International Journal of Social Impact
ISSN: 2455-670X
ISBN: 978-1-365-23991-5
Volume 1, Issue 3, DIP: 18.02.017/20160103
www.ijsi.in | July - September, 2016

Indian Microfinance: A Critical Review on Issues and Challenges

Dr. Ashok Kumar Kothari[1]*

ABSTRACT

Micro Finance might be characterized as the arrangement of frugality, credit, and results of extremely limited quantities to the destitute individuals in rustic, semi-urban, or urban regions, for empowering them to raise their pay levels and improve expectations for everyday comforts. Microfinance component at last help neediness mitigation program in India. This working paper attempts to diagram the predominant state of the Microfinance in India in light of its rise till now. The possibility of microfinance is overwhelmed by SHG-(Self Help Group)- Bank linkage program. The principle point of microfinance is to give a savvy instrument of credit. This exploration paper features the progression of microfinance organizations, conveyance models, and significant difficulties like provincial difference, the high pace of interest, lopsided development of credit plans, absence of protection administrations, and so on At last this paper closes with certain recommendations to improve MFIs in India so they satisfy the goal of their foundation. From the hour of autonomy joblessness and destitution have been two significant attributes and difficulties of India. The significant reason for the over two has been the inaccessibility of adequate credit offices for poor people and jobless. These two variables have become the most testing detour in the way of feasible advancement of the nation. The quickly opening economy is enlarging the hole between the rich and poor. To have a feasible way of life alongside sparing and speculation, microfinance permits the poor to get the advance that prompts financial freedom and development. The helpless utilize these advances in a beneficial way to make their organizations, resources of their own, and dispose of destitution for the last time. Microfinance is turning into a critical popular expression in India. Noteworthy advancement has been made during the most recent twenty years in enhancing strategies to convey financial administrations to the poor on a manageable premise. These credits are pointed toward engaging the devastated individuals to begin their own organizations and to develop their cash with the goal that they can accomplish long haul financial autonomy and grow reasonably. Monetary development, reasonable turn of events, and destitution mitigation can be accomplished adequately with the assistance of an instrument like Microfinance. This paper will center the difficulties and intriguing measures for the development of microfinance in the Indian setting for a manageable turn of events.

Keywords: *Microfinance, Review, Bank, MFI, SHG*

[1]Associate professor, Govt. Meera Girls College, Udaipur, India
*Responding Author

Received: July 10, 2016; Revision Received: August 15, 2016; Accepted: September 25, 2016

© 2016 I Author; licensee IJSI. This is an Open Access Research distributed under the terms of the Creative Commons Attribution License (http://creativecommons.org/licenses/by/2.0), which permits unrestricted use, distribution, and reproduction in any Medium, provided the original work is properly cited.

Microfinance is one of the most noticeable advancements in the enemy of neediness strategy in the last 50 years, and in thirty years it has developed profoundly. The main advantage of microfinance in India is that it aches term financial autonomy in these destitution stricken zones. Microfinance help supported effect by teaching beneficiaries on the best way to make their own organizations and how to appropriately oversee and develop their cash. There is a quick development in the strength of microfinance in India and a few different nations. Without a doubt, it has been fruitful in carrying formal financial administrations to poor people. Individuals accept that it has given cash to the helpless families and it has the solidarity to expand interests in wellbeing, instruction, and strengthening of ladies. Microfinance foundations (MFIs) have made a monstrous social framework exceptionally situated to arrive at a great many customers on a customary basis. Microfinance is not anymore a financing channel however it has additionally arisen as a solid circulation channel with various credit items, repayable throughout a more drawn out timeframe, and sunlight based lights, eco-friendly ovens are some of them. Over the most recent two years, numerous organizations are fabricating sunlight based items with microfinance dispersion channel to sell their items.

There are numerous zones where moderate or negative development is seen particularly in the provincial zones. There might be improvement regarding GDP and in HDI, yet the general advancement of the nation is as yet under the drapes. The advantages of advancement have disseminated unevenly among rich and helpless countries and among rich and helpless gatherings in an individual country. The worldwide number of amazingly poor and underfed have stayed high and in certain social orders, it has expanded. One of the significant negative effects of advancement has been on the climate and on the existing social structure. Numerous conventional social orders and towns have been crushed by the advancement of woods, water framework, and extraordinary fisheries. Natural harm of advancement, if unchecked, may subvert the accomplishment of improvement and even breakdown of the fundamental ecosystem. The developing familiarity with the difficulties of conventional advancement thinking has prompted the expanding acknowledgment of another idea of advancement i.e.sustainable turn of events.

REVIEW OF LITERATURE

The idea of offering financial types of assistance to low pay individuals is old. Numerous casual credit bunches have been working in numerous nations for quite a while like the Susus in Nigeria and Ghana, chit assets and Rotating Savings and Credit Associations (ROSCAs) in India, mixed bags in West Africa, pasanaku in Bolivia, Hui in China, artisan in Indonesia, paluwagan in the Philippines and so forth It is accepted that at first, the casual financial establishments arose in Nigeria going, thinking back to the fifteenth century. Such kind of organizations began building up in Europe during the eighteenth century when in 1720 the main advanced asset focusing on destitute individuals was established in Ireland (Seibel, 2005). During the 1970s, a change in outlook began to happen. The disappointment of sponsored government or giver drove establishments to fulfill the need for financial administrations in agricultural nations prompted a few new methodologies. Bank Dagan Bali (BDB), set up in Indonesia in 1970, was the soonest bank to initiate business microfinance (Schwiecker, 2004). In 1973, ACCION International, a USA based NGO, dispensed its first credit in Brazil at business financing cost to begin a micro-undertaking. After one year in 1974, the Self-Employed Women's Association of India (SEWA) began a bank to give advances to helpless ladies. In 1976, Muhammad Yunus, a teacher of

Economics at Chittagong University, Bangladesh started a trial research task of giving credit to the country poor. He gave a little advance of 856 Taka ($27) from his pocket to 42 helpless bamboo weavers and found that little advances drastically changed the lives of these individuals and they had the option to take care of the credits with interest. The accomplishment of this thought drove Yunus to build up Grameen Bank in 1983 in Bangladesh. This program indicated shocking development rates in Bangladesh, especially during the 1980s and 1990s. It supported social trendsetters and associations everywhere on the world to start tries different things with various microfinance conveyance techniques to carry financial administrations to poor people.

OBJECTIVES OF THE STUDY

Numerous poor on the planet don't approach fundamental financial administrations which are useful in dealing with their resources and make payments. They need admittance to borrowings, reserve funds, and speculation to kill their destitution. Microfinance is one of the methods of battling neediness in provincial territories, where the vast majority of the world's most unfortunate individuals live. It gives reserves, protection, investment funds, and other auxiliary financial administrations inside the span of poor people. Through microfinance foundations (MFIs, for example, financial non-legislative associations, business banks, and even credit associations, needy individuals can satisfy their necessity of little credits and shield their reserve funds. For improving the expectation for everyday comforts of destitute individuals and to help in easing of neediness, the idea of Microfinance Institutions appeared, yet the state of BPL families has not yet improved. Which implies Microfinance Institutions are confronting difficulties and unfit to satisfy their unique goal. With this examination, here is an endeavor to feature those issues and give suggestions to progress.

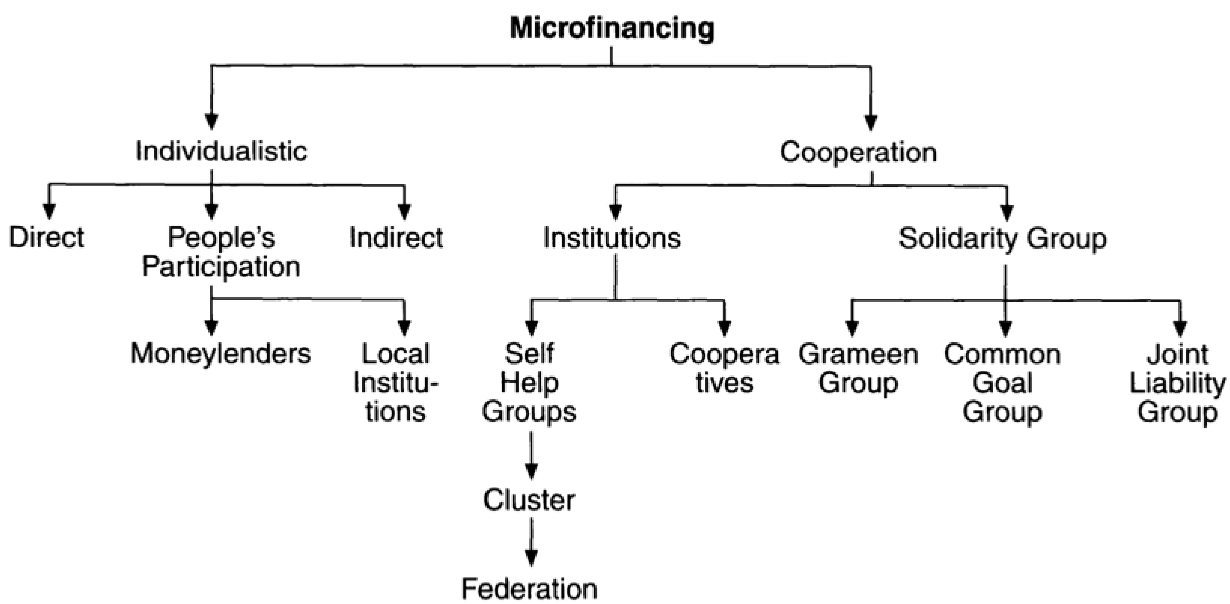
MICROFINANCE IN INDIA: AN OVERVIEW

In India, the main activity to present microfinance was simply the foundation Employed Women's Association (SEWA) in Gujarat. SEWA was enrolled as a worker's guild of independently employed ladies laborers of the sloppy area in 1972. This worker's guild set up their bank known as SEWA Bank in 1974. To build up this bank 4,000 patrons contributed Rs.10 each as to offer capital. From that point forward this bank is enrolled as a co-employable bank and has been giving financial administrations to helpless ladies and has additionally become a reasonable financial endeavor. The primary significant exertion to come to these rustic poor was made by NABARD in 1986-87 when it upheld and supported an activity research venture on 'sparing and Credit Management of Self-Help Groups' of Mysore Resettlement and Development Authority (MYRADA). For this reason, an award of Rs. 1,000,000 was given to MYRADA. The empowering results were yielded. In 1988-89, NABARD embraced a study of 43 NGOs spread more than eleven states in India to consider the working of the SHGs and conceivable outcomes of a coordinated effort between the banks and SHGs in the preparation of provincial reserve funds and improving the credit conveyance to poor people. To meet their credit prerequisites, in July 1991 RBI gave around to the business banks to stretch out credit to the SHGs framed under the pilot task of NABARD. The program obtained a public need from 1999 through Government of India spending declarations. Since the hour of its starting point, NABARD gives strategy direction, specialized and limited time uphold predominantly for limit working of NGOs and SHGs. Nowadays numerous public and private business banks, territorial rustic banks, co-usable banks, co-usable social orders, enlisted and unregistered NBFCs, social orders, trusts, and NGOs are giving microfinance by utilizing their branch organization and through various microfinance conveyance model.

MICROFINANCE PRACTICES IN INDIA

Microfinance programme can succeed only if (a) transaction costs and risks are reduced for lenders, (b) customers transact business in an informal environment, (c) provision of financial services is according to the need and capacity of the 'micro' customers, (d) collateral requirements can be substituted with collateral substitute, and (e) enough finance is available to reduce the demand-supply gap to minimum. This calls for a linkage between formal financial institutions and informal financial system (See World Bank, 1983; Bouman, 1989).

Figure 1, Microfinance Management layers

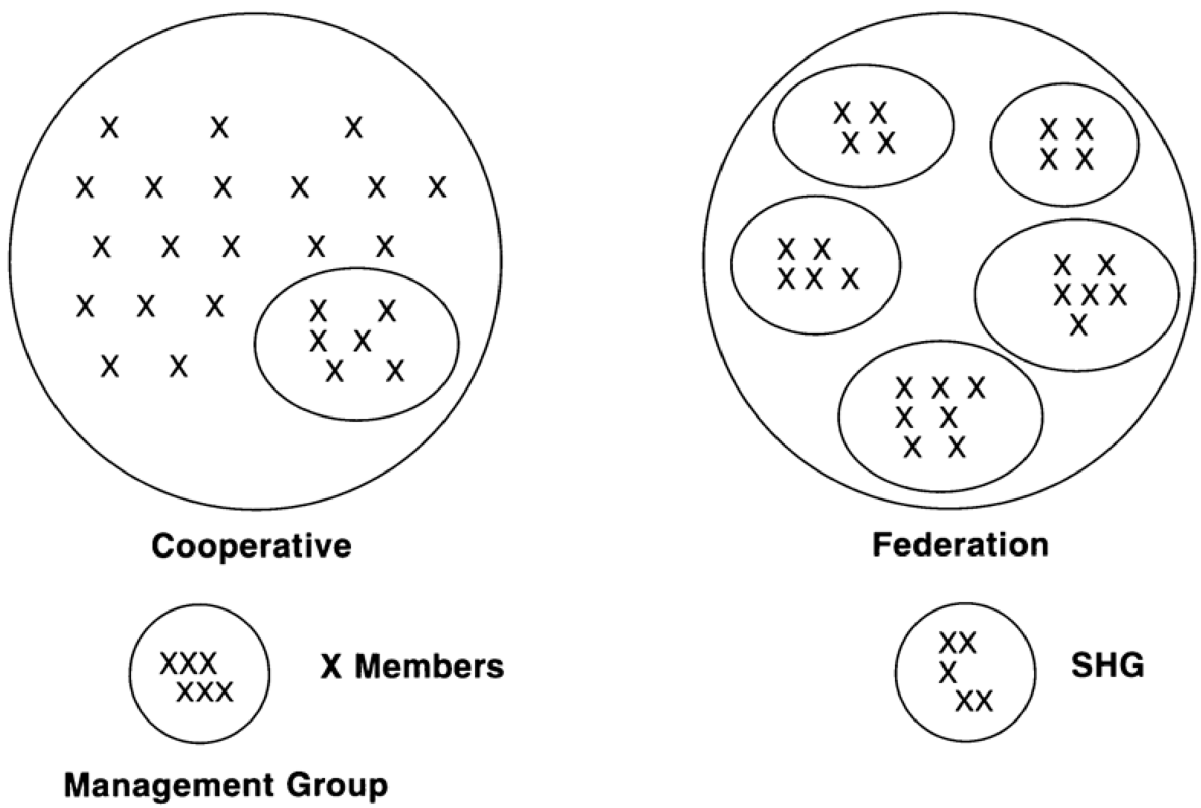


Source: Savings and Development

MF thus can be perceived as micro savings, microcredit, housing credit for poor and microinsurance; micro leasing too may be one of the aspects of MF. Although microfinance is an important tool for economists to expand market for sustaining steady growth, it is a difficult proposition for formal financial institutions (FFI) due to high (i) travel and supervision costs to deal with large number of clients in infrastructurally backward areas, (ii) ledger cost to maintain large number of records and (i) manpower cost to identify large number of clients, maintain their accounts and super- vise their activities. The risk is high mainly because of information gap. The information gap exists at two levels: (1) person to person, i.e. between borrower and lender and (2) person to environment, i.e. (a) between lender and the local socio-economic environment, and (b) borrower and production environment, i.e. technology, market, skill etc. As Leland and Pyle (1977) put, borrowers know themselves better than the FFIS, but do not desire to fully disclose all relevant personal and project information. Verification of true credentials by an outside lender, especially with regard to microfinance, may prove to be costly if not impossible.

In this imperfect market condition, the lenders face the problem of managing the risk of loan default (Von Pischke, 1992) which unfortunately cannot be resolved by raising the interest rate (Stiglitz and Weiss, 1981). FFIS therefore shun microfinance and rural areas. This provides a large space for informal financial system (IFS) to operate. According to the Reserve Bank of India Bulletin (February 2000), 40 per cent of rural credit, which is mostly microcredit, is met by IFS.

Figure 2, ***Microfinance Management Groups***



Source: Savings and Development

Both Federation and cooperative or even GBG centres may finally turn out to be political institutions. Nevertheless, whereas in a cooperative there is danger of maneuvering by a small vested interest group, in the other two types of institutions the decisions are expected to be taken by all the truly empowered members. Each methodology has its own merit and demerit. Whereas there is no hassle of group formation, creating mutual trust among members and constantly training and nurturing them in 'individual' approach, the transaction cost tends to be higher if the bank staff, instead of any agent on commission basis, has to trans- act the business. As there is no peer pressure in this approach, the risk of lending may tend to be high if close supervision is not possible. Transaction cost of the borrower becomes too high if (s)he has to visit the branches. The group methodology definitely reduces all these costs and risks, but formation of group is a costly affair. Unless adequate business is generated or groups are formed out of any developmental fund, this may not be universally cost effective.

MOST CHALLENGES FACED BY MICROFINANCE INSTITUTIONS

1. Over-Indebtedness

The microfinance area manages minimized areas of Indian culture planning to improve their way of life, and accordingly, over-obligation represents a serious test to its development. The developing pattern of numerous getting by customers and wasteful danger the executives are the main factors that pressure the microfinance business in India. The microfinance area gives advances without security, which builds the danger of awful obligations. Relentless development needs appropriate infrastructural arranging, which the Indian microfinance area obviously needs.

Further, the absence of any zenith command over the MFIs in India is additionally a main source of over-obligation. These components likewise added to the Microfinance emergency of 2008 in India. Over-obligation makes the MFIs defenseless against credit danger and builds the expense of observing that they need to bring about to remain beneficial over the long haul.

2. Higher Interest Rates in Comparison to Mainstream Banks

The financial accomplishment of MFIs is restricted when contrasted with business banks in India. The exceptionally old financial framework has solid traction in Indian grounds and is gradually advancing to address the issues of the occasions. Most Microfinance Institutions charge an exceptionally high pace of revenue (12-30%) when contrasted with business banks (8-12%). The administrative power RBI gave rules to eliminate the maximum furthest reaches of 26% premium on MFI credits. While numerous MFI area players profited by the RBI rule update, the borrowers were left for the more regrettable. A huge pattern of rancher self-destruction in states like Andhra Pradesh and Maharasthra is the result of borrower obligation that came about because of the higher loan costs.

3. Broad Dependence on Indian Banking System

Since most microfinance foundations work as enlisted Non-Governmental Organizations (NGOs), they are subject to financial establishments, for example, business banks for settled subsidizing to complete their own loaning exercises. The vast majority of these business banks are private organizations charging a higher pace of revenue. They additionally endorse credits for more limited periods. The enormous reliance of Indian MFIs on banks makes them clumsy as a loaning accomplice.

4. Insufficient Investment Validation

Speculation valuation is a critical ability for the sound working of an MFI. The creating idea of the business sectors in which MFIs work, the market movement is regularly restricted. That is the reason it gets hard for MFI to access market information for valuation purposes. Absence of predictable and solid valuation methodology, MFI supervisory crews, can't accomplish the degree of valuable data that they should have the option to settle on speculation choices

5. Absence of Enough Awareness of Financial Services in the Economy

An agricultural nation really taking shape, India has a low education rate, which is even more moderate in its country territories. A huge lump of the Indian populace neglects to comprehend the essential financial ideas. There is an extreme absence of attention to financial administrations gave by the microfinance business among the majority. This absence of satisfactory information is a critical factor that shields the rustic populace from getting to MFIs for simple credit to meet their financial necessities. It likewise adds to boundless financial prohibition in the nation. The extra undertaking of teaching masses and building up trust before they start advances additionally falls on the shoulders of MFIs. The serious absence of mindfulness about arrangements and items offered by MFIs make it hard for these foundations to continue in exorbitantly serious conditions that agricultural countries are home to.

6. Administrative Issues

The Reserve Bank of India (RBI) is the chief administrative body for the microfinance business in India. Notwithstanding, RBI pretty much obliges business and conventional banks more than it helps MFIs. Indeed, even the necessities and the structure of microfinance organizations are altogether not the same as those of other ordinary loaning establishments. A few guidelines appear to have profited the MFIs, yet others left various issues unaddressed. Regardless of irregular and uncommon administrative changes, the Microfinance business seems to have been attempting to continue. While new guidelines bring about basic and operational changes, they likewise bring about vagueness in standards of lead. The outcome is a problematic execution and disappointment in the advancement of new financial items and administrations. Indisputably, there is a requirement for a different administrative expert for the microfinance business.

7. Decision of Appropriate Model

Most Indian MFIs follow the Self-Help Group model (SHG model) or the Joint Liability Group model (JLG model) of loans. They barely select the model dependent on logical thinking. Most MFIs pick the models arbitrarily, paying little mind to the circumstance. In addition, is that the decision of the model expands the danger of borrowings for the more vulnerable segment past they can shoulder and is irreversible. Eventually, the choice of the model influences the supportability of the MFI association over the long haul.

SUGGESTIONS

In light of this investigation and examination of difficulties looked at by MFIs in India, here are a portion of the proposals that can help in improving the circumstance of these foundations with the goal that these MFIs can likewise effectively uphold the public authority's intension of destitution mitigation and quicken their development.

Reducing Regional Disparity:

As talked about in the issues, the spread of microfinance programs is inconsistent among different locales of India and there is restricted spread in the more unfortunate states. In this way, there is an abundant degree to spread microfinance programs in the unreached regions including the more unfortunate states. These helpless states are Assam, Bihar, Jharkhand, Gujarat, Himachal Pradesh, Maharashtra, Madhya Pradesh, Chhattisgarh, Orissa, Rajasthan, Uttar Pradesh, Uttaranchal, and West Bengal. These states represented 70% of India's poor and were not viably reached by the microfinance program.

Technology to lessen Operating Cost:

MFIs should utilize new innovations and IT devices and applications to decrease their working expenses. In spite of the fact that most NBFCs are embracing such cost-cutting measures, which is plainly clear from the minimal effort per unit cash loaned (9%-10%) of such establishments. NGOs and Section 25 organizations are having an extremely high estimation of cost per unit cash loaned for example 15-35 percent and thus such organizations should be urged to receive cost-slicing measures to decrease their working expenses. Additionally, activities like the improvement of regular MIS and other programming for all MFIs can be required to make the activity more straightforward and proficient.

Schemes to Support MFIs:
MFIs are intended to assume a significant function in contacting the destitute individuals who are not served by the formal financial organizations. Be that as it may, a large portion of these organizations is confined by 97 RBI to gather reserve funds from their individuals and raise public assets. As these organizations don't distribute their yearly financial reports, it is hard to decide their financial wellbeing. In this way, the formal financial organizations likewise waver to give credits to these establishments. To handle this issue, a few plans might be received to offer help constantly for MFIs.

Insurance Services:
In India, the infiltration of protection administrations among provincial needy individuals is restricted and there is an incredible potential for the equivalent. Also, the poor is a lot defenseless against the characteristic vulnerabilities and protection is important for them. The organization utilized for microfinance program can be utilized to tap the capability of protection in-country markets. Non-Government Organizations, Microfinance Institutions, and Self-Help Groups can be utilized as micro-protection specialists. They can offer objective explicit protection items at a moderately lower cost, for a lower inclusion of sum. It very well might be visualized that micro-protection would encourage the entrance of protection to provincial and far off zones. Be that as it may, a portion of the NGOs are giving mishap, life and yield protections in India yet such sort of administrations should be extended.

Securitization of Loans:
This alludes to an exchange wherein the reimbursements from a bunch of microloans from at least one MFIs are bundled into a specific reason vehicle, from which tradable protections are given. As the advances from various MFIs can be pooled together the danger gets expanded. In spite of the fact that securitization of advances and portfolio buyout are comparable from various perspectives like first misfortune default ensure condition, cut off to the measure of advances that can be auctions off and so on The significant contrast between the two is that securitizations require a rating from a credit rating office and that it very well may be exchanged, which makes securitized advances draw in more likely purchasers.

CONCLUSION

To obtain sustainable development there must be continued growth and diversification of the rural economy, all segments of the population including farmers, rural micro-entrepreneurs, and the poor should have easy access to sustainable financial services such as savings, credit, and insurance provided by self-reliant, sustainable financial institutions in a conductive macroeconomic policy environment and development of MFIs. Sustainable rural microfinance requires local initiative and careful donor support for the development of institutions, enabling them to offer both savings and credit services, mobilize their own resources, have their loans repaid, cover their costs from their operational income, and finance their expansion to the poor and non-poor from their profits. We should not support temporary or ad-hoc solutions with no chance of institutional sustainability. All these problems can broadly fall into either financial or operational in nature, they should not be impossible to solve as the microfinance sector moves towards its optimal performance level in the next several years. Microfinance can contribute to solving the problem of inadequate housing and urban service as an integral part of poverty alleviation programs. Microfinance institutions have a lot of contribution to this by building financial discipline and educating borrowers about repayment requirements. Micro Finance has more opportunity if the state Reduced direct involvement, increased outlays, Structuring outlays, and finding the right outlets, Creating incentives and regulatory environment for implementation.

Finezza lending management solution is a well-integrated software solution for microfinance institutions and NBFCs. The software solution helps MFI access world-class banking capabilities to match up and compete efficiently with the performance of mainstream commercial banks. The 360-degree suite not only provides the lenders with a wholesome view of the borrower to aid in balanced decision making, but the use of AI and ML technologies also makes the process further risk proof.

REFERENCE

1. Basheer, M. (2013). What Does Sustainable Development Really Means? - A Study on Different Dimensions of Sustainability. IJRCM, 3(10), 114-116.
2. Coetzee, Gerhard; Kabbucho, Kamau and Njema, Andrew. 2003. Taking Banking Services to the People: Equity's Mobile Banking Unit. MicroSave, Nairobi.
3. Cracknell, David; Sempangi, Henry; Wright, Graham A.N.; Mukwana, Peter and McCord, Michael J. 2003a. Lessons from Pilot Testing Financial Services –The Experience of MicroSave. MicroSave, Nairobi.
4. Cracknell, David; Sempangi, Henry; Wright, Graham A.N.; Mutesasira, Leonard; Mukwana, Peter and McCord, Michael J. 2003. Lessons from MicroSave's Action Research Programme. 2002. MicroSave, Briefing Note No. 20, Nairobi.
5. Cracknell, David; Sempangi, Mukwana; Henry, Peter; Mugwanga, Trevor; Parrot, Lisa and Wright, Graham A.N. 2005. Lessons from MicroSave's Action Research Programme (2004). MicroSave, Briefing Note No. 40, Nairobi.
6. Devaraja, T.S., 2011. "Microfinance in India - A Tool for Poverty Reduction"
7. Dr. Prakash Singh, A Regulatory report on understanding the structure of Microfinance Institutions in India.
8. Dr. Sandeep Bansal. Issues and challenging relating to microfinance in India. IJRIME volume3,
9. Ehsan, Nadia, (December 2011), "Issues in the growth of Micro Finance Banks: Impact of Customer, Internal and External Environment", Interdisciplinary Journal of Contemporary Research in Business.' 3: 8.
10. Emerlson Moses, 2011. in his study "An Overview Micro Finance in India", International Referred Research Journal, RNI-RAJBIL 2009/29954.VoL.III
11. Emerlson Moses, 2011. in his study "An Overview of Micro Finance in India", International Referred Micro Finance in India", International Referred
12. Frankiewicz, Cheryl; Wright, Graham A.N. and Cracknell, David. Product Marketing Toolkit. 2004. MicroSave, Nairobi.
13. Hossain, Iftekhar. 2005. Financial Performance. MicroSave Briefing Notes on Grameen II No. 4.

14. Low-Income Clients? Overseas Development Institute Working Paper No. 229, London.
15. Microenterprise Americas Magazine. 2003. How Not to Manage a Microfinance Institution. Microenterprise Americas Magazine.
16. Microfinance and Its Delivery Models. StudyMode.com. Retrieved 08, 2007, from http://www. study mode.com/essays/Microfinance-Its-Delivery-Models-119718.html
17. Microfinance- Current status and Growing Concern in India as on Oct, 2011 (http://www.iitk.ac.in/ime/MBA_IITK/avantgarde/?p=475)
18. Microfinance – Current Status and Growing Concerns in India http://www.iitk.ac.in/ime/MBA_IITK/avantgarde/?p=475
19. Muhammad, S.D., 2010. Microfinance Challenges and Opportunities in Pakistan. European Journal of Social Opportunities in Pakistan. European Journal of Social Sciences, 14(1): 88.
20. Reserve Bank of India (2008), Report on Trend and Progress of Banking in India 2007-08, Reserve Bank of India Publications, Mumbai.
21. Reserve Bank of India notification, Chapter V, Micro Finance, Publications
22. Reserve Bank of India, Publication report on functioning of Microfinance Institutions as on 19 Jan 2011.(www.rbi.org.in/scripts/PublicationReport Details.aspx?ID=608)
23. Rutherford, Stuart. 1996a. A Critical Typology of Financial Services for the Poor. ActionAid and Oxfam, London.
24. Rutherford, Stuart. 2004. Grameen II At The End Of 2003: A ‘Grounded View’ Of How Grameen’s New Initiative Is Progressing In The Villages. MicroSave, Nairobi.
25. Rutherford, Stuart. 2005. The New Loan Arrangements. MicroSave Briefing Notes on Grameen II No. 2.
26. Rutherford, Stuart. Member Savings. 2005. MicroSave Briefing Notes on Grameen II No. 2.
27. Sa-Dhan, The Association of Community development Finance Institutions, The Bharat Microfinance Report 2014.
28. Sarumathi, S. and K. Mohan, 2011. in their paper “Role of Micro Finance in Women’s Empowerment”, Journal of Management and Science, 1(1): 1-10
29. Satish, P. (2005), “Mainstreaming of Indian Microfinance”, Economic and Political Weekly, Vol.40, No. 17, p. 1733.
30. Schwiecker, S. (2004), The Impact and Outreach of Microfinance Institutions: The Effect of Interest Rates, Master’s Degree Thesis, and University of Tübingen, Germany.
31. Seibel, H.D. (2005), “Does History Matter? The Old and the New World of Microfinance in Europe and Asia”, Paper Presented at: From Moneylenders to Microfinance – Southeast Asia’s Credit Revolution in Institutional, Economic and Cultural Perspective, An Interdisciplinary Workshop, Asia Research Institute, Department of Economics and Department of Sociology, National University of Singapore, 7-8 October.
32. Sempangi, Henry; Cracknell, David; Moulick, Madhurantika and Messan, Hermann. 2005. Process Mapping in Practice. MicroSave Briefing Note No. 41, Nairobi.
33. Shodhganga chapter 3, Microfinance Trends, Problems and Challenges. (http://shodhganga.inflibnet.ac.in/bitstream/10603/3031/11/11_chapter%203.pdf)
34. Sibghatullah Nasir, Middle-East Journal of Scientific Research 15 (2): 191-199, 2013. Research Paper- Microfinance in India: Contemporary Issues and Challenges.
35. Sinha, Sanjay; Chetan, Tanmy; Ruthven, Orlanda and Pathak, Nilotpal. 2003.

36. Srinivasan, N. (2009), Microfinance India State of the Sector Report 2008, Sage Publications, New Delhi.
37. Srinivasan, N., 2009. Microfinance India State of the Sector Report 2008, Sage Publications, New Delhi.
38. Sriram, M.S. and R.S. Upadhyayula, 2004. The transformation of the microfinance sector in India: experiences, options and future. Journal of Microfinance, 6(2): 89-112.
39. Tankha, A. (2002), "Self-help Groups as Financial Intermediaries in India: Cost of Promotion, Sustainability and Impact", A Study by Sa-Dhan, New Delhi, pp70-71. (http://www.sadhan.net/Adls/Microfinance/PerspectiveMicrofinance /SelfhelpGroupsasFinancial.pdf)
40. Tenaw, S. and K.Z. Islam, 2009. Rural financial services and effects of microfinance on agricultural productivity and on poverty. University of Helsinki Department of Economics and Management
41. The Outreach/Viability Conundrum: Can India's Regional Rural Banks Really Serve
42. Thorat, Y.S.P., 'Microfinance in India: Perspective and Challenges' (monograph), Conference on Microfinance India, Mumbai, 2005.
43. Vijayaragavan, T. (2013). Microfinance: A Sustainable Tool for Economic Growth. IJRCM, 3(06), 89- 91.
44. World Bank. 2003. Rural Finance Access Study. World Bank, New Delhi.
45. Yunus, Muhammad (2002). Grameen Bank II: Designed to Open New Possibilities. Dhaka: Grameen Bank. (www.grameen-info.org/bank/bank2.html)

Acknowledgements

The authors profoundly appreciate all the people who have successfully contributed to ensuring this paper in place. Their contributions are acknowledged however their names cannot be mentioned.

Conflict of Interest

The author declared no conflict of interest.

How to cite this article: Kothari A. (2016). Indian Microfinance: A Critical Review on Issues and Challenges. *International Journal of Social Impact, 1*(3), 134-144. DIP: 18.02.017/20160103, DOI: 10.25215/2455/0103017