A

Project

Report

On

A study of microfinance in india

For

MES Institute of Management and career courses, Pune

Submitted by

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Under the Guidance of

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Submitted to

Savitribai Phule Pune University, Pune

In the partial fulfillment of the requirements for the award of

Master in Business Administration (MBA)

(Batch 2020-22)

DECLARATION

I, **Sakhare Aishwarya Manik** of MBA-2: Seat No ___________________________
hereby declare that the Project work titled a study of microfinance in india which has been submitted to university of Pune, is an original work of the undersigned and has not been reproduced from any other source. I further declare that the material obtained from other sources has been duly acknowledged in the report.

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DATE :- **Sakhare Aishwarya Manik**

Place :-

ACKNOWLEDGEMENT

I take this opportunity to express my sincere gratitude to all who have directly and indirectly contributed to the completion of my project.

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Date :- **Place :-** **MISS. Aishwarya Sakhare**

EXECUTIVE SUMMARY

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INTRODUCTION

INTRODUCTION

Microfinance is not a new concept. It dates back in the 19th century when money lenders were informally performing the role of now formal financial institutions. Over the past two decades, various development approaches have been devised by policymakers, international development agencies, non-governmental organizations, and others aimed at poverty reduction in developing countries. One of these strategies, which have become increasingly popular since the early 1990s, involves microfinance schemes, which provide financial services in the form of savings and credit opportunities to the working poor (Johnson and Rogaly, 1997). According to the records of World Bank, India falls under low income class. It is second populated country in the world. 70 percent of its population lives in rural area. 60% of people depend on agriculture; as a result, rate of underemployment is high. Rural people have very low access to institutionalized credit (from commercial bank). Since 1990s, poverty reduction has taken priority at both national and international development levels. Within this framework, various initiatives have been taken by government. Microfinance has caught the attention as an effective tool for poverty reduction and socioeconomic development. Hence Microfinance can play a vital role for improving the standard of living of poor. In India, the beginning of microfinance movement could be traced to Self Help Group (SHG) – Bank Linkage Programme (SBLP) started as a pilot project in 1992 by NABARD. This programme proved to be very successful and has also developed as the most popular model of microfinance in India. The regulatory framework for microfinance in India is not unified. Microfinance is provided by commercial banks, Regional Rural Banks (RRBs), the SHG's, cooperative societies and institutions (MFIs) that take various forms, including those of NGO's and Non-Bank Financial Institutions (NBFI's). Banks and NBFI's are governed by the Reserve Bank of India (RBI), SHGs are regulated by NABARD, and the cooperatives are governed by Registrar of Cooperative Societies (RCS) etc

SIGNIFICANCE OF THE STUDY

At least in India, there does not seem to be any working model of analyzing the financial performance and thereby sustaining of microfinance institutions. This problem is compounded by the lack of a committed legislation on working and management of microfinance institutions. The lack of a regulatory mechanism for financial disclosures by microfinance institutions also abets the problem. The present study is an attempt to study the importance of microfinance and to analyse the performance of microfinance institutions operating in India. It assumes significance because it is imperative that these institutions be run efficiently given the fact that they are users of marginal and scarce capital and the intended beneficiaries are the marginalized sections of society. MFIs must be able to sustain themselves financially in order to continue pursuing their lofty objectives, through good financial performance.

OBJECTIVES OF THE STUDY

1. To understand the concept and delivery models of microfinance in India.
2. To study the role and importance of microfinance in India.
3. To examine the current status and performance of microfinance institutions in India

METHODOLOGY AND DATA

Research design is partly descriptive, partly exploratory .The data for the present study was collected from different sources. To assess the performance of the microfinance institutions in India, The relevant information relating to loans disbursed, loans outstanding, client outreach, assets, etc. were collected from Status of Micro Finance in India, NABARD report (various issues), The Bharat Microfinance Report (various issues) and other relevant sources for the period 2012-13 to 2016-17. Simple statistical tools like averages, percentage, etc were used to derive the inferences of the study.

ANALYSIS OF DATA

Primary data

It is the Information that researchers gather first hand. It is facts and information collected specifically for the purpose of the investigation. In terms of the primary data a questionnaire has been used to interview desire sample units that give accurate and up to date information as well as better to research problem.

Secondary data

All methods of data collection can supply quantitative data (numbers, statistics or financial) or qualitative data. Quantitative data may often be presented in tabular or graphical form. Secondary data are those which have already seen collected by others, when it is not possible to collect data in primary form, the researcher may take the help of secondary data. They are collected for serving the objectives other than what the researcher might have in mind.

The sources of secondary data includes :

1. Internet
2. Books
3. Websites
4. Govt. Gazettes
5. Newspapers
6. Magazines

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. **CONCEPT OF MICROFINANCE**

Microfinance enables the poor and excluded section of people in the society who do not have an access to formal banking to build assets, diversity livelihood options and increase income, and reduce their vulnerability to economic stress. In the past, it has been experienced that the provision for financial products and services to poor people by MFIs can be practicable and sustainable as MFIs can cover their full costs through adequate interest spreads and by operating efficiently and effectively. Microfinance is not a magic solution that will propel all of its clients out of poverty. But various impact studies have demonstrated that microfinance is really benefiting the poor households (Littlefield and Rosenberg, 2004). The Asian Development Bank (2000) defines microfinance as the provision of broad range of services such as savings, deposits, loans, payment services, money transfers and insurance to poor and low income households and their micro-enterprises. This definition of microfinance is not restricted to the below poverty line people but it includes low income households also. The taskforce on Supportive Policy and Regulatory Framework for Microfinance constituted by NABARD defined microfinance as " the provision of thrift, saving, credit and financial services and products of very small amount to the poor's in rural, semi urban and urban areas for enabling them to raise their income level and improve their standard of living." (Sen, 2008) . Microfinance is defined as a development tool that grants or provides financial services and products such as very small loans, savings, micro-leasing, micro-insurance and money transfer to assist the very or exceptionally poor in expanding or establishing their businesses (Robinson, 1998). In addition to financial intermediation, some MFIs provide social intermediation services such as the formation of groups, development of self confidence and the training of members in that group on financial literacy and management (Ledgerwood, 1999). There are different providers of microfinance (MF) services and some of them are; Non Governmental Organizations (NGOs), savings and loans cooperatives, credit unions, government banks, commercial banks or non banking financial institutions. The target group of MFIs are self employed low income entrepreneurs who are; traders, seamstresses, street vendors, small farmers, hairdressers, rickshaw drivers, artisans blacksmith etc.

Features of Microfinance

It is an essential part of rural finance.

- It deals in small loans.
- It basically caters to the poor households.
- It is one of the most effective and warranted Poverty Alleviation Strategies.
- It supports women participation in electronic activity.
- It provides an incentive to grab the self employment opportunities.
- It is more service-oriented and less profit oriented.
- It is meant to assist small entrepreneur and producers.
- Poor borrowers are rarely defaulters in repayment of loans as they are simple and God-fearing.

Microfinance is a broad category of services, which includes microcredit. Microcredit is provision of credit services to poor clients. Micro credit and micro-finance both are different. Micro credit is a small amount of money, given as a loan by a bank or any legally registered institution, whereas, Micro-finance includes multiple services such as loans, savings, insurance, transfer services, micro credit loans, etc. for poor people.

EVOLUTION OF MICROFINANCE IN INDIA

The evolution of Indian Microfinance sector can be broadly divided into four distinct phases:

Phase 1:The Cooperative Movement (1900-1960)

During this phase, credit cooperatives were vehicles to extend subsidized credit to villages under government sponsorship.

Phase 2: Subsidized Social Banking (1960s - 1990)

With failure of cooperatives, the government focused on measures such as nationalization of Banks, expansion of rural branch networks, establishment of Regional Rural Banks (RRBs) and the setting up of apex institutions such as the National Bank for Agriculture and Rural Development (NABARD) and the Small Scale Industries Development Bank of India (SIDBI), including initiation of a government sponsored Integrated Rural Development Programme (IRDP). While these steps led to reaching a large population, the period was characterized by large-scale misuse of credit, creating a negative perception about the credibility of micro borrowers among bankers, thus further hindering access to banking services for the low-income people.

Phase 3: SHG-Bank Linkage Program and Growth of NGO-MFIs (1990 - 2000)

The failure of subsidized social banking triggered a paradigm shift in delivery of rural credit with NABARD initiating the Self Help Group (SHG) Bank Linkage Programme (SBLP), aiming to link informal women's groups to formal banks. The program helped increase banking system outreach to otherwise unreached people and initiate a change in the bank's outlook towards low-income families from 'beneficiaries' to 'customers'. This period was thus marked by the extension of credit at market rates. The model generated a lot of interest among newly emerging Microfinance Institutions (MFIs), largely of nonprofit origin, to collaborate with NABARD under this program. The macroeconomic crisis in the early 1990s that led to introduction of the Economic Reforms of 1991 resulted in greater autonomy to the financial sector. This also led to emergence of new generation private sector banks that would become important players in the microfinance sector a decade later.

Phase 4: Commercialization of Microfinance

The First Decade of the New Millennium Post reforms, rural markets emerged as the new growth drivers for MFIs and banks, the latter taking interest in the sector not only as part of their corporate social responsibility but also as a new business line. On the demand side, NGO-MFIs increasingly began transforming themselves into more regulated legal entities such as Non-Banking Finance Companies (NBFCs) to attract commercial investment. The microfinance sector as it exists today essentially consists of two predominant delivery models the SBLP and MFIs. Four out of five microfinance clients in India are women.

ROLE AND IMPORTANCE OF MICROFINANCE

According to the research done by the World Bank, India is home to almost one third of the world’s poor (surviving on an equivalent of one dollar a day). Though many central government and state government poverty alleviation programs are currently active in India, microfinance plays a major contributor to financial inclusion. In the past few decades it has helped out remarkably in eradicating poverty. Reports show that people who have taken microfinance have been able to increase their income and hence the standard of living. Thus Microfinance plays a major role in upliftment of Indian economy in following ways:-

• Credit to Rural Poor:-Usually rural sector depends on non-institutional agencies for their financial requirements. Micro financing has been successful in taking institutionalized credit to the doorstep of poor and have made them economically and socially sound.

• Poverty Alleviation:-Due to micro finance poor people get employment. It also helps them to improve their entrepreneurial skills and encourage them to exploit business opportunities. Employment increases income level which in turn reduces poverty.

• Women Empowerment:- Normally more than 50% of SHGs are formed by women. Now they have greater access to financial and economical resources. It is a step towards greater security for women. Thus microfinance empowers poor women economically and socially.

• Economic Growth:-Finance plays a key role in stimulating sustainable economic growth. Due to microfinance, production of goods and services increases which increases GDP and contributes to economic growth of the country.

• Mobilisation of Savings:-Microfinance develops saving habits among people. Now poor people with meager income can also save and are bankable. The financial resources generated through savings and micro credit obtained from banks are utilised to provide loans and advances to its members. Thus microfinance helps in mobilisation of savings.

• Development of Skills:-Micro financing has been a boon to potential rural entrepreneurs. SHGs encourage its members to set up business units jointly or individually. They receive training from supporting institutions and learn leadership qualities. Thus micro finance is indirectly responsible for development of skills.

• Mutual Help and Co-operation:-Microfinance promotes mutual help and co-operation among members. The collective effort of group promotes economic interest and helps in achieving socioeconomic transition.

• Social Welfare:- With employment generation the level of income of people increases. They may go for better education, health, family welfare etc. Thus micro finance leads to social welfare or betterment of society

8. DATA ANALYSIS AND DISCUSSION

Table 1: Progress under MFI-bank linkage Programme (Amount in crore)

Year / Particular	2012-13		2013-14		2014-15		2015-16		2016-17	
	No. of MFIs	Amt.	No. of MFIs	Amt.	No. of MFIs	Amt.	No. of MFIs	Amt.	No. of MFIs	Amt.
Loan Disbursed by Banks/FI to MFIs	426 (-8.4)	7840 (50.6)	545 (28.0)	10282 (31.2)	589 (8.1)	15190 (47.7)	647 (9.8)	20796 (36.9)	2314 (257.6)	19304 (-7.2)
Loan O/S against MFIs on 31st March	2042 (4.2)	14426 (26.0)	2422 (18.6)	16517 (14.5)	4662 (42.5)	22500 (36.2)	2020 (56.7)	25581 (13.7)	5357 (165.2)	29225 (14.3)
Fresh Loans as % to loans O/S		54.3		62.3		148.13		123.0		151.4

Source: NABARD, Status of Microfinance in India Report, 2012 to 2017.

Table 1 presented progress under MFI-Bank linkages programme. The number of MFIs availing loans from banks during the year 2012-13 decreased over the respective previous year. The number of MFIs availing loans from the banks during the year 2013-14 increased by 28 per cent over the year 2012-13.

However there is substantial increase in the number of MFIs availing loans from banks during the year 2015-16 and 2016-17 over the previous year.it increased from 9.8 per cent to 257.6 per cent. The total loans to MFIs by banks increased during 2012-13, 2013-14, 2014-15 and 2015-16 over the previous year respectively. It increased by about 50.6, 31.2, 47.7 and 36.9 per cent. The total loans to MFIs by banks decreased during 2016-17 by 7.2 per cent over the previous year.

The loan outstanding against MFIs increased all the subsequent years over their previous years. It increased by 13.7 and 14.3 per cent in 2015-16 and 2016-17 over the previous year. The fresh loan as percentage to loan outstanding has been increased all the subsequent years over the previous year. Thus it is clear that MFIs gaining confidence of clients as well as with the lending institutions.

Table 2: Outreach of MFIs across States/UTs (in lakh)

States/UT	2017	2016	Growth in %
Karnataka	68.33	75.28	-9 %
Tamil Nadu	32.25	57.22	-44%
Uttar Pradesh	29.82	39.36	-24%
Odisha	22.94	23.52	-2%
Bihar	22.57	23.93	-6%
Maharashtra	21.33	38.57	-45%
West Bengal	21.16	24.91	-15%
Madhya Pradesh	20.53	28.19	-27%
Assam	7.73	6.84	13%
Kerala	7.42	12.23	-39%
Rajasthan	6.28	8.20	-23%
Jharkhand	6.21	6.75	-8%
Punjab	5.46	6.26	-13%
Chhattisgarh	5.35	8.36	-36%
Gujarat	4.6	12.63	-64%
Haryana	3.83	5.98	-36%
Telangana	2.59	2.95	-12%
Uttarakhand	1.92	3.22	-40%
Delhi	1.15	2.52	-54%
Andhra Pradesh	1.04	7.27	-86%
Manipur	0.73	0.88	-16%
Mizoram	0.57	0.65	-12%
Tripura	0.43	1	-58%
Puducherry	0.28	1.27	-78%
Arunachal Pradesh	0.19	0.17	9%
Himachal Pradesh	0.13	0.49	-73%
Meghalaya	0.12	0.19	-36%
Sikkim	0.11	0.28	-59%
Goa	0.07	0.13	-47%
Nagaland	0.04	0.04	10%
Jammu & Kashmir	0.03	0.02	17%
Chandigarh	0.02	0.13	-82%
Andaman	0.02	0.01	267%
Total	295	399	

Source: Bharat Microfinance Report 2016-17.

Client outreach in various states is presented in Table 2. Out of total client's base of 295 lakh in 2017,

Karnataka state contributed highest number of clients base (23.16%) followed by Tamil Nadu (10.93 %), Uttar Pradesh (10.11%), Odisha (7.78%), Bihar (7.65%), West Bengal (7.17%), M.P. (6.96%) etc. The contribution of Chandigarh, Jammu & Kashmir and Andaman was least (0.01%).

Comparison of client's base of different states/UTs in 2017 with 2016 has declined, except Assam,

Arunachal Pradesh, Nagaland, Jammu & Kashmir and Andaman. The highest increase was in Andaman (267%) followed by Jammu & Kashmir (17 %), Assam (13%), Nagaland (10 %), and Arunachal Pradesh

(9%). The highest decline was in Andhra Pradesh (86%) followed by Chandigarh (82%), Puducherry (78%) and Gujarat (64%), etc. The least decline was in Odisha (2%). Exclusion of six small finance banks (SFBs) is the reason for the decrease in client outreach in most of the states.

Table 3: Rural and Urban Share of MFI Borrowers

Year	Rural	Urban	Total
2013	184 (67)	91 (33)	275 (100)

2014	185 (56)	145 (44)	330 (100)
2015	122 (33)	249 (67)	371 (100)
2016	152 (38)	247 (62)	399 (100)
2017	180 (61)	115 (39)	295 (100)

Source: Bharat Microfinance Report 2016-17

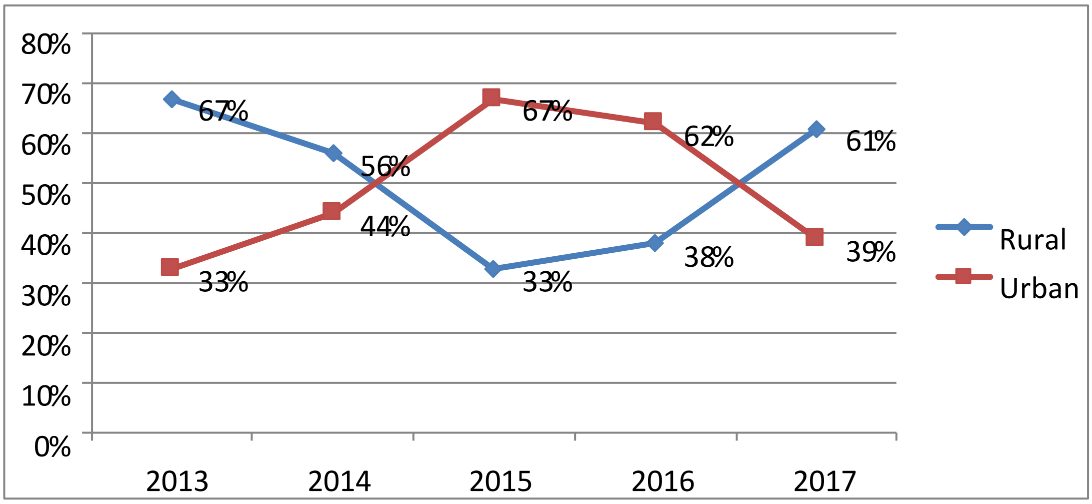


Figure 1: Trends in Rural and Urban Share of MFI Borrowers

Rural-urban distribution of MFI borrowers is shown in Table 3 and figure 1. Indian microfinance was basically considered as a rural phenomenon. The share of rural clientele was 67 per cent in 2013 which decreased to 56 per cent in 2014 and has drastically reduced to 33 % in 2015. During the next year i.e. in 2016 the share of rural client slightly increased to 38 per cent. It is first time that urban client base outpaced rural client base. However, in the next year i.e. in the year 2017, significant improvement was noticed in the share of rural client which increased to 61 per cent. In 2017, the trend of rural to urban is the reverse of trend of 2016 because of exclusion of 6 SFBs. One of the key finding from this study shows that small sized of MFIs are rural centric.

Purpose of Loan

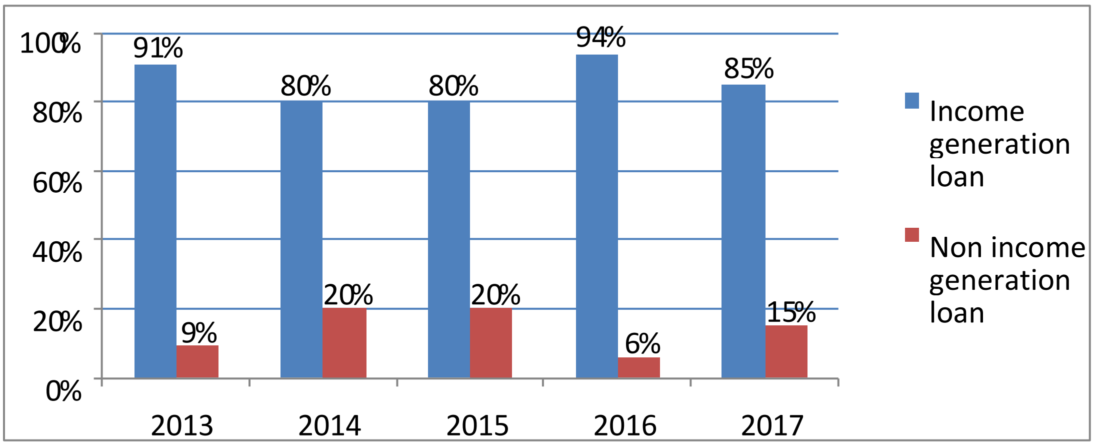
Traditionally, MFIs have been lending for both consumption and productive purposes. It is believed that poor people use their loans for their emergency and consumption needs more than for livelihoods. In 2015, RBI regulation stipulated that a minimum of 50% of the MFI loans are to be deployed for income generating activities.

Table 4: Income generation loans and non- income generation loans (Rs crore)

Year	Income generation loan	Non income generation loan	Total
2013	23474.36 (91)	2321.64 (9)	25796 (100)
2014	30846.4 (80)	7711.6 (20)	38558 (100)

2015	47129.6 (80)	11782.4 (20)	58912 (100)
2016	68004.3 (94)	4340.7 (6)	72345 (100)
2017	44579.95 (85)	7867.05 (15)	52447 (100)

Source: Bharat Microfinance Report 2016-17



Figrue 2: Income generation loans and non- income generation loans

Table 4 and figure 2 shows that the proportion of income generation loan was 91 per cent during the year 2013 which reduced to 80 per cent during the year 2014. The proportion of income generation loan remained same during the next year i.e. 2015. During the year 2016 it increased up to 94 per cent. In the year 2017 the proportion of income generation loan to non-income generation loan is 85:15.

Agriculture, animal husbandry and trading are major sub-sectors where income generation loans are deployed. Non- income generation loans are used for consumption, housing, education, water & sanitation, health, etc. As high as 31 per cent of the total income generating loan was disbursed for trading and small business followed by agriculture 30 per cent and animal husbandry (22 %). The rest of the proportion of income generating loan was disbursed to transport, cottage, handicraft and other activities.

Table 5: Assets with MFIs over the years

Year	Assets
2011	22736
2012	24240
2013	28051
2014	36125
2015	51564
2016	58621
2017	47247

Total assets of MFIs are presented in Table 4. The total assets with the MFIs was Rs. 22,736 crore in 2011 which continuously increased over the years and reached to Rs. 58621 core in 2016. Total assets of MFIs have seen a consistent growth trend over last 6 years from 2011 to 2016 but in 2016-17, there is a sharp decline of 21per cent. The assets of an MFI comprise mostly of its net loan portfolio. The net loan portfolio alone of reporting MFIs was about 73 per cent of the total assets at the end of the year 2016-17. Cash and cash equivalents with 19 per cent share occupied the second position. Cash and cash equivalents are at this level mainly because most MFIs receive debt funding largely towards the very end of the year while it can be lent to the clients only at the beginning of next year. Next major component of assets is trade and other receivables with 7 per cent share in total assets of the MFIs. The share of net fixed assets is just 1 per cent in total assets of the MFI.

Table 6: Performance indicator of MFIs Model in India

Particular	2016	2017
Client outreach (Lakhs)	399	295
Women client (%)	97%	96%
Gross O/S Portfolio (crore)	63853	46842
Average loan per borrower (crore)	11425	12751
Income generation loan (%)	94%	85%
Margin (%)	10%	8.08%
ROA (%)	2.20%	2.4%
ROE (%)	11.60%	13.31%
OSS (%)	113%	114%
CAR (%)	19.39%	21.13%
NPA(%)	0.15%	0.69%

Source: Bharat Microfinance Report 2016-17

Table 6 presented an overall performance of microfinance institutions during the year 2016 and 2017. The table shows that the client outreach reduced by 26 per cent in 2017, over 2016. However, the percentage of women's outreach also decreased from 97 per cent to 96 per cent. The gross outstanding portfolio has decreased from Rs. 63,853, crore to Rs. 46,842, crore, i.e. by about 27 per cent during this period in 2017 over 2016 whereas average loan per borrower has shown upward movement during this period, i.e. average loan per borrower has increased by 11.60 per cent during this period. Out of total loans the proportion of income generating loan was 94 per cent in 2016 which decreased to 85 per cent in 2017. The indicators relating to overall financial structure such as Return on assets and Return on equity, capital adequacy ratio have increased over this period. The average OSS of the Indian MFIs has increased from 113 per cent in 2016 to 114 per cent in 2017. Operational self sufficiency measures the ability of an MFI to meet all its operational and financial costs out of its income from operations. The profit margin has also declined from 10 per cent in 2016 to 8.08 per cent in 2017. Non-performing assets increased during this period from 0.15 per cent to 0.69 per cent.

MAJOR FINDINGS

- MFIs availing loans from the banks during the year 2013-14 increased by 28 per cent over the year 2012-13. However there is substantial increase in the number of MFIs availing loans from banks during the year 2015-16 and 2016-17 over the previous year.it increased from 9.8 per cent to 257.6 per cent.
- The total loans to MFIs by banks increased during 2012-13, 2013-14, 2014-15 and 2015-16 over the previous year respectively. It increased by about 50.6, 31.2, 47.7 and 36.9 per cent. The total loans to MFIs by banks decreased during 2016-17 by 7.2 per cent over the previous year.
- The loan outstanding against MFIs increased all the subsequent years over their previous years. It increased by 13.7 and 14.3 per cent in 2015-16 and 2016-17 over the previous year. The fresh loan as percentage to loan outstanding has been increased all the subsequent years over the previous year
- The client's base of different states/UTs in 2017 with 2016 has declined, except Assam, Arunachal Pradesh, Nagaland, Jammu & Kashmir and Andaman. The highest increase was in Andaman (267%) followed by Jammu & Kashmir (17 %), Assam (13%), Nagaland (10 %), and Arunachal Pradesh (9%). The least decline was in Odisha (2%). Exclusion of six small finance banks (SFBs) is the reason for the decrease in client outreach in most of the states.

- The share of rural clientele was 67 per cent in 2013 which decreased to 56 per cent in 2014 and has drastically reduced to 33 % in 2015. In the next year i.e. in 2016 the share of rural client slightly increased to 38 per cent. In 2017, the trend of rural to urban is the reverse of trend of 2016 because of exclusion of 6 SFBs. One of the key finding from this study shows that small sized of MFIs are rural centric.
- The proportion of income generation loan remained same during the next year i.e. 2015. During the year 2016 it increased up to 94 per cent. In the year 2017 the proportion of income generation loan to non-income generation loan is 85:15.
- The total assets with the MFIs was Rs. 22,736 crore in 2011 which continuously increased over the years and reached to Rs. 58621 core in 2016. Total assets of MFIs have seen a consistent growth trend over last 6 years from 2011 to 2016 but in 2016-17, there is a sharp decline of 21per cent
- The indicators relating to overall financial structure such as Return on assets and Return on equity, capital adequacy ratio have increased over this period. The average OSS of the Indian MFIs has increased from 113 per cent in 2016 to 114 per cent in 2017. Operational self sufficiency measures the ability of an MFI to meet all its operational and financial costs out of its income from operations. The profit margin has also declined from 10 per cent in 2016 to 8.08 per cent in 2017. Non-performing assets increased during this period from 0.15 per cent to 0.69 per cent.

CONCLUSION

The importance of microfinance in the developing countries like India can not be undermined it play a vital role for socio-economic upliftment of poor and low income peoples. Since 1990s, poverty reduction has taken priority at both national and international development levels. Within this framework, various initiatives have been taken by government. Microfinance has caught the attention as an effective tool for poverty reduction and socio- economic development.

Hence Microfinance can play a vital role for improving the standard of living of poor. The economic development of any country is severely influenced by the availability of financial services. Microfinance is the form of a broad range of financial services such as deposits, loans, payment services, money transfers, insurance, savings, micro-credit etc. to the poor and low income individuals. A well-developed financial system promotes investment opportunities in an economy. Therefore it is necessary that govt. of India have to focus on extending financial services to both rural and urban to ensure sustainable and inclusive growth. The functioning of Microfinance institutions in India is playing an important role in rural areas since last two decades. The central government and RBI should take necessary measurements to sustain the growth of the microfinance sector in India. The concern state governments also take necessary measurements to create awareness among people to use the services of Microfinance institutions to strengthen their Economic status and improve their livelihood.

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