



## MFI – BANKS LINKAGE PROGRAMMES

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**ABSTRACT** A microfinance institution is an organization that offers financial services to low income people. All most all give loans to their members, and many offer insurance, deposit and other services. A great scale of organizations is regarded as micro finance institute. In this present study an attempt is made to explain about concept of micro finance, progress under MFI – Bank Linkage programme and Agency wise details of Loans extended to MFIS.

**KEYWORDS :****INTRODUCTION:**

Micro Finance is increasingly being considered as one of the most effective tools reducing poverty. Micro Finance has a significant role in bridging the gap between the formal financial institutions and the rural poor. The micro finance institutions (MFIS) accesses financial resources from the banks and other main stream financial institutions and provide financial and support services to the poor. More than half of the rural households are still out of the ambit of institutional credit inspite of a host of efforts. Microfinance has a crucial role to play in development of Indian economy through enhancing credit access for this house holds.

**OBJECTIVES :**

The following are the objectives of the present study.

- To understand the concept of microfinance
- To examine progress under MFI/MFO-Bank linkage programme.
- To discuss agency wise details of loans extended to MFIS

**METHODOLOGY :**

The present study is based only on secondary data. The data were collected from books, Journals and website.

**CONCEPT OF MICROFINANCE :**

Micro Finance is derived as financially services such as savings A/c. Insurance Funds and credit provided to poor and low income clients so as to help them increase their income their by improving their standard of living. Loans to those people who live below the poverty line.

**DEFINITIONS :**

**OTERO DEFINE :** The Provision of financial services to low income poor and very poor self employed people.

Schreiner and colomet define " Microfinance as the attempt to improve access to small deposits and small loans for poor households neglected by banks". Micro Finance Services are provided by three types of sources.

1. Formal Institutions - Such as Rural banks and Co-operatives
2. Semi Formal Institutions- Such NGO and
3. Informal sources- Such as moneylenders and shopkeepers.

Micro finance is not simply banking. It is a development tool. Micro Finances activities usually involve

- Small loans typically for working equity
- Informal appraisal of borrowers and investments.
- Collateral substitutes such as group guarantees on fees or compulsory savings
- Access to repeat and larger loans based on repayment performance
- Stream lined loan disbursement and monitoring.
- Secure saving products.

**PROGRESS UNDER MFI/MFO- BANK LINKAGE PROGRAMME.**

The Progress under MFI- Bank linkage programme during the last 3 years is shown in the following table

**Table 1.1-** Progress under MFI/MFO- Bank linkage programme. (Amt Rs. Crore)

Particulars	2016-17		2017-18		2018-19	
	No of A/c s	Amt	No of A/c s	Amt	No of A/c s	Amt
Loans disbursed by banks/FIS to MFIS/MFOS	2314	19304.38	1922	25515.23	1933	14625.95
Loans outstanding against MFIS/MFOS as on 31 <sup>st</sup> March	5357	29225.45	5073	32305.92	5488	17760.68

Source- NABARD Status of Micro Finance in India 2018-19

The above table shows that credit disbursement decreased from 19304.38 crores in 2016-17 to 14625.95 crores in 2018-19 similarly the outstanding of institutional credit to MFI decreased from 29225.45 crores in 2016-17 to 17760.68 crores in 2018-19.

**AGENCY WISE DETAILS OF LOANS EXTENDED TO MFIS.**

The agency wise details of loans extended to MFIS is shown in the following table.

**Table 1.2** Loans to MFIS/MFOS –by Banks, Financial Institutions.

Financing Agency	Period	Loans disbursed during the year		Loans outstanding against MFIS Loan 31 March	
		No of loans A/c	Amt Rs- Crores	No of loans A/c	Amt Rs- Crores
Commercial Bank	2016-17	1430	17091.33	3328	25089.18
	2017-18	641	22133.60	1962	26039.52
	2018-19	340	13645.23	1287	15896.47
Regional Rural Banks	2016-17	13	37.83	250	78.75
	2017-18	13	55.93	358	64.16
	2018-19	06	05.16	37	14.50
Co-operative Banks	2016-17	834	207.33	1682	261.54
	2017-18	1248	38.70	2653	68.51
	2018-19	1567	70.56	4080	133.84
SIDBI	2016-17	37	1967.90	97	3795.98
	2017-18	20	3287.00	100	6133.74
	2018-19	20	905.00	84	1715.87
Total by all agencies	2015-16	647	20795.57	2020	25580.84
	2016-17	2314	19304.38	5357	29225.45
	2017-18	1922	25515.23	5073	32305.93
	2018-19	1933	14625.95	5488	17760.68

Source – NABARD, status of Micro Finance in India 2018-19.

The above table shows that. The total loans by all agencies to MFIS decreased from 20795.57 crores in 2015-16 to 14625.95 crores in 2018-19. Similarly loans outstanding by all agencies against MFIS decreased from 25580.84 crores in 2015-16 to 17760.68 crores in 2018-19.

**CONCLUSION.**

Micro finance has a significant role in bridging the gap between the formal financial institutions and the rural poor. The micro finance institutions (MFIS) accesses financial resources from the banks and other mainstream financial institutions and provide financial and support services to the poor.

**REFERENCES.**

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