



“A study of Financial Growth and Performance of Micro Finance sector in India”

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Abstract:

Microfinance means providing small loans that is micro credits to poor families to help them in generating productive activities and to start small tiny business. Nowadays the concept of microfinance includes a broader range of services like credit services financial services insurance services etc microfinance clients includes low income group people that do not have any access for Financial Institutions.

Microfinance means providing financial services to the individuals and small businesses who do not have that much Access for conventional banking services. It includes micro credit, providing the small loans for the poor clients, it also includes micro insurance payment system, providing financial services to those who do not have financial access. Usually poor population segments, marginalized peoples, geographically isolated group provided these services to make them self sufficient. Micro Finance is very beneficial for the women around the world which provide financial and non financial services for the most rural women who does not have any access for traditional banking and other financial segments. Microfinance provide opportunity for the women to start up new business by using their own expertise talent and skill. Microfinance improve the status of women by eradication of poverty. The present paper attempts to study the growth and prospects of Indian micro finance sector, regionwise Progress of saving linkages of SHG's with Banks in India and highlight the microfinance sector in India concluding remarks.

Keywords: Micro finance, SHG's, credit,

Introduction: The journey of microfinance is 3 decades back which improved lives on account of better income for nearly 100 million rural households. In past days the microfinance has a limited scope, it includes only providing the micro loans to poor entrepreneurs and small businessman's who have lack of credit potentials. But now days the scope of microfinance



iwwidened and it includes micro credit, providing the small loans for the poor clients, it also includes micro insurance payment system, providing financial services to those who do not have financial access. In short microfinance is a way to promote economic development as well as employment and growth by providing support to micro entrepreneurs and small business owners. This sector has grown rapidly with policy interventions. The financial year 20223 witnessed stability as well as growth in the sector of microfinance after covid-19 pandemic.

Research Methodology:

The present research based on the secondary data. Secondary data was collected from NABARD website . The researchers also note own observations in the form of primary data.

Objectives of the study:

1. To study the growth and performance of Indian micro finance sector
2. To study the regionwiseProgress of saving linkages of SHG's with Banks in India
3. To highlight the microfinance sector in India in India with concluding remarks.

Review of growth and performance of micro finance sector in India :

Due to a very excellent opportunity available through digital marketing as well as E-Commerce platform through open direct b2c and B2B channels it improves income of self help groups. NABARD during 2022-23 launched training scheme of self help groups to sell their products online through the support of various players. Microfinance spread over 641 districts of 36 states and union territories presently bank has providing lending facilities for 636 district. The microfinance penetration level is less than 10% in mostly Jammu and Kashmir, coastal Maharashtra, Western Uttarakhand etc. while higher in Southern States such as Tamilnadu, Karnataka, Kerala and eastern state like West Bengal, Bihar etc.

As on 31 March 2023, 16.19 crore rural households were covered under the Self help group- bank linking programmes(SHG-BLP). A total of 134.03 lakh SHGs were savings linked to the banking sector with savings of Rs. 58,892.67 crore, registering growth of 13% and 25% over the previous year. Of these, 112.92 lakh were all women SHGs with savings ofRs. 52,455.48 crore accounting for 84% and 89% of total SHGs and savings, respectively.

The program of self group Bank linkage program is the largest program in India. Following part focus on performance of self help group under Bank linkages program:

Table No. 1 Review of the Indian Microfinance sector:

Particulars		2020-21		2021-22		2022-23	
		No. of SHGs	Amount	No. of SHGs	Amount	No. of SHGs	Amount
SHG Savings with Banks as on 31 st March	Total SHG Nos.	112.23 (9.57%)	37477.61 (43.31%)	118.93 (5.97%)	47240.48 (26.05%)	134.03 (12.7%)	58892.68 (24.67%)
	All women SHGs	97.25 (10.11%)	32686.08 (40.16%)	104.05 (6.99%)	42104.77 (28.81%)	112.92 (8.52%)	52455.48 (24.58%)
	% of Women	86.65	87.21	87.43	89.13	84.25	89.07
Loans Disbursed to SHGs during the year	Total No. of SHGs extended loans	28.87 (-8.23%)	58070.68 (-25.22%)	33.98 (17.71%)	99729.22 (71.74%)	42.96 (26.42%)	145200.23 (45.59%)
	All women SHGs	25.9 (-10.19%)	54423.13 (-25.75%)	31.5 (21.63%)	93817.21 (72.38%)	41.42 (31.49%)	139315.69 (48.50%)
	% of Women Groups	89.71	93.72	92.70	94.07	96.42	95.95
Loans Outstanding against SHGs as on 31 st March	Total No. of SHGs linked	57.8 (1.81%)	103289.71 (-4.43%)	67.4 (16.61%)	151051.30 (46.24%)	69.57 (3.22%)	188078.80 (24.51%)
	No. of all Women SHGs linked	53.11 (3.89%)	96596.6 (-4.00%)	62.65 (17.96%)	142288.61 (47.30%)	65.15 (3.99%)	179468.42 (26.13%)
	% of Women SHGs	91.89	93.52	92.95	94.20	93.65	95.42

(Source: NABARD annual report)

From the about table it has been observed that 13% increase in the number of self help group savings Linked and 25% in saving amount during the year 2022 when we compared it with 2021. amount of SHG savings with banks show a positive trend over the last three years. it is observe from the table the loan outstanding with bank over the last 2 years also shows and increasing trend.

Progress of saving linkages of Self help groups (SHG’s) with Banks

Bank reported in the year 2022-23, 15 lakh saving linked SHG’s were added at all India level, it shows a growth of 13% over the previous year. The region-wise comparative analysis shows that in terms of savings linked SHGs, growth was witnessed across all regions during 2022-23 with the exception of the Southern region which saw a minor dip. The region-wise growth in savings linked SHGs during 2022- 23 ranged from 35% in Central region to 14 % in Western region which shows in the table mentioned below.

Table No. 2 Regionwise progress of Saving linked SHG’s with Banks

Regionwise progress of Saving linked SHG’s with Banks							
Sr. no.	Regions	2020-21		2021-22		2022-23	
		No. of SHGs	Amount	No. of SHGs	Amount	No. of SHGs	Amount
A	Northern	6,09,808	1,74,345	6,80,143	1,99,582	7,87,807	1,22,845
B	North eastern	6,33,714	83,126	6,80,845	1,06,441	7,93,320	1,27,153
C	Eastern	31,22,424	7,74,912	32,43,980	13,58,595	39,30,551	17,42,499
D	Central	13,45,575	2,11,870	13,55,564	3,25,696	18,32,040	4,58,675
E	Western	15,50,176	3,74,023	16,88,451	3,27,691	19,27,560	5,41,611
F	Southern	39,61,703	21,29,845	42,44,070	24,06,043	41,31,805	28,96,845
	Total	1,12,23,400	37,47,761	1,18,93,053	47,24,048	1,34,03,083	58,89,268

(Source: NABARD annual report)

From the above table it has been observed that, number of SHG’s and saving amount shows an upward trend over the year. The progress of Southern region is highest as compared to the other region whereas Northeastern region shows less progress as compared to the other regions.

Analysis of the above table:

Table No. 3 Region wise share in number of saving linked SHG’s (in %)

Year	Northern region	Northern eastern region	Eastern region	Central region	Western region	Southern region
2020-21	5.4	5.7	27.8	12.0	13.8	35.3
2021-22	5.7	5.7	27.3	11.4	14.2	35.7
2022-23	5.9	5.9	29.3	13.7	14.4	30.8

(Source : Compiled by Researcher)

IFrom the above table it is observed that, in terms of percentage share of savings linked SHGs during 2022-23, the Southern region registeredthe highest share at 31% followed by the Eastern region (29%) and Western region (14%). TheState- wise bifurcation of the number of SHGs savings-linked with banks is detailed in Statement.

Findings:

1. Number of self help groups during the year 2020-21 was 9.57% which increased up to 12.7% in the year 2022- 23. (Table No.1)
2. The saving amount collected was 43.31% in the year 2021 but it decreased up to 24.67% during the year 2022-23. (Table No.1)
3. Loan disbursed to self help groups during the year 2021 was very less amount but during the year 22-23 loan disbursed increased up to 45.59 percent. (Table No.1)
4. There is an increase of 13% in the number of SHGs savings linked and 25% in the savingsamount during 2022-23 as compared to 2021-22. Both the number and amount of SHG savings withbanks show a positive trend over the last three years. (Table No.2)



5. A similar increasing trend can be observed in the number and amount of SHGs with loans outstanding with banks over the last two years. Loans disbursed to SHGs have consecutively increased over the last two years in both physical and financial terms recovering from a dip in the FY 2021 due to the pandemic. (Table No.2)
6. In terms of percentage share of savings linked SHGs during 2022-23, the Southern region registered the highest share at 31% followed by the Eastern region (29%) and Western region (14%). The State-wise bifurcation of the number of SHGs savings-linked with banks is detailed in Statement. (Table No.2 and 3)
7. Among the States, Maharashtra has the maximum SHGs at 15.15 lakh, followed by West Bengal (14.44 lakh), Bihar (11.10 lakh) and Andhra Pradesh (10.81 lakh). During the year 2022-23, highest number of SHGs were added in West Bengal State (3.61 lakh), followed by Chhattisgarh (2.26 lakh), Maharashtra (1.81 lakh). Negative growth was observed in Telangana, Tamil Nadu and Punjab. (Table No.2 and 3)

Conclusion:

Since Last 30 years has witnessed growth in the micro finance sector due to the various initiative and interventions by State Government, RBI, NABARD, banks and through various organisation. NABARD continued to implement various interventions towards promotion, capacity building and enterprise development of SHGs under the Financial Inclusion Fund (FIF). NABARD also implements Women SHG programme in 150 backward/Left Wing Extremism (LWE) affected districts under the WSHG Development Fund.

Micro Finance play a very important role in generating funds for economic development. To end poverty in all its forms positive role played by microfinance. It helps India to make superpower country in 2045. To Achieve sustainable development goal and ends rural poverty and to for promoting the economic development of the country the microfinance is a very very important one. Positive role has been played by government with the help of NABARD and various banks for the growth of microfinance sector. Microfinance is the emerging solution for development of rural population to make India as a developed country.



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