

1953 - Economy.

5. Do you think microfinance is broadening & deepening financial inclusion in The country? Explain.

Microfinance is a form of finance providing small loans to & financial services to poor and low income household.

Microfinance & Financial Inclusion.

All India ^{household} debt survey, 1992 - showed credit availability gaps especially at bottom of pyramid.

Post 1990s - '2' innovative mechanism - Self Help group and Joint Liability Group (JLG) was brought in. (SHG)

These enabled - credit accessibility to 12 crore families ≈ 34.9 crore (rupees)

National Council for Applied Economic Research shows Microfinance contributing 2% to Gross value addition (GVA) and millions of employment.

Today 85.7% of districts in India are with microfinance facilities and 2 Lakh employees are involved in financial distribution.

main success of the model is face to face meetings and instant grievance redressal mechanism

Adoption of Technology.

1. Adopting technology by micro financial Institutions is on rise - mainly to increase operational efficiency, underwriting purpose and focus on Customer-Centricity

2. Separate Credit bureau has also been set up. It has enhanced data, for efficient mechanism

3. To increase financial literacy - [Audio - video] technology - vernacular language was also in practice.

4. Digitisation - smartphones enabled borrowing loans digitally [Nearly 100% loans are given digitally]

5. Regulatory body - Self Regulatory Organisation has also in place to govern the working of micro finance Institutions

way forward

RBI has recently, released Regulations for micro financial Institutions. This is about to further strengthen these Institutions & deepen Financial Inclusion.