

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4752
ANSWERED ON:23.04.2010
CONSOLIDATION OF MFIS
Naranbhai Shri Kachhadia

Will the Minister of FINANCE be pleased to state:

- (a) whether the lending procedure adopted by Government has lead to the Consolidation of Micro Finance Institutes (MFIs);
- (b) if so, the details of the MFIs lending State-wise and Institution-wise;
- (c) whether the Government has any proposal to synchronize the Self-Help-Groups and MFIs;
- (d) if so, the details thereof; and
- (e) the steps taken/being taken by the Government in this regard?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) & (b): National Bank for Agriculture and Rural Development (NABARD) provides capital support to MFIs to strengthen their capital base and to enable them to leverage funds from financial institutions. NABARD also provides Revolving Fund Assistance (RFA) support to MFIs for on-lending to the poor, either individually or in the group mode. The institution wise data on lending by banks to MFIs for onward lending to borrowers for the country as a whole is as under:

Agency	Years	Amount of loan disbursed to NGOs/ MFIs	Amount of loan disbursed to NGOs/ MFIs	Loan Outstanding against MFIs as on 31 March
Commercial Banks	2007-08	497	1,968.60	1,072
	2008-09	522	3,718.93	1,762
(Public and Private)	% growth	5.0	88.9	64.4
				81.3

Agency	Years	No. of MFIs	Amount (Rs crore)	No. of MFIs	Amount (Rs crore)	Percentage Recovery of loans range
Commercial Banks	2007-08	497	1,968.60	1,072	2,745.24	82-100
	2008-09	522	3,718.93	1,762	4,977.89	70-100
(Public and Private)	% growth	5.0	88.9	64.4	81.3	

Agency	Years	No. of MFIs	Amount (Rs crore)	No. of MFIs	Amount (Rs crore)	Percentage Recovery of loans range
Regional Rural Banks (RRBs)	2007-08	8	1.51	24	3.58	90-100
	2008-09	59	13.40	153	31.20	87-100
	% growth	637.5	787.4	537.5	7715	

Agency	Years	No. of MFIs	Amount (Rs crore)	No. of MFIs	Amount (Rs crore)	Percentage Recovery of loans range
Coop. Banks	2007-08	13	0.04	13	0.02	100
	2008-09	0	0	0	0	NA
	% growth	NA	NA	NA	NA	NA

Agency	Years	No. of MFIs	Amount (Rs crore)	No. of MFIs	Amount (Rs crore)	Percentage Recovery of loans range
Coop. Banks	2007-08	13	0.04	13	0.02	100
	2008-09	0	0	0	0	NA
	% growth	NA	NA	NA	NA	NA

Total	2007-08	518	1,970.15	1,109	2,748.84
	2008-09	581	3,732.33	1,91	55,009.09
% growth	12:2	89.4	72	7	82.2
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(c) to (e): A Self Help Group (SHG) is a group of about 10 to 20 persons from a homogenous background who come together voluntarily for addressing the common socio-economic problems including credit. MFIs on the other hand are a delivery mechanism for providing credit services to the poor with financial support from external donors and financial institutions. They borrow from financial institutions for on-lending to either individuals or in group mode. As such there is no bar on MFIs meeting the credit needs of the SHGs.