

MFIs and SHGs play important role in poverty eradication: Shri Vijay Bhaskar, Addl. Chief Secretary, Karnataka Govt.

- *Additional Chief Secretary was part of a panel at AKMi's 10th Anniversary celebrations*

Bangalore, 19th February, 2018: The Association of Karnataka Microfinance institution (AKMi), an industry association of microfinance institutions in the state, completed ten years this February. On the occasion of its 10th founding anniversary, AKMi organised an evening of panel discussions on the future of microfinance industry in Karnataka that was attended by Shri Vijay Bhaskar, Additional Chief Secretary, Government of Karnataka.

The panel discussions focussed on challenges and opportunities for the sector in the current times and how it can reinvent itself to maintain its relevance. The panellists included Ms K S Jyotsna - General Manager, Reserve Bank of India, Department of Non-Banking Supervision; Mr Samit Ghosh, Managing Director and CEO, Ujjivan Small Finance Bank; Mr Uday Kumar, Managing Director and CEO, Grameen Koota and Mr Anand Rao, Chairman of AKMi and Founder & Promoter Chaitanya India Fin Credit Pvt Ltd.

Speaking on the occasion **Shri Vijay Bhaskar, Additional Chief Secretary, Government of Karnataka** said, *"Karnataka has been at the forefront of microfinance activities. Microfinance institutions and Self Help Groups have very important role to play in eradicating poverty. In fact, Karnataka is the number one state in implementation of MUDRA which is largely due to involvement of Self Help Groups. All the Self Help Groups, NGOs and microfinance institutions have worked collaboratively in this space and regulations after Andhra crisis has also ensured responsible lending. This has put the microfinance industry in a safer trajectory in the state. Government also considers microfinance institutions and Self Help Groups an important component of poverty alleviation programme. It is required that government should closely work with microfinance institutions. To facilitate the same, there could a representative of AKMi in the sub-committee on Self Help Group and the issues could be better articulated through the sector's representation in the committee."*

Sharing his views on current state of microfinance sector in Karnataka, **Mr Anand Rao, Chairman, AKMi** said, *"Microfinance sector has played a key role in pushing the financial inclusion agenda in the state. Today, the sector has an outreach to even the remotest areas and caters to the unbanked population. Micro-credit has not only provided an easy access to credit to the low income segment but has also encouraged entrepreneurship at the grassroots level among the women. The sector today needs to adopt new-age technology to improve its delivery, customer experience, reach and operations. The digital transformation will enable the microfinance institutions to play a key role in bringing the rural areas in the*



ambit of Digital India as well.”

The state of Karnataka has played a pioneering role in the emergence of the microfinance sector in India. The Self Help Group (SHG) bank linkage model of microfinance was first started in Karnataka. The state has also been the origin bed for many successful for-profit institutions engaged in microfinance. Today, Karnataka’s microfinance outreach, including both SHG-bank linkage and for-profit model, is the largest in the country. As of September 2017, the sector had 75 lakh accounts and an asset size of INR 16,000 crore. The sector employs 33000 people largely in rural parts of the state.

About AKMi

AKMi (Association of Karnataka Microfinance institution) is the state level association of both not-for-profit and for-profit microfinance institutions operating in Karnataka. AKMi was set up 10 years back when the microfinance sector in the state was just emerging. The main activities of AKMi include liaising with government agencies for better cooperation & support for MFI activities, microfinance customer grievance redressal, and financial literacy programs for MFI borrowers, capacity building for MFI staff and collection and dissemination of data to various stakeholders.

For more details please contact: