there is emphasis on increased productivity, profitability, institutional support, and improvement of land, water and support services apart from provisions of appropriate price policy, risk mitigation measures and so on. The major goals of the National Policy for Farmers are to: Improve economic viability of farming by substantially increasing the net income of farmers and to ensure that agricultural progress is measured by advances made in this income. Protect and improve land, water, bio-diversity and genetic resources essential for sustained increase in the productivity, profitability and stability of major farming systems by creating an economic stake in conservation. Develop support services including provision for seeds, irrigation, power, machinery and implements, fertilizers and credit at affordable prices in adequate quantity for farmers. Strengthen the bio-security of crops, farm animals, fish and forest trees for safeguarding the livelihood and income security of farmer families and the health and trade
security of the nation. Provide appropriate price and trade policy mechanisms to enhance farmers’ income. Provide for suitable risk management measures for adequate and timely compensation to farmers. Complete the unfinished agenda in land reforms and to initiate comprehensive asset and aquarian reforms. Mainstream the human and gender dimension in all farm policies and programmes. Pay explicit attention to sustainable rural livelihoods. Foster community-centred food, water and energy security systems in rural India and to ensure nutrition security at the level of every child, woman and man. Introduce measures which can help attract and retain youths in farming and processing of farm products for higher value addition by making it intellectually stimulating and economically rewarding. Make India a global outsourcing hub in the production and supply of the inputs needed for sustainable agriculture, products and processes developed through biotechnology and Information and Communication Technology (ICT). Restructure the agricultural curriculum and pedagogic methodologies for enabling every farm and home science graduate to become an entrepreneur and to make agricultural education gender sensitive. Develop and introduce a social security system for farmers. Provide appropriate opportunities in adequate measure for non-farm employment for the farm households.
Punjab and Haryana were the key states of green revolution and continue to be large producers of food grains.

Gujarat – largest producer of cotton (12.00 million bales)

Uttar Pradesh – largest producer of wheat (30.29 million tonnes)

Karnataka – largest producer of maize (4.09 million tonnes)

Assam is India’s largest producer of tea

West Bengal – largest producer of rice (14.85 million tonnes)

Madhya Pradesh – largest producer of pulses (4.16 million tonnes)

Source: Department of Agriculture & Cooperation, Economic Survey FY13;
Note: All figures as of 2011-12
Table 4.1: Agriculture Contribution to GDP

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Particular</th>
<th>2009-10</th>
<th>2010-11</th>
<th>2011-12</th>
<th>2012-13</th>
<th>2013-14</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Share(%) in Total GDP</td>
<td>14.6</td>
<td>14.6</td>
<td>14.4</td>
<td>13.9</td>
<td>13.9*</td>
</tr>
<tr>
<td>2</td>
<td>Growth in Agriculture GDP</td>
<td>0.8</td>
<td>8.6</td>
<td>5</td>
<td>1.4</td>
<td>4.7*</td>
</tr>
</tbody>
</table>

Source: Central Statistics Office (CSO) and Directorate General of Commercial Intelligence and Statistics (DGCI&S).
Notes: *Quarterly Estimates of GDP as of 30 May 2014;

Table 4.1: Depict the Share of Agriculture Sector in the Gross Domestic Product of the country. In year 2009-10, 14.6 percent of total GDP was derived from the agriculture sector which was remain constant during 2010-11, there was fall in the share of the agriculture contribution in the GDP of India it reaches from 14.6 to 14.4 percent which result in fall of .2% in year 2011-12. In very same manner there is drastic fall in the contribution of agriculture sector in GDP in the financial year 2012-13 it had reached to 13.9 from 14.4% .Quarterly Estimates of GDP for the financial year 2013-14 shows constant contribution of the agriculture in the GDP of India.
Chart 4.1: Growth in Agriculture in GDP

Chart 4.1: Reflect that there is 0.8% agriculture growth rate GDP in 2009-10 which has increased to 8.6% in 2010-11 but there is sudden fall in the year 2011-12 which shows 5% in year 2012-13 it has fallen to 1.4% and till 30th May 2014 there was growth rate was 4.7%.

Chart 4.2: Contribution of Agriculture Sector in Total GDP
Chart 4.2: Shows that in 2009-10 there is 4% contribution of agriculture in GDP in same manner in 42% in 2010-11, 24% in year 2011-12, there 7% contribution in 2012-13 and 23% in 2013-14

4.5 Poverty in India

It is a socio-economic phenomenon which defines any precise definition. A state or condition in which a person or community lacks the financial resources and essentials to enjoy a minimum standard of life and well-being that's considered acceptable in society. A segment of the society unable to meet the basic needs of life could be termed suffering from poverty. Poverty is a multidimensional problem. The state of having little or no money and few or no material possessions, Poverty can be grouped as absolute poverty and relative poverty. Absolute poverty means that a person’s income or consumption expenditures are so meager that he/she couldn’t meet his/her minimum subsistence level. The population, whose level of income or expenditure is below the poverty line.

Relative poverty indicates the large inequalities of income. The people with lower income are relatively poor compared to people with higher incomes. It is absolute poverty with which we are concerned when we talk of the problem of poverty of India.

Poverty is the situation when person can’t even think of basic need, when
it is tough for person to arrange food. Poverty is resultant of the low income or no income. Being poor can be described as follows (IBRD, 2000): ‘To be hungry, to lack shelter and clothing, to be sick and not cared for, to be illiterate and not schooled. […] Poor people are particularly vulnerable to adverse events outside their control. They are often treated badly by institutions of the state and society and excluded from voice and power in those institutions.’

Lack of access to resources, or asset less, is a unifying characteristic of poverty in all its manifestations. The poor lack ownership of or access to assets such as land, water, forest, a dwelling unit, credit, literacy, longevity, voice and capital – both physical and social (Mehta and Shah, 2001).

4.6 Poverty Line
Poverty line may be defined as an abstraction which is essential to measure the extent of poverty in a given country. Several economist and organization have given different estimates of poverty.

**Below Poverty Line:** According to the report of “Task Force on Minimum Needs Effective Consumption Demand- an expert group of planning commission, defined poverty line on nutritional norms of per capita daily intake of 2400 calories in rural areas and 2100 calories for
urban areas. A person who fails to obtain this minimum level of calories is treated as being below the poverty line.

4.7 Poverty Estimation

The methodology for estimation of poverty followed by the Planning Commission has been based on the recommendations made by experts in the field from time to time. In December, 2005, Planning Commission constituted an Expert Group under the Chairmanship of Prof. Suresh D. Tendulkar to review the methodology for estimation of poverty. The Tendulkar Committee submitted its report in December 2009 and computed poverty lines and poverty ratio for 2004-05. For comparison they also computed poverty line and poverty ratio for 1993-94 with

identical methodology. These were accepted by the Planning Commission. The next Large Sample Survey of Household Consumer Expenditure was conducted in 2009-10. Following the Tendulkar Committee methodology, Planning Commission made estimates of poverty for 2009-10 which were released through a Press Note on 19th March 2012.

Since several representations were made suggesting that the Tendulkar Poverty Line was too low, the Planning Commission, in June 2012, constituted an Expert Group under the Chairmanship of Dr. C. Rangarajan to once again review the methodology for the measurement of poverty. Tendulkar methodology uses implicit prices derived from quantity and value data collected in household consumer expenditure surveys for computing and updating the poverty lines.

The Rangarajan Committee is deliberating on this issue and is expected to submit its report by middle of 2014. Since the data from the NSS 68th round (2011-12) of Household Consumer Expenditure Survey is now available, and the Rangarajan Committee recommendation will only be available a year later, the Planning Commission has updated the poverty estimates for the year 2011-12 as per the methodology recommended by Tendulkar Committee.
The Planning Commission periodically estimated poverty lines and poverty ratios for each of the years for which National Sample Survey Office (NSSO) of the Ministry of Statistics and Programme Implementation conduct survey. These surveys are normally conducted on quinquennial basis. The last quinquennial survey in this series was conducted in 2009-10 (NSS 66th round). However, since 2009-10 was not a normal year because of a severe drought, the NSSO repeated the large scale survey in 2011-12 (NSS 68 th round). The data of this survey were released on 20th June 2013.

4.8 Poverty Line in India

<table>
<thead>
<tr>
<th>Committees</th>
<th>Tendulkar</th>
<th>C.Rangarajan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Set Up Body</td>
<td>Planning Commission</td>
<td>Planning Comission</td>
</tr>
<tr>
<td>Year</td>
<td>2005</td>
<td>2012</td>
</tr>
<tr>
<td>Report</td>
<td>2009</td>
<td>2014</td>
</tr>
<tr>
<td>Method for Poverty</td>
<td>Per Capita</td>
<td>Expenditure of family</td>
</tr>
<tr>
<td>Estimation</td>
<td>Expenditure(Monthly)</td>
<td>of five(Monthly)</td>
</tr>
</tbody>
</table>

4.9 Rural Poverty Line

<table>
<thead>
<tr>
<th>Poverty Line</th>
<th>Tendulkar</th>
<th>C.Rangarajan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Per day Per Person</td>
<td>27</td>
<td>32</td>
</tr>
<tr>
<td>Per Person Per Month</td>
<td>816</td>
<td>972</td>
</tr>
<tr>
<td>Per Family of Five, Per Month</td>
<td>4080</td>
<td>4860</td>
</tr>
</tbody>
</table>
4.10 Urban Poverty Line

<table>
<thead>
<tr>
<th>Poverty Line</th>
<th>Tendulkar</th>
<th>C.Rangarajan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Per day Per Person</td>
<td>33</td>
<td>47</td>
</tr>
<tr>
<td>Per Person Per Month</td>
<td>1000</td>
<td>1407</td>
</tr>
<tr>
<td>Per Family of Five, Per Month</td>
<td>5000</td>
<td>7035</td>
</tr>
</tbody>
</table>

4.11 India Poverty Statistics

Table 4.2: Poverty Time line

<table>
<thead>
<tr>
<th>Year</th>
<th>Rural (%)</th>
<th>Urban (%)</th>
<th>Total (%)</th>
<th>No. of Poor(million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1983</td>
<td>45.7</td>
<td>40.8</td>
<td>44.5</td>
<td>323</td>
</tr>
<tr>
<td>1987-88</td>
<td>39.1</td>
<td>38.2</td>
<td>38.9</td>
<td>307</td>
</tr>
<tr>
<td>1993-94</td>
<td>37.3</td>
<td>32.4</td>
<td>36.0</td>
<td>320</td>
</tr>
<tr>
<td>2004-05</td>
<td>28.3</td>
<td>25.7</td>
<td>27.8</td>
<td>301</td>
</tr>
<tr>
<td>2011-12</td>
<td>25.7</td>
<td>13.7</td>
<td>21.9</td>
<td>269</td>
</tr>
</tbody>
</table>

Table 4.2 depicts the poverty rate since 1983 of India. In above table we can see that 45.7% rural population lived below poverty line in year 1983 where as 40.8% population of urban area lived below poverty line in India and 323 million population of India lived below poverty line. Survey of 1987-88 display that there is reduction in rural poor and urban poor in India compare to year 1983, rural poor has reached to 39.1% from 45.7% in very same manner in urban it has reached to 38.2 % from 40.8%, which show positive since for Indian Economy. In next five year it has fallen again from 39.7% to 37.3% rural poor and in urban it has fallen to 32.4% from 38.2% in year 1993-94, overall population 320 million, which is positive sign for India Growth. In next ten year rural poor has decrease to 28.3% from 37.3% and urban population has
decreased to 25.7% from 32.4% and total population has decreased to 301 million from 320 million, which shows that there is gradual decrement in the number of poor’s in a country. In last and latest survey report it has seen that there is huge margin in Urban poor it has decreased to 13.7% from 25.7% in 2011-12 and rural population has decreased to 25.7% from 28.3% and total population decreased by 32% which show effective and positive economic status in term of economic growth of the country.

**Chart 4.3: Poverty Time line Rural and Urban**

Chart 4.3: Shows the poverty line in percentage in Rural and Urban, in 1983 there was 45.7% rural population and 40.8% urban population were under poverty. In year 1987-88 it has reduced to 39.1 in rural and 38.2 in urban. In year 1993-94 it reduced with 1.80% in rural and 5.80% in urban.
in very same manner. In year 2004-05 it has reduced by 9% and 6.70% in rural and urban respectively. In year 2011-12 it has reduced by 2.60% and by 12% in rural and urban respectively.

**Chart 4.4: Poverty Incidence of India**

![Chart](chart.png)

**Chart 4.4:** Shows gradual fall in the poverty in India, in 1983 it was 44.5% in year 1987-88 it reduced to 38.9% in same manner it has fall to 36% in 1993-94 and 27.8% in 2004-05 till last census it has fallen to 21.9% in year 2011-12

**4.12 Government Initiative for Poverty Alleviation**

After independence, the Government has launched several poverty alleviation programmes, the important among these are as follows:

1. Legal elimination of bonded labourers.
2. Preventing the centralisation of wealth by modifying the law.
3. Antyodaya plan.
4. Small Farmers Development Programme (SFDP)
5. Drought Area Development Programme (DADP)
6. Twenty point programme
7. Food for work programme
8. Minimum needs programme (MNP)
9. Integrated Rural Development Programme (IRDP)
10. National Rural Employment Programme (NREP)
11. Rural Labour Employment Guarantee Programme (RLEGP)
12. TRYSEM scheme
13. Jawahar Rojgar Yojna (JRY)
15. National Social Assistance Programme (NSAP)
16. Rural Housing Programme.
17. Indira A was Yojana.
18. Pradhan Mantri Rojgar Yojna.
19. Nehru Rozgar Yojna (NRY)
20. Self-Employment Programme for the Urban Poor, (SEPUP)
21. Prime Minister’s Integrated Urban Poverty Eradication Programme (PMIUPEP)
22. Mahatama Gandhi National Rural Employment Scheme (MGREGA)
23. Mid-Day Meal Scheme

4.13 Education Scenario in India

The Vedic period education was accessed by all in India, but the scenario was gradually changed as female lost the right of education. However, in the British period emphasis was given on education. During this period, various socio religious movements led by eminent persons like Raja Ram
Mohan Roy, Iswar Chandra Vidyasagar emphasized on women's education in India. Mahatma Jyotiba Phule, Periyar and Baba Saheb Ambedkar were leaders of the lower castes in India who took various initiatives to make education available to the women of India.
4.14 Role of Government in Education Sector in India

<table>
<thead>
<tr>
<th>Initiative by Government</th>
</tr>
</thead>
<tbody>
<tr>
<td>• In 1965, the Kendriya Vidyalaya mission was notable unique programme</td>
</tr>
<tr>
<td>• National Policy on Education (NPE) was formulated by the Indian Central government in year 1968</td>
</tr>
<tr>
<td>• Focusing on the primary education, another special programme called Integrated Education for Disabled Children (IEDC) was initiated in 1974</td>
</tr>
<tr>
<td>• The Programme of Action (POA) was also reinforced in 1992</td>
</tr>
<tr>
<td>• Several measures were started by the government like the</td>
</tr>
<tr>
<td>▪ District Primary Education Programme (DPEP)</td>
</tr>
<tr>
<td>▪ Sarva Shiksha Abhiyan (SSA)</td>
</tr>
<tr>
<td>• The government had set up Navodaya Vidyalaya and various other schools in each district such as opening established universities and advanced female education.</td>
</tr>
<tr>
<td>• SSA's extension to Madhyamik Shiksha Abhiyan</td>
</tr>
<tr>
<td>• Saakshar Bharat Mission, which focuses on the literacy of women</td>
</tr>
</tbody>
</table>

4.15 Education System is governed in India

• The Central Board of Secondary Education. (CBSE)
• The Council of Indian School Certificate Examination. (CISCE)
• The State Government Boards.
• The National Open School.
• The International School.
• The Central Universities
• The State Universities.
• The Open Universities.
Most of the current universities in India now have collaboration with their leading counterparts from all over the world and hence provides an excellent international education to the students. The current education system in India is recognized all over the world and inspiring

### 4.16 Constitutional Provision for Education in India

<table>
<thead>
<tr>
<th>Title</th>
<th>Article</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fundamental Rights</td>
<td>13</td>
<td>Laws inconsistent with or in derogation of the fundamental rights</td>
</tr>
<tr>
<td></td>
<td>15</td>
<td>Prohibition of discrimination on grounds of religion, race, caste, sex or place of birth</td>
</tr>
<tr>
<td></td>
<td>21A</td>
<td>Right to Education</td>
</tr>
<tr>
<td></td>
<td></td>
<td>[Inserted by the 86th Amendment in December, 2002 and passed by the Parliament in July, 2009. The provisions of the Act came into force from 1st April, 2010]</td>
</tr>
<tr>
<td></td>
<td>28</td>
<td>Freedom as to attendance at religious instruction or religious worship in certain educational institutions</td>
</tr>
<tr>
<td></td>
<td>30</td>
<td>Right of minorities to establish and administer educational institutions</td>
</tr>
</tbody>
</table>

---

42 *Bare Act, Kanoon Publication, Constitution of India.*
2010] Provision for early childhood care and education to children below the age of six years.

<table>
<thead>
<tr>
<th>Fundamental Duties</th>
<th>46</th>
<th>Promotion of educational and economic interests of Scheduled Castes, Scheduled Tribes and other weaker sections</th>
</tr>
</thead>
<tbody>
<tr>
<td>51A</td>
<td></td>
<td>“Clause (k) who is a parent or guardian to provide opportunities for education to his child or, as the case may be, ward between the age of six and fourteen years.”</td>
</tr>
</tbody>
</table>

### TABLE-4.3 LITERACY RATE IN INDIA

<table>
<thead>
<tr>
<th>YEAR</th>
<th>INDIA (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1901</td>
<td>5.3</td>
</tr>
<tr>
<td>1911</td>
<td>5.9</td>
</tr>
<tr>
<td>1921</td>
<td>7.2</td>
</tr>
<tr>
<td>1931</td>
<td>9.5</td>
</tr>
<tr>
<td>1941</td>
<td>16.1</td>
</tr>
<tr>
<td>1951</td>
<td>16.7</td>
</tr>
<tr>
<td>1961</td>
<td>24.0</td>
</tr>
<tr>
<td>1971</td>
<td>29.5</td>
</tr>
<tr>
<td>1981</td>
<td>36.2</td>
</tr>
<tr>
<td>1991</td>
<td>52.1</td>
</tr>
<tr>
<td>2001</td>
<td>65.38</td>
</tr>
<tr>
<td>2011</td>
<td>74.04</td>
</tr>
</tbody>
</table>

Source: Various website

Note: The literacy rate for year before 1981 was calculated for aged 5 year and above and from 1981 to 2011 it was calculated for 7 year and above
In above table we can see that there is increment in the literacy rate of Indian population regularly. We start from year 1901 where it was 5.3% has reached to 5.9% in 1911 which lead the increment of .06% which increase in the 10 year period. Very same in the period of 10 years difference we can see there is huge increment in the literacy rate among Indian Population it has increased to 7.2% from 5.9% in 1921 in same manner it has increase to 16.1% in 1941, 16.7% in 1951, 24.0% in 1961, 29.5% in 1971,36.2% in 1981,52.1% in 1991,65.38% in 2001, and in year 2011 census we can see it has increased by 8.66% which is great achievement.

**Chart 4.5: Literacy Rate of India**

![Chart showing literacy rate from 1901 to 2011 for India](chart4.5.png)

**Chart 4.5:** Shows the literacy rate in India, since 1901 till 2011 which gradually increase in the literacy rate in India, 1901 it was 5.3 in 1911 it
has increased by 0.60% in 1921 it rises by 1.30%, in year 1931 it raised by 2.30% in 1941 it increased by 6.6%. In 1951 it raised with .060% in year 1961 it has raised with 7.3% which is huge margin. In 1971 it raised by 5.5% and in 1981 it raised by 6.70%, by 15.90% increased in 1991. In 2001 it has raised with 13.28% and in 2011 census it has raised to 74.04%.

4.17 Employment

Anybody who is engage in anything which resultant is earning for life is termed as employment. Unemployment simply means a situation when able and willing person or people not getting job as per their own capabilities. However, it can be of two kinds:

1. Voluntary Unemployment
2. Involuntary Unemployment

The National Sample Survey Organization (NSSO) uses three concept of unemployment.

1. The usual status or chronic unemployment (measured in number of persons), i.e., person who remain unemployed for a major part of the year.
2. The weekly status unemployment (measured in number of persons), i.e., person who did not find even an hour of work during the survey
week.

3. The daily status unemployment (measured in number of day or person years), i.e., persons who did not find work on a day or some days during the survey week.

The labour force in India is increasing day by day due to high rate of population of the country.

4.18 Types of Unemployment

- Seasonal Unemployment
- Disguised Unemployment
- Structural Unemployment
- Open Unemployment
- Frictional Unemployment

4.18.1 Seasonal Unemployment

In rain fed agriculture which comprises about 70% of the cultivated area, farmers remain unemployed for four to six month in a year, unless they find some other temporary employment during this period leaving aside the green revolution areas where is multiple cropping, in all other areas, those is a great deal of seasonal employment.
4.18.2 Disguised Unemployment
The disguised unemployment is a situation in which more people are engaged in job than optimally required, so that the marginal productivity of labour is zero if not negative.

4.18.3 Structural Unemployment
When the productive capacity is inadequate to create a sufficient number of jobs it is called as Structural Unemployment.

4.18.4 Open Unemployment
When the laboures live without any work and they don’t find any work to do, they come under the category of open unemployment. Educated unemployed and unskilled labours unemployed are included in open employment. The migration from rural to urban areas in search of work is very often found in India, is an example of an open unemployment.

4.18.5 Frictional Unemployment
The unemployment generated due to change in the market condition (change in demand and supply condition) is called frictional unemployment.
4.19 Employment in India

Table 4.4 Shares of Major Sectors in Total Employment

<table>
<thead>
<tr>
<th>Sector</th>
<th>1999-2000 (%)</th>
<th>2004-05 (%)</th>
<th>2011-12 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture &amp; allied</td>
<td>59.9</td>
<td>58.5</td>
<td>48.9</td>
</tr>
<tr>
<td>Industry</td>
<td>16.4</td>
<td>18.2</td>
<td>24.3</td>
</tr>
<tr>
<td>Services</td>
<td>23.7</td>
<td>23.3</td>
<td>26.9</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Table 4.5 display the sector wise distribution of employment percentage in India. From above table we can understand that in year 1999-00 there was 59.9% labour force of India was engage in Agricultural Sector and rest in Industry and service sector, 16.4% and 23.7% respectively. In next survey of 2004-05 it depict that there is marginal decrease in labour force in agricultural sector , from 59.9% it has come down to 58.5% and there is increment in the Industry sector it has raised to 18.2% from 16.4% and there is fall in the service sector it has gone to 23.3% from 23.7% . In latest survey it was found that labour force is losing interest from agricultural and allied sector. Labour force has drive to Industry and Service rather than agricultural and allied sector. In year 2011-12 survey only 48.9% employment in agricultural sector which shows fall of 9.6%

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in agricultural and allied sector. In Industry and Service sector there is increment 6.1% and 3.6% respectively.

Table- 4.5 Year wise Unemployment

<table>
<thead>
<tr>
<th>Year</th>
<th>Unemployment (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>10.7</td>
</tr>
<tr>
<td>2010</td>
<td>10</td>
</tr>
<tr>
<td>2011</td>
<td>9.8</td>
</tr>
<tr>
<td>2012</td>
<td>8.5</td>
</tr>
<tr>
<td>2013</td>
<td>8.8</td>
</tr>
</tbody>
</table>

Above table shows the unemployment rate of India since 2009. It depict gradual decrease in the unemployment rate in India. It is positive sign for the economic development aspect. It was 10.7% in 2009 and 10% in 2010 which lead decrement of 0.7%. In very same manner in 2011 and 2012 it has decreased to 8.5% from 9.8%, which show effective growth of employment opportunities in India but in year 2013 it again increase by 0.3% which is not good sign for the developing India. It lead in the fall of economic status which resultant affect whole economy of the country.
4.20 Employment Initiatives by Government of India

4.20.1 Prime Minister’s Employment Generation

Programme (PMEGP) has been created by merging two schemes, Prime Minister's Rojgar Yojana (PMRY) and Rural Employment Generation Programme (REGP), which were in operation till 31.03.2008.

- It is a credit linked subsidy programme being implemented by Ministry of Micro, Small and Medium Enterprises.
- It aims at generating self-employment opportunities through establishment of micro enterprises by organizing traditional artisans and unemployed youth.
- The scheme will be implemented by Khadi and Village Industries Commission (KVIC) at the national level and by KVIC directorates, Khadi and Village Industries Board and Districts Industries Centres at the state level.
- The Government subsidy under the scheme will be distributed to the beneficiaries/entrepreneurs through identified banks by KVIC.
- Individuals above 18 years of age, Self Help groups, Institutions registered under Societies Registration Act, 1860, Production Cooperative Societies and Charitable Trusts are eligible for subsidy to set

http://www.kviconline.gov.in/pmegp/pmegpweb/docs/schemereadmore.html

Employment scheme of Government of India, Lead my competition, General Knowledge
up projects under PMEGP.

4.20.2 Swarnjayanti Gram Swarojgar Yojana (SGSY)

- Swarnjayanti Gram Swarojgar Yojana (SGSY) started on 01.04.1999 is a major ongoing programme for self employment for the rural poor. The programme was developed after reviewing and restructuring the erstwhile Integrated Rural Development Programme (IRDP) and allied programmes namely
  - Training Rural Youth for Self Employment (TRYSEM)
  - Development of Women and Children in Rural Areas (DWCRA)
  - Supply of Toolkits in Rural Areas (SITRA)
  - Ganga Kalyan Yojana (GKY)
  - Millions Wells Scheme.

- The other programmes are no more in operation with the launching of SGSY. The basic objective of the SGSY is to bring the assisted poor families above the poverty line by providing them income-generating assets through a mix of bank credit and governmental subsidy. The SGSY is being implemented by the District Rural Development Agencies (DRDAs) with the active involvement of Panchayati Raj Institutions, the Banks, the Line Departments and the Non-Government Organisations. The programme is financed on 75: 25 cost
sharing basis between the Centre and the States. The SGSY aims to cover all aspects of rural employment, the chiefly the following

- Social mobilisation i.e. organisation of the poor into Self Help Groups (SHGs)
- Activity Cluster, Planning and Selection i.e identifying and selecting a key activity in terms of its economic viability in an area.
- Financial Assistance in the form of credit and subsidy in which credit is a major component.
- Training of Swarozgaris through well-designed training courses.
- Infrastructure Development
- Marketing and Technology Support

4.20.3 Mahatma Gandhi National Rural Employment Guarantee Act

The National Rural Employment Guarantee Act, notified in 200 districts in the first phase on Feb 2, 2006 was renamed Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) on 02 Oct 2009. 130 districts were notified in 2007 and with the notification of the remaining districts on 01 April 2008; the entire country has been covered. Exception is given to district with a hundred percent urban population. The Act seeks to enhance livelihood security in rural areas by providing at least

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100 days of guaranteed wage employment in a financial year.

**Salient Features:**

- Adult members of a rural household willing to do unskilled manual work are eligible to seek employment under the act.
- Employment is to be given within 15 days of application for work, otherwise daily unemployment allowance has to be paid by the respective State.
- Wages are to be paid according to Minimum Wages Act 1948 for agricultural labourers in the State unless otherwise notified by the centre.
- Equal wages are to be paid to both men and women.
- At least one-third beneficiaries are to be women.
- No contractors and machinery is allowed.

The MGNERGA is a paradigm shift from previous wage employment programmes, the significant aspects which are given below:

- It provides a statutory guarantee of wage employment.
- It provides a rights-based framework for wage employment.
- The Act provides incentive to the State Govt for providing employment as 90% of the cost is borne by the Centre and at the same
time discentive in the form of Unemployment Allowance falls on the State Govt which fails to provide employment within the stipulated time of 15 days of applying for work.

Transparency safeguards are provided in the form of

- Job cards in the custody of workers which monitor entitlements.
- Issue of dated receipts on application for work
- Citizen Information Boards at worksites.
- Vigilance Monitoring Committees.

### 4.20.4 Hunar Se Rozgaar Tak

Hunar Se Rozgaar Tak is an employment scheme launched by the Tourism Ministry, Govt. of India in 2009 for youth in the 18 - 25 years age group and who are at least 8th pass. These are training programmes to create employable skills in hospitality sector under the Capacity Building Scheme of Ministry of Tourism. Initially the programme was to be conducted by 25 Institutes of Hotel Management and Food Craft Institutes sponsored by the Ministry of Tourism. Subsequently the programme has been allowed to be conducted by certain starred hotels. The programmes is intended to offer short but quality training courses covering i) Food & Beverage Service and ii) Food Production. The

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programme will target the youth of weaker sections of societies who are interested in joining the hospitality industry and are in need to acquire skills facilitating employment.

4.20.5 Swarna Jayanti Shahari Rojgaar Yojana

The Swarna Jayanti Shahari Rojgaar Yojana (SJSRY) originally launched in Dec 1997 is a unified Centrally Sponsored Scheme launched a fresh in lieu of the erstwhile Urban Poverty Alleviation Programmes viz., Nehru Rojgar Yojana(NRY), Prime Minister's Integrated Urban Poverty Eradication Programme (PMIUPEP) and Urban Basic Services for the Poor (UBSP).

The SJSRY has been comprehensively revamped with effect from 01.04.2009. The SJSRY has three key objectives namely:

1. Addressing urban poverty alleviation through gainful employment to the urban unemployed or underemployed poor.

2. Supporting skill development and training to enable the urban poor have access to employment opportunities provided by the market or undertake self-employment

3. Empowering the community to tackle the issues of urban poverty through suitable selfmanaged community structures and capacity
building programmes.

The scheme is proposed to be implemented through Urban Local Bodies and community structures.

The revamped SJSRY has five major components, namely

1. Urban Self Employment Programme (USEP)
2. Urban Women Self-help Programme (UWSP)
3. Skill Training for Employment Promotion amongst Urban Poor (STEP-UP)
4. Urban Wage Employment Programme (UWEP)
5. Urban Community Development Network (UCDN)

4.21 **The National Rural Health Mission (NRHM)** is an initiative undertaken by the government of India to cover the health needs of underserved rural areas. In April 2005 by Indian Prime Minister Manmohan Singh, the NRHM was initially started for the health needs of 18 states that had been identified as having weak public health indicators. Under the Scheme, the Empowered Action Group (EAG) States as well as North Eastern States, Jammu and Kashmir and Himachal Pradesh have been given special attention. The mission of scheme is to establish a fully
functional, community owned, decentralized health delivery system with inter-sectoral convergence at all levels, to ensure simultaneous action on a wide range of determinants of health such as water, sanitation, education, nutrition, social and gender equality. Institutional integration within the fragmented health sector was expected to provide a focus on outcomes, measured against Indian Public Health Standards for all health facilities.

As per the 12th Plan, Planning Commission, NRHM merged with National Health Mission. The focus on covering rural areas and rural population will continue along with up scaling of NRHM to include non-communicable diseases and expanding health coverage to urban areas. In May 2013, has approved the launch of National Urban Health Mission (NUHM) as a sub-mission of an overarching National Health Mission (NHM), with National Rural Health Mission (NRHM) being the other sub-mission of the National Health Mission.

Scheme for Health Sector under flagship of National Health Mission are as follows:

- Accredited Social Health Activists
- Rogi Kalyan Samiti (Patient Welfare Committee) / Hospital
Management Society

Health care contractors

- National Mobile Medical Units (NMMUs)
- Janani Suraksha Yojana (JSY)
- National Ambulance Services
- Janani Shishu Suraksha Karyakram (JSSK)
- Rashtriya Bal Swasthya Karyakram (RBSK)
- Mother and Child Health Wings (MCH Wings)
- Free Drugs and Free Diagnostic Service
- District Hospital and Knowledge Center (DHKC)
- National Iron+ Initiative

### 4.22 Government Initiative for Health Sector in India

<table>
<thead>
<tr>
<th>Scheme</th>
<th>Provisions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sabla or Rajiv Gandhi Scheme for Empowerment of Adolescent Girls</td>
<td>Empowering adolescent girls (Age) of 11–18 years with focus on out-of-school girls by improvement in their nutritional and health status and upgrading various skills like home skills, life skills and vocational skills. Merged Nutrition Programme for Adolescent Girls (NPAG) and Kishori Shakti Yojana (KSY).</td>
</tr>
<tr>
<td>Udisha</td>
<td>Nationwide training component of the World Bank (External website that opens in a new window) assisted Women and Child Development Project (External website that</td>
</tr>
</tbody>
</table>

---

**Scheme** | **Provisions**
--- | ---
Central Government Health Scheme | comprehensive medical care facilities to Central Government employees and their family members
Integrated Child Development Services | tackle malnutrition and health problems in children below 6 years of age and their mothers
Midday Meal Scheme | Lunch (free of cost) to school-children on all working days
National Social Assistance Scheme | Public assistance to its citizens in case of unemployment, old age, sickness and disablement and in other cases of undeserved want
RNTCP | Tuberculosis control initiative
Kishore Vaigyanik Protsahan Yojana | Scholarship program to encourage students to take up research careers in the areas of basic sciences, engineering and medicine
Deendayal Disabled Rehabilitation Scheme | Create an enabling environment to ensure equal opportunities, equity, social justice and empowerment of persons with disabilities.
Janani Suraksha Yojana | One-time cash incentive to pregnant women for institutional/home births through skilled assistance
<table>
<thead>
<tr>
<th>Scheme</th>
<th>Provisions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rashtriya Swasthya Bima Yojana</td>
<td>Health insurance to poor (BPL), Domestic workers, MGNERGA workers, Rikshawpullers, Building and other construction workers, and many other categories as may be identified by the respective states</td>
</tr>
<tr>
<td>Indira Gandhi Matritva Sahyog Yojana</td>
<td>A cash incentive of Rs. 4000 to women (19 years and above) for the first two live births</td>
</tr>
<tr>
<td>Swabhiman</td>
<td>To make banking facility available to all citizens and to get 5 crore accounts opened by Mar 2012</td>
</tr>
<tr>
<td>National Rural Livelihood Mission(NRLM)</td>
<td>This scheme will organize rural poor into SHG groups and make them capable for self-employment. The idea is to developing better livelihood options for the poor.</td>
</tr>
</tbody>
</table>

**4.23 Health and Microfinance Alliance**

The Health and Microfinance Alliance, established by the Microcredit Summit Campaign and Freedom from Hunger in 2011, provides access to an international team of microfinance, health, and development practitioners, researchers and policy makers working with microfinance organizations around the world to implement and test innovative approaches to address poverty. We work with microfinance institutions (MFIs), non-governmental organizations (NGOs), networks, and government agencies. In India, we also work with self-help promoting
institutions (SHPIs), NGOs that serve self-help groups (SHGs). For India to learn all about integrated health and microfinance in India.

Independently and collaboratively, we are working with numerous institutions in India, the Philippines, and in other countries to help these institutions add health protection to the range of services they provide to clients. These services include:

- Health education on prevention of HIV and AIDS, TB, malaria, and on basic nutrition and treatments for childhood illnesses;
- Linkages to health care providers and products; and
- Health financing such as health loans, health savings, and health micro insurance.

Using India as a demonstration of what can be achieved globally, the Health and Microfinance Alliance is currently disseminating methodologies, tools, and products to build the capacity of 41 MFIs, NGOs, government agencies, and networks, serving India’s poor. By continuing to innovate, and aggressively replicate successful interventions, over the next 5 years the Alliance expects to:

- Reach 700,000 microfinance clients in India with integrated
microfinance and health protection services (MAHP) services that can improve health and financial security for themselves and their families and are sustainably delivered. This outreach is expected to affect 3.7 million client household members.

- Engage a more diverse community of practitioners that includes many more influential actors from the health, self-help and financial sectors, as well as policymakers, researchers and donors—and expand the work beyond India.

4.24 Project Updates

Through the Health and Microfinance Alliance, the Microcredit Summit Campaign and Freedom from Hunger are currently working with 41 financial service providers in India (i.e., MFIs, SHPIs, networks, and government agencies). These partner institutions are reaching a total of 952,401 clients and 3.8 million family members with integrated health and microfinance services. This number continues to grow every month as our partners scale up their operations and new partners join the Alliance.

49 http://www.microcreditsummit.org/the-health-and-microfinance
<table>
<thead>
<tr>
<th>Implementing partners (Type of organization)</th>
<th>Program Components</th>
</tr>
</thead>
</table>
| **Bandhan, West Bengal (NBFC MFI & Bank)**  | ➢ Education related to "Mother and Child Health" (MCH), nutrition, TB, AIDS, NCD, etc.  
➢ Linkage with local front-line workers sustained. Volunteers continue to provide the essential primary health products.  
➢ Health loans, sanitation loans, and water connection loans through Water.Org. |
| **Equitas, Tamil Nadu (MFI)**                | ➢ Health education: "Healthy Habits for Life" |
| **ESAF, Maharashtra, Chattisgarh, & Madhya Pradesh (MFI)** | ➢ Health education on "healthy habits"  
➢ Arogyamithra project, training community volunteers to facilitate Healthy Habits education |
| **Gram-Utthan, Odisha (NGO MFI)**            | ➢ Health education on MCH, nutrition, family planning, and WASH  
➢ Arogyamithra project, training community volunteers to facilitate Healthy Habits education  
➢ Product sales (water filters)  
➢ Link with government health system through running of primary health centre. |
| **Nidan, Bihar (SHPI)**                      | ➢ Education on "Plan for Better Health" and WASH modules  
➢ Linkage with the health sector for supply of deworming tablets in one block |
| **Pioneer Trad, Tamil Nadu (SHPI)**          | ➢ Health education: Pregnant women's health |
| **People’s Multipurpose**                    | ➢ Health education on "Women's Health" |
| **Development Society (PMD), Tamil Nadu (SHPI)** | and "Child's Health"
- Health camps |
|------------------------------------------------|--------------------------------------------------|
| Reach India, West Bengal (Network & SHPI) | - Education through government ICDS workers on MCH module
- Linkage with the Department of Women and Child Development in Bihar |
| SABLA, West Bengal (Government program working with 11 organizations) | - Education on learning games for adolescent girls, which include nutrition, life skills, diarrhea, HIV, reproductive health, and savings
- Linkage with ICDS and health sector for primary health care services |
| SKDRDP, Karnataka (MFI) | - Health education delivered by Sahayojakis (community health workers) on "Diseases that Attack Children," "Women’s Health," "Healthy Habits" |
| West Bengal Volunteer Health Association (WBVHA), West Bengal | - Health education on "Plan for Better Health"
- Health savings |

### 4.25 Strategic Partners

#### 4.25.1 Freedom from Hunger

Freedom from Hunger is an international development organization dedicated to bringing innovative and sustainable support to the self-help efforts of very poor families around the world. Freedom from Hunger partners with local organizations to demonstrate the value of these innovations and trains those partners to implement the programs sustainably. To ensure that our programs are beneficial and sustainable,
we conduct extensive research, evaluate and monitor for impacts, and distribute successful interventions as widely as possible for others to adopt and adapt in their own anti-hunger and anti-poverty efforts.

As of June 2011, Freedom from Hunger has trained and supported 150 partner organizations in 19 countries that are currently reaching over 3.9 million people (almost all women in poor, rural communities), benefiting a total of over 21.8 million when family members are included. Freedom from Hunger has made a rich and varied imprint on microfinance practice in India that includes early leadership in the development of the Financial Education program offered through Self-Employed Women’s Association (SEWA), integrating an education methodology called “Learning Conversations” with CRS in eastern India, and designing a curriculum for young girls called “Learning Games for Girls” to help girls plan for and make choices on financial and health issues.

**4.25.2 Freedom from Hunger India Trust**

Freedom from Hunger India Trust, a registered Indian public charitable trust, was established to carry forward the India Programme of Freedom from Hunger and serve as its affiliate. The Trust is under the direction of founding Trustees with deep experience and connection with India’s social service sector, and is aligned with the vision and mission of the
parent organization.

**4.25.3 Johnson & Johnson**

Johnson & Johnson is a global company that embraces research and science—bringing innovative ideas, products and services to advance the health and well-being of people. Employees of the Johnson & Johnson Family of Companies work with partners in health care to touch the lives of over a billion people every day, throughout the world. The company has committed to meet the UN’s call to action to achieve the Millennium Development Goals (MDGs)—particularly MDGs 4, 5, and 6, which address maternal and child health. The commitment includes, among other things, a concerted effort to provide access to skilled health workers so that women and children in hard-to-reach places can receive the care they need.
5.1 Microfinance and Microfinance Business

Microfinance is one of the most popular tools for poverty alleviation, microfinance mainly deals with i.e. Micro-Credit, Micro-Saving, Micro-Insurance and Remittance. Microfinance activities are mostly carried through financial institutions and NGOs. There are various norms and legal procedures which financial institutions and NGOs should follow in order to carry on microfinancing activities. These are some channels through which finance are reach to poor, these channels play a vital role for the upliftment of the society as well as the Nation. In India there are various institutions which deal with Microfinance activities. Many government policies are there with accompanied with microfinance activities for financial inclusion. Microfinance plays an effective role in India for Financial Inclusion, where there is no any financial institution there NGOs carried out the financial inclusion activities. Microfinance just not only plays role for effective financial inclusion but also establish the cooperation among the people. There are many private and public institutions in India which deals with microfinance business. There business aim is not just only to provide financial services to rural poor but also they provide assistance in their education, health, employment. Shelf Help Groups (SHG) concept of the microfinance is one of the finest
model for the financing. The financing activities through SHG can be possible directly or indirectly. Microfinance activities mostly done through channel it may be through NGOs or SHG or with intervention or without intervention of any intermediaries.

### 5.2 Microfinance and Business Strategies in India

Microfinance in India take place with financial institution mostly. Financial Institution may be Bank or NGOs or Private Bankers. There are many models which Indian financing institutions adopts for the financing micro-credit or micro financing. Micro financing model in India classified in India in four categories which namely Model I, Model II, Model III and Model IV respectively. In Model I where microfinance activities take place without intervention of any Non Government Organisation which implies that there are no intermediaries here client or poor get service without any hindrance. In Model II Client are financed directly formal or informal agencies like Government, Commercial Bank and Microfinance Institutions(MFIs).In Model III microfinance activities take place through intervention of Non Government Organisation and Microfinance Institutions and last model is Model IV which deals with Grameen Bank Model, which similar to model followed by Bangladesh. Among these four models any one channel is followed for microfinancing
in India. Microfinance Business Strategies in India are mostly followed Model II. In order to perform Microfinance Business, there are various regulatory norms which should be followed by business group for micro financing.

**5.3 Regulatory Norms for Microfinance Business Group in India**

If any institution is willing to work as Non-Government Bodies then they must get registered themselves with Society Registration Act, 1860 and Indian Trust Act 1882. Any company willing to perform microfinance business which operates business with no-profit motive or any establishment of Non-Profit Companies then it should get registered with Sec-25 of Indian Companies Act, 1956. If any institution willing to operate business as cooperative societies which is otherwise termed as Mutually benefit microfinance institution should get registered with State Cooperatives Societies which formally enacted by State Government. Any Business group performing as banking activities and no being government bank then those type of business group most get registered with Indian Companies Act 1956 and Reserve Bank of India Act 1934. If any formal or informal activities of microfinance is carried out by any business group then they must get registered themselves with any one of the above Act, whether any of the business like micro credit, micro
saving, micro insurance or remittance. In India almost all microfinance institution is registered with any act which are formed by Government if India

5.4 Regulatory Framework for NBFC-MFIs

1. Existing NBFCs
   1. All registered NBFCs willing to established themselves as NBFC-MFI were advised to seek registration before 31 Oct, 2012, they are required to maintain Net Owned Funds (NOF) at Rs.3 crore by March 31, 2013 and at Rs.5 crore by March 31, 2014, failing which they must ensure that lending to the Microfinance sector i.e. individuals, SHGs or JLGs which qualify for loans from MFIs, will be restricted to 10 per cent of the total assets.

   2. In order to provide encouragement North Eastern Region NBFC, the minimum NOF was to be maintained at Rs.1 crore by March 31, 2012 and at Rs.2 crore by March 31, 2014.

2. New Companies For companies willing to registered as NBFC-MFI will required to minimum NOF of Rs.5 other than North Eastern Region of the country which will require NOF of Rs.2 crore till further notice.

Source: RBI, Regulatory Framework for NBFC-MFIs
5.5 Microfinance Institution in India

Microfinance activities in India are done through financial institution, NGOs and Cooperative Societies. In India any companies or societies or organization dealing with micro-credit, micro-saving, micro-insurance etc. are termed as Microfinance Institutions (MFIs) in India. There are many MFIs in India they provide financial assistance directly or through intervention of any organization or self help groups (SHGs). MFIs are generally termed as banker because in India most of the Microfinance activities are carried by the Banking Institution. National Bank for Agriculture and Rural Development Bank (NABARD) is apex institution in India for Microfinance which regulated through Reserve Bank of India (RBI) directly. Financing model in India is classified in two different aspect first one is Direct Financing Model and another one is SHG-Bank Linkage model. In Direct Financing Model, assistance is directly provided by bank to NGO/MFI or SHGs directly. In SHG-Bank linkage model first bank provide finance to NGO’s then NGOs gives to SHG or Bank provide finance to SHG’s which will provide to their client or member, here NGO’s and SHG’s perform the role of intermediaries. Normally final recipient of assistance in microfinance is termed as client. Client may be institution or Self help Group or Individual.
5.6 The Micro Finance (Development and Regulation) Bill 2010

- The Central Government has drafted a ‘Micro Finance (Development and Regulation) Act 2010’ which will apply to all microfinance organisations other than:

  a) banks;

  b) co-operative societies engaged primarily in agricultural operations or industrial activity or purchase or sale of any goods and such other activities;

  c) NBFCs other than licensed under Section 25 of the Companies Act, 1956;

  d) co-operative societies not accepting deposits from anybody except from its members having voting rights or from those members who will acquire voting rights after a stipulated period of their making deposits as per the law applicable to such co-operative societies.

- The proposed Act provides that the Central Government will constitute a Microfinance Development Council to advise NABARD on the formulation of policies, schemes and other measures required in the interest of orderly growth and development of microfinance services.

- The proposed Act also provides that a microfinance organisation
which is providing thrift services or which intends to commence the business of providing thrift services should be registered with NABARD.

- NABARD has the responsibility under the proposed Act to promote and ensure orderly growth of microfinance services provided by the organisations covered by the Act. In furtherance of this responsibility it has the power to issue directions to such organisations and to carry out inspection of such organisations.

A Parliamentary panel on 11\textsuperscript{th} Feb, 2014 rejected the Bill of Microfinance Institution, which sought to empower the RBI to regulate them and fix interest rates ceiling on loans to be provided by MFIs.\textsuperscript{51}

### 5.7 India’s Leading Microfinance Institutions\textsuperscript{52}

1. Annapurna Microfinance Pvt Ltd
2. Arohan Financial Services Pvt Ltd
3. Asirvad Microfinance Pvt Ltd
4. Bandhan Financial Services Pvt Ltd
5. BSS Microfinance Pvt Ltd
6. Cashpor Micro Credit
7. Disha Microfin Pvt Ltd
8. Equitas Microfinance Pvt Ltd

\textsuperscript{51} Wizard Current Affairs2014, Indian Economy, pg 310  
\textsuperscript{52} CRISIL Rating, India’s 25 Leading MFIs, June 2014 pg 24-48
9. ESAF Microfinance and Investments Pvt Ltd
10. Fusion Microfinance Pvt Ltd
11. Grama Vidiyal Micro Finance Ltd
12. Grameen Financial Services Pvt Ltd
13. Janalakshmi Financial Services Pvt Ltd
14. Madura Micro Finance Ltd
15. RGVN (North East) Microfinance Limited
16. Satin Creditcare Network Ltd
17. Shree Kshetra Dharmasthala Rural Development Project
18. SKS Microfinance Ltd
19. S.M.I.L.E Microfinance Ltd
20. Sonata Finance Pvt Ltd
21. Suryoday Micro Finance Pvt Ltd
22. SV Credit line Pvt Ltd
23. Swadhaar FinServe Pvt Ltd
24. Ujjivan Financial Services Pvt Ltd
25. Utkarsh Micro Finance Pvt Ltd

5.8 Brief information about leading Microfinance Institution in India.

Annapurna Microfinance Pvt Ltd

Annapurna Microfinance Pvt Ltd (Annapurna) is a microfinance venture of People's Forum, a development organisation that is more than two decades old. In 2007, People's Forum segregated its microfinance activity
from its developmental activities and created an independent project, Mission Annapurna. In November 2009, the promoters acquired Gwalior Finance and Leasing Company Pvt Ltd, a NBFC registered in Varanasi, Uttar Pradesh. The name was changed to Annapurna Microfinance Pvt Ltd in February 2010. The NBFC acquired most of the loan portfolio of People's Forum in 2012-13. Annapurna operates predominantly in Odisha and extends loans for 12-to-24 month tenures to self-help groups with a monthly repayment structure. The company had an outstanding loan portfolio of Rs.112 crore and borrower base of more than 1 lakh as on September 30, 2013.

**Arohan Financial Services Pvt Ltd**

Arohan, a Kolkata-based company, began its microfinance programme in 2006. It was later acquired by IntelleCash Microfinance Network Company Pvt Ltd (IntelleCash) in September 2012 which holds a 56 per cent stake in Arohan. IntelleCash is a subsidiary of investment banking services and advisory firm, Intellectual Capital Advisory Services Pvt Ltd. Post-acquisition, the microfinance portfolio of IntelleCash was consolidated with Arohan. Arohan predominantly operates in West Bengal and Bihar, extending microfinance loans using the joint liability group model with monthly and weekly repayment options. The company
had 63 branches with a loan portfolio outstanding of Rs.137 crore as on September 30, 2013.

**Asirvad Microfinance Pvt Ltd**

Incorporated in August 2007, Asirvad Microfinance Pvt Ltd (Asirvad) commenced its microfinance operations in Chennai in January 2008. Since then the company has expanded its operations into other districts of Tamil Nadu. Asirvad offers loans to women borrowers organised into joint liability groups, following the Grameen Bank model. The company had a network of 74 branches and portfolio outstanding of Rs.132 crore as on September 30, 2013.

**Bandhan Financial Services Pvt Ltd**

Bandhan was set up by Mr. Chandra Shekhar Ghosh in 2001 as a non-governmental organisation (NGO), Bandhan-Konnagar, under the West Bengal Societies Registration Act, 1961. In 2006, the NGO acquired NBFC, Ganga Niryat Pvt Ltd, and renamed it as Bandhan Financial Services Pvt Ltd (Bandhan) and transferred the NGO's microfinance activities to the company. Bandhan was reconstituted as an NBFC- MFI in 2013. Currently, Bandhan undertakes microfinance activities and Bandhan-Konnagar implements developmental programmes. Bandhan is the largest MFI in India with a market share of over 20 per cent, loan
portfolio of Rs.4,457 crore and borrower base of nearly 50 lakh as on September 30, 2013. The company has a strong presence in West Bengal and other eastern and north-eastern states. Bandhan has received an “in-principle” approval from RBI for commencement of banking business.

**BSS Microfinance Pvt Ltd**

BSS Microfinance Pvt Ltd (BSS Microfinance) started its microfinance operations in April 2008 by taking over the operations of Bharatha Swamukti Samasthe Trust (BSS), a MFI operating as a trust since 1997. BSS Microfinance follows the Grameen Bank model of group lending and predominantly offers group loans for a 2-year period with fortnightly repayment. BSS Microfinance, operating predominantly from Karnataka, had a network of 67 branches and loan portfolio of Rs.184 crore as on September 30, 2013.

**Cashpor Micro Credit**

Cashpor Micro Credit (Cashpor) is a not-for-profit company based out of Varanasi, Uttar Pradesh. Set up by Professor David Gibbons, Cashpor provides microfinance services in Uttar Pradesh, Bihar and Chhattisgarh using the Grameen Bank model of lending. Cashpor adopts a dual lending model: direct lending and lending under the banking correspondence model. Under the banking correspondence model, Cashpor acts as a
sourcing agent for banks; the loans are originated directly in banks books. Cashpor provides a first loss default guarantee on the portfolio sourced by it while receiving a sourcing fee (difference between the interest paid by the borrower and interest paid to the bank) from such business. The company was operating through a network of 341 branches spread across 31 districts as on December 31, 2013.

**Disha Microfin Pvt Ltd**

Disha Microfin Pvt Ltd (Disha, formerly Banas Finlease Pvt Ltd), a Gujarat-based MFI, started its operations in 1996 as a distributor of financial service products and ventured into microfinance business in 2009 with the aim of providing high quality financial services to low income households on a commercially sustainable basis. The company has two major products, Gati and Pragati. Gati typically includes loans of Rs.8,000 to Rs.14,000. Pragati comprises higher ticket loans ranging from Rs.15,000 to Rs.20,000, disbursed predominantly for income generating activities. The company operates through a network of 42 branches in Gujarat and had a loan portfolio of Rs.119 crore as on September 30, 2013.

**Equitas Micro Finance Pvt Ltd**

Equitas Micro Finance Pvt Ltd (Equitas Micro Finance) was set up by
Mr. P N Vasudevan in 2007 for providing microfinance services. Equitas Micro Finance, headquartered at Chennai, operates from 104 districts across 7 states/union territories. Equitas group had also diversified into vehicle and housing finance segments in 2011. While the vehicle finance segment has posted significant growth and had outstanding portfolio of Rs.526 crore as on September 30, 2013, the housing finance segment is smaller with outstanding portfolio of Rs.67 crore as on that date.

ESAF Microfinance and Investments Pvt Ltd
Evangelical Social Action Forum society was established by Mr. K Paul Thomas in Thrissur, Kerala in 1992. The society commenced its microfinance operations in 1995. In 2006, the society acquired NBFC – Pinnai Finance and Investments Pvt Ltd – renamed it as ESAF Microfinance and Investments Pvt Ltd (ESAF) and transferred the society's microfinance activities to ESAF. The company extends loans to women using the joint liability group model of lending and had operations concentrated predominantly in Kerala. ESAF had a network of 150 branches across 35 districts in the states of Kerala, Tamil Nadu, Chhattisgarh, and Madhya Pradesh as on March 31, 2013.

Fusion Microfinance Pvt Ltd
Fusion Microfinance Pvt Ltd (Fusion) entered the microfinance business
in January 2010 by acquiring the Rs.63 lakh loan portfolio of Aajeevika, a non-governmental organisation operating in Delhi and Madhya Pradesh. Fusion extends loans to women using the joint liability group model. The company also offers small ticket vehicle loans to truck operators. Fusion is headquartered in New Delhi and is operational in the less penetrated northern and central part of India (New Delhi, Madhya Pradesh, Uttarakhand, and Uttar Pradesh). The company was catering to nearly 1 lakh borrowers through 41 branches and had loan portfolio aggregating Rs.89 crore as on September 30, 2013.

**Grama Vidiyal Micro Finance Ltd**

Grama Vidiyal Micro Finance Ltd (Grama Vidiyal) is a Tiruchirappalli-based NBFC which started its microfinance operations in early 2008. The company acquired the entire loan portfolio of Grama Vidiyal Trust, which was engaged in microfinance activities since 1996. Grama Vidiyal extends loans predominantly to women using the joint liability group model. The company's operations are primarily concentrated in Tamil Nadu. The company has ventured into Maharashtra and Madhya Pradesh to improve upon its geographic diversity.

**Grameen Financial Services Pvt Ltd**

Grameen Financial Services Pvt Ltd (Grameen Financial) is an NBFC set
up in 1991 as Sanni Collection Pvt Ltd. The company was taken over by its current management in 2007 and renamed as Grameen Financial Services Pvt Ltd. Grameen Financial commenced its microfinance operations in October 2007 by taking over the microfinance portfolio of Grameen Koota, part of T Muniswamappa Trust. Grameen Koota in turn started its microfinance operations in 1999, after receiving seed fund programme from Grameen Trust, Bangladesh. Grameen Financial had a network of 161 branches and a loan portfolio of Rs.524 crore as on March 31, 2013.

Janalakshmi Financial Services Pvt Ltd
Janalakshmi Financial Services Pvt Ltd (Janalakshmi) commenced microfinance operations in April 2008 by taking over the portfolio of Janalakshmi Social Services (JSS), a not-for-profit company promoted by Mr. Ramesh Ramanathan. JSS had earlier acquired the urban microfinance programme of Sanghamithra Rural Financial Services and started its own microfinance programme in July 2006. Janalakshmi provides microfinance services to the urban poor. Apart from microfinance (94 per cent of the total loan portfolio as on March 31, 2013), the company also offers other loan products such as enterprise loans, housing loans, and individual loans. As on September 30, 2013,
Janalakshmi had a network of 101 branches, with outstanding loans of Rs.1,409 crore. The company operates in 11 states, with Karnataka and Tamil Nadu together accounting for 53 per cent of its loan portfolio as on March 31, 2013 (65 per cent as on March 31, 2012).

**Madura Micro Finance Ltd**
Incorporated in 2006, Madura Micro Finance Ltd (Madura) commenced its microfinance business in late 2006 by extending loans to self-help groups promoted by Micro Credit Foundation of India. The company operates in the rural areas of Tamil Nadu and Puducherry; Madura had nearly 2 lakh borrowers and a loan portfolio of Rs.175 crore as on September 30, 2013.

**RGVN (North East) Microfinance Limited**
Rashtriya Grameen Vikas Nidhi Society (RGVN Society) is a leading non-governmental organisation, founded in April 1990. The society operating in the north eastern states of India commenced its microfinance operations in 1995. With significant growth in business during the latter part of the previous decade, the microfinance operations were transferred to a NBFC, RGVN (North-East) Microfinance Ltd (RGVN Microfinance) in October 2010. Headquartered in Guwahati, RGVN Microfinance operates through a network of 107 branches spread across 31 districts in
the five states of Assam, Nagaland, Meghalaya, Arunachal Pradesh and Sikkim.

Satin Creditcare Network Ltd
Incorporated as Satin Leasing and Finance Pvt Ltd in October 1990, the company provided credit to shopkeepers and petty traders in the urban markets of Delhi. The company became public in 1994 and is listed in Delhi, Jaipur, and Ludhiana Stock Exchanges. In 2000, the company was renamed as Satin Creditcare Network Ltd (Satin). In 2008, the company commenced its microfinance operations by providing unsecured loans to poor women in villages or small towns. Satin is one of the leading MFIs in northern India with loan portfolio of Rs.736 crore as on September 30, 2013. The company focuses on diversifying its operations across geographies and was present in 10 states as on March 31, 2013.

Shree Kshetra Dharmasthala Rural Development Project
Shree Kshetra Dharmasthala Rural Development Project (SKDRDP) is a charitable trust established in 1982, aimed at undertaking rural development activities in various parts of Karnataka. The organisation is promoted by Dr. D Veerendra Heggade (trustee of Shri Kshetra Dharmasthala – a renowned temple in the region). The trust had 122 branches with a portfolio size of Rs.2,567 crore as on September 30, 2013.
SKS Microfinance Ltd
SKS Microfinance Ltd (SKS) was incorporated as a private limited company in 2003 for taking over the microfinance activities of Swayam Krishi Sangam, a society that was registered in 1997 and began operations in 1998. After obtaining the NBFC license from the Reserve Bank of India in January 2006, SKS took over the operations of Swayam Krishi Sangam. SKS is the only listed MFI in India and had its operations spread across 15 states with no state accounting for more than 20 per cent of its overall loan portfolio as on September 30, 2013. Having successfully survived the Andhra Pradesh crisis despite having a large exposure to the state, SKS is the second largest NBFC-MFI with loan portfolio of Rs.2,348 crore as on September 30, 2013.

S.M.I.L.E Microfinance Ltd
S.M.I.L.E Microfinance Ltd (SMILE) was set up by Dr. N. Sethuraman in 2004 and is the first urban MFI to set up operations in Chennai in 2005. The company initially shared its member base with its parent institution, Mahasemam Trust. Effective April 2011, the operating agreement between SMILE and Mahasemam Trust was terminated and the two entities now operate independent of each other. The company had a branch network of 158 branches across 23 districts in Tamil Nadu and
Puducherry and had a loan portfolio of Rs.371 crore as on September 30, 2013.

**Sonata Finance Pvt Ltd**
Incorporated in 1995, Sonata Finance Pvt Ltd (Sonata Finance) was acquired by its current management in 2006, following which the company started its microfinance operations. The promoters have experience of managing operations of a large MFI based in northern India. In 2007, Sonata Finance acquired the microfinance unit of the Jeevika Livelihood Support Organisation in Madhya Pradesh. Sonata Finance is one of the fastest growing NBFC-MFIs in northern India and had a network of 162 branches spread across 48 districts in five states, and a loan portfolio aggregating Rs.246 crore as on September 30, 2013.

**Suryoday Micro Finance Pvt Ltd**
Incorporated in 2008, Suryoday Micro Finance Pvt Ltd (Suryoday) commenced full-fledged operations from May 2009. The company, engaged in providing group loans using the Grameen Bank model, has presence in around 70 branches spread across nearly 30 districts in the states of Maharashtra, Tamil Nadu, Gujarat, Odisha, Rajasthan, and Karnataka and had a loan portfolio aggregating Rs.282 crore as on January 31, 2014.
SV Creditline Pvt Ltd

SV Creditline Pvt Ltd (SV Creditline) was incorporated in 1996 as Mantrana Finlease Pvt Ltd and got its present name in September 2008. The company commenced microfinance operations in January 2010. As on December 31, 2013, SV Creditline had a network of 57 branches across 27 districts in three states of Uttar Pradesh, Madhya Pradesh and Rajasthan.

Swadhaar FinServe Pvt Ltd

Swadhaar FinServe Pvt Ltd (Swadhaar), headquartered in Mumbai (Maharashtra), is among the earliest to come up with initiatives aimed at providing financial services to India's economically active urban poor. Prior to launching Swadhaar, the promoters set up a non-profit entity, Swadhaar FinAccess (SFA), in 2005. Although Swadhaar's founders began microcredit activities under SFA, the organisation transferred its lending portfolio to Swadhaar in 2008. SFA now focuses solely on credit-plus products and services, including financial education, insurance, and savings facilitation. Swadhaar had loans outstanding of Rs.145 crore as on September 30, 2013, spread across 40 branches in Maharashtra and Gujarat. Swadhaar has also extended its reach by opening branches in Madhya Pradesh and Rajasthan.
**Ujjivan Financial Services Pvt Ltd**

Ujjivan Financial Services Pvt Ltd (Ujjivan), set up by Mr. Samit Ghosh, is among the first few MFIs in the country to design and run urban microfinance programmes. The company has a strong and well-diversified board of directors comprising professionals with extensive industry experience. The company has been able to attract capital from multiple sources at regular intervals and demonstrated steady portfolio growth. Ujjivan is one of the most diversified MFIs in the country with operations spread across nearly 20 states. With a loan portfolio of Rs.1,323 crore as on September 30, 2013, the company is also among the top 10 MFIs in India.

**Utkarsh Microfinance Private Ltd**

Utkarsh Microfinance Private Ltd (Utkarsh), promoted by Mr. Govind Singh (an ex-banker), commenced operations in August 2009. Based out of Varanasi (Uttar Pradesh), the company is one of the fastest growing mid-sized MFIs and has a network of 112 branches and loan portfolio of Rs.247 crore as on September 30, 2013.

### 5.9 Emerging Microfinance Institutions of India

- Adhikar Microfinance Pvt Ltd
- ASA International India Pvt Ltd

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53 CRISIL Rating, India’s 25 Leading MFIs, June 2014 pg 50
- Belstar Investment & Finance Pvt Ltd
- Chaitanya India Fin Credit Pvt Ltd
- Future Financial Services Ltd
- Growing Opportunity Finance (India) Pvt Ltd
- Humana People to People India
- IDF Financial Services Pvt Ltd
- Indian Cooperative Network for Women Ltd
- M Power Micro Finance Pvt Ltd
- Mahasemam Trust
- Margdarshak Financial Services Ltd
- Pahal Financial Services Pvt Ltd
- Rashtriya Seva Samithi
- Sahara Utsarga Welfare Society
- Sahayog Microfinance Ltd
- Saija Finance Pvt Ltd
- Samhita Community Development Services
- Sanghamitra Rural Financial Services
- Sarala Women Welfare Society
- Shikhar Microfinance Pvt Ltd
- Uttrayan Financial Services Pvt Ltd
- Vedika Credit Capital Ltd
- Village Financial Services Pvt Ltd
- YVU Financial Services Pvt Ltd
6.1 Microfinance in India take place with mainly through two different models viz. SHG-Bank Linkage model and MFI-Bank model. The Microfinance is one tool which leads betterment of the society and economy condition of the rural poor or person with low income or vulnerable group. It does play vital role for the financial inclusion along with financial literacy. It does reach to the poor where it is not possible by any bank in practically. Microfinance reaches by way of either financial inclusion programs of the Banking Institutions or through Microfinance Institutions, various initiative has laid down for the effect mechanism of Microfinance, among those one of the most effective is SHG-Bank linkage Programme The SHGs-bank linkage programme is the flagship microfinance intervention mechanism of National Bank for Agriculture and Rural Development [NABARD]. The lunching of its pilot phase in Feb, 1992 could be considered as landmark development in the annals of banking with poor. The informal thrift and credit groups of the rural poor came to be recognized as bank clients under the pilot phase. The pilot phase was followed by setting up of a working group on NGOs and SHGs by Reserve Bank of India in 1994, which came out with wide ranging recommendation on internalization of the SHG concept as a potential intervention tool in the strategy of banking with the poor. The
Reserve Bank of India accepted most of the major recommendation and advised the banks to consider lending to SHGs as part of their mainstream rural credit opera.

6.2 NABARD’s Strategic Focus on SHG-BLP (2013-17)\textsuperscript{54}

- All eligible poor rural households in the country to be covered through SHGBLP by March 2017.
- Resource poor states of Uttar Pradesh, Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh, Rajasthan, Maharashtra, Odisha, Assam and West Bengal to be the focus areas for promotional interventions under SHG-BLP during the next four years. Emphasis would be in 127 districts 4 from these resource poor States where less than fifty percent of the potential for promotion of SHGs have been exploited, of which 33 districts are already covered under Women SHG Development Scheme.
- Promotion of Women SHGs in 150 Left Wing Extremism affected and backward districts of the country to be speeded up to cover every rural household in the identified districts within the next two years.
- In all, it is expected that about 20 lakh new SHGs are to be promoted and linked to the banks during this period.

\textsuperscript{54} Status of microfinance in India 2012-13pg.5
• Convergence with Government Programmes like National Rural Livelihood Mission (NRLM) to maximise benefits to the SHG members.

• Strategic shift from State / District-based planning for SHG-BLP to Block based planning, to address the issue of intra-district imbalances in promotion of SHGs.

• Special schemes to revive dormant SHGs through effective capacity building and hand holding support.

• Initiate additional financial literacy drive at the SHG level to eliminate over indebtedness at the member-level, especially in high SHG density States.

• Focus on convergence of SHG-BLP and Financial Inclusion (FI) initiatives.

• Priority to shift from promotion of SHGs to provide livelihood opportunities to the SHG members in a calibrated manner through skill building, production optimisation, value chain facilitation and market linkage.

• Community based organizations to be encouraged as the nodal points for promoting livelihood activities of members of SHGs.

• ICT based interventions at primary level (SHGs), promoting institutional level (SHPIs) and at National level
6.3 Community Based Microfinance Organizations (CBMOs)

The Community Based Microfinance Organizations (CBMOs), a term coined by Sa-Dhan SHG Task Force, encompass SHGs, Federations, Cooperatives and Self Help Promoting Institutions. In this part, brief facts and observations about CBMOs are presented in order to provide a panoramic view of issues affecting and interventions required with respect to different types of CBMOs. The part has five sections as follows:

- Self Help Group Bank Linkage Programme (SBLP)
- Issues under SHGs and Their Federations
- Self Help Promoting Institutions (SHPIs)
- Livelihoods Promotion through Self Help Groups
- Microfinance through Cooperatives

6.4 Pradhan Mantari Jan Dhan Yojana (PMJDY)

In recent times, the nation has enlarged the envelope of Financial Inclusion by including insurance, pension and other activities into its definition and priorities. The Pradhan Mantari Jan Dhan Yojana (PMJDY), which advocates for micro insurance and pension along with credit and savings, is one such recent development for an inclusive financial system. However, the Microfinance sector which is
comprised of MFIs and SHPIs/SHGs has been proactively providing credit plus services such as micro-credit, savings, micro-insurance, micro pensions, and other development related activities. The sector clearly understands the importance of credit plus services to low-income people. This chapter throws a light on such credit plus activities provided by MFIs and SHPIs.

6.5 Micro Insurance

Micro-Insurance is much younger than other financial services for the poor and receives significant respect from all stakeholders. On 2005, IRDA issued the regulation on Micro Insurance, which ambitiously aimed to provide both general and life micro-insurance products to the much needed lowest decile of the population. The authority adopted the agent model to facilitate insurance penetration, and identified MFIs, SHGs, NGOs and others as potential partners for reaching the base of the pyramid. Micro insurance aims at providing both general and life cover to the insured with an assured sum of `50,000 or less. The number of individual micro insurance policies issued reached to 27.73 lakh in 2013-14, from a modest beginning of 9.38 lakh in the year 2007-08, while the individual premium reached `94.11 crore from `18.23 crore during the

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55 The Bharat Microfinance Report 2014, published by Sa-Dhan, Ch.4: Credit Plus Activities, pg.44
same period. The micro insurance agents as of 31st March, 2014 are 20057 and the numbers of micro-insurance products offered were 28.\(^{56}\)

### 6.6 MFIs Acting as Micro Insurance Agent

In distributing micro insurance products, the insurance industry faces various challenges such as 1) challenge of high transaction cost, 2) high upfront investments to reduce risk so that premiums are affordable, 3) technical knowhow etc. MFIs are well placed to overcome these challenges given their experience in providing financial products in remote areas. Microfinance Institutions are one of the most effective and efficient delivery channels for credit; further adding micro insurance to the product mix enables them to achieve both social and economic objectives. Additionally, MFIs not only provide micro-insurance policies but also spread awareness about risk management. Out of 28 micro insurance products, MFIs also helps their clients choose cost effective policies.

MFIs face some challenges in providing micro-insurance policies such as;

1) Relationship challenges with insurers such as burdensome claims documentation, delays in paying claims, and occasional claims rejections.

\(^{56}\) Source-IRDA
2) To structure the product and price it appropriately, as they typically lack the in-house expertise to do this. The two most common approaches are either: a) to pick a nice round number that the MFI thinks the clients can afford; or b) the MFI copies the pricing offered by insurers.

3) Other challenge of delivering the policies is of educating staff and clients about the products. However a large numbers of MFIs have been providing micro insurance products. As the Table 1 below states that 43 MFIs have reached to 15.83 million clients/beneficiaries.

6.7 Micro Pension

In India, almost 400 million people (more than 85% of working population of the country) work in the unorganized sector and 88% of the Indian workforce are excluded from pension coverage. Of these, at least 120 million are women and the majority have no access to a formal old age income security scheme. Tenuous labor market attachments, intermittent incomes, poor access to social security etc render the unorganized workers highly vulnerable to economic shocks during their working lives and deprive them of old age security. Swavalamban is one

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57 The Bharat Microfinance Report 2014, published by Sa-Dhan, Ch.4: Credit Plus Activites.pg.46
such program supported by the Government to provide a pension scheme under NPS.

6.8 Swavalamban

Swavalamban secures old age income for the vast and growing multitude of workers and subscribers in the unorganized sector. Under this scheme, the Government contributes `1000 per annum to each NPS account opened in the year 2010-11 and for the next three years, the benefit will be available only to persons who join the NPS with a minimum contribution of `1000 and maximum of `12000 per annum. It is an ambitious flagship scheme of the Government of India, forming an integral and important part of the overall NPS (National Pension System) program. Since the launch of NPS in 2010-11, more than 28 lakh (approx) subscribers have been registered. As on 31st March, 2014 the total number of NPS subscribers was 6.5 million and out of this, Swavalamban subscribers were 2.8 million, which accounts for 43% of total subscribers.

6.9 Aajeevika – National Rural Livelihoods Mission (NRLM)\textsuperscript{58}

Aajeevika – National Rural Livelihoods Mission was launched by the Ministry of Rural Development (MoRD), Government of India by

\textsuperscript{58} The Bharat Microfinance Report 2014, published by Sa-Dhan, Ch.4: Credit Plus Activities, pg.69
restructuring Swarnajayanti Gram Swarozgar Yojana (SGSY), effective from April 2013. Aided in part through investment support by the World Bank, the Mission aims at creating efficient and effective institutional platforms for the rural poor, enabling them to increase household income through sustainable livelihood enhancements and improved access to financial services. NRLM has set out with an agenda to cover 7 crore rural poor households, across 600 districts, 6000 blocks, 2.5 lakh gram panchayats and 6 lakh villages in the country through self-managed Self Help Groups (SHGs) and federated institutions and support them for livelihoods collectives over a period of 8-10 years. In addition to this, the poor would be facilitated to achieve increased access to their rights, entitlements and public services, diversify risk and improve social indicators of empowerment. It is also envisaged to harness the innate capabilities of the poor and complements them with capacities to participate in the growing economy of the country. NRLM is a centrally sponsored scheme and the financing of the programme would be shared between the Centre and the States with a ratio of 75:25.

6.10 National Urban Livelihoods Mission (NULM)

This program aims to reduce poverty and vulnerability of urban poor households by enabling them to access gainful self employment and
skilled wage employment opportunities, resulting in an appreciable improvement in their livelihoods on a sustainable basis, through building strong grassroots level institutions of the poor. The mission would aim at providing shelters equipped with essential services to the urban homeless in a phased manner. In addition, the mission would also address livelihood concerns of the urban street vendors by facilitating access to suitable spaces, institutional credit, social security and skills to the urban street vendors for accessing emerging market opportunities.

NULM has got following components:

- Social Mobilization & Institutional Development
- Employment through Skills Training & Placement
- Self Employment Program
- Capacity Building & Training
- Support to Urban Street Vendors
- Scheme of Shelters for Urban Homeless

**6.11 Self Help Promoting Institutions (SHPIs)**

The innovation of SHG-bank linkage as a means of enabling access of the poor to financial services attracted NGOs as well as national and international donors. Many NGOs started promoting SHGs and facilitated SHG Bank linkage. Some NGOs had viewed SHG promotion as a means to enable the access of poor households to the formal banking system.
Other NGOs, who had earlier formed SHGs and similar groups as community organizations for supporting livelihoods of the poor and facilitating the empowerment of women too came forward to participate in SBLP. Many NGOs, in addition, promoted activities such as marketing of SHG products, training and technical counseling, apart from grant of credits to enable SHGs promoted by them to augment the income of their members. SHPIs have to incur considerable costs in promoting such SHGs. The cost of promotion and maintenance is directly borne by the SHPIs, who mobilize funds from different sources with a manifold funding structure.

### 6.12 Microfinance Intervention in Livelihood for the Development of Society

<table>
<thead>
<tr>
<th>MFIs</th>
<th>Main Livelihoods Intervention</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adhikar (Odisha)</td>
<td>Safe Water Project, Arranges Health Camp for Awareness Development, Imparting Health &amp; Education, Making Household Visit, Distributing Health Kits, Participating in Government Vaccination Programme, Distribution of Nutrient-rich Vegetable Seedling, Training of Health Volunteers,</td>
</tr>
<tr>
<td>Annapurna Microfinance Pvt Ltd. (Odisha)</td>
<td>Involved in manifold activities viz. Coir unit, Dairy, Animal Husbandry, Epics, Vegetable cultivation, Fishing, Bamboo work, Cotton work, Spice making and others. It has got 85, 877 beneficiaries under Livelihood Intervention.</td>
</tr>
<tr>
<td>Bandhan Financial</td>
<td>Enabled poor artisan families in the state to</td>
</tr>
<tr>
<td>Organization Name</td>
<td>Activities</td>
</tr>
<tr>
<td>------------------</td>
<td>------------</td>
</tr>
<tr>
<td>Services Pvt. Ltd. (West Bengal)</td>
<td>Achieve sustainable livelihoods through design inputs, skill development, technical know-how and market access</td>
</tr>
<tr>
<td>BWDA Finance Ltd. (Tamil Nadu)</td>
<td>Undertook livelihood promotion by conducting awareness and training programs in cashew nut machine operation, tailoring machine operation, phenyl preparation, beautician training etc. BWDA also facilitated marketing opportunities and provided loans to start their own business in their areas.</td>
</tr>
<tr>
<td>Darabar Sahitya Sansad (Odisha)</td>
<td>Promoted 3 vegetable growers cooperatives and has got 1150 members, 1 Handicraft cooperative having 100 members, 1 Thrift Credit cooperatives having 990 members and enterprise promotion services only for women.</td>
</tr>
<tr>
<td>Grameen Sahara (Assam)</td>
<td>Promoted system of Rice Intensification and Piggery.</td>
</tr>
<tr>
<td>Kalighat Society for Development Facilitation (West Bengal)</td>
<td>Involved in Entrepreneurship development programme, Industrial motivation camp, Entrepreneurship and skill development programme</td>
</tr>
<tr>
<td>Kotalipara Development Society (West Bengal)</td>
<td>Impart training for duck and goat rearing among SHG members.</td>
</tr>
<tr>
<td>RGVN (North East) Microfinance Ltd.</td>
<td>Provided training on Livestock treatment, Food processing, Livestock training, Cutting and Knitting, Doll making, Crop production and so forth.</td>
</tr>
<tr>
<td>Social Action for Rural Community (Odisha)</td>
<td>Imparted training on mushroom cultivation</td>
</tr>
<tr>
<td>Virutcham Microfinance Ltd. (Tamil Nadu)</td>
<td>Imparted training on cattle rearing and poultry rearing</td>
</tr>
</tbody>
</table>
### 6.13 Microfinance Intervention in Health for the Development of Society

<table>
<thead>
<tr>
<th>MFI</th>
<th>Main Health Intervention</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bandhan Financial Services Pvt. Ltd. (West Bengal)</td>
<td>Safe water project. Training of health volunteers, imparting health education, making household visits, distributing health kits, participating in government vaccination programme, distribution of nutrient rich vegetable seedling</td>
</tr>
<tr>
<td>Barasat Anweshan (West Bengal)</td>
<td>Arranges health camp for awareness development, blood donation camps, free medical aid, free eye camp, works for providing spectacles, special medical services for children</td>
</tr>
<tr>
<td>Bhartiya Micro Credit (Uttar Pradesh)</td>
<td>Awareness about cleanliness, health checkup and vaccination</td>
</tr>
<tr>
<td>BWDA Finance Ltd. (Tamil Nadu)</td>
<td>Promotes Tuberculosis awareness program among village health and sanitation committee on monthly basis. It also identifies the patients and facilitate in providing DOTS treatment</td>
</tr>
<tr>
<td>Cashpor Micro Credit (Uttar Pradesh)</td>
<td>Runs health education programme and organize eye care camps for its clients.</td>
</tr>
<tr>
<td>ESAF Microfinance and Investments Ltd (Kerala)</td>
<td>Run two major programs – Arogyam Project and Arogya Mithra Project where ESAF provides health education session to clients. The topics ranging from reproductive and child health, ante-natal care, cleanliness and hygiene to child care etc.</td>
</tr>
<tr>
<td>Jagaran Microfin Pvt Ltd. (West Bengal)</td>
<td>Organize health camp for blood test, eye check up, eye operation camp, mother-child health check and so forth</td>
</tr>
<tr>
<td>Organisation</td>
<td>Description</td>
</tr>
<tr>
<td>-------------------------------------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Jeevankiran (Kerala)</td>
<td>Health awareness programs rendered health checkups, health camps, distribute basic medicine kits and so forth</td>
</tr>
<tr>
<td>New Life (Tamil Nadu)</td>
<td>Offers quality medical services to the tribal people free of cost. A mobile medical unit is functioning and visits hilly villages daily and provides health care services.</td>
</tr>
<tr>
<td>Rashtriya Seva Samithi (Andhra Pradesh)</td>
<td>General medical camps are regularly organized for SHG members and their families at field level in which reputed doctors from Govt. and Pvt. Hospitals are involved. Necessary medicines are provided free of cost</td>
</tr>
<tr>
<td>Sarala Women Welfare Society (West Bengal)</td>
<td>Provides low cost primary healthcare, offer preventive care advice and sell generic medicine at 50% below market price</td>
</tr>
<tr>
<td>SKDRDP (Karnataka)</td>
<td>‘Sampoorna Suraksha’ health programme is implemented in a big way</td>
</tr>
<tr>
<td>Satin Creditcare Network Ltd. (Delhi)</td>
<td>Organize health check up cum awareness camp, Female sanitation and cancer awareness camp and so forth</td>
</tr>
<tr>
<td>Unnati Trades &amp; Fincon Pvt. Ltd. (West Bengal)</td>
<td>Provides healthcare services to all borrowers along with their family in rural and urban areas through qualified doctors. It also promotes awareness and usage of generic medicines at low cost</td>
</tr>
<tr>
<td>Welfare Services Ernakulam (Kerala)</td>
<td>Awareness camps for SHG members on cancer care, water born diseases and so forth</td>
</tr>
</tbody>
</table>
### 6.14 Microfinance Intervention in Education for the Development of Society

<table>
<thead>
<tr>
<th>MFI</th>
<th>Main Education Intervention</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belghoria Janakalyan Samity (West Bengal)</td>
<td>Has set up a non-formal education centre for 3-12 years old children. These children are imparted primary level education</td>
</tr>
<tr>
<td>Centre for Providing Sustainable Livelihood (Bihar)</td>
<td>Credit is provided for admission in schools, colleges. For paying tuition fees in educational institutions, for buying books and stationary etc.</td>
</tr>
<tr>
<td>IDF (Karnataka)</td>
<td>Trainings in improving the skill levels of clients</td>
</tr>
<tr>
<td>New Life (Tamil Nadu)</td>
<td>Provide early learning centres, coaching classes, special school for child laborers, food, shelter and education to deprived children</td>
</tr>
<tr>
<td>PWMACS (Uttar Pradesh)</td>
<td>Training and awareness programme on health, hygiene and sanitation</td>
</tr>
<tr>
<td>Prayas (Gujarat)</td>
<td>Basis health and nutritional education of women and children</td>
</tr>
<tr>
<td>Sreema Mahila Samity (West Bengal)</td>
<td>Poor students particularly girls are supported through providing books, uniforms, tuition fee, admission fee etc.</td>
</tr>
<tr>
<td>Society for Model Gram Bikash Kendra (West Bengal)</td>
<td>Established a well equipped educational institution imparting quality education to poor from rural area and inculcate human values among the children. At present, 277 students are studying in the school.</td>
</tr>
<tr>
<td>Unnaco (Assam)</td>
<td>Children/youth education – pre primary schools, non-formal primary schools. Merit scholarship award being given to children of clients every year.</td>
</tr>
<tr>
<td>Virutcham Microfinance Ltd. (Tamil Nadu)</td>
<td>Provide general awareness education programme to 144 women in 50 villages on gender balance and women rights.</td>
</tr>
<tr>
<td>Youth Volunteers Union (Manipur)</td>
<td>Cash awards to poor children with academic potential, awareness in safe drinking water and sanitation</td>
</tr>
</tbody>
</table>
### Progress under Microfinance - Savings of SHGs with Banks Agency during last five year Since 2009-14

(Amount in lakh)

<table>
<thead>
<tr>
<th>Year</th>
<th>Commercial Banks</th>
<th>Regional Rural Banks</th>
<th>Cooperative Banks</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. of SHGs</td>
<td>Saving Amount</td>
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</tr>
<tr>
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</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>No. of SHGs</td>
</tr>
<tr>
<td>2009-10</td>
<td>4052915</td>
<td>367389.24</td>
<td>1820870</td>
<td>129937.49</td>
</tr>
<tr>
<td>2010-11</td>
<td>4323473</td>
<td>423006.42</td>
<td>1983397</td>
<td>143539.67</td>
</tr>
<tr>
<td>2011-12</td>
<td>4618086</td>
<td>415298.04</td>
<td>2127368</td>
<td>130013.93</td>
</tr>
<tr>
<td>2012-13</td>
<td>4076986</td>
<td>553257.05</td>
<td>2038008</td>
<td>152710.20</td>
</tr>
<tr>
<td>2013-14</td>
<td>4022810</td>
<td>663145.63</td>
<td>2111760</td>
<td>195985.73</td>
</tr>
</tbody>
</table>

Source: Status of Microfinance in India 2009-14
For Commercial Bank

Average

Average Number of SHGs \( \bar{X} \) = \( \frac{\text{Sum of all observations (Sum Total of SHGs during the years)}}{\text{Number of Observations (Number of Years)}} \)

\[
\frac{21094270}{5} = 4218854
\]

Average Number of SHGs is 4218854

Average Saving Amount \( \bar{X} \) = \( \frac{\text{Total Saving Amount During the Years}}{\text{Number of Years}} \)

\[
\frac{2422096.4}{5} = 484419.276
\]

Average Amount of Saving is 484419.276

Standard Deviation (SD)

Standard Deviation of Number of SHGs \( \sigma = \sqrt{\frac{\sum x^2}{N-1}} \)

\[
\sigma = \sqrt{\frac{256426856066.00}{4}} = 253193.0371
\]

Standard Deviation of Saving Amount \( \sigma = \sqrt{\frac{\sum (x - \overline{x})^2}{N-1}} \)

\[
\sigma = \sqrt{\frac{58927062217.81}{4}} = 121374.4848
\]

Coefficient of Variation (CV)

Coefficient of Variation (CV) in No. of SHGs = \( \frac{\sigma}{\overline{x}} \times 100 \)

\[
\frac{253193.0371 \times 100}{4218854} = 6.0014\% 
\]

Coefficient of Variation (CV) in Amount of Saving = \( \frac{\sigma}{\overline{x}} \times 100 \)

\[
\frac{121374.4848 \times 100}{484419.276} = 25.05\%
\]
CAGR (%) 

\[
CAGR\text{ of } \text{No. of SHGs} = \left( \frac{\text{Ending Value}}{\text{Starting Value}} \right)^{\frac{1}{n}} - 1 \\
= \left( \frac{4022810}{4052915} \right)^{\frac{1}{5}} - 1 \\
= -0.149003118
\]

For Regional Rural Banks

Average 

Average Number of SHGs \( \bar{X} = \frac{\text{Sum of all observations}}{\text{Number of Observations}} \cdot \text{Sum Total of SHGs during the years} \) \text{Number of Years} 

\[= \frac{10081403}{5} = 2016280.6\]

Average Number of SHGs is 2016280.6

Average Saving Amount \( \bar{X} = \frac{\text{Total Saving Amount During the Years}}{\text{Number of Years}} \) 

\[= \frac{752187.02}{5} = 150437.404\]

Average Amount of Saving is 150437.404

Standard Deviation (SD) 

Standard Deviation of Number of SHGs \( \sigma = \sqrt{\frac{\sum x^2}{N-1}} \) or \( \sqrt{\frac{\sum (x - \bar{X})^2}{N-1}} \) 

\[= \sqrt{\frac{61195439915}{4}} = 123688.560\]

Standard Deviation of Saving Amount \( \sigma = \sqrt{\frac{\sum (x - \bar{X})^2}{N-1}} \) 

\[= \sqrt{\frac{2964759102}{4}} = 27224.807\]

Coefficient of Variation (CV) 

Coefficient of Variation (CV) in No. of SHGs \( = \frac{\sigma_{x}}{\bar{X}} \times 100\)
\[ \frac{123688.560}{2016280.6} \times 100 = 6.13\% \]

Coefficient of Variation (CV) in Amount of Saving = \(\frac{\sigma_x}{x}\times100\)

\[ \frac{277224.800}{150437.8007} \times 100 = 18.0971\% \]

**CAGR (%)**

\[
CAGR\text{ of No. of SHGs} = \left( \frac{\text{Ending Value}}{\text{Starting Value}} \right)^{\frac{1}{n}} - 1
\]

\[
= \left( \frac{2111760}{1820870} \right)^{\frac{1}{5}} - 1
\]

\[ = 3.008514 \]

**CAGR (%)**

\[
CAGR\text{ of Saving Amount} = \left( \frac{\text{Ending Value}}{\text{Starting Value}} \right)^{\frac{1}{n}} - 1
\]

\[
= \left( \frac{195985.73}{129937.49} \right)^{\frac{1}{5}} - 1
\]

\[ = 8.567 \]

**For Cooperative Banks**

**Average**

Average Number of SHGs \( [\bar{X}] \) = \( \frac{\text{Sum of all observations (Sum Total of SHGs during the years)}}{\text{Number of Observations (Number of Years)}} \)

\[ = \frac{5946923}{5} = 1189384.6 \]

Average Number of SHGs is 1189384.6

Average Saving Amount \( [\bar{X}] \) = \( \frac{\text{Total Saving Amount During the Years}}{\text{Number of Years}} \)

\[ = \frac{613826.24}{5} = 122765.248 \]

Average Amount of Saving is 122765.248
Standard Deviation (SD)

Standard Deviation of Number of SHGs ($\sigma$) = $\sqrt{\frac{\sum x^2}{N-1}}$ or $\sqrt{\frac{\sum (x - \bar{x})^2}{N-1}}$

$$= \sqrt{\frac{2522352258.20}{4}} = 79409.575$$

Standard Deviation of Saving Amount ($\sigma$) = $\sqrt{\frac{\sum (x - \bar{x})^2}{N-1}}$

$$= \sqrt{\frac{4297804462}{4}} = 10365.5734$$

Coefficient of Variation (CV)

Coefficient of Variation (CV) in No. of SHGs = $\frac{\sigma}{\bar{x}} \times 100$

$$= \frac{79409.575}{1189384.6} \times 100 = 6.6765\%$$

Coefficient of Variation (CV) in Amount of Saving = $\frac{\sigma}{\bar{x}} \times 100$

$$= \frac{10365.5734}{122765.248} \times 100 = 8.4434\%$$

CAGR (%)

CAGR of No. of SHGs = $\left(\frac{\text{Ending Value}}{\text{Starting Value}}\right)^{\frac{1}{n}} - 1$

$$= \left(\frac{1294930}{1079465}\right)^{\frac{1}{5}} - 1$$

$$= 3.7068$$

CAGR (%)

CAGR of Saving Amount = $\left(\frac{\text{Ending Value}}{\text{Starting Value}}\right)^{\frac{1}{n}} - 1$

$$= \left(\frac{130610.18}{122544.16}\right)^{\frac{1}{5}} - 1$$

$$= 1.28$$
Table 6.1: Progress under Microfinance - Savings of SHGs with Banks Agency during last five year Since 2009-14

<table>
<thead>
<tr>
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<td>2009-10</td>
<td>4052915</td>
<td>367389.24</td>
<td>1820870</td>
<td>129937.49</td>
</tr>
<tr>
<td>2010-11</td>
<td>4323473</td>
<td>423006.42</td>
<td>1983397</td>
<td>143539.67</td>
</tr>
<tr>
<td>2011-12</td>
<td>4618086</td>
<td>415298.04</td>
<td>2127368</td>
<td>130013.93</td>
</tr>
<tr>
<td>2012-13</td>
<td>4076986</td>
<td>553257.05</td>
<td>2038008</td>
<td>152710.20</td>
</tr>
<tr>
<td>2013-14</td>
<td>4022810</td>
<td>663145.63</td>
<td>2111760</td>
<td>195985.73</td>
</tr>
<tr>
<td>Total</td>
<td>21094270</td>
<td>2422096.38</td>
<td>10081403</td>
<td>752187.02</td>
</tr>
</tbody>
</table>

(Amount in lakh)

Mean: 4218854, 484419.276, 2016280.6, 150437.404, 1189384.6, 122765.25, 7424519.2, 757621.94
SD: 253193.0371, 121374.4848, 123688.5604, 27224.80074, 79409.57529, 10365.573, 361274.135, 150500.3404
CAGR (%): -0.149003118, 12.53730118, 3.008514393, 8.567039565, 3.706874405, 1.2830758, 1.33380457, 9.810560016

Source: Status of Microfinance in India 2009-14
Table 6.1 depicts the saving of ‘SHGs with Bank Agency. The Bank agencies are classified into three type’s viz. Commercial Bank, Regional Rural Development and Cooperative Banks. Data in table shows that since 2009 total number of SHGs which got saving with commercial bank is 21094270 and total saving which accumulated with commercial bank is 2422096.38(lakh). In same manner if we look the average number of SHGs since 2009 till 2014 is 4218854 and in terms of money then mean value is calculated for last five year with commercial bank is 484419.276. Standard Deviation of the number of SHGs and total saving with commercial bank is 253193.0371 and 121374.4848 respectively. Coefficient variance (CV) of the Commercial Bank is in terms of number of SHGs is 6.001% and in the saving amount is 25.05%. Compound Annual Growth Rate which in terms of number of SHGs stood negative which depict there no effective growth in number of SHG in terms of annual growth of the number of SHG and value is -0.149 and in the saving habit of SHGs with commercial bank is positive which is 12.53% annually. Now if we go through the data of Regional Rural bank then we can see that Mean of the Number of SHG with Regional Rural Bank stood 2016280.6 and saving mean with RRB is 150437.404, if we look over the standard deviation we observed 123688.5604 for the number of SHG involved with RRB and in terms of saving with RRB is resulted
27224.80074. CV of the RRB in terms of the No. of SHGs is 6.13 while in amount it is 18.09710. If we see CAGR of RRB in terms of No. of SHGs and saving amount is 3.008% and 8.5671% respectively. Now third is Cooperative Bank data which depict No. of SHG’s and saving amount in terms of mean is 1189384.6 and 122765.25. and Standard Deviation in No. of the SHGs and Saving amount 79409.57 and 10365.573. CV for No. of the SHG and saving amounts 6.6752 and 8.443 respectively. CAGR of the Cooperative Banks, No. of the SHGs and Saving amount 3.71% and 1.29% respectively.

Table 6.2 Correlation between Total No. of the SHGs and Total Saving with Banks

<table>
<thead>
<tr>
<th></th>
<th>No. of SHGs</th>
<th>Total Saving Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of SHGs Pearson Correlation</td>
<td>1</td>
<td>.010</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td></td>
<td>.987</td>
</tr>
<tr>
<td>N</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Total Saving Amount</td>
<td>Pearson Correlation</td>
<td>.010</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td></td>
<td>.987</td>
</tr>
<tr>
<td>N</td>
<td>5</td>
<td>5</td>
</tr>
</tbody>
</table>

Source: Calculation based on SPSS Statistical Software
Table 6.2 depicts the correlation between the Total No. of the SHGs and Total Saving Amount since 2009. Coefficient of Correlation (r) is used to measure the inter-relationship between variable. The correlations among the variables are determined using SPSS software the value of r (0.10) which shows the positive relationship between the Total No. of the SHGs and the Total Saving amount. Now when we talk about the significance of relationship, the test statistic rejected (p>0.05) which is observed 0.987, it means the microfinance has made impact in India

**Chart 6.1: No. of the SHGs and Saving Amount with Commercial Banks (2009-14)**

<table>
<thead>
<tr>
<th>Years</th>
<th>No. of SHG</th>
<th>Saving Amount(lakh)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009-10</td>
<td>4052915</td>
<td>367389.24</td>
</tr>
<tr>
<td>2010-11</td>
<td>4323473</td>
<td>423006.42</td>
</tr>
<tr>
<td>2011-12</td>
<td>4618086</td>
<td>415298.04</td>
</tr>
<tr>
<td>2012-13</td>
<td>4076986</td>
<td>553257.05</td>
</tr>
<tr>
<td>2013-14</td>
<td>4022810</td>
<td>663145.63</td>
</tr>
</tbody>
</table>

**Chart 6.1:** Shows the No. of the SHGS and Saving Amount with Commercial Bank since 2009 till 2014. No. of SHG and saving in 2009 is 4052915 and 367389.24(lakh). In 2010-11, No. of SHG and saving both
increased by 6.67 and 15.13% respectively. In year 2011-12, SHGs increased by 7% but saving decreased by 2%. In year 2012-12 SHG decreased by 11.71% and saving increased by 33.21%. In 2013-14 SHGs decreased by 1.32% and saving increased by 19.86%.

**Chart 6.2: No. of the SHGs and Saving Amount with Regional Rural Bank (2009-14)**

**Chart 6.2:** Shows the No. of the SHGs and saving amount with RRB, 2009-10 it was 1820870 and 129937.49(lakh) No. of the SHGs and saving respectively. In year 2010-11 No. of SHGs and Saving amount has positive effect it has increased by 8.92 and 10.46% respectively. In year 2011-12 SHGs increased by 7.25% and saving decreased by 9.42%, in year 2012-13 SHGs decreased by 4.2% and saving amount increased by 17.45% and, In year 2013-14 SHGs increased by 3.61 and saving by 28.33%.
Chart 6.3: No. of the SHGs and Saving Amount with Cooperative Bank (2009-14)

Chart 6.3: It shows the No. of the SHGs and Saving with Cooperative Bank, 2009-10 No. of the SHG was 1079465 and 122544.16(lakh) which increased by 7% in No.of the SHGs and 10.23% in Saving in 2010-11.In year 2011-12 it has increased by 5.17% in No. of the SHGs and decreased by -18.69% in saving.In2012-13 decreased by 1% in the No. of the SHGs but saving has increased by 5.39%. In year 2013-14 No. of the SHG has increased by 7.68% and saving amount is increased by 12.83%
### Progress under Microfinance - Bank Loans disbursed for last five since 2009-14

(Amount in lakh)

<table>
<thead>
<tr>
<th>Year</th>
<th>Commercial Banks</th>
<th>Regional Rural Banks</th>
<th>Cooperative Banks</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. of SHGs</td>
<td>Loans disbursed Amount</td>
<td>No. of SHGs</td>
<td>Loans disbursed Amount</td>
</tr>
<tr>
<td>2009-10</td>
<td>977521</td>
<td>978018.55</td>
<td>376797</td>
<td>333320.06</td>
</tr>
<tr>
<td>2010-11</td>
<td>669741</td>
<td>972455.27</td>
<td>296773</td>
<td>319761.59</td>
</tr>
<tr>
<td>2011-12</td>
<td>600807</td>
<td>994204.49</td>
<td>304809</td>
<td>502605.15</td>
</tr>
<tr>
<td>2012-13</td>
<td>735577</td>
<td>1338500.70</td>
<td>312010</td>
<td>562652.22</td>
</tr>
<tr>
<td>2013-14</td>
<td>767253</td>
<td>1603749.35</td>
<td>333420</td>
<td>628813.35</td>
</tr>
<tr>
<td>Total</td>
<td>3750899</td>
<td>5886928.36</td>
<td>1623809</td>
<td>2347152.37</td>
</tr>
</tbody>
</table>

*Source: Status of Microfinance in India 2009-14*
For Commercial Bank

Average Number of SHGs \[ \bar{X} \] = \frac{\text{Sum of all observations (Sum Total of SHGs during the years)}}{\text{Number of Observations (Number of Years)}}

\[ = \frac{3750899}{5} = 750179.8 \]

Average Number of SHGs is 750179.8

Average Loan Disbursed Amount \[ \bar{X} \] = \frac{\text{Total Loan Disbursed Amount During the Years}}{\text{Number of Years}}

\[ = \frac{5886928.36}{5} = 1177385.672 \]

Average Amount of Loan Disbursed is 1177385.672

Standard Deviation (SD)

Standard Deviation of Number of SHGs (\( \sigma \)) = \sqrt{\frac{\sum x^2}{N-1}} or \sqrt{\frac{\sum (X - \bar{X})^2}{N-1}}

\[ = \sqrt{\frac{8097139106.80}{4}} = 142277.362 \]

Standard Deviation of Loan Disbursed Amount (\( \sigma \)) = \sqrt{\frac{\sum (X - \bar{X})^2}{N-1}}

\[ = \sqrt{\frac{32304310262.49}{4}} = 284184.404 \]

Coefficient of Variation (CV)

Coefficient of Variation (CV) in No. of SHGs = \( \frac{\sigma}{\bar{X}} \times 100 \)

\[ = \frac{14227.3621}{750179.8} \times 100 = 18.96 \% \]
Coefficient of Variation (CV) in Amount of Loan Disbursed = \frac{\sigma}{x} \times 100

\begin{align*}
&= \frac{284184.404}{1177385.672} \times 100 = 24.13\%
\end{align*}

CAGR (%)

\begin{align*}
CAGR \text{ of No. of SHGs} &= \left( \frac{\text{Ending Value}}{\text{Starting Value}} \right)^{\frac{1}{n}} - 1 \\
&= \left( \frac{767253}{977521} \right)^{\frac{1}{5}} - 1 \\
&= 0.872
\end{align*}

\begin{align*}
CAGR \text{ of Loan Disbursed Amount} &= \left( \frac{\text{Ending Value}}{\text{Starting Value}} \right)^{\frac{1}{n}} - 1 \\
&= \left( \frac{1603743.35}{978018.55} \right)^{\frac{1}{5}} - 1 \\
&= 1.0397
\end{align*}

For Regional Rural Banks

Average

\begin{align*}
\text{Average Number of SHGs} [\bar{X}] &= \frac{\text{Sum of all observations}(\text{Sum Total of SHGs during the years})}{\text{Number of Observations}(\text{Number of Years})} \\
&= \frac{1623809}{5} = 324761.8
\end{align*}

Average Number of SHGs is 324761.8

\begin{align*}
\text{Average Loan Disbursed Amount} [\bar{X}] &= \frac{\text{Total Loan Disbursed Amount During the Years}}{\text{Number of Years}} \\
&= \frac{2347152.37}{5} = 469430.474
\end{align*}

Average Amount of Loan Disbursed is 469430.474

Standard Deviation (SD)
Standard Deviation of Number of SHGs (\(\sigma\)) = \(\sqrt{\frac{\sum x^2}{N-1}}\) or \(\sqrt{\frac{\sum (x - \bar{x})^2}{N-1}}\)

\[
= \sqrt{\frac{412672202280}{4}} = 32119.7837\]

Standard Deviation of Loan Disbursed Amount (\(\sigma\)) = \(\sqrt{\frac{\sum (x - \bar{x})^2}{N-1}}\)

\[
= \sqrt{\frac{76120573854.44}{4}} = 137949.786
\]

Coefficient of Variation (CV)

Coefficient of Variation (CV) in No. of SHGs = \(\frac{\sigma}{\bar{x}} \times 100\)

\[
= \frac{32119.7837}{324761.8} \times 100 = 9.89\% \]

Coefficient of Variation (CV) in Amount of Loan Disbursed = \(\frac{\sigma}{\bar{x}} \times 100\)

\[
= \frac{137949.786}{469430.474} \times 100 = 29.386\%
\]

**For Cooperative Banks**

Average

Average Number of SHGs \(\bar{X}\) = \(\frac{\text{Sum of all observations (Sum Total of SHGs during the years)}}{\text{Number of Observations (Number of Years)}}\)

\[
= \frac{1142368}{5} = 228473.6
\]

Average Number of SHGs is 228473.6
Average Loan Disbursed Amount \( \bar{X} \) = \( \frac{\text{Total Loan Disbursed Amount During the Years}}{\text{Number of Years}} \)

\[ \bar{X} = \frac{779771.97}{5} = 155954.394 \]

Average Amount of Loan Disbursed is 155954.394

**Standard Deviation (SD)**

Standard Deviation of Number of SHGs (\( \sigma \)) = \( \frac{\sum x^2}{N-1} \) or \( \sqrt{\frac{\sum (X-X)^2}{N-1}} \)

\[ \sigma_N = \sqrt{\frac{47595183520}{4}} = 34496.2020 \]

Standard Deviation of Loan Disbursed Amount (\( \sigma \)) = \( \sqrt{\frac{\sum (X-X)^2}{N-1}} \)

\[ \sigma_L = \sqrt{\frac{70322907252}{4}} = 13259.2332 \]

**Coefficient of Variation (CV)**

Coefficient of Variation (CV) in No. of SHGs = \( \frac{\sigma}{\bar{X}} \times 100 \)

\[ \text{CV}_{N} = \frac{34496.2020}{228473.6} \times 100 = 15.09 \% \]

Coefficient of Variation (CV) in Amount of Loan Disbursed = \( \frac{\sigma}{\bar{X}} \times 100 \)

\[ \text{CV}_{L} = \frac{13259.2332}{155954.394} \times 100 = 8.501\% \]

**CAGR (%)**

CAGR of No. of SHGs = \( \left( \frac{\text{Ending Value}}{\text{Starting Value}} \right)^\frac{1}{n} - 1 \)

\[ \text{CAGR}_{N} = \left( \frac{265748}{232504} \right)^\frac{1}{5} - 1 \]

= 2.7088

CAGR of Loan Disbursed Amount = \( \left( \frac{\text{Ending Value}}{\text{Starting Value}} \right)^\frac{1}{n} - 1 \)

\[ \text{CAGR}_{L} = \left( \frac{169173.14}{133991.75} \right)^\frac{1}{5} - 1 \]

= 4.7733
### Table 6.3: Progress under Microfinance- Bank Loans disbursed for last five since 2009-14

*Amount in lakh*

<table>
<thead>
<tr>
<th>Year</th>
<th>Commercial Banks</th>
<th>Regional Rural Banks</th>
<th>Cooperative Banks</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. of SHGs</td>
<td>Loans disbursed</td>
<td>No. of SHGs</td>
<td>Loans</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Amount</td>
<td></td>
<td>disbursed</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Amount</td>
</tr>
<tr>
<td>2009-10</td>
<td>977521</td>
<td>978018.55</td>
<td>376797</td>
<td>333320.06</td>
</tr>
<tr>
<td>2010-11</td>
<td>669741</td>
<td>972455.27</td>
<td>296773</td>
<td>319761.59</td>
</tr>
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<td>600807</td>
<td>994204.49</td>
<td>304809</td>
<td>502605.15</td>
</tr>
<tr>
<td>2012-13</td>
<td>735577</td>
<td>1338500.70</td>
<td>312010</td>
<td>562652.22</td>
</tr>
<tr>
<td>2013-14</td>
<td>767253</td>
<td>1603749.35</td>
<td>333420</td>
<td>628813.35</td>
</tr>
<tr>
<td>Total</td>
<td>3750899</td>
<td>5886928.36</td>
<td>1623809</td>
<td>2347152.37</td>
</tr>
<tr>
<td>Mean</td>
<td>750179.8</td>
<td>1177385.672</td>
<td>324761.8</td>
<td>469430.474</td>
</tr>
<tr>
<td>SD</td>
<td>142277.3621</td>
<td>284184.4043</td>
<td>32119.78371</td>
<td>137949.786</td>
</tr>
</tbody>
</table>

Source: Status of Microfinance in India 2009-14
Table 6.3 depicts the loan disbursed to SHGs by Financial Institution. The Bank agencies are classified into three type’s viz. Commercial Bank, Regional Rural Development and Cooperative Banks. Data in table shows that since 2009 total number of SHGs who received loan from commercial bank is 3750899 and total amount of loan which accumulated with commercial bank is 5886928.36 (lakh). In same manner if we look the average number of SHGs since 2009 till 2014 is 750179.8 and in terms of money then mean value is calculated for last five year with commercial bank is 1177385.672. Standard Deviation of the number of SHGs and total loan with commercial bank is 142277.3621 and 284184.4043 respectively. Coefficient variance (CV) of the Commercial Bank is in terms of number of SHGs is 18.96% and in the loan disbursed amount is 24.13%. Compound Annual Growth Rate (CAGR) which in terms of number of SHGs stood negative which depict there no growth in number of SHG in terms of annual growth of the number of SHG and value is -4.7286 and in the loan sanctioned to SHGs with commercial bank is positive which is 10.39% annually. Now if we go through the data of Regional Rural bank then we can see that Mean of the Number of SHG with Regional Rural Bank stood 324761.8 and loan mean with RRB is 469430.474, if we look over the standard deviation we observed 32119.78371 for the number of SHG involved with RRB and in terms of
loan disbursed with RRB is resulted 137949.786. CV of the RRB in terms of the No. of SHGs is 9.89 while in loan amount it is 29.38. If we see CAGR of RRB in terms of No. of SHGs and loan disbursed amount is -2.41% and 13.5356% respectively. Now third is Cooperative Bank data which depict No. of SHG’s and loan disbursed amount in terms of mean is 228473.6 and 155954.394. Standard Deviation in No. of the SHGs and loan disbursed amount 34496.20209 and 13259.23332. CV for No. of the SHG and loan disbursed amount 15.09 and 8.50 respectively. CV for the Cooperative Banks, No. of the SHGs and loan disbursed amount 2.71% and 4.77% respectively.

**Table 6.4 Correlation between Total No. of the SHGs and Total Loan with Banks**

<table>
<thead>
<tr>
<th></th>
<th>Total No. of the SHG</th>
<th>Total Loan Disbursed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Correlation</td>
<td>1</td>
<td>-.082</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td></td>
<td>.896</td>
</tr>
<tr>
<td>N</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Total No. of the SHG</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Loan Disbursed</td>
<td>-.082</td>
<td>1</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.896</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>5</td>
<td>5</td>
</tr>
</tbody>
</table>

*Source: Calculation based on SPSS Statistical Software*
Table 6.4 depicts the correlation between the Total No. of the SHGs and Total Loan Disbursed Amount since 2009. Coefficient of Correlation (r) is used to measure the inter-relationship between variable. The correlations among the variables are determined using SPSS software. The value of r (-.082) which shows the negative relationship between the Total No. of the SHGs and the Total Loan Disbursed amount. Now when we talk about the significance of relationship, the test statistic rejected (p>0.05) which is observed 0.86, it means the microfinance has made impact in India.

**Chart 6.4: No. of the SHGs and Loan Disbursed Amount with Commercial Banks (2009-14)**

**Chart 6.4:** In this it shows the No. of the SHGs and Loan Disbursed amount with commercial banks, in 2009-10 No. of the SHGs 977521 and loan disbursed amount is 978018.55(lakh), In 2010-11 No. of the SHGs is 669741 and loan disbursed amount is 972455.27(lakh), In 2011-12 No. of the SHGs is 600807 and loan disbursed amount is 994204.49(lakh), In 2012-13 loan disbursed amount is 735577(lakh), In 2013-14 loan disbursed amount is 767252(lakh).
increased by 31.48% and Loan amount disbursed amount is decreased by 0.83%. In 2011-12, No. of the SHGs is decreased by 10.29% and Loan disbursed amount is increased 2.23%. In 2012-13 No. of the SHGs is increased by 22.43% and Loan Disbursed increased by 34.63%. In 2013-14 No. of the SHGs is increased by 4.3% and Loan disbursed amount increased by 19.81%

**Chart 6.5: No. of the SHGs and Loan Disbursed Amount with Regional Rural Bank (2009-14)**

**Chart 6.5:** In this chart it reflects No. of the SHGs and Loan disbursed amount in RRB, in 2009-10 No. of the SHGs is 376797 and Loan disbursed amount is 333320.06(lakh). In 2010-11 No. of the SHGs is decreased by 21.23% and loan disbursed amount is decreased by 4.06%. In 2011-12 No of the SHGs is increased by 2.7% and Loan disbursed amount is increased by 57.18%. In 2012-13 No .of the SHGs is increased
by 2.31% and loan disbursed by 11.94%. In 2013-14 No.of the SHGs and Loan disbursed is increased by 6.8% and 11.75% respectively.

**Chart 6.6: No. of the SHGs and Loan Disbursed Amount with Cooperative Bank (2009-14)**

**Chart 6.6:** It shows No. of the SHGs and Loan Disbursed Amount with Cooperative Bank, In year 2009-10 it was 232504 and 133991.75(lakh) respectively, In year 2010-11 No. of the SHGs decreased by 1.24% and Loan Disbursed amount Increased by 21.31%, In 2011-12 No. of the SHGs was increased by 5.5% and Loan decreased by 3.62%. In 2012-13, No. of the SHGs decreased by 28.90% and Loan disbursed amount increased by 0.45%. In year 2013-14, No. of the SHGs raised by 54.29% and Loan disbursed amount by 7.49%.
### Progress under Microfinance - Bank Loans outstanding for last five since 2009-14

<table>
<thead>
<tr>
<th>Year</th>
<th>Commercial Banks</th>
<th>Regional Rural Banks</th>
<th>Cooperative Banks</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. of SHGs</td>
<td>Loans outstanding Amount</td>
<td>No. of SHGs</td>
<td>Loans outstanding Amount</td>
</tr>
<tr>
<td>2009-10</td>
<td>3237263</td>
<td>2016471.21</td>
<td>1103980</td>
<td>614458.24</td>
</tr>
<tr>
<td>2010-11</td>
<td>3053472</td>
<td>2188325.67</td>
<td>1281493</td>
<td>743005.23</td>
</tr>
<tr>
<td>2011-12</td>
<td>2617199</td>
<td>2561028.86</td>
<td>1293809</td>
<td>861357.81</td>
</tr>
<tr>
<td>2012-13</td>
<td>2643971</td>
<td>2663944.38</td>
<td>1327367</td>
<td>1052122.91</td>
</tr>
<tr>
<td>2013-14</td>
<td>2501264</td>
<td>2938841.31</td>
<td>1227563</td>
<td>1104894.99</td>
</tr>
<tr>
<td>Total</td>
<td>14053169</td>
<td>12368611.43</td>
<td>6234212</td>
<td>4375839.18</td>
</tr>
</tbody>
</table>

Source: Status of Microfinance in India 2009-14
For Commercial Bank

Average

Average Number of SHGs \(\bar{X}\) = \(\frac{\text{Sum of all observations (Sum Total of SHGs during the years)}}{\text{Number of Observations (Number of Years)}}\)

\[= \frac{14053169}{5} = 2810633.8\]

Average Number of SHGs is 2810633.8

Average Loan Outstanding Amount \(\bar{X}\) = \(\frac{\text{Total Loan Outstanding Amount During the Years}}{\text{Number of Years}}\)

\[= \frac{2473722.28 6}{5} = 371036.5091\]

Average Amount of Loan Outstanding is 371036.5091

Standard Deviation (SD)

Standard Deviation of Number of SHGs \(\sigma\) = \(\sqrt{\frac{\sum x^2}{N-1}} ~ or ~ \sqrt{\frac{\sum(x - \bar{X})^2}{N-1}}\)

\[= \sqrt{\frac{401886049578.80}{4}} = 316972.418\]

Standard Deviation of Loan Outstanding Amount \(\sigma\) = \(\sqrt{\frac{\sum(x - \bar{X})^2}{N-1}}\)

\[= \sqrt{\frac{550672364323.48}{4}} = 371036.5091\]

Coefficient of Variation (CV)

Coefficient of Variation (CV) in No. of SHGs = \(\frac{\sigma}{\bar{X}} \times 100\)

\[= \frac{316972.415}{2810633.8} \times 100 = 11.277\%\]

Coefficient of Variation (CV) in Amount of Loan Outstanding = \(\frac{\sigma}{\bar{X}} \times 100\)

\[= \frac{371036.5091}{2473722.286} \times 100 = 14.99\%\]

CAGR (%)
\[ CAGR \text{ of No. of SHGs} = \left( \frac{\text{Ending Value}}{\text{Starting Value}} \right)^\frac{1}{n} - 1 \]

\[ = \left( \frac{2501264}{3237263} \right)^\frac{1}{5} - 1 \]

\[ = -5.0278 \]

\[ CAGR \text{ of Loan Outstanding Amount} = \left( \frac{\text{Ending Value}}{\text{Starting Value}} \right)^\frac{1}{n} - 1 \]

\[ = \left( \frac{2938841.31}{2016471.21} \right)^\frac{1}{5} - 1 \]

\[ = 7.82 \]

**For Regional Rural Banks**

Average

Average Number of SHGs \( [\bar{X}] = \frac{\text{Sum of all observations (Sum Total of SHGs during the years)}}{\text{Number of Observations (Number of Years)}} \)

\[ = \frac{6234212}{5} = 1246842.4 \]

Average Number of SHGs is 1246842.4

Average Loan Disbursed Amount \( [\bar{X}] = \frac{\text{Total Loan Outstanding Amount During the Years}}{\text{Number of Years}} \)

\[ = \frac{4375839.18}{5} = 875167.836 \]

Average Amount of Loan Outstanding is 875167.836

**Standard Deviation (SD)**

Standard Deviation of Number of SHGs \( (\sigma) = \sqrt{\frac{\sum x^2}{N-1}} \ or \ \sqrt{\frac{\sum (x-\bar{X})^2}{N-1}} } \)

\[ = \sqrt{\frac{30672097399.20}{4}} = 87567.25615 \]

Standard Deviation of Loan Outstanding Amount \( (\sigma) = \sqrt{\frac{\sum (x-\bar{X})^2}{N-1}} } \)
\[
\sqrt[4]{\frac{16971482888.60}{4}} = 205982.2979
\]

Coefficient of Variation (CV)

The Coefficient of Variation (CV) in No. of SHGs is:

\[
\frac{\sigma}{\bar{x}} \times 100 = \frac{87567.2561 \times 5}{1246842.4} \times 100 = 7.023\%
\]

The Coefficient of Variation (CV) in Amount of Loan Outstanding is:

\[
\frac{\sigma}{\bar{x}} \times 100 = \frac{205982.2979 \times 9}{875167.836} \times 100 = 23.53\%
\]

CAGR (%)

\[
CAGR \text{ of No. of SHGs} = \left(\frac{\text{Ending Value}}{\text{Starting Value}}\right)^{\frac{1}{n}} - 1
\]

\[
= \left(\frac{1227563}{1103980}\right)^{\frac{1}{5}} - 1
\]

\[
= 2.1448
\]

\[
CAGR \text{ of Loan Outstanding Amount} = \left(\frac{\text{Ending Value}}{\text{Starting Value}}\right)^{\frac{1}{n}} - 1
\]

\[
= \left(\frac{1104894.99}{614458.24}\right)^{\frac{1}{5}} - 1
\]

\[
= 12.45
\]

For Cooperative Banks

Average

\[
\text{Average Number of SHGs } [\bar{X}] = \frac{\text{Sum of all observations (Sum Total of SHGs during the years)}}{\text{Number of Observations (Number of Years)}}
\]

\[
= \frac{2353952}{5} = 470790.4
\]

Average Number of SHGs is 470790.4

\[
\text{Average Loan Disbursed Amount } [\bar{X}] = \frac{\text{Total Loan Outstanding Amount During the Years}}{\text{Number of Years}}
\]
Average Amount of Loan Outstanding is 205155.262

**Standard Deviation (SD)**

Standard Deviation of Number of SHGs (σ) = \( \sqrt{\frac{\sum x^2}{N-1}} \) or \( \sqrt{\frac{\sum (x - \bar{x})^2}{N-1}} \)

\[ \sqrt{\frac{274714060520}{4}} = 26206.586b \]

Standard Deviation of Loan Outstanding Amount (σ) = \( \sqrt{\frac{\sum (X - \bar{X})^2}{N-1}} \)

\[ \sqrt{\frac{3620052587.62}{4}} = 30083.4362 \]

**Coefficient of Variation (CV)**

Coefficient of Variation (CV) in No. of SHGs = \( \frac{\sigma}{x} \times 100 \)

\[ \frac{26206.5860}{4 \cdot 70790} \times 100 = 5.566\% \]

Coefficient of Variation (CV) in Amount of Loan Outstanding = \( \frac{\sigma}{x} \times 100 \)

\[ \frac{30083.4364}{205155.262} \times 100 = 14.663\% \]

**CAGR (%)**

\begin{align*}
CAGR \text{ of No. of SHGs} &= \left( \frac{\text{Ending Value}}{\text{Starting Value}} \right)^{\frac{1}{n}} - 1 \\
&= \left( \frac{468511}{510113} \right)^{\frac{1}{5}} - 1 \\
&= -1.687 \\
CAGR \text{ of Loan Outstanding Amount} &= \left( \frac{\text{Ending Value}}{\text{Starting Value}} \right)^{\frac{1}{n}} - 1 \\
&= \left( \frac{249016.10}{172898.62} \right)^{\frac{1}{5}} - 1 \\
&= 7.5690
\end{align*}
Table 6.5: Progress under Microfinance - Bank Loans outstanding for last five since 2009-14

<table>
<thead>
<tr>
<th>Year</th>
<th>Commercial Banks</th>
<th>Regional Rural Banks</th>
<th>Cooperative Banks</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. of SHGs</td>
<td>Loans outstanding Amount</td>
<td>No. of SHGs</td>
<td>Loans outstanding Amount</td>
</tr>
<tr>
<td>2009-10</td>
<td>3237263</td>
<td>2016471.21</td>
<td>1103980</td>
<td>614458.24</td>
</tr>
<tr>
<td>2010-11</td>
<td>3053472</td>
<td>2188325.67</td>
<td>1281493</td>
<td>743005.23</td>
</tr>
<tr>
<td>2011-12</td>
<td>2617199</td>
<td>2561028.86</td>
<td>1293809</td>
<td>861357.81</td>
</tr>
<tr>
<td>2012-13</td>
<td>2643971</td>
<td>2663944.38</td>
<td>1327367</td>
<td>1052122.91</td>
</tr>
<tr>
<td>2013-14</td>
<td>2501264</td>
<td>2938841.31</td>
<td>1227563</td>
<td>1104894.99</td>
</tr>
<tr>
<td>Total</td>
<td>14053169</td>
<td>12368611.43</td>
<td>6234212</td>
<td>4375839.18</td>
</tr>
<tr>
<td>Mean</td>
<td>2810633.8</td>
<td>2473722.286</td>
<td>1246842.4</td>
<td>875167.836</td>
</tr>
<tr>
<td>SD</td>
<td>316972.4158</td>
<td>371036.5091</td>
<td>87567.25615</td>
<td>205982.2979</td>
</tr>
<tr>
<td>CAGR (%)</td>
<td>-5.027841249</td>
<td>7.824343362</td>
<td>2.144859841</td>
<td>12.45162259</td>
</tr>
</tbody>
</table>

Source: Status of Microfinance in India 2009-14
Table 6.5 depicts the loan outstanding to SHGs by Financial Institution. The Bank agencies are classified into three type’s viz. Commercial Bank, Regional Rural Development and Cooperative Banks. Data in table shows that since 2009 total number of SHGs and loan outstanding with commercial bank is 14053169 and total amount of loan outstanding which accumulated with commercial bank is 12368611.43 (lakh). In same manner if we look the average number of SHGs since 2009 till 2014 is 2810633.8 and in terms of money then mean value is calculated for last five year with commercial bank is 2473722.286. Standard Deviation of the number of SHGs and total loan outstanding with commercial bank is 316972.4158 and 371036.5091 respectively. Coefficient variance (CV) of the Commercial Bank is in terms of number of SHGs is 11.28% and in the loan outstanding amount is 14.99%. Compound Annual Growth Rate (CAGR) which in terms of number of SHGs stood negative which depict there no growth in number of SHG in terms of annual growth of the number of SHG which asking for loan which shows positive sign of microfinance activities, and value is -5.028 and in the loan outstanding to SHGs with commercial bank is positive which is 7.82% annually. Now if we go through the data of Regional Rural bank then we can see that the total number of SHGs who did not pay back their loan are 6234212 and total amount outstanding loan with SHGs by Regional Rural Bank is 4375839.18 (Lakh) while we observe Mean value of the Number of SHG
with Regional Rural Bank (RRB) stood 1246842.4 and loan outstanding amount mean with RRB is 875167.836, if we look over the standard deviation we observed 87567.25615 the number of SHG involved with RRB and in terms of loan outstanding with RRB is resulted 205982.2979. CV of the RRB in terms of the No. of SHGs is 7.023 while in loan outstanding amount it is 23.54. If we see CAGR of RRB in terms of No. of SHGs and loan outstanding amount is 2.14% and 12.45% respectively. Now third is Cooperative Bank data which depict total of No. of SHG’s and total loan outstanding amount are 2353952 and 1025776.31(lakh) in terms of mean is 470790.4 and 205155.262. Standard Deviation for No. of the SHGs and loan outstanding amount 26206.58603 and 30083.43642. CV for No. of the SHG and loan outstanding amount are 5.56 and 14.6 respectively. CAGR for the Cooperative Banks, No. of the SHGs and loan outstanding amount are (-1.687%) and 7.56% respectively.

Table 6.6 Correlation between Total No. of the SHGs and Total Loan outstanding with Banks (2009-14)

<table>
<thead>
<tr>
<th></th>
<th>Total No. of SHGs</th>
<th>Total Loan Outstanding</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total No. of SHGs</strong></td>
<td><strong>Pearson Correlation</strong></td>
<td><strong>1</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Sig. (2-tailed)</strong></td>
<td><strong>N</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>5</strong></td>
</tr>
<tr>
<td><strong>Total Loan Outstanding</strong></td>
<td><strong>Pearson Correlation</strong></td>
<td><strong>-.943</strong>&lt;sup&gt;+&lt;/sup&gt;</td>
</tr>
<tr>
<td></td>
<td><strong>Sig. (2-tailed)</strong></td>
<td><strong>N</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>5</strong></td>
</tr>
</tbody>
</table>

*Source: Calculation based on SPSS Statistical Software*
Table 6.6 depicts the correlation between the Total No. of the SHGs and Total Loan outstanding Amount since 2009. Coefficient of Correlation (r) is used to measures the inter-relationship between variable. The correlations among the variables are determined using SPSS software the value of r (-0.943) which shows the negative relationship between the Total No. of the SHGs and the Total Loan outstanding amount. Now when we talk about the significance of relationship, the test statistic rejected (p>0.05) which is observed 0.16, it means the microfinance has made impact in India

**Chart 6.7: No. of the SHGs and Loan Outstanding Amount with Commercial Banks (2009-14)**

**Chart 6.7**: In year 2009-10 No. of the SHGs and Loan OS with Commercial Bank is 3237263 and 20164.71(lakh) respectively. In
year 2010-11 No. of the SHGs has decreased by 5.67% and OS increased by 8.52%. In year 2011-12 No. of the SHGs decreased by 14.2% and Loan Os increased by 17.03% . In year 2012-13 No. of the SHGs and Loan OS increased by 1.025 and 4.01% respectively. In year 2013-14, No. of the SHGs decreased by 5.59% and Loan OS Amount increased by 10.31%

**Chart6.8: No. of the SHGs and Loan Outstanding Amount with Regional Rural Bank (2009-14)**

**Chart6.8: In year 2009-10 No. of the SHGs and Loan OS with RRB is 1103980 and 614458.24 respectively, In year 2010-11 No. of the SHGs raised by 16.07 and Loan OS by 20.92% . In year 2011-12 No. of the SHGs raise by 2.59% and amount by 15.29%.In year 2012-13, No. of the SHGs and Loan OS increased by 2.59 and 22.14% respectively. In year 2013-14 No. of the SHGs decreased by 7.51% and Loan OS by 5.01%.**
Chart 6.9: This chart shows the No. of the SHGs and Loan OS with Cooperative Bank. In year 2009-10 No. of the SHGs and Loan OS is 510113 and 172898.62(lakh) respectively, In year 2010-11 No. of the SHGs decreased by 11.43% and Loan OS increased by 10.34%. In year 2012-13 SHGs increased by 8.26% and Loan OS amount by 15.57%. In year 2013-14 SHGs decreased by 2.41% and Loan OS amount increased by 1.21%.

Table 6.7 NPA of Bank against SHGs Loan Outstanding Since 2009

<table>
<thead>
<tr>
<th>Year</th>
<th>Commercial Bank Amount of NPA</th>
<th>Regional Rural Bank Amount of NPA</th>
<th>Cooperative Banks Amount of NPA</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009-10</td>
<td>53746.41</td>
<td>21853.74</td>
<td>6703.99</td>
<td>82304.14</td>
</tr>
<tr>
<td>2010-11</td>
<td>106698.92</td>
<td>27281.73</td>
<td>13430.15</td>
<td>147410.8</td>
</tr>
<tr>
<td>2011-12</td>
<td>165541.56</td>
<td>42634.18</td>
<td>13097.44</td>
<td>221273.18</td>
</tr>
<tr>
<td>2012-13</td>
<td>217598.68</td>
<td>43088.27</td>
<td>18006</td>
<td>278692.95</td>
</tr>
<tr>
<td>2013-14</td>
<td>202492.02</td>
<td>69189.23</td>
<td>21585.26</td>
<td>293266.51</td>
</tr>
<tr>
<td>Total</td>
<td>746077.59</td>
<td>204047.15</td>
<td>72822.84</td>
<td></td>
</tr>
</tbody>
</table>

Source: Status of Microfinance in India 2009-14
Non-Performing Assets (NPA)
Chart 6.10 NPA of Bank against SHG Loan OS (2009-10)

Chart 6.10: It shows the NPA against SHG Loan OS. 8% of total NPA is with cooperative banks in 2009-10 and 27% with Regional Rural Bank and 65% with Commercial Banks, its depict that commercial bank loan outstanding result Non Performing Assets.

Chart 6.11: NPA of Bank against SHG Loan OS (2010-11)
**Chart 6.11**: In 2010-11 NPA against SHG Loan, in 2010-11 out of total loan outstanding, 9% of total loan outstanding is with Cooperative Banks in same manner out of total, 19% is covered by Regional Rural Bank but 72% of total loan outstanding with result to Non Performing Assets is hold by Commercial Bank in year 2010-11

**Chart 6.12: NPA of Bank against SHG Loan OS (2011-12)**

Chart6.12: In year 2011-12. Loan outstanding which result NPA, out of total loan outstanding 6% is covered by Cooperative Banks. 19% of total is covered by Regional Rural Bank. The Commercial Bank covers 75% of total amount which result Non Performing Assets.
Chart 6.13: NPA of Bank against SHG Loan OS (2012-13)

Chart6.13: In 2012-13, Non Performing Assets in 2012-13, 7% of Total NPA is covered by Cooperative Bank, 15% is covered by RRB and 78% of the Total Non Performing is covered by the Commercial Banks.

Chart 6.14: NPA of Bank against SHG Loan OS (2013-14)

Chart6.14: This pie chart shows the percentage of Non Performing Assets in 2013-14, posses by Commercial Bank, Regional Rural Bank and Cooperative Bank respectively. 7% of NPA is covered by Cooperative Bank, 24% of NPA is with Regional Rural Bank and 69% NPA is result of Commercial Banks.
### Progress under Microfinance - Bank Loans Disbursed for last five since 2009-14 with MFIs

<table>
<thead>
<tr>
<th>Year</th>
<th>Commercial Banks</th>
<th>Regional Rural Banks</th>
<th>Cooperative Banks</th>
<th>SIDBI</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. of MFIs</td>
<td>Loan Disbursed Amount</td>
<td>No. of MFIs</td>
<td>Loan Disbursed Amount</td>
<td>No. of MFIs</td>
</tr>
<tr>
<td>2009-10</td>
<td>645</td>
<td>803860.64</td>
<td>46</td>
<td>2413.61</td>
<td>N/A</td>
</tr>
<tr>
<td>2010-11</td>
<td>460</td>
<td>760102.33</td>
<td>9</td>
<td>415.69</td>
<td>N/A</td>
</tr>
<tr>
<td>2011-12</td>
<td>336</td>
<td>495097.67</td>
<td>113</td>
<td>1328.29</td>
<td>4</td>
</tr>
<tr>
<td>2012-13</td>
<td>368</td>
<td>742265.75</td>
<td>14</td>
<td>458.18</td>
<td>3</td>
</tr>
<tr>
<td>2013-14</td>
<td>484</td>
<td>946882.62</td>
<td>16</td>
<td>16317.73</td>
<td>4</td>
</tr>
<tr>
<td>Total</td>
<td>2293</td>
<td>3748209</td>
<td>198</td>
<td>20933.5</td>
<td>11</td>
</tr>
</tbody>
</table>

*Source: Status of Microfinance in India 2009-14*
For Commercial Bank

\[
\text{Average Number of MFIs} = \frac{\text{Sum of all observations (Sum of Total of MFIs during the years)}}{\text{Number of Observation (Number of Years)}} = \frac{2293}{5} = 458.6
\]

Average Number of MFIs is 458.6

\[
\text{Average Loan Disbursed Amount} = \frac{\text{Total Loan Disbursed Amount During the Years}}{\text{Number of Years}} = \frac{3748209}{5} = 749641.802
\]

Average Amount of Loan Disbursed is 749641.802

**Standard Deviation (SD)**

\[
\text{Standard Deviation of Number of MFIs} (\sigma) = \sqrt{\frac{\sum x^2}{N-1}} \quad \text{or} \quad \sqrt{\frac{\sum (X - \bar{X})^2}{N-1}}
\]

\[
= \sqrt{\frac{58631.20}{4}} = 121.0694
\]

\[
\text{Standard Deviation of Loan Disbursed Amount} (\sigma) = \sqrt{\frac{\sum (X - \bar{X})^2}{N-1}}
\]

\[
= \sqrt{\frac{1068016604.16}{4}} = 163401.4738
\]

**Coefficient of Variation (CV)**

\[
\text{Coefficient of Variation (CV) in No. of MFIs} = \frac{\sigma}{x} \times 100
\]

\[
= \frac{121.0694}{458.6} \times 100 = 26.39 \%
\]

\[
\text{Coefficient of Variation (CV) in Amount of Loan Disbursed} = \frac{\sigma}{x} \times 100
\]
\[
\frac{16340.4738}{749641.802} \times 100 = 21.79\%
\]

CAGR (%)

\[CAGR \text{ of No. of MFIs} = \left( \frac{\text{Ending Value}}{\text{Starting Value}} \right)^{\frac{1}{n}} - 1\]

\[= \left( \frac{484}{645} \right)^{\frac{1}{5}} - 1\]

\[= -5.585\]

\[CAGR \text{ of Loan Disbursed Amount} = \left( \frac{\text{Ending Value}}{\text{Starting Value}} \right)^{\frac{1}{n}} - 1\]

\[= \left( \frac{946882.62}{803860.64} \right)^{\frac{1}{5}} - 1\]

\[= 3.32\]

For Regional Rural Banks

Average

\[\text{Average Number of MFIs} \overline{X} = \frac{\text{Sum of all observations (Sum Total of MFIs during the years)}}{\text{Number of Observations (Number of Years)}}\]

\[= \frac{198}{5} = 39.6\]

Average Number of MFIs is 39.6

\[\text{Average Loan Disbursed Amount} \overline{X} = \frac{\text{Total Loan Disbursed Amount During the Years}}{\text{Number of Years}}\]

\[= \frac{20933.5}{5} = 4186.7\]

Average Amount of Loan Disbursed is 4186.7
Standard Deviation (SD)

\[ \text{Standard Deviation of Number of MFIs (\( \sigma \))} = \sqrt{\frac{\sum x^2}{N-1}} \text{ or } \sqrt{\frac{\sum (X - \bar{X})^2}{N-1}} \]

\[ = \sqrt{\frac{7577.20}{4}} = 43.525 \]

\[ \text{Standard Deviation of Loan Disbursed Amount (\( \sigma \))} = \sqrt{\frac{\sum (X - \bar{X})^2}{N-1}} \]

\[ = \sqrt{\frac{18659862255}{4}} = 6830.553 \]

Coefficient of Variation (CV)

Coefﬁcient of Variation (CV) in No. of MFIs \( = \frac{\sigma}{x} \times 100 \)

\[ = \frac{43.52355}{39.6} \times 100 = 109.90 \% \]

Coefﬁcient of Variation (CV) in Amount of Loan Disbursed \( = \frac{\sigma}{x} \times 100 \)

\[ = \frac{6830.0553}{4186.7} \times 100 = 163.136 \% \]

CAGR (%)

\[ CAGR \text{ of No. of MFIs} = \left( \frac{\text{Ending Value}}{\text{Starting Value}} \right)^{\frac{1}{n}} - 1 \]

\[ = \left( \frac{16}{46} \right)^{\frac{1}{5}} - 1 \]

\[ = -19.03 \]

\[ CAGR \text{ of Loan Disbursed Amount} = \left( \frac{\text{Ending Value}}{\text{Starting Value}} \right)^{\frac{1}{n}} - 1 \]
$$=\left(\frac{16317.73}{2413.61}\right)^{\frac{1}{3}} - 1$$

$$= \text{46.554}$$

**For Cooperative Banks**

**Average**

Average Number of MFIs $$\bar{X} = \frac{\text{Sum of all observations (Sum Total of MFIs during the years)}}{\text{Number of Observations (Number of Years)}}$$

$$= \frac{11}{3} = \text{3.6667}$$

Average Number of MFIs is 3.6667

Average Loan Disbursed Amount $$\bar{X} = \frac{\text{Total Loan Disbursed Amount During the Years}}{\text{Number of Years}}$$

$$= \frac{1008.91}{3} = \text{336.30333}$$

Average Amount of Loan Disbursed is 155954.394

**Standard Deviation (SD)**

Standard Deviation of Number of SHGs $$\sigma = \sqrt{\frac{\sum x^2}{N-1}} \text{ or } \sqrt{\frac{\sum (x - \bar{X})^2}{N-1}}$$

$$= \sqrt{\frac{0.67}{2}} = \text{0.577735}$$

Standard Deviation of Loan Disbursed Amount $$\sigma = \sqrt{\frac{\sum (X - \bar{X})^2}{N-1}}$$

$$= \sqrt{\frac{47365.16}{2}} = \text{153.89}$$

**Coefficient of Variation (CV)**

Coefficient of Variation (CV) in No. of MFIs $$= \frac{\sigma}{\bar{X}} \times 100$$
\[
\frac{0.577350}{3.66667} \times 100 = 15.745 \%
\]

Coefficient of Variation (CV) in Amount of Loan Disbursed

\[
\frac{\sigma}{\bar{x}} \times 100
\]

\[
= \frac{153.89146}{336.3033} \times 100 = 45.759\%
\]

**CAGR (%)**

\[
CAGR_{\text{of No. of SHGs}} = \left( \frac{\text{Ending Value}}{\text{Starting Value}} \right)^{\frac{1}{n}} - 1
\]

\[
= \left( \frac{4}{4} \right)^{\frac{1}{3}} - 1
\]

\[
= 0
\]

\[
CAGR_{\text{of Loan Disbursed Amount}} = \left( \frac{\text{Ending Value}}{\text{Starting Value}} \right)^{\frac{1}{n}} - 1
\]

\[
= \left( \frac{448.12}{160.79} \right)^{\frac{1}{3}} - 1
\]

\[
= 40.247
\]

For SIDBI

**Average**

\[
\text{Average Number of MFIs} = \frac{\text{Sum of all observations (Sum Total of MFIs during the years)}}{\text{Number of Observations (Number of Years)}}
\]

\[
= \frac{184}{5} = 36.8
\]

Average Number of MFIs is 36.8

\[
\text{Average Loan Disbursed Amount} = \frac{\text{Total Loan Disbursed Amount During the Years}}{\text{Number of Years}}
\]

\[
= \frac{480322.68}{5} = 96064.536
\]

Average Amount of Loan Disbursed is 96064.536
Standard Deviation (SD)

\[ \text{Standard Deviation of Number of MFIs (} \sigma \rangle = \sqrt{\frac{\sum x^2}{N-1}} \text{ or } \sqrt{\frac{\sum (X-\bar{X})^2}{N-1}} \]

\[ = \sqrt{\frac{4482.80}{4}} = 33.476 \]

\[ \text{Standard Deviation of Loan Disbursed Amount (} \sigma \rangle = \sqrt{\frac{\sum (X-\bar{X})^2}{N-1}} \]

\[ = \sqrt{\frac{38453237056.19}{4}} = 98047.48474 \]

Coefficient of Variation (CV)

Coefficient of Variation (CV) in No. of MFIs \( \frac{\sigma}{X} \times 100 \)

\[ = \frac{33.476}{36.8} \times 100 = 90.96 \% \]

Coefficient of Variation (CV) in Amount of Loan Disbursed \( \frac{\sigma}{X} \times 100 \)

\[ = \frac{98047.4847}{96064.536} \times 100 = 102.064 \% \]

CAGR (%)

CAGR of No. of MFIs \( \left( \frac{\text{Ending Value}}{\text{Starting Value}} \right)^{\frac{1}{n}} - 1 \)

\[ = \left( \frac{41}{88} \right)^{\frac{1}{5}} - 1 \]

\[ = -14.165 \]

CAGR of Loan Disbursed Amount \( \left( \frac{\text{Ending Value}}{\text{Starting Value}} \right)^{\frac{1}{n}} - 1 \)

\[ = \left( \frac{64601}{266575.10} \right)^{\frac{1}{5}} - 1 \]

\[ = -24.68 \]
### Table 6.8: Progress under Microfinance - Bank Loans Disbursed for last five since 2009-14 with MFI

<table>
<thead>
<tr>
<th>Year</th>
<th>Commercial Banks</th>
<th>Regional Rural Banks</th>
<th>Cooperative Banks</th>
<th>SIDBI</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. of MFIs</td>
<td>Loan Disbursed Amount</td>
<td>No. of MFIs</td>
<td>Loan Disbursed Amount</td>
<td>No. of MFIs</td>
</tr>
<tr>
<td>2009-10</td>
<td>645</td>
<td>803860.64</td>
<td>46</td>
<td>2413.61</td>
<td>N/A</td>
</tr>
<tr>
<td>2010-11</td>
<td>460</td>
<td>760102.33</td>
<td>9</td>
<td>415.69</td>
<td>N/A</td>
</tr>
<tr>
<td>2011-12</td>
<td>336</td>
<td>495097.67</td>
<td>113</td>
<td>1328.29</td>
<td>4</td>
</tr>
<tr>
<td>2012-13</td>
<td>368</td>
<td>742265.75</td>
<td>14</td>
<td>458.18</td>
<td>3</td>
</tr>
<tr>
<td>2013-14</td>
<td>484</td>
<td>946882.62</td>
<td>16</td>
<td>16317.73</td>
<td>4</td>
</tr>
<tr>
<td>Total</td>
<td>2293</td>
<td>3748209</td>
<td>198</td>
<td>20933.5</td>
<td>11</td>
</tr>
<tr>
<td>Mean</td>
<td>458.6</td>
<td>749641.802</td>
<td>39.6</td>
<td>4186.7</td>
<td>3.666666667</td>
</tr>
<tr>
<td>SD</td>
<td>121.0694016</td>
<td>163401.4738</td>
<td>43.52355684</td>
<td>6830.055317</td>
<td>0.577350269</td>
</tr>
<tr>
<td>CAGR (%)</td>
<td>-5.581492877</td>
<td>3.329202175</td>
<td>-19.03964008</td>
<td>46.55428779</td>
<td>0</td>
</tr>
</tbody>
</table>

*Source: Status of Microfinance in India 2009-14*
Table 6.8 Depict the bank loan given to Microfinance Institutions (MFIs) since 2009. It has observed that Mean value of the Loan disbursed to MFIs through banks viz. commercial banks, regional rural banks, cooperative banks and SIDBI in terms of amount is $(749641.802), (4186.7), (336.30333)$ and $(96064.536)$ respectively. While Standard Deviation for commercial bank is $163401.47$, RRB $6830.055$, Cooperative Banks $153.89$ and SIDBI are $98047.4847$. If we see CV of the Loan Disbursed to MFIs since 2009, CV with commercial banks in terms of amount it is $21.79$, RRB $163.13$, Cooperative Banks $45.75$ and with SIDBI is $102.064$. Now we see the CAGR, it observed that the no. of the MFIs whom loan is disbursed since 2009 is negative $(-5.5814\%)$ but the amount is gradually increasing with the rate of $3.3292\%$ in same manner for RRB no of the MFIs is negative $(-19.0396)$ and loan disbursed CAGR to MFIs is $46.55\%$. CAGR for cooperative bank is Nil in terms of No. of the MFIs because no MFIs where involve during 2009-10 and 2010-11, but amount since 2011 it observed growth of $40.24\%$ now we see the CAGR of No .of the MFIs who receive loan from SIDBI is $(-14.16\%)$ and in terms of the amount it $(-6.89\%).$Which depict that there is negative growth rate.
Table 6.9 Correlation between Total No. of the MFIs and Total Loan Disbursed with Banks (2009-14)

<table>
<thead>
<tr>
<th></th>
<th>No. of the MFIs</th>
<th>Loan Disbursed Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of the MFIs</td>
<td>Pearson Correlation</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>5</td>
</tr>
<tr>
<td>Loan Disbursed Amount</td>
<td>Pearson Correlation</td>
<td>.694</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.194</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>5</td>
</tr>
</tbody>
</table>

Source: Calculation based on SPSS Statistical Software

Table 6.9 depicts the correlation between the Total No. of the MFIs and Total Loan Disbursed Amount since 2009. Coefficient of Correlation (r) is used to measures the inter-relationship between variable. The correlations among the variables are determined using SPSS software the value of r (0.694) which shows the positive relationship between the Total No. of the MFIs and the Total Loan Disbursed amount. Now when we talk about the significance of relationship, the test statistic rejected (p>0.05) which is observed 0.194, it means the microfinance has made impact in India

Chart 6.15: No. of the MFIs 2009-14
Chart 6.15: It shows the No. of the MFI since 2009 till 2014. In 2009 it was 779 which decreased in 2010-11 by 39.53%. In 2011-12 it again fell by 1.27% in comparison to 2010-11. In year 2012-13 it again decreased by 8.38%. In year 2013-14 it has increased by 27.93%.

**Chart 6.16: Loan Disbursed Amount (lakh) 2009-14**

Chart 6.16: It shows the Loan Disbursed Amount since 2009-14, in year 2009-10 it was 1072849.365(lakh). In year 2010-11 it decreased by 22.17% in year 2011-12 it decreased by 38.39% In year 2012-13 it was increased by 50.60%. In year 2013-14 loan disbursed raised by 31.16%.
### Progress under Microfinance - Bank Loans outstanding for last five since 2009-14 with MFIs

*Amount in lakh*

<table>
<thead>
<tr>
<th>Year</th>
<th>Commercial Banks</th>
<th>Regional Rural Banks</th>
<th>Cooperative Banks</th>
<th>SIDBI</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. of MFIs</td>
<td>Loan OS Amount</td>
<td>No. of MFIs</td>
<td>Loan OS Amount</td>
<td>No. of MFIs</td>
</tr>
<tr>
<td>2009-10</td>
<td>1407</td>
<td>1009531.79</td>
<td>103</td>
<td>5221.62</td>
<td>3</td>
</tr>
<tr>
<td>2010-11</td>
<td>2153</td>
<td>1064684.28</td>
<td>23</td>
<td>4200.62</td>
<td>N/A</td>
</tr>
<tr>
<td>2011-12</td>
<td>1684</td>
<td>981098.13</td>
<td>128</td>
<td>3750.94</td>
<td>19</td>
</tr>
<tr>
<td>2012-13</td>
<td>1769</td>
<td>1246772.18</td>
<td>153</td>
<td>7065.59</td>
<td>18</td>
</tr>
<tr>
<td>2013-14</td>
<td>2197</td>
<td>1430757.17</td>
<td>124</td>
<td>22199.76</td>
<td>17</td>
</tr>
<tr>
<td>Total</td>
<td>9210</td>
<td>5732843.6</td>
<td>531</td>
<td>42438.53</td>
<td>57</td>
</tr>
</tbody>
</table>

*Source: Status of Microfinance in India 2009-14*
For Commercial Bank

Average

Average Number of MFIs \( \bar{X} \) = \( \frac{\text{Sum of all observations}}{\text{Number of Observations}} \times \frac{\text{Sum of total MFIs during the years}}{\text{Number of Years}} \)

\[ \frac{9210}{5} = 1842 \]

Average Number of MFIs is 1842

Average Loan Outstanding Amount \( \bar{X} \) = \( \frac{\text{Total Loan Outstanding Amount During the Years}}{\text{Number of Years}} \)

\[ \frac{5732843.3}{5} = 1146568.71 \]

Average Amount of Loan Disbursed is 1146568.71

Standard Deviation (SD)

Standard Deviation of Number of MFIs \( \sigma \) = \( \sqrt{\frac{\sum x^2}{N-1}} \)

\[ \sqrt{\frac{442264}{4}} = 332.514 \]

Standard Deviation of Loan Outstanding Amount \( \sigma \) = \( \sqrt{\frac{\sum (X-\bar{X})^2}{N-1}} \)

\[ \sqrt{\frac{14366850632.26}{4}} = 189518.1432 \]

Coefficient of Variation (CV)

Coefficient of Variation (CV) in No. of MFIs = \( \frac{\sigma}{\bar{X}} \times 100 \)

\[ \frac{332.514}{1842} \times 100 = 18.051 \% \]
Coefficient of Variation (CV) in Amount of Loan Outstanding

\[ g = \frac{\sigma_x}{x} \times 100 \]

\[ = \frac{189518.143}{2} \times 100 = 16.52\% \]

**CAGR (%)**

\[ CAGR of No. of MFIs = \left( \frac{Ending \ Value}{Starting \ Value} \right)^{\frac{1}{n}} - 1 \]

\[ = \left( \frac{2197}{1407} \right)^{\frac{1}{5}} - 1 \]

\[ = 9.32 \]

\[ CAGR of Loan Outstanding Amount = \left( \frac{Ending \ Value}{Starting \ Value} \right)^{\frac{1}{n}} - 1 \]

\[ = \left( \frac{1430757.17}{1009531.79} \right)^{\frac{1}{5}} - 1 \]

\[ = 7.22 \]

**For Regional Rural Banks**

Average

\[ Average Number of MFIs \bar{X} = \frac{\text{Sum of all observations} \times \text{Sum Total of MFIs during the years}}{\text{Number of Observations} \times \text{Number of Years}} \]

\[ = \frac{531}{5} = 106.2 \]

Average Number of MFIs is 106.2

Average Loan Outstanding Amount \[ \bar{X} = \frac{\text{Total Loan Outstanding Amount During the Years}}{\text{Number of Years}} \]

\[ = \frac{42438.53}{5} = 8487.706 \]
Average Amount of Loan Outstanding is 8487.706

**Standard Deviation (SD)**

\[
\text{Standard Deviation of Number of MFIs} (\sigma) = \sqrt{\frac{\sum x^2}{N-1}} \quad \text{or} \quad \sqrt{\frac{\sum (X - \overline{X})^2}{N-1}}
\]

\[= \sqrt{\frac{9914.80}{4}} = 49.786\]

\[
\text{Standard Deviation of Loan Outstanding Amount} (\sigma) = \sqrt{\frac{\sum (X - \overline{X})^2}{N-1}}
\]

\[= \sqrt{\frac{24152621509}{4}} = 7770.556\]

**Coefficient of Variation (CV)**

Coefficient of Variation (CV) in No. of MFIs \(= \frac{\sigma}{x} \times 100\)

\[= \frac{49.786}{106.2} \times 100 = 46.8799\%\]

Coefficient of Variation (CV) in Amount of Loan Outstanding \(= \frac{\sigma}{x} \times 100\)

\[= \frac{7770.556}{8487.706} \times 100 = 91.550\%\]

**CAGR (%)**

\[
\text{CAGR of No. of MFIs} = \left( \frac{\text{Ending Value}}{\text{Starting Value}} \right)^{\frac{1}{n}} - 1
\]

\[= \left( \frac{124}{103} \right)^{\frac{1}{5}} - 1\]

\[= 3.7807\]

\[
\text{CAGR of Loan Outstanding Amount} = \left( \frac{\text{Ending Value}}{\text{Starting Value}} \right)^{\frac{1}{n}} - 1
\]

\[= \left( \frac{42438.53}{5221.62} \right)^{\frac{1}{5}} - 1\]

\[= 33.56\]
For Cooperative Banks

Average

Average Number of MFIs $[\bar{X}] = \frac{\text{Sum of all observations (Sum Total of MFIs during the years)}}{\text{Number of Observations (Number of Years)}}$

$= \frac{57}{4} = 14.25$

Average Number of MFIs is 14.25

Average Loan Outstanding Amount $[\bar{X}] = \frac{\text{Total Loan Outstanding Amount During the Years}}{\text{Number of Years}}$

$= \frac{1955.56}{4} = 488.89$

Average Amount of Loan Outstanding is 488.89

Standard Deviation (SD)

Standard Deviation of Number of MFIs $(\sigma) = \sqrt{\frac{\sum x^2}{N-1}}$ or $\sqrt{\frac{\sum (X - \bar{X})^2}{N-1}}$

$= \sqrt{\frac{170.44}{3}} = 7.5443$

Standard Deviation of Loan Outstanding Amount $(\sigma) = \sqrt{\frac{\sum (X - \bar{X})^2}{N-1}}$

$= \sqrt{\frac{371107.96}{3}} = 351.71387$

Coefficient of Variation (CV)

Coefficient of Variation (CV) in No. of MFIs $= \frac{\sigma}{\bar{X}} \times 100$

$= \frac{7.5443}{14.25} \times 100 = 52.94\%$

Coefficient of Variation (CV) in Amount of Loan Outstanding $= \frac{\sigma}{\bar{X}} \times 100$
$\frac{351.71387 \times 100}{488.89} = 71.94\%$

**CAGR (%)**

$CAGR$ of No. of MFIs $= \left( \frac{\text{Ending Value}}{\text{Starting Value}} \right)^{\frac{1}{n}} - 1$

$= \left( \frac{17}{3} \right)^{\frac{1}{4}} - 1$

$= 41.47$

$CAGR$ of Loan Disbursed Amount $= \left( \frac{\text{Ending Value}}{\text{Starting Value}} \right)^{\frac{1}{n}} - 1$

$= \left( \frac{796.76}{0.73} \right)^{\frac{1}{4}} - 1$

$= 305.13$

**For SIDBI**

**Average**

Average Number of MFIs $[\bar{X}] = \frac{\text{Sum of all observations}}{\text{Sum Total of MFIs during the years} \times \text{Number of Observations} \times \text{Number of Years}}$

$= \frac{600}{5} = 120$

Average Number of MFIs is 120

Average Loan Outstanding Amount $[\bar{X}] = \frac{\text{Total Loan Outstanding Amount During the Years}}{\text{Number of Years}}$

$= \frac{1230761.3}{5} = 246152.252$

Average Amount of Loan Outstanding is 246152.252
Standard Deviation (SD)

\[
\text{Standard Deviation of Number of MFIs (} \sigma \text{)} = \sqrt{\frac{\sum x^2}{N-1}} \quad \text{or} \quad \sqrt{\frac{\sum (X-\bar{X})^2}{N-1}}
\]

\[
= \sqrt{\frac{2738}{4}} = 26.162
\]

\[
\text{Standard Deviation of Loan Outstanding Amount (} \sigma \text{)} = \sqrt{\frac{\sum (X-\bar{X})^2}{N-1}}
\]

\[
= \sqrt{\frac{34668370860.34}{4}} = 93097.22184
\]

Coefficient of Variation (CV)

Coefficient of Variation (CV) in No. of MFIs \( \frac{\sigma}{x} \times 100 \)

\[
= \frac{26.1629}{120} \times 100 = 21.802 \%
\]

Coefficient of Variation (CV) in Amount of Loan Outstanding \( \frac{\sigma}{x} \times 100 \)

\[
= \frac{93097.22184}{246152.252} \times 100 = 37.82\%
\]

CAGR (%)

\[
CAGR \text{ of No. of MFIs} = \left( \frac{\text{Ending Value}}{\text{Starting Value}} \right)^\frac{1}{n} - 1
\]

\[
= \left( \frac{84}{146} \right)^\frac{1}{5} - 1
\]

\[
= -10.46655
\]

\[
CAGR \text{ of Loan Outstanding Amount} = \left( \frac{\text{Ending Value}}{\text{Starting Value}} \right)^\frac{1}{n} - 1
\]

\[
= \left( \frac{197989.79}{380820.43} \right)^\frac{1}{5} - 1
\]

\[
= -12.262
\]
<table>
<thead>
<tr>
<th>Year</th>
<th>Commercial Banks</th>
<th>Regional Rural Banks</th>
<th>Cooperative Banks</th>
<th>SIDBI</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. of MFIs</td>
<td>Loan OS Amount</td>
<td>No. of MFIs</td>
<td>Loan OS Amount</td>
<td>No. of MFIs</td>
</tr>
<tr>
<td>2009-10</td>
<td>1407</td>
<td>1009531.79</td>
<td>103</td>
<td>5221.62</td>
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<tr>
<td>2010-11</td>
<td>2153</td>
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<tr>
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<td>1769</td>
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<td>18</td>
</tr>
<tr>
<td>2013-14</td>
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<td>17</td>
</tr>
<tr>
<td>Total</td>
<td>9210</td>
<td>5732843.6</td>
<td>531</td>
<td>42438.53</td>
<td>57</td>
</tr>
<tr>
<td>Mean</td>
<td>1842</td>
<td>1146568.71</td>
<td>106.2</td>
<td>8487.706</td>
<td>14.25</td>
</tr>
<tr>
<td>SD</td>
<td>332.5146613</td>
<td>189518.1432</td>
<td>49.78654437</td>
<td>7770.556851</td>
<td>7.544313532</td>
</tr>
<tr>
<td>CAGR (%)</td>
<td>9.321905244</td>
<td>7.223304196</td>
<td>3.780770831</td>
<td>33.56990074</td>
<td>41.47038432</td>
</tr>
</tbody>
</table>

Source: Status of Microfinance in India 2009-14
Table 6.10 Depict the bank loan outstanding given to Microfinance Institutions (MFIs) since 2009. It has observed that Mean value of the Loan outstanding to MFIs through banks viz. commercial banks, regional rural banks, cooperative banks and SIDBI in terms of amount is 1146568.71, 8487.706, 488.89 and 246152.252 respectively. While Standard Deviation for commercial bank is 189518.1432, RRB 7770.556851, Cooperative Banks 351.71387 and SIDBI are 93097.22184. If we see CV of the Loan outstanding to MFIs since 2009, CV with commercial banks in terms of amount it is 16.5291, RRB 91.5507, Cooperative Banks 71.9413 and with SIDBI is 37.8209. Now we see the CAGR, it observed that the no. of the MFIs from whom loan is not recovered since 2009 is 9.3219% but the amount is gradually increasing with the rate of 7.2233% in same manner for RRB no of the MFIs is (3.7807%) and loan outstanding amount CAGR to MFIs is (3.7807%). CAGR for cooperative bank is (41.4703%) in terms of No. of the MFIs and in terms of it observed growth of (305.1360%) now we see the CAGR of No. of the MFIs who receive loan from SIDBI and not paid back is (-10.4665%) and in terms of the amount it (-12.2626%) Which depict that there is negative growth rate.
Table 6.11 Correlation between Total No. of the MFIs and Total Loan Outstanding with Banks (2009-14)

<table>
<thead>
<tr>
<th></th>
<th>No. of the MFIs</th>
<th>Loan Outstanding Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>No. of the MFIs</strong></td>
<td>Pearson Correlation</td>
<td>.506</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.385</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>5</td>
</tr>
<tr>
<td><strong>Loan Outstanding Amount</strong></td>
<td>Pearson Correlation</td>
<td>.506</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.385</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>5</td>
</tr>
</tbody>
</table>

Source: Calculation based on SPSS Statistical Software

Table 6.11 depicts the correlation between the Total No. of the MFIs and Total Loan Outstanding Amount since 2009. Coefficient of Correlation (r) is used to measures the inter-relationship between variable. The correlations among the variables are determined using SPSS software the value of r (0.506) which shows the positive relationship between the Total No. of the MFIs and the Total Loan Outstanding amount. Now when we talk about the significance of relationship, the test statistic rejected (p>0.05) which is observed 0.385, which shows significant relations.

-------:0:-------
7.1 **Uttar Pradesh** has been one of the most highly populated states in India for a long time now. The census over the years has put the state at the pinnacle in terms of population. Located in the northern region of the country, the state shares its borders with states like Rajasthan, Madhya Pradesh, Bihar and Haryana. The state also borders the capital of India New Delhi along with the newly formed state of Uttarakhand. Uttar Pradesh has been one of the oldest states in the country and in every single way reflects the life and culture of India as a whole. The state has a population of about 190 million according to the Uttar Pradesh Census 2011. The growth rate of the population of Uttar Pradesh is about 20% which is alarming among the highest growth rates in the country. Spread over an approximate area of 240000 Sq. km. the state has many places of strategic and cultural significance. The state has some of the most important educational institutions in the country and boasts of some of the biggest tourist destinations in the country. Uttar Pradesh is the second best state in terms of economy in the country and a large part of the revenue of the state comes from the Agriculture and the
services sector. A new state Uttarakhand was carved out of the state of Uttar Pradesh in 2000 and it now covers about 7% of India's total area. According to the Uttar Pradesh Census 2011, the density of population in Uttar Pradesh is about 800 people per square kilometer which is way above the national average of about 380 and a major cause of concern. The literacy rate in the state has gone up in recent years and yet continues to linger at about 70% which is below the national average of 74%. The sex ratio is almost at par with the national average and stands at about 900. The largest city in the state of Uttar Pradesh is Lucknow while Kanpur is the capital city of the Uttar Pradesh. The languages spoken in the Uttar Pradesh state includes Hindi and Urdu. In total Uttar Pradesh (UP) state comprises 71 districts. The ISO CODE assigned by International Organization for Standardization for Uttar Pradesh state is UP.

**7.2 Microfinance Institution in Uttar Pradesh**

- ASA Int.
- Asmitha
- Basix
- BMC
- Cashpor
- Disha India,
- Gramottan Micro
- HAPPI
- Intrepid Finance,
- Ishara Fin
- Janalakshmi
- Margdarshak
- Samhita, Bandhan
- SE Investment
- Share Microfin
- Shikhar Microfinance
- SKS
- Sonata
- Spandana
- SVCL
- Ujjivan

7.3 The Poverty and Social Monitoring System (PSMS) in Uttar Pradesh

- The establishment of the PSMS by the GoUP was an important reform in itself, as it provided an important source of information to policy makers at all levels of Government for making better informed decisions regarding poverty reduction and social development initiatives. The objectives of the UP PSMS are fourfold:

- To measure and monitor progress in key areas related to poverty and living standards of the population in the state;

---

1 Monitoring Poverty in Uttar Pradesh (A Report on the fourth Poverty & Social Monitoring Survey (PSMS-IV): 2009-10)
In the context of ongoing reforms, to identify emerging problems that may have adverse impacts on the poor or other vulnerable groups;

To use this information to aid in making more informed policy decisions, also to improve the performance and accountability of public sector entities, particularly those providing services to the poor;

To keep the public better informed about progress as well as difficulties linked to achieving key development objectives in the state.

A broad set of economic and social monitoring indicators was agreed upon at the outset of the project. These indicators—which include conventional measures of economic growth and poverty, as well as human development outcomes, access to basic services and anti-poverty programs, and measures of consumer awareness and satisfaction—were to be used to track progress at combating poverty in the state.

7.4 Agriculture in Uttar Pradesh²: It has a significant history. Agriculture is demographically the broadest economic sector in Uttar Pradesh. It has always played a significant role in improving the social as well as economic fabric of India. Uttar Pradesh is one of the major

² www.jagranjosh.com/general-knowledge/uttar-pradesh-agriculture-1371635345-
contributors to the national food grain stock. The fertile region of the Indo-Gangetic plain is contributing a lot in the agricultural development of the state. The densely populated sugar producing district of Uttar Pradesh is Lakhimpur Kheri. 78% of national livestock population comes from this place. Uttar Pradesh is a great producer of food grains in India since the 1950s. Its high-yielding varieties of seed, availability of fertilizers and irrigation usage helps a great deal in contributing in India’s agriculture.

Microfinance is playing effective role in agriculture through its channel of distribution, much microfinance institution is providing financial assistance in Uttar Pradesh to rural farmer. Leading Microfinance Institution like Annapurna Microfinance Institution, Cashpor Micro Credit etc these institution has taken various initiative in Uttar Pradesh for development of Agriculture Sector through Microfinance

7.5 Uttar Pradesh Education Literacy rate in Uttar Pradesh has seen upward trend and is 67.68 percent as per 2011 population census. Of that, male literacy stands at 77.28 percent while female literacy is at 51.36 percent. In 2001, literacy rate in Uttar Pradesh stood at 56.27 percent of which male and female were 67.30 percent and 43.00 percent literate respectively. In actual numbers, total literates in Uttar Pradesh stands at
114,397,555 of which males were 68,234,964 and females were 46,162,591.

**TABLE-7.1 LITERACY RATE IN UTTAR PRADESH**

<table>
<thead>
<tr>
<th>YEAR</th>
<th>UTTAR PRADESH (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1901</td>
<td>NA</td>
</tr>
<tr>
<td>1911</td>
<td>NA</td>
</tr>
<tr>
<td>1921</td>
<td>NA</td>
</tr>
<tr>
<td>1931</td>
<td>NA</td>
</tr>
<tr>
<td>1941</td>
<td>NA</td>
</tr>
<tr>
<td>1951</td>
<td>12.0</td>
</tr>
<tr>
<td>1961</td>
<td>20.9</td>
</tr>
<tr>
<td>1971</td>
<td>24.0</td>
</tr>
<tr>
<td>1981</td>
<td>32.6</td>
</tr>
<tr>
<td>1991</td>
<td>40.7</td>
</tr>
<tr>
<td>2001</td>
<td>56.3</td>
</tr>
<tr>
<td>2011</td>
<td>67.7</td>
</tr>
</tbody>
</table>

Note: *The Data of Uttar Pradesh is not available before 1951 as it came into being in 1950. The literacy rate for year before 1981 was calculated for aged 5 year and above and from 1981 to 2011 it was calculated for 7 year and above.*

Above table depicts literacy since 1951 where it was 12% which gradually increased to 20.9% which is huge margin of increment in just period of ten years. In same manner in year 1971 it reached to 24%, 32.6% in year 1981, in year 1991 it reached to 40.7%. Year 2001 was great year for Uttar Pradesh because literacy rate has increased by 15.6% which lead great achievement of Uttar Pradesh and it was record increment in Literacy rate of Uttar Pradesh, where in last census Uttar Pradesh Literacy rate reached to 67.7%.
7.6 Health Profile of India and Uttar Pradesh

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Uttar Pradesh</th>
<th>India</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Population (In Crore) (Census 2011)</td>
<td>19.96</td>
<td>121.01</td>
</tr>
<tr>
<td>Decadal Growth (%) (Census 2001)</td>
<td>20.09</td>
<td>17.64</td>
</tr>
<tr>
<td>Crude Birth Rate (SRS 2013)</td>
<td>27.2</td>
<td>21.4</td>
</tr>
<tr>
<td>Crude Death Rate (SRS 2013)</td>
<td>7.7</td>
<td>7</td>
</tr>
<tr>
<td>Natural Growth Rate (SRS 2013)</td>
<td>19.5</td>
<td>14.4</td>
</tr>
<tr>
<td>Infant Mortality Rate (SRS 2013)</td>
<td>50</td>
<td>40</td>
</tr>
<tr>
<td>Maternal Mortality Rate (SRS 2010-12)</td>
<td>392</td>
<td>178</td>
</tr>
<tr>
<td>Total Fertility Rate (SRS 2012)</td>
<td>3.3</td>
<td>2.4</td>
</tr>
<tr>
<td>Sex Ratio (Census 2001)</td>
<td>908</td>
<td>940</td>
</tr>
<tr>
<td>Child Sex Ratio (Census 2011)</td>
<td>899</td>
<td>914</td>
</tr>
</tbody>
</table>

Sample Registration System (SRS)

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3 Source: RHS Bulletin, March 2012, M/O Health & F.W., GOI
7.7 Health Infrastructure of Uttar Pradesh

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Required</th>
<th>In Position</th>
<th>Shortfall</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sub-centre</td>
<td>31037</td>
<td>20521</td>
<td>10516</td>
</tr>
<tr>
<td>Primary Health Centre</td>
<td>5172</td>
<td>3692</td>
<td>1480</td>
</tr>
<tr>
<td>Community Health Centre</td>
<td>1293</td>
<td>515</td>
<td>778</td>
</tr>
<tr>
<td>Health worker (Female)/ANM at Sub Centres &amp; PHCs</td>
<td>24213</td>
<td>22464</td>
<td>1749</td>
</tr>
<tr>
<td>Health Worker (Male) at Sub Centres</td>
<td>20521</td>
<td>1729</td>
<td>18792</td>
</tr>
<tr>
<td>Health Assistant (Female)/LHV at PHCs</td>
<td>3692</td>
<td>2040</td>
<td>1652</td>
</tr>
<tr>
<td>Health Assistant (Male) at PHCs</td>
<td>3692</td>
<td>4518</td>
<td>*</td>
</tr>
<tr>
<td>Doctor at PHCs</td>
<td>3692</td>
<td>2861</td>
<td>831</td>
</tr>
<tr>
<td>Obstetricians &amp; Gynecologists at CHCs</td>
<td>515</td>
<td>475</td>
<td>40</td>
</tr>
<tr>
<td>Pediatricians at CHCs</td>
<td>515</td>
<td>547</td>
<td>*</td>
</tr>
<tr>
<td>Total specialists at CHCs</td>
<td>2060</td>
<td>1740</td>
<td>320</td>
</tr>
<tr>
<td>Radiographers at CHCs</td>
<td>515</td>
<td>181</td>
<td>334</td>
</tr>
<tr>
<td>Pharmacist at PHCs &amp; CHCs</td>
<td>4207</td>
<td>5582</td>
<td>*</td>
</tr>
<tr>
<td>Laboratory Technicians at PHCs &amp; CHCs</td>
<td>4207</td>
<td>1836</td>
<td>2371</td>
</tr>
<tr>
<td>Nursing Staff at PHCs &amp; CHCs</td>
<td>7297</td>
<td>2627</td>
<td>4670</td>
</tr>
</tbody>
</table>

7.8 CRISIL Listed Microfinance Institution in Uttar Pradesh

Annapurna Microfinance Pvt Ltd

Annapurna Microfinance Pvt Ltd (Annapurna) is a microfinance venture of People's Forum, a development organisation that is more than two decades old. In 2007, People's Forum segregated its microfinance activity

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*Source: RHS Bulletin, March 2012, M/O Health & F.W., GOI*
from its developmental activities and created an independent project, Mission Annapurna. In November 2009, the promoters acquired Gwalior Finance and Leasing Company Pvt Ltd, a NBFC registered in Varanasi, Uttar Pradesh. The name was changed to Annapurna Microfinance Pvt Ltd in February 2010. The NBFC acquired most of the loan portfolio of People's Forum in 2012-13. Annapurna operates predominantly in Odisha and extends loans for 12-to-24 month tenures to self-help groups with a monthly repayment structure. The company had an outstanding loan portfolio of Rs.112 crore and borrower base of more than 1 lakh as on September 30, 2013.

**Cashpor Micro Credit**

Cashpor Micro Credit (Cashpor) is a not-for-profit company based out of Varanasi, Uttar Pradesh. Set up by Professor David Gibbons, Cashpor provides microfinance services in Uttar Pradesh, Bihar and Chhattisgarh using the Grameen Bank model of lending. Cashpor adopts a dual lending model: direct lending and lending under the banking correspondence model. Under the banking correspondence model, Cashpor acts as a sourcing agent for banks; the loans are originated directly in banks' books. Cashpor provides a first loss default guarantee on the portfolio sourced by it while receiving a sourcing fee (difference between the interest paid by
the borrower and interest paid to the bank) from such business. The company was operating through a network of 341 branches spread across 31 districts as on December 31, 2013.

**Janalakshmi Financial Services Pvt Ltd**

Janalakshmi Financial Services Pvt Ltd (Janalakshmi) commenced microfinance operations in April 2008 by taking over the portfolio of Janalakshmi Social Services (JSS), a not-for-profit company promoted by Mr. Ramesh Ramanathan. JSS had earlier acquired the urban microfinance programme of Sanghamithra Rural Financial Services and started its own microfinance programme in July 2006. Janalakshmi provides microfinance services to the urban poor. Apart from microfinance (94 per cent of the total loan portfolio as on March 31, 2013), the company also offers other loan products such as enterprise loans, housing loans, and individual loans. As on September 30, 2013, Janalakshmi had a network of 101 branches, with outstanding loans of Rs.1,409 crore. The company operates in 11 states, with Karnataka and Tamil Nadu together accounting for 53 per cent of its loan portfolio as on March 31, 2013 (65 per cent as on March 31, 2012).

**SKS Microfinance Ltd**

SKS Microfinance Ltd (SKS) was incorporated as a private limited
company in 2003 for taking over the microfinance activities of Swayam Krishi Sangam (SKS), a society that was registered in 1997 and began operations in 1998. After obtaining the NBFC license from the Reserve Bank of India in January 2006, SKS took over the operations of Swayam Krishi Sangam. SKS is the only listed MFI in India and had its operations spread across 15 states with no state accounting for more than 20 per cent of its overall loan portfolio as on September 30, 2013. Having successfully survived the Andhra Pradesh crisis despite having a large exposure to the state, SKS is the second largest NBFC-MFI with loan portfolio of Rs.2,348 crore as on September 30, 2013.

**Sonata Finance Pvt Ltd**

Incorporated in 1995, Sonata Finance Pvt Ltd (Sonata Finance) was acquired by its current management in 2006, following which the company started its microfinance operations. The promoters have experience of managing operations of a large MFI based in northern India. In 2007, Sonata Finance acquired the microfinance unit of the Jeevika Livelihood Support Organisation in Madhya Pradesh. Sonata Finance is one of the fastest growing NBFC-MFIs in northern India and had a network of 162 branches spread across 48 districts in five states, and a loan portfolio aggregating Rs.246 crore as on September 30, 2013.
SV Creditline Pvt Ltd
SV Creditline Pvt Ltd (SV Creditline) was incorporated in 1996 as Mantrana Finlease Pvt Ltd and got its present name in September 2008. The company commenced microfinance operations in January 2010. As on December 31, 2013, SV Creditline had a network of 57 branches across 27 districts in three states of Uttar Pradesh, Madhya Pradesh and Rajasthan.

Utkarsh Microfinance Private Ltd
Utkarsh Microfinance Private Ltd (Utkarsh), promoted by Mr. Govind Singh (an ex-banker), commenced operations in August 2009. Based out of Varanasi (Uttar Pradesh), the company is one of the fastest growing mid-sized MFIs and has a network of 112 branches and loan portfolio of Rs.247 crore as on September 30, 2013.

7.9 Pradhan Mantri Jan-Dhan Yojana (PMJDY) is a National Mission on Financial Inclusion encompassing an integrated approach to bring about comprehensive financial inclusion of all the households in the country. The plan envisages universal access to banking facilities with at least one basic banking account for every household, financial literacy, access to credit, insurance and pension facility. In addition, the beneficiaries would get RuPay Debit card having inbuilt accident
insurance cover of ₹ 1 lakh. The plan also envisages channeling all Government benefits (from Centre / State / Local Body) to the beneficiaries accounts and pushing the Direct Benefits Transfer (DBT) scheme of the Union Government. The technological issues like poor connectivity, on-line transactions will be addressed. Mobile transactions through telecom operators and their established centres as Cash Out Points are also planned to be used for Financial Inclusion under the Scheme. Also an effort is being made to reach out to the youth of this country to participate in this Mission Mode Programme.

7.10 Financial Services for Small Businesses and Low Income Households

1. Wide-spread payment network and universal access to savings, A Universal Electronic Bank Account at the time of registering for an Aadhaar card and Aadhaar be made the universal basis for authentication.

2. Proposed the setting up of Payments Banks whose primary purpose will be to provide payments services and deposit products to small businesses and low income households.

3. It further proposed the setting up of Wholesale Banks which will lend

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5 The Committee on Comprehensive Financial Services for Small Businesses and Low Income Households (Chairperson: Dr. Nachiket Mor) submitted its final report on December 31, 2013
to corporates and purchase securitised retail and small-business loans.

4. Sufficient access to affordable formal credit

5. The banks price farm loans based on risk and that any waivers be provided by the government through direct benefit transfer and not through interest subsidies or loan waivers.

6. It is proposed that a State Finance Regulatory Commission be set up into which all state level financial regulators will be merged.

7. It recommended that the Non-Performing Asset reporting provisions and other regulations for Non-Banking Finance Companies (NBFCs) be aligned with those of banks.

8. Suggested measures to ease funding constraints of NBFCs including relaxation of External Commercial Borrowings and equity investment rules.

9. Priority Sector Lending :It recommended the removal of the cap on interest rate on loans at the base rate plus 8% per annum. It also recommended that the PSL target be revised from 40% to 50% of credit provided.

10. It is proposed that financial service providers be required to commit
capital against customer protection risk.

11. It proposed that firms be made liable to ensure suitability of products issued to customers and that RBI frame regulations regarding the same.

12. Setting up of a unified Financial Redress Agency (FRA) to handle customer grievances across all financial products

7.11 Financial Services Future Target of the for Small Business and Low Income households are

(i) provide each Indian resident above the age of 18 with an individual, full-service electronic bank account,

(ii) Set up widely distributed “Electronic Payment Access Points” offering deposit and withdrawal facilities at reasonable cost,

(iii) provide each low-income household convenient access to formally regulated providers that can provide suitable: (a) credit products, (b) investment and deposit products, and (c) insurance and risk management products at a reasonable price, and

(iv) To provide every customer the legally protected right to be offered suitable financial services
7.12 Nachiket Mor committee for Financial inclusion

7.12.1 Small Banks

The small banks provide all sort of basic banking products such as deposits and supply of credit, but area of operation is limited. The small Banks is to increase financial inclusion by provision of savings vehicles to under-served and unserved sections of the population, supply of credit to small farmers, micro and small industries, and other unorganised sector entities through high technology-low cost operations.

In order to operate small bank, one must be resident individuals with 10 years of experience in banking and finance, companies and Societies will be eligible as promoters to set up small banks.

NFBCs, Micro finance institutions (MFIs), and Local Area Banks (LABs) can convert their operations into those of a small bank. Local focus and ability to serve smaller customers will be a key criterion in licensing such banks. Branch expansion, for the initial three years, prior approval will be required.

The area of operations would normally be restricted to contiguous districts in a homogenous cluster of states of union territories so that the Small Bank has a ‘local feel’ and culture. However, if necessary, it would

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6 Committee on Comprehensive Financial Services for Small Businesses & Low Income Households
be allowed to expand its area of operations beyond contiguous districts in one or more states with reasonable geographical proximity.

The bank shall primarily undertake basic banking activities of accepting deposits and lending to small farmers, small businesses, micro and small industries, and unorganised sector entities. It cannot set up subsidiaries to undertake non-banking financial services activities. After the initial stabilisation period of five years, and after a review, the RBI may liberalise the scope of activities for Small Banks.

- The maximum loan size and investment limit exposure to single/group borrowers/issuers would be restricted to 15 per cent of capital funds.
- Loans and advances of up to Rs 25 lakhs, primarily to micro enterprises, should constitute at least 50 per cent of the loan portfolio.
- For the first three years, 25 per cent of branches should be in unbanked rural areas.

### 7.12.2 Payments Banks

The Payments banks is establish to increase financial inclusion by providing small savings accounts, payment/remittance services to migrant labour, low income households, small businesses, other unorganised
sector entities and other users by enabling high volume-low value transactions in deposits and payments/remittance services in a secured technology-driven environment. Those who can promote payments banks can be a non-bank PPIs, NBFCs, corporate’s, mobile telephone companies, supermarket chains, real sector cooperatives companies and public sector entities. Even banks can take equity in Payments Banks.

- Payments Banks can accept demand deposits (only current account and savings accounts). They would initially be restricted to holding a maximum balance of Rs 100,000 per customer. Based on performance, the RBI could enhance this limit.

- The banks can offer payments and remittance services, issuance of prepaid payment instruments, internet banking, functioning as business correspondent for other banks.

- Payments Banks cannot set up subsidiaries to undertake NBFC business.

- The Payments Banks would be required to use the word ‘Payments’ in its name to differentiate it from other banks.

- No credit lending is allowed for Payments Banks.

- The float funds can be parked only in less than one year G-Secs
### Table 7.2 Pradhan Mantri Jan - Dhan Yojana (Accounts Opened As on 25.02.2015) - Uttar Pradesh

<table>
<thead>
<tr>
<th>Population Census-11</th>
<th>Adhaar Issued</th>
<th>Aadhaar Issued-%</th>
<th>Accounts Rural</th>
<th>Accounts Urban</th>
<th>Total Accounts</th>
<th>Aadhaar Seeded</th>
<th>Aadhaar Seeded-%</th>
</tr>
</thead>
<tbody>
<tr>
<td>199,581,477</td>
<td>77,702,890</td>
<td>38.93%</td>
<td>12,424,268</td>
<td>8,167,957</td>
<td>20,592,225</td>
<td>3,858,122</td>
<td>18.74%</td>
</tr>
</tbody>
</table>

Source: http://www.pmjdy.gov.in/AccountOpeningStaticsStatewise.aspx?3pJsACePJKWc6kFTJn1%2bLw%3d%3d

### Table 7.3 Pradhan Mantri Jan-Dhan Yojana Uttar Pradesh

**Account Opening & Aadhaar Statistics (Bank wise Report as on 25.02.2015)**

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Bank Name</th>
<th>Bank Type</th>
<th>Accounts Rural</th>
<th>Accounts Urban</th>
<th>Total Accounts</th>
<th>Aadhar Seeded</th>
<th>Aadhar Seeded-%</th>
<th>Rupay-Card Issued</th>
<th>Rupay Card-%</th>
<th>Deposits In Lacs</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Allahabad Bank</td>
<td>Public Sector Banks</td>
<td>560592</td>
<td>197915</td>
<td>758507</td>
<td>177570</td>
<td>23.41%</td>
<td>750685</td>
<td>98.97%</td>
<td>2445.04</td>
</tr>
<tr>
<td>2</td>
<td>Allahabad Bank</td>
<td>Regional Rural Bank</td>
<td>531129</td>
<td>112886</td>
<td>644015</td>
<td>55413</td>
<td>8.60%</td>
<td>627010</td>
<td>97.36%</td>
<td>1887.29</td>
</tr>
<tr>
<td>3</td>
<td>Andhra Bank</td>
<td>Public Sector Banks</td>
<td>20435</td>
<td>46174</td>
<td>66609</td>
<td>35071</td>
<td>52.65%</td>
<td>65389</td>
<td>98.17%</td>
<td>419.98</td>
</tr>
<tr>
<td>4</td>
<td>Axis Bank Ltd</td>
<td>Private Banks</td>
<td>2297</td>
<td>38138</td>
<td>40435</td>
<td>2974</td>
<td>7.36%</td>
<td>39833</td>
<td>98.51%</td>
<td>126.65</td>
</tr>
<tr>
<td>5</td>
<td>Bank of Baroda</td>
<td>Public Sector Banks</td>
<td>1130528</td>
<td>1040201</td>
<td>2170729</td>
<td>216723</td>
<td>9.98%</td>
<td>2140899</td>
<td>98.63%</td>
<td>24388.72</td>
</tr>
<tr>
<td>6</td>
<td>Bank of Baroda</td>
<td>Regional Rural Bank</td>
<td>624750</td>
<td>114822</td>
<td>739572</td>
<td>9142</td>
<td>1.24%</td>
<td>680965</td>
<td>92.08%</td>
<td>8066.2</td>
</tr>
<tr>
<td></td>
<td>Bank of India</td>
<td>Public Sector Banks</td>
<td>355731</td>
<td>520768</td>
<td>876499</td>
<td>467026</td>
<td>53.28%</td>
<td>853751</td>
<td>97.40%</td>
<td>6122.15</td>
</tr>
<tr>
<td>---</td>
<td>---------------</td>
<td>---------------------</td>
<td>--------</td>
<td>--------</td>
<td>--------</td>
<td>--------</td>
<td>--------</td>
<td>--------</td>
<td>--------</td>
<td>--------</td>
</tr>
<tr>
<td>8</td>
<td>Bank of India</td>
<td>Regional Rural Bank</td>
<td>620601</td>
<td>131877</td>
<td>752478</td>
<td>28765</td>
<td>3.82%</td>
<td>732697</td>
<td>97.37%</td>
<td>1444.32</td>
</tr>
<tr>
<td>9</td>
<td>Bank of Maharashtra</td>
<td>Public Sector Banks</td>
<td>30133</td>
<td>37084</td>
<td>67217</td>
<td>18644</td>
<td>27.74%</td>
<td>66366</td>
<td>98.73%</td>
<td>1100.39</td>
</tr>
<tr>
<td>10</td>
<td>Bhartiya Mahila Bank</td>
<td>Public Sector Banks</td>
<td>0</td>
<td>3445</td>
<td>3445</td>
<td>1219</td>
<td>35.38%</td>
<td>3444</td>
<td>99.97%</td>
<td>52.26</td>
</tr>
<tr>
<td>11</td>
<td>Canara Bank</td>
<td>Public Sector Banks</td>
<td>468048</td>
<td>250148</td>
<td>718196</td>
<td>254761</td>
<td>35.47%</td>
<td>718196</td>
<td>100%</td>
<td>5255.4</td>
</tr>
<tr>
<td>12</td>
<td>Central Bank of India</td>
<td>Public Sector Banks</td>
<td>497042</td>
<td>182969</td>
<td>680011</td>
<td>105252</td>
<td>15.48%</td>
<td>592512</td>
<td>87.13%</td>
<td>3908.4</td>
</tr>
<tr>
<td>13</td>
<td>City Union Bank Ltd</td>
<td>Private Banks</td>
<td>0</td>
<td>634</td>
<td>634</td>
<td>264</td>
<td>41.64%</td>
<td>0</td>
<td>0%</td>
<td>4.28</td>
</tr>
<tr>
<td>14</td>
<td>Corporation Bank</td>
<td>Public Sector Banks</td>
<td>99161</td>
<td>103108</td>
<td>202269</td>
<td>54790</td>
<td>27.09%</td>
<td>189995</td>
<td>93.93%</td>
<td>4256.36</td>
</tr>
<tr>
<td>15</td>
<td>Dena Bank</td>
<td>Public Sector Banks</td>
<td>34158</td>
<td>59523</td>
<td>93681</td>
<td>24873</td>
<td>26.55%</td>
<td>90243</td>
<td>96.33%</td>
<td>887.6</td>
</tr>
<tr>
<td>16</td>
<td>Federal Bank Ltd</td>
<td>Private Banks</td>
<td>1721</td>
<td>1434</td>
<td>3155</td>
<td>178</td>
<td>5.64%</td>
<td>3107</td>
<td>98.48%</td>
<td>114.25</td>
</tr>
<tr>
<td>17</td>
<td>HDFC Bank Ltd</td>
<td>Private Banks</td>
<td>6791</td>
<td>75955</td>
<td>82746</td>
<td>9477</td>
<td>11.45%</td>
<td>82744</td>
<td>100.00%</td>
<td>1269.34</td>
</tr>
<tr>
<td>18</td>
<td>ICICI Bank Ltd</td>
<td>Private Banks</td>
<td>15606</td>
<td>16307</td>
<td>31913</td>
<td>2580</td>
<td>8.08%</td>
<td>31711</td>
<td>99.37%</td>
<td>317.09</td>
</tr>
<tr>
<td>19</td>
<td>IDBI Bank Ltd.</td>
<td>Public Sector Banks</td>
<td>15657</td>
<td>42516</td>
<td>58173</td>
<td>2594</td>
<td>4.46%</td>
<td>57842</td>
<td>99.43%</td>
<td>201.5</td>
</tr>
<tr>
<td>20</td>
<td>Indian Bank</td>
<td>Public Sector Banks</td>
<td>84458</td>
<td>70918</td>
<td>155376</td>
<td>24796</td>
<td>15.96%</td>
<td>147968</td>
<td>95.23%</td>
<td>942.8</td>
</tr>
<tr>
<td></td>
<td>Bank Name</td>
<td>Category</td>
<td>Other Information</td>
<td>Capital</td>
<td>1Year Return</td>
<td>3Year Return</td>
<td>5Year Return</td>
<td>10Year Return</td>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---------------------------------</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>21</td>
<td>Indian Overseas Bank</td>
<td>Public Sector Banks</td>
<td></td>
<td>79168</td>
<td>206329</td>
<td>285497</td>
<td>68071</td>
<td>23.84%</td>
<td>97.06%</td>
<td>2188.14</td>
</tr>
<tr>
<td>22</td>
<td>IndusInd Bank Ltd</td>
<td>Private Banks</td>
<td></td>
<td>1214</td>
<td>65542</td>
<td>66756</td>
<td>3840</td>
<td>5.75%</td>
<td>99.95%</td>
<td>226.51</td>
</tr>
<tr>
<td>23</td>
<td>Jammu &amp; Kashmir Bank Ltd</td>
<td>Private Banks</td>
<td></td>
<td>2131</td>
<td>2230</td>
<td>4361</td>
<td>0</td>
<td>0%</td>
<td>2053</td>
<td>47.08%</td>
</tr>
<tr>
<td>24</td>
<td>Karur Vysya Bank Ltd</td>
<td>Private Banks</td>
<td></td>
<td>0</td>
<td>253</td>
<td>253</td>
<td>88</td>
<td>34.78%</td>
<td>231</td>
<td>91.30%</td>
</tr>
<tr>
<td>25</td>
<td>Kotak Mahindra Bank Ltd</td>
<td>Private Banks</td>
<td></td>
<td>99</td>
<td>3294</td>
<td>3393</td>
<td>661</td>
<td>19.48%</td>
<td>2235</td>
<td>65.87%</td>
</tr>
<tr>
<td>26</td>
<td>Lakshmi Vilas Bank Ltd</td>
<td>Private Banks</td>
<td></td>
<td>0</td>
<td>75</td>
<td>75</td>
<td>26</td>
<td>34.67%</td>
<td>55</td>
<td>73.33%</td>
</tr>
<tr>
<td>27</td>
<td>Oriental Bank of Commerce</td>
<td>Public Sector Banks</td>
<td></td>
<td>316888</td>
<td>182684</td>
<td>499572</td>
<td>60444</td>
<td>12.10%</td>
<td>487050</td>
<td>97.49%</td>
</tr>
<tr>
<td>28</td>
<td>Punjab &amp; Sind Bank</td>
<td>Public Sector Banks</td>
<td></td>
<td>158433</td>
<td>90835</td>
<td>249268</td>
<td>33298</td>
<td>13.36%</td>
<td>238544</td>
<td>95.70%</td>
</tr>
<tr>
<td>29</td>
<td>Punjab National Bank</td>
<td>Public Sector Banks</td>
<td></td>
<td>1477071</td>
<td>340125</td>
<td>1817196</td>
<td>642627</td>
<td>35.36%</td>
<td>1680922</td>
<td>92.50%</td>
</tr>
<tr>
<td>30</td>
<td>Punjab National Bank</td>
<td>Regional Rural Bank</td>
<td></td>
<td>325241</td>
<td>109565</td>
<td>434806</td>
<td>30156</td>
<td>6.94%</td>
<td>65620</td>
<td>15.09%</td>
</tr>
<tr>
<td>31</td>
<td>South Indian Bank Ltd</td>
<td>Private Banks</td>
<td></td>
<td>0</td>
<td>1687</td>
<td>1687</td>
<td>762</td>
<td>45.17%</td>
<td>1222</td>
<td>72.44%</td>
</tr>
<tr>
<td>32</td>
<td>State Bank of Bikaner &amp; Jaipur</td>
<td>Public Sector Banks</td>
<td></td>
<td>912</td>
<td>16621</td>
<td>17533</td>
<td>9616</td>
<td>54.85%</td>
<td>15294</td>
<td>87.23%</td>
</tr>
<tr>
<td>33</td>
<td>State Bank of Hyderabad</td>
<td>Public Sector Banks</td>
<td></td>
<td>1336</td>
<td>5455</td>
<td>6791</td>
<td>3208</td>
<td>47.24%</td>
<td>6738</td>
<td>99.22%</td>
</tr>
<tr>
<td>-----</td>
<td>----------------------------</td>
<td>----------------------------</td>
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<td>------------</td>
<td>------------</td>
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</tr>
<tr>
<td>34</td>
<td>State Bank of India</td>
<td>Public Sector Banks</td>
<td>1840436</td>
<td>3050121</td>
<td>4890557</td>
<td>851671</td>
<td>17.41%</td>
<td>4389622</td>
<td>89.76%</td>
<td>18735</td>
</tr>
<tr>
<td>35</td>
<td>State Bank of India</td>
<td>Regional Rural Bank</td>
<td>474262</td>
<td>8417</td>
<td>482679</td>
<td>60023</td>
<td>12.44%</td>
<td>14618</td>
<td>3.03%</td>
<td>4976.66</td>
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<tr>
<td>36</td>
<td>State Bank of Mysore</td>
<td>Public Sector Banks</td>
<td>0</td>
<td>803</td>
<td>803</td>
<td>342</td>
<td>42.59%</td>
<td>694</td>
<td>86.43%</td>
<td>0.4</td>
</tr>
<tr>
<td>37</td>
<td>State Bank of Patiala</td>
<td>Public Sector Banks</td>
<td>14583</td>
<td>59584</td>
<td>74167</td>
<td>13029</td>
<td>17.57%</td>
<td>72666</td>
<td>97.98%</td>
<td>1328.8</td>
</tr>
<tr>
<td>38</td>
<td>State Bank of Travancore</td>
<td>Public Sector Banks</td>
<td>269</td>
<td>1202</td>
<td>1471</td>
<td>594</td>
<td>40.38%</td>
<td>1377</td>
<td>93.61%</td>
<td>58.62</td>
</tr>
<tr>
<td>39</td>
<td>Syndicate Bank</td>
<td>Public Sector Banks</td>
<td>392924</td>
<td>180725</td>
<td>573649</td>
<td>110241</td>
<td>19.22%</td>
<td>556017</td>
<td>96.93%</td>
<td>5332.94</td>
</tr>
<tr>
<td>40</td>
<td>Syndicate Bank</td>
<td>Regional Rural Bank</td>
<td>262874</td>
<td>29675</td>
<td>292549</td>
<td>17740</td>
<td>6.06%</td>
<td>258455</td>
<td>88.35%</td>
<td>6023.55</td>
</tr>
<tr>
<td>41</td>
<td>UCO Bank</td>
<td>Public Sector Banks</td>
<td>158070</td>
<td>200995</td>
<td>359065</td>
<td>207667</td>
<td>57.84%</td>
<td>337129</td>
<td>93.89%</td>
<td>4644.53</td>
</tr>
<tr>
<td>42</td>
<td>Union Bank of India</td>
<td>Public Sector Banks</td>
<td>1299972</td>
<td>243896</td>
<td>1543868</td>
<td>122425</td>
<td>7.93%</td>
<td>1509843</td>
<td>97.80%</td>
<td>11097.78</td>
</tr>
<tr>
<td>43</td>
<td>Union Bank of India</td>
<td>Regional Rural Bank</td>
<td>443551</td>
<td>110354</td>
<td>553905</td>
<td>0</td>
<td>0%</td>
<td>358202</td>
<td>64.67%</td>
<td>3291.83</td>
</tr>
<tr>
<td>44</td>
<td>United Bank of India</td>
<td>Public Sector Banks</td>
<td>27915</td>
<td>116944</td>
<td>144859</td>
<td>45139</td>
<td>31.16%</td>
<td>103618</td>
<td>71.53%</td>
<td>4528.72</td>
</tr>
<tr>
<td>45</td>
<td>Vijaya Bank</td>
<td>Public Sector Banks</td>
<td>47959</td>
<td>93498</td>
<td>141457</td>
<td>84333</td>
<td>59.62%</td>
<td>141457</td>
<td>100%</td>
<td>532.57</td>
</tr>
<tr>
<td>46</td>
<td>Yes Bank Ltd</td>
<td>Private Banks</td>
<td>122</td>
<td>226</td>
<td>348</td>
<td>9</td>
<td>2.59%</td>
<td>0</td>
<td>0%</td>
<td>3.04</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td></td>
<td>12424268</td>
<td>8167957</td>
<td>20592225</td>
<td>3858122</td>
<td>18.74%</td>
<td>18462856</td>
<td>89.66%</td>
<td>178731.83</td>
</tr>
</tbody>
</table>

Table 7.3 depicts the data related to Pradhan Mantri Jan-Dhan Yojana (PMJDY) which are opened in Uttar Pradesh through Public Sector Banks, Private Sector Banks and Regional Rural Banks. After analyzing the data we conclude with that Allahabad Bank is involved in two banking sectors Public and Regional rural Bank, account opened with Allahabad Bank by Public Sector Bank is 758507 out which 560592 is opened in Rural area and 197915 by Urban, which shows that 73.90% of account is opened in rural area and 26.10% by urban area out of which 177570 account seeded with Aadhar that is 23.41% and 750685 were issued RuPay card through Public Sector Bank of Allahabad Bank in same manner in Regional rural area Allahabad Bank, total account opened through regional rural bank is 644015, Rural Account opened is 531129 and 112886. 82.40% account opened in rural area and 17.60% account is opened in urban area. Out of which 55413 accounts is seeded with Aadhar out of them 627010 were issued with RuPay Card issued which is around 97.36%. Andhra Bank working with Public Sector in which total account opened is 66609 out of it 20432 is opened in rural area and 46174 account opened with Urban area. 30.60% account is opened with rural area and 69.40% is opened with urban area out of total account 35071 account is seeded with Aadhar which shows 52.65% and 65389
account are issued RuPay Card which is 98.17%. Axis Bank Ltd, Private Bank total account opened is 40435 out of which 2297 account is opened in rural area and 38138 is opened with urban area. 2974 account is seeded with Aadhar and 39833 of total account is issued RuPay Card. Bank of Baroda Public Sector Banks total account opened 2170729 out of which 1130528 account is opened with rural and 1040201 is opened with urban. Account seeded with Aadhar 216723 and total RuPay card issued 2140899 out of total account opened including both rural and urban area which shows that 98.63% were issued RuPay card till 25/02/2015. Regional Rural Bank of Bank of Baroda total account opened is 739572 out which 624750 and 114822 account with rural and urban area respectively. Total aadhar seeded account is 9142 which is just 1.24% in same manner 680965 are issued RuPay card which 92.08%. Bank of India with Public Sector Bank and Regional Rural Bank, total account opened with Public Sector Bank is 876499 out of which 355731 account is opened with rural bank and 520768 account with urban area. Total Aadhar Seeded account is 467026 which are 53.28% and RuPay Card issued to 853751 which is 97.40%. Regional Rural Bank total account opened under this scheme is 752478 out of which 620601 is opened in rural area and 131877 in Urban. 28765 account is Aadhar seeded account
and 732697 account holder are issued RuPay Card that is around 97.37%.
Bank of Maharashtra, public sector banks total account opened 67217 out
of which 30133 opened in rural area and 37084 opened in urban.
Amongst 18644 account are seeded with Aadhar and 66366 account were
issued with RuPay Card which is 98.73%. Public Sector Bank, Bhartiya
Mahila Bank which opened 3445 account under this scheme there is no
any account in rural area and total account has been opened in Urban area
only, out of 1219 account has been seeded with Aadhar which 35.38% .
Canara Bank Public Sector Bank which opened account under scheme is
718196, Rural areas account opened is 468048 and Urban area account is
250148. Out of this 254761 account is seeded with Aadhar and 718196
accounts which are opened under this scheme is issued RuPay Card which
shows 100% . Central Bank of India is another public sector bank which
has opened 680011 account under this scheme under this 497042 account
is Rural account and 182969 is Urban account which reflect that 73.10%
of account is opened by rural area and 26.90% by Urban in same way
total account seeded by Aadhar under scheme is 105252 which reflect
just 15.48% account are seeded by the Aadhar. 592512 account are issued
with RuPay card which result 87.13%. City Union Bank is one of the
Private Bank which involve under this scheme total account opened under
this scheme is 634, which are particularly with Urban area only out this 264 account are seeded with Aadhar which depict 41.64% account are seeded with Aadhar and no RuPay card has been issued under to any of the account holder till 25/02/2015. Corporation Bank one of the Public Sector Banks which has opened 202269 total accounts 99161 is Rural Account and 103108 is urban accounts out of total account only 54790 accounts are seeded with Aadhar which means only 27.09% of account has been seeded with Aadhar and 189995 accounts are issued RuPay card which result 93.93%. Dena Bank also one of the public sector bank which involve with this scheme total account opened under scheme is 93681 out of it 34158 and 59523 account opened by Rural and Urban respectively. Total account which is seeded with the Aadhar is 24873 which shows 26.55% and 90243 account holder are issued with RuPay Card 96.33% of account holder are issued with RuPay card. Federal Bank Ltd. is one of the Private Bank which has opened total 3155 accounts out of total account 1721 is Rural account and 1434 account is Urban account just only 178 accounts are seeded with Aadhar and 3107 are issued with RuPay which 98.48%. HDFC Bank Ltd. is private bank which has opened 82746 accounts out of which 6791 is by Rural Areas and 75955 is Urban accounts. 9477 account holder account is seeded with Aahar which is just
11.45% and in same way 82744 account holder whom RuPay Card is issued. Which depict 100% RuPay card issued. ICICI Bank Ltd. is one of the private banks which has opened total 31913 accounts out of total 15606 account is opened in Rural and 16307 account is opened in Urban Area out of total account 2580 accounts are seeded with Aadhar and 31711 accounts are issued with RuPay Card, 99.37% account holder are issued RuPay Card. IDBI Bank Ltd. one of the Public Sector Banks which has opened total 58173 account under this scheme 15657 and 42516 Rural and Urban Account respectively. 2594 account is seeded with Aadhar and 57842 account holder are issued with RuPay Card which reflect 99.43% account holder are issued with RuPay Card. Indian Bank, public sector banks which has opened 155376 out which 84458 in Rural and 70918 in Urban account. Aadhar seeded account is 24796 which is 15.96% of total account opened. 147968 accounts has been issued RuPay card which is 95.23%. Indian Overseas Bank is public sector banks which has opened 285497 under this scheme 79168 is rural account and 206329 is urban account which reflect that account opened by urban is more than rural account. 68071 accounts has been seeded with Aadar which is 23.84% in same way total account holder whom RuPay card has been issue is 277115 which cover 97.06%. IndusInd Bank Ltd. is private bank
which has opened 66756 accounts under this scheme. 98.20% of account is opened in Urban area just 1.80% of account is opened in rural area. Aadhar seeded account is 3840 which is 5.75% in same way 66722 number of account holder are issued with RuPay card is 66722 which reflect 99.95%. Jammu& Kashmir Bank Ltd is private banks which has opened total 4361 accounts under this scheme and none of the account is Aadhar seeded and around 2053 account holders are issued with RuPay Cards which 47.08% . Karur Vysya Bank Ltd is private bank which has account with Urban area only which count number of account holder is 253. Only 88 accounts is Aadhar seeded and 231 account holders are issued with RuPay which is 91.30%. Kotak Mahindra Bank Ltd. is private bank which has opened total account 3393 out of which just 99 accounts opened with rural area and 3294 account with urban areas only 661 account has been seeded with Aadhar which shows 19.48%. RuPay card has been issued to 2235 account holder which is 65.87%. Lakshmi Vilas Bank Ltd Private Banks which has opened just 75 under this scheme and these entire in urban out of this 26 accounts were seeded with Aadhar and 55 account holders are issued with RuPay Cards which is 73.33%. Oriental Bank of Commerce opened 499572 accounts out of total 316888 accounts are of rural area and 182684 accounts of urban areas. 60444
accounts are seeded with Aadhar and its 12.10% ,487050 accounts are issued RuPay cards which means around 97.49% account holders are issued with RuPay cards. Punjab & Sind Bank has opened 249268 under this scheme Aadhar seeded account is 33298 which is just 13.36% Bank has issued RuPay card to 238544 accounts holders which is 95.70%. Punjab National Bank Public Sector Bank which has opened around 1817196 out of it 1477071 accounts are open in rural area and 340125 account in Urban areas. Account which seeded with Aadhar is 642627 which reflect 35.36% of total account is seeded with Aadhar. RuPay card has been issued by Punjab National Bank is 1680922 account holders which reflect 92.50%. Punjab National Bank, Regional Rural Banks which opened 434806 out of these 325241 accounts are opened in rural area and 109565 accounts in urban areas. Total account opened with Aadhar Seeded is 30156 which shows 6.94% of total account. Bank has issued RuPay card to 65620 account holders which reflect72.44%. State Bank of Bikaner& Jaipur, public sector banks which has opened total account under this scheme is 17533 out of total 912 account belong to rural area and 16621 account to urban. Bank has opened 9616 Aadhar seeded account which is 54.85% Bank has been issued 15294 its around 87.23%. State Bank of Hyderabad which is Public Sector Bank has
opened 6791 out of these 1336 account are opened in rural area and 5455 account opened in urban area. Aadhar seeded account is 3208 which is 47.24% and bank has issued RuPay card to 6738 account holders which is 99.22%. State Bank of India one of the biggest public sector bank of India, under this scheme this bank has opened 4890557 accounts out of this 1840436 account are opened in Rural area and 3050121 number of account is opened in Urban areas. Which shows that 37.70% of total account deals with Rural areas accounts. 62.30% of the account is deals with Urban areas. 851671 number of the account is seeded with Aadhar which is just 17.41%. State Bank of India has issued RuPay cards to 4389622 which is 89.76%. State Bank of India(Regional Rural Bank) has opened 482679 out of this 474262 account are opened in rural areas and 8417 accounts are opened in Urban areas. Total Aadhar seeded accounts is 60023 which is just 12.44% in same way 14618 account holder are issued with RuPay Cards, only 3.03% account holder are issued with RuPay cards. State of Bank of Mysore is one of the Public Sector Banks which has opened 803 accounts no any rural account all account is from urban. 342 accounts are seeded with Aadhar cards and 694 accounts are issued with RuPay cards, which result 86.43% of accounts. State Bank of Patiala, Public Sector Banks under this scheme bank has opened 74167
accounts, 14586 accounts is opened in Rural areas and 59584 accounts is opened in Urban areas. 13029 is accounts is seeded with Aadhar which is 17.57% out of all 72666 accounts are issued with RuPay cards. 97.98% of the accounts are issued with RuPay cards. State Bank of Travancore is Public Sector Bank which has opened 1471 accounts has been opened. 269 and 1202 accounts are opened in Rural and Urban respectively. 594 accounts of are seeded with Aadhar and 1377 account holders are issued with RuPay cards. Syndicate Bank one of Public sector bank which has opened 573649 account under this scheme. Total account seeded with Aadhar is 110241 which is just 19.22% and 556017 account holders are issued by RuPay cards which is 96.93% of total accounts. Syndicate working as Regional Rural Bank has opened 292549 account out this 262874 account has been opened in rural area and 29675 account in urban areas. 17740 accounts has been seeded with Aadhar and 258455 account holder has been issued with RuPay Cards which lead 88.35%. UCO Bank public sector bank working under this scheme this bank has opened 359065 accounts till 25/02/2015. 158070 and 200995 accounts from rural and urban areas respectively. 44.02% account from rural and 55.97% accounts from urban.207667 accounts are seeded with Aadhar which 57.845% and 337129 account are issued with RuPay Cards which is
93.89%. Union Bank of India is one public sector bank which has opened total account under this scheme around 1543868 accounts out of this 1299972 account belong to rural areas and 243896 accounts belong to urban areas. 122425 account of them are seeded with Aadhar which is just 7.93% and 1509843 account holder are issued with RuPay Cards which result 97.80% . Union Bank of India (Regional Rural Bank) has opened 553905 accounts of them 443551 accounts are with rural areas and 110354 accounts with Urban, none of the account has been seeded with Aadhar. 358202 account holders are issued with RuPay cards which are 64.67%. United Bank of India is Public Sector Bank which has opened 144859 accounts under this scheme out of this 27915 accounts are opened in rural areas and 116944 accounts in urban areas. 45139 accounts are seeded with Aadhar which is 31.16% Bank has issued 103618 account holder RuPay Cards which is 71.53%. Vijaya Bank, public sector bank which has opened 141457 accounts under this scheme out total account 47959 accounts are opened in rural areas and 93498 accounts are opened in urban areas. 84333 accounts are seeded with Aadhar which is 59.62% and 14157 account are issued with RuPay cards which result 100%. Yes bank ,Private bank which has opened 348 account till 25/02/2015 under this scheme, just 122 accounts from rural and 226 from urban just 9
accounts are seeded with Aadhar no account were issued RuPay cards till 25/02/2015.

After analyzing we concluded that there are around 27 Public sectors Banks which involve with PMJDY in same manner 12 Private Banks and 7 Regional Rural Banks In PMJDY State Bank of India is leading Public Sector Bank in which 4890557 account has opened till 25/02/2015. HDFC Bank Ltd is leading bank in Private Sector to open account under PMJDY which figure 82746 and Bank of India in Regional Rural Bank which figure 752478 till 25/02/2015. If we analyze we observe that public sector bank is leading banks in PMDJY. Public Sector Bank covers around 79.91% of account which are opened under PMJDY; Rural Banks cover around 18.93% and 1.1448% by Private Banks. If we analyze account opened under PMJDY in urban and rural are 7344586 in Urban by Public Sector Bank 205775 by Private Sector Bank in Urban Areas in same manner 617596 by Regional Rural Bank in Urban Area. If we look over the rural area 9111879 account opened by public sector bank, 29981 by private bank and 3282408 by Regional Rural Bank, after analyzing we concluded that Public Banks involve in opening account under PMJDY in Urban area is around 35.667% in case of Private bank it has covered around 0.999285% in same way Regional Rural Bank 2.991% in Urban
Areas. We observe that around 44.25% account are opened by Public Bank in Rural Areas in case of Private Bank it has opened around 0.1455% and 15.94% Regional Rural Bank. Account Seeded with Aadhar by Public Banks are 3636024 in same way Regional Rural Bank, Aadhar seeded account number is 201239, Private Banks has opened 20859 account which are Aadhar Seeded account till 25/02/2015. If we look over the data we can see that 94.24% of Aadhar Seeded account has been opened with Public Sector Bank, 5.215% of total aadhar seeded account has been opened by Regional Rural Bank and 0.0540% of total Aadhar Seeded account has been opened with Private Bank till 25/02/2015. In order to make the payment systems more effective account holder are provide RuPay Card which lead financial inclusion programme for both rural and urban account holder. We have observe that total number of account holder till 25/02/2015 with public sector bank is 16456465 out which 15495376 account holder are issued with RuPay Card which lead huge number in terms of percentage its around 94.20%. In case of Private Bank total account opened is 235756 out of which 229913 account holder are issued RuPay cards which is around 97.50% in same manner if we go through the data of Regional Rural Bank total number of account opened is 3900004 and RuPay issued is 2737567 which is around 70.20%.
## Progress under Microfinance - Savings of SHGs with Banks Agency during last five year Since2009-14 in Uttar Pradesh

_Amount in lakh_

<table>
<thead>
<tr>
<th>Year</th>
<th>Commercial Banks</th>
<th>Regional Rural Banks</th>
<th>Cooperative Banks</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. of SHGs</td>
<td>Saving Amount</td>
<td>No. of SHGs</td>
<td>Saving Amount</td>
</tr>
<tr>
<td>2009-10</td>
<td>189374</td>
<td>16666.25</td>
<td>237942</td>
<td>9567.55</td>
</tr>
<tr>
<td>2010-11</td>
<td>205734</td>
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<td>248167</td>
<td>28903.99</td>
</tr>
<tr>
<td>Total</td>
<td>873875</td>
<td>107587.42</td>
<td>1249926</td>
<td>73694.33</td>
</tr>
</tbody>
</table>

*Source: Status of Microfinance in India 2009-14*
For Commercial Bank

Average

Average Number of SHGs $\bar{X} = \frac{\text{Sum of all observations (Sum Total of SHGs during the years)}}{\text{Number of Observations (Number of Years)}}$

$$\frac{873875}{5} = 174775$$

Average Number of SHGs is 174775

Average Saving Amount $\bar{X} = \frac{\text{Total Saving Amount During the Years}}{\text{Number of Years}}$

$$\frac{107587.42}{5} = 21517.484$$

Average Amount of Saving is 21517.484

Standard Deviation (SD)

Standard Deviation of Number of SHGs $(\sigma) = \sqrt{\frac{\sum x^2}{N-1}}$ or $\sqrt{\frac{\sum (x - \bar{X})^2}{N-1}}$

$$= \frac{4117717984}{4} = 32084.72372$$

Standard Deviation of Saving Amount $(\sigma) = \sqrt{\frac{\sum (X - \bar{X})^2}{N-1}}$

$$= \frac{11377765613}{4} = 5333.33048$$
Coefficient of Variation (CV)

Coefficient of Variation (CV) in No. of SHGs \( \frac{\sigma}{\bar{x}} \times 100 \)

\[
= \frac{32084.7237}{174775} \times 100 = 18.3577 \%
\]

Coefficient of Variation (CV) in Amount of Saving \( \frac{\sigma}{\bar{x}} \times 100 \)

\[
= \frac{5333.33048}{21517.484} \times 100 = 24.786\%
\]

CAGR (%)

\[
CAGR\text{ of No. of SHGs} = \left( \frac{\text{Ending Value}}{\text{Starting Value}} \right)^{\frac{1}{n}} - 1
\]

\[
= \left( \frac{130126}{189374} \right)^{\frac{1}{5}} - 1
\]

\[= -7.2297\]

\[
CAGR\text{ of Total Amount of Saving of SHGs} = \left( \frac{\text{Ending Value}}{\text{Starting Value}} \right)^{\frac{1}{n}} - 1
\]

\[
= \left( \frac{14918}{16666.25} \right)^{\frac{1}{5}} - 1
\]

\[= -2.1907\]

For Regional Rural Banks

Average

Average Number of SHGs \( \bar{X} \) = \frac{\text{Sum of all observations (Sum Total of SHGs during the years)}}{\text{Number of Observations (Number of Years)}}

\[
= \frac{1249926}{5} = 249985.2
\]

Average Number of SHGs is 249985.2
Average Saving Amount \( \bar{X} \) = \frac{\text{Total Saving Amount During the Years}}{\text{Number of Years}}

\[
\begin{align*}
\bar{X} &= \frac{73694.33}{5} = 14738.866 \\
\text{Average Amount of Saving is 14738.866}
\end{align*}
\]

**Standard Deviation (SD)**

Standard Deviation of Number of SHGs \( \sigma \) = \sqrt{\frac{\sum x^2}{N - 1}}

\[
\begin{align*}
\sigma &= \sqrt{\frac{48713462280}{4}} = 11035.5632
\end{align*}
\]

Standard Deviation of Saving Amount \( \sigma \) = \sqrt{\frac{\sum (X - \bar{X})^2}{N - 1}}

\[
\begin{align*}
\sigma &= \sqrt{\frac{26728734385}{4}} = 8174.46247
\end{align*}
\]

**Coefficient of Variation (CV)**

Coefficient of Variation (CV) in No. of SHGs \( \frac{\sigma}{\bar{x}} \times 100 \)

\[
\begin{align*}
\frac{11035.5632}{249985.2} \times 100 = 4.414 \%
\end{align*}
\]

Coefficient of Variation (CV) in Amount of Saving \( \frac{\sigma}{\bar{x}} \times 100 \)

\[
\begin{align*}
\frac{8174.46247}{14738.866} \times 100 = 55.4619 \%
\end{align*}
\]

**CAGR (%)**
\[ CAGR_{\text{of No. of SHGs}} = \left( \frac{\text{Ending Value}}{\text{Starting Value}} \right)^{\frac{1}{n}} - 1 \]

\[ = \left( \frac{248167}{237942} \right)^{\frac{1}{5}} - 1 \]

\[ = 0.8450 \]

**CAGR (%)**

\[ CAGR_{\text{of Saving Amount}} = \left( \frac{\text{Ending Value}}{\text{Starting Value}} \right)^{\frac{1}{n}} - 1 \]

\[ = \left( \frac{28903.99}{9567.55} \right)^{\frac{1}{4}} - 1 \]

\[ = 24.74 \]

**For Cooperative Banks**

**Average**

Average Number of SHGs \( \bar{X} = \frac{\text{Sum of all observations (Sum Total of SHGs during the years)}}{\text{Number of Observations (Number of Years)}} \)

\[ = \frac{30502}{5} = 6100.4 \]

Average Number of SHGs is 1189384.6

Average Saving Amount \( \bar{X} = \frac{\text{Total Saving Amount During the Years}}{\text{Number of Years}} \)

\[ = \frac{1332.94}{5} = 266.588 \]

Average Amount of Saving is 122765.248

**Standard Deviation (SD)**

Standard Deviation of Number of SHGs \( \sigma = \sqrt{\frac{\sum x^2}{N-1}} \) or \( \sqrt{\frac{\sum (x - \bar{X})^2}{N-1}} \)

\[ = \sqrt{\frac{65357355.2}{4}} = 4042.1948 \]

Standard Deviation of Saving Amount \( \sigma = \sqrt{\frac{\sum (x - \bar{X})^2}{N-1}} \)
\[
\sqrt{\frac{167346.61}{4}} = 204.5401
\]

**Coefficient of Variation (CV)**

Coefficient of Variation (CV) in No. of SHGs \( = \frac{\sigma_s}{\bar{x}} \times 100 \)

\[
= \frac{4042.1948}{6100.4} \times 100 = 66.26\%
\]

Coefficient of Variation (CV) in Amount of Saving \( = \frac{\sigma_s}{\bar{x}} \times 100 \)

\[
= \frac{204.5401}{266.588} \times 100 = 76.725\% 
\]

**CAGR (%)**

\[
CAGR_{\text{of No. of SHGs}} = \left( \frac{\text{Ending Value}}{\text{Starting Value}} \right)^{\frac{1}{n}} - 1
\]

\[
= \left( \frac{977}{2444} \right)^{\frac{1}{5}} - 1
\]

\[
= -16.75
\]

**CAGR (%)**

\[
CAGR_{\text{of Saving Amount}} = \left( \frac{\text{Ending Value}}{\text{Starting Value}} \right)^{\frac{1}{n}} - 1
\]

\[
= \left( \frac{35.89}{230.23} \right)^{\frac{1}{5}} - 1
\]

\[
= -31.0
\]
Table 7.4: Progress under Microfinance - Savings of SHGs with Banks Agency during last five years Since 2009-14 in Uttar Pradesh

Amount in lakhs

<table>
<thead>
<tr>
<th>Year</th>
<th>Commercial Banks</th>
<th>Regional Rural Banks</th>
<th>Cooperative Banks</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. of SHGs</td>
<td>Saving Amount</td>
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<td>73694.33</td>
</tr>
<tr>
<td>Mean</td>
<td>174775</td>
<td>21517.48</td>
<td>249985.2</td>
<td>14738.86</td>
</tr>
<tr>
<td>SD</td>
<td>32084.72372</td>
<td>5333.33048</td>
<td>11035.56323</td>
<td>8174.462427</td>
</tr>
<tr>
<td>Skewness</td>
<td>-0.725667454</td>
<td>-0.5556275</td>
<td>0.61443723</td>
<td>1.92649801</td>
</tr>
<tr>
<td>CAGR (%)</td>
<td>-7.229746038</td>
<td>-2.19070434</td>
<td>0.84504976</td>
<td>24.7473738</td>
</tr>
</tbody>
</table>

Source: Status of Microfinance in India 2009-14
Table 7.4 depicts the saving of ‘SHGs with Bank Agency. The Bank agencies are classified into three type’s viz. Commercial Bank, Regional Rural Development and Cooperative Banks. Data in table shows that since 2009 total number of SHGs which got saving with commercial bank is 873875 and total saving which accumulated with commercial bank is 107587.42(lakh). In same manner if we look the average number of SHGs since 2009 till 2014 is 174775 and in terms of money then mean value is calculated for last five year with commercial bank is 21517.484. Standard Deviation of the number of SHGs and total saving with commercial bank is 32084.72372 and 5333.330482 respectively. Coefficient variance (CV) of the Commercial Bank is in terms of number of SHGs is 18.36 % and in the saving amount is 24.7860 %. Compound Annual Growth Rate which in terms of number of SHGs stood negative which depict there no effective growth in number of SHG in terms of annual growth of the number of SHG and value is -7.2297 and in the saving habit of SHGs with commercial bank is -2.1907 % annually. Now if we go through the data of Regional Rural bank then we can see that Mean of the Number of SHG with Regional Rural Bank stood 249985.2 and saving mean with RRB is 14738.866, if we look over the standard deviation we observed 11035.5632 for the number of SHG involved with RRB and in terms of saving with RRB is resulted 8174.4624 .CV of the RRB in terms of the
No. of SHGs is 4.41 while in amount it is 55.46. If we see CAGR of RRB in terms of No. of SHGs and saving amount is 0.84% and 24.74% respectively. Now third is Cooperative Bank data which depict No. of SHG’s and saving amount in terms of mean is 6100.4 and 266.588 and Standard Deviation in No. of the SHGs and saving amount 4042.1948 and 204.540.CV for No. of the SHG and saving amount 66.2611 and 76.7251 respectively. The CAGR for Cooperative Banks, No. of the SHGs and saving amount -16.75% and -31.04% respectively.

| Table 7.5 : Correlation between Total No. of the SHGs and Total Saving with Banks in Uttar Pradesh |
|-----------------|-----------------|-----------------|
|                 | No. of the SHGs | Total Saving Amount |
| No. of the SHGs | Pearson Correlation | 1 | -.424 |
|                 | Sig. (2-tailed) | .477 |
| N               | 5 | 5 |
| Total Saving Amount | Pearson Correlation | -.424 | 1 |
|                 | Sig. (2-tailed) | .477 |
| N               | 5 | 5 |

Source: Calculation based on SPSS Statistical Software

Table 7.5 depicts the correlation between the Total No. of the SHGs and Total Saving Amount since 2009 in Uttar Pradesh. Coefficient of
Correlation (r) is used to measures the inter-relationship between variable. The correlations among the variables are determined using SPSS software the value of r (-0.424) which shows the negative relationship between the Total No. of the SHGs and the Total Saving amount. Now when we talk about the significance of relationship, the test statistic rejected (p>0.05) which is observed 0.477, it means the microfinance has made impact not only in India but in Uttar Pradesh also.

**Chart 7.2: No. of the SHGs and Saving Amount with Commercial Banks (2009-14)**

![Chart showing the relation of No. of the SHGs and Saving amount with commercial banks since 2009. In 2009-10 there was 189374 No. of the SHGs and 16666.25(Lakh) of the saving with commercial bank, in 2010-11 No. of the SHGs and saving both increase with 8.63% and 55.36% respectively. In year 2011-12 No. of the SHGs and Saving](chart.png)
amount increased by 4.66 and 1.10% respectively in comparison with 20010-11. In same manner in 2012-13 there is increment in No. of the SHGs by 22.24% and decrement by 8.9% in saving. In year 2013-14 there is decrement in both by 14.67 and 37.65% respectively.

Chart 7.3: No. of the SHGs and Saving Amount with Regional Rural Banks (2009-14)

Chart 7.3: Chart shows the SHGs and Saving with Regional Rural Bank, 2009-10 there was 237942 SHG and saving 9567.55 (lakh) .In years 2010-11 SHGs increased by 7.38 and saving by 5.98%. In year, 2011-12,SHGs increased by 4.04% and saving by 2.65%. In year 2012-13 there is fall in SHGs by 8.79% and increment 40.95% in saving amount. In year, 2013-14 SHGs increased by 2.35% and saving 96.98%.
Chart 7.4: No. of the SHGs and Saving Amount with Cooperative Banks (2009-14)

Chart 7.4: This Chart shows the No. of the SHGs and Saving amount with Cooperative Banks since 2009. In year 2009-10 there was 2444 SHGs and 230.33(lakh) saving, which increased by 264.77% and 2.47% respectively in year 2010-11. In year 2011-12 SHGs increased by 3.14% and saving decline by 1.79%. In year 2012-13, SHGs decline by 2.43% and saving raised by 158.64%. In year 2013-14 SHGs decline by 89.10% and saving by 94.01%.
Progress under Microfinance – Loan Disbursed to SHGs with Banks Agency during last five year Since 2009-14 in Uttar Pradesh

(Amount in lakh)

<table>
<thead>
<tr>
<th>Year</th>
<th>Commercial Banks</th>
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<th>Cooperative Banks</th>
<th>Total</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>No. of SHGs</td>
<td>Loans disbursed Amount</td>
<td>No. of SHGs</td>
<td>Loans disbursed Amount</td>
</tr>
<tr>
<td>2009-10</td>
<td>16906</td>
<td>18649.40</td>
<td>23930</td>
<td>22274.73</td>
</tr>
<tr>
<td>2010-11</td>
<td>12949</td>
<td>18408.34</td>
<td>13988</td>
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<td>10765</td>
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<td>15042.51</td>
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<tr>
<td>Total</td>
<td>73134</td>
<td>97199.56</td>
<td>85093</td>
<td>104345.36</td>
</tr>
</tbody>
</table>

Source: Status of Microfinance in India 2009-14
For Commercial Bank

**Average**

Average Number of SHGs \[ \bar{X} = \frac{\text{Sum of all observations (Sum Total of SHGs during the years)}}{\text{Number of Observations (Number of Years)}} \]

\[ = \frac{73134}{5} = 14626.8 \]

Average Number of SHGs is 14626.8

Average Loan Disbursed Amount \[ \bar{X} = \frac{\text{Total Loan Disbursed Amount During the Years}}{\text{Number of Years}} \]

\[ = \frac{97199.56}{5} = 19439.912 \]

Average Amount of Loan Disbursed is 19439.912

**Standard Deviation (SD)**

Standard Deviation of Number of SHGs \( \sigma = \sqrt{\frac{\sum x^2}{N-1}} \text{ or } \sqrt{\frac{\sum (X-\bar{X})^2}{N-1}} \)

\[ = \sqrt{\frac{2926941680}{4}} = 2705.06085 \]

Standard Deviation of Loan Disbursed Amount \( \sigma = \sqrt{\frac{\sum (X-\bar{X})^2}{N-1}} \)

\[ = \sqrt{\frac{5492237.90}{4}} = 1171.776205 \]

**Coefficient of Variation (CV)**

Coefficient of Variation (CV) in No. of SHGs \( = \frac{\sigma}{\bar{X}} \times 100 \)

\[ = \frac{2705.06085}{14626.8} \times 100 = 18.49 \% \]
Coefficient of Variation (CV) in Amount of Loan Disbursed = \( \frac{\sigma}{x} \times 100 \)

\[ = \frac{1171.776205}{19439.912} \times 100 = 6.027\% \]

**CAGR (%)**

\[ CAGR of \ \text{No. of SHGs} = \left( \frac{\text{Ending Value}}{\text{Starting Value}} \right)^{\frac{1}{n}} - 1 \]

\[ = \left( \frac{10765}{16906} \right)^{\frac{1}{5}} - 1 \]

\[ = -8.631 \]

\[ CAGR of \ \text{Loan Disbursed Amount} = \left( \frac{\text{Ending Value}}{\text{Starting Value}} \right)^{\frac{1}{n}} - 1 \]

\[ = \left( \frac{19443.38}{18649.40} \right)^{\frac{1}{5}} - 1 \]

\[ = 6.0276 \]

**For Regional Rural Banks**

**Average**

\[ \text{Average Number of SHGs} \ [\bar{X}] = \frac{\text{Sum of all observations (Sum Total of SHGs during the years)}}{\text{Number of Observations (Number of Years)}} \]

\[ = \frac{85093}{5} = 17018.6 \]

Average Number of SHGs is 17018.6

\[ \text{Average Loan Disbursed Amount} \ [\bar{X}] = \frac{\text{Total Loan Disbursed Amount During the Years}}{\text{Number of Years}} \]

\[ = \frac{104345.36}{5} = 20869.72 \]

Average Amount of Loan Disbursed is 20869.072
Standard Deviation (SD)

Standard Deviation of Number of SHGs ($\sigma$) = \( \sqrt{\frac{\sum x^2}{N-1}} \) or \( \sqrt{\frac{\sum (x - \bar{x})^2}{N-1}} \)

\[ \frac{\sqrt{66478743.20}}{4} = 4076.72486 \]

Standard Deviation of Loan Disbursed Amount ($\sigma$) = \( \sqrt{\frac{\sum (x - \bar{x})^2}{N-1}} \)

\[ \frac{\sqrt{55844580.64}}{4} = 3736.46158 \]

Coefficient of Variation (CV)

Coefficient of Variation (CV) in No. of SHGs = \( \frac{\sigma}{x} \times 100 \)

\[ \frac{4076.72488}{17018.6} \times 100 = 23.955\% \]

Coefficient of Variation (CV) in Amount of Loan Disbursed = \( \frac{\sigma}{x} \times 100 \)

\[ \frac{3736.46158}{20869.072} \times 100 = 17.90\% \]

CAGR (%)

CAGR of No. of SHGs = \( \left( \frac{\text{Ending Value}}{\text{Starting Value}} \right)^{\frac{1}{n}} - 1 \)

\[ \left( \frac{16668}{23930} \right)^{\frac{1}{6}} - 1 \]

\[ = -0.9774 \]

CAGR of Loan Disbursed Amount = \( \left( \frac{\text{Ending Value}}{\text{Starting Value}} \right)^{\frac{1}{n}} - 1 \)
= \left( \frac{15042.51}{22274.73} \right)^{\frac{1}{2}} - 1

= -7.5511

For Cooperative Banks

Average

\text{Average Number of SHGs } [\bar{X}] = \frac{\text{Sum of all observations (Sum Total of SHGs during the years)}}{\text{Number of Observations (Number of Years)}}

= \frac{8150}{5} = 1630

Average Number of SHGs is 1630

\text{Average Loan Disbursed Amount } [\bar{X}] = \frac{\text{Total Loan Disbursed Amount During the Years}}{\text{Number of Years}}

= \frac{3423.53}{5} = 684.706

Average Amount of Loan Disbursed is 684.706

Standard Deviation (SD)

\text{Standard Deviation of Number of SHGs } (\sigma) = \sqrt{\frac{\sum x^2}{N-1}} \text{ or } \sqrt{\frac{\sum (x - \bar{X})^2}{N-1}}

= \sqrt{\frac{5873158}{4}} = 1211.72996

\text{Standard Deviation of Loan Disbursed Amount } (\sigma) = \sqrt{\frac{\sum (X - \bar{X})^2}{N-1}}

= \sqrt{\frac{1311363.16}{4}} = 572.5738
Coefficient of Variation (CV)

Coefficient of Variation (CV) in No. of SHGs \[ = \frac{\sigma_x}{\bar{x}} \times 100 \]
\[ = \frac{1211.72996}{1630} \times 100 = 74.33\% \]

Coefficient of Variation (CV) in Amount of Loan Disbursed \[ = \frac{\sigma_y}{\bar{y}} \times 100 \]
\[ = \frac{572.573}{684.706} \times 100 = 83.6233\% \]

CAGR (%)

\[ CAGR \text{ of No. of SHGs} = \left( \frac{\text{Ending Value}}{\text{Starting Value}} \right)^{\frac{1}{n}} - 1 \]
\[ = \left( \frac{241}{1800} \right)^{\frac{1}{5}} - 1 \]
\[ = -33.11 \]

\[ CAGR \text{ of Loan Disbursed Amount} = \left( \frac{\text{Ending Value}}{\text{Starting Value}} \right)^{\frac{1}{n}} - 1 \]
\[ = \left( \frac{2.05}{1492.05} \right)^{\frac{1}{5}} - 1 \]
\[ = -73.233 \]
# Table 7.6: Progress under Microfinance – Loan Disbursed to SHGs with Banks Agency during last five year Since2009-14 in Uttar Pradesh

(Amount in lakh)

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<td>20869.072</td>
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<td>SD</td>
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<td>23.95452556</td>
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<td>CAGR (%)</td>
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<td>0.837339807</td>
<td>-6.977467541</td>
<td>-7.55113747</td>
</tr>
</tbody>
</table>

Source: Status of Microfinance in India 2009-14
Table 7.6 depicts the loan disbursed amount to ‘SHGs with Bank Agency. The Bank agencies are classified into three type’s viz. Commercial Bank, Regional Rural Development and Cooperative Banks. Data in table shows that since 2009 total number of SHGs which received loan with commercial bank is 73134 and total loan disbursed by commercial bank to SHGs is 97199.56(lakh). In same manner if we look the average number of SHGs since 2009 till 2014 is 14626.8 and in terms of money then mean value is calculated for last five year with commercial bank is 19439.912. Standard Deviation of the number of SHGs and total loan disbursed with commercial bank is 2705.06 and 1171.77 respectively. Coefficient variance (CV) of the Commercial Bank is in terms of number of SHGs is 18.49 % and in the loan disbursed amount is 6.027 %. Compound Annual Growth Rate which in terms of number of SHGs stood negative which depict there no effective growth in number of SHG in terms of annual growth of the number of SHG and value is -8.63% and loan disbursed amount to SHGs with commercial bank is 0.8373 % annually. Now if we go through the data of Regional Rural bank then we can see that Mean of the Number of SHG with Regional Rural Bank stood 17018.6 and loan mean with RRB is 20869.072, if we look over the standard deviation we observed 4076.724886 for the number of SHG involved with RRB and in terms of loan disbursed with RRB is resulted
3736.461583. CV of the RRB in terms of the No. of SHGs is 23.95 while in loan amount it is 17.90. If we see CAGR of RRB in terms of No. of SHGs and loan disbursed amount is -6.9% and -7.55% respectively. Now third is Cooperative Bank data which depict No. of SHG’s and loan disbursed amount in terms of mean is 1630 and 684.706. Standard Deviation in No. of the SHGs and loan disbursed amount 1211.72996 and 572.5738285. CV for No. of the SHG and loan disbursed amount 74.33 and 83.62 respectively. CV for the Cooperative Banks, No. of the SHGs and loan disbursed amount -33.11 % and -73.23% respectively.

**Table 7.7 Correlation between Total No. of the SHGs and Total Loan with Banks in Uttar Pradesh**

<table>
<thead>
<tr>
<th></th>
<th>No. of SHGs</th>
<th>Total Loan Disbursed Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Pearson Correlation</td>
<td>Sig. (2-tailed)</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>N</td>
</tr>
<tr>
<td>No. of SHGs</td>
<td>Pearson Correlation</td>
<td>Total Loan Disbursed Amount</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>N</td>
</tr>
<tr>
<td>Total Loan Disbursed Amount</td>
<td>Pearson Correlation</td>
<td>Sig. (2-tailed)</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>N</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>5</td>
</tr>
</tbody>
</table>

*Source: Calculation based on SPSS Statistical Software*

**Table 7.7** depicts the correlation between the Total No. of the SHGs and Total Loan Disbursed Amount since 2009 in Uttar Pradesh. Coefficient of Correlation (r) is used to measures the inter-relationship between
variable. The correlations among the variables are determined using SPSS software the value of r is 0.613 which shows the positive relationship between the Total No. of the SHGs and the Total Loan Disbursed amount. Now when we talk about the significance of relationship, the test statistic rejected (p>0.05) which is observed 0.271, it means the microfinance has made impact in India as well as in Uttar Pradesh in terms of loan disbursement through Banks.

Chart 7.5: No. of the SHGs and Loan Disbursed Amount with Commercial Banks (2009-14) in Uttar Pradesh

Chart 7.5: It shows the SHGs and Loan disbursed by Commercial Banks in Uttar Pradesh. In year 2009-10, SHG was 16906 and Loan was 18649.4(lakh), in year 2010-11 SHGs increased by 23.40% and loan decreased by 1.29%. In year 2011-12, SHGs increased by 31.09% compare to 2010-11, and loan raised by 16.17%. In year 2012-13 SHGs
decreased by 8.45% and loan disbursed by 9.69%. In year 2013-14 SHGs decreased by 30.72% and loan amount increased by .067%

**Chart 7.6: No. of the SHGs and Loan Disbursed Amount with Regional Rural Bank (2009-14) in Uttar Pradesh**

![Chart 7.6](image)

Chart 7.6: It shows the No. of the SHGs and Loan Disbursed amount by Regional Rural Bank in Uttar Pradesh. In year 2009-10 SHGs was 23930 and loan disbursed is 22274.73(lakh). In year 2010-11 SHG decreased by 41.54% and loan decreased by 11.78%. In year 2011-12 SHGs just increased by 0.04% and Loan disbursed rose by 14.85%. In year 2012-13 SHGs raise by 18% and Loan by 9.94%. In year SHGs just raised by 0.93% and loan decreased by 39.37%.
Chart 7.7: It shows the SHGs and Loan disbursed by Cooperative Bank in Uttar Pradesh, In year 2009-10 there was 1800 SHGs and Loan disbursed by Cooperative Bank is 1492.05(lakh). In year 2010-11, SHGs fall by 17.05% and Loan disbursed amount by 75.32%. In year 2011-12, SHG rose by 136.30% and loan disbursed increased by 59.50%. In year 2012-13 SHGs fall by 69.16% and loan disbursed amount rose by 65.91%. In year 2013-14 SHGs decreased by 77.84% and Loan by 99.78%.
## Progress under Microfinance - Bank Loans outstanding for last five since 2009-14 in Uttar Pradesh

<table>
<thead>
<tr>
<th>Year</th>
<th>Commercial Banks</th>
<th>Regional Rural Banks</th>
<th>Cooperative Banks</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. of SHGs</td>
<td>Loans outstanding Amount</td>
<td>No. of SHGs</td>
<td>Loans outstanding Amount</td>
</tr>
<tr>
<td>2009-10</td>
<td>223422</td>
<td>100504.5</td>
<td>110270</td>
<td>60061.26</td>
</tr>
<tr>
<td>2010-11</td>
<td>108413</td>
<td>102242.24</td>
<td>101433</td>
<td>66028.24</td>
</tr>
<tr>
<td>2011-12</td>
<td>105723</td>
<td>135844.71</td>
<td>102544</td>
<td>65746.54</td>
</tr>
<tr>
<td>2012-13</td>
<td>152501</td>
<td>23928.68</td>
<td>242460</td>
<td>14672.92</td>
</tr>
<tr>
<td>2013-14</td>
<td>97609</td>
<td>114740.1</td>
<td>148802</td>
<td>78913.32</td>
</tr>
<tr>
<td>Total</td>
<td>687668</td>
<td>477260.23</td>
<td>705509</td>
<td>285422.28</td>
</tr>
</tbody>
</table>

*Source: Status of Microfinance in India 2009-14*
For Commercial Bank

**Average**

Average Number of SHGs \( \overline{X} \) = \( \frac{\text{Sum of all observations (Sum Total of SHGs during the years)}}{\text{Number of Observations (Number of Years)}} \)

\[
\overline{X} = \frac{687668}{5} = 137533.6
\]

Average Number of SHGs is 1375336

Average Loan Outstanding Amount \( \overline{X} \) = \( \frac{\text{Total Loan Outstanding Amount During the Years}}{\text{Number of Years}} \)

\[
\overline{X} = \frac{477260.23}{5} = 95452.046
\]

Average Amount of Loan Outstanding is 95452.046

**Standard Deviation (SD)**

Standard Deviation of Number of SHGs \( \sigma \) = \( \sqrt{\frac{\sum x^2}{N-1}} \) or \( \sqrt{\frac{\sum (x-\overline{x})^2}{N-1}} \)

\[
\sigma = \sqrt{\frac{110547376.20}{4}} = 52570.75617
\]

Standard Deviation of Loan Outstanding Amount \( \sigma \) = \( \sqrt{\frac{\sum (x-\overline{x})^2}{N-1}} \)

\[
\sigma = \sqrt{\frac{7190822242.07}{4}} = 42399.35802
\]

**Coefficient of Variation (CV)**

Coefficient of Variation (CV) in No. of SHGs = \( \frac{\sigma}{\overline{x}} \times 100 \)

\[
\frac{52570.75617}{137533.6} \times 100 = 38.22\%
\]

Coefficient of Variation (CV) in Amount of Loan Outstanding = \( \frac{\sigma}{\overline{x}} \times 100 \)

\[
\frac{42399.35802}{95452.046} \times 100 = 44.419\%
\]

**CAGR (%)**
\[
CAGR \text{ of No. of SHGs} = \left( \frac{\text{Ending Value}}{\text{Starting Value}} \right)^\frac{1}{n} - 1
\]

\[= \left( \frac{97609}{223422} \right)^{-\frac{1}{15}} - 1 \]

\[= -15.26\]

\[
CAGR \text{ of Loan Outstanding Amount} = \left( \frac{\text{Ending Value}}{\text{Starting Value}} \right)^\frac{1}{n} - 1
\]

\[= \left( \frac{114740.1}{100504.5} \right)^{-\frac{1}{15}} - 1 \]

\[= 2.6847\]

**For Regional Rural Banks**

**Average**

Average Number of SHGs \([\bar{X}] = \frac{\text{Sum of all observations (Sum Total of SHGs during the years)}}{\text{Number of Observations (Number of Years)}}\)

\[= \frac{705509}{5} = 141101.8\]

Average Number of SHGs is 141101.8

Average Loan Disbursed Amount \([\bar{X}] = \frac{\text{Total Loan Outstanding Amount During the Years}}{\text{Number of Years}}\)

\[= \frac{285422.28}{5} = 57084.456\]

Average Amount of Loan Outstanding is 57084.456

**Standard Deviation (SD)**

Standard Deviation of Number of SHGs \((\sigma) = \sqrt{\frac{\sum x^2}{N-1}} or \sqrt{\frac{\sum (x - \bar{x})^2}{N-1}}\)

\[= \sqrt{\frac{14343695312.80}{4}} = 59882.58368\]
Standard Deviation of Loan Outstanding Amount ($\sigma$) = \[\sqrt{\frac{\sum (x - \bar{x})^2}{N - 1}}\]

\[= \sqrt{\frac{2439122022.93}{4}} = 24693.73414\]

**Coefficient of Variation (CV)**

Coefficient of Variation (CV) in No. of SHGs = \[\frac{\sigma_x}{\bar{x}}\times100\]

= \[\frac{59882.5836}{141101.8}\times100 = 42.43\%\]

Coefficient of Variation (CV) in Amount of Loan Outstanding = \[\frac{\sigma_x}{\bar{x}}\times100\]

= \[\frac{24693.7341}{57084.456}\times100 = 43.258\%\]

**CAGR (%)**

\[CAGR\ of\ No.\ of\ SHGs = \left(\frac{Ending\ Value}{Starting\ Value}\right)^\frac{1}{n} - 1\]

\[= \left(\frac{148802}{110270}\right)^\frac{1}{5} - 1\]

\[= 6.1769\]

\[CAGR\ of\ Loan\ Outstanding\ Amount = \left(\frac{Ending\ Value}{Starting\ Value}\right)^\frac{1}{n} - 1\]

\[= \left(\frac{78913.32}{60061.26}\right)^\frac{1}{5} - 1\]

\[= 5.611\]

**For Cooperative Banks**

**Average**

Average Number of SHGs [$\bar{X}$] = \[\frac{\text{Sum of all observations (Sum Total of SHGs during the years)}}{\text{Number of Observations (Number of Years)}}\]

\[= \frac{23332}{5} = 4666.4\]

Average Number of SHGs is 4666.4

Average Loan Disbursed Amount [$\bar{X}$] = \[\frac{\text{Total Loan Outstanding Amount During the Years}}{\text{Number of Years}}\]

\[= \frac{6071.6}{5} = 1214.32\]

Average Amount of Loan Outstanding is 1214.32
**Standard Deviation (SD)**

Standard Deviation of Number of SHGs ($\sigma$) = \[ \sqrt{\frac{\sum x^2}{N-1}} \] or \[ \sqrt{\frac{\sum (X - \bar{X})^2}{N-1}} \]

\[ = \sqrt{\frac{35408891.20}{4}} = 2975.26853 \]

Standard Deviation of Loan Outstanding Amount ($\sigma$) = \[ \sqrt{\frac{\sum (X - \bar{X})^2}{N-1}} \]

\[ = \sqrt{\frac{5321214.71}{4}} = 1153.3879 \]

**Coefficient of Variation (CV)**

Coefficient of Variation (CV) in No. of SHGs = \[ \frac{\sigma_x}{\bar{x}} \times 100 \]

\[ = \frac{2975.26853}{4666.4} \times 100 = 63.75\% \]

Coefficient of Variation (CV) in Amount of Loan Outstanding = \[ \frac{\sigma_x}{\bar{x}} \times 100 \]

\[ = \frac{1153.3879}{1214.32} \times 100 = 94.98\% \]

**CAGR (%)**

CAGR of No. of SHGs = \[ \left( \frac{\text{Ending Value}}{\text{Starting Value}} \right)^\frac{1}{n} - 1 \]

\[ = \left( \frac{562}{4665} \right)^\frac{1}{5} - 1 \]

\[ = -34.509 \]

CAGR of Loan Outstanding Amount = \[ \left( \frac{\text{Ending Value}}{\text{Starting Value}} \right)^\frac{1}{n} - 1 \]

\[ = \left( \frac{35.25}{3021.74} \right)^\frac{1}{5} - 1 \]

\[ = -58.94 \]
Table 7.8: Progress under Microfinance - Bank Loans outstanding for last five since 2009-14 in Uttar Pradesh

(Amount in lakh)

<table>
<thead>
<tr>
<th>Year</th>
<th>Commercial Banks</th>
<th>Regional Rural Banks</th>
<th>Cooperative Banks</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. of SHGs</td>
<td>Loans outstanding Amount</td>
<td>No. of SHGs</td>
<td>Loans outstanding Amount</td>
</tr>
<tr>
<td>2009-10</td>
<td>223422</td>
<td>100504.5</td>
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<td>60061.26</td>
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</tr>
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<td>97609</td>
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</tr>
<tr>
<td>Total</td>
<td>687668</td>
<td>477260.23</td>
<td>705509</td>
<td>285422.28</td>
</tr>
<tr>
<td>Mean</td>
<td>137533.6</td>
<td>95452.046</td>
<td>141101.8</td>
<td>57084.456</td>
</tr>
<tr>
<td>SD</td>
<td>52570.75617</td>
<td>42399.35802</td>
<td>59882.58368</td>
<td>24693.73414</td>
</tr>
<tr>
<td>CV</td>
<td>38.22393668</td>
<td>44.41953818</td>
<td>42.43927695</td>
<td>43.25824554</td>
</tr>
<tr>
<td>CAGR (%)</td>
<td>-15.26305827</td>
<td>2.684748403</td>
<td>6.176958062</td>
<td>5.611491323</td>
</tr>
</tbody>
</table>

Source: Status of Microfinance in India 2009-14
Table 7.8 depicts the loan outstanding to SHGs by Financial Institution in Uttar Pradesh. The Bank agencies are classified into three type’s viz. Commercial Bank, Regional Rural Development and Cooperative Banks. Data in table shows that since 2009 total number of SHGs and loan outstanding with commercial bank is 687668 and total amount of loan outstanding which accumulated with commercial bank is 477260.23(lakh) (lakh). In same manner if we look the average number of SHGs since 2009 till 2014 is 137533.6 and in terms of money then mean value is calculated for last five year with commercial bank is 95452.046. Standard Deviation of the number of SHGs and total loan outstanding with commercial bank is 52570.75 and 42399.35802 respectively. Coefficient variance (CV) of the Commercial Bank is in terms of number of SHGs is 38.22 and in the loan outstanding amount is 44.41. Compound Annual Growth Rate (CAGR) which in terms of number of SHGs stood negative which depict there no growth in number of SHG in terms of annual growth of the number of SHG which asking for loan which shows positive sign of microfinance activities, and value is -15.26 and in the loan outstanding to SHGs with commercial bank is positive which is 2.68% annually. Now if we go through the data of Regional Rural bank then we can see that the total number of SHGs who did not pay back their loan are 705509 and total amount outstanding loan with SHGs by
Regional Rural Bank is 285422.28 (Lakh) while we observe Mean value of the Number of SHG with Regional Rural Bank(RRB) stood 141101.8 and loan outstanding amount mean with RRB is 57084.456 , if we look over the standard deviation we observed 59882.58368 the number of SHG involved with RRB and in terms of loan outstanding with RRB is resulted 24693.73414. CV of the RRB in terms of the No. of SHGs is 42.44 while in loan outstanding amount it is 43.26. If we see CAGR of RRB in terms of No. of SHGs and loan outstanding amount is 6.18 % and 5.6114 % respectively. Now third is Cooperative Bank data which depict total of No. of SHG’s and total loan outstanding amount are 23332 and 6071.6 (lakh) in terms of mean is 4666.4 and 1214.32. Standard Deviation for No. of the SHGs and loan outstanding amount 2975.26853 and 1153.387913. CV for No. of the SHG and loan outstanding amount are 63.76 and 94.9822 respectively. CAGR for the Cooperative Banks, No. of the SHGs and loan outstanding amount are (-34.50 %) and (-58.9436) % respectively.
Table 7.9 Correlation between Total No. of the SHGs and Total Loan outstanding with Banks (2009-14) in Uttar Pradesh

<table>
<thead>
<tr>
<th></th>
<th>No. of SHGs</th>
<th>Total Loan outstanding Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of SHGs</td>
<td>1</td>
<td>-.861</td>
</tr>
<tr>
<td>Pearson Correlation</td>
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<td></td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.061</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>5</td>
<td>5</td>
</tr>
</tbody>
</table>

<table>
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<th>No. of SHGs</th>
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<td>Pearson Correlation</td>
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<td>.061</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>5</td>
<td>5</td>
</tr>
</tbody>
</table>

Source: Calculation based on SPSS Statistical Software

Table 7.9 depicts the correlation between the Total No. of the SHGs and Total Loan outstanding Amount since 2009. Coefficient of Correlation (r) is used to measures the inter-relationship between variable. The correlations among the variables are determined using SPSS software the value of r (-0.861) which shows the negative relationship between the Total No. of the SHGs and the Total Loan outstanding amount. Now when we talk about the significance of relationship, the test statistic rejected (p>0.05) which is observed 0.61, it means the microfinance has made impact in Uttar Pradesh.
Chart 7.8: It shows the No. of the SHGs and Loan Outstanding Amount with Commercial Bank in Uttar Pradesh. In year 2009-10, it was 223422 SHGs and Loan OS was 100504.5(lakh). In year 2010-11 it decreased by 51.47% in SHGs and Loan OS rose by 1.72%. In year 2011-12 SHGs decreased by 2.48% and Loan OS raised by 32.86%, In year 2012-13 SHGs rose by 44.24% and Loan OS decreased by 82.38%. In year 2013-14 SHGs decreased by 35.995 and Loan OS increased by 379.50%. 
Chart 7.9: In this chart it shows SHGs and Loan OS with RRB in Uttar Pradesh. In 2009-10 SHGs there was 110270 and Loan OS 60061.26(lakh). In year 2010-11 SHGs decreased by 8.01% and Loan OS increased by 9.93%. In year 2011-12 SHGs rose by 1.09% and Loan OS fallen by 0.42%. In year 2012-13 SHGs rose by 136.44% and Loan OS decreased by 77.68%. In year 2013-14 SHGs decreased by 38.62% and Loan OS increase around 437.8%.
Chart 7.10: No. of the SHGs and Loan Outstanding Amount with Cooperative Bank (2009-14)

Chart 7.10: It shows the No. of the SHGs and Loan OS by Cooperative Bank in Uttar Pradesh. In year 2003-10 there was 4665 SHGs and 3021.74(lakh). In year 2010-11 SHGs decreased by 3.85% and Loan OS by 75.24%. In year 2011-12 SHGs increased by 92.96% and Loan Os decreased by 62.21%. In year 2013-14 SHGs fallen by 93.73% and Loan Os also fallen by 94.10%
This Chapter provides summary of the study as well as the conclusion and recommendations reached by the researcher. And assist some useful suggestions based on conclusions obtained from study to improve Microfinancing in India as well as in Uttar Pradesh.

8.1.1 Microfinance is financial services for poor and low-income clients offered by different types of service providers. In general, the term is often used more narrowly to refer to loans and other services from providers that identify themselves as “microfinance institutions” (MFIs). Microfinance is very small loans to unsalaried borrowers, taking little or no collateral security. More over microfinance refers to a movement that envisions a world in which low-income people have permanent access to a range of high quality and affordable financial services offered by financial service providers.

Microfinance is the financial aid which is provided by various financial service providers, but the amount of finance is small and some are interest free and some charge interest for it.

8.1.2 Definition of Microfinance:
Asian Development Bank (ADB) defines microfinance as “the provision of a broad range of financial services such as deposits, loans, money
transfers, and insurance to small enterprise and households."

Definition clearly define that microfinance is financial service which deals with deposits, loans, money transfers and insurance to low income people.

8.1.3 The Grameen Bank Model of Microfinance is most popular model of micro financing. The Grameen Bank (GB) was launched as a project in a village of Bangladesh in 1976 to aid the poor families by providing credit. In 1983, it was formed into a formal bank under a special law. It is owned by the underprivileged borrowers of the bank who are mostly women. GB has changed conventional banking practice by providing loan with no collateral security. The GB shaped a banking system based on mutual trust, accountability, participation and creativity. It offers finance for creating self-employment, income generating activities and housing for the poor. It initiated financial service at the doorstep of the poor and low income people as concept of Financial Inclusion. The GB initially target on providing credit facilities and paid little attention to voluntary deposit mobilization. This policy was changed in 2000, with increased emphasis on deposit mobilisation. GB currently offers four kinds of savings, namely a) personal savings account, b) special savings account, c) Grameen pension savings and d) credit-life insurance savings fund.
8.1.4 The Financial inclusion is the process of ensuring access to financial services timely and adequate credit needed by vulnerable groups such as weaker sections and low income groups at affordable cost. Credit is one of the critical inputs for economic development. Its timely availability in the right quantity and at an affordable cost goes a long way in contributing to the well-being of the people especially in the lower rungs of society. Thus access to finance, especially by the poor and vulnerable groups is a prerequisite for employment, economic growth, poverty reduction and social cohesion. Financial Inclusion is the process of ensuring access to appropriate financial products and services needed by all sections of the society in general and vulnerable groups such as weaker sections and low income groups in particular at an affordable cost in a fair and transparent manner by mainstream institutional players.

8.1.5 Achieving a growth process in which people in different walks in life... feel that they too benefit significantly from the process.”(Ahluwalia, 2007). The micro finance gives capital to the rural poor to generate self-employment, which promotes inclusive growth. Micro finance enables people generate self employment in animal husbandry, in all kinds of petty trading, in provisions of local
transport, sari and carpet weaving and cultivation of leased-in agricultural land.

8.1.6 Social sector comprising of sub-sectors like Education, Health and Medical Care, Housing Social development paves the way for economic development. Most of the Social Sector subjects fall within the purview of the States, for which funding is provided through the Centrally Sponsored Schemes. The Government plays a very significant part in the development of the Social Sector. Some of the popular initiative by Indian Government for the social sector development are Allocation for National Food for Work programme, Integrated Rural Development programme, Mid Day Meal Scheme, National family Benefit Scheme (NFBS), National Rural Employment Guarantee Act (NREGA), National Rural Health Mission (NRHM), Rural Infrastructure Development Fund, Jawahar Lal Nehru National Urban Renewal Mission (JLNNURM) etc.

8.1.6 Microfinance Model in India
There are four popular model of microfinance in India. Model I, II, III and IV. Individuals or group borrowers are financed directly by banks without intervention/facilitation of Non-Government Organisation. dealt with Model I, Borrowers are financed directly with facilitation extended by formal or informal agencies like Government, Commercial Banks and
Micro-Finance Institutions (MFIs) like NGOs, Non-Bank Financial Intermediaries an Co-operative Societies deals with Model II, Financing takes place through NGOs and MFIs as facilitators a financing agency deals with Model III and Is the Grameen Bank Model, similar to the model followed in Bangladesh deals with Model IV.

8.1.9 Society Registration Act, 1860, Indian Trust Act, 1882 Section-25 of Indian Companies Act, 1956 Mutually Aided Co-operative societies, Act enacted by State Governments Indian companies Act, 1956, Reserve Bank of India Act, 1934. Micro financing organization must get registered them among any one of the above act.

8.1.10 A Self Help Group (SHG) is a small, economically homogeneous and affinity group of rural poor which comes together to: Save small amounts regularly, mutually agree to contribute to a common fund, meet their emergency needs, have collective decision making, resolve conflicts through collective leadership and mutual discussion, provide collateral free loans on terms decided by the group at market driven rates

8.1.11 The SHGs-bank linkage programme is the flagship microfinance intervention mechanism of National Bank for Agriculture and Rural Development [NABARD]. The lunching of its pilot phase in Feb, 1992
could be considered as landmark development in the annals of banking with poor. The informal thrift and credit groups of the rural poor came to be recognized as bank clients under the pilot phase. The pilot phase was followed by setting up of a working group on NGOs and SHGs by Reserve Bank of India in 1994, which came out with wide ranging recommendation on internalization of the SHG concept as a potential intervention tool in the strategy of banking with the poor. The Reserve Bank of India accepted most of the major recommendation and advised the banks to consider lending to SHGs as part of their mainstream rural credit opera.

8.1.12 A pilot SHG-post office linkage programme was launched by NABARD in December 2003. This programme envisaged credit linking 200 SHGs in select 5 districts, viz., Sivaganga, Pudukottai, Tiruvannamalai, Tanjavur and Tiruvarur districts of Tamil Nadu.

8.1.13 **Micro Finance Development and Equity Fund (MFDEF)**
The objective of the MFDEF, which was set up following the announcement in the Union Budget 2005-06, is to facilitate and support the orderly growth of the micro finance sector through diverse modalities for enlarging the flow of financial services to the poor, particularly to women and vulnerable sections of the society consistent with
sustainability.

8.2.1 The research work is based on descriptive and analytical research. The proposed study is based on Secondary data. Secondary data has been collected through all the relevant source like annual report of the Banks, MFI., NGO’s, government reports & publication, others published books and journals related to the Microfinance, periodicals, commercial magazines, micro finance documents, statistical abstracts related to Micro finance, various economic surveys already conducted, various reports by Government. Data collected through various account reports of various financial institutions which are active in the field of microfinance through their Financial Statement. Data is used since 2009 for the research. Statistical software SPSS has been used to evaluate the result.

8.3.1 The Reserve Bank of India (RBI) defines microfinance as “the provision of thrift, credit and other financial services and products of very small amounts to the poor in rural, semi-urban and urban areas for enabling them to raise their income levels and improve their living standards. It also serves as an umbrella term for the provision of financial access, through focused financial intermediaries, to those parts of the population that are not being served by mainstream financial services providers.”
8.3.2 Phases of Microfinance in India:
In India microfinance has faced many phases but among all three almost important phases of microfinance and those are Social Banking, which lead the period of 1960 to 1980 in same manner Financial System approach since 1990 and Financial Inclusion since 2000 onward which still prevail.

8.3.3 Legal framework for establishing the cooperative movement set up in 1904, Reserve Bank of India Act, 1934 provided for the establishment of the Agricultural Credit Department, Nationalization of banks in 1969, Regional Rural Banks created in 1975, Microfinance in India has started in early 1980’s with an effort of forming informal Small Help Group (SHG) to provide access of Financial Servicer, NABARD established as an apex agency for Rural Finance in 1982, Passing of “Mutually Aided Co-operative Act” in Andra Pradesh in 1995.

8.3.4 In 1999-92, NABARD launched the SHG-Bank Linkage Programme on a pilot basis to finance SHGs across the country through the formal banking system. High repayment rates by the SHGs encouraged the banks to finance SHGs.

8.3.5 In 1994, Small Industries Development Bank of India (SIDBI) launched a pilot scheme to provide financial assistance by way of loans to
NGO’s for providing credit to the poor households, especially women. A small amount of grant also accompanied the loans so as to build capacity of the intermediates and end-users. The programme did not achieve the desired objective. A large number of NGOs were not able to upscale their lending operations because of difficulties like interest rate cap on lending, security stipulations etc. SIDBI reoriented its Micro Finance Programme in 1999 by addressing the weakness of the pilot scheme, with an objective to create a national network of large and viable Micro Finance Institutions from the formal and informal sector. The programme provides need based assistance by way of term loans to partner institutions for meeting their on lending fund requirements. Its programme took off slowly.

8.3.6 In March 2004, the Ministry of Small Scale Industry introduced the Micro Finance Programme along with the SIDBI. The Government provides funds for Micro Finance Programme to SIDBI, called “Portfolio Risk Fund (PRF)”. This fund is used for security deposit required of the MFIs/ NGOs to get loan.

8.3.7 Micro Finance Bill (2006)
The Micro Financial Sector (Development & Regulation) Bill was introduced in the Parliament. A Parliamentary panel on 11th Feb, 2014
rejected the Bill of Microfinance Institution, which sought to empower the RBI to regulate them and fix interest rates ceiling on loans to be provided by MFIs.

**8.3.8 Microfinance and Its advantages**

Its advantages can be classified into their different area viz. economical, social and psychological. Economical point of view microfinance aid to financial inclusion, poverty reduction tools, women empowerment and employment generation platform for the country and it lead the creation of business opportunities. If we look into social advantage of microfinance then we can see how microfinance has uplifted society situation it also worked in the field of education and health sector along with livelihood. It has created psychological advantage, mutual cooperation among people by means of Self Help Groups(SHG$s$) not this microfinance has developed the saving habit among the people and created risk free platform for the business people of low capital through micro insurance.

**8.4.1 Social Sector** Comprises of various sectors which are resultant to socio-economic development of the Nation. India being developing country it needs socio-economic development because unless and until there is social development there is no possibility of economic
development. Micro financing plays vital role for the socio-economic development. The Microfinance ideas direct deals with society. Microfinance leads various social sectors like Agricultural, Poverty, Education, Employment and Health. The term social sector refers all those areas which do lead in the development of society and economy of country. Social sector, comprising of housing, nutrition, water supply, health, education, and employment and weaker sections of societies

8.4.2 In India 55% of total population engage in agriculture. Agriculture is main source of income for Indians. At 179.9 million hectares, India holds the second largest agricultural land in the world. With 20 agri-climatic regions, all 15 major climates in the world exist in India. The country also possesses 46 of the 60 soil types in the world. India is the largest producer of pulses, milk, tea, cashew and jute; and the second largest producer of wheat, rice, fruits and vegetables, sugarcane, cotton and oilseeds. Green Revolution in Green Revolution the task Policy makers and planners took care about the concerns of national food independence, security, and political stability realized that self-sufficiency in food production was an absolute prerequisite. This particular perception led to a program of agricultural improvement called the Intensive Agriculture District Programme (IADP) and then eventually
to the Green Revolution. The National Bank for Agriculture and Rural Development (NABARD) was set up for more easy transaction of money for the farmers all around the country.

8.4.3 Several significant initiatives have been taken in recent years by the Government in order to reverse the downward trend in agricultural production.

8.4.3.1. Rashtriya Krishi Vikas Yojana (RKVY)
It was launched to incentivise the States to increase the share of investment in agriculture in their State plans. It aims at achieving the 4 per cent annual growth in the agriculture sector during the Eleventh Five Year Plan period by ensuring a holistic development of agriculture and allied sectors. The funds under the RKVY are to be provided to the States as 100 per cent grant by the Central Government.

8.4.3.2 National Food Security Mission (NFSM)
It is a centrally-sponsored scheme, launched with the objective of increasing the production of rice, wheat and pulses by 10, 8 and 2 million tonnes, respectively, over the benchmark levels of production, by the end of the Eleventh Five Year Plan period. The Mission aims at increasing food grains production of the above crops through area expansion and productivity enhancement; restoring soil fertility and productivity;
creating employment opportunities; and enhancing farm level economy to restore confidence of farmers of targeted districts.

8.4.4 A state or condition in which a person or community lacks the financial resources and essentials to enjoy a minimum standard of life and well-being that's considered acceptable in society. Poverty can be grouped as absolute poverty and relative poverty.

8.4.5 Poverty line may be defined as an abstraction which is essential to measure the extent of poverty in a given country. “Task Force on Minimum Needs Effective Consumption Demand- an expert group of planning commission, defined poverty line on nutritional norms of per capita daily intake of 2400 calories in rural areas and 2100 calories for urban areas. A person who fails to obtain this minimum level of calories is treated as being below the poverty line. Since several representations were made suggesting that the Tendulkar Poverty Line was too low, the Planning Commission, in June 2012, constituted an Expert Group under the Chairmanship of Dr. C. Rangarajan to once again review the methodology for the measurement of poverty. Tendulkar methodology uses implicit prices derived from quantity and value data collected in household consumer expenditure surveys for computing and updating the poverty lines.
8.4.6 The Government has launched several poverty alleviation programmes, some of them are as follows. i) Antyodaya plan., Food for work programme, ii) National Rural Employment Programme (NREP) iii) Rural Labour Employment Guarantee Programme (RLEGP), iv) Jawahar Rojgar Yojna (JRY), v) Swarna Jayanti Gram Swarozgar Yojna., vi) Indira Awas Yojana., vii) Pradhan Mantri Rojgar Yojna. viii) Nehru Rozgar Yojna (NRY), ix) Mahatama Gandhi National Rural Employment Scheme (MGREGA), x) Mid-Day Meal Scheme.

8.4.7 Education in India, Nursery which is the basis for education which concluded with LKG and UKG here after it lead to Primary Education which start from class I to V and then secondary which start from class from VI to X then comes higher secondary education which complete in the period of two years, after completing higher secondary student in India choose their career accordingly choosing related stream in Graduation which get complete in three years and then one can join post graduation which get complete in two years.

8.4.8 Education System is governed in India i) The Central Board of Secondary Education (CBSE),ii) The Council of Indian School Certificate Examination (CISCE), iii) The State Government Boards. iv)

8.4.9 It concluded that in Education sector India is doing better and better accordingly, literacy rate has increased to 74.04% from 65.38% in last census if we speak about the Uttar Pradesh (UP), In UP also there is huge increment in the literacy rate it has increased to 67.7% from 56.3% this was possible not only through government policy but due to involvement of microfinance in education sector.

8.4.10 Anybody who is engage in anything which resultant is earning for life is termed as employment. Unemployment simply means a situation when able and willing person or people not getting job as per their own capabilities.

8.4.11 Employment Initiatives by Government of India, Prime Minister’s Employment Generation, Swarnjayanti Gram Swarojgar Yojana (SGSY)  
Mahatma Gandhi National Rural Employment Guarantee Act

8.4.12 It’s concluded that there is continuously fall in the rate of unemployment which sound positive and effect growth in the employment sector in India. This is not only possible by government initiative but also the involvement of the microfinance sector in the
creation of job and business opportunity to the rural poor by financing them in need.

**8.4.13** Health Sector in India is mostly depend on the government biggest initiative called NHRM, As per the 12th Plan, Planning Commission, NRHM merged with National Health Mission.

**8.4.14** By analyzing the collected information it was concluded that NHRM has done more in the betterment of the health sector but in same time microfinance institution initiative for health uplifment of the society has shows positive and effective achievement in health sector by the Microfinance Initiative. The Health and Microfinance Alliance, established by the Microcredit Summit Campaign and Freedom from Hunger in 2011, provides access to an international team of microfinance, health, and development practitioners, researchers and policy makers working with microfinance organizations around the world to implement and test innovative approaches to address poverty. We work with microfinance institutions (MFIs), non-governmental organizations (NGOs), networks, and government agencies. In India, we also work with self-help promoting institutions (SHPIs), NGOs that serve self-help groups (SHGs), for India to learn all about integrated health and microfinance in India.
8.5.1 Microfinance in India take place with financial institution mostly. Financial Institution may be Bank or NGOs or Private Bankers. There are many models which Indian financing institutions adopts for the financing micro-credit or micro financing. Micro financing model in India classified in India in four categories which namely Model I, Model II, Model III and Model IV respectively. In Model I where microfinance activities take place without intervention of any Non Government Organisation which implies that there are no intermediaries here client or poor get service without any hindrance. In Model II Client are financed directly formal or informal agencies like Government, Commercial Bank and Microfinance Institutions (MFIs). In Model III microfinance activities take place through intervention of Non Government Organisation and Microfinance Institutions and last model is Model IV which deals with Grameen Bank Model, which similar to model followed by Bangladesh. Among these four models any one channel is followed for microfinancing in India. Microfinance Business Strategies in India are mostly followed Model II. In order to perform Microfinance Business, there are various regulatory norms which should be followed by business group for micro financing.

8.5.2 Microfinance in India which means Micro saving, Micro credit,
Micro Insurance and Micro Remittance any one activities carried on by NGO or Micro Finance Institution or any financial institution. These activities can be carried on through various initiatives like Shelf Help Groups Bank Linkage Programme or Through Microfinance Finance Institution Bank linkage Programme.

8.5.3 Microfinance in India is mostly performed by Microfinance institution which provides mostly financial aid to the vulnerable group people, not only financial aid is provided by MFIs but strategies of NGOs also lead effective impact of microfinance. Some of the organization they provide medical, education etc aid to poor people. In India many leading financial institution are there which are involve in this initiative, CRISIL has listed many financial institution.

8.6.1 Microfinance in India take place with mainly through two different models viz. SHG-Bank Linkage model and MFI-Bank model. The SHGs-bank linkage programme is the flagship microfinance intervention mechanism of National Bank for Agriculture and Rural Development [NABARD]. Micro-Insurance is much younger than other financial services for the poor and receives significant respect from all stakeholders. On 2005, IRDA issued the regulation on Micro Insurance, which ambitiously aimed to provide both general and life micro-
insurance products to the much needed low income population Micro pension concept, Swavalamban is one such program supported by the Government to provide a pension scheme under NPS. Aajeevika – National Rural Livelihoods Mission was launched by the Ministry of Rural Development (MoRD), Government of India by restructuring Swarnajayanti Gram Swarozgar Yojana (SGSY), effective from April 2013. National Urban Livelihoods Mission (NULM) This program aims to reduce poverty and vulnerability of urban poor households by enabling them to access gainful self employment and skilled wage employment opportunities, resulting in an appreciable improvement in their livelihoods on a sustainable basis, through building strong grassroots level institutions of the poor.

**8.6.2 Analysis of data Progress under Microfinance - Savings of SHGs with Banks Agency during last five year Since2009-14**

- Mean value of the saving through commercial bank under SHG bank linkage programme is 484419,276, Standard Deviation( $\sigma$ ) is 121374.4848 and CAGR of the saving through Commercial under SHG linkage programme is 12.53%
- We observed mean value of the saving through regional rural bank under SHG bank linkage programme is 150437.404, Standard
Deviation (\( \sigma \)) is 27224.80074 and CAGR of the saving through Commercial under SHG linkage programme is 8.57%.

- Incase of Cooperative Bank, Saving amount, Mean value is 122765.25, and Standard Deviation (\( \sigma \)) 10365.573 and CAGR of the Cooperative Bank for saving under SHG Bank linkage programme is 1.28%.

- Analysis of data related to Saving with various Bank under SHG-Bank linkage Programme depicts the correlation between the Total No. of the SHGs and Total Saving Amount since 2009. Coefficient of Correlation (r) is used to measures the inter-relationship between variable. The correlations among the variables are determined using SPSS software the value of r (0.10) which shows the positive relationship between the Total No. of the SHGs and the Total Saving amount. Now when we talk about the significance of relationship, the test statistic rejected (p>0.05) which is observed 0.987, it means the microfinance has made impact in India.

**8.6.3 Analysis of data Progress under Microfinance – Loan Disbursed to SHGs with Banks Agency during last five year Since2009-14**

- The Mean value of the loan disbursed through commercial bank under SHG bank linkage programme is 1177385.672, Standard Deviation (\( \sigma \))
is 284184.4043 and CAGR of the saving through Commercial under SHG linkage programme is 10.39%

- After analysis mean value of the loan disbursed through regional rural bank under SHG bank linkage programme is 469430.474, Standard Deviation(\(\sigma\)) is 137949.786 and CAGR of the loan disbursed through regional rural bank under SHG linkage programme is 13.54%

- Data analysis of the Loan Disbursed through Cooperative Bank under SHG Bank Linkage Programme, mean value of 155954.394, Standard Deviation(\(\sigma\)) 13259.23 and CAGR of the loan disbursed under SHG Bank Linkage by cooperative bank is 4.77%

- The correlation between the Total No. of the SHGs and Total Loan Disbursed Amount since 2009. Coefficient of Correlation (r) is used to measures the inter-relationship between variable. r (-.082) which shows the negative relationship between the Total No. of the SHGs and the Total Loan Disbursed amount. Now when we talk about the significance of relationship, the test statistic rejected (p>0.05) which is observed 0.86, it means the microfinance has made impact in India.

**8.6.4 Analysis of data Progress under Microfinance – Loan Outstanding to SHGs with Banks Agency during last five year Since2009-14**

- The Mean value of the loan outstanding through commercial bank
under SHG bank linkage programme is 2473722.286, Standard Deviation(\(\sigma\)) is 371036.5091 and CAGR of the saving through Commercial under SHG linkage programme is 7.82%

- After analysis mean value of the loan outstanding through regional rural bank under SHG bank linkage programme is 875167.836, Standard Deviation(\(\sigma\)) is 205982.2979 and CAGR of the loan outstanding through regional rural bank under SHG linkage programme is 12.45%

- Data analysis of the Loan outstanding through Cooperative Bank under SHG Bank Linkage Programme, mean value of 205155.262, Standard Deviation(\(\sigma\)) 30083.43642 and CAGR of the loan disbursed under SHG Bank Linkage by cooperative bank is 7.5%

- The correlation between the Total No. of the SHGs and Total Loan outstanding Amount since 2009. Coefficient of Correlation (r) is used to measures the inter-relationship between variable. The correlations the value of r (-0.943) which shows the negative relationship between the Total No. of the SHGs and the Total Loan outstanding amount. Now when we talk about the significance of relationship, the test statistic rejected (p>0.05) which is observed 0.16, it means the microfinance has made impact in India.
- NPA against the SHG Bank Linkage Programme is 293266.51(lakh) in year 2013-14.

8.6.5 Analysis of data Progress under Microfinance - Bank Loans Disbursed for last five since 2009-14 with MFI

- The Mean value of the loan disbursed through bank to MFIs is 850094.82, Standard Deviation (\(\sigma\)) is 220439.6179 and CAGR of the loan disbursed to MFI is (-0.845%)

- The correlation between the Total No. of the MFIs and Total Loan Disbursed Amount since 2009. Coefficient of Correlation (r) is used to measures the inter-relationship between variable. The correlations value of r (0.694) which shows the positive relationship between the Total No. of the MFIs and the Total Loan Disbursed amount. Now when we talk about the significance of relationship, the test statistic rejected (p>0.05) which is observed 0.194, it means the microfinance has made impact in India

8.6.6 Progress under Microfinance - Bank Loans outstanding for last five since 2009-14 with MFIs

- The Mean value of the loan outstanding through bank to MFIs is 1401599.8, Standard Deviation (\(\sigma\)) is 180919.78 and CAGR of the
loan disbursed to MFI is 3.42%

- The correlation between the Total No. of the MFIs and Total Loan Outstanding Amount since 2009. Coefficient of Correlation (r) is used to measures the inter-relationship between variable. The correlations among the variables, value of r (0.506) which shows the positive relationship between the Total No. of the MFIs and the Total Loan Outstanding amount. Now when we talk about the significance of relationship, the test statistic rejected (p>0.05) which is observed 0.385, which shows significant relations.

**Small Banks**

- The maximum loan size and investment limit exposure to single/group borrowers/issuers would be restricted to 15 per cent of capital funds.
- Loans and advances of up to Rs 25 lakhs, primarily to micro enterprises, should constitute at least 50 per cent of the loan portfolio.
- For the first three years, 25 per cent of branches should be in unbanked rural areas.

**Payments Banks**

- Payments Banks can accept demand deposits (only current account and savings accounts). They would initially be restricted to holding a maximum balance of Rs 100,000 per customer. Based on
performance, the RBI could enhance this limit.

- The banks can offer payments and remittance services, issuance of prepaid payment instruments, internet banking, functioning as business correspondent for other banks.
- Payments Banks cannot set up subsidiaries to undertake NBFC business.
- The Payments Banks would be required to use the word ‘Payments’ in its name to differentiate it from other banks.
- No credit lending is allowed for Payments Banks.
- The float funds can be parked only in less than one year G-Secs

8.7.1 Progress under Microfinance - Savings of SHGs with Banks Agency during last five year Since 2009-14 in Uttar Pradesh

- Mean value of the saving through bank under SHG bank linkage programme is 36522.938, Standard Deviation ($\sigma$) is 6370.271662 and CAGR of the saving through bank under SHG linkage programme is 10.63%
- The correlation between the Total No. of the SHGs and Total Saving Amount since 2009 in Uttar Pradesh. Coefficient of Correlation (r) is used to measures the inter-relationship between variable. The correlations the value of $r$ (-0.424) which shows the negative
relationship between the Total No. of the SHGs and the Total Saving amount. Now when we talk about the significance of relationship, the test statistic rejected (p>0.05) which is observed 0.477, it means the microfinance has made impact not only in India but in Uttar Pradesh also.

8.7.2 Progress under Microfinance – Loan Disbursed to SHGs with Banks Agency during last five year Since2009-14 in Uttar Pradesh

- Mean value of the loan disbursed through bank under SHG bank linkage programme is 40993.69, Standard Deviation (σ) is 4482.673 and CAGR of the saving through Commercial under SHG linkage programme is (-4.05%)

- The correlation between the Total No. of the SHGs and Total Loan Disbursed Amount since 2009 in Uttar Pradesh. Coefficient of Correlation (r) is used to measures the inter-relationship between variable. The correlations value of r is 0.613 which shows the positive relationship between the Total No. of the SHGs and the Total Loan Disbursed amount. Now when we talk about the significance of relationship, the test statistic rejected (p>0.05) which is observed 0.271, it means the microfinance has made impact in India as well as in Uttar Pradesh in terms of loan disbursement through Banks.
8.7.3 Progress under Microfinance - Bank Loans outstanding for last five since 2009-14 in Uttar Pradesh

- Mean value of the loan outstanding through bank under SHG bank linkage programme is 153750.82, Standard Deviation (σ) is 66128.74 and CAGR of the loan outstanding SHG linkage programme is 3.435%.

- The correlation between the Total No. of the SHGs and Total Loan outstanding Amount since 2009. Coefficient of Correlation (r) is used to measures the inter-relationship between variable. The correlations among the variables are determined using SPSS software the value of r (-0.861) which shows the negative relationship between the Total No. of the SHGs and the Total Loan outstanding amount. Now when we talk about the significance of relationship, the test statistic rejected (p>0.05) which is observed 0.61, it means the microfinance has made impact in Uttar Pradesh.

8.7.4 State government has provided only Economic Development Assistance, which directly related to providing fund to the poor for livelihood, it complete depends on the person who s/he is going to use these fund for. Person can use this fund for the opening and small shop which lead economic strength to poor, can utilize the sum for medical
benefit or for education. In following manner microfinance lead economic development as well as social development. Microfinance in State is performing through various microfinancial institutions, NGOs and Banking Institutions, this organization just provide monetary aid under various schemes which is lunch by these organizations under their organization goals.

Uttar Pradesh government has no any direct initiative for the microfinance sectors. In Uttar Pradesh just private financial institutions are playing vital role for the Microfinance Sector. Private organization is funding to rural poor as well as urban people with low income. Often this funding are utilized by poor for their livelihood some they just use this fund to open small pawn shop, vegetable shop, tea stall etc. mostly small business opportunities are done by the beneficiaries.

Uttar Pradesh government has not yet forms any particular scheme which shows intervention of State government in the Microfinance Sector it is NABARD who has taken various initiatives through the various financial institutions which provide fund to the rural poor of Uttar Pradesh.

Microfinance in Uttar Pradesh is just working with financial service rather than other sector, like health, education etc. Microfinance in Uttar
Pradesh the NABARD working in Agriculture Sector.

8.8.1 SUGGESTIONS & RECOMMENDATIONS

After analyzing the data we come to know that microfinance is giving financial power to low income people of the country.

- Currently MFIN member organizations consist of 48 of the leading NBFC-MFIs whose combined business constitutes over 90% of the Indian microfinance sector (excluding SHGs).
- Operating across the country’s length and breadth of, the outreach of MFIN member institutions is present in 488 of the 640 districts in India, covering 26 states and 4 UTs.
- We must get start financial education regarding microfinance in every region by door to door visit.
- The major organizations, which promoted SHG’s in India, are NABARD, SIDBI, SEWA, MYRADA, ADITHI, Cashphor India etc. There are number of NGO’s and voluntary organizations which are actively engaged in promoting SHG’s and micro-finance through it.
- Policy drafted by Government under Microfinance, must be properly channelized.
- Microfinance is no more only financial assistance but it has
become the tools for the economic and social development so it must be guided through proper governance.

- Microfinance is not just providing money to poor for rural area but it is more over for the social sector development. Now a day’s microfinance institutions engage in the assistance to education, health, employment opportunities. Microfinance Institution must promoted by Government.

- Microfinance, various bank initiative should be effectively directed so the target can be achieved.

- Financial Institution should promote microfinance initiative by launching various schemes.

- As microfinance is one of the tools which lead in the economic development government should provide any relief under any act

- State government must promote microfinance activities at various district levels through public and private financial institution.

- Microfinance activities is not so effective in Uttar Pradesh

- No Government has take or brought any initiative in Uttar Pradesh

- Uttar Pradesh Government has provided no any direct involvement in the Microfinance Sector, through the financial
inclusion concept only State government has involved.

- Microfinance Financial Institutions which are playing vital role in Microfinance Sector in Uttar Pradesh, these institutions are operated by private initiative, no government intervention is found to uplift the microfinance sector in Uttar Pradesh.

- State Planning Commission must provide some provision for microfinance sector, microfinance lead financial inclusion for the state which can result economic development along with increasing the opportunities for the rural poor.

- Local bank must support micro financing activities in Uttar Pradesh.

- Policy makers need to recognize the potential of microfinancial services to support investment and growth in key economic sectors and hence to contribute significantly to national economic growth.

- Financial Literacy programme is not so effective in Uttar Pradesh, so government involvement is must for financial literacy

- Infrastructural Development is must for the effective role of microfinance in State.

- Small Bank and Payment Banks can change the shape of
microfinance in the State.

- Microfinance Institution has played vital role in social sector viz. Agriculture, Health, Employment, Education and Poverty sectors.
- In order to ensure proper utilization of the credit, there is an urgent need to introduce availability of consumption credit from the formal channel.

8.8.2 Future Study
As from study we concluded that there is no particular scheme for microfinance in Uttar Pradesh, so there should be government initiative for microfinance in Uttar Pradesh. The Uttar Pradesh Being Agriculture State, NABARD being apex in both Agriculture and Microfinance, it can bring integrated policies in the microfinance for Uttar Pradesh. Integrated Scheme can be formulate, because microfinance directly deals with poor which can make economically stable to them. This research can be use for reference for the various future research related to microfinance. Various research papers can be published through this research work. Further for the purpose of D.litt we can use this research work.
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