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G.L. Bajaj Institute of Management & Research
Plot No. 2, Knowledge Park-III, Greater Noida, U.P-201306
Website: www.glbimr.org
☎ : 8010-081-081
Director@glbimr.o

NABARD



STATUS OF MICROFINANCE IN INDIA 2020-21

MICRO-FINANCE ?

Micro-finance, also called microcredit , is a type of banking service provided to unemployed or low-income individuals or groups who otherwise would have no other access to financial services.
While institutions participating in the area of micro-finance most often provide lending—micro-loans can range from as small as $100 to as large as $25,000—many banks offer additional services such as checking and savings accounts as well as micro-insurance products, and some even provide financial and business education. The goal of micro-finance is to ultimately give impoverished people an opportunity to become self-sufficient.

KEY TAKEAWAYS:-

Micro-finance is a banking service provided to unemployed or low-income individuals or groups who otherwise would have no other access to financial services.

Micro-finance allows people to take on reasonable small business loans safely, and in a manner that is consistent with ethical lending practices.

The World Bank estimates that more than 500 million people have benefited from microfinance-related operations

The majority of microfinancing operations occur in developing nations, such as Uganda, Indonesia, Serbia, and Honduras.

What criticisms have been made of microfinance?

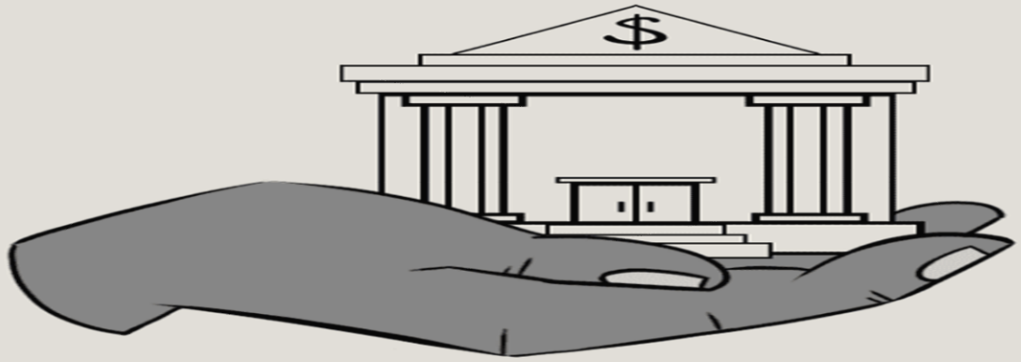
While micro-finance financing costs are for the most part lower than regular banks', pundits have charged that these tasks are bringing in cash off of poor people. Likewise, many major monetary organizations and other huge enterprises have sent off for-benefit micro-finance divisions raising worries that, out of a craving to bring in cash, these bigger financiers will charge higher loan costs that might make an obligation snare for low-pay borrowers.

Moreover, some have contended that individual micro-loans are insufficient cash to give a reasonable way to freedom. At last, pundits have said that the presence of interest installments, but low, is still a burden.

Microfinance Loan

when the poor or unemployed people are given the microloan, the interest rate is not the number one concern for them.

The microloan needs to be paid off within a short period of time, around 30 weeks.



Global Microfinance Figures

Focus on institutions and clients

- In ten years, microfinance institutions (MFIs) have lent hundreds of billions of dollars, with an average annual growth rate of 11.5% over the past five years. At the same time, the number of borrowers worldwide continued to increase – albeit at a slower pace than in the 2000 to 2010 period – recording an average annual growth rate of 7% since 2012, compared to a rate of nearly 20% in the previous decade.

- In 2018, 139.9 million borrowers benefited from the services of MFIs, compared to just 98 million in 2009. Of these 139.9 million borrowers, 80% are women and 65% are rural borrowers, proportions that have remained stable over the past ten years, despite the increase in the number of borrowers. With an estimated credit portfolio of $124.1 billion, MFIs recorded another year of growth in 2018 (+8.5% compared 2017)

Role of Micro Finance In India

Microfinance is a banking service that gives unemployed low-income people or groups access to financial services that they would not otherwise have.

People can obtain acceptable small business loans through microfinance in a secure manner that adheres to moral lending principles.

Most microfinance transactions take place in underdeveloped countries including Uganda, Indonesia, Serbia, and Honduras.

India's microfinance loan portfolio stands at ₹3 lakh crore with 6 crore unique borrowers:

The gross loan portfolio for the microfinance sector increased by 23.5% annually to 2.93 lakh crore as of June 30, 2022 from 2.37 lakh crore the previous year.

A microfinance loan is defined by the Reserve Bank of India as a collateral-free loan granted to a household with an annual household income of up to 3 lakhs.

The rise of globalizations and liberalization in India in the early 1990s made the issue of women, Working in unorganized sectors is much worse because the majority of the women who were involved in various self-employment activities have now lost their means of support. Despite the fact that women make a significant contribution to the home and national economies, their labor is still seen as merely an extension of domestic duties and is not paid for. Self Help Groups (SHGs) have dominated the microfinance industry in India as a successful method of providing financial services to the "Unreached Poor."



The top 10 microfinance institutions in India are:

- Annapurna Microfinance Pvt Ltd.
- Arohan Financial Services Pvt. Ltd.
- Additionally, Asirvad Microfinance Pvt Ltd
- Bandhan Financial Services Private Limited
- BSS Microfinance Private Limited
- Paycor Micro Credit
- Disha Microfin Private Limited
- Equitas Microfinance Private Limited
- ESAF Microfinance and Investments, Pvt.
- Fusion Microfinance Private Limited



Benefits of Microfinance:

The **World Bank** estimates that over **500 million** people have benefited directly or indirectly from microfinance-related activities.

By 2021, more than **120 million** people will have directly benefited from microfinance-related activities, predicts the Consultative Group to Assist the Poor, an international nonprofit organisation with headquarters in Washington.



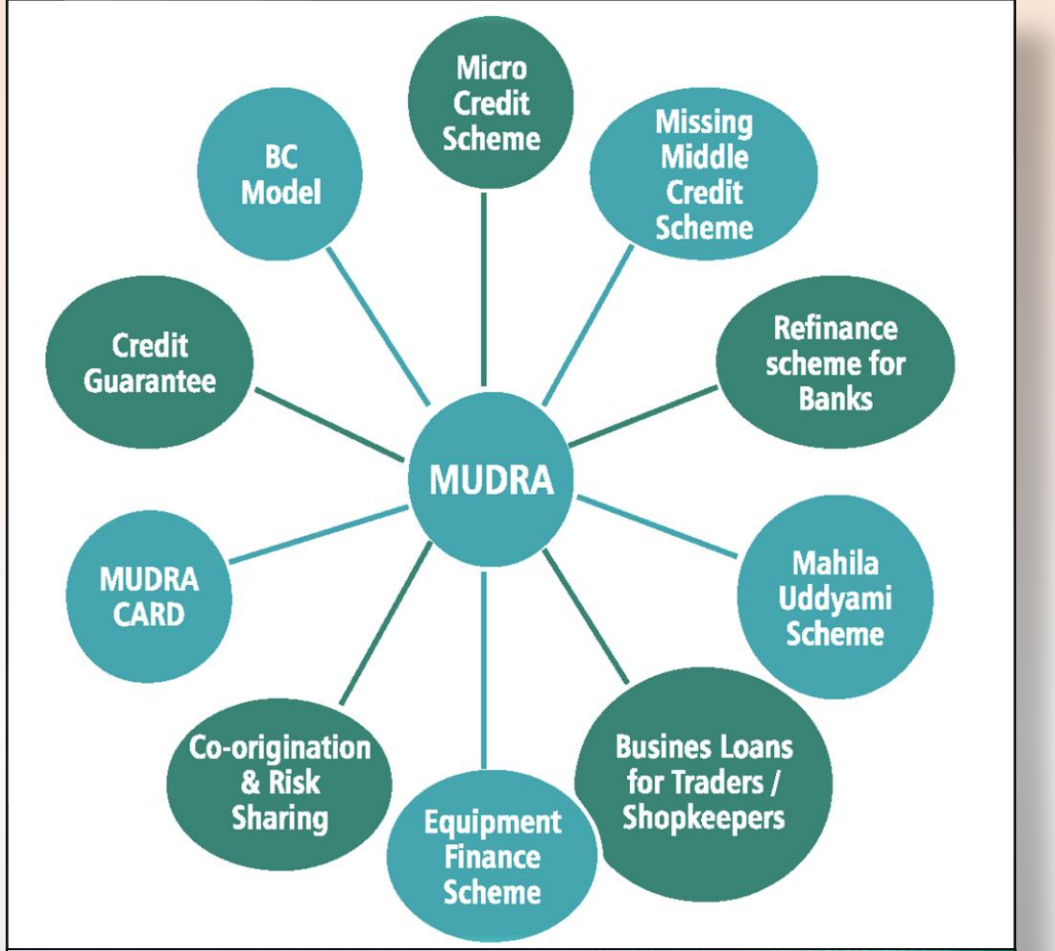
Source: Asian Development Bank

MUDRA (MICRO UNITS DEVELOPMENT REFINANCE AGENCY) Bank

Refinancing programme for up to Rs. 10 lakh in collateral-free loans from the central government Loans fall into one of three categories:
Shishu loans are up to Rs. 50,000, and Kishor loans are between Rs. 5001 and Rs. 5 lakhs. Tarun lends between a lakh and ten lakh rupees.



References include the website of the RBI and Investopedia.





Helping hand US Development Finance Corp to support financial inclusion, clean energy projects

The US Government's Development Finance Corporation (DFC) is looking to focus on investments pertaining to financial inclusion and clean energy in India, according to CEO Scott Nathan, who is on a three-day visit to India.

The US DFC, on Tuesday, announced a seven-year, **$35-million** loan to Credit access Grameen -- the country's largest NBFC-MFI, to help grow its reach to marginalised **women** and encourage more women into employment and leadership in microfinance.

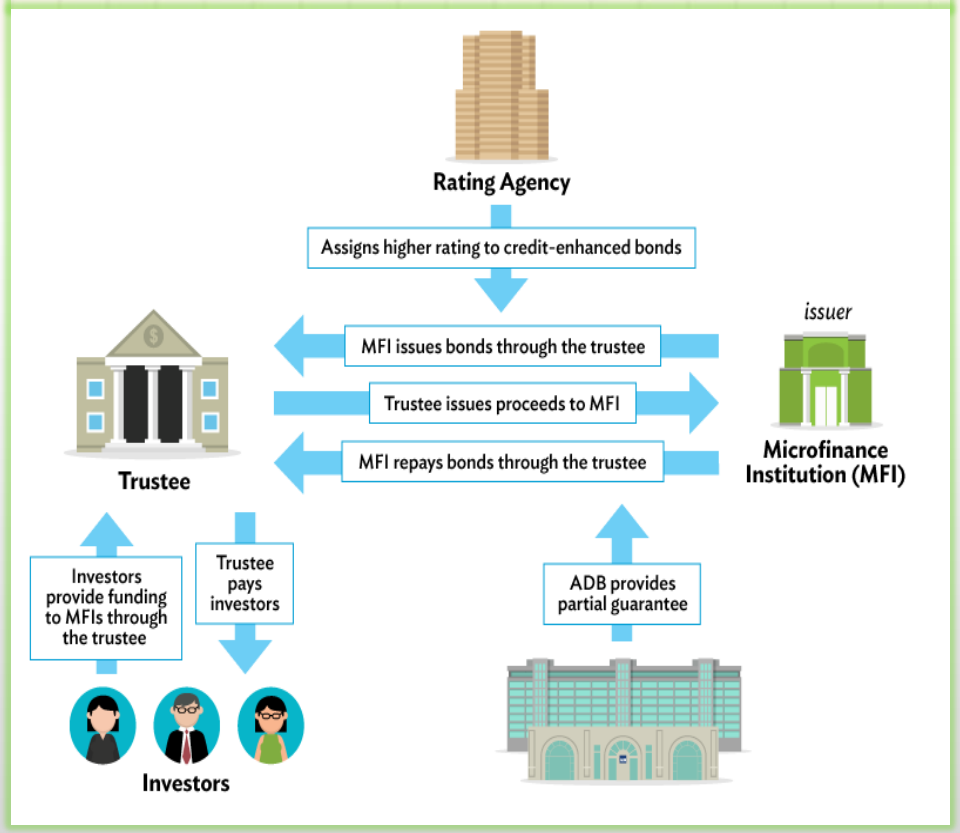


The government agency has signed an agreement for a $10-million loan guarantee for Punjab Renewable Energy Systems, which will help fund the construction of seven biomass plants. It has also committed $30-million for an agri tech fund and $10-million to a milk company,
Nathan said.
The DFC has so far committed $3-billion to private Indian enterprises since formation in 2019. The agency will also announce investments in the healthcare segment during the New Delhi-leg of Nathan's visit, in addition to other focus areas such as digital and physical infrastructure.



Refrence:https://www.thehindubusinessline.com/news/us-development-finance-corp-to-support-financial-inclusion-clean-energy-projects/article66027573.ece





Savings of SHGs with Banks - Region-wise/State-wise/Agency-wise position as on 31 March 2021

(Amount ₹ lakh)

Sr. No.	Name of Region	Name of the State	Commercial Banks		Regional Rural Banks		Cooperative Banks		Total	
			No. of SHGs	Savings Amount	No. of SHGs	Savings Amount	No. of SHGs	Savings Amount	No. of SHGs	Savings Amount
1	**Central Region**	Chhattisgarh	133136	24854.03	251424	24511.55	18916	2199.22	403476	51564.80
2		Madhya Pradesh	203837	43611.60	195147	35322.65	8168	890.41	407152	79824.66
3		Uttarakhand	26248	4823.76	27746	5627.79	11665	2531.34	65659	12982.89
4		Uttar Pradesh	222807	49020.81	238085	17223.49	8396	1253.12	469288	67497.42
	Central Region Total:		**586028**	**122310.20**	**712402**	**82685.48**	**47145**	**6874.09**	**1345575**	**211869.77**
5	Eastern Region	Andaman & Nicobar	1124	235.13			5815	1376.22	6939	1611.35
6		Bihar	431434	103375.15	486682	46409.87	35	3.43	918151	149788.45
7		Jharkhand	174457	33587.24	105463	4857.00	2261	132.88	282181	38577.12
8		Odisha	438306	117710.27	277090	57324.87	94043	11141.66	809439	186176.80
9		West Bengal	600569	168262.00	303819	156181.89	201326	74314.75	1105714	398758.64
	Eastern Region Total:		**1645890**	**423169.79**	**1173054**	**264773.63**	**303480**	**86968.94**	**3122424**	**774912.36**
10	**North Eastern Region**	Arunachal Pradesh	3290	486.01	3507	679.71			6797	1165.72
11		Assam	172102	23372.11	296269	30253.20	26499	287.35	494870	53912.66
12		Manipur	8473	656.38	2729	124.09	1829	72.88	13031	853.35
13		Meghalaya	5052	786.50	27980	4808.11	6921	1609.36	39953	7203.97
14		Mizoram	1073	352.94	11999	1878.57	1020	142.41	14092	2373.92
15		Nagaland	6733	1012.94					6733	1012.94
16		Sikkim	4949	1956.46			1567	446.70	6516	2403.16
17		Tripura	10687	2902.24	38164	6716.34	2871	4581.73	51722	14200.31
	North Eastern Region Total:		**212359**	**31525.58**	**380648**	**44460.02**	**40707**	**7140.43**	**633714**	**83126.03**
18	Northern Region	Chandigarh	398	65.80			50	5.59	448	71.39
19		Haryana	39891	5584.11	25381	3173.72	4622	671.61	69894	9429.44
20		Himachal Pradesh	21268	3133.62	11960	2216.24	27065	3059.13	60293	8408.99
21		Jammu and Kashmir	2204	199.20	3969	651.64	929	36.46	7102	887.30
22		New Delhi	3305	1632.32			255	80.88	3560	1713.20
23		Punjab	30737	109563.09	15283	1033.81	7962	689.53	53982	111286.43
24		Rajasthan	178734	21453.29	155839	16585.91	79956	4508.85	414529	42548.05
	Northern Region Total:		**276537**	**141631.43**	**212432**	**23661.32**	**120839**	**9052.05**	**609808**	**174344.80**

Bank Loans disbursed to SHGs - Region-wise/State-wise/ Agency-wise position during 2020-21

(Amount ₹ lakh)

Sr. No.	Name of Region	Name of the State	Commercial Banks		Regional Rural Banks		Cooperative Banks		Total	
			No. of SHGs	Loans Disbursed Amount	No. of SHGs	Loans Disbursed Amount	No. of SHGs	Loans Disbursed Amount	No. of SHGs	Loans Disbursed Amount
1	**Central Region**	Chhattisgarh	22576	18774.15	4469	5793.91	2735	2512.88	29780	27080.94
2		Madhya Pradesh	22949	22285.05	40344	27506.79	38	12.40	63331	49804.24
3		Uttarakhand	2691	2332.12	3407	2547.00	2438	2680.23	8536	7559.35
4		Uttar Pradesh	9947	6758.00	17019	14221.38	4	4.20	26970	20983.58
		Total:	**58163**	**50149.32**	**65239**	**50069.08**	**5215**	**5209.71**	**128617**	**105428.11**
5	**Eastern Region**	Andaman & Nicobar	19	17.69			132	300.41	151	318.10
6		Bihar	115865	101343.11	167439	313894.00	0	0.00	283304	415237.11
7		Jharkhand	29696	25151.06	33156	32296.36	379	398.95	63231	57846.37
8		Odisha	89791	124430.83	84565	115287.32	14375	22807.23	188731	262525.38
9		West Bengal	231365	223688.28	300113	441567.69	57683	86367.68	589161	751623.65
		Total:	**466736**	**474630.97**	**585273**	**903045.37**	**72569**	**109874.27**	**1124578**	**1487550.61**
10	**North Eastern Region**	Arunachal Pradesh	175	174.87	144	154.72			319	329.59
11		Assam	26982	32753.84	26761	49456.47			53743	82210.31
12		Manipur	164	222.78	332	514.33	144	200.40	640	937.51
13		Meghalaya	218	266.25	2520	4827.33	324	224.80	3062	5318.38
14		Mizoram	95	152.04	1969	3276.71	140	168.70	2204	3597.45
15		Nagaland	456	561.99					456	561.99
16		Sikkim	419	546.91			22	34.80	441	581.71
17		Tripura	906	972.93	5238	7659.83	1107	1480.95	7251	10113.71
		Total:	**29415**	**35651.61**	**36964**	**65889.39**	**1737**	**2109.65**	**68116**	**103650.65**
18	**Northern Region**	Chandigarh	9	2.11			0	0.00	9	2.11
19		Haryana	6074	7038.70	2828	4609.45	159	135.34	9061	11783.49
20		Himachal Pradesh	1124	1943.78	1025	1803.00	2339	3907.43	4488	7654.21
21		Jammu and Kashmir	384	995.12	1499	2988.95	0	0.00	1883	3984.07
22		New Delhi	30	45.39			0	0.00	30	45.39
23		Punjab	1628	1194.22	991	926.51	105	98.62	2724	2219.35
24		Rajasthan	24462	40822.38	24169	26507.64	832	1026.52	49463	68356.54
		Total:	**33711**	**52041.70**	**30512**	**36835.55**	**3435**	**5167.91**	**67658**	**94045.16**

EDITORIAL BOARD



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PGDM22263
Sakshi.jaiswal2022@glbimr.org



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TIME TO PLAY WITH WORDS



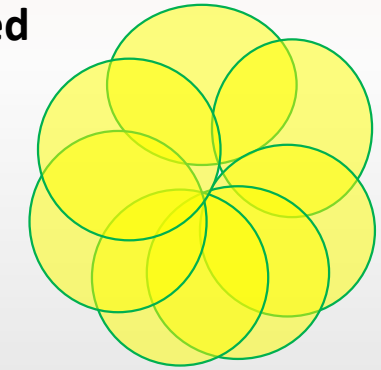
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1)A little loan that is typically given to those with low incomes

7)A place where shares of pubic listed companies are traded –

2)Alternative to Microfinance –



6)A market index introduced by the National Stock Exchange –

3)A bill of exchange in which one party instructs the bank to transfer money to the other party's bank account –

5)A finalized agreement between a seller and a buyer for the exchange of products, services, or financial assets –

4)A type of debt incurred by a person or another organization –

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