

Chapter 5

MICROFINANCE IN INDIA: AN OVERVIEW & ANALYSIS

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Chapter 5

Microfinance in India: An Overview and Analysis

Preceding Chapter discussed about the legal framework about MFIs while this chapter presents the overall idea about the MFIs working in different states of India. Since the 1950s, various governments in India have experimented with a large number of grant and security based poverty alleviation programmes. Those experiment showed that these mandatory and dedicated subsidized financial programmes, implemented through banking institutions, have not been fully successful in meeting their social and economic objectives. Those programmes were often not sustainable or perpetuated the dependent status of the beneficiaries. Sometimes they were dependent ultimately on government employees for delivery. That led to misuse of both credit and subsidy. Those programmes were treated at best as poverty alleviation interventions. According to a 1995 World Bank estimate, in most developing countries the formal financial system reaches only the top 25% of the economically active population - the bottom 75% have no access to financial services apart from moneylenders. The formal financial institutions have not been able to reach the poor households, and particularly women, in the unorganized sector in India also. Structural rigidities and overheads led to high cost of making small loans. Organizational philosophy has not been oriented towards recognizing the poor as credit worthy. The problem has been compounded by low level of influence of the poor, either about their credit worthiness or their demand for savings services. All this gave rise to the concept of microfinance.¹

Briefly, this chapter is going to discuss about the history of microfinance at global level and brief history of microfinance in India. It also discusses about how microfinance works and what type of financial facilities are being provided by microfinance. This chapter gives the knowledge about the service providers of microfinance and delivery models of microfinance through which microfinance can provide financial facilities to its users. Main section of this chapter is the state wise details about microfinance institutions (MFIs) in India and particularly it gives brief historical idea about the MFIs working in Gujarat region. The data about each MFI gives an outline about current condition of microfinance in each state of India. MFIs in India are running successfully with the poor but MFIs have to face some risks. This chapter also gives a highlight on types of risks MFIs have to face. At last this chapter also points out the dark side of microfinance.

5.1 History of Microfinance: An Overview^{2,3}

Microfinance is known as a popular poverty alleviation tool, the word microfinance may be new but evidences shows that the concept of microfinance is not new. Informal credit and savings groups, for decades, have been providing those customers who were traditionally neglected by commercial banks. Some examples of these informal savings and credit groups that have been operated for centuries are the “susus” of Ghana, “chit funds” in India, “tandas” in Mexico, “arisan” in Indonesia, “cheetu” in Sri Lanka, “tontines” in west Africa, and “pasanaku” in Bolivia, as well as numerous savings clubs and burial societies found all over the world. These informal groups are also known as Rotating Savings and Credit Association (ROSCAs). ROSCAs consist of a group of men and or women who contribute to a collective fund and decide either by auction or collective decision, to contribute collected money to one of the group members. The other type of informal group is known as savings and credit cooperatives (SACCOs).

Irish Loan Fund system, initiated in early 1700s by the author and nationalist Jonathan Swift, was one of the earlier and longer-lived micro credit organizations providing small loans to rural poor with no collateral. Swift’s idea began slowly but by the 1840s it had become a widespread institution of about 300 funds all over Ireland. The principal objective of Swift’s idea was to make small loans with interest for short periods up to 20 weeks. Despite small size of the loans, from as small as 4 pounds to a maximum of 10 pounds per person, the funds constituted one the larger financial organizations in Ireland. The idea of repayment was based on ‘Social Capital’ so that if the borrower could find two other people to verify his or her trust, then they could secure the loan.

Various types of larger and more formal savings and credit institutions began to emerge in Europe in the 1800s which were primarily organized among the rural and urban poor. Those institutions were known as People’s Banks, Credit Unions and Savings and Co-operatives. The concept of the credit union was developed by Friedrich Wilhelm Raiffeisen and his supporters. From 1870, unions expanded rapidly over a large sector of the Rhine Province and other regions of the German States. Then after cooperative movement quickly spread to other countries in Europe and North America, and eventually, supported by the cooperative movement in developed countries and donors, also to developing countries. In 1895 the Indonesian People’s Credit Banks (BPR) or The Bank Perkreditan Rakyat had been opened and it became the largest

microfinance system in Indonesia with close to 9000 units. Over the years, these institutions became inefficient and widely discredited as a development intervention.

Viewed purely from a historical perspective the origin of microfinance could be traced back to the beginning of the cooperative movement in Germany, where the movement was started in 1944 in the field of co-operative based credit system by the 'Raiffeisen Societies' as well as 'Rochdale Pioneers' in England. Similarly, the enactment of the Co-operative Credit Societies Act, 1904 could be considered as the beginning of microfinance in India.

Development projects began to introduce subsidized credit programmes targeted at the specific communities in the beginning of 1950s. However rural development banks suffered massive erosion of their capital base due to subsidized lending rates and poor repayment discipline and the funds did not always reach the poor, often ending up concentrated in the hands of the better-off farmers.²

Between the 1950s and 1970s, governments and donors focused on providing agricultural credit to small and marginal farmers, in hopes of raising productivity and incomes. These subsidized schemes were rarely successful.

Meanwhile, in the starting of 1970, experimental programs in Bangladesh, Brazil and a few other countries extended tiny loans to groups of poor women to invest in micro-business. This type of microenterprise credit was based on solidarity group lending in which every member of a group guaranteed the repayment of all members. Those "microenterprise lending" programs had an almost exclusive focus on credit for income generating activities targeting very poor (often women) borrowers.

ACCION International, an early pioneer, was founded in 1961 by a US Berkeley law student named Joseph Blatchford, to address poverty in Latin America's cities. ACCION today is one of the premier microfinance organizations in the world, with a network of lending partners that spans Latin America, Asia, the United States and Africa.

In India the Self Employed Women's Association (SEWA), founded by Elaben R. Bhatt, was registered as a trade union in Gujarat state in 1972. SEWA's main objective was "strengthening its members' bargaining power to improve income, employment and access to social security." In 1974 four thousand women decided to found "a bank of their own" and contributed share capital to establish the Mahila SEWA Co-operative Bank. Since then it has been providing banking services to poor, illiterate, self-employed women and has become a viable financial venture. SEWA Bank is the first microfinance institution providing microfinance services to the poor.

In Bangladesh, Professor Muhammad Yunus addressed the banking problem faced by the poor through a programme of action-research. After completing his graduation from Chittagong University in 1976, he designed an experimental credit programme to serve the poor and his idea spread rapidly to hundreds of villages. Through a special relationship with rural banks, he disbursed and recovered thousands of loans, but having a fear of risk, the bankers refused to take over the project at the end of the pilot phase in spite of his success. In 1983 the Grameen Bank was founded through the support of donors. The initial success of Grameen Bank also stimulated the establishment of several other giant microfinance institutions like BRAC, ASA, Proshika, etc.

Through the 1980s, the policy of targeted, subsidized rural credit came under a slow but increasing attack as evidence mounted of the disappointing performance of directed credit programs, especially poor loan recovery, high administrative costs, agricultural development bank insolvency, and accrual of a disproportionate share of the benefits of subsidized credit to larger farmers. Meanwhile, microcredit programs throughout the world improved upon the original methodologies and defied conventional wisdom about financing the poor. First of all it was discovered that poor people, especially women, had excellent repayment rates among the programs, rates were better than the formal financial sectors of most developing countries. Second, the poor were willing and able to pay interest rates that allowed microfinance institutions (MFIs) to cover their costs.

In 1990s, those two features- high repayment and cost-recovery interest rates- permitted some MFIs to achieve long-term sustainability and reach large numbers of clients. Another significant movement in the sector of microfinance is the village banking unit system of the Bank Rakyat Indonesia (BRI). BRI is the largest microfinance institution in developing countries. This state-owned bank serves micro savers and also managed micro banks. The micro banks of BRI were the product of a successful transformation by the state of a state-owned agricultural bank during the mid-1980s. The 1990s saw growing enthusiasm for promoting microfinance as a strategy for poverty alleviation. The microfinance sector blossomed in many countries, lending to multiple financial services firms serving the needs of micro entrepreneurs and poor households.³

This is how microcredit programmes throughout the world improved upon original methodologies and defined conventional wisdom about financing the poor. They showed that poor people, especially women, had an excellent repayment capacity if

they were trained and given an opportunity. They also showed that poor were willing to pay the better interest rates than in the formal financial sectors that allowed MFIs to sustain.

5.2 History of Microfinance in India⁴

First phase of microfinance in India is Social Banking. The All India Rural Credit Survey report of 1954 found that informal sources accounted for 70%, while the cooperative accounted for 6.4% and commercial banks just 0.9% of rural credit usage. In 1960, India had made one the largest interventions in rural credit market and it were referred to as Social Banking Phase. Social Banking Phase was characterized by broadening the access to credit for poor and marginalized people and to section of people with no access to formal banking in India.

The All India Rural Credit Survey Committee recommended expansion of the co-operative credit system in 1954 to cater to the credit needs of the rural poor. The committee on co-operative Credit had proposed strong and stable institutional framework for strengthening of co-operatives in 1960 followed by the “Lead Bank Scheme” in 1969. In 1969, The All India Credit Survey Committee recommended the adoption of “Multi-agency Approach.” It was the first time the Government of India has accepted the fact the rural credit demand could not only be met from co-operatives along and commercial banks have to play a vital role in meeting rural credit demands. The “Lead Bank Scheme” had started district credit plans which brought about a strong reform in the rural financial sector. Another important development in the Indian financial sector came out by nationalization of 14 commercial banks in the year 1969.

The Regional Rural Banks (RRBs) were incorporated and “Agricultural Refinance and Development Corporation (ARDC) was set up in the year 1975. By mid 1970s, the banking sector was operating as a three tier system *viz.* first tier had consisted of commercial banks, second tier had consisted of RRBs and the third tier had been formed by co-operative banks. By the same period 49% of all schedule commercial banks had operated from rural areas.

In the period of 1980s, the concept of microfinance generated as a result of credit subsidization policy toward poverty-stricken farming community. During the same period, the concept of microenterprise credit arose which began with a motive to provide loans to poor people, especially women to invest in very small-scale business activities which had helped in accumulative assets and increase their household income. In 1982, the National Bank for Agriculture and Rural Development (NABARD) was set up by

realizing the importance and need for rural financial services. Loans available through micro credit scheme were more accessible to the poor people as compared to bank loans. Again in 1982, "Development of women and Children in Rural Areas (DWCRA) was started as a sub-scheme of Integrated Rural Development Programme (IRDP). Under DWCRA, Government of India had introduced the provision of revolving fund to women groups for income-generating activities. In 1988, "Service Area Approach" was adopted and in 1989, market-oriented approaches for co-operatives were taken as per the recommendation of the Khusro Committee.

The scaling up of microfinance movement in India was due to the effort led by the Self-Help Group (SHG) Movement, where poor households from rural areas are organized into homogenous groups of around 10-20 each, and pooled their money which was lent to the needy in the group in the form of credit. The major microfinance programme in India was initiated by NABARD by initiating the SHG-Bank Linkage Programme in the year 1992. By the period of mid 1990s, several mainstream banks began providing credit and savings facilities to SHGs and that had built credible financial discipline.

During early 1990s, the Non Government Organizations (NGOs) became instrumental in providing financial services to the poor and during late 1990s; many of the NGOs transformed themselves into formal micro financial institutions (MFIs) in order to provide microfinance products like saving, credit, insurance, remittances etc.

In 1993, "National Credit Fund for Women (Rashtriya Mahila Kosh)" was formed to provide credit, through NGOs, to self-employed women. An important microfinance movement had been development in Andhra Pradesh in 1995 when State Government granted autonomy to cooperatives by passing "Mutually-aided Cooperative Societies Act." In 1996, the Reserve Bank of India (RBI) has introduced the Local Area Banks (LABs). In 1998, the Small Industries Development Bank of India (SIDBI) took an important step by setting up "SIDBI Foundation for Microcredit" with an initial capital of ₹100 crores. In 2005, Government of India renamed it "Micro Finance Development and Equity Fund" with corpus fund of ₹200 crores to help in infusion of new capital to MFIs. Microfinance Institutions (MFIs) became an integral part of microfinance from the year 2000 with RBI declared that the bank lending to MFIs is a priority sector lending.

Table 5.1 Phases of Microfinance in India

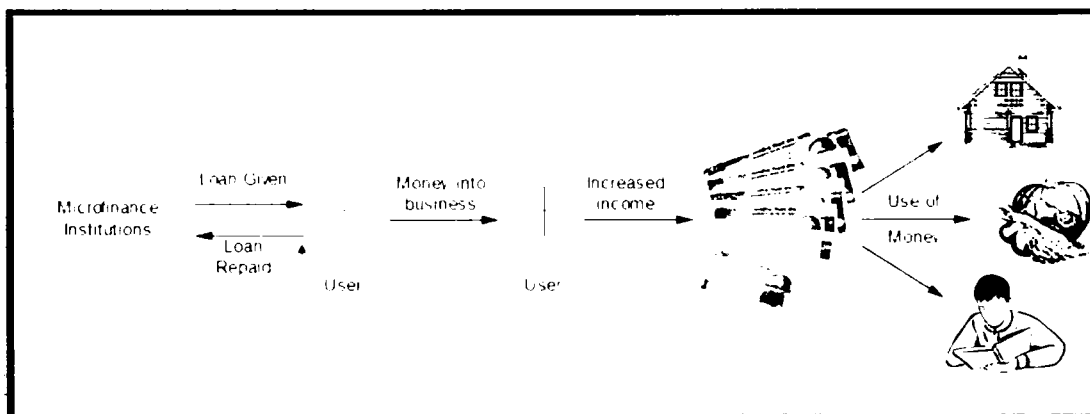
Phases	Year	Features
One: Social Banking	1960-1990	<ul style="list-style-type: none">◆ Nationalization of commercial banks. 14 and 8 commercial banks were nationalized in 1969 and 1980 respectively.◆ Lead Bank Scheme was initiated with district credit plans. Expansion of the network of rural banking.◆ RRBs were set up in 1976.◆ NABARD was formed in 1982.◆ Co-operative banking was structured and developed.◆ SIDBI was established.
Two: Financial systems approach	1990-2000	<ul style="list-style-type: none">◆ NGO-based MFIs were developed to provide microfinance products and services on not-for-profit basis.◆ SHG-bank linkage programmes initiated and rapidly replicated. Innovative credit lending mechanisms based on "peer pressure" and "moral collateral" were developed.
Three: Financial Inclusion	2000 onwards	<ul style="list-style-type: none">◆ Microfinance is seen as a business proposition and has been commercialized too.◆ Development of for-profit MFIs like Non Banking Financial Companies (NBFCs) and Non-Banking Financial Institutions (NBFIs).◆ NGO-MFIs are being legitimized.◆ Customer's-centric/client-centric microfinance products and services are given importance.◆ Policy regulations are increased.

Source: Singh H. R. & Singh HD (2011)⁴

5.3 How Microfinance Works?

Microfinance is a chain which helps poor people to come out of the deep well of poverty and debt. Microfinance provides poor people a platform to stand and survive in the society with full of respect. Microfinance works in a simple way. Exhibit 5.1 explains the simple way of Microfinance: One microfinance institution (MFI) provides credit (depends upon the need of the poor), the poor invests the credit in any type of business or in any productive activity, business improves the income of the poor, life style of the poor also improves, the poor repay the credit amount back to the MFI. This is the simple way how microfinance helps the poor to come out from the poverty trap.

Exhibit 5.1 How Microfinance Helps the Poor



5.3.1 Financial Services Provided by Microfinance Institutions (MFIs)⁵

Exhibit 4.1 presents in a very simple way one of the major function of MFI. However, the MFIs provide many other services like savings, insurance, remittances and pension. The following lines explain the various services rendered by MFIs.

1. Credit: Credit is the most common financial service provided by the MFIs. It is a small amount of money loaned to a client by a bank or other institution. MFIs generally give credit/loan for the productive purposes which means loan for investment in income generation activities. Credit may be availed by clients for various purposes such as agriculture, meeting working capital requirements, making capital expenditures or for consumption purposes. The basic premise is that poor clients are not able to realize the full potential of the business because they lack the capital to invest. A client may not have the financial capacity to expand the business. So possibility is that client may not grow his/her business properly or client lost his/her business.

It is also fact that low income people require finance not just for income generation but also for other purposes such as meeting medical expenses, education and social ceremonies. But here there are two different approaches. Some MFIs believes that loan should be given only for productive purposes so that low income people can repay and MFIs can avoid credit risk. However, some MFIs believe that consumption purposes such as health, education or social ceremonies are equally important for the clients and clients will have to necessarily borrow for them from some source like moneylenders who charge exorbitant interest rates from the clients. Those MFIs are of the view that if consumption loans are not provided, clients will not be free from the clutches of moneylenders. In spite of two differing views of MFIs, they have to follow certain basic principles while extending the credit.

- a. *Timely Credit:* Timelines of credit is very important in microfinance. If credit is not made available to a client when it is required, it will result in loss of business opportunity or inability to meet a personal need. Delayed credit will not be able to serve the client's purpose. An untimely credit could become a burden on the client.
 - b. *Credit at Doorstep:* One of the important reasons why formal financial institutions may not be suited for microfinance is because of their relatively limited outreach. For a small loan, clients cannot travel to far off areas, as this increases the cost of the loan. Operational costs incurred in order to avail loans either by the client or the institution that provide these services are essentially in the nature of the transaction cost. In order to reduce the transaction cost, such small credit has to be provided as close to the client as possible and recovery mechanisms should also be as close to client locations as possible. In the field of microfinance, to attract the low income/poor clients for small loan and to survive successfully, credit delivery at the doorstep of client is very important.
 - c. *Collateral:* More often, formal financial institutions do not provide loans without collateral (an asset pledge by a borrower to secure a loan or credit). The lender can take over the collateral in the event of default made by the borrower. Poor borrower cannot offer an asset as collateral for small amount of loan. Therefore MFIs provide a loan without any collateral. If the MFIs start asking for collateral it will restrict the access of microfinance to a large extent and will defeat the purpose of microfinance.
 - d. *Simple Loan Procedure:* Another important aspect of microfinance is the simple procedures and products. As majority of the microfinance clients are poor and often illiterate, the loan products as well as the procedure of availing loan and making repayments have to be made as simple as possible to make poor people understand easily. Complex method of paper work and documentation should be avoided by the MFIs.
2. **Savings:** These are deposit services that allow one to save small amounts of money for future use. Often without minimum balance requirements, these savings accounts allow households to save in order to meet unexpected expenses and plan for future investments. Saving is a very important financial service, which can help people in smoothening their cash flows and using money when it is required rather than when it is earned. It was later realized that poor too can save. Low-income people generally have volatile savings or very small savings and often do not have access to banks. The

very small volume and uncertainty about savings make them unable to use banks for depositing their savings. MFIs however, can provide them the scope for keeping their savings with suitable savings products.

Savings are equally important for clients and MFIs both. It is a good source of funds for the MFIs. The cost of funds generated through savings is generally much lower than the cost of commercial borrowings. Saving is a more certain source of funds and could be a regular source of funds for the MFI whereas mobilizing external funds is more complex and specialized activity calling for fulfilling requirements of the funders, getting credit-ratings or assessments done, providing security to funders, negotiating interest rates etc.

Some MFIs make savings mandatory for their clients these savings called 'compulsory savings'. It is seen in the case of SHG model that members have to compulsorily save internally for six months before they can be considered for bank or MFI loan. Thus, in case of SHG bank linkages, six-months of regular savings is stipulated as an essential condition. The client cannot withdraw his/her compulsory savings from the MFI as long as he has a loan outstanding. Hence, compulsory savings act as some sort of collateral. However, many MFIs also have the policy of non-withdraw ability of savings as long as the client is a member of the MFI. Withdrawal of compulsory savings marks the drop out of a client.

MFIs may also collect client savings according to their clients' convenience. Clients may deposit any amount any time with the MFI; these are called 'voluntary savings'. Under this scheme MFIs may design and offer different saving products to attract client savings but clients may or may not avail them. Voluntary savings are withdrawable but do not mean the end of client relationship. The reasons for voluntary savings may also be many. Therefore, just like bank, MFIs come out with different savings products such as recurring deposits, monthly income schemes or fixed deposits. Each product may have various features related to interest rate, withdraw ability, etc.

Some MFIs may also offer compulsory as well as voluntary saving services to their clients. However, savings are seldom a sufficient source of funds. It must be noted that most MFIs will have to borrow from commercial sources if they want to have large programme and want to expand fast. Savings, in such a case, can only be an additional source of fund and it cannot fully replace borrowings.

3. Insurance: It is a system by which people, businesses and other organizations make a payment to share risk. There are numerous uncertainties which could cause risk for individual. These risks could be sudden illness or death. Specifically in rural areas

in addition to death and illness there could be risks like crop failure or cattle loss, which can completely ruin the livelihoods of the people. To reduce vulnerability in face of such risks, insurance proves to be a great tool. Under insurance scheme in order to protect against risk or to get a cover for a risk from certain event, a client has to pay a fixed amount every year called 'premium' and insurance institutions identifies and assures that a fixed sum of money will be paid if that occurs for which insurance has been taken.

Insurance provided to low income people is commonly known as 'micro-insurance'. In India, micro-insurance schemes were earlier started by social organizations to provide securities they were working with. As the MFIs in the country evolved, they took up micro-insurance in a big way. This momentum was supported by Insurance Regulatory and Development Authority (IRDA), the regulating body for insurance companies in India. IRDA makes it mandatory for all insurance companies to extend their services to rural and social sector in the country. Insurance companies found MFIs as the ideal partners for this. Hence, insurance companies and MFIs are increasingly negotiating to provide group or standardized individual insurance schemes for the low-income people. Although the reach of such schemes is still limited, their potential is viewed to be considerable.

Regulations have forced the Insurance companies to provide insurance in rural and social sector. Therefore MFIs having good outreach in social and rural sector form good partners for insurance companies and can act as effective distribution channels. Hence, Insurance Companies are increasingly collaborating with MFIs where MFIs act as an agent to the insurance company. As a result Insurance Company can get large number of clients by getting linked to the MFI and MFI gets another source of revenue as the insurance company pays commission to the MFI for providing linkage service and the client get the risk coverage. MFI also gets the benefit that in case of unfortunate event of death of a client the MFI may first settle the outstanding loan of the client through the coverage amount paid by the insurance company and they pay the remaining amount to the family member of the client. It avoids the burden of loan amount falling on the family in case of the death of the client.

Some MFIs also provide insurance services on their own rather than collaborating with and external insurance company. However, MFIs have also realized the inherent risk of providing such a service internally. There is a regulatory risk as MFIs are legally not considered suitable to carry out insurance as business. They are not approved by IRDA. The second risk is that it increases the contingent liability of the MFI.

Contingent liability means a liability, which occurs when certain events/condition happen. In case of insurance the liability to the extent of coverage amount falls due if the event for which insurance has been taken occurs. Hence, natural disaster, outbreak of disease etc. resulting in large scale damage or loss of life may suddenly make the MFI liable for payment of large sum insured by a large number of clients. This can result in immediate insolvency of the MFI as they cannot make huge cash outflows in a very short time.

Though, micro-insurance as a financial service can complement and enhance the outcome of credit and saving services, these services together can reduce the vulnerability of the poor.

4. Remittance⁶: This service is a transfer of funds/money from people in one place to people in another, usually across borders to family and friends. Although provision of this financial service by MFI is still at a very emerging stage, there is a lot of potential for this kind of service. India is a large country with a great deal of internal migration of various type (such as seasonal/semi-permanent, rural-urban/rural-rural, within the district/state/interstate, individual/in groups, sometimes whole villages en masse, self-propelled/organized through contractors, male/female, manual/skilled/clerical workers, with/without families) and its extent is likely to grow with the emergence of high growth states and areas within states. Most kinds of migrants are likely to have a need for remittance services except short distance or seasonal migrants. Migrants need convenient, low cost and safe means of transfer their savings back to their families. The formal money transfer services offered by banks and post offices prove to be inadequate and also inconvenient for the poor. In that case MFIs are well suited to provide remittance services due to their outreach to remote areas. However, the only condition is that the MFI have a base in at least two locations, the host location where migrants are employed, as well in their home villages and districts which are mostly rural areas. But large cities in India can meet these criteria.

Adhikar an MFI based in Orissa has already successfully demonstrated the delivery of remittances by an MFI. Adhikar identified an opportunity to address, in a unique way, issues related to money remittance for Gandhidham in Gujarat. Adhikar launched "*Shramik Sahayog*" in August 2002 exclusively to look after remittance services. Shramik Sahayog has its head office in Tangi, Orissa and a project office at Gandhidham. To become a member of Shramik Sahyog it is necessary to open recurring deposit account of ₹100 per month. Workers registered as a member of Shramik Sahyog and money has been transmitted from Gandhidham to Orissa using a well-thought and

assured plan. Shramik Sahyog mobilizes the members to form a self-help groups which help members to have savings and credit facilities from the institute and also offer them remittance service with members' convenience.

5. Pensions^{7, 8}: Pension is the very useful service for the individual at the time of his/her old age. This scheme is useful for individual's retirement planning. Invest India Micro Pension Services (IIMPS) is the only social enterprise in the world focused exclusively on encouraging and enabling low income informal sector workers to accumulate micro-savings for their old age. IIMPS was promoted in late 2006. IIMPS has developed a proprietary Micro Pension model as well as a scalable and streamlined, technology-led platform capable of delivering a range of non-credit financial services to the working poor at affordable transaction cost. Through independent contract agreements, IIMPS delivers pension products co-developed by its promoters with the Government of India with UTI (Unit Trust of India), India's largest AMC (Asset Management Company).

SEWA Bank, India (Gujarat) is providing micro pension service with collaboration with UTI-AMC. Low-income people have to open a monthly pension saving account, which can be as low as ₹50. In a unique arrangement with UTI-AMC, SEWA bank collects individual contribution similar to a systematic investment plan of a mutual fund. It sends monthly contribution to UTI. The AMC open individual retirement accounts, from where the cash will be invested in debt and equity. Monthly statement will be sent to SEWA subscribers, who will not be required to pay any initiation fees for participation in this mutual fund. This is the first such Pension scheme for self employed in India. SEWA bank acts as a distributor of UTI and getting 3 % of amount collected as commission.

5.3.2 Microfinance Delivery Methodologies

MFIs around the world follow a variety of different methodologies for the provision of financial services to low-income families. These methodologies are overwhelmingly based on the principle of financial services being related to the cash flows of the low-income client groups and thus aim to facilitate relatively frequent and very small or micro-loan and savings transactions. Main focus of such services is on women because it was observed that women are more responsible than men about the loan repayment and their mobility is restricted by family responsibilities.

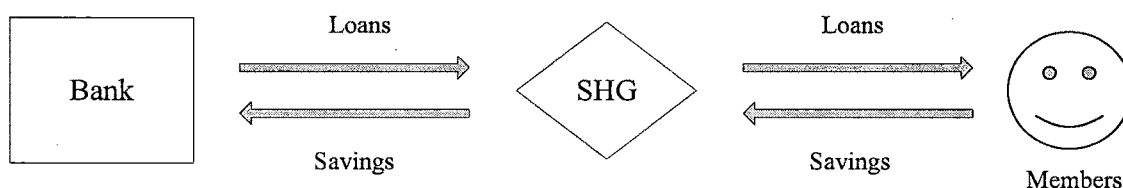
The following are the methodologies employed by MFIs for delivery of financial services to low income families:

A. Self Help Group Model (SHG Model)^{9, 10}

The SHG is the dominant microfinance methodology in India. The operations of maximum 20 members, SHGs are based on principle of revolving the members' own savings and thrift internally. The informal groups that have socially and economically homogeneous membership of poor people drawn from the same hamlet or from nearby hamlets. An SHG can be all men group, all women group or even a mixed group. However, experience shows that women's SHGs perform better in all the important activities. Mixed SHGs is not preferred in many of the places due to the presence of conflicting interests. The members are self selected, with the liberty to choose their group depending on their level of affinity with the other potential members. The group members save some amount on monthly basis that they can afford. A monthly meeting is organised, where apart from disbursement and repayment of loan, formal and informal discussions are held. The minutes of these meetings are documented and the accounts are written. The president, secretary and Treasurer are three official posts in any SHG which are elected by the group. If the SHGs are connected with some NGOs, they take part in other social activities of those NGOs. SHGs are more autonomous as they decide their own rules and regulations.

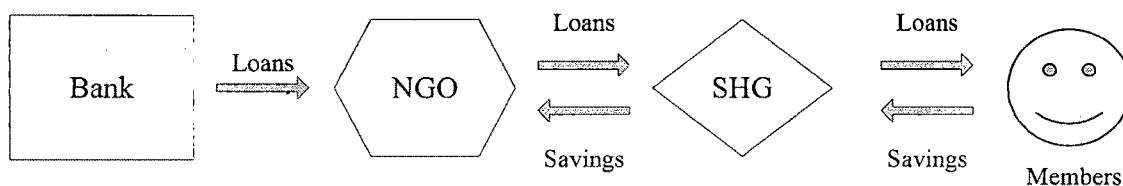
Under this model, groups are formed by different agencies known as Self Help Group Promotion Institutions (SHPI). These could be NGOs, Voluntary Associations (VAs), Government Agencies, Panchayati Raj Institutions, Vikas Volunteer Vahini (VVV) Clubs, Banks, Cooperative Societies, etc. The financial interaction takes place in the following channels.

(a) Without financial intermediation of NGOs/VAs



Source: J.C.Sharma and R.K. Thanvi (2006)¹⁰

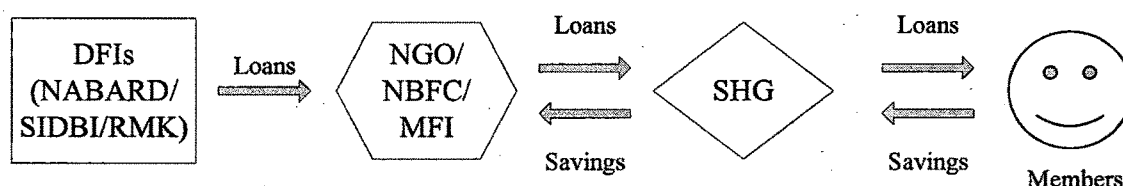
(b) With the financial intermediation of NGOs/VAs



Source: J.C.Sharma and R.K. Thanvi (2006)¹⁰

In this channel, a part of bank's work is externalized to the NGO/VA.

(c) Microfinance Institutions (MFIs)/NGO-SHG Models

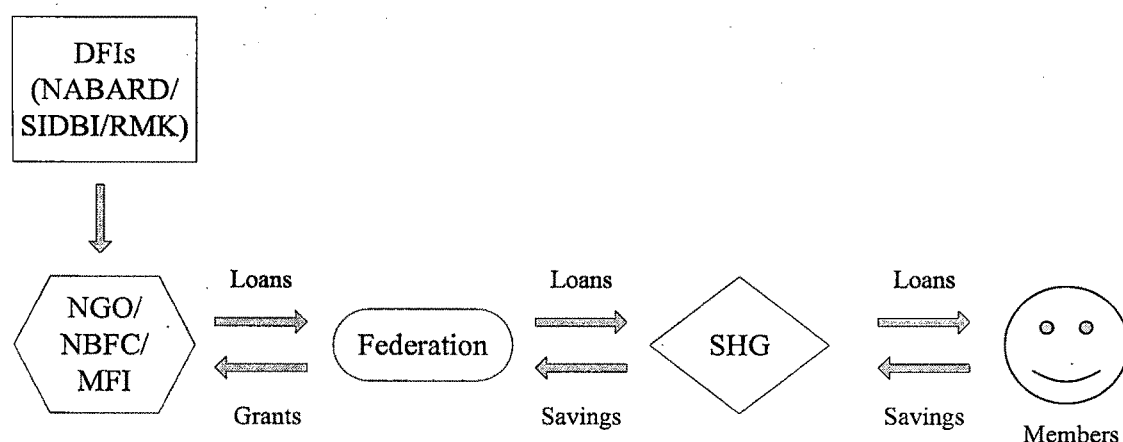


Source: J.C.Sharma and R.K. Thanvi (2006)¹⁰

This delivery model involves NGO, VAs, MFIs, NBFCs, etc., accessing funds either from banking system and/or from Developmental Financial Institutions (DFIs) like NABARD and SIDBI for giving loans to SHGs either in Group or individual mode.

(d) NGO/MFI Federation – SHG model

Here the SHGs get financial services, mostly savings and credit, with the help of federations which could be as shown under:



Source: J.C.Sharma and R.K. Thanvi (2006)¹⁰

Federations have been promoted by MFIs like Dhan Foundations, PRADAN, Chaitanya, SEWA, etc.

B. Grameen Model or Joint Liability Group (JLG) Model¹¹

This model was initially promoted by the well known Grameen Bank of Bangladesh. It is based on the concept of joint liability. Five member groups are formed and eight such groups form a Centre. All members should save regularly. There is a leader for each group and each centre. Group and Centre are jointly liability groups, which means that all members are jointly responsible for the repayment. Each borrowers' creditworthiness is determined by the overall creditworthiness of the group. Centre is the operational unit for MFI, which means that MFI deals with the centre as a whole. Loans have to be repaid in 50 installments. MFI recovers full money from

centre, if any member has defaulted; the group members have to pool in money to repay to the MFI. If group members are unable to do it, Centre as a whole has to contribute and share the responsibility. Weekly meetings also takes place at the centre level and individual groups do not meet. Group meetings take place only in front of the field staff of the MFI. A Grameen model is focused on financial transactions and other social issues are generally not discussed. In India some MFIs follow this model such as SHARE microfinance Ltd., Activities for Social Alternatives (ASA) and CASHPHOR Financial and Technical Services Ltd.

Grameen model is a particular form of joint liability group but in India there are other forms of joint liability groups (JLGs) as well. MFIs, particularly in urban areas, form JLGs of five-members. These are group of individuals coming together to borrow from the financial institution. They share responsibility and stand as a guarantee for each other. There is a group leader in such JLGs. Such JLGs do not hold periodic meetings. Typically JLG members are shopkeepers from same locality. These JLGs are somewhere between Group and Individual lending methods. While lending in such JLGs is to individual members small JLGs still provide some sort of comfort to the MFIs. Also collection can be done from a single point, generally from group leader rather than going to each individual.

3. **Individual Banking Model (IBM)**¹¹

Individual lending method is also in a growing stage. This is a straight forward credit lending model where micro loans are given directly to the borrower. In this model, MFIs provide loans to an individual based on his/her own personal creditworthiness. Individual lending is more prevalent with clients who generally need bigger size loans and have the capacity to produce guarantee and generate enough comfort to the MFI. MFIs generally base their decision on personal knowledge of the client, his/her reputation among peers and society, client's income sources and business position. MFIs also ask for individual guarantors, can be friends or relatives well known to the borrower, who are ready to take liability of repaying the loan if the borrower fails to repay. In some cases, if the loan is significantly larger then MFIs can also take some collateral.

Individual loans are required for lower middle class segment of clients who may not necessarily belong to the low income stratum, but still find it very difficult to borrow from formal financial institutions. MFIs with their convenient policies provide a good and efficient alternatives.

4. Co-operative Model¹²

In the case of cooperatives, all borrowers are members of the organisation either directly or indirectly by being members of primary cooperatives or associations which are members of the apex society. Creditworthiness and loan security are a function of cooperative membership within which member savings and peer pressure are assumed to be a key factor. Though the magnitude and timing of savings and loans are largely unrelated, a special effort is made to mobilise savings from members. There are now a large number of 'new generation' cooperative credit societies in India devoted specifically to provide financial services to the poor. Most of these are in Andhra Pradesh which was the first to enact a law permitting mutually-aided – as opposed to traditional government-assisted-cooperative societies. Elsewhere, a number of well known programmes such as the SEWA Bank in Ahmedabad, the Indian Cooperative Network for Women, Tamil Nadu and the Annapurna Mahila Cooperative Credit Society in Mumbai have still survived under the traditional cooperative laws.

5. Mixed or Hybrid Model¹²

Some MFIs started with the Grameen model but converted to the SHG model at a later stage. However they did not completely do away with Grameen type lending and smaller groups. They are an equal mix of SHG mix of SHG and Grameen model. Others have chosen to adapt either the Grameen or the SHG model to cater to their markets while some organizations like BASIX use a number of delivery channels and methodologies (including lending to SHGs) to provide financial services. Such MFIs are still relatively few but with increasing innovation becoming the norm in Indian microfinance, their numbers are growing. There are fast growing Grameen models and equally fast growing individual banking models.

5.3.3 Apex Microfinance Service Providers^{13, 14}

Microfinance services may be provided by any type of institution, large or small. A variety of organizations have started to deliver or support microfinance products in India including Non Governmental Organizations, private commercial banks and the non-banking financial institutions, the regional rural banks, the cooperatives, the public commercial banks and the dual structure organizations. Here, the details of apex banks supporting microfinance in India includes the following:

A. NABARD: National Bank for Agriculture and Rural Development (NABARD) is an apex refinance institution set up in 1982. It has promoted linkage of SHGs with banks since 1992. Its borrowers are NGOs, Federations of SHGs and Cooperative societies.

B. SIDBI: Small Industries Development Bank of India (SIDBI) was set up in 1990. It started micro credit scheme (a small portfolio) in March 1994. New SIDBI Foundation for Microcredit set up in November 1998. Borrowers of SIDBI are NGOs, SHG federations, Cooperative Societies and Companies (not-for-profit).

C. HDFC: Housing Development Finance Corporation (HDFC) has started giving support to micro finance initiatives in 1997. It was mainly involved in housing finance including to low income groups through NGOs since 1992. HDFC lend to NGOs, Cooperatives and Companies (not for profit).

D. RMK: Rashtriya Mahila Kosh (RMK) was set up in March 1993 with corpus of ₹310 million. The organization is working with women with the purpose of income generation. Borrowers of RMK are NGOs, Federation of SHGs and Women Development Corporation.

E. HUDCO: Housing and Urban Development Corporation Ltd (HUDCO) was set up in April 1970 with the purpose of housing improvement and construction. It came into existence to provide loan assistance for house construction/upgradation for economically weaker sections. NGOs, federation of SHGs and Co-operatives are its borrowers.

F. FWWB: Friends of Women's World Banking (FWWB), a non-profit organisation, was set up in 1982 as affiliate of Women's World Banking.

It was promoted by SEWA. It lends to NGOs, Federation of SHGs, NBFCs, Cooperatives and SHGs.

G. RGVN: Rashtriya Gramin Vikas Nidhi (RGVN) was established in 1990 and headquartered in Guwahati. RGVN has been able to groom and support small community based organizations involved in various livelihood enhancement programmes. Its borrowers are NGOs, Federations and Association of Entrepreneurs.

5.4 Microfinance Institutions (MFIs) in India: An Analysis of selected Financial Indicators

The meaning and types of MFIs has already been discussed in the second chapter. This section is divided into six sub sections. Section 5.4.1 shows the growth of MFIs with legal forms. Further, section 5.4.2 and 5.4.3 presents the detail of Indian MFIs, from MIX¹⁵, working in 17 different states and section 5.4.4 and 5.4.5 presents the detail about indian MFIs from Sa-dhan.¹⁶ MIX (Microfinance Information Exchange) Market contains the country wise information about MFIs from the whole world while Sa-dhan contains information about Indian MFIs only. Though the number of MFIs in

MIX found less than Sa-dhan, MIX has more details about MFIs in comparison to Sa-dhan. Thus, section 5.4.6 presents the comparative analysis of the MFIs from both the sources MIX and Sa-dhan. Last section 5.4.7 shows the data of MFIs working in the state of Gujarat only. As the study specially focus on the Gujarat region.

5.4.1 Trends in Legal Forms of Indian MFIs

To study the trends in legal forms of Indian MFIs, Microfinance India: State of the Sector Reports¹⁷⁻²³ from the year 2006 to 2012 have been studied and the information gathered is analysed in the following para.

Table 5.2 shows the various types of legal forms of MFIs (India) from the year 2006 to 2012. Highest number of MFIs (230) has been found in the year 2009 following with the number of 216 and 129 in the year 2008 and 2007. The years 2006, 2010 and 2011 reported the following numbers of MFIs *i.e.* 74, 76 and 82. Lowest number of MFIs were found in 2012 *i.e.* only 61.

Figure 5.1 shows constant increasing trend in the case of NBFCs. It increases from 9.46% (2006) to 65.57% (2012). It is the indication of boost in commercialization of microfinance through the years. Section 25 Company shows the average trend from 2006 to 2012. It holds the proportion of 9.46% in 2006. It went to the highest point at 10.19% only in the year 2009. In 2012 the figure was 8.20%. Trust shows the downward trend which ranges from 9.26% in 2006 to 3.28% in 2012. It increased in the year 2007 and 2008 *i.e.* 13.18% and 14.35%. But from the year 2009 to 2012 the proportion of Trust went downward (11.30% to 3.28%). In the case of Society upward trend was found but up to the year 2009 only. It was found in the range of 45.95% (2006) to 54.78% (2009). After the year 2009 the trend found decreasing from 30.26% (2010) to 16.39% (2012).

The trend of Section 25 Companies, Trusts and Societies indicates the downward trend in non-profit and/or not-for-profit MFIs. While when comparing the trend of Cooperatives the range was found 24.32% (2006) to 4.92% (2012). Sudden decline was found in the number of cooperatives in the following years *i.e.* 24.32% (in 2006), 3.10% in 2007 and 0.87% only in 2009. In 2010 boost was found to 6.58%. Afterwards number of cooperatives again found decreasing. MACSs were found in two years only *i.e.* 16.28% in 2007 but it was very less in number (2.61%) in the year 2009. From this it can be inferred that mutual benefit MFIs is not a preferred legal form. LAB shows almost average proportion in all the years except in 2008. Still there were other legal forms of MFIs were found in the following years 15.74% in 2008, 0.87% in 2009 and 3.95% in 2010.

Table 5.2 Distribution of Legal forms of Indian MFIs (2006-2012)

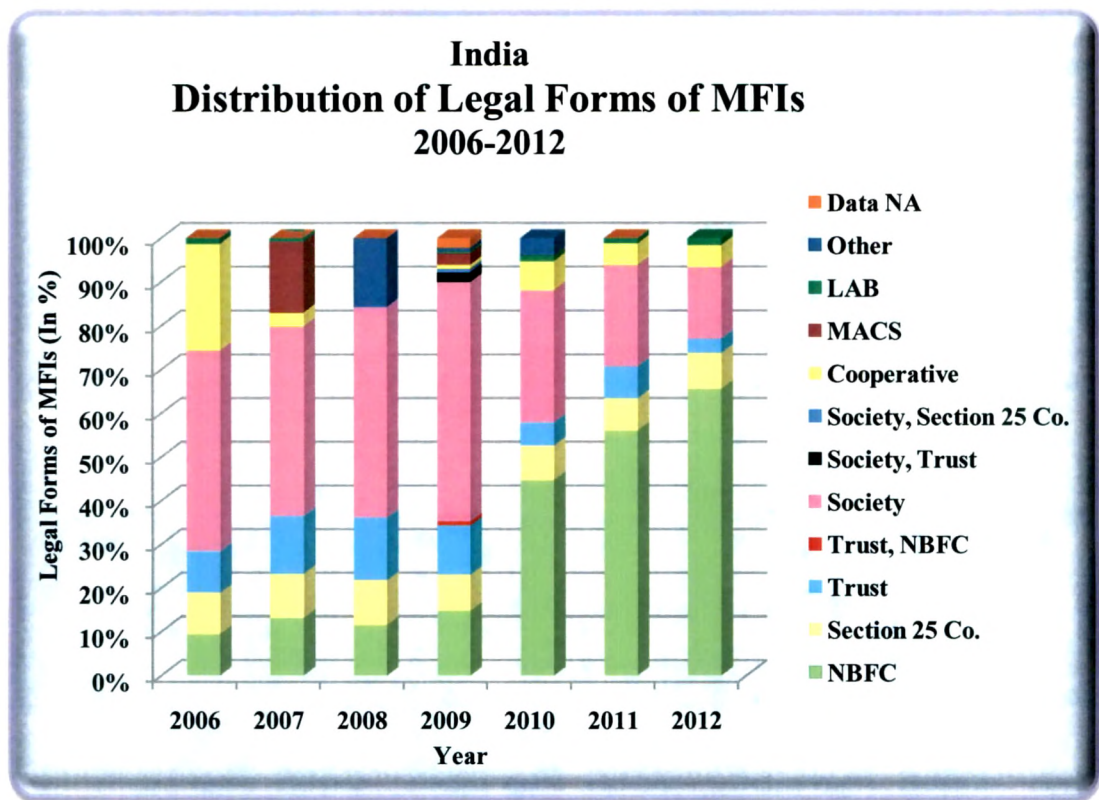
No	Legal Form of MFIs	Number of MFIs Per Year											
		2006	%	2007	%	2008	%	2009	%	2010	%	2011	%
1	NBFC	7	9.46	17	13.18	25	11.57	34	14.78	34	44.74	46	56.10
2	Sec. 25 Co.	7	9.46	13	10.08	22	10.19	19	8.26	6	7.89	6	7.32
3	Trust	7	9.46	17	13.18	31	14.35	26	11.30	4	5.26	6	7.32
4	Trust, NBFC	-	-	-	-	-	-	2	0.87	-	-	-	-
5	Society	34	45.95	56	43.41	104	48.15	126	54.78	23	30.26	19	23.17
6	Society, Trust	-	-	-	-	-	-	5	2.17	-	-	-	-
7	Society, Sec. 25 Co.	-	-	-	-	-	-	2	0.87	-	-	-	-
8	Cooperative	18	24.32	4	3.10	-	-	2	0.87	5	6.58	4	4.88
9	MACS	-	-	21	16.28	-	-	6	2.61	-	-	-	-
10	LAB	1	1.35	1	0.78	-	-	1	0.43	1	1.32	1	1.22
11	Other	-	-	-	-	34	15.74	2	0.87	3	3.95	-	-
12	Data NA	-	-	-	-	-	-	5	2.17	-	-	-	-
	Total	74	100	129	100	216	100	230	100	76	100	82	100

Source: Compiled and Computed from Microfinance India: State of the Sector Report (various reports from 2006-2012)

Notes:

- 1) Maximum types of legal forms of MFIs found in the report of the year 2009 so those types of legal forms are taken as a base format for the all years.
- 2) Huge difference was found in the total number of MFIs per year but no reason could be found for the differing numbers of MFIs due to the limitation of the source .
- 3) - shows that data is not available for the particular year.

Figure 5.1 Distribution of Legal Forms of Indian MFIs



5.4.2 Indian MFIs with Important Financial Indicators : A Comparative Analysis between the States (MIX)

The state wise details of all Indian MFIs have been collected from the MIX which are presented here. As the study is mainly focused on causes of defaults in loan repayment and causes of increase in Non Performing Assets (NPA), some important financial indicators only have been considered for the purpose of the study. Table 5.3 shows the the data collected from MIX with some important indicators indicating the following details of MFIs: Borrowers per loan officers, cost per borrower, cost per loan, gross loan portfolio, loan loss rate, write off ratio, loans per loan officer, number of active borrowers, number of loans outstanding, portfolio at risk > 30 days, portfolio at risk > 90 days, and ratio of total expense to total assets. The information of all available indicators for all MFIs is presented in the following para.

Table 5.3 Indian MFIs with Important Financial Indicators (MIX)

Sr. No	States	No of MFIs	Gross Loan Portfolio (GLP) (in ₹)	GLP (in %)	Number of active borrowers (NAB)	NAB (in %)	Number of loans outstanding	Borrowers per loan officer	Loans per loan officer	Cost per borrower (in ₹)	Cost per loan (in ₹)	Average Percentage				Total expense/assets (in %)
												Portfolio at risk > 30 days (in %)	Portfolio at risk > 90 days (in %)	Loan loss rate (in %)	Write-off ratio (in %)	
1	AP	41	87,876,663,058	38.80	12,503,809	44.72	14,133,842	313	400	20,804.62*	848.78	22.29	22.36	17.95	17.72	55.08
2	AS	5	1,608,776,929	0.71	243,236	0.87	243,236	428	428	640.00	641.33	5.62	1.82	1.63	1.64	18.91
3	BR	4	99,592,672	0.04	20,442	0.07	20,442	250	250	984.00	1,101.00	1.65	1.65	0.07	0.06	22.47
4	DL	4	3,964,370,314	1.75	415,536	1.49	415,536	343	343	1,410.25	1,375.75	0.90	0.63	0.64	0.64	29.94
5	GJ	6	1,700,343,132	0.75	146,543	0.52	138,258	1,136	1,136	1,292.17	1,396.80	3.91	0.80	1.78	0.23	22.72
6	HR	1	563,789,384	0.25	80,583	0.29	80,583	378	378	1,256.00	1,256.00	0.92	0.83	0.12	0.12	28.10
7	JH	3	238,123,080	0.11	25,229	0.09	19,021	256	256	1,820.33	647.50	1.09	0.69	0.23	0.23	20.01
8	KA	17	34,277,122,553	15.13	2,962,911	10.60	3,462,131	602	627	1,077.47	948.29	10.73	10.81	2.26	2.51	22.36
9	KL	8	5,510,067,723	2.43	628,954	2.25	642,798	3,014	3,020	491.00	544.67	1.92	1.15	0.18	0.21	14.54
10	MP	7	335,731,463	0.15	51,824	0.19	49,381	350	351	648.67	621.80	0.50	0.47	0.37	0.38	20.04
11	MH	10	4,369,947,898	1.93	739,457	2.64	733,790	393	393	1,951.50	1,949.00	3.68	2.98	9.13	9.15	25.22
12	MN	4	166,695,146	0.07	16,024	0.06	21,260	265	296	1,563.00	1,513.00	0.90	0.38	0.00	0.00	26.36
13	OR	14	5,078,616,221	2.24	926,006	3.31	579,370	484	485	501.25	761.80	7.90	13.28	0.52	0.52	19.88
14	RJ	6	2,130,829,899	0.94	173,322	0.62	175,913	371	382	1,610.00	1,109.80	7.29	3.30	0.38	0.46	17.19
15	TN	29	21,837,082,594	9.64	3,409,188	12.19	3,565,456	556	568	829.58	779.13	4.19	2.55	1.71	1.85	25.25
16	UP	10	14,358,237,465	6.34	943,613	3.38	944,031	362	362	931.50	839.50	2.14	0.61	0.45	0.50	24.60
17	WB	21	42,366,431,487	18.71	4,671,263	16.71	4,648,266	293	294	498.44	616.43	7.50	7.79	1.38	1.38	20.53
	Total	190	226,482,421,018	100	27,957,940	100	29,873,314	-	-	-	-	-	-	-	-	-
	Avg	11.18	13,322,495,354		1,644,584.71		1,757,253.76	576	586	2,253.52	997.09	4.89	4.24	2.28	2.21	24.31

Source: Compiled and Computed from MIX Market (<http://www.mixmarket.org/>) Accessed on 11 March, 2013

*: The average CPB of AP is found to be very high as one MFI of AP (CSF) was found with CPB of ₹6.84.615. If this value is omitted, the average CPB of AP comes to ₹689.15. Therefore, average CPB of India will be at ₹1,070.25.

Table 5.3 presents the detail of total 190 MFIs were found from 17 states of India. GLP % and NABs % have been calculated. Average gross loan portfolio found from 17 states was ₹133,224.95 lakhs. Average numbers of active borrowers were 1,644,585 with average number of loans outstanding ₹1,757,254. Highest number of MFIs (41) found in Andhra Pradesh (AP) and lowest number of MFI (1) was found in Haryana as per MIX market. Ten states were found with ten or less than ten MFIs working in a particular state viz. Maharashtra, Uttar Pradesh (10), Madhya Pradesh (7), Gujarat, Rajasthan (6), Assam (5), Bihar, Delhi, Manipur (4), Jharkhand (3) and Haryana (1). Following lines explain the meaning of all indicators and also presents the comparative analysis between the states of the important indicators.

➔ **Meaning of Financial Indicators²⁴**

The different types of financial indicators are used for the purpose of analysis. MIX has defined all indicators and also provided the formulas.

(a) Gross Loan Portfolio (GLP): “All outstanding principals due for all outstanding client loans. This includes current, delinquent, and renegotiated loans, but not loans that have been written off. It does not include interest receivable.”

(b) Number of Active Borrowers (NABs): “The number of individuals or entities who currently have an outstanding loan balance with the MFI or are primarily responsible for repaying any portion of the Gross Loan Portfolio. Individuals who have multiple loans with an MFI should be counted as a single borrower.”

(c) Number of Loans Outstanding (NLO): “Number of loan accounts associated for any outstanding loan balance with the MFI and any portion of the Loan Portfolio.” The NLO will include the loans outstanding as on date. Hence, this will include both, the loans which are granted, and outstanding and time limit for repayment is not over as well as the loans for which repayment period is over *i.e.* they are overdue but not paid till date. Thus, for the overdue loans, with risk PAR > 30 days and PAR > 90 days, can be considered as better indicators.

(d) Borrowers per Loan Officer (BLO): MIX has calculated them by following formula:

$$\text{Borrowers per Loan Officer} = \frac{\text{Number of Active Borrowers}}{\text{Number of Loan Officers}}$$

(e) Loans per loan officer (LLO): It has been calculated as follows

$$\text{Loans per Loan Officer} = \frac{\text{Number of Loans Outstanding}}{\text{Number of Loan Officers}}$$

(f) Cost per Borrower (CPB): CPB has been calculated by MIX as per the following formula

$$\text{Cost per Borrower} = \frac{\text{Operating Expense}}{\text{Average Number of Active Borrowers}}$$

(g) *Cost per Loan (CPL)*: Following formula has been given for the calculation of CPL

$$\text{Cost per Loan} = \frac{\text{Operating Expense}}{\text{Average Number of Outstanding Loans}}$$

(h) *Portfolio at Risk > [xx] days*: “The value of all loans outstanding that have one or more installments of principal past due more than [xx] days. This includes the entire unpaid principal balance, including both the past due and future installments, but not accrued interest. It also includes loans that have been restructured or rescheduled.” It is the most accepted measure of portfolio quality. PAR > 30 days and PAR > 90 days is the most common measurements of PAR.²⁵ MIX explains the indicator with the formula as follows:

$$\text{Portfolio at Risk > 30 days (PAR > 30 days)} = \frac{\text{Portfolio at Risk > 30 days}}{\text{Gross Loan Portfolio}}$$

$$\text{Portfolio at Risk > 90 days (PAR > 90 days)} = \frac{\text{Portfolio at Risk > 90 days}}{\text{Gross Loan Portfolio}}$$

(i) *Write offs*: “Total amount of loans written off during the period. A write-off is an accounting procedure that removes the outstanding balance of the loan from the Loan Portfolio and from the Impairment Loss Allowance when these loans are recognized as uncollectable”. Here, two indicators show the share of loss of portfolio due to bad loans. MIX has given the following formulas for calculating both the ratios:

$$\text{Loan Loss Rate (LLR)} = \frac{\text{Write offs - Value of Loans Recovered}}{\text{Average Gross Loan Portfolio}}$$

$$\text{Write-off Ratio (WOR)} = \frac{\text{Write offs}}{\text{Average Gross Loan Portfolio}}$$

(j) *Total Expense/Assets (TE/A)*: MIX has provided the following formula

$$\text{Total Expense/Assets} = \frac{\text{Financial Expense} + \text{Impairment Loss} + \text{Operating Expense}}{\text{Average Assets}}$$

➔ Comparative Analysis of the Financial Indicators

The meaning and/definitions of all the indicators has already been discussed. Further, following paragraphs has discussed about the state wise data available for all the indicators.

(A) **GLP**: AP was found with highest amount GLP of ₹878,766.63 lakhs (38.80%) and also highest number of MFIs (41) working. Second highest amount of GLP was found from West Bengal (WB) ₹423,664.31 lakhs (18.71%) with the third highest number of MFIs i.e. 21. Karnataka was found with the total GPL of ₹342,771.23 lakhs i.e. 15.13 in percentage but having 17 numbers of MFIs only which is the forth highest in rank. Second highest number of MFIs (29) with forth highest GLP of ₹218,370.83 lakhs

(9.64%) was found in the state Tamil Nadu. It indicates that GLP is less in comparison of number of MFIs. Uttar Pradesh (UP) was found with 10 MFIs and total GLP of ₹143,582.37 lakhs (having 6.34% share) while Maharashtra was also found with 10 MFIs but its total GLP was ₹43,699.48 lakhs only (having 1.93% share only) which is very less in comparison to GLP of UP.

(B) NABs and NLOs: Average NABs and NLOs from all 17 states were found as 1,644,585 and 1,757,254. Highest number of NABs and NLOs were found from AP *i.e.* 12,503,809 (44.72%) and 14,133,842 respectively. As NLO were higher than NABs, MFIs in AP need to concentrate on decreasing the NLO because higher number of loans outstanding can block the rotation of money in any financial institution. High NLO is the indication of high level of defaults also. WB was found with second highest of NAB and NLO *i.e.* 4,671,263 (16.71%) and 4,648,266 respectively. Third highest rank in NABs and NOL is found of the state TN which are 3,409,188 (with 12.19%) and 3,565,456 in numbers respectively. Karnataka was found with 2,962,911 NABs *i.e.* 10.60% and 3,462,131 NOLs at the forth highest level in comparison with all states. Out of remaining states *viz.* AS, BR, DL and HR have been observed with the same number of NABs and NOLs. Remaining states have been reported NABs and NOLs with minor difference in numbers.

(C) BLO and LLO: It can be seen that denominator is the same in both the formula. So that some of the states are found with the same number of borrowers per loan officer and loans per loan officer. The ratio of borrowers per loan officer measures MFI's loan staff's caseload and gauge the productivity of loan staff. A higher caseload per officer means that more clients are served. However, bigger is not always better. If optimal caseload increase, delinquency and default rates also increase due to inadequate loan review and follow-up.

The ratio of loans per loan officer also gauges the productivity of loan staff. Since loans are main income generating asset, it is very important to measure the average amount of portfolio that each loan officer manages. Average BLO and LLO were found as 576 and 586 respectively. Total 7 states (AS, BR, DL, GJ, HR, JH, UP) out of 17 have been found with the same value of BLO and LLO. From remaining 10 states, KL was found highest number of BLO and LLO *i.e.* 3,014 and 3,020, indicating that Keralian MFIs are working with less number of staff but with heavy work load. MFIs in KL should try to increase their number of staff members to avoid heavy work load on staff. Second highest value of BLO and LLO were found for GJ *i.e.* 1,136. Least number of BLO and NLO was observed for the state BR *i.e.* 250

(D) CPB and CPL: These two indicators are very important from the finance point of view. CPB provides a meaningful measure of efficiency for the MFI, by determining the average cost of maintaining an active borrower. As CPB and CPL are high in any MFI, interest rates of MFIs also goes higher to cover the cost. If interest rates are high, borrowers would not be able to repay loans in time. There are more chances of increase in level of defaults. MFIs should try to minimize their CPB and also CPL to avoid defaults.

Highest value of CPB was observed in AP ₹20,804.62 which has resulted from very high CPB of one MFI in AP *i.e.* ₹6,84,615. If the amount of CPB of ₹6,84,615 is omitted, average cost of AP comes to ₹689.15. Therefore, maximum amount of CPB and CPL was observed for MH *i.e.* ₹1,951.50 and ₹1,949 respectively. Second highest value of CPB (₹1,820.33) was found for JH followed by the state MN (₹1,563). Second highest value of CPL was observed ₹1,513 for the state MN followed by the state GJ *i.e.* ₹1,396.80. Least CPB and CPL was observed for KL (₹491) and WB (₹616.43).

(E) PAR > 30 days and PAR > 90 days: Higher level of percentage of PAR > 90 days indicate higher level of defaults as well as risk for the MFI. While ratio of PAR > 30 days indicate the lower level of risk of defaults. However in both the cases MFIs need to change their instalment collection method and try to concentrate on better management that can reduce the PAR risk for the MFI.

AP was observed with the highest proportion of PAR > 30 days and PAR > 90 days *i.e.* 22.29% and 22.36% respectively. As AP has highest GLP, the risk on portfolio and level of defaults have also been recorded high. MFIs in AP should try to develop different collection methods to minimize the level of risk as well as the level of defaults. In case of KA, PAR > 30 days and PAR > 90 days were observed as 10.73% and 10.81% respectively where GLP has been recorded at third highest rank which shows the high level of risk on MFIs of KA. OR was reported with third highest share of PAR > 30 days (7.90%) and second highest share of PAR > 90 days (13.28%) but the GLP was observed only 2.24%. It indicates the low level of GLP with high level of risk. The state WB has been reported with second highest proportion of GLP but having PAR > 30 days at 7.50% and PAR > 90 days at 7.79%. Low level of PAR, from remaining states, shows lower level of defaults and good collection management in MFIs.

(F) LLR and WOR: LLR and WOR represent the percentage of the MFI's loans that has been removed from the balance of the gross loan portfolio because they are unlikely to be repaid. High ratio may be indicating a problem in the MFI's collection efforts. Writing off loans reflects prudent financial management, not a legal

acknowledgement that borrowers no longer owe you the funds. Often, collection efforts on defaulted loans continue after the loans have been written off.

Highest proportion of LLO and WOR has been spotted from AP *i.e.* 17.95% and 17.72% respectively followed by the state MH at 9.13% and 9.15% respectively. Remaining states have been noticed with the almost same and low value of LLR and WOR except Gujarat. Gujarat has been reported with 1.78% of LLR while WOR was only 0.23%.

(G) TE/A: Higher amount of ratio indicates the higher amount of expenses of MFIs in comparison with the amount of assets. MFIs having higher amount of ratio should try to reduce their level of expense and develop methods to increase the level of assets to increase their profitability. Highest amount of ratio was identified for AP 55.08% followed by DL and HR at 29.94% and 28.10% respectively. MN has been reported with 26.36% ratio where GLP (0.07%) and NABs (0.06%) found very less and CPB (₹4,689) and CPL (₹4,539) found quite high. High ratio of MN indicate that Manipuri MFIs should try to reduce their level of expenses and try to increase the GLP and NABs to increase the profitability. MH and TN have been noticed with similar ratio of 25%. Remaining states have been reported with the TE/A ratio less than 25%.

On comparing all indicators, it is observed that in case of all indicators (except BLO, LLO, CPB and CPL) highest proportion was found for the state AP. It indicates that MFIs in AP covers major proportion of microfinance services in India. However, in case of GLP, NABs and NLO only, it is preferable to have highest share. For other indicators (PAR > 30 days, PAR > 90 days, LLR, WOR & TE/A) it is suggested that MFIs in AP should try to reduce the ratio of all indicators to avoid increasing number of defaults. The state KL was observed for highest share of BLO and LLO. MFIs in KL should try to increase their number of staff to reduce the heavy caseload from the staff members to avoid cases of defaults. MFIs in MH should try to control CPB as well CPL.

5.4.3 State wise Details of Each MFI with Important Financial Indicators (MIX)

In the preceding paras data available at the state level are compiled and analyzed for comparability and differences between the states. In the present para an attempt is made to analyze the details of MFIs for each state. The comparability and variation within the state and between the MFIs are examined here. Total 190 MFIs have been reported from MIX from 17 states. Among 190 MFIs, 112 MFIs have been noted down with the information as on 31st March, 2012 while remaining MFIs have been reported with different dates. However, latest available information has been presented here. Table 5.4 presents the detail for the same.

According to the table 5.4 following information have been noted down.

AP (Andhra Pradesh):

Out of 190 MFIs, AP was found with 41 MFIs. Out of the list of 41 MFIs, *Spandana* was found with the highest GLP 30.90% i.e. ₹271,523.08 lakhs. *SHARE* was found with the 24.01% proportion of GLP i.e. ₹211,022.62 lakhs. Third highest share of GLP (18.99%) was found in *SKS* with ₹166,890.40 lakhs. *AML* was found with ₹119,942.90 lakhs with the share of 13.95% GLP. Remaining MFIs have been found with very low proportion of GLP i.e. less than 3.50%. On comparing NABs and NLO, only 25 MFIs were found with the value of NLO. Highest share of NABs was found from *SKS* 34.04% (4,256,719 in numbers) with 4,296,870 NLO. *Spandana* was found with the second highest proportion of NABs with 27.55% (3,444,483 in numbers) with 4,335,712 NLO. 2,161,119 NABs were found from *SHARE* i.e. 17.28% while 2,453,519 NLO were found from *SHARE*. Forth highest share of NABs was found from *AML* but having 8.79% proportion only i.e. 1,099,177 in numbers and 1,497,159 NLO. Remaining MFIs were found with less than 5% share of NABs. For 16, MFIs NLO was not available.

Total 22 MFIs (out of 41) were found with the information about BLO and LLO. Only 1 MFI, *Trident Microfinance* was identified with (- 777) numbers of BLO i.e. with negative sign but with the 111 number of LLO. The reason could not be found for negative signed value of BLO from the source. Out of remaining 21 MFIs, 10 MFIs have been observed with the same value of BLO and LLO. Among remaining 11 MFIs, *SWAWS* was noticed with the highest numbers of BLO and LLO i.e. 925 and 1,018. However, *SWAWS* has only 0.92% share of GLP. That indicates the huge burden on the loan officers of *SWAWS*.

862 numbers of BLO and 877 numbers of LLO were observed for *FFSL* while 628 numbers of BLO and 780 numbers of LLO were observed for *Grama Siri*. In *CReSA* 458 numbers of BLO and 660 numbers of LLO have been observed. Further 7 MFIs were found with the numbers of BLO and LLO below 500. Lowest numbers of BLO and LLO was found from *SMSS* which are 44 and 47 respectively.

On examining details of CPB and CPL for each MFI of AP, for 34 MFIs detail of CPB was available and detail regarding CPL was available only for 18 MFIs. Only 1 MFI, *CSF* was recognized with the very high amount of CPB i.e. ₹684,615 while NABs of *CSF* were observed only 6. Such excessive amount of high CPB may be attributed to less active borrowers. Amount of CPL was noticed lower than the amount of CPB for each MFI. 7 MFIs were reported having same amount of both the cost. Only

Table 5.4 State wise Details of each MFI with Important Financial Indicators (MIX)

No	Name of MFIs	As of Date	Gross Loan Portfolio (₹ in Lakhs)	GLP (in %)	Number of active borrowers	NAB (in %)	Number of loans outstanding	Borrowers per loan officer	Loans per loan officer	Cost per borrower (in ₹)	Cost per loan (in ₹)	Portfolio at risk > 30 days (in %)	Portfolio at risk > 90 days (in %)	Loan loss rate (in %)	Write-off ratio (in %)	Total expense/assets (%)
AP	ADAKSHA	31-03-07	120.45	0.01	1,860	0.01	NA	NA	NA	254	NA	0.54	NA	0.00	0.00	10.05
2	AML	31-03-12	119,942.90	13.65	1,099,177	8.79	1,497,159	140	378	672	474	5.58	5.52	64.81	NA	102.31
3	AMMACTIS	31-03-11	1,212.66	0.14	8,646	0.07	8,646	333	333	916	NA	98.81	98.41	-0.05	0.00	10.32
4	APGSS	31-03-07	11.50	0.00	165	0.00	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
5	ASP	31-03-06	819.56	0.09	15,742	0.13	15,742	477	477	1,488	NA	9.15	3.13	0.00	0.00	31.27
6	ASSIST	31-03-06	85.14	0.01	2,556	0.02	2,556	107	107	491	NA	0.99	0.00	-2.03	0.00	14.08
7	AWS	31-03-10	1,377.94	0.16	18,930	0.15	18,930	NA	NA	452	452	0.27	0.21	0.00	0.00	14.85
8	BASIX	31-03-12	29,188.99	3.32	570,520	4.56	570,520	202	202	1,243	1,229	48.34	40.81	55.61	55.62	98.60
9	BES	31-03-01	23.46	0.00	525	0.00	NA	NA	NA	1,110	NA	0.00	NA	0.00	0.00	21.52
10	BIRDS	31-03-05	249.70	0.03	8,432	0.07	NA	NA	NA	207	NA	0.57	NA	0.15	0.15	21.85
11	CIWS	31-03-07	0.03	0.00	1,195	0.01	NA	NA	NA	0	NA	0.00	NA	0.00	0.00	0.05
12	CMML	31-03-12	356.16	0.04	4,248	0.03	4,248	354	354	587	587	5.45	2.76	0.00	0.00	NA
13	CreSA	31-03-11	2,221.71	0.25	32,503	0.26	46,879	458	660	NA	NA	92.16	85.80	1.56	1.56	NA
14	CSF	31-03-07	307.28	0.03	6	0.00	NA	NA	NA	684,615*	NA	0.00	NA	0.00	0.00	13.79
15	FFSL	31-03-12	17,810.23	2.03	212,136	1.70	215,764	862	877	635	632	21.37	0.00	0.40	0.91	42.15
16	Grama Siri	31-03-07	686.77	0.08	22,604	0.18	28,076	628	780	155	136	0.00	0.00	0.00	0.00	12.02
17	GTFS	31-03-10	129.91	0.01	1,825	0.01	2,183	304	364	1,088	909	0.00	0.00	0.00	0.00	22.99
18	Guide	31-03-05	159.55	0.02	7,382	0.06	NA	NA	NA	268	NA	0.14	NA	0.00	0.00	24.64
19	Indur MACS	31-03-12	1,576.76	0.18	13,903	0.11	13,903	322	322	NA	NA	0.94	0.48	NA	NA	NA
20	IWB	31-03-07	758.46	0.09	12,900	0.10	NA	NA	NA	100	NA	0.00	NA	0.00	0.00	2.92
21	KBSLAB	31-03-12	8,368.15	0.95	59,152	0.47	59,152	277	277	1,893	1,893	4.65	2.24	2.63	2.63	17.27
22	KRUSHI	31-03-09	2,488.57	0.28	33,158	0.27	33,158	390	390	327	327	0.00	0.00	0.00	0.00	13.45
23	MSPS	31-03-07	34.29	0.00	496	0.00	NA	NA	NA	NA	NA	0.00	NA	NA	NA	22.49
24	Nano	31-03-10	1,672.71	0.19	6,970	0.06	6,970	139	139	3,273	3,273	0.01	0.00	0.00	0.00	58.44
25	Need To India	31-03-04	1.05	0.00	367	0.00	NA	NA	NA	745	NA	0.00	NA	0.00	0.00	560.32
26	PSS	31-03-07	1,740.30	0.20	22,121	0.18	NA	NA	NA	232	NA	1.50	NA	0.00	0.00	15.19
27	PWMACS	31-03-12	1,929.75	0.22	12,388	0.10	12,388	318	318	1,835	1,835	5.92	3.92	3.25	3.25	23.86
28	RASS	31-03-11	5,407.54	0.62	59,936	0.48	59,936	NA	NA	253	253	NA	NA	0.00	NA	10.90
29	Saadhana	31-03-11	5,250.00	0.60	72,722	0.58	72,722	NA	NA	NA	NA	NA	NA	NA	NA	NA
30	Sanghatitha	31-03-07	158.00	0.02	12,600	0.10	NA	NA	NA	247	NA	142.77	NA	0.00	0.00	53.99

Table 5.4 Contd.

No	Name of MFIs	As of Date	Gross Loan Portfolio (₹ in Lakhs)	GLP (in %)	Number of active borrowers	NAB (in %)	Number of loans outstanding	Borrowers per loan officer	Loans per loan officer	Cost per borrower (in ₹)	Cost per loan (in ₹)	Portfolio at risk > 30 days (in %)	Portfolio at risk > 90 days (in %)	Loan loss rate (in %)	Write-off ratio (in %)	Total expense/assets (%)
31	SEVA Microfoundation	31-03-05	57.69	0.01	11,612	0.09	NA	NA	NA	70	NA	0.40	NA	NA	NA	NA
32	SEWA MACTS	31-03-11	1,020.20	0.12	NA	0.00	NA	NA	NA	NA	NA	NA	NA	NA	NA	15.29
33	SHARE	31-03-12	211,022.62	24.01	2,161,119	17.28	2,453,519	293	396	505	459	5.21	5.14	57.79	57.88	95.92
34	Share MACTS	31-03-11	1,051.24	0.12	NA	0.00	NA	NA	NA	NA	NA	NA	NA	0.00	NA	18.87
35	SKS	31-03-12	166,890.40	18.99	4,256,719	34.04	4,269,870	411	412	842	804	NA	NA	41.91	42.73	NA
36	SMSS	31-03-12	1,877.02	0.21	25,201	0.20	25,297	44	47	580	577	90.53	50.51	230.30	230.30	311.73
37	Spandana	31-03-12	271,523.08	30.90	3,444,483	27.55	4,335,712	311	475	565	451	6.32	5.95	49.54	49.69	100.73
38	SWAWS	31-03-12	8,125.57	0.92	114,660	0.92	126,265	925	1,018	633	605	96.91	92.78	0.00	0.00	NA
39	SWC	31-03-02	132.54	0.02	2,331	0.02	NA	NA	NA	510	NA	43.20	NA	0.00	0.00	11.53
40	Trident Microfinance	31-03-12	12,879.68	1.47	161,448	1.29	243,076	-777	111	433	382	98.45	94.17	122.31	122.31	28.66
41	VSS	31-03-06	97.08	0.01	11,071	0.09	11,171	369	372	133	NA	0.00	0.00	0.00	0.00	15.63
	Total		878,766.63	100	12,503,809	100	14,133,842	-	-	-	-	-	-	-	-	-
	Average		21,433.33		320,610.49		565,353.68	313.05	400.41	20,804.62*	848.78	22.29	22.36	17.95	17.72	55.08
AS																
1	Asomi	31-03-12	3,191.27	19.84	85,329	35.08	85,329	576	576	607	607	0.36	0.27	1.05	1.10	22.49
2	Grameen Sahara	31-03-12	1,391.39	8.65	15,915	6.54	15,915	361	361	697	697	0.35	0.29	0.07	0.07	NA
3	KMUCBL	31-03-12	145.15	0.90	572	0.24	572	261	261	NA	NA	21.42	6.48	4.60	4.60	NA
4	Nightingale	31-03-12	1,136.54	7.06	NA	0.00	NA	NA	NA	NA	NA	NA	NA	0.00	0.00	16.95
5	RGVN	31-03-12	10,223.42	63.55	141,420	58.14	141,420	512	512	616	620	0.33	0.24	2.41	2.43	17.29
	Total		16,087.77	100	243,236	100	243,236	-	-	-	-	-	-	-	-	-
	Average		3,217.55		60,809		60,809	427.50	427.50	640	641.33	5.62	1.82	1.63	1.64	18.91
BR																
1	CDDOT	31-03-11	618.04	62.06	10,595	51.83	10,595	342	342	750	NA	0.00	0.00	0.00	0.00	20.91
2	Nidan	31-03-10	97.99	9.84	1,660	8.12	1,660	119	119	16	16	0.00	0.00	0.00	0.00	2.45
3	Saija	31-03-12	237.74	23.87	5,702	27.89	5,702	124	124	2,186	2,186	0.15	0.15	0.22	0.22	44.05
4	TMS	31-03-12	42.16	4.23	2,485	12.16	2,485	414	414	NA	NA	6.43	6.43	NA	0.00	NA
	Total		995.93	100	20,442	100	20,442	-	-	-	-	-	-	-	-	-
	Average		248.98		5,110.50		5,110.50	249.75	249.75	984	1,101	1.65	1.65	0.07	0.06	22.47
DL																
1	Fusion Microfinance	31-03-12	3,724.29	9.39	36,996	8.90	36,996	587	587	1,515	1,515	0.00	0.00	0.92	0.92	NA
2	India's Capital Trust Ltd	31-03-11	1,698.27	4.28	36,934	8.89	36,934	184	184	1,839	1,701	0.16	0.09	0.00	0.00	39.02
3	Mimo Finance	31-03-12	2,206.76	5.57	35,289	8.49	35,289	254	254	1,223	1,223	2.63	2.06	1.13	1.13	30.66

*: The average CPB of AP is found to be very high as one MFI of AP (CSF) was found with CPB of ₹6,84,615. If this value is omitted, the average CPB of AP comes to ₹689.15.

Table 5.4 Contd.

No	Name of MFIs	As of Date	Gross Loan Portfolio (₹ in Lakhs)	GLP (in %)	Number of active borrowers	NAB (in %)	Number of loans outstanding	Borrowers per loan officer	Loans per loan officer	Cost per borrower (in ₹)	Cost per loan (in ₹)	Portfolio at risk > 30 days (in %)	Portfolio at risk > 90 days (in %)	Loan loss rate (in %)	Write- off ratio (in %)	Total expense/ assets (%)
4	SCNL	31-03-12	32,014.38	80.76	306,317	73.72	306,317	345	345	1,064	1,064	0.79	0.37	0.50	0.50	20.13
	Total		39,643.70	100	415,536	100	415,536	-	-	-	-	-	-	-	-	-
	Average		9,910.93		103,884		103,884	342.5	342.5	1,410.25	1,375.75	0.90	0.63	0.64	0.64	29.94
GJ	Arman Financial Services Pvt. Ltd	31-03-12	5,060.97	29.76	43,807	29.89	43,807	NA	NA	1,064	1,064	2.44	1.44	1.11	1.11	21.20
2	Disha Microfin	31-03-12	4,065.56	23.91	43,926	29.97	43,926	563	563	1,157	1,157	0.17	0.14	0.05	0.05	25.16
3	PRAYAS	31-03-12	719.59	4.23	10,537	7.19	10,537	439	439	456	456	0.61	0.26	0.00	0.00	NA
4	SEWA Bank	31-03-12	5,622.27	33.07	23,362	15.94	23,362	3,065	3,065	3,060	3,060	6.42	2.16	9.53	NA	12.99
5	SVSDF	31-03-11	1,167.79	6.87	16,626	11.35	16,626	475	475	1,247	1,247	0.00	0.00	0.00	0.00	28.62
6	Vardan	31-03-07	367.25	2.16	8,285	5.65	NA	NA	NA	769	NA	13.83	NA	0.00	0.00	25.61
	Total		17,003.43	100	146,543	100	138,258	-	-	-	-	-	-	-	-	-
	Average		2,833.91		24,423.83		27,651.60	1,135.50	1,135.50	1,292.17	1,396.80	3.91	0.80	1.78	0.23	22.72
HR	SVCL	31-03-12	5,637.89	100.00	80,583	100.00	80,583	378	378	1,256	1,256	0.92	0.83	0.12	0.12	28.10
	Total		5,637.89	100	80,583	100	80,583	-	-	-	-	0.92	0.83	0.12	0.12	28.10
	Average		5,637.89		80,583		80,583	378	378	1,256	1,256	0.92	0.83	0.12	0.12	28.10
JH	Ajiwika	31-03-12	513.64	21.57	10,160	40.27	10,160	267	267	529	529	1.99	0.65	0.00	0.00	20.61
2	NBJK	31-03-12	729.27	30.63	8,861	35.12	8,861	244	244	766	766	1.03	0.72	0.62	0.62	21.03
3	VCCL	31-03-07	1,138.33	47.80	6,208	24.61	NA	NA	NA	4,166	NA	0.26	NA	0.08	0.08	18.38
	Total		2,381.23	100	25,229	100	19,021	-	-	-	-	-	-	-	-	-
	Average		793.74		8,409.67		9,510.50	255.5	255.5	1,820.33	647.5	1.09	0.69	0.23	0.23	20.01
KA	BSS	31-03-12	12,529.14	3.66	138,346	4.67	141,496	325	332	1,155	1,079	0.00	0.00	-0.69	0.00	20.12
2	Chaitanya	31-03-12	1,687.12	0.49	18,302	0.62	18,302	374	374	1,525	1,506	0.02	0.02	0.26	0.26	24.98
3	GFSPL	31-03-12	38,126.24	11.12	313,610	10.58	462,893	344	513	1,197	785	0.32	0.29	1.22	1.38	23.83
	IDF Financial Services	31-03-12	5,438.10	1.59	143,470	4.84	143,470	1,503	1,503	353	353	6.35	3.24	2.13	2.30	20.46
5	Janodaya	31-03-11	551.92	0.16	8,255	0.28	NA	NA	NA	1,925	NA	NA	NA	0.00	NA	32.27
6	JFSPL	31-03-12	35,074.36	10.23	300,847	10.15	300,847	489	489	1,884	1,884	0.83	0.74	0.93	0.93	25.47
7	KCPL	30-06-12	1,121.89	0.33	17,836	0.60	17,836	713	713	NA	NA	NA	NA	NA	NA	24.88
8	KOPSA	31-03-10	92.65	0.03	1,284	0.04	1,284	NA	NA	739	739	99.96	99.48	0.00	0.00	21.96
9	NCS	31-03-12	237.87	0.07	6,273	0.21	6,273	784	784	1,282	1,282	0.66	0.53	0.50	0.50	27.07
10	RORES	31-03-11	13.55	0.00	41	0.00	41	NA	NA	128	128	0.00	0.00	0.00	0.00	1.53
11	RORS	31-03-12	725.37	0.21	5,821	0.20	5,821	253	253	2,158	2,158	0.25	0.12	1.84	1.84	24.07
12	Samasta	31-03-12	3,420.72	1.00	44,093	1.49	44,093	392	392	861	861	0.45	0.36	0.71	0.71	21.14

Table 5.4 Contd.

No	Name of MFIs	As of Date	Gross Loan Portfolio (₹ in Lakhs)	GLP (in %)	Number of active borrowers	NAB (in %)	Number of loans outstanding	Borrowers per loan officer	Loans per loan officer	Cost per borrower (in ₹)	Cost per loan (in ₹)	Portfolio at risk > 30 days (in %)	Portfolio at risk > 90 days (in %)	Loan loss rate (in %)	Write-off ratio (in %)	Total expense/assets (%)
13	Samrudhi MicroFin	31-03-07	12.49	0.00	380	0.01	NA	NA	NA	NA	NA	0.00	NA	NA	NA	NA
14	Sanghamithra	31-03-12	9,223.94	2.69	120,994	4.08	120,994	1,109	1,109	287	287	1.47	1.25	2.16	2.17	15.49
15	SKDRDP	31-03-12	163,792.04	47.78	1,015,440	34.27	1,290,988	389	494	847	527	20.90	15.68	22.23	22.23	45.19
16	TBF	30-09-12	381.30	0.11	8,519	0.29	8,519	710	710	698	698	28.57	28.57	NA	NA	8.58
17	Ujjivan	31-03-12	70,342.50	20.52	819,400	27.66	899,274	438	480	1,123	989	1.20	1.06	0.36	0.36	20.71
	Total		342,771.23	100	2,962,911	100	3,462,131	-	-	-	-	-	-	-	-	-
	Average		20,163.01		174,288.88		230,808.73	601.77	626.62	1,077.47	948.29	10.73	10.81	2.26	2.51	22.36
KL 1	Bodhana	31-03-05	97.44	0.18	11,065	1.76	NA	NA	NA	56	NA	3.23	NA	1.33	1.33	13.79
2	ESAF	31-03-12	28,134.28	51.06	335,834	53.40	357,892	391	417	981	855	1.23	0.99	0.08	0.08	23.02
3	GSGSK	31-03-10	1,852.20	3.36	34,833	5.54	34,833	2,322	2,322	NA	NA	4.74	3.26	0.00	0.00	11.68
4	Hope Microcredit	31-03-12	4,123.56	7.48	NA	0.00	NA	NA	NA	NA	NA	NA	NA	0.00	0.00	15.65
5	Muthoot	31-03-12	17,890.57	32.47	202,695	32.23	202,695	438	438	665	517	0.34	0.32	0.05	0.05	NA
6	SIFFS	31-03-07	224.01	0.41	NA	0.00	NA	NA	NA	NA	NA	NA	NA	0.00	NA	10.72
7	WSDS	31-03-12	216.43	0.39	NA	0.00	2,851	NA	NA	NA	NA	NA	NA	0.00	0.00	NA
8	WSE	31-03-12	2,562.19	4.65	44,527	7.08	44,527	8,904	8,904	262	262	0.04	0.03	0.01	0.01	12.40
	Total		55,100.68	100	628,954	100	642,798	-	-	-	-	-	-	-	-	-
	Average		6,887.58		125,790.80		128,559.60	3,013.75	3,020.25	491	544.67	1.92	1.15	0.18	0.21	14.54
MP 1	AMS	31-03-07	21.15	0.63	1,239	2.39	NA	NA	NA	221	NA	0.00	NA	0.59	0.59	17.66
2	BMVS	31-03-12	171.04	5.09	2,276	4.39	2,276	228	228	954	954	0.34	0.29	0.00	0.00	18.63
3	LBT	31-03-12	311.26	9.27	5,104	9.85	5,104	567	567	797	797	0.00	0.00	0.17	0.17	NA
4	MCM	31-03-12	354.49	10.56	4,051	7.82	4,095	211	213	643	572	0.68	0.34	1.50	1.50	NA
5	PMS Indore	31-03-07	53.10	1.58	1,096	2.11	NA	NA	NA	491	NA	0.00	NA	0.00	0.00	16.97
6	SCDS	31-03-12	2,440.02	72.68	37,906	73.14	37,906	395	395	786	786	1.27	1.24	-0.03	0.00	26.90
7	Vikas Samiti	31-03-07	6.26	0.19	152	0.29	NA	NA	NA	NA	NA	1.23	NA	NA	NA	NA
	Total		3,357.31	100	51,824	100	49,381	-	-	-	-	-	-	-	-	-
	Average		479.62		7,403.43		12,345.25	350.25	350.75	648.67	621.80	0.50	0.47	0.37	0.38	20.04
MH 1	AID	31-03-08	60.00	0.14	7,661	1.04	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
	Annapurna Mahila Credit Co-op Society	31-03-12	1,916.62	4.39	27,024	3.65	27,024	409	409	949	949	3.21	1.15	0.68	0.71	NA
3	GMSSS	31-03-12	481.05	1.10	1,547	0.21	1,547	119	119	2,195	2,195	6.08	2.02	0.06	0.06	NA
4	Intellcash	31-03-12	1,046.66	2.40	13,035	1.76	13,035	256	256	4,229	4,229	NA	NA	0.00	0.00	NA

Table 5.4 Contd.

No	Name of MFIs	As of Date	Gross Loan Portfolio (₹ in Lakhs)	GLP (in %)	Number of active borrowers	NAB (in %)	Number of loans outstanding	Borrowers per loan officer	Loans per loan officer	Cost per borrower (in ₹)	Cost per loan (in ₹)	Portfolio at risk > 30 days (in %)	Portfolio at risk > 90 days (in %)	Loan loss rate (in %)	Write- off ratio (in %)	Total expense/ assets (%)
5	IRCED	31-03-12	157.53	0.36	1,128	0.15	1,128	282	282	1,073	1,073	0.00	0.00	0.00	0.00	NA
6	L&T Finance	31-03-12	22,366.96	51.18	495,038	66.95	495,038	756	756	NA	NA	12.33	11.50	65.44	65.44	NA
7	SSK	31-03-09	419.19	0.96	8,385	1.13	8,385	441	441	NA	NA	5.23	4.43	2.31	2.31	20.94
8	Suryoday	31-03-12	9,360.33	21.42	104,571	14.14	104,571	735	735	1,255	1,255	0.27	0.25	3.06	3.19	29.49
9	Svabhimaan	31-03-09	30.75	0.07	867	0.12	867	217	217	NA	NA	0.28	NA	NA	NA	NA
10	Svadhhaar	31-03-12	7,860.40	17.99	80,201	10.85	82,195	318	326	2,008	1,993	2.04	1.48	1.47	1.47	NA
	Total		43,699.48	100	739,457	100	733,790	-	-	-	-	-	-	-	-	-
	Average		4,369.95		73945.70		81,532.22	392.56	393.44	1,951.50	1,949	3.68	2.98	9.13	9.15	25.22
MN	1 CMM	31-03-12	275.47	16.53	5,406	33.74	7,791	208	300	1,103	953	0.00	0.00	0.00	0.00	37.77
2	WSDS	31-03-12	216.43	12.98	NA	NA	2,851	NA	NA	NA	NA	NA	NA	0.00	0.00	NA
3	YFS	31-03-12	238.94	14.33	2,153	13.44	2,153	359	359	1,951	1,951	2.04	0.62	0.00	0.00	20.60
4	YVU	31-03-12	936.11	56.16	8,465	52.83	8,465	229	229	1,635	1,635	0.65	0.53	0.00	0.00	20.70
	Total		1,666.95	100	16,024	100	21,260	-	-	-	-	-	-	-	-	-
	Average		416.74		5,341.33		5,315	265.33	296	1,563	1,513	0.90	0.38	0.00	0.00	26.36
OR	1 Adhikar	31-03-12	2,659.61	5.24	53,039	5.73	53,039	482	482	NA	NA	0.72	0.36	NA	NA	NA
2	AIR	31-03-07	24.99	0.05	2,289	0.25	NA	NA	NA	363	NA	0.00	NA	0.00	0.00	37.73
3	Awareness	31-03-07	5,449.49	10.73	313,055	33.81	NA	NA	NA	45	NA	0.73	NA	0.00	0.00	11.61
4	Bhoornika	31-03-07	223.74	0.44	5,328	0.58	NA	NA	NA	708	NA	NA	NA	0.00	0.00	24.34
5	BISWA	31-03-12	31,164.85	61.36	374,194	40.41	374,194	1,579	1,579	952	952	77.70	76.02	0.00	0.00	NA
6	CDC	31-03-07	590.20	1.16	7,355	0.79	NA	NA	NA	711	NA	0.47	NA	0.00	0.00	19.61
7	CPSW	31-03-07	143.87	0.28	6,400	0.69	NA	NA	NA	23	NA	12.00	NA	0.00	0.00	11.62
8	GU	31-03-12	3,773.84	7.43	48,578	5.25	48,578	301	301	1,112	1,112	0.73	0.17	0.17	0.17	22.06
9	JFSL	31-03-10	3,504.19	6.90	93,036	10.05	93,036	245	245	432	432	1.05	0.26	0.00	0.00	19.06
10	Mahaashakti	31-03-12	418.66	0.82	6,727	0.73	6,727	269	269	560	550	1.44	0.70	0.00	0.00	20.72
11	ODC	31-03-07	56.50	0.11	2,744	0.30	NA	NA	NA	NA	NA	0.00	NA	NA	NA	NA
12	PF	31-03-07	154.90	0.31	5,426	0.59	NA	NA	NA	304	NA	0.00	NA	0.00	0.00	13.55
13	Sanghnee	31-03-07	117.00	0.23	4,179	0.45	NA	NA	NA	40	NA	5.59	NA	NA	NA	NA
14	Svayamshree	31-03-12	2,504.33	4.93	3,656	0.39	3,796	30	31	765	763	2.28	2.14	5.56	5.56	18.47
	Total		50,786.16	100	926,006	100	579,370	-	-	-	-	-	-	-	-	-
	Average		3,627.58		66,143.29		96,561.67	484.33	484.5	501.25	761.8	7.90	13.28	0.52	0.52	19.88
RJ	1 ABASS	31-03-12	155.42	0.73	1,850	1.07	2,204	154	184	976	889	20.14	9.99	0.00	0.00	
2	Arth	31-03-12	928.96	4.36	12,826	7.40	12,826	428	428	854	870	1.55	0.08	0.00	0.00	

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No	Name of MFIs	As of Date	Gross Loan Portfolio (₹ in Lakhs)	GLP (in %)	Number of active borrowers	NAB (in %)	Number of loans outstanding	Borrowers per loan officer	Loans per loan officer	Cost per borrower (in ₹)	Cost per loan (in ₹)	Portfolio at risk > 30 days (in %)	Portfolio at risk > 90 days (in %)	Loan loss rate (in %)	Write- off ratio (in %)	Total expense/ assets (%)
3	Bazaar Global Finance	31-03-09	531.60	2.49	3,331	1.92	NA	NA	NA	3,780	NA	NA	NA	0.42	0.42	19.47
4	Humana India	31-03-12	608.07	2.85	7,760	4.48	8,725	NA	NA	1,032	806	NA	NA	0.00	NA	NA
5	Pustikar	31-03-12	9,993.50	46.90	8,376	4.83	8,376	456	456	1,721	1,721	7.10	3.09	1.04	1.04	10.80
6	Sahayati	31-03-10	9,090.75	42.66	139,179	80.30	143,782	445	459	1,297	1,263	0.35	0.05	0.84	0.84	21.31
	Total		21,308.30	100	173,322	100	175,913	-	-	-	-	-	-	-	-	-
	Average		3,551.38		28,887		35,182.60	370.75	381.75	1,610	1,110	7.29	3.30	0.38	0.46	17.19
TN	1 AID India	31-03-08	62.77	0.03	7,015	0.21	NA	NA	NA	50	NA	0.00	NA	2.04	2.04	5.41
2	Anisha Microfin	31-03-07	181.16	0.08	7,489	0.22	NA	NA	NA	214	NA	NA	NA	0.15	0.15	19.66
3	Asirvad BWDA Finance	31-03-12	7,931.46	3.63	173,109	5.08	173,109	651	651	598	598	0.01	0.01	1.98	1.98	24.73
4	(BFL)	31-03-12	7,871.39	3.60	152,682	4.48	152,682	743	743	440	433	1.43	1.21	5.47	5.53	19.93
5	BWDC	31-03-12	684.36	0.31	12,053	0.35	12,053	389	389	NA	NA	0.76	0.71	0.00	0.00	NA
6	CCFID	31-03-11	421.38	0.19	9,753	0.29	9,753	406	406	760	760	0.54	0.00	0.00	0.00	22.68
7	CREED	31-03-07	1.83	0.00	14,356	0.42	NA	NA	NA	40	NA	0.00	NA	0.00	0.00	NA
8	Equitas	31-03-12	72,395.71	33.15	1,193,247	35.00	1,241,453	1,000	1,041	665	621	0.46	0.40	0.30	0.59	21.79
9	GLOW	31-03-12	348.30	0.16	4,296	0.13	4,296	430	430	592	592	0.39	0.00	0.00	0.00	17.61
10	GOF	31-03-11	2,857.25	1.31	57,835	1.70	67,318	273	318	929	863	2.80	0.87	2.60	2.60	22.52
11	GV	31-03-12	52,002.54	23.81	818,146	24.00	939,798	476	547	811	755	0.11	0.11	0.25	0.25	27.31
12	GUARDIAN	31-03-12	638.68	0.29	11,944	0.35	11,944	543	543	703	703	0.20	0.20	0.00	0.00	20.10
13	HHH	31-03-12	3,808.86	1.74	68,517	2.01	68,517	151	151	3,708	NA	0.71	0.65	1.03	1.03	NA
14	IASC	31-03-07	1,886.09	0.86	14,813	0.43	16,066	463	502	824	790	20.93	12.16	2.30	2.85	16.10
15	ICNW	31-03-12	1,393.60	0.64	40,067	1.18	40,067	2,063	2,063	330	330	17.23	12.68	9.79	9.79	24.26
	IFMR Rural Channels	31-03-12	5,163.72	2.36	40,980	1.20	46,468	115	130	NA	NA	0.25	0.18	0.00	NA	NA
17	IMED	31-03-01	52.55	0.02	2,846	0.08	NA	NA	NA	1,679	NA	0.00	NA	1.81	NA	106.93
18	IMPACT	31-03-12	603.21	0.28	6,926	0.20	6,926	407	407	1,293	1,293	5.89	5.14	1.68	1.68	NA
19	LEAD	31-03-07	163.59	0.07	8,425	0.25	NA	NA	NA	NA	NA	0.00	NA	NA	NA	NA
20	Malaseman	31-03-12	4,957.40	2.27	93,220	2.73	93,220	NA	NA	760	748	0.00	NA	0.00	NA	NA
21	MMFL	31-03-12	10,587.20	4.85	212,753	6.24	212,753	1,716	1,716	515	643	2.45	0.92	4.38	4.46	22.49
22	NDFS	31-03-08	937.03	0.43	13,012	0.38	13,012	591	591	316	NA	0.00	0.00	0.14	0.14	11.67
23	PADACU	31-08-07	16.37	0.01	198	0.01	NA	NA	NA	NA	NA	0.00	NA	NA	NA	NA
24	Repro Bank	31-03-12	17,297.91	7.92	11,310	0.33	11,310	192	192	NA	NA	36.84	15.79	NA	NA	NA

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25	Sangamam	31-03-08	459.91	0.21	17,384	0.51	17,384	122	122	408	NA	0.39	0.00	0.00	0.00	20.38
26	Sarvodaya Nano Finance	31-03-12	3,124.83	1.43	56,129	1.65	56,129	92	92	266	266	3.76	2.20	8.65	8.65	24.30
27	SMILE	31-03-12	21,791.56	9.98	347,477	10.19	367,615	618	654	880	839	0.06	0.06	-0.05	0.57	26.61
28	SSD	31-03-12	322.74	0.15	3,583	0.11	3,583	239	239	2,232	2,232	0.91	0.17	0.35	0.35	NA
29	TCT	31-03-05	407.44	0.19	9,623	0.28	NA	NA	NA	897	NA	12.70	NA	0.00	0.00	25.18
	Total		218,370.83	100	3,409,188	100	3,565,456	-	-	-	-	-	-	-	-	-
	Average		7,530.03		117,558.21		162,066.18	556.19	567.95	829.58	779.13	4.19	2.55	1.71	1.85	25.25
UP	1	Cashpor MC	31-03-12	32,308.17	22.50	460,403	48.79	460,403	531	552	552	0.04	0.01	0.15	0.15	20.18
	2	Disha	31-03-12	298.76	0.21	4,453	0.47	4,453	NA	217	217	NA	NA	0.00	NA	NA
	3	NEED	31-03-12	1,757.04	1.22	26,781	2.84	26,781	304	578	599	0.25	0.14	1.99	2.01	18.03
	4	Nirmaan Bhurati	31-03-08	2,563.57	1.79	45,317	4.80	45,317	387	879	NA	0.03	0.00	0.31	0.31	22.04
	5	RISE	31-03-12	120.60	0.08	1,673	0.18	1,673	279	955	955	1.37	1.12	0.07	0.07	29.28
	6	Sanchetna	31-03-12	237.94	0.17	3,876	0.41	3,876	258	1,347	1,323	2.62	1.39	0.00	0.00	33.83
	7	SEIL	31-03-12	88,073.16	61.34	151,274	16.03	151,274	320	1,318	1,318	14.28	2.38	1.20	1.20	9.71
	8	Sonata	31-03-12	10,196.39	7.10	132,760	14.07	133,178	390	889	888	0.54	0.41	0.50	0.50	21.59
	9	Utkarsh	31-03-12	7,530.85	5.24	106,371	11.27	106,371	492	864	864	0.00	0.00	0.00	0.00	NA
	10	VFPL	31-03-11	495.92	0.35	10,705	1.13	10,705	297	1,716	NA	0.16	0.05	0.26	0.26	42.10
	Total		143,582.37	100	943,613	100	944,031	-	-	-	-	-	-	-	-	-
	Average		14,358.24		94,361.30		94,403.10	362	362.22	931.50	839.50	2.14	0.61	0.45	0.50	24.60
WB	1	ABCRDM	31-03-09	1,278.27	0.30	117,018	2.51	117,018	360	243	243	0.04	0.01	0.00	0.00	24.58
	2	AMPL	31-03-12	220.90	0.05	5,251	0.11	5,251	81	829	765	1.66	0.87	0.00	0.00	NA
	3	Arohan	31-03-12	5,393.71	1.27	107,612	2.30	107,612	253	1,032	1,032	0.72	0.40	6.10	6.10	38.67
	4	ASA India	31-03-12	10,347.06	2.44	181,674	3.89	181,674	245	707	707	5.42	4.98	2.59	2.59	21.63
	5	Bandhan	31-03-12	373,020.79	88.05	3,617,641	77.44	3,617,641	504	501	501	0.16	0.13	0.59	0.59	15.05
	6	BIS	31-03-12	544.11	0.13	9,305	0.20	9,305	388	630	672	0.16	0.11	0.27	0.27	23.31
	7	BSA	31-03-07	393.55	0.09	14,400	0.31	NA	NA	243	NA	0.83	NA	0.00	0.00	16.16
	8	EFSL	31-03-07	0.73	0.00	5,876	0.13	NA	NA	1	NA	18.76	NA	0.00	0.00	4.40
	9	Jagaran MF	31-03-12	3,398.72	0.80	64,863	1.39	64,863	432	371	371	0.24	0.15	0.00	0.00	13.95
	10	Kotalipara	31-03-12	2,803.58	0.66	58,626	1.26	60,539	213	714	709	1.84	0.91	1.11	1.11	26.68
	11	RSN	31-03-07	150.43	0.04	3,272	0.07	NA	NA	3	NA	0.00	NA	0.00	0.00	0.24
	12	Sahara Utsarga	31-03-12	5,439.28	1.28	93,318	2.00	93,318	166	813	813	2.74	2.26	2.40	2.42	24.27

Table 5.4 Contd.

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13	Sarala	31-03-12	4,002.64	0.94	98,145	2.10	98,145	401	401	393	393	4.41	3.78	1.15	1.15	20.29
14	Seba Rahara	31-03-12	590.30	0.14	9,763	0.21	9,763	334	334	NA	NA	99.98	99.97	0.53	0.53	NA
15	SMCBK	31-03-12	1,081.16	0.26	19,244	0.41	19,244	NA	NA	NA	NA	NA	NA	NA	NA	NA
16	SMS	31-03-07	1,635.79	0.39	39,577	0.85	39,577	350	350	186	186	0.45	0.37	0.00	0.00	14.98
17	SPED	31-03-07	2.74	0.00	1,400	0.03	NA	NA	NA	68	NA	0.37	NA	0.53	0.53	27.46
18	SU	31-03-12	1,710.34	0.40	37,075	0.79	37,075	172	172	792	792	4.74	4.54	7.03	7.04	30.15
19	UFSPL	31-03-12	712.28	0.17	16,673	0.36	16,673	272	272	692	692	2.71	1.87	2.58	2.58	24.94
20	VFS	31-03-12	10,536.12	2.49	165,847	3.55	165,847	395	395	754	754	0.95	0.84	1.27	1.27	22.19
21	VSSU	31-03-12	401.84	0.09	4,683	0.10	4,721	128	129	NA	NA	3.78	3.41	NA	NA	NA
	Total		423,664.31	100	4,671,263	100	4,648,266	-	-	-	-	-	-	-	-	-
	Average		20,174.49		222,441.10		273,427.41	293.38	293.88	498.44	616.43	7.50	7.79	1.38	1.38	20.53

Source: Compiled and Computed from MIX Market (<http://www.mixmarket.org/>) Accessed on 11 March, 2013

Notes:

- 1) Variations in the dates can be seen in the above table as information is available as of those dates only.
- 2) NA = Not Available data
- 3) Full forms of abbreviations used in the name of MFIs has been given in the *Appendix-5*
- 4) Location of MFIs is considered as per the location state of their Head Offices

two MFIs were found with the amount of CPB < ₹100 i.e. *IWB* with ₹100 and *SEVA Microfoundation* with ₹70. Only one MFI *CJWS* was found with the CPB of ₹0. This may be an entry error at source or very difficult to understand the reason.

Only for 35 MFIs data regarding PAR > 30 days and. Out of total 35 MFIs, 11 MFIs were available with 0% of PAR > 30 days and maximum share of PAR > 30 days (142.77%) was observed for *Sanghmitra* followed by *AMMACTS* (98.81%) and *Trident Microfinance* (98.45%). For only 22 MFIs data regarding PAR > 90 days was available of which only 7 MFIs were found with 0% of PAR > 90 days.

Maximum share of PAR > 90 days (98.41%) was available for *AMMACTS* followed by *Trident Microfinance* (94.17%). *SMSS* was reported with the huge difference between PAR > 30 days (90.91%) and PAR > 90 days (50.51%) which indicates that portfolio risk is higher for 30 days than 90 days. Remaining MFIs were observed with below 50% share of PAR > 30 days and PAR > 90 days.

LLR and WOR were available for 32 MFIs only. Two MFIs *AMMACTS* and *ASSIST* were observed with the negative amount of LLR i.e. (-0.05%) and (-2.03%) respectively but with 0% of WOR however the reason could not be found for negative ratios. 21 MFIs were available with 0% of LLR and WOR which shows very good collection management in those particular MFIs. *AML* was observed with 64.81% of LLR while WOR was not available. *SHARE* (57.79% and 57.88%), *Spandana* (49.54% and 49.69%) and *SKS* (41.91% and 42.73%) were found with both the ratios (LLR and WOR) but with small amount of difference between two.

On examining 33 MFIs with the ratio of TE/A, the ratio was observed in the range of 0.05% (*CJWS*) to 560.32% (*Need To India*). Three MFIs were found with the ratio of > 100% viz. *Spandana* (100.73%), *AML* (102.31%) and *SMSS* (311.73%). Four MFIs were observed with the ratio between 50% < 100% viz. *Sanghmitra* (53.99%), *Nano* (58.44%), *SHARE* (95.92%) and *BASIX* (98.60%). Remaining MFIs were had the ratio below 50%.

AS (Assam)

Only 5 MFIs were observed working in Assam. *RGVN* was noticed with the highest amount of GLP (63.55%) of ₹10,223.42 lakhs and also with the highest numbers of NABs 141,420 with the same number of NLO. Lowest amount of GLP (0.90%) ₹145.15 lakhs with the similar numbers of NABs and NLO i.e. 572 was reported for *KMUCBL*. 4 MFIs observed with the same value of BLO and LLO in the range of 261 to 576 except the MFI *Nightingale*. CPB and CPL were available for 3 MFIs only. Among them 2 MFIs viz. *Asomi* and *Grameen Sahara* were noticed with the same

amount of CPB and CPL i.e. ₹607 and ₹697. The ratios of PAR > 30 days and PAR > 90 days were available only for 4 MFIs. *KMUCBL* was observed with highest ratio of PAR > 30 days (21.42%) and PAR > 90 days (6.48%). Remaining 3 MFIs were noticed having both the ratio below 0.40%. Out of total 5 MFIs, only *Nightingale* has reported with 0% of LLR and WOR. *KMUCBL* was available with the highest number of both the ratios i.e. 4.60%. Ratio of TE/A was available for 3 MFIs where maximum ratio was observed for *Asomi* (22.49%) and minimum ratio was observed for *Nightingale* (16.95%).

BR (Bihar)

Total 4 MFIs were available in the state Bihar. Highest amount of GLP Rs.618.04 lakhs (62.06%) with the same number of NABs and NLO i.e.10,595 was available for *CDOT*. While lowest amount of GLP Rs. 42.16 lakhs (4.23%) was available for *TMS*. Lowest NABs and NLO were available for *Nidan*. BLO and LLO were available with the same numbers. Minimum number of BLO and LLO (119) was observed for *Nidan* while maximum number of BLO and LLO (414) was observed for *TMS*. On examining CPB and CPL, highest amount of both the costs ₹2,186 was noted down for *Saija*. Lowest amount of both the costs ₹16 was reported for *Nidan*. Only *Saija* was available with 0.22% LLR and WOR. Remaining 4 MFIs were observed with 0% of both the ratios. On analyzing the ratio of TE/A, *Saija* was reported with the highest (44.05%) share of ratio and lowest (2.45%) ratio was observed for *Nidan*.

DL (Delhi)

4 MFIs were available for Delhi. *SCNL* was found with the highest share of GLP at 80.76% (₹32, 014.38 lakhs). Remaining three MFIs have been reported with the share of GLP below 10%. NABs and NLO were available with the same numbers for all MFIs. *SCNL* was observed with the maximum numbers of NABs and NLO i.e. 306,317. Minimum number (35,289) of NABs and NLO was reported for *Mimo Finance*. BLO and LLO were also observed with the similar numbers ranging from 184 (*India's Capital Trust Ltd*) to 587 (*Fusion Microfinance*). Similar amount of CPB and CPL as reported for 3 MFIs where highest amount of CPB (₹1,839) and CPL (₹1,701) was available for *India's Capital Trust Ltd*. Lowest amount of both the costs Rs. 1,064 was observed for *SCNL*. 0% ratio of PAR > 30 days and PAR > 90 days was reported for *Fusion Microfinance*. Highest proportion of PAR > 30 days (2.63%) and PAR > 90 days (2.06%) was reported for *Mimo Finance* and lowest proportion of PAR > 30 days (0.16%) and PAR > 90 days (0.09%) was reported for *India's Capital Trust Ltd*. Same proportion of LLR and WOR, ranging from 0% (*India's Capital Trust Ltd.*) to 1.13%

(*Mimo Finance*) was available for all MFIs. While analyzing the ratio of TE/A, highest (39.02%) ratio was reported for *India's Capital Trust Ltd.* and lowest (20.13%) ratio was reported for *SCNL*.

GJ (Gujarat)

Total 6 MFIs have been reported for the state Gujarat. *SEWA Bank* was reported with the highest share of GLP 33.07% (Rs. 5,622.27 lakhs) followed by *Arman Financial Services Pvt. Ltd* (29.76%) and *Disha Microfin* (23.91%). Remaining 3 MFIs were available with GLP below 5%. NABs and NLO were available with same numbers ranging from 8,285 (*Vardan*) to 42,926 (*Disha Microfin*). Information about BLO and LLO were available for 4 MFIs. Among them *SEWA Bank* was observed with the maximum numbers of BLO and LLO (3,065) and minimum numbers of BLO and LLO (439) was observed for *PRAYAS*. ₹3,060 of highest amount of CPB and CPL was observed for *SEWA Bank* while ₹456 of lowest amount of both the costs was noticed for *PRAYAS*. Similar amount of CPB and CPL was available for remaining 5 MFIs. Maximum proportion of PAR > 30 days i.e. 13.83% was available for *Vardan*. *SVSDF* was observed with 0% ratio of PAR > 30 days and PAR > 90 days. *SEWA Bank* has been reported 6.42% PAR > 30 days and 2.16% PAR > 90 days. *SEWA Bank* was reported with the highest proportion of LLR i.e. 9.53%. 3 MFIs viz. *PRAYAS*, *SVSDF* and *Vardan* have been observed with 0% of both the ratios LLR and WOR. While analyzing the ratio TE/A, highest share (28.62%) was reported for *SVSDF* and lowest share (12.99%) was observed for *SEWA Bank*.

HR (Haryana)

HR was available with only one MFI *SVCL*, where GLP was noted down as ₹5,637.89 lakhs. NABs and NLO was reported similar 80,583. BLO and LLO were also observed similar 378. CPB and CPL were observed similar too. PAR > 30 days and PAR > 90 days were found 0.92% and 0.83% respectively. LLR and WOR were reported at 0.12% while ratio of TE/A was available at 28.10%.

JH (Jharkhand)

3 MFIs were available for this state. Highest share 47.80% (₹1,138.33 lakhs) of GLP was available for *VCCL* and lowest share 21.57% (₹513.64 lakhs) of GLP was available for *Ajiwika*. NABs and NLO were observed similar in numbers. Lowest (6,208) NABs was available for *VCCL* while highest (10,160) NABs and NLO were available for *Ajiwika*. Only 2 MFIs were available with same numbers of BLO and LLO viz. *Ajiwika* (267) and *NBJK* (244). On examining the CPB and CPL, highest amount of CPB was reported for *VCCL* (₹4,166). Highest ratio of PAR > 30 days was noticed at

1.99% i.e. for *Ajiwika* but highest ratio of PAR > 90 days was noticed at 0.72% i.e. for *NBJK*. Ratios of LLR and WOR were available in the range of 0% (*Ajiwika*) to 0.62% (*NBJK*). For TE/A, highest proportion (21.03%) was reported for *NBJK* while lowest proportion (18.38%) was reported for *VCCL*.

KA (Karnataka)

Total 17 numbers of MFIs were available here. Highest share 47.78% of GLP (₹163,792.04 lakhs) was reported for *SKDRDP* followed by *Ujjivan* with 20.52% (₹70,342.50 lakhs). Remaining 15 MFIs have been reported with GLP below 12%. On comparing the NABs and NLO, 11 MFIs (out of 17) were available with the similar numbers of NABs and NLO. *SKDRDP* was observed with maximum number of NABs (1,015,440) and NLO (1,290,988) followed by *Ujjivan* with 819,400 NABs and 899,274 NLO.

Information about BLO and LLO were available for 13 MFIs. Among them, 9 MFIs were available with similar numbers. Maximum (1,503) number of BLO and LLO was observed for *IDF Financial Services* while minimum number of BLO (325) and LLO (332) was observed for *BSS*.

The amount of CPB was available for 15 MFIs and CPL was available for 14 MFIs. Highest amount (₹2,158) of both the costs was observed for *RORS* while lowest amount (₹128) of both the costs was observed for *RORES*. The ratios of PAR > 30 days and PAR > 90 days were available for 15 MFIs. Among them, 0% of PAR > 30 days was observed for 3 MFIs (*BSS*, *RORES*, *Samrudhi MicroFin*) while 0% of PAR 90 > days was observed for 2 MFIs (*BSS*, *RORES*). Highest ratio of PAR > 30 days (99.96%) and PAR > 90 days (99.48%) was noted down for *KOPSA*. Remaining MFIs were reported with both the ratios below 7%.

LLR and WOR were available for 13 MFIs. Only *BSS* was observed with (-0.69%) of LLR and 0% of WOR. No reason could be found for this contradictory value of LLR. *KOPSA*, *RORES* and *Janodaya* were available with 0% of LLR and WOR both. Highest value of both the ratios was noticed 22.33% for *SKDRDP*. The ratio of TE/A was observed in the range between 1.53% (*RORES*) to 45.19% (*SKDRDP*).

KL (Kerala)

The state was available with 8 MFIs. 51.06% GLP (highest share) with the amount of ₹28,134.28 lakhs has been reported by *EASF* followed by *Muthoot* with 32.47% of GLP (₹17,890.57 lakhs). Remaining 6 MFIs were found with the share of GLP below 8%. 5 MFIs were available with the information regarding NABs and NLO. Maximum NABs (335,834) and NLO (357,892) have been observed for *ESAF*.

Minimum NABs and NLO was observed for *Bodhana* and *WSDS* respectively. BLO and LLO were reported for 4 MFIs. Among them highest (8,904) numbers of BLO and LLO was observed for *WSE* followed by *GSGSK* (2,322) and *Muthoot* (438). The amount of CPB and CPL was available for 4 MFIs. Highest amount of CPB (₹981) and CPL (₹855) have been reported for *ESAF* followed by *Muthoot* i.e. CPB (₹665) and CPL (₹517). Highest share of PAR > 30 days (4.74%) and PAR > 90 days (3.26%) was observed for *GSGSK*. Lowest share of PAR > 30 days (0.04%) and PAR > 90 days (0.03%) was observed for *WSE*. On examining LLR and WOR, 4 MFIs (*GSGSK*, *Hope Microcredit*, *WSDS*, and *SIFFS*) were observed at 0% of both the ratios except *SIFFS* as *SIFFS* has 0% of LLR only. Maximum share (1.33%) of both the ratios was available for *Bodhana*. Highest proportion of TE/A at 23.02% was reported for *ESAF* while lowest proportion at 10.72% was reported for *SIFFS*.

MP (Madhya Pradesh)

Madhya Pradesh was available with 7 MFIs. Highest amount of GLP, ₹2,440.02 lakhs (72.68%), was observed for *SCDS* followed by *MCM* with ₹354.49 lakhs (10.56%). Remaining 5 MFIs have been found with GLP below 10%. 3 MFIs were available with same numbers of NABs and NLO viz. *SCDS*, *LBT* and *BMVS* (37,906; 5,104 and 2,276). 4 MFIs were reported with the numbers of BLO and LLO. Among them, 3 MFIs were observed with the similar numbers of both BLO and LLO. Minimum number of BLO (211) and LLO (213) was available for *MCM* while maximum numbers of both BLO and LLO (567) was observed for *LBT*.

The amount of CPB was available for 6 MFIs and the amount of CPL was available for 4 MFIs. 3 MFIs have been noticed with similar amount of both the costs i.e. *BMVS* (₹954), *LBT* (₹797) and *SCDS* (₹786). Lowest amount of CPB Rs. 221 was reported for *AMS* while lowest amount of CPL ₹572 was reported for *MCM*. PAR > 30 days was found in the range of 0% to 1.27% where 0% share was available for *AMS*, *LBT* and *PMS Indore*. Maximum share of PAR > 30 days (1.27%) and PAR > 90 days (1.24%) was observed for *SCDS*. 5 MFIs were observed with the same proportion of LLR and WOR. *SCDS* was available with (-0.03%) of LLR but 0% of WOR. No reason could be found for negative value of LLR. Highest share (1.50%) of LLR and WOR was available for *MCM*. The ratio of TE/A (reported by 4 MFIs only) was available in the range of 16.97% (*AMS*) to 26.90% (*SCDS*).

MH (Maharashtra)

10 MFIs were available in this state. *L&T Finance* has been observed with the highest proportion of GLP at 51.18% (₹22,366.96 lakhs) followed by *Suryoday* (21.42%)

and *Swadhaar* (17.99%). Remaining 7 MFIs were observed at below 5% of GLP. 8 MFIs were observed with the similar number of NABs and NLO. *L&T Finance* was found with the maximum numbers of NABs and NLO i.e. 495,038 while minimum numbers (867) of NABs and NLO were observed for *Swabhimaan*. BLO and LLO were available for 9 MFIs where 8 MFIs have been reported with similar numbers. Maximum number of BLO and LLO (756) was noticed for *L&T Finance* and minimum number of BLO and LLO (119) was noticed for *GMSSS*. Only 6 MFIs were available with the amount CPB and CPL, among them 5 MFIs were observed with equal amount. Highest amount of both the costs were observed ₹4,229 for *Intellcash* while lowest amount ₹949 was observed for *Annapurna Mahila Credit Cooperative Society*.

Total 8 MFIs were reported with the ratio of PAR > 30 days in the range of 0% (*IRCED*) to 12.33% (*L&T Finance*). Total 7 MFIs were reported with the ratio of PAR > 90 days in the range of 0% (*IRCED*) and 11.50% (*L&T Finance*). LLR and WOR were available for 8 MFIs where 7 MFIs were observed with equal proportion. Highest share was noticed at 65.44% for *L&T Finance* and lowest share noticed at 0% for *Intellcash* and *IRCED* both. Only two MFIs, *Suryoday* and *SSK*, were available with the ratio of TE/A i.e. 29.49% and 20.94 respectively.

MN (Manipur)

Total 4 MFIs have been reported from the state Manipur. Highest amount of GLP ₹936.11 lakhs (56.16%) was observed for *YVU*, while lowest amount of GLP ₹216.43 lakhs (12.98%) was observed for *WSDS*. In the case of NABs and NLO, 2 MFIs were observed with the same numbers i.e. *YVU* (8,465) and *YFS* (2,153). *WSDS* was available with 2,852 NLO only as NABs were not available. Two MFIs, *YFS* and *YVU*, were reported with same numbers of BLO and LLO i.e. 359 and 229. Highest amount of CPB and CPL Rs. 1,951 was available for *YFS*. Lowest amount of CPB ₹1,103 and CPL ₹953 were available for *CMM*. The ratio of PAR > 30 days was observed in the range of 0% (*CMM*) to 2.04% (*YFS*) while the ratio of PAR > 90 days was observed in the range of 0% (*CMM*) to 0.62% (*YFS*). All 4 MFIs were reported at 0% of LLR and WOR. Further, the ratio of TE/A has been reported for 3 MFIs where highest proportion was noticed at 37.77% and lowest proportion was noticed at 20.60%.

OR (Orissa)

14 numbers of MFIs were available for Orissa. Among them *BISWA* was found with the highest share of GLP 61.36% (₹31,164.85 lakhs), while *Awareness* was found with the lowest share of GLP 10.73% (₹5,449.49 lakhs). Remaining 12 MFIs were found with GLP below 8%. NABs and NLO were available with same numbers for 5

MFIs only. *BISWA* was noticed with maximum number (374,194 of NABs and NLO) followed by *Awareness* (313,055 NABs) and *JFSL* (93,096 NLO). Lowest number of NABs (2,289) and lowest number of NLO (3,796) were observed for *AIR* and *Swayamshreei* respectively.

Only 6 MFIs have been reported with the information about BLO and LLO with similar numbers. Maximum number of BLO and LLO was noticed (1,579) for *BISWA* and minimum numbers of BLO (30) and LLO (31) were observed for *Swayamshree*. The amount of CPB and CPL were available for 12 MFIs and 5 MFIs respectively. Highest amount of both the costs have been reported similar i.e. ₹1,112 for *GU* followed by *BISWA* with ₹952. Lowest amount of CPB (₹23) and CPL (₹432) was observed for *CPSW* and *JFSL* respectively. Ratio of PAR > 30 days was available for 13 MFIs while ratio of PAR > 30 days was available for 6 MFIs only. PAR > 30 days was observed in the range of 0% to 77.70% where 0% ratio was available for *AIR*, *ODC* and *PF* while 77.70% ratio was available for *BISWA*. The ratio of PAR > 90 days was observed in the range of 0.17% (*GU*) to 76.02% (*BISWA*). On examining LLR and WOR, similar proportion has been noticed for 11 MFIs. Among them, 9 MFIs have been noticed at 0% of both the ratios. Remaining 2 MFIs, *Swayamshree* and *GU*, were observed with the ratio at 5.56% and 0.17% respectively. The ratio of TE/A was available for 10 MFIs only where highest proportion was observed at 37.73% for *AIR* and lowest proportion was observed at 11.61% for *Awareness*.

RJ (Rajasthan)

This state was available with total 6 MFIs. Among them, highest amount of GLP ₹9,993.50 lakhs (46.90%) was available for *Pustikar* followed by *Sahayata* with GLP of ₹9,090.75 lakhs (42.66%). Remaining 4 MFIs were found with GLP below 5%. Maximum NABs (139,179) and NLO (143,782) had been reported for *Sahayata*. Two MFIs, *Arth* (12,826) and *Pustikar* (8,376), were observed with the same numbers of NABs and NLO. Minimum number of NABs (1,850) and NLO (2,204) was available for *ABASSS*. Information about BLO and LLO was available for 4 MFIs only. Maximum numbers of BLO and LLO both (456) was observed for *Pustikar* while minimum numbers of BLO (154) and LLO (184) were observed for *Sahayata*. The amount of CPB and CPL was available for 6 and 5 MFIs respectively. Uppermost amount of CPB was observed at ₹3,780 for *Bazaari Global Finance* and uppermost amount of CPL was observed at ₹1,721 for *Pustikar*. Lowest amount of CPB (₹854) was observed for *Arth* and CPL (₹806) was observed for *Humana India*. PAR > 30 days was available in the range of 0.35% (*Sahayata*) to 20.14% (*ABASSS*) and PAR > 90 days was available in the

range of 0.05% (*Sahayata*) to 9.99% (*ABASSS*). 3 MFIs were noticed at 0% of LLR and 2 MFIs were noticed at 0% of WOR. Among remaining MFIs, *Pustikar* was reported at highest share 1.04% of LLR and WOR both. TE/A was available for 3 MFIs where *Sahayata* was observed with the highest proportion (21.31%) while *Pustikar* was observed with the lowest proportion (10.80%).

TN (Tamil Nadu)

Total 29 MFIs have been spotted in Tamil Nadu. *Equitas* was observed at 33.15% (₹72,395.71 lakhs) of highest proportion of GLP followed by *GV* at 23.81% (₹52,002.54 lakhs). Remaining 27 MFIs have been reported with GLP below 10%. *Equitas* was available with the maximum share of NABs 35% (1,193,247 in numbers) followed by *GV* and *SMILE* with the share of 24% (818,146) and 10.19% (347,477). Remaining 26 MFIs were reported with the share of NABs below 7%. NLO was available for 22 MFIs. Among them 6 MFIs were observed with the numbers above 100,000 viz. *Equitas* (1,241,453); *GV* (939,798); *SMILE* (367,615); *MMFL* (212,753); *Asirvad* (173,109) and *BWDA Finance* (152,682). Remaining 16 MFIs were available with NLO below 100,000.

Total 21 MFIs were reported with number of BLO and LLO. Among them 15 MFIs were observed with the similar numbers. Highest numbers of BLO and LLO was observed for *ICNW* (2,063) followed by *MMFL* (1,716) and *Equitas* (1,000 BLO and 1,041 LLO). Lowest number (92 only) of BLO and LLO was observed for *Sarvodaya Nano Finance*. CPB was available for 24 MFIs CPL was available for 16 MFIs where 8 MFIs were observed with the same amount of both the costs. Highest amount of CPB was observed ₹3,708 for *HiH* and lowest amount of CPB was observed ₹40 only for *CREED*. Further, highest amount of CPL was observed ₹2,232 for *SSD* and lowest amount of CPL was observed ₹266 for *Sarvodaya Nano Finance*. The ratio of PAR > 30 days was available for 26 MFIs, among them following 5 MFIs were available with 0% ratio i.e. *AID India*, *CREED*, *LEAD*, *NDFS* and *PADACU*. Remaining 21 MFIs were reported with the ratio in the range of 0.01% (*Asirvad*) to 36.84% (*Repco Bank*). The ratio of PAR > 90 days was available for 21 MFIs, among them 4 MFIs were observed with 0% ratio i.e. *CCFID*, *GLOW*, *NDFS* and *Sangamam*. Remaining 18 MFIs were observed with the ratio between the ranges of 0.01% (*Asirvad*) to 15.79% (*Repco Bank*).

LLR has been reported by 25 MFIs, among them 8 MFIs observed having 0% of LLR. WOR was available for 23 MFIs, among them 7 MFIs were observed with 0% of the ratio. *SMILE* was reported with the LLR of (-0.05%) but the reason could not be found for LLR having negative ratio. Highest share (9.79%) of both the ratios was

reported for *ICNW* and lowest share i.e. 0.15% (> 0%) of both the ratios was observed for *Anisha Microfin*. TE/A was available for 19 MFIs where highest share (106.93%) was noted down for *IMED* while lowest share (5.41%) was noted down for *AID India*.

UP (Uttar Pradesh)

10 MFIs were reported in this state. *SEIL* was observed with the maximum share of GLP at 61.34% (₹88,073.16 lakhs) followed by *Cashpor MC* with 22.50% (₹32,308.17 lakhs). Remaining 8 MFIs were observed with the share of GLP below 8% only. NABs and NLO were available for 9 MFIs with the same numbers. Maximum numbers NABs and NLO were available as 460,403 for *Cashpor MC* and minimum number were observed as 1,673 only for *RISE*. Maximum number (531) of BLO and LLO both were observed for *Cashpor MC* and minimum number (258) were observed for *Sanchetna*. 6 MFIs have been reported the same amount of CPB and CPL. Highest amount (₹1,716) of CPB was available for *VFPL* while highest amount (₹1,323) of CPL was available for *Sanchetna*. Lowest amount of both the costs was reported ₹217 for *Disha*.

Highest share of PAR > 30 days and PAR > 90 days (out of 9 MFIs only) were observed at 14.28% and 2.38% respectively for *SEIL*. Lowest share of the ratio PAR > 30 days (0%) was observed for only one MFI *Utkarsh* while the ratio of PAR > 90 days at 0% was observed for two MFIs viz. *Disha* and *Utkarsh*. Further, 3 MFIs (*Disha*, *Sanchetna* and *Utkarsh*) were available at 0% of LLR, among them *Sanchetna* and *Utkarsh* were also available at 0% of WOR. Ratio of TE/A (available for 8 MFIs) was reported in the range of 9.71% (*SEIL*) to 42.10% (*VFPL*).

WB (West Bengal)

Out of available total 21 MFIs, *Bandhan* was observed with the uppermost proportion of GLP i.e. 88.05% with the amount of ₹373,020.79 lakhs. Remaining 20 MFIs have been observed with very low proportion of GLP i.e. below 3%. 15 MFIs were available with the similar numbers of NABs and NLO. Maximum number NABs and NLO were reported as 3,617,641 from *Bandhan* while lowest NABs was noticed as 1,400 for *SPED* and NLO was noticed as 4,721 for *VSSU*. The data of BLO and LLO was available for 16 MFIs where 15 MFIs was spotted with same numbers. Maximum number of BLO and LLO was observed 504 for *Bandhan* and minimum number was observed 81 for *AMPL*.

The amount of CPB and CPL was available for 14 MFIs, among them 10 MFIs were reported with the same amount. Highest amount (₹1,032) of both the costs was noticed for *Arohan*. Lowest amount of CPB was observed for *EFSL* (₹1) followed by

RSN (₹3). Lowest amount (₹243) of CPL was noticed for *ABCRDM*. Ratio of PAR > 30 days was available in the range of 0% (*RSN*) to 99.98% (*Seba Rahara*). Ratio of PAR > 90 days was available in the range of 0.01% (*RSN*) to 99.97% (*Seba Rahara*). 19 MFIs were available with the information about LLR and WOR, among them 18 MFIs have been reported with the same proportion except *Sahara Utsarga* (LLR 2.40% & WOR 2.42%). Following 7 MFIs were available with 0% of both the ratios i.e. *ABCRDM*, *AMPL*, *BSA*, *EFSL*, *Jagaran MF*, *RSN* and *SMS*. Highest proportion was observed at 7.03% for *SU* and lowest proportion (> 0) was observed at 0.27% for *BJS*. The ratio of TE/A was available in the range of 0.24% (*RSN*) to 38.67% (*Arohan*).

Table 5.5 Details of MFIs with highest and lowest values of selected indicators

No	Indicators	Highest Values	Name of MFI with State	Lowest Values	Name of MFI with State
1	Gross Loan Portfolio (₹ in Lakhs)	373,020.79	Bandhan (WB)	0.03	CJWS (AP)
2	Number of Active Borrowers	4,256,719	SKS (AP)	6	CSF (AP)
3	Number of Loans Outstanding	4,335,712	Spandana (AP)	41	RORES (KA)
4	Borrowers per Loan Officer	8,904	WSE (KL)	30	Swayamshree (OR)
5	Loans per Loan Officer	8,904	WSE (KL)	31	Swayamshree (OR)
6	Cost per Borrower (In ₹)	4,229	Intellcash (MH)	0	CJWS (AP)
7	Cost per Loan (in ₹)	4,229	Intellcash (MH)	16	Nidan (BR)
8	Portfolio At Risk > 30 days (in %)	142.77	Sanghatitha (AP)	0	Total 34 MFIs found
9	Portfolio At Risk > 90 days (in %)	99.97	Seba Rahara (WB)	0	Total 22 MFIs found
10	Loan Loss Rate (in %)	230.30	SMSS (AP)	0	Total 80 MFIs found
11	Write-off Ratio (in %)	230.30	SMSS (AP)	0	Total 72 MFIs found
12	Total Expense/Assets (In %)	560.32	Need To India (AP)	0.05	CJWS (AP)

Following sections, 5.4.4 and 5.4.5, discusses the detail about total 230 MFIs available from Sa-dhan.

5.4.4 Indian MFIs with Important Financial Indicators: A Comparative Analysis between States (Sa-dhan)

While comparing the number of MFIs as per MIX and Sa-dhan substantial difference is observed. As consequential effect of the same naturally high difference is found in GLP and NAB between the two sources.

Table 5.6 presents the state wise detail regarding number of MFIs, GLP and NABs. More over, to have a comparative idea about the states, GLP and NABs are also presented in terms of percentage.

Sa-dhan has provided the data of total 230 MFIs working in 17 different states with total GLP of ₹2,046,619.87 lakhs and total NABs 28,470,440. Average GLP of 17 states found ₹120,389.40 lakhs and average NABs found 1,674,731.76. Numbers of MFIs have been reported in the range 2 – 33 but on an average 13 numbers of MFIs have been observed for each state. Out of 230 MFIs, maximum number (33) of MFIs was found from AP while 25 MFIs were found from TN. OR and WB were found with 23 and 21 numbers of MFIs respectively. Following states have been reported with number of MFIs above 10 viz. BR-20, KA-17, UP-15, GJ and KL 10. Remaining states were found having number of MFIs below 10.

Table 5.6 Indian MFIs (Sa-dhan)

No	States @ Sa-dhan	No of MFIs	Gross Loan Portfolio (GLP) 31-03-2012 (₹In Lakhs)	GLP (In %)	Number of Active Borrowers (NABs)	NABs (In %)
1	AP	33	786,407.90	38.42	12,729,755	44.71
2	AS	5	12,173.89	0.59	176,179	0.62
3	BR	20	1,800.93	0.09	87,395	0.31
4	DL	6	34,991.71	1.71	342,590	1.20
5	GJ	10	11,234.28	0.55	114,682	0.40
6	JH	9	6,310.73	0.31	81,651	0.29
7	KA	17	326,591.06	15.96	3,575,039	12.56
8	KL	10	45,990.46	2.25	640,564	2.25
9	MP	9	12,223.09	0.60	222,729	0.78
10	MH	13	9,727.19	0.48	877,425	3.08
11	MN	2	440.48	0.02	5,092	0.02
12	OR	23	51,102.75	2.50	886,163	3.11
13	RJ	8	16,126.15	0.79	281,418	0.99
14	TN	25	174,740.26	8.54	3,028,953	10.64
15	UP	15	138,730.27	6.78	939,744	3.30
16	UK	4	2,303.08	0.11	46,768	0.16
17	WB	21	415,725.64	20.31	4,434,293	15.58
	Total	230	2,046,619.87	100	28,470,440	100
	Average	13.52	120,389.40		1,674,731.76	

Source: Sa-dhan Microfinance Map 2012 (<http://www.sa-dhan.net/files/Sa-dhan-indian-map.htm>) Accessed on: 11-03-2013

Highest share of GLP at 38.42% (₹786,407.90 lakhs) and NABs at 40.66% was reported for AP followed by WB (GLP 20.31% and NABs 16.72%) and KA (GLP 15.96% and NABs 13.48%). Further, the state TN was observed with the GLP of ₹174,740.26 (8.54%) and NABs 3,028,953 (11.42%). GLP of ₹138,730.27 lakhs (6.78%) and NABs 939,744 (3.54%) have been available for UP. Remaining states were found with GLP below 5% where NABs found below 3.50%. Lowest share (0.02%) of GLP (₹440.48 lakhs) and NABs (5,092) was observed for MN. After comparing the share of GLP and NABs for all states, AP was observed as a strong player while MN was observed as a weak player.

5.4.5 State wise detail of each MFI (Sa-dhan)

Sa-dhan has also provided the information regarding each MFI working in 17 different states of India. Following table 5.7 has been prepared to present the details of each MFI from each state with two indicators GLP and NABs. According to the table, total 230 numbers of MFIs were reported from the source Sa-dhan which is going to be discussed further on. The data was available as on 31st March, 2012. Sa-dhan has provided the information about Gross Loan Portfolio in term of Rs. in lakhs and Number of Active Borrowers in terms of numbers. With the purpose to compare the GLP and NABs of the different MFIs for each state, the GLP and NABs have been presented in the term of percentage too. Location of MFIs shows the head quarter state of the respective MFI. Discussion of each MFI for all the states has been presented in the following lines (See table 5.7).

AP (Andhra Pradesh)

The state AP was reported with total 33 MFIs. Among them *Spandana Spoorty Innovative Financial Services Limited* was found with the highest share of GLP 34.53% with the amount ₹271,523.07 lakhs. While in that MFI NABs found with the second highest share 27.06% (3,444,483). Highest share of NABs (33.47%) 4,256,719 has been acquired by *SKS Microfinance Pvt. Ltd.* but with the GLP only 9.72% (₹76,476.50 lakhs) however GLP ₹166,890.44 lakhs has been noted down from the source MIX. Although the data from both the sources was available as on 31st March, 2012 no reason could be found for these contradictory values of GLP. *Share Microfin Ltd.* has been found with GLP of ₹211,029.89 lakhs (26.83%), and 2,160,997 NABs which was observed as second highest proportion of GLP and NABs both. Third highest proportion of GLP (15.25%) and NABs (8.83%) has been found from *Asmitha Microfin Ltd. i.e.* ₹119,942.42 lakhs and 1,123,538 respectively. Remaining 29 MFIs have found with GLP and NABs below 5.50%.

AS (Assam)

Total 5 MFIs have been reported from Assam. *RGVN* was found with 83.98% of GLP (₹10,223.42 lakhs) with 80.27% of NABs (141,420) which holds highest proportion of GLP and NABs both. *Grameen Sahara* was found with second highest share of GLP and NABs but comparatively low in percentage i.e. 11.41% (₹1,388.63) and 9.03% (15,915). Lowest GLP was found 0.40% with ₹1,388.63 lakhs and NABs as 1% (1,755 in numbers).

Table 5.7 State wise Details of Each MFI (Sa-dhan) as on 31-03-2012

	No	Name of the MFI	GLP (₹ In lakhs)	GLP %	Number of Active Borrowers (NAB)	NAB %
AP	1	Adarsha Welfare Society	2,687.52	0.34	55,250	0.43
	2	Ashajyothi Mahilabhyudaya Society (AMS)	116.39	0.01	2,579	0.02
	3	Asmitha Microfin Ltd	119,942.42	15.25	1,123,538	8.83
	4	Bhartiya Samruddhi Finance Limited (BASIX)	29,162.82	3.71	570,520	4.48
	5	Camel Mahila MACTS Ltd	316.51	0.04	4,199	0.03
	6	Centre for Rural Reconstruction Through Social Action / CReSA	2,168.03	0.28	31,373	0.25
	7	Chritian Association for Medicalmission and Peoplesdevelopment (CAMP)	33.02	0.00	8,337	0.07
	8	Development Organization for Village Environment (DOVE)	631.57	0.08	8,328	0.07
	9	Future Financial Services Ltd	17,982.57	2.29	217,308	1.71
	10	Grama Siri	1,002.12	0.13	72,799	0.57
	11	Guide	103.46	0.01	6,610	0.05
	12	Hope Integrated Rural Development Society	190.58	0.02	2,438	0.02
	13	Indur Intideepam Macs Federation Ltd	960.83	0.12	13,903	0.11
	14	Institute of Womens Banking (IWB)	1,150.54	0.15	46,005	0.36
	15	Krishna Bima Samruddhi Local Area Bank (KBSLAB)	8,368.15	1.06	59,052	0.46
	16	Krushu	2,553.56	0.32	58,653	0.46
	17	Mother Teresa Mahila MACCS Ltd	349.08	0.04	5,000	0.04
	18	Peoples Activity and Rural Technology Nurturing Ecological Rejuvenation (PARTNER)	173.12	0.02	2,552	0.02
	19	Pragathi Seva Samiti	2,755.75	0.35	17,618	0.14
	20	Rashtriya SevaSamithi (RASS)	4,807.97	0.61	34,725	0.27
	21	Roshan Vikas Foundation	236.08	0.03	17,077	0.13
	22	Saadhana Microfin Society	4,872.22	0.62	69,572	0.55
	23	Samarthan Weakling Development Foundation	49.47	0.01	912	0.01
	24	Sanghatitha Mahila Macs Federation Ltd	394.22	0.05	30,864	0.24
	25	Share Microfin Limited	211,029.89	26.83	2,160,997	16.98
	26	Siri Microfin Society	904.58	0.12	16,408	0.13
	27	SKS Microfinance Pvt. Ltd	76,476.50	9.72	4,256,719	33.44
	28	Social Education and Voluntary Action (SEVA)	382.91	0.05	11,566	0.09
	29	Spandana Spoorty Innovative Financial Services Limited	271,523.07	34.53	3,444,483	27.06
	30	Star Microfin Service Society(SMSS)	1,876.71	0.24	25,201	0.20
	31	SWAWS Credit Corporation India Private Ltd	8,125.56	1.03	114,479	0.90
	32	The Payakaraopeta Women's Mutually Aided Cooperative Thrift and credit Limited	2,201.00	0.28	12,388	0.10
	33	Trident Microfin Private Limited	12,879.68	1.64	228,302	1.79
		Total	786,407.90	100	12,729,755	100
		Average	23,830.54		385,750.15	
AS	1	Grameen Sahara	1,388.63	11.41	15,915	9.03
	2	Manab Sewa Sangh	48.59	0.40	1,755	1.00
	3	Prochesta	259.28	2.13	9,427	5.35
	4	RGVN-Credit & Savings Program (CSP)	10,223.42	83.98	141,420	80.27
	5	Social Action for Appropriate Transformation and Advancement in Rural Areas (SATRA)	253.97	2.09	7,662	4.35
		Total	12,173.89	100	176,179	100
		Average	2,434.78		35,235.80	

Table 5.7 Contd.

	No	Name of the MFI	GLP (₹ In lakhs)	GLP %	Number of Active Borrowers (NAB)	NAB %
BR	1	Arunabhashree Society	47.50	2.64	21,800	24.94
	2	Batika	450.00	24.99	3,000	3.43
	3	Bihar Development Trust	115.88	6.43	2,494	2.85
	4	Bureau of Obligate and Accompanier for Rural Development (BOARD)	2.40	0.13	432	0.49
	5	Centre For Development Orientation & Training	701.91	38.97	10,089	11.54
	6	Centre for Promoting Sustainable Livelihood (CPSL)	54.57	3.03	22,231	25.44
	7	Creation Welfare Society	21.58	1.20	1,776	2.03
	8	Harijan Adivasi Shikshan Prashikshan Kalyan Sansthan	5.10	0.28	650	0.74
	9	Jan Vikas Samiti	0.68	0.04	2,730	3.12
	10	Jeevan Jyoti Kala Kendra	41.25	2.29	1,493	1.71
	11	Mansi	1.90	0.11	1,788	2.05
	12	Mass Care International	20.86	1.16	7,150	8.18
	13	Nidan	26.98	1.50	3,510	4.02
	14	Saija Finance Private Limited	239.05	13.27	5,702	6.52
	15	Samajik vikas Sansthan	2.66	0.15	100	0.11
	16	Samta Jan Kalyan Parisad (SJKP)	6.76	0.38	1,115	1.28
	17	Societal Upliftment and Rural Action for Job and Empowerment (SURAJE)	14.91	0.83	202	0.23
	18	Society for Intergrated Development of Riverine Belt (SIDRIB)	3.78	0.21	264	0.30
	19	Trust Microfin Services	42.16	2.34	849	0.97
	20	Vikash Deep	1.00	0.06	20	0.02
		Total	1,800.93	100	87,395	100
		Average	90.05		4,369.75	
DL	1	Deepalaya	728.87	2.08	9,016	2.63
	2	Humana People to People India	607.31	1.74	7,760	2.27
	3	Planned Social Concern	367.66	1.05	5,381	1.57
	4	Satin Creditcare Network Limited	32,014.37	91.49	306,317	89.41
	5	Shikhar Development Foundation	1,268.99	3.63	14,084	4.11
	6	Society for the Promotion of Youth & Masses (SPYM)	4.51	0.01	32	0.01
		Total	34,991.71	100	342,590.00	100
		Average	5,831.95		57,098.33	
GJ	1	Arman Financial Services Limited	4,323.31	38.48	46,381	40.44
	2	Kushal Manch	72.02	0.64	4,600	4.01
	3	PRAYAS (Organization for Sustainable Development)	721.25	6.42	10,492	9.15
	4	PRAYAS Juvenile Aid Center (PRAYAS JAC)	84.66	0.75	1,001	0.87
	5	Saath Charitable Trust (Ekta)	72.86	0.65	3,015	2.63
	6	Saath Charitable Trust (Sakhi)	529.14	4.71	8,067	7.03
	7	Samerth Trust	0.00	0.00	0	0.00
	8	SEWA Bank	5,169.06	46.01	30,293	26.41
	9	Sri Vardhan Socio Development Foundation	54.65	0.49	833	0.73
	10	Vikas Center for Development	207.33	1.85	10,000	8.72
		Total	11,234.28	100	114,682	100
		Average	1,123.43		11,468.20	

Table 5.7 Contd.

	No	Name of the MFI	GLP (₹ In lakhs)	GLP %	Number of Active Borrowers (NAB)	NAB %
JH	1	Ajiwika Society	513.63	8.14	10,143	12.42
	2	Aman Microfin	15.67	0.25	1,196	1.46
	3	Jan Sewa Parishad	453.08	7.18	8,679	10.63
	4	Mahila Kalyan Samiti	35.00	0.55	459	0.56
	5	Nav Bharat Jagriti Kendra (NBJK)	729.26	11.56	8,861	10.85
	6	Samarthan Weakling Development Foundation	49.47	0.78	912	1.12
	7	Srijan Foundation	0.53	0.01	5,246	6.42
	8	Support	62.10	0.98	1,283	1.57
	9	Vedika Credit Capital Ltd	4,451.99	70.55	44,872	54.96
		Total	6,310.73	100	81,651	100
		Average	701.19		9,072.33	
KA	1	Agricultural Science Foundation	684.95	0.21	11,600	0.32
	2	BSS Microfinance Private Limited	12,529.14	3.84	138,346	3.87
	3	Chaitanya Institute for Youth and Rural Development (Chinyard)	221.26	0.07	2,765	0.08
	4	Grameen Financial Services Pvt. Ltd	38,126.24	11.67	313,610	8.77
	5	IDF Financial Services Private Limited	5,438.09	1.67	143,470	4.01
	6	Janalakshmi Social Services	35,074.35	10.74	300,847	8.42
	7	Janodaya Public Trust	699.63	0.21	9,988	0.28
	8	Navachetana Microfin Services Limited	916.72	0.28	14,850	0.42
	9	Nirantara Community Services	237.28	0.07	5,273	0.15
	10	Outreach	369.62	0.11	15,608	0.44
	11	Prakruthi Foundation	171.75	0.05	2,723	0.08
	12	Rores Micro Entrepreneur Development Trust	725.36	0.22	5,821	0.16
	13	Samrudhi Microfin Society	54.92	0.02	500	0.01
	14	SAMUHA	849.92	0.26	12,044	0.34
	15	Sanghamithra Rural Financial Services	9,223.93	2.82	120,994	3.38
	16	Sri Kshetra Dharmasthala Rural Development Project (SKDRDP)	151,414.90	46.36	1,657,200	46.35
	17	Ujjivan Financial Services Private Limited	69,853.00	21.39	819,400	22.92
		Total	326,591.06	100	3,575,039	100
		Average	19,211.24		210,296.41	
KL	1	Bharat Sevak Samaj (BSS)	4,244.36	9.23	78,420	12.24
	2	Brain Society	11.74	0.03	842	0.13
	3	Evangelical Social Action Forum (ESAF)	28,134.27	61.17	335,834	52.43
	4	Forum for Rural Environment and Economic Development (FREED)	948.11	2.06	10,314	1.61
	5	Hope Foundation	4,728.16	10.28	112,324	17.54
	6	Payyavoor Community Development Project	112.50	0.24	4,212	0.66
	7	Rural Agency for Social and Technical Advancement (RASTA)	69.89	0.15	2,618	0.41
	8	Sevashram	322.46	0.70	6,985	1.09
	9	Shalom Trust	4,862.66	10.57	44,488	6.95
	10	Welfare Services Ernakulam	2,556.31	5.56	44,527	6.95
		Total	45,990.46	100	640,564	100
		Average	4,599.05		64,056.40	

Table 5.7 Contd.

	No	Name of the MFI	GLP (₹ In lakhs)	GLP %	Number of Active Borrowers (NAB)	NAB %
MP	1	Action for Social Advancement (ASA)	10,347.06	84.65	182,287	81.84
	2	Aparajita Mahila Sangh	169.54	1.39	6,121	2.75
	3	Bal Mahila Vikas Samiti - VAMA	171.03	1.40	2,276	1.02
	4	Lok Biradari Trust	311.25	2.55	5,104	2.29
	5	Parath Samiti	428.28	3.50	6,208	2.79
	6	Priyasakhi Mahila Sangh	396.90	3.25	9,800	4.40
	7	Sambhav Micro Finance Institute	269.52	2.21	5,605	2.52
	8	Unnati Mahila Sangh	95.22	0.78	4,315	1.94
	9	Yukti Samaj Sewa Society (YSSS)	34.29	0.28	1,013	0.45
		Total	12,223.09	100	222,729	100
		Average	1,358.12		24,747.67	
MH	1	Fullerton India Credit Co Ltd	7,124.41	73.24	88,328	10.07
	2	Gram Swaraj Seva Trust	16.98	0.17	396	0.05
	3	Grameen Mahila Syamsiddha Sangh (GMSS)	378.13	3.89	16,016	1.83
	4	Hindushtan Cooperative Credit Society Ltd.	614.33	6.32	8,171	0.93
	5	Institute of Rural Credit and Entrepreneurship Development (IRCED)	104.15	1.07	926	0.11
	6	Krushi Vikas Gramin Prashikshan Sanstha	8.22	0.08	1,194	0.14
	7	MAVIM (Mahila Arthik Vikas Mahamandal Ltd)	0.00	0.00	655,000	74.65
	8	Navchetna- Yavatmal	7.35	0.08	2,609	0.30
	9	Sakhi Samudaya Kosh	509.39	5.24	8,014	0.91
	10	Samagra Gram Vikas Sanstha "Sagras"	141.78	1.46	2,405	0.27
	11	Sampada Trust	803.68	8.26	11,475	1.31
	12	Sanjivani Mahila Bachat Sangh	10.91	0.11	2,690	0.31
	13	Swadhaar Finserve Private Limited	7.86	0.08	80,201	9.14
		Total	9,727.19	100	877,425	100
		Average	748.25		67,494.23	
MN	1	Volunteers for Village Development (VVD)	224.24	50.91	2,241	44.01
	2	WSDS- Institute of Innovative Technology Transfer & Environment	216.24	49.09	2,851	55.99
		Total	440.48	100	5,092	100
		Average	220.24		2,546	
OR	1	Adarsa	35.00	0.07	5,150	0.58
	2	Adhikar	1,788.77	3.50	42,209	4.76
	3	Banki Anchalika Dibasi Harijan	110.07	0.22	5,300	0.60
	4	Bharat Integrated Social Welfare Agency (BISWA)	31,164.84	60.98	341,146	38.50
	5	Bright Association for Noble & Decent Human Understanding (BANDHU)	105.16	0.21	10,012	1.13
	6	Budhhanath Jubak Sangha	100.45	0.20	6,300	0.71
	7	Centre for Action and Rural Reconstruction (CARR)	6.62	0.01	154	0.02
	8	Centre for Youth & Social Development (CYSD)	130.17	0.25	18,350	2.07
	9	Credible Microfinance Pvt. Ltd	3,781.05	7.40	56,831	6.41
	10	Darbar Sahitya Sansad(DSS)	54.57	0.11	7,035	0.79
	11	Gram Utthan	3,740.64	7.32	48,578	5.48
	12	Jagannatha Financial Services Limited	2,769.91	5.42	92,816	10.47
	13	Khandagiri Madhyamika Mahila Samabaya Sangha Ltd.	66.89	0.13	60,180	6.79
	14	Mahashakti Foundation	418.65	0.82	6,727	0.76

Table 5.7 Contd.

	No	Name of the MFI	GLP (₹. In lakhs)	GLP %	Number of Active Borrowers (NAB)	NAB %
	15	Mahila Vihas Prathamika Sanchaya Samabaya Ltd.	20.88	0.04	242	0.03
	16	Organisation for Development Coordination (ODC)	152.94	0.30	5,850	0.66
	17	Orissa Rural Infrastructure Development Association (ORIDA)	13.65	0.03	300	0.03
	18	Peoples Forum	3,577.37	7.00	51,605	5.82
	19	Sanginee Secondary Co-operative Ltd.	425.03	0.83	13,070	1.47
	20	Social Welfare Agency & Training Institute (SWATI)	18.95	0.04	3,962	0.45
	21	Swayamshree Micro Credit Services(SMCS)	2,568.74	5.03	108,082	12.20
	22	Utkal Mahila Swayam Sahayak Samabaya Ltd. (UMaSS)	50.00	0.10	1,784	0.20
	23	Youth Council for Development Alternatives (YCDA)	2.40	0.00	480	0.05
		Total	51,102.75	100	886,163	100
		Average	2,433.46		42,198.24	
RJ	1	Adarsh Shiksha Samiti	6.29	0.04	267	0.09
	2	Arth Finance	928.97	5.76	12,826	4.56
	3	Bazaari Global finance Ltd	529.79	3.29	2,894	1.03
	4	Bhoruka Charitable Trust	3.54	0.02	70	0.02
	5	Dar Credit & Capital Limited	1,153.00	7.15	1,970	0.70
	6	Pushtikar Laghu Vyaparik Pratishthan Bachat and Sakh Sahakari Samiti	643.88	3.99	4,779	1.70
	7	Sahayata (Shree Hari Fintrade Pvt. Ltd)	12,649.54	78.44	250,631	89.06
	8	Seva Mandir	211.14	1.31	7,981	2.84
		Total	16,126.15	100	281,418	100
		Average	2,015.77		35,177.25	
TN	1	Arasan Rural Development Society	61.24	0.04	490	0.02
	2	ARCOD (Association for Rural Community Development)	33.71	0.02	9,500	0.31
	3	BWDA Finance Limited (BFL)	7,871.39	4.50	152,682	5.04
	4	Community Development Centre	1,022.18	0.58	20,120	0.66
	5	Community Services Trust	100.55	0.06	954	0.03
	6	Ecumenical Church Loan Fund of India (ECOLOF)	501.57	0.29	8,652	0.29
	7	Equitas Micro Finance India Pvt. Ltd.	72,395.71	41.43	1,193,247	39.39
	8	Grama Vidiyal Microfinance Limited	52,002.54	29.76	818,146	27.01
	9	Growing Opportunity Finance	2,230.71	1.28	41,252	1.36
	10	Guidance Society for Labour Orphans and Women (GLOW)	351.84	0.20	4,296	0.14
	11	Indian Association for Savings and Credit (IASC)	2,699.37	1.54	34,321	1.13
	12	Innovative Microfinance for Poverty Alleviation and Community Transformation (IMPACT)	603.20	0.35	7,027	0.23
	13	Kurinji Social Welfare Society	187.37	0.11	5,517	0.18
	14	Mahasemam	4,368.26	2.50	93,220	3.08
	15	Manidham Grameen Savings Cum Credit Services (MGSCS)	704.96	0.40	17,645	0.58
	16	New Life	96.53	0.06	23,954	0.79
	17	Oazoane - The Society for Development of Human Activities and Environment	509.67	0.29	7,231	0.24

Table 5.7 Contd.

	No	Name of the MFI	GLP (₹ In lakhs)	GLP %	Number of Active Borrowers (NAB)	NAB %
	18	Omalur Block Women Welfare Uplift Organisation (OBWWUO)	24.43	0.01	0	0.00
	19	Peoples Action for Development and Credit Union (PADACU)	1,397.78	0.80	28,512	0.94
	20	Peoples Action for Transformation	810.76	0.46	15,348	0.51
	21	Peoples Voluntary Integral Service Organization (PEVISO)	0.00	0.00	9,000	0.30
	22	Sangamam Women's Multipurpose Thrift and Credit Society	514.76	0.29	76,262	2.52
	23	Sarva Jana Seva Kosh Ltd (SJSK)	1,321.86	0.76	38,267	1.26
	24	Sarvodaya Nano Finance Limited	3,138.32	1.80	48,533	1.60
	25	Semam Microfinance Investment Literacy & Empowerment Ltd (SMILE)	21,791.55	12.47	374,777	12.37
		Total	174,740.26	100	3,028,953	100
		Average	6,989.61		121,158.12	
UP	1	Bhartiya Micro Credit	636.72	0.46	9,452	1.01
	2	Cashpor Micro Credit	32,308.16	23.29	460,403	48.99
	3	Disha India Micro Credit	298.95	0.22	4,453	0.47
	4	Grameen Development Services (GDS)	253.29	0.18	14,100	1.50
	5	Ishara Foundation for Finance and Rural Development	547.28	0.39	8,974	0.95
	6	Jaago Samajik Arthik & Harit Vikas Sangathan	125.99	0.09	2,716	0.29
	7	Margadarshak Development Services	1,961.05	1.41	26,639	2.83
	8	Network of Entrepreneurship and Economic Development (NEED)	1,575.03	1.14	26,781	2.85
	9	Nirmaan Bharati Samajik And Arthik Vikas Sangathan	1,755.26	1.27	81,988	8.72
	10	Parmarth Samaj Sevi Sansthan	0.00	0.00	0	0.00
	11	Peoples Action for National Integration (PANI)	298.40	0.22	5,445	0.58
	12	Rural and Urban Innovative Social Entrepreneurship	195.67	0.14	4,632	0.49
	13	S. E. Investments Ltd	88,073.15	63.49	151,274	16.10
	14	Shramik Bharti	551.35	0.40	10,127	1.08
	15	SONATA Finance Private Ltd (SONATA)	10,149.97	7.32	132,760	14.13
		Total	138,730.27	100	939,744	100
		Average	9,248.68		62,649.60	
UK	1	Indian Institute of Community Development	3.08	0.13	10,395	22.23
	2	Mimoza Enterprises Finance Pvt Ltd	2,206.76	95.82	35,289	75.46
	3	Pahal	43.24	1.88	579	1.24
	4	Uttarakhand Micro Finance and Livelihood Promotion Co-operative Institution	50.00	2.17	505	1.08
		Total	2,303.08	100	46,768	100
		Average	575.77		11,692	
WB	1	Agradut Polly Unnayan Samity	232.46	0.06	4,721	0.11
	2	Arohan Financial Services Ltd	5,476.81	1.32	110,231	2.49
	3	Bajukul Sports Association	314.56	0.08	15,990	0.36
	4	Bandhan	373,021.00	89.73	3,617,641	81.58
	5	Belgharia Janakalyan Samity	544.11	0.13	9,305	0.21
	6	Dibakar (An Organisation - Hope for needy poor people)	185.85	0.04	5,957	0.13

Table 5.7 Contd.

	No	Name of the MFI	GLP (₹ In lakhs)	GLP %	Number of Active Borrowers (NAB)	NAB %
	7	Human Development Centre	619.69	0.15	8,467	0.19
	8	Kalighat Society for Development Facilitation (KSDF)	407.88	0.10	7,726	0.17
	9	Kotalipara Development Society (KDS)	2,305.28	0.55	95,138	2.15
	10	Liberal Association for Movement of People (LAMP)	968.30	0.23	33,120	0.75
	11	Rajapur Seva Niketan	148.66	0.04	7,525	0.17
	12	Sahara Utsarga Welfare Society	5,273.53	1.27	93,318	2.10
	13	Sahara Uttarayan	1,710.33	0.41	37,075	0.84
	14	Sarala Women Welfare Society	4,002.64	0.96	98,145	2.21
	15	Seba Rahara	590.29	0.14	9,763	0.22
	16	Society for Model Gram Bikash Kendra	1,081.15	0.26	19,248	0.43
	17	Sreema Mahila Samity	1,705.69	0.41	28,826	0.65
	18	Ullon Social Welfare Society	119.63	0.03	1,807	0.04
	19	Village Financial Services Put Ltd	10,536.11	2.53	165,847	3.74
	20	Village Micro-Credit Services (VMCS)	2,348.44	0.56	59,755	1.35
	21	Vivekananda Sevakendra-o-Sishu Uddyan (VSSU)	4,133.23	0.99	4,688	0.11
		Total	415,725.64	100	4,434,293	100
		Average	19,796.46		211,156.81	

Source: Compiled and Computed from Sa-dhan Microfinance Map 2012

(<http://www.sa-dhan.net/files/Sa-dhan-indian-map.htm>) Accessed on: 11-03-2013

Note: Location of MFIs is considered as per the location state of their Head Offices.

BR (Bihar)

Out of total 20 MFIs, *Centre for Development Orientation & Training* was found with the highest amount of GLP ₹701.91 lakhs (38.97%) but with the third highest value of NABs i.e. 10,089. Highest value of NABs found 22,231 (25.44%) from *CPSL* but having very low share of GLP 3.03% only. *Batika* was found with second highest amount of GLP ₹450 lakhs (24.99%) with 3.43% of NABs only. While second highest share of NABs found 24.94% (21,800 in numbers) from *Arunabhashree Society* but with 2.64% of GLP only. Third highest GLP was found at 13.27% with the amount of ₹239.05 lakhs. Lowest amount of GLP was found ₹0.68 lakhs from *Jan Vikas Samiti* and lowest NABs was found 20 only i.e. 0.02% from *Vikash Deep*.

DL (Delhi)

Only 6 MFIs found working in Delhi. *Satin Creditcare Network Limited* has found with the Maximum amount of GLP (91.49%) Remaining MFIs were found with GLP and NABs below 5% where lowest proportion of GLP and NABs was found 0.01% from *SPYM* i.e. ₹4.51 lakhs of GLP and only 32 NABs.

GJ (Gujarat)

In Gujarat, total 10 MFIs were found. Among them *SEWA Bank* was found with highest share GLP ₹5,169.06 lakhs (46.01%) and with the second highest share of NABs 30,293 (26.41%). Maximum value of NABs was found 46,381 (40.44%) from *Arman Financial Services Ltd.*, however second highest share of GLP ₹4,323.31 lakhs (38.48%) found from the same MFI. However, MIX has provided following data for *SEWA Bank* (GLP: ₹5,622.27 lakhs and NABs: 23,362) and *Arman Financial Services Ltd* (GLP: ₹5,060.97 lakhs and NABs: 43,807) which does not match with each other though the date of the information is same. Remaining 8 MFIs have been found with below 10% of GLP and NABs both.

JH (Jharkhand)

This state was found with total 9 MFIs. *Vedika Credit Capital Ltd.* has been reported with maximum value of GLP (70.55%) and NABs (54.96%) i.e. ₹4,451.99 lakhs and 44,872 respectively. Second highest share of GLP was found 11.56% only with the amount ₹729.26 lakhs from the MFI *NBJK*. However, *Ajiwika Society* was found with 11.42% (10,143) share of NABs which was found second highest value.

KA (Karnataka)

This state has been reported with 17 MFIs. Top four MFIs as per the share of GLP and NABs were found as per the following: *SKRDP* (46.36% and 46.35%), *Ujjivan Financial Services Pvt. Ltd.* (21.39% and 22.92%), *Grameen Financial services Pvt. Ltd.* (11.67% and 8.77%) and *Janlakshmi Social Services* (10.74% and 8.42%). However, according to MIX the different data has been observed for GLP of *SKRDP*. Remaining 13 MFIs have been found with below 5% of GLP and NABs.

KL (Kerala)

Out of total 10 MFIs, huge difference has been noted down between the highest and second highest proportion of GLP and NABs. Highest GLP was found 61.17% with the amount ₹28,134.27 lakhs (*ESAF*) while second highest was found 10.57% with the amount ₹4,862.66 lakhs (*Shalom Trust*). Maximum NABs was found at 52.43% for *ESAF* while second highest of NABs found at 17.54% for *Hope Foundation*.

MP (Madhya Pradesh)

This state has been reported with total 9 MFIs. Only one MFI, *ASA*, has been found with very high proportion of GLP and NABs i.e. 84.65% (₹10,347.06 lakhs) and 81.84% (182,287 in numbers) respectively. However, MIX did not provide any data regarding *ASA* while the data from Sa-dhan indicates the *ASA* as the major player of MP. Remaining 8 MFIs have reported below 5% of GLP and NABs.

MH (Maharashtra)

Total 13 MFIs have been reported from Maharashtra. Maximum amount of GLP ₹7,124.41 lakhs (73.24%) was found for *Fullerton India Credit Co Ltd*. However, NABs were found only 10.07% i.e. 88,328 in numbers. Maximum NABs was found 655,000 (74.65%) but with 0% of GLP i.e. ₹0 from *MAVIM*. As NABs were very high, GLP of ₹0 is not acceptable amount. No reason could be traced for such contradictory observation and MIX has also not provided any record for *Fullerton India Credit Co Ltd* and *MAVIM*. Remaining MFIs have been reported with below 10% of GLP and NABs.

MN (Manipur)

Only 2 MFIs have been reported from Sa-dhan for the state Manipur. *VVD* has been reported with maximum amount of GLP ₹222.24 lakhs (50.91%). Maximum share of NABs 55.99% (2,851 in numbers) has been obtained by *WSDS*.

OR (Orissa)

Total 21 MFIs found working in the state Orissa. *BISWA* has been found with highest proportion of GLP (₹31,164.84 lakhs) and NABs (341,146) both i.e. 60.98% and 38.50%. However, as per the records of MIX, the NABs have been observed higher as 374,194 while amount of GLP was observed same from Sa-dhan and MIX both. The reason could not be traced for the dissimilarity in NABs. Remaining 20 MFIs have been found with GLP below 8%.

RJ (Rajasthan)

The state has been reported with 8 MFIs. *Sahayata* was found with highest amount of GLP ₹12,649.54 lakhs (78.44%) and NABs 250,631 (89.06%). Remaining 7 MFIs was found with GLP below 8% while NABs with below 5% only. MIX does not have any information regarding *Sahayata*.

TN (Tamil Nadu)

Total 25 MFIs were found working in this state. The researcher has found top three MFIs in the share of GLP and NBAs both. Among them first MFI was *Equitas Micro Finance India Pvt. Ltd.* at 41.43% of GLP (₹72,395.71 lakhs) and NABs with 39.39% (1,193,247 in number). Second MFI was *Grama Vidiyal Microfinance Ltd.* at 29.76% GLP (₹52,002.54 lakhs and NABs with 27.01% (818,146 in number). Third MFI was *SMILE* at 12.47% GLP (₹21,791.55 lakhs) and NABs at 12.37% (347,777 in number). Remaining 22 MFIs were found with 5% or below of GLP and NABs both. For two MFIs the observation was quite disturbing. For *PEVIS*, GLP was ₹0 but NABs were 9,000 and for *OBWWUO* GLP was ₹24.43 lakhs but NABs were 0. No reason could be traced for this observation.

UP (Uttar Pradesh)

UP has been reported with 15 MFIs. The MFI, *S.E. Investments Ltd.* has been observed with the highest amount of GLP ₹88,073.15 lakhs (63.49%) but with the second highest share of NABs at 16.10% (151,274 in number). *Cashpor Micro Credit* was found with maximum share of NABs 48.99% (460,403 in numbers) but with the second highest share of GLP i.e. 23.29% (₹32,308.16 lakhs). Third highest proportion of NABs has found at 14.13% i.e. 132,760 but with low proportion of GLP, i.e. 7.32% (₹10,149.97) only, has found from *SONATA*. Remaining MFIs have found with GLP below 3% and NABs below 10% of the total share.

UK (Uttarakhand)

This state has been reported with 4 MFIs from Sa-dhan. *Mizoma Enterprises Finance Pvt. Ltd.* was found with highest share of GLP 95.82% with the amount of ₹2,206.76 lakhs. Maximum share of NABs (75.46%) was also found from the same MFI i.e. 35,289 in numbers. *Indian Institute of Community Development* has been reported with 22.23% share of NABs (10,395) but having only 0.13% of GLP (₹3.08 lakhs) which was the lowest share of GLP.

WB (West Bengal)

The state has been found with 21 numbers of MFIs but only 1 MFI, *Bandhan*, was found with 89.73% share of GLP (₹373,021 lakhs) and 81.58% share of NABs (3,617,641 in numbers). Remaining 20 MFIs have been reported with below 5% share of GLP and NABs both. Among them lowest share of GLP (0.03%) found ₹119.63 lakhs and lowest share of NABs (0.04%) found 1,807 from *Ullon Social Welfare Society*.

On summarizing the data for all 230 MFIs, *Bandhan* from WB was found with highest amount of GLP ₹373,021. However, maximum share of NABs was reported from *SKS Microfinance* from AP i.e. 4,256,719.

5.4.6 Comparative Analysis between Details of Indicators as per MIX and

Sa-Dhan

The information about each MFI (total 190) from 17 different states in India from the source MIX Market has already discussed in the section 5.4.2 and section 5.4.3. The information of MFIs from 17 different states from another source Sa-dhan has also been collected and reported with total 230 MFIs is discussed in section 5.4.4 and 5.4.5. Two indicators, GLP and NABs, have been noticed common from both the sources but the values are not found to be similar. Accordingly, in this section a comparative analysis has been carried out to identify the difference between the information available from both the sources. Table 5.8 presents the comparative data regarding number of MFIs

prevalent for each state as per 2 different sources. Table 5.9 shows the comparative data regarding different states with total number of MFIs, the amount of GLP and NABs available for each state. The amount of GLP and NABs were computed in the term of percentage to present appropriate comparative idea for both the sources.

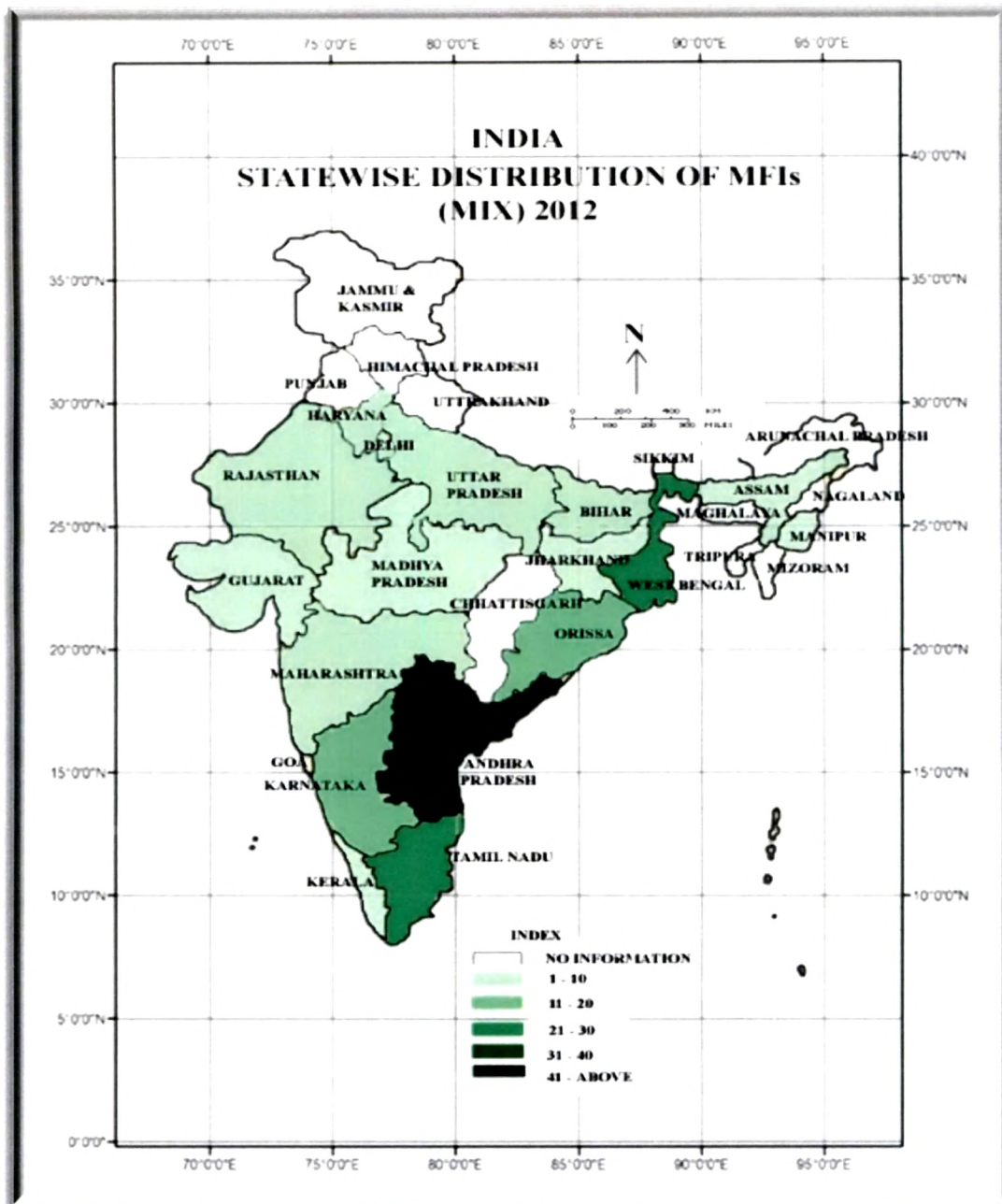
Table 5.8
Comparison of No. of MFIs between MIX Market and Sa-Dhan

Sr. No.	No. of MFIs Within the State	No. of States Available	
		MIX	Sa-dhan
1	1 to 10	12	9
2	11 to 20	2	4
3	21 to 30	2	3
4	31 to 40	0	1
5	41 & above	1	0
Total		17	17

The maximum difference is observed in numbers of states with MFIs between 1 to 10. MIX (12) and Sa-dhan (9) both have provided maximum number of states from the same group of numbers of MFIs. It can be observed from both the sources that minimum numbers of MFIs are available for maximum numbers of states. From MIX, no state was available for the 31-40 numbers of MFIs while from Sa-dhan no state was available for 41 & above numbers of MFIs. Though both the sources have the information for the similar numbers (17) of total states the difference in numbers of MFIs can be observed. Further, to show the concentration of MFI in various states as per MIX data and Sa-dhan data, the details are put up in the MAP of India in figure 5.2 and figure 5.3.

With reference to the Table 5.9, 190 MFIs and 230 MFIs have been reported from MIX and Sa-dhan respectively. However, only 103 MFIs were observed between both the sources. On an average, 11 MFIs and 13 MFIs per state can be observed from MIX and Sa-dhan respectively. Information about UK was not available at MIX while information about HR was not available at Sa-dhan. As per MIX, number of MFIs have been sighted in the range of 1 (HR) to 41 (AP) while as per Sa-dhan number of MFIs have been sighted in the range of 2 (MN) to 33 (AP). The state AP was found with maximum numbers of MFIs from both the sources, however, only 22 MFIs were found common between two sources *i.e.* MIX and Sa-Dhan. Second highest (MIX: 29 & Sa-dhan: 25) numbers of MFIs were available for TN followed by two states WB (MIX: 21) and OR (Sa-Dhan: 23).

Figure 5.2 State wise Distribution of MFIs (MIX)

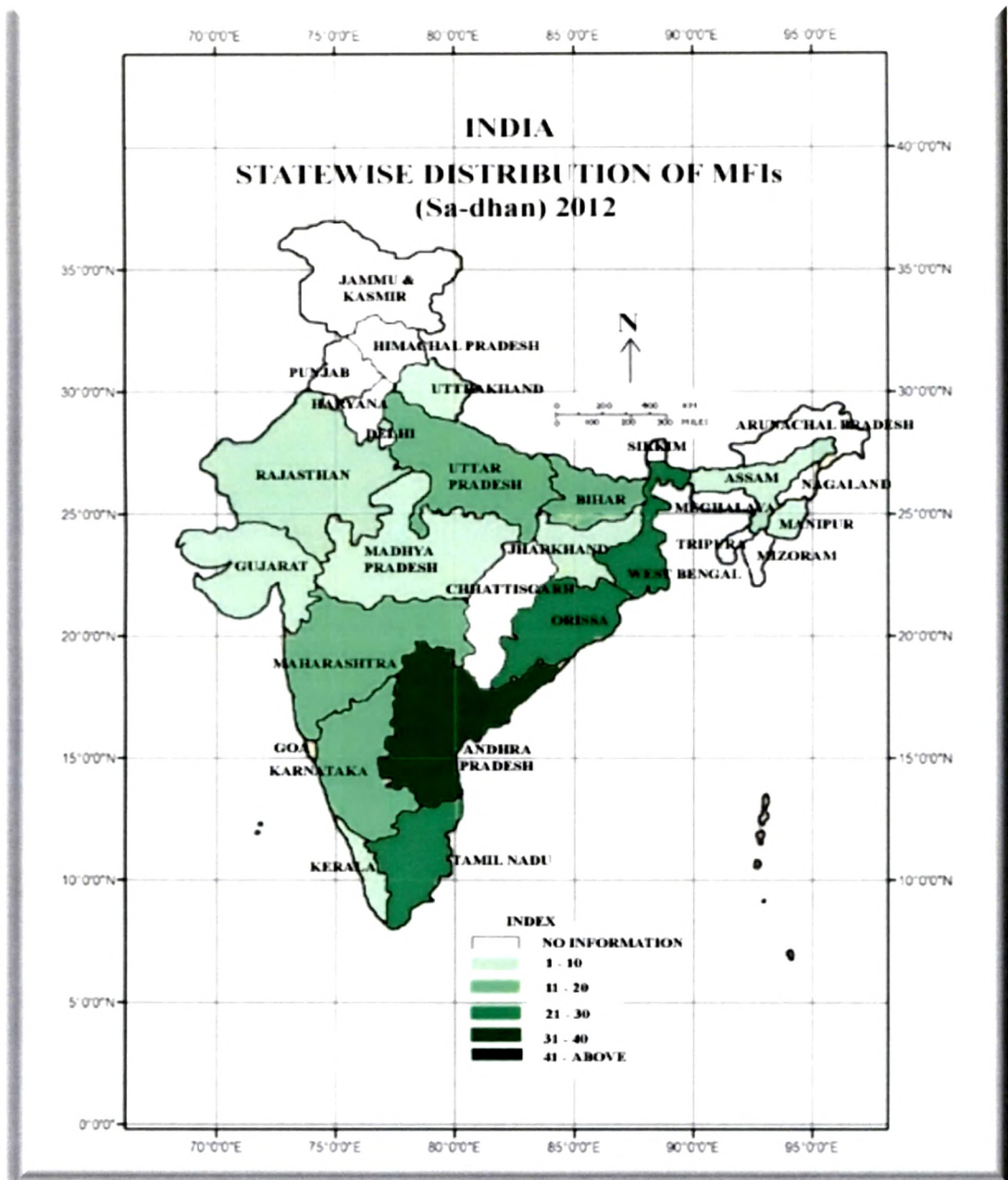


Source for the Map:

http://www.google.co.in/imgres?q=map+of+india&um=1&hl=en&biw=1280&bih=666&tbn=isch&tbnid=Cw5GICq33tL5M:&imgrefurl=http://www.indiaonestop.com/politicalmapofindia.htm&docid=ZFwWOWMUMRAhYM&imgurl=http://www.indiaonestop.com/images/politicalmapofindia.htm_txt_map_india.gif&w=539&h=600&ei=7-kUbON4LJkwWZuYFw&zoom=1&ved=1t:3588,r:36,s:0,i:201&iact=rc&page=2&tbnh=176&tbnw=158&start=14&ndsp=28&tx=54&ty=53, Accessed on 24 July, 2013

Source for the data: MIX Market (<http://www.mixmarket.org/>), Accessed on 11 March, 2013

Figure 5.3 State wise Distribution of MFIs (Sa-dhan)



Source for the Map:
http://www.google.co.in/imgres?q=map+of+india&um=1&hl=en&biw=1280&bih=666&tbn=isch&tbnid=Cw5GICq33tL5M:&imgrefurl=http://www.indiaonestop.com/politicalmapofindia.htm&docid=ZFwWOWMUMRAhYM&imgurl=http://www.indiaonestop.com/images/politicalmapofindia.htm_txt_map_india.gif&w=539&h=600&ei=7-kUbON4LJkwWZuYFw&zoom=1&ved=1t:3588r:36s:0i:201&iact=rc&page=2&tbnh=176&tbnw=158&start=14&ndsp=28&tx=54&ty=53, Accessed on 24 July, 2013
Source for the data: Sa-dhan: Microfinance Map of India 2012 (<http://www.sa-dhan.net/files/Sa-dhan-indian-map.htm>)
Accessed on 11 March, 2013

Table 5.9 Comparison of States between MIX Market and Sa-dhan

No.	States	No. of MFIs*		No of Common MFIs between MIX & Sa-dhan	Gross Loan Portfolio (GLP) (₹ in Lakhs)		GLP (in %)		Number of Active Borrowers (NABs)		NAB (in %)	
		MIX	Sa-dhan		MIX	Sa-dhan	MIX	Sa-dhan	MIX	Sa-dhan	MIX	Sa-dhan
1	AP	41	33	22	878,766.63	786,407.90	38.80	38.42	12,503,809	12,729,755	44.72	44.71
2	AS	5	5	2	16,087.77	12,173.89	0.71	0.59	243,236	176,179	0.87	0.62
3	BR	4	20	4	995.93	1,800.93	0.04	0.09	20,442	87,395	0.07	0.31
4	DL	4	6	1	39,643.70	34,991.71	1.75	1.71	415,536	342,590	1.49	1.20
5	GJ	6	10	4	17,003.43	11,234.28	0.75	0.55	146,543	114,682	0.52	0.40
6	HR	1	NA	0	5,637.89	NA	0.25	NA	80,583	NA	0.29	NA
7	JH	3	9	3	2,381.23	6,310.73	0.11	0.31	25,229	81,651	0.09	0.29
8	KA	17	17	10	342,771.23	326,591.06	15.13	15.96	2,962,911	3,575,039	10.60	12.56
9	KL	8	10	3	55,100.68	45,990.46	2.43	2.25	628,954	640,564	2.25	2.25
10	MP	7	9	4	3,357.31	12,223.09	0.15	0.60	51,824	222,729	0.19	0.78
11	MH	10	13	4	43,699.48	9,727.19	1.93	0.48	739,457	877,425	2.64	3.08
12	MN	4	2	1	1,666.95	440.48	0.07	0.02	16,024	5,092	0.06	0.02
13	OR	14	23	9	50,786.16	51,102.75	2.24	2.50	926,006	886,163	3.31	3.11
14	RJ	6	8	4	21,308.30	16,126.15	0.94	0.79	173,322	281,418	0.62	0.99
15	TN	29	25	12	218,370.83	174,740.26	9.64	8.54	3,409,188	3,028,953	12.19	10.64
16	UP	10	15	7	143,582.37	138,730.27	6.34	6.78	943,613	939,744	3.38	3.30
17	UK	NA	4	0	NA	2,303.08	NA	0.11	NA	46,768	NA	0.16
18	WB	21	21	13	423,664.31	415,725.64	18.71	20.31	4,671,263	4,434,293	16.71	15.58
	Total	190	230	103	2,264,824.21	2,046,619.87	100	100	27,957,940	28,470,440	100	100
	Average	11	14	-	133,224.95	120,389.40			1,644,585	1,674,732		

Source: Compiled and Computed from MIX Market (<http://www.mixmarket.org/>) & Sa-dhan: Microfinance Map of India 2012 (<http://www.sa-dhan.net/files/Sa-dhan-indian-map.htm>)

Accessed on 11 March, 2013

*: For details of comparison of MFIs between MIX and Sa-dhan, refer *Appendix 6 & Appendix 7*.

Highest proportion of GLP was observed at 38.80% (MIX) and 38.42% (Sa-dhan) for the state AP followed by the state WB (MIX: 18.71% & Sa-dhan: 20.31%) and KA (MIX: 15.13% & Sa-dhan: 15.96%). Remaining states have been reported with the proportion of GLP below 10% from both the sources.

On examining NABs in terms of percentage, highest share (MIX: 44.72% & Sa-dhan: 44.71%) was observed for the state AP followed by WB (MIX: 16.71% & Sa-dhan: 15.58%). 12.19% share of NABs was observed for UP from MIX while similar proportion 12.56% was observed for KA from Sa-dhan. Similar proportion (MIX: 10.60% & Sa-dhan: 10.64%) of NABs was also observed for two different states i.e. KA and TN from MIX and Sa-dhan respectively.

On analyzing both the indicators (GLP in % and NABs in %) together, it can be observed that for the state AP, GLP and NABs both found highest but NABs found higher than GLP. In case of WB and KA, GLP (%) was observed higher than NABs (%) from both the sources. For the state TN, NABs were observed higher than GLP from both the sources.

On comparing overall information from MIX and Sa-dhan, it can be concluded that though the number of MFIs differ from each other from both the sources share of GLP and NABs could not be observed with enormous difference. However, very few MFIs were found to be common between MIX and Sa-dhan.

Next section is presenting the concise detail of MFIs working in Gujarat region.

5.4.7 Outline of MFIs working in Gujarat

As the study mainly focus on Gujarat region, special emphasis has been given to the MFIs working in Gujarat. To present the outline details of MFIs working in Gujarat, Microfinance India: State of the Sector Reports 2008²⁶ and 2009²⁷ has been studied. Further, some information about MFIs has been collected from the individual website of the particular MFI. Following lines discusses the same through the table 5.10

Total 20 MFIs have been found working in Gujarat state. Among them, 14 MFIs have been spotted having head quarters (HQ) in Gujarat and remaining 6 MFIs have been reported having their branches in Gujarat. *SEWA Bank*, having HQ in Ahmedabad, found as an oldest MFI in Gujarat i.e. established in the year 1974. 15 MFIs found using group method for delivering financial services i.e. SHG, JLG and Grameen methodologies. 3 MFIs have found using Individual lending methods viz. *Melap Mahila Cooperative Credit Soc. Ltd.*, *AMBA* and *SE Investment Ltd.* *SEWA Bank*, *Arman Lease & Finance Ltd.* and *Vardan Trust* have been found using both the methods for delivery i.e. Group and Individual lending method. Majority of the MFIs have been observed

using group methodology which indicates that using group method for lending is more comfortable and profitable for MFI and a customer both.

Table 5.10 Outline of MFIs Working in Gujarat

No	Name of MFI	HQ State	HQ City (Dist.) ^s	YEAR of Establishment	Delivery Model
1	SEWA Bank*	GJ	Ahmedabad	1974	SHG, Individual Lending ^s
2	Arman Lease & Finance Ltd.*	GJ	Ahmedabad	1992	Individual Lending, JLG
3	Saath Charitable Trust (Sakhi)*	GJ	Jodhpur (Ahmedabad)	1994	JLG/SHG
4	Saath Charitable Trust (Ekta)*	GJ	Jodhpur (Ahmedabad)	1994	JLG
5	Gramotkarsh & Vikas Trust*	GJ	Lunawada, (Panchmahal)	1997	SHG, Grameen
6	Melap Mahila Cooperative Credit Soc Ltd*	GJ	NA	1998	Individual Lending
7	AMBA*	GJ	Rajkot	2000	Individual Lending
8	Cohesion Foundation Trust ^s	GJ	Ahmedabad	2002	SHG
9	Vardan Trust*	GJ	Dahod	2003	JLG, Grameen, Individual
10	Sakhi (An Organisation for Women)*	GJ	NA	2005	SHG, JLG
11	Vikas Centre for Development*	GJ	Ahmedabad	2005	SHG
12	PRAYAS*	GJ	Hadmatiya (Gandhinagar)	2006	SHG, JLG
13	Kushal Manch*	GJ	Kutch	NA	SHG
14	M-Power Microfinance Pvt. Ltd ^s	GJ	Vadodara	2009	NA
15	Share Microfin Ltd.*	AP	Hyderabad	1989 ^s	JLG
16	SKS Microfinance Pvt. Ltd.*	AP	Hyderabad	1998	JLG
17	Asmitha Microfin Ltd*	AP	Hyderabad	2002 ^s	Grameen
18	IMPACT*	AP	Chennai	2004 ^s	SHG
19	S.E. Investment Ltd.*	UP	Agra	2006	Individual Lending
20	Sakhi Samudaya Kosh*	MH	Solapur	2006 ^s	SHG

Sources: * Microfinance India State of the Sector Report 2008 and 2009

^s Individual website of the particular MFI

5.4.8 Loans Received by MFIs

MFIs provides loans to poor people but for the purpose of providing loans sometimes MFIs take loans from the banks and provide loans to poor people. Banks provide loans to MFIs with interest and MFIs provide loans to people with interest. Accordingly, poor people have to repay the loans with interest to MFIs while MFIs also have to repay the loans to the banks with interest. Therefore, defaults by poor people directly affect on the level of NPA for MFIs. Like wise MFIs cannot repay the loans back to the banks. Table 5.11 presents the data regarding loans disbursed by Banks to MFIs during year 2007-08 to year 2011-12²⁸⁻³². It also presents the details of the outstanding loans at the inception of the respective years. Moreover, the Gross NPA is

also presented. Along with each absolute amount, the numbers of MFIs are also presented. Moreover, percentages of NPA to total outstanding loan are presented in the last column. Percentage of NPA to total outstanding loan amount was observed in the range of 0.06% (2007-08) to 2.22% (2011-12). In the year 2008-09 the percentage was observed very high at 1.30% from 0.06% (2007-08) indicating poor recovery in the year 2008-09. Looking to the disbursed loan amount, for the year 2009-10 disbursed loan amount was observed above ₹10 lakhs *i.e.* of ₹1,072,849.35. However, percentage of NPA to total outstanding loan amount was observed at 0.67% indicating improvement in recovery of loans in the year 2009-10 as compared to the year 2008-09. Poorest recovery by MFIs can be seen for the year 2011-12 as percentage of NPA to total outstanding loan amount is observed at 2.22%. It indicates poor recovery by MFIs, which affect on level of NPA of banks because of no repayment of loans by MFIs.

Table 5.11 Loans by Banks to MFIs and NPA

Year	Loans by Banks to MFIs during the respective year		Outstanding bank loans against MFIs at the beginning of the year		Total Gross NPA of Bank loans to MFIs		
	No. of MFIs	Disbursed Amount (₹ in lakh)	No. of MFIs	Outstanding Amount (₹ in lakh)	Amount (in ₹)	No. MFIs	% of NPA to total Outstanding loan amount
2007-08	518	197,014.88	1,109	274,884.26	154.48	NA	0.06
2008-09	581	373,232.77	1,915	500,909.23	6,555.50	169	1.30
2009-10	779	1,072,849.35	1,659	1,395,574.57	9,360.60	218	0.67
2010-11	471	844,895.60	2,315	1,373,061.56	13,252.21	113	0.97
2011-12	465	520,528.75	1,960	1,145,034.93	25,434.05	179	2.22

Source: NABARD, Status of Microfinance in India, Various Reports (2007-08 to 2011-12)²⁸⁻³²

5.5 Risks: Causes, Impact and Strategy

The dictionary meaning of risk is “The probability that an actual return on an investment will be lower than the expected return”. Thus, risk management has always been an important subject for financial institutions. There are number of risks that an MFI has to face. There are varied reasons that can be attributed to this risk. Especially the credit risk has its impact on number of aspects and MFIs have to manage these risks very carefully. The following lines discuss the types of risks, causes and impact of risk and management of the same.

5.5.1 Types of Risks³³

These risks could be of delinquencies, frauds, staff turnover, interest rate changes, liquidity, regulatory etc. But these risks can be broadly classified into two major categories *i.e.* Financial Risk and Non-Financial Risk. Financial Risk is directly of financial nature which includes two categories such as **Credit Risk** and **Market Risk**.

Non-Financial risk mainly results from human errors, system failures, frauds, natural disasters or through regulatory environment, weak board, poor strategy, etc. Non-Financial risk includes **Operational Risk** and **Strategic Risk**. However, it must be remembered that operational risk and strategic risk, as and when materialize will also translate into financial losses for the organization.

A. Credit Risk: As the MFI provides credit without any collateral, whenever an MFI lends to a client there is an inherent risk of money not coming back, *i.e.* the client turning into a defaulter, this risk is called the Credit risk.

B. Market Risk: It occurs due to fluctuations in the financial market or due to mismatch in assets and liabilities of an organization. As the MFIs become bigger in size and complex in terms of their asset and liability composition market risks become more pertinent.

C. Operational Risk: Operational risk relates to the risks emanating from failure of internal systems, processes, technology and humans or from external factors such as natural disasters, fires, etc. Basel Committee on Banking Supervision defines operational risk as “the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events”.

D. Strategic Risk: Strategic risks are risks related to weak governance, weak leadership, poor strategic decisions as well as risks due to regulatory and administrative reasons. These are high impact risks and can adversely affect the organization for a long-term.

From above all four risks, credit risk is most common in MFI. If any client fails to pay back the loan amount, it creates credit risk in MFI. This study has also focused on loan defaults and NPA. That's why further discussion has been focused on credit risk only.

The risk is of greater significance for MFIs as it has to deal with large number of clients with limited literacy. Further, MFI provides unsecured loans, *i.e.* loans without any collateral. In case a client default the MFI does not have any asset to meet its loss, which makes the credit even riskier. Credit risk is directly related to the portfolio of the organization and is one of the most significant risks from an MFI perspective.

5.5.2 Causes of High Credit Risk³⁴

a. If an MFI does not have a good Management Information System (MIS on loan outstanding, collection etc.), it may not know how much to collect, it may not know it's over dues or age-wise over dues. If the correct and timely information is not generated

and report the problem cannot be dealt with resulting in delinquencies getting aggravated.

b. If client with bad reputation or history of defaults are selected then it can result in delinquencies.

c. Loans given beyond repaying capacity put clients in stress situation as they do not have sufficient income to repay instalments resulting in delinquencies.

d. If the clients do not know the policies and procedures it can result in confusion and delinquencies even if clients are capable of paying.

e. MFI having strong overdue follow up system can control over dues to a large extent and also gives clear message to the clients that the MFI is serious on repayments and thus prevents the future occurrences. MFIs having weak overdue follow up give a signal that it is not serious in overdue collection. This results into imitation by other clients. If the case becomes old then the chances of recovery also goes down.

f. Delinquencies occur if the product is not suitably designed. If the repayments do not match with the cash flow of the client then it may result in delinquencies.

g. Delinquencies can also happen as an aftermath of a natural disaster such as flood, drought, earthquakes or epidemic.

h. Corruption at field staff level such as taking bribe for loans or frauds can result in delinquencies. A staff taking favor from clients cannot enforce discipline or strict repayments.

i. If the working conditions or incentive systems are not good, it will result in staff de-motivation and ultimately delinquencies.

Thus, delinquencies do not occur, exclusively on account of client related reasons. Much of it can be attributed to internal systems and policies of the MFIs. It also means that if internal reasons related to the organization are taken care of then delinquencies can be controlled to a large extent.

5.5.3 Impact of Delinquencies³⁴

a. The money given to a client by the MFI is lost if client defaults. So it is a loss of portfolio. MFI loses interest income as well. Which is the main source of income for an MFI and loss of it directly impacts its profitability and sustainability.

b. MFI having over dues has to invest lot of its time and other resources in recovering the over dues. Extra visits by staffs, to recover over dues, at various levels also add to travel costs. This diverts the focus of the MFI from expansion and growth to controlling the over dues thereby hampering its growth.

c. An MFI suffering from delinquency may lose reputation and credibility with other peer MFIs, lenders and donors. Good MFIs may focus on growth, experiment with new products and other service while the MFI struggling with over dues has to concentrate on recovering over dues. It may results in poor portfolio quality which makes investors uninterested and fund raising becomes difficult.

Thus, delinquencies have wide spread impacts and are harmful not just for the MFI but also for others. It is therefore important to manage credit risk. In order keep credit risk under acceptable limits an MFI should try to manage the same properly.

5.5.4 Managing Credit Risk³⁴

a. MFI must have clarity on its business. From visions and missions statement to the fine policies for the day- to-day operations, everything they should be clearly said/written and documented to avoid any confusion, as lack of clarity in mission can result in loss of focus.

b. MFIs should also be aware that different interventions on the field would have impact on each other. It is therefore, important to maintain clear segregations among programmes of different natures.

c. A poorly designed product puts stress on the client who may not be able to repay the amount. The products have to be designed suitable to the local livelihood context and general household cash flow of the target group.

d. MFIs should have good and strong MIS on loan outstanding and collection. A strong MIS is characterized by regular and focused record keeping and reporting system. A strong MIS is very important from the perspective of controlling risk as unless someone knows about delinquency, one cannot take actions to manage it.

e. Regular monitoring by staffs at various levels as well as an independent internal audit at regular frequency can significantly control risk.

f. As a part of credit risk, transaction risk also should be managed in a proper way by MFIs. MFIs should try to very careful while selecting a client. MFIs should be very clear and transparent about their products, policies on interest rates, fees, penalties and legal procedures. Proper checking regarding client should be done before sanctioning the loan and regular follow up should also be done after disbursing the loan. Transaction risks can be managed effectively with strong internal systems such overdue management system and MIS.

g. For managing portfolio risk it is very important that MFI diversifies its portfolio. The portfolio may be concentrated geographically or in a particular trade or with a

particular group of people. Failure or adversity with the particular parameter on which the portfolio is concentrated can seriously impact the MFI.

5.6 Dark Side of Microfinance

Microfinance is a burning topic today among development experts as well as social responsibility advocates who see it as a model of how to successfully and profitably deliver formal services at the bottom of the pyramid. Microfinance aims to reach the poorest of the poor and provides them all types of financial facilities. It has grown up widely and proved itself as one of the most significant tools for poverty reduction. However, whether microfinance could reach to the extremely poor or not is a matter of concern. David and Thankom³⁵ have told that MFIs generally reach a combination of poor and non-poor people. Rarely do they reach the poorest. Many have raised doubt about the system of microfinance and many have showed the dark side of microfinance as well as bright side of it.

Further, there are several points which were proved to be the dark side of microfinance such as very high rates of interest, harsh recovery methods and multiple lending/over supply of credit.

A. Very High Rates of Interest

The interest rates prevailing in the microfinance sector are very high and are certainly much higher than the rates of formal agencies. Even SHGs which are linked to formal banks normally charge 2 percent per month to their ultimate borrowers. With regard to MFIs, though the rates are much lower than the informal sector, they have ended up creating an interest rate structure which is only second best for the poor. At time it becomes difficult to estimate the effective rate of interest charged by the MFIs. Many MFIs do not make it clear to their borrowers what the effective rate would be. Therefore, there is a need for an alternate system, which from interest towards the upliftment of the deprived and needful at a very low cost to fulfil the expired expenses attached to such activity.³⁶

Some people including Mohammed Yunus are worried about the growing commercialization of microfinance, including the entry of profit-motivated owners and managers. Professor Yunus offers a straightforward formula for judging MFIs and their objectives. If MFIs' interest margins (the difference between the rate you charge when lending to your clients and the rate you have to pay when you borrow from your funding sources) is not more than 10% that's the 'green zone' where true micro lenders operate. Interest margin between 10-15% a big warning sign is flashing because it is a 'yellow

zone'. Anything above 15% is the 'red zone', where the true microcredit left behind and joined the loan sharks. According to MIX report, there were 75% of all MIX MFIs were in the red zone in 2008.³⁷

At the heart of the problem lies the failure of MFIs to balance social objectives with their lust for profit. Though regulations must therefore be brought in to prevent them from exploiting the poor, they are alleged to have charged interest rates as high as 32-42 per cent to provide finance to the poorer sections of the society when they themselves borrow funds from banks at 9-14 per cent.³⁸

B. Harsh Recovery Methods and Suicide Cases

Despite the Supreme Court judgment that banks cannot use force to recover overdue loans, many banks are adopting the same tactics, often turning a blind eye to strong-arm tactics by hired agents.³⁹ In addition, MFIs use strong-arm tactics employed to recover the loans that triggering the crisis. MFI field staff has treated clients badly, encouraging them to take on bigger and bigger loans and then disgracing indebted clients in public and threatening them psychologically and physically. In India, politicians and newspapers claim this has led to scores of "microfinance suicides".³⁵ Harsh recovery methods includes: (i) adjusting over dues against the security deposit, (ii) holding the weekly meeting in front of the defaulter's house, (iii) MFI staff sitting in front of the defaulter's house, (iv) offensive language used by group leaders or staff, (v) putting up a loan overdue notice in front of a defaulter's house etc. Sometimes recovery of large individual loans have been made by using signed blank cheques, legal action to enforce blank promissory notes and physical force by group leaders. There is huge pressure on all members because of joint liability. No one gets another loan until all repayments are made. People are reported to have had to borrow from moneylenders in order to repay MFIs. Other borrowers have "absconded", migrated or at times tragically committed suicide. This is linked to abusive collection practices that MFIs sometimes resort to.⁴⁰

A report prepared by the Gender Unit of SERP (Society for Elimination of Rural Poverty), listing out the victims of MFIs in Andhra Pradesh. Out of the 123 alleged cases of harassment that the report lists out, there are 54 death cases. In most of the suicide cases, the report claimed that borrowers were subjected to unbearable harassment by MFIs. The reasons for most of the suicide cases listed out were harassment by MFIs with filthy vulgar language.⁴¹ Yunus addressed these suicide cases in India and said "Whatever they do, is certainly not micro-credit. They are on the wrong path. No matter how fast you grow, you need not give up on the basic principles".⁴²

C. **Oversupply of Credit / Multiple Lending / Over Indebtedness**

The common problem to all lending operations is that when the volume of microfinance lending expands rapidly, there may be an oversupply of credit, encouraging clients to exceed the debt burden they can manage. Even competition between MFIs results into multiple lending. More than one MFI lends to a borrower to expand their volume of credit *i.e.* more than one loan at a time for one borrower. However, sometimes borrowers themselves take credit from more than one MFI to fulfill their credit needs as they could not get enough amount of credit from one MFI. This over supply of credit or multiple lending results into over indebtedness for the borrower. Over indebtedness can be defined as “borrowers are over indebted if they have serious problems repaying their loans”. This definition implies a view that borrowers can be over-indebted even if they are repaying their loans.⁴³

M-CRIL examined both the factors that contributed to the crisis *i.e.* loan size, multiple lending, over indebtedness, client retention and client protection, staff working conditions and the early effects of the crisis on the performance of Indian MFIs. M-CRIL has informed that while the number of MFI loans is just over 100% of the number of eligible financially excluded families, SHG loans are actually 310% of that number. More importantly, to the extent that microfinance loans are not evenly distributed this means that there will be a significant number of financially excluded families in Andhra Pradesh that have as many 7-8 loans at one time and a number of these are SHGs loans. The report has raised the question whether it is SHG rather than MFI lending that is responsible for multiple lending. It was concluded that even if debt were distributed equally amongst all eligible families in Andhra Pradesh there would be over-indebtedness to the extent of 9% of the average income for such families – assuming that 40% is the maximum reasonable debt servicing capacity at the average level of income for financially excluded families.⁴⁴

Further more, MFIs in Bangladesh have a tool that Indian MFIs are not allowed. Bangladeshi MFIs hold compulsory savings from clients and if a client gets into difficulties with repayments, these savings provide a buffer (for the MFI and client) to manage potential defaults. The Reserve Bank of India’s (RBI) policy of not allowing MFIs to hold savings raises the risk of client default and MFI collapse. In addition, the sudden availability of multiple loans for rural people may have encouraged what Stuart Rutherford, in a personal communication with one of the authors, called the “diabetes effect”. People who could never get loans (sugar) grab as many as they can without thinking and become highly indebted.⁴⁵

5.7 Summing Up

This chapter has highlighted historical background of microfinance and gave idea about the growth of microfinance. Further more, the chapter has discussed about how microfinance works in India by providing financial facilities to the poor people such as savings, credit, insurance, pension and remittances. These facilities help the poor people to take their own stand in the society. The chapter has discussed about various delivery methods used by MFIs and also gave the brief idea about the apex microfinance service providers. Most important part of the chapter is the discussion about total 190 MFIs, from MIX, working in all over India with 12 important financial indicators. The indicators are given for each MFI from different 17 states of India to analyze the financial condition of each MFI. Total 230 MFIs (from 17 different states of India), from Sa-dhan, were also discussed with 2 financial indicators. It also includes the status of legal forms of MFIs from India which covers the duration of seven years (2006-2012).

The growth of microfinance is coupled with various types of risks that MFIs have to face such as credit risk, market risk, operational risk and strategic risk. However, as the study mainly focused on loan defaults and NPA, only credit risk was discussed in detail with the information of how credit risk can be managed. The chapter also shows the negative aspects of the microfinance sector, viz. very high rates of interest, over lending, over indebtedness and forceful recovery methods etc. Thus, the chapter gives the over all idea about the structure of microfinance in India.



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