

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:5815  
ANSWERED ON:11.05.2012  
NATIONAL POLICY ON MICROFINANCE  
Singh Shri Ravneet

**Will the Minister of FINANCE be pleased to state:**

(a) whether taking cognizance of the report submitted by the Planning Commission the Government proposes to formulate a national policy on microfinance with a few to financially empower the BPL families and for faster and smoother growth of the micro finance sector in the country;

(b) if so, the details thereof; and

(c) if not, the reasons therefor?

**Answer**

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

(a) & (c) : Planning Commission had constituted a High Level Committee on financial sector reforms under the Chairmanship of Shri Raghuram G. Rajan, Professor, Graduate School of Business, University of Chicago in August, 2007. The Committee submitted the report in September, 2008.

The Committee observed that, 'despite its success, the future growth of microfinance is constrained by a number of factors. An important issue is the ability of MFIs to raise financing. Given the large estimated demand for microcredit, MFIs need multiple sources of financing, apart from the traditional loan financing from banks. Other constraints include an unclear regulatory environment and the lack of well-developed management information systems and an adequate supply of trained management talent to facilitate sustainable scaling up.

To provide a formal statutory framework for the promotion, development, regulation and orderly growth of the micro finance sector and thereby to facilitate universal access to integrated financial services for the unbanked population, the Department of Financial Services is formulating Micro Finance Institutions (Development and Regulation) Bill 2012.