



MICROFINANCE INSTITUTIONS NETWORK

Media Coverage Report

Press Release: Documenting Microfinance Sectors' contribution to the Economy - MFIN and NCAER launch special report

March 2, 2022

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URL: <https://economictimes.indiatimes.com/industry/banking/finance/microfinances-contribution-to-indias-gva-likely-to-grow-says-ncaer/articleshow/89947814.cms>

'Microfinance Contributed 2% of GVA in 2018-19'

The sector, including bank-promoted self-help groups, generated 13 m jobs: MFIN-NCAER study

Our Bureau

Kolkata: The microfinance sector contributed about 2% of India's gross value added (GVA), the productivity metric for the economy, while the overall contribution of the entire financial sector was about 5.5% in 2018-19, according to a study by the National Council of Applied Economic Research (NCAER). The sector as a whole, including bank-promoted self-help groups, generated 13 million jobs in 2018-19.

NCAER said the contribution of the microfinance sector is significant to the economy with all its forward and backward linkages and its potential to create jobs. But at the same time, it said that monitoring the impact of lending on the borrowers and learning from it would be essential as households and enterprises moving to unsustainable debt positions could make the entire financial system unfavourable.

Economic Significance

As per MFIN-NCAER report, contribution of sector to India's GVA was **2.03%** in 2018-19

At least **5%** of microfin borrowers not in a position to service loans following disruptions due to pandemic

At least 5% of 50 million microfinance borrowers are now not in a position to service their loans following the business disruptions caused by the pandemic.

"In this sense, the microfinance sector will need flexibility to address the changing overall conditions both to contribute to the growth of the economy and also meet the credit needs of the lower income households and small enterprises," NCAER said.

PROJECTED CONTRIBUTION OF MICROFINANCE TO GVA BY 2025-26

Base-case scenario: **2.7%**

Best case: **3.5%**

Worst case: **1.54%**

Source: NCAER report

The economic research body predicted that by 2025-26 the overall microfinance sector is slated to contribute, including the backward and forward linkages, 3.52% of GVA under the best-case scenario. The sector's contribution may grow to 2.7% under base case while it may shrink to 1.54% under pessimistic scenarios.

"The role of microfinance, as a support to lower income households and small enterprises, is of greater

importance in a growing economy as it is in a scenario of weak growth," it said.

The findings point to the risk factors for the sector in the medium-term prospects as a result of lower overall economic growth. "The implication for the sector is clearly to enhance its effectiveness in making the loans more productive in the borrower's hands so that the client base can be sustained or improved, larger loans would be possible, and opportunities for diversification of its portfolio can be exploited," NCAER said.

The study on the impact of microfinance on the economy, commissioned by microfinance industry body the Microfinance Institutions Network (MFIN), was published Wednesday by Niti Aayog vice chairman Rajiv Kumar. The report was ready a year back, but the release was delayed due to the pandemic-related disruptions, according to MFIN chief executive Alok Misra.

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Page No.	08

Microfinance contribution:

The contribution of the microfinance sector as a whole to India's GVA (gross value added) was 2.03 per cent during financial year 2018-19 and the projected contributions of the sector to overall GVA by 2025-26 would be a 2.7 per cent in the base case scenario and nearly 3.5 per cent in the best case scenario. The findings are part of a report prepared by MFIN, the association for microfinance entities, in association with the National Council of Applied Economic Research. The report ~ Present and potential contribution of microfinance to India's economy ~ was released by Rajiv Kumar, vice-chairman, Niti Aayog.

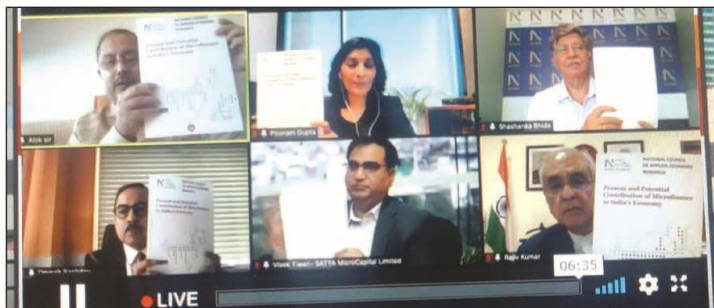
SNS

Publication	Eastern Chronicle
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Page No.	11

MFIN, NCAER launch special report

NEW DELHI: MFIN, the Association for microfinance entities and a Self-Regulatory Organisation Wednesday launched 'Present and Potential Contribution of Microfinance to India's Economy', along with NCAER, the National Council of Applied Economic Research. The report was released by Dr Rajiv Kumar, Vice Chairman, NITI Aayog amidst an august gathering comprising microfinance providers, investors and analysts, regulators, among others, on a virtual platform.

Speaking at the launch, Dr Rajiv Kumar, Vice Chairman, Niti Aayog said, "I complement both MFIN and NCAER for bringing out a report that captures the contribution of the Microfinance sector on GVA and employment rather well. At the same time, I feel there could be some learnings for others in the way the model operates where the industry



has managed to keep NPAs low despite the Covid impact." Vice Chairman also suggested that MFIN should take up a study documenting the impact of microfinance on women empowerment.

Dr Alok Misra, CEO & Director said, "This study presents an analysis of its contribution to the overall economy in terms of income or 'Gross Value Added', a measure of the national economic output and employment. Though the sector accounts for only a small part of the financial sector, the employment created is estimat-

ed to be about 1.28 crore jobs by the sector as a whole and 38.54 lakh jobs by the NBFC-MFIs alone, a significant contribution to the generation of employment."

The MFIN-NCAER report points that during 2018-19, the contribution of microfinance sector as a whole, to India's GVA was 2.03%. The projected contributions of the microfinance sector to overall GVA, including the backward & forward linkages by 2025-26 would be a significant 2.7% in the base case scenario and nearly 3.5% in best case scenario.

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Date	March 04, 2022
Page No.	04

Microfinance contribution to GVA to be 2.7-3.5% by FY26: Report

The impact of the microfinance sector on Gross Value Added (GVA) of the economy is expected to be between 2.7 and 3.5 per cent by 2025-26, according to a study report released on Thursday. The report, 'Present and Potential Contribution of Microfinance to India's Economy', was prepared jointly by MFIN, an association for microfinance entities, and National Council of Applied Economic Research (NCAER).

PTI

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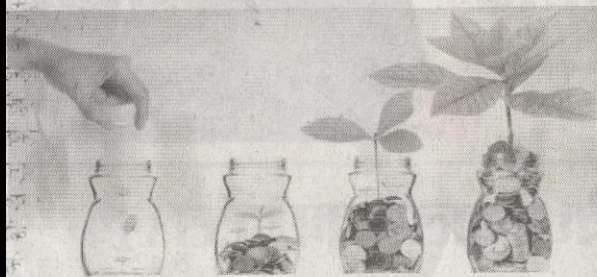
माइक्रोफाइनेंस का बढ़ेगा योगदान

अर्थव्यवस्था के सकल मूल्य वर्धन (जीवीए) में छोटी राशि के कर्ज देने वाले वित्तीय संस्थानों (माइक्रोफाइनेंस) का प्रभाव 2025-26 तक 2.7 से 3.5 प्रतिशत के बीच रहने की उम्मीद है। माइक्रोफाइनेंस संस्थाओं के संघ एमएफआईएन और शोध संस्थान नैशनल काउंसिल ऑफ एप्लाइड इकोनॉमिक रिसर्च द्वारा संयुक्त रूप से तैयार रिपोर्ट में माइक्रोफाइनेंस क्षेत्र के योगदान के विश्लेषण में यह सामने आया है।

भाषा

Publication	Virat Vaibhav
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Date	March 05, 2022
Page No.	13

सकल मूल्य वर्धन में 2025-26 तक माइक्रोफाइनेंस क्षेत्र का 3.5 प्रतिशत तक होगा योगदान



अर्थव्यवस्था के सकल मूल्य वर्धन (जीवीए) में छोटी राशि के कर्ज देने वाले वित्तीय संस्थानों (माइक्रोफाइनेंस) का प्रभाव 2025-26 तक 2.7 से 3.5 प्रतिशत के बीच रहने की उम्मीद है। माइक्रो फाइनेंस संस्थाओं के संघ एमएफआईएन और शोध संस्थान नेशनल काउंसिल ऑफ एप्लाइड इकोनॉमिक रिसर्च (एनसीईआर) द्वारा संयुक्त रूप से तैयार रिपोर्ट भारत की अर्थव्यवस्था में माइक्रोफाइनेंस का वर्तमान और संभावित योगदान में माइक्रोफाइनेंस क्षेत्र के योगदान का विश्लेषण किया गया है। यह विश्लेषण आय या सकल मूल्य वर्धन में योगदान के रूप में किया गया, जो राष्ट्रीय आर्थिक उत्पादन और रोजगार को मापता है। एमएफआईएन-एनसीईआर की रिपोर्ट के मुताबिक 2018-19 के दौरान भारत के जीवीए में माइक्रोफाइनेंस क्षेत्र का योगदान 2.03 प्रतिशत था। रिपोर्ट में कहा गया कि 2025-26 तक कुल जीवीए में माइक्रोफाइनेंस क्षेत्र का अनुमानित योगदान कम से कम 2.7 प्रतिशत और अधिकतम स्थिति में लगभग 3.5 प्रतिशत होगा। एमएफआईएन के सीईओ और निदेशक आलोक मिश्रा ने कहा, हालांकि, माइक्रोफाइनेंस वित्तीय क्षेत्र का केवल एक छोटा सा हिस्सा है, लेकिन इस क्षेत्र से लगभग 1.28 करोड़ रोजगार सृजित होते हैं, जबकि एनबीएफसी-एमएफआई द्वारा 38.54 लाख नौकरियां दी जाती हैं। एनसीईआर की महानिदेशक पूनम गुप्ता ने कहा, माइक्रोफाइनेंस कम आय वाले परिवारों की जरूरतों को पूरा करने के लिए एक प्रमुख साधन के रूप में उभर रहा है।

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URL: https://www.business-standard.com/article/opinion/myths-and-reality-of-microfinance-122030600906_1.html

Myths and reality of microfinance

The size of loans and tenure of repayment can be increased. MFIs should also be allowed to give secured micro loans, depending on the end use and quantum, if we want to change the poverty landscape



BANKER'S TRUST
TAMAL BANDYOPADHYAY

A few traditional investors in micro-finance companies in India seem to be a disappointed lot these days. They say there's too much hype about how micro loans change people's lives but the ground reality is very different.

The investors make money for a few years and then lose it over the next few years for reasons ranging from political interference to loan waivers during state elections, natural calamities and now also because of the once-in-a-century pandemic, Covid-19.

They are curious to know how micro loans have helped in poverty alleviation. Yes, poor people's dependence on informal financing has reduced but not fully since micro lenders meet their demand for money only partially. People still need to raise money from the loan sharks to tackle health issues and for other emergency needs as also for children's education. Microfinance institutions (MFIs), particularly the NBFC-MFIs and banks, can only give them loans for productive purposes.

As investors, they see the MFIs in Bangladesh doing a better job at pulling people out of poverty, and those in Indonesia offering higher returns on investment.

At least one large MFI has been trying to raise money from investors for the past two years, without success. This is a testimony to their change in approach to the industry.

Last year, the International Monetary Fund's Alfred Schipke said at a roundtable: "We estimate that globally people who have been pushed into extreme poverty or those surviving on \$1.90 a day have gone up by 100 million. A large part of that, 50 per cent or 50 million, are estimated to be in India."

According to the World Bank, India's poverty rate will ease but will still remain closer to 10 per cent. The poverty rate, internationally calculated as the percentage of population living on less than \$1.9 a day, will ease to 7 per cent in the financial year 2022, ending this month. The rate had gone up to 12.5 per cent in FY21.

Similarly, a May 2021 report by Azim Premji University pointed out that as the pandemic and the lockdowns wreaked havoc on the economy and livelihoods, around 230 million Indians were pushed into poverty. The report added that the rural poverty rate increased by 15 percentage points and the urban poverty rate by nearly 20 points.

All of this data has taken into account the impact of the pandemic on India. But several economists believe that poverty levels as well as the absolute number of poor in India had risen between FY12 and FY18. Quoting Santosh Mehrotra (research fellow, IZA Institute of Labour Economics, Bonn) and Jajati Keshari Parida (who teaches economics at the Central University of Punjab), a November 2021 article in *The Indian Express* said even though the incidence of poverty has dipped marginally — from 21.9 per cent in 2012 to 20.8 per cent in 2020 — India has witnessed an increase in the absolute number of poor.

"As against pulling 140 million out of poverty between 2004 and 2011, India has seen more than 76 million fall back below the poverty line between 2012 and 2020," wrote Mehrotra.

Finally, the website of the SOS Children's Villages in Canada says, "Two-thirds of people in India live in poverty: 68.8 per cent of the Indian population lives on less than \$2 a day. Over 30 per cent even have less than \$1.25 per day available — they are considered extremely poor. This makes the Indian sub-continent one of the poorest countries in the world."

The Microfinance Institutions Network (MFIN), a self-regulatory organisation (SRO) of the microfinance industry, claims microfinance has made immense contributions in promoting financial inclusion over the past decade by providing doorstep access to credit and insurance services and employment through micro-enterprise development.

Between March 2012 and December 2021, the gross loan portfolio of the industry rose from ₹17,264 crore to ₹23.51 trillion, while the number of borrowers went up from 200 million to 570 million. The coverage has expanded from 27 states to 37.

It also says the number of people employed by the industry has gone up from 69,000 to at least 400,000 in the past decade. Quoting a report by the National Council of Applied Economic Research, MFIN says during 2018-19, the microfinance sector created around 12.8 million jobs directly and indirectly. Besides, at least 120 million people have got insurance cover — both for credit and their lives. Around 98 per cent of the

microfinance clients are women.

Finally, 90 per cent of the loans are being disbursed directly through bank accounts, and collections too are being increasingly done digitally. The cashless loan disbursements are creating savings habits among the borrowers.

Sa-Dhan, another SRO of the industry, says since March 2010, the number of MFI branches almost doubled — from 11,459 to 20,065 — even though the number of MFIs has fallen from 264 to 208. Meanwhile, the average loan size has increased from ₹9,766 to ₹35,106.

This brings us to the classic question: Is the glass half empty or half full? I can be diplomatic and just say: "Beauty lies in the eyes of the beholder."

On a serious note, the Reserve Bank of India has its task cut out. In June 2021, the central bank released a consultative document on micro-finance regulations, proposing radical changes. The plan is to waive the limit that does not allow more than two NBFC-MFIs to lend to one borrower and the limit on the amount of loan would be based on the debt-income ratio of a household. It wants to cap the payment of interest and principal for all outstanding loans by a borrower at 50 per cent of the household income.

But the RBI has not said what the maximum household income to get the micro borrower tag will be. Currently, the ceiling on loans is ₹1.25 lakh (it cannot exceed ₹75,000 in the first cycle). This needs to be raised. Many micro borrowers need more money, which they should be given if we want to rescue them from money lenders.

The RBI proposal is also in favour of doing away with the prevalent norm that 50 per cent of the loans must be for income generation. The wall between income-generating and

People still need to raise money from loan sharks to tackle emergency needs and for children's education. MFIs can only give them loans for productive purposes

consumption loans is being pulled down. The lenders can give loans for education, medical expenses, household assets, consumption and even repayment of high-cost loans taken from money lenders.

Finally, the RBI wants to do away with the cap on loan rates. That will be left to the market. All these are welcome moves as they will intensify competition in the industry and help expand the MFI footprint to new geographies.

Along with these, the RBI needs to change the prevalent norm that the NBFC-MFIs must give 85 per cent of their loans without any security. Why can't some loans, depending on the purpose for which they are being given, be secured? Universal banks give priority loans to the weaker sections of society but not all such loans are unsecured. The tenure of the loan, now capped at two years, also needs to be raised for bigger loans if we want to change the poverty landscape.

The writer, a consulting editor with Business Standard, is an author and senior adviser to Jana Small Finance Bank Ltd. His latest book: Pandemonium: The Great Indian Banking Story. To read his previous columns, please log on to www.bankerstrust.in Twitter: [TamalBandyopadhyay](https://twitter.com/TamalBandyopadhyay)

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देश में सूक्ष्म वित्त से जुड़े भ्रम एवं वास्तविकता



बैंकिंग साख
तमाल बंदोपाध्याय

इन दिनों भारत में सूक्ष्म वित्त कंपनियों में निवेश करने वाले कुछ परंपरागत निवेशक हतोत्साहित दिख रहे हैं। उनका कहना है कि सूक्ष्म ऋण की मदद से लोगों के जीवन में बदलाव आने की बातें बढ़ा-चढ़ा कर की जाती हैं जबकि जमीनी हकीकत कुछ और है। निवेशक शुरूआती कुछ वर्षों में तो लाभ कमाते हैं मगर बाद के वर्षों में विभिन्न कारण से अपनी रकम गंवा बैठते हैं। इन कारणों में राज्य चुनावों के दौरान ऋण माफी में राजनीतिक हस्तक्षेप, प्राकृतिक आपदा और अब कोविड-19 महामारी शामिल हैं।

वे यह जानने के लिए भी उत्सुक हैं कि सूक्ष्म या अत्यधिक छोटे ऋण ने किस तरह गरीबी उन्मूलन में मदद की है। अनौपचारिक वित्तीय स्रोतों पर गरीब लोगों की निर्भरता कम हुई है मगर सूक्ष्म वित्त कंपनियों आंशिक रूप से ही उनकी जरूरतों से ऋण लेना पड़ता है। सूक्ष्म वित्त संस्थान (एमएफआई) खासकर एनबीएफसी-एमएफआई एवं बैंक केवल सृजनात्मक या आय अर्जित करने वाले साधनों के लिए ऋण देते हैं। बांग्लादेश में एमएफआई बेहतर काम कर रहे हैं और लोगों को गरीबी से निकालने में मदद कर रहे हैं। इंडोनेशिया में तो एमएफआई निवेश पर आकर्षक प्रतिफल भी दे रहे हैं। पिछले वर्ष अंतरराष्ट्रीय मुद्रा कोष (आईएमएफ) के अल्फ्रेड शिपके ने कहा था कि दुनिया में 1.90 डॉलर प्रति दिन आय पर जीवन-यापन करने वालों की संख्या बढ़कर 10 करोड़ हो गई है और इसका लगभग आधा हिस्सा भारत में है। विश्व बैंक के अनुसार भारत में गरीबी दर कम होगी मगर तब भी यह 10 प्रतिशत के इर्द-गिर्द रहेगी। सूक्ष्म वित्त उद्योग पर नजर रखने वाले संगठन माइक्रोफाइनेंस इंस्टीट्यूट्स नेटवर्क (एमएफआईएन) का दावा है कि पिछले एक दशक के दौरान वित्तीय समावेशन को बढ़ावा देने में सूक्ष्म वित्त ने महत्वपूर्ण भूमिका निभाई है। इस संगठन के अनुसार यह उद्योग लोगों को उनके घर तक ऋण एवं बीमा सुविधाएं मुहैया करा रहा है और सूक्ष्म-उद्यम विकास के जरिये लोगों को रोजगार भी दे रहा है।

मार्च 2012 और दिसंबर 2021

के बीच सूक्ष्म वित्त उद्योग का सकल ऋण खाता 17,264 करोड़ रुपये से बढ़कर 2.51 लाख करोड़ रुपये हो गया। कर्जधारकों की संख्या भी बढ़कर 20 करोड़ से 57 करोड़ हो गई है। एमएफआईएन का कहना है कि इस उद्योग में काम करने वाले लोगों की संख्या भी पिछले एक दशक में 69,000 से बढ़कर 4,00,000 हो गई है। एमएफआईएन ने एक रिपोर्ट का हवाला देते हुए कहा है कि 2018-19 के दौरान सूक्ष्म वित्त ने प्रत्यक्ष एवं अप्रत्यक्ष रूप से करीब 1.28 करोड़ रोजगार सृजित किए। करीब 12 करोड़ लोगों को बीमा सुविधा (ऋण एवं जीवन दोनों के लिए) मिली। सूक्ष्म वित्त उद्योग से ऋण लेने वाली 98 प्रतिशत ग्राहक महिलाएं हैं।

जितने ऋण आवंटित हो रहे हैं उनमें 90 प्रतिशत सीधे बैंक खातों में डाले जा रहे हैं और ऋण भुगतान भी तेजी से डिजिटल माध्यम से हो रहा है। नकदी रहित ऋण आवंटन से लोगों में बचत करने की आदत भी विकसित हो रही है। इस उद्योग पर नजर रखने वाले एक अन्य संगठन सा-धन का कहना है कि मार्च 2010 से सूक्ष्म वित्त संस्थानों के शाखाओं की संख्या लगभग दोगुनी-11,459 से 20,065- हो गई है। हां, इन संस्थानों की संख्या में कमी आई है और यह 264 से कम होकर 208 रह गई है। इन आंकड़ों की पृष्ठभूमि में एक प्रश्न उठता है कि सूक्ष्म वित्त संस्थानों की वर्तमान स्थिति को नकारात्मक या सकारात्मक नजरिये से देखा जाना चाहिए? भारतीय रिजर्व बैंक (आरबीआई) ने सूक्ष्म वित्त संस्थानों के संबंध में अपनी नीति तैयार कर ली है। जून 2021 में केंद्रीय बैंक ने सूक्ष्म वित्त नियमन पर एक परामर्श पत्र जारी किया किया था जिसमें बड़े बदलावों का जिक्र किया गया था। इस दस्तावेज में वह शर्त समाप्त करने की योजना

है जिसके तहत दो से अधिक एनबीएफसी-एमएफआई किसी एक कर्जधारक को ऋण नहीं दे सकते हैं और ऋण की रकम परिवार के कर्ज-आय के अनुपात पर आधारित होगी। आरबीआई सभी बकाया ऋणों पर व्याज और मूलधन का भुगतान कर्जधारक के परिवार की आय का 50 प्रतिशत तक सीमित रखना चाहता है।

मगर आरबीआई ने यह नहीं कहा है कि सूक्ष्म कर्जधारक कहलाने के लिए किसी परिवार की अधिकतम आय कितनी होगी। वर्तमान में ऋण की सीमा 1.25 लाख रुपये (पहले चक्र में यह 75,000 रुपये से अधिक नहीं हो सकती है) है। इसे बढ़ाए जाने की जरूरत है।

कई सूक्ष्म कर्जधारकों को अधिक रकम की जरूरत है और अगर हम उन्हें महाजनों के चंगुल में जाने से बचना चाहते हैं तो उन्हें और रकम दी जानी चाहिए।

आरबीआई का प्रस्ताव वह प्रावधान भी हटाने के पक्ष में है जिनमें ऋण का 50 प्रतिशत हिस्सा आय सृजन के लिए इस्तेमाल होना चाहिए। आय सृजन करने वाले और उपभोग ऋण के बीच अंतर समाप्त किया जा रहा है। कर्जदाता शिक्षा, स्वास्थ्य खर्च, पारिवारिक परिसंपत्ति, उपभोग एवं यहां तक कि महाजनों से कंची व्याज दर पर लिए गए ऋण के भुगतान के लिए ऋण का इस्तेमाल कर सकते हैं। आरबीआई ऋण दरों पर तय सीमा भी समाप्त करना चाहता है। यह बाजार पर छोड़ दिया जाएगा। ये सभी स्वागतयोग्य कदम हैं क्योंकि इनसे सूक्ष्म वित्त उद्योग में दोहराव बढ़ जाएगा और इस उद्योग को नई जगहों में विस्तार करने में मदद मिलेगी। आरबीआई को यह मौजूदा नियम भी बदलना चाहिए कि एनबीएफसी-एमएफआई अपने 85 प्रतिशत ऋण बिना किसी गारंटी के देंगे। कुछ ऋण के एवज में कर्जधारकों से क्यों गारंटी नहीं लेनी चाहिए? बैंक समाज में पिछड़े वर्ग को प्राथमिकता के आधार पर ऋण देते हैं मगर वे सभी असुरक्षित नहीं होते हैं। ऋण की अवधि दो वर्ष तय की गई है। अगर हम गरीबी दर में कमी लाना चाहते हैं तो बड़े ऋण के मामले में भी यह अवधि बढ़ाई जानी चाहिए।

(लेखक बिजनेस स्टैंडर्ड के सलाहकार संपादक, लेखक और जन स्मॉल फाइनेंस बैंक में वरिष्ठ सलाहकार हैं।)

Publication	The Times of India
Edition	National
Date	March 26, 2022
Page No.	11

Job-Creating Microfinance's Share In Productivity To Expand

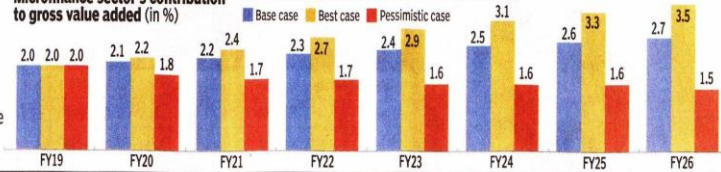
The microfinance industry's share of India's gross value added (GVA) – a measure of productivity – is expected to touch 3.5% by FY26 in a best case scenario from 2.4% last fiscal. Despite a small share of loans, the contribution of this segment is significant because of forward & backward linkages that create high jobs in relation to the capital deployed. But this segment is susceptible to shocks. At least 5% of 5 crore microfinance borrowers were not able to service loans due to Covid...

(Source: NCAER)

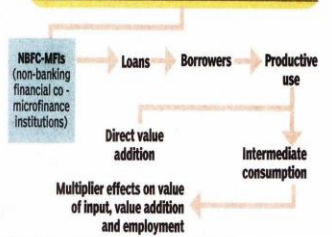
TIMES BUSINESS

Microfinance sector's contribution to gross value added (in %)

THE TIMES OF INDIA, MUMBAI | SATURDAY, MARCH 26, 2022



How microfinance industry contributes to economic growth by offering credit to the unserved or underserved



Publication	UNI
Edition	Online
Date	March 02, 2022

URL: <https://www.uniindia.com/story/Documenting-Microfinance-Sectors-launch-special-report>



UNI
BREVITY
ACCURACY
SPEED

United News of India
India's Multi Lingual News Agency

- Press Release

Documenting Microfinance Sectors' launch special report

- March 2, 2022, 8:14 pm

Kolkata, Mar 2 (UNI) MFIN, the Association for microfinance entities and a Self-Regulatory Organisation, on Wednesday launched 'Present and Potential Contribution of Microfinance to India's Economy', along with NCAER, the National Council of Applied Economic Research. The report was released by Dr Rajiv Kumar, Vice -Chairman, NITI Aayog amidst an august gathering comprising microfinance providers, investors and analysts, regulators, among others, on a virtual platform. Speaking at the launch, Dr Kumar, said, "I complement both MFIN and NCAER for bringing out a report that captures the contribution of the Microfinance sector on GVA and employment rather well. At the same time, I feel there could be some learnings for others in the way the model operates where the industry has managed to keep NPAs low despite the Covid impact." He also suggested that MFIN should take up a study documenting the impact of microfinance on women empowerment. Dr Alok Misra, CEO & Director, said, "This study presents an analysis of its contribution to the overall economy in terms of income or 'Gross Value Added', a measure of the national economic output and employment. Though the sector accounts for only a small part of the financial sector, the employment created is estimated to be about 1.28 crore jobs by the sector as a whole and 38.54 lakh jobs by the NBFC-MFIs alone, a significant contribution to the generation of employment." The MFIN-NCAER report points that during 2018-19, the contribution of microfinance sector as a whole, to India's GVA was 2.03%. The projected contributions of the microfinance sector to overall GVA, including the backward & forward linkages by 2025-26 would be a significant 2.7% in the base case scenario and nearly 3.5% in best case scenario. On the release of the report, Dr Poonam Gupta, Director General – NCAER, said, "Microfinance has emerged as a major instrument for meeting the needs of lower income households by linking them to the financial resources to meet both productive and critical needs of credit. NCAER is proud to be involved in chronicling the contributions of the microfinance sector to the economy and highlighting the importance of sustaining positive links between credit and livelihoods." India aims to become USD 5 Trillion economy by 2025. To achieve this target, it is imperative that all sectors of industry and all sections of society contribute to the Indian growth story. Micro and Small enterprises which form the backbone of rural and semi urban economy are also required to grow at a quick pace to contribute to the vision of USD 5 Trillion economy and for the growth to be equitable. Microfinance Institutions have a close relationship with this section and are best suited to meet their funding requirements and to help them grow. The sector's contribution to employment is huge particularly in rural areas which accounts for around 70% of the microfinance operations – future growth will lead to more job opportunities locally and promote entrepreneurship among women who form >95% of the microfinance client base. UNI SJC KK

Publication	India Education Diary
Edition	Online
Date	March 02, 2022

URL: <https://indiaeducationdiary.in/documenting-microfinance-sectors-contribution-to-the-economy-mfin-and-ncaer-launch-special-report/>



Documenting Microfinance Sectors' Contribution To The Economy – MFIN And NCAER Launch Special Report

Dr Rajiv Kumar, Vice Chairman, NITI Aayog releases the report at a virtual event

By India Education Diary Bureau Admin On Mar 2, 2022

New Delhi: MFIN, the Association for microfinance entities and a Self-Regulatory Organisation today launched 'Present and Potential Contribution of Microfinance to India's Economy', along with NCAER, the National Council of Applied Economic Research. The report was released by Dr Rajiv Kumar, Vice Chairman, NITI Aayog amidst an august gathering comprising microfinance providers, investors and analysts, regulators, among others, on a virtual platform.

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Publication	News Patrolling
Edition	Online
Date	March 02, 2022

URL: <https://newspatrolling.com/documenting-microfinance-sectors-contribution-to-the-economy-mfin-and-ncaer-launch-special-report/>



Documenting Microfinance Sectors' contribution to the Economy – MFIN and NCAER launch special report
Posted by: Mahender March 2, 2022 in PR

Dr Rajiv Kumar, Vice Chairman, NITI Aayog releases the report at a virtual event

New Delhi, 2nd March, 2022: MFIN, the Association for microfinance entities and a Self-Regulatory Organisation today launched 'Present and Potential Contribution of Microfinance to India's Economy', along with NCAER, the National Council of Applied Economic Research. The report was released by Dr Rajiv Kumar, Vice Chairman, NITI Aayog amidst an august gathering comprising microfinance providers, investors and analysts, regulators, among others, on a virtual platform.

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Publication	Economic Times
Edition	Online
Date	March 03, 2022

URL: <https://economictimes.indiatimes.com/industry/banking/finance/microfinances-contribution-to-indias-gva-likely-to-grow-says-ncaer/articleshow/89947814.cms>

THE ECONOMIC TIMES

Microfinance's contribution to India's GVA likely to grow: NCAER

By

Atmadip Ray

, ET Bureau Last Updated: Mar 03, 2022, 10:09 AM IST

Synopsis

NCAER said the contribution of the microfinance sector is significant to the economy with all its forward and backward linkages and its potential to create jobs. But at the same time, it said that monitoring the impact of lending on the borrowers and learning from it would be essential as households and enterprises moving to unsustainable debt positions could make the entire financial system unfavorable.

The microfinance sector contributed about 2% of India's gross value added (GVA), the productivity metric for the economy, while the overall contribution of the entire financial sector is about 5.5% in 2018-19, according to a study by the National Council of Applied Economic Research (NCAER). The sector as a whole, including the bank-promoted self-help groups, generated 1.3 crore jobs in 2018-19.

NCAER said the contribution of the microfinance sector is significant to the economy with all its forward and backward linkages and its potential to create jobs. But at the same time, it said that monitoring the impact of lending on the borrowers and learning from it would be essential as households and enterprises moving to unsustainable debt positions could make the entire financial system unfavourable.

At least 5% of 5 crore microfinance borrowers are now not in a position to service their loans following the business disruptions caused by the pandemic.



"In this sense the microfinance sector will need flexibility to address the changing overall conditions both to contribute to the growth of the economy and also meet the credit needs of the lower income households and small enterprises," NCAER said.

The economic research body predicted that the overall microfinance sector is slated to contribute, including the backward and forward linkages 3.52% of GVA under the best case scenario. The sector's contribution may grow to 2.7% under base case while it may shrink to 1.54% under pessimistic scenarios.

"The role of microfinance, as a support to lower income households and small enterprises is of greater importance in a growing economy as it is in a scenario of weak growth," it said.

The findings point to the risk factors for the sector in the medium-term prospects as a result of lower overall economic growth. "The implication for the sector is clearly to enhance its effectiveness in making the loans more productive in the borrower's hands so that the client base can be sustained or improved, larger loans would be possible, and opportunities for diversification of its portfolio can be exploited," NCAER said.

The study on the impact of microfinance on the economy, commissioned by microfinance industry body the Microfinance Institutions Network (MFIN), was published Wednesday by Niti Aayog vice chairman Rajiv Kumar. The report was ready a year back but the release was delayed due to the pandemic-led disruptions, according to MFIN chief executive Alok Misra.

(Originally published on Mar 02, 2022)

Publication	Business Standard
Edition	Online
Date	March 03, 2022

URL: https://www.business-standard.com/article/economy-policy/microfinance-sector-s-contribution-to-gva-to-be-2-7-3-5-by-2025-26-study-122030300969_1.html

Business Standard

Microfinance sector's contribution to GVA to be 2.7-3.5% by 2025-26: Study

The impact of the microfinance sector on Gross Value Added (GVA) of the economy is expected to be between 2.7 and 3.5 per cent by 2025-26, according to a study report released on Thursday.

Press Trust of India | Kolkata

Last Updated at March 3, 2022 18:25 IST

The impact of the microfinance sector on Gross Value Added (GVA) of the economy is expected to be between 2.7 and 3.5 per cent by 2025-26, according to a study report released on Thursday.

The report, 'Present and Potential Contribution of Microfinance to India's Economy', was prepared jointly by MFIN, an association for microfinance entities, and National Council of Applied Economic Research (NCAER).

It presents an analysis of the contribution of microfinance institutions to the overall economy in terms of income or 'Gross Value Added', a measure of the national economic output and employment.

The MFIN-NCAER report points out that during 2018-19, the contribution of the microfinance sector as a whole, to India's GVA was 2.03 per cent.

The projected contribution of the microfinance sector to overall GVA, including the backward & forward linkages by 2025-26 would be a significant 2.7 per cent in the base case scenario and nearly 3.5 per cent in best case scenario, the report said.

Though the sector accounts for only a small part of the financial sector, the employment created is estimated to be about 1.28 crore jobs by the sector as a whole and 38.54 lakh jobs by the NBFC-MFIs alone, a significant contribution to the generation of employment, MFIN CEO & Director Alok Misra said

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Publication	The Times of India
Edition	Online
Date	March 03, 2022

URL: <https://timesofindia.indiatimes.com/microfinance-sectors-contribution-to-gva-to-be-2-7-3-5pc-by-2025-26-study/articleshow/89971971.cms>

THE TIMES OF INDIA

Microfinance sector's contribution to GVA to be 2.7-3.5pc by 2025-26: study

PTI | Mar 3, 2022, 17:43 IST

Kolkata, Mar 3 (PTI) The impact of the microfinance sector on Gross Value Added (GVA) of the economy is expected to be between 2.7 and 3.5 per cent by 2025-26, according to a study report released on Thursday. The report, 'Present and Potential Contribution of Microfinance to India's Economy', was prepared jointly by MFIN, an association for microfinance entities, and National Council of Applied Economic Research (NCAER).

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"Microfinance has emerged as a major instrument for meeting the needs of lower income households by linking them to the financial resources to meet both productive and critical needs of credit," NCAER Director General Poonam Gupta said. PTI BSM NN NN

Publication	CNBC TV 18
Edition	Online
Date	March 03, 2022

URL: <https://www.cnbctv18.com/finance/microfinance-sectors-contribution-to-gva-to-be-27-35-by-2025-26-study-12691362.htm>



Microfinance sector's contribution to GVA to be 2.7-3.5% by 2025-26: Study

Profile image

By PTI | Mar 03, 2022, 06:38 PM IST (Updated)

Mini

Though the microfinance segment accounts for only a small part of the financial sector, the employment created is estimated to be about 1.28 crore jobs.

The impact of the microfinance sector on Gross Value Added (GVA) of the economy is expected to be between 2.7-3.5 percent by 2025-26, according to a study report released on March 3. The report, 'Present and Potential Contribution of Microfinance to India's Economy,' was prepared jointly by MFIN, an association for microfinance entities, and National Council of Applied Economic Research (NCAER).

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"Microfinance has emerged as a major instrument for meeting the needs of lower income households by linking them to the financial resources to meet both productive and critical needs of credit," NCAER Director General Poonam Gupta said.

Publication	The Free Press Journal
Edition	Online
Date	March 03, 2022

URL: <https://www.freepressjournal.in/business/microfinance-sectors-contribution-to-gva-likely-to-be-27-35-by-2025-26-report>



Updated on: Thursday, March 03, 2022, 09:57 PM IST

Microfinance sector's contribution to GVA likely to be 2.7%-3.5% by 2025-26: Report

The report presents an analysis of the contribution of microfinance institutions to the overall economy in terms of income or 'Gross Value Added', a measure of the national economic output and employment. / Representative image
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Publication	Devdiscourse
Edition	Online
Date	March 03, 2022

URL: <https://www.devdiscourse.com/article/business/1946971-microfinance-sectors-contribution-to-gva-to-be-27-35pc-by-2025-26-study>



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PTI | Kolkata | Updated: 03-03-2022 19:04 IST | Created: 03-03-2022 17:43 IST

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Publication	Creatives Writing
Edition	Online
Date	March 03, 2022

URL: <https://creativeswriting.com/microfinance-sectors-contribution-to-gva-to-be-2-7-3-5-by-2025-26-study/>



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March 3, 2022

Updated: 4 days ago

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Publication	Economy My India
Edition	Online
Date	March 03, 2022

URL: <https://economyindia.in/microfinance-sectors-contribution-to-gva-to-be-2-7-3-5-by-2025-26-study/>

EI ECONOMYINDIA.in

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Business Standard

By Press Trust Of India

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Publication	The Times of News
Edition	Online
Date	March 03, 2022

URL: <https://thetimesofnews.com/microfinance-sector-to-contribute-up-to-3-5-percent-of-gdp-by-2025-26-study/>



Microfinance sector to contribute up to 3.5 percent of GDP by 2025-26: Study

By

News

03/03/2022

Kolkata, Mar 3 (PTI) The impact of small-scale lending financial institutions (microfinance) in the Gross Value Added (GVA) of the economy is expected to be in the range of 2.7 to 3.5 per cent by 2025-26.

This information was given in a study report on Thursday.

The contribution of the microfinance sector has been analyzed in the report 'Current and Potential Contribution of Microfinance to India's Economy' jointly prepared by MFIN, a consortium of microfinance institutions and the research institute National Council of Applied Economic Research (NCAER).

This analysis was done as a contribution to income or gross value added, which measures national economic output and employment.

According to the MFIN-NCAER report, the contribution of the microfinance sector to India's GVA during 2018-19 was 2.03 per cent.

The report said that by 2025-26, the estimated contribution of the microfinance sector to the total GVA will be at least 2.7 per cent and in the maximum case around 3.5 per cent.

Alok Mishra, CEO and Director, MFIN, said, "Though microfinance is only a small part of the financial sector, about 1.28 crore jobs are created from this sector, while 38.54 lakh jobs are provided by NBFC-MFIs."

Poonam Gupta, Director General, NCAER said, "Microfinance has emerged as a major instrument to meet the needs of low-income households."

Publication	User Walls
Edition	Online
Date	March 03, 2022

URL: <https://www.userwalls.com/n/microfinance-sector-contribution-gva-2025-26-study-2904230/>



Microfinance sector's contribution to GVA to be 2.7-3.5% by 2025-26: Study

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Publication	Business News This Week
Edition	Online
Date	March 03, 2022

URL: <http://businessnewsthisweek.com/business/documenting-microfinance-sectors-contribution-to-the-economy-mfin-and-ncaer-launch-special-report/>

A leading business news portal

Business News This Week

Documenting Microfinance Sectors' contribution to the Economy – MFIN and NCAER launch special report
March 3, 2022 Rekha Nair Business 0

New Delhi: MFIN, the Association for microfinance entities and a Self-Regulatory Organisation today launched 'Present and Potential Contribution of Microfinance to India's Economy', along with NCAER, the National Council of Applied Economic Research. The report was released by Dr Rajiv Kumar, Vice Chairman, NITI Aayog amidst an august gathering comprising microfinance providers, investors and analysts, regulators, among others, on a virtual platform.

Speaking at the launch, Dr Rajiv Kumar, Vice Chairman, Niti Aayog said, "I complement both MFIN and NCAER for bringing out a report that captures the contribution of the Microfinance sector on GVA and employment rather well. At the same time, I feel there could be some learnings for others in the way the model operates where the industry has managed to keep NPAs low despite the Covid impact."

Vice Chairman also suggested that MFIN should take up a study documenting the impact of microfinance on women empowerment.

Dr Alok Misra, CEO & Director said, "This study presents an analysis of its contribution to the overall economy in terms of income or 'Gross Value Added', a measure of the national economic output and employment. Though the sector accounts for only a small part of the financial sector, the employment created is estimated to be about 1.28 crore jobs by the sector as a whole and 38.54 lakh jobs by the NBFC-MFIs alone, a significant contribution to the generation of employment."

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On the release of the report, Dr Poonam Gupta, Director General – NCAER, said, "Microfinance has emerged as a major instrument for meeting the needs of lower income households by linking them to the financial resources to meet both productive and critical needs of credit. NCAER is proud to be involved in chronicling the contributions of the microfinance sector to the economy and highlighting the importance of sustaining positive links between credit and livelihoods."

India aims to become USD 5 Trillion economy by 2025. To achieve this target, it is imperative that all sectors of industry and all sections of society contribute to the Indian growth story. Micro and Small enterprises which form the backbone of rural and semi urban economy are also required to grow at a quick pace to contribute to the vision of USD 5 Trillion economy and for the growth to be equitable. Microfinance Institutions have a close relationship with this section and are best suited to meet their funding requirements and to help them grow.

The sector's contribution to employment is huge particularly in rural areas which accounts for around 70% of the microfinance operations – future growth will lead to more job opportunities locally and promote entrepreneurship among women who form >95% of the microfinance client base.

Publication	Business News Week
Edition	Online
Date	March 03, 2022

URL: <https://businessnewsweek.in/business/documenting-microfinance-sectors-contribution-to-the-economy-mfin-and-ncaer-launch-special-report/>

BUSINESS NEWS WEEK

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Publication	Online Media Cafe
Edition	Online
Date	March 03, 2022

URL: <https://onlinemediacafe.com/business/documenting-microfinance-sectors-contribution-to-the-economy-mfin-and-ncaer-launch-special-report/>



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Publication	Business Fortnight
Edition	Online
Date	March 03, 2022

URL: <https://businessfortnight.com/mfin-the-association-for-microfinance-entities-and-a-self-regulatory-organisation-today-launched-present-and-potential-contribution-of-microfinance-to-indias-economy-along/>



BUSINESSFORTNIGHT.COM

Documenting Microfinance Sectors' contribution to the Economy – MFIN and NCAER launch special report
By News Desk -March 3, 2022



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Publication	Flipboard
Edition	Online
Date	March 03, 2022

URL: <https://flipboard.com/@cnbctv18/cnbc-tv18-68ja1h74z/microfinance-sector-s-contribution-to-gva-to-be-2-7-3-5-by-2025-26-study/a-oe4AfH2KRWGa7vX4DyZnLw%3Aa%3A2909907694-3f566d466a%2Fcnbctv18.com>



Microfinance sector's contribution to GVA to be 2.7-3.5% by 2025-26: Study

cnbctv18.com - PTI • 3d

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Publication	The Times Bureau
Edition	Online
Date	March 03, 2022

URL: <https://thetimesbureau.com/the-contribution-of-the-microfinance-sector-to-gva-is-expected-to-reach-27-35-percent-by-2025-26-according-to-a-study-202203/>

THE IMES BUREAU

The contribution of the microfinance sector to GVA is expected to reach 2.7-3.5 percent by 2025-26, according to a study.

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The effect of the microfinance sector on Gross Value Added (GVA) of the economy is predicted to be between 2.7 and 3.5 percent by 2025-26. India's gross domestic value rose by 2.03 percent during 2018-19.

Kolkata, Mar 3 (PTI) According to a study published on Thursday, the effect of the microfinance sector on Gross Value Added (GVA) of the economy is predicted to be between 2.7 and 3.5 percent by 2025-26. MFIN, a nonprofit association for microfinance entities, and the National Council of Applied Economic Research (NCAER) jointly produced the study, Present and Potential Contribution of Microfinance to India's Economy. It presents an analysis of the contribution of microfinance organizations to the overall economy in terms of income or Gross Value Added, a measure of the national economic output and employment. According to the MFIN-NCAER survey, India's gross domestic value (GVA) rose by 2.03 percent during 2018-19.

Despite the fact that the sector accounts for only a small fraction of the financial market, the total number of jobs produced is expected to be around 1.28 crore jobs by the sector and 38.54 lakh jobs by the NBFC-MFIs alone, a significant contribution to the growth of employment, according to MFIN CEO & Director Alok Misra, who said that Microfinance has emerged as a significant tool for satisfying the needs of low-income households by connecting them to the financial PTI BSM NN

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MYTHS AND REALITY OF MICROFINANCE

The size of loans and tenure of repayment can be increased. MFIs should also be allowed to give secured micro loans, depending on the end use and quantum, if we want to change the poverty landscape

Tamal Bandyopadhyay

A few traditional investors in microfinance companies in India seem to be a disappointed lot these days. They say there's too much hype about how micro loans change people's lives but the ground reality is very different.

The investors make money for a few years and then lose it over the next few years for reasons ranging from political interference to loan waivers during state elections, natural calamities and now also because of the once-in-a-century pandemic, Covid-19.

They are curious to know how micro loans have helped in poverty alleviation. Yes, poor people's dependence on informal financing has reduced but not fully since micro lenders meet their demand for money only partially. People still need to raise money from the loan sharks to tackle health issues and for other emergency needs as also for children's education. Microfinance institutions (MFIs), particularly the NBFC-MFIs and banks, can only give them loans for productive purposes.

As investors, they see the MFIs in Bangladesh doing a better job at pulling people out of poverty, and those in Indonesia offering higher returns on investment.

At least one large MFI has been trying to raise money from investors for the past two years, without success. This is a testimony to their change in approach to the industry.

Last year, the International Monetary Fund's Alfred Schipke said at a roundtable: "We estimate that globally people who have been pushed into extreme poverty or those surviving on \$1.90 a day have gone up by 100 million. A large part of that, 50 per cent or 50 million, are estimated to be in India."

According to the World Bank, India's poverty rate will ease but will still remain closer to 10 per cent. The poverty rate, internationally calculated as the percentage of population living on less than \$1.90 a day, will ease to 7 per cent in the financial year 2022, ending this month. The rate had gone up to 12.3 per cent in FY21.

Similarly, a May 2021 report by Azim Premji University pointed out that as the pandemic and the lockdowns wreaked havoc on the economy and livelihoods, around 230 million Indians were pushed into poverty. The report added that the rural poverty rate increased by 15 percentage points and the urban poverty rate by nearly 20 points.

All of this data has taken into account the impact of the pandemic on India. But several economists believe that poverty levels as well as the absolute number of poor in India had risen between FY12 and FY18. Quoting Santosh Mehrotra (research fellow, IZA Institute of Labour Economics, Bonn) and Jajati Keshari Parida (who teaches economics at the Central University of Punjab), a November 2021 article in The Indian Express said even though the incidence of poverty has dipped marginally — from 21.9 per cent in 2012 to 20.8 per cent in 2020 — India has witnessed an increase in the absolute number of poor.

"As against pulling 140 million out of poverty between 2004 and 2011, India has seen more than 76 million fall back below the poverty line between 2012 and 2020," wrote Mehrotra.

Finally, the website of the SOS Children's Villages in Canada says, "Two-thirds of people in India live in poverty: 68.8 per cent of the Indian population lives on less than \$2 a day. Over 30 per cent even have less than \$1.25 per day available — they are considered extremely poor. This makes the Indian subcontinent one of the poorest countries in the world."

The Microfinance Institutions Network (MFIN), a self-regulatory organisation (SRO) of the microfinance industry, claims microfinance has made immense contributions in promoting financial inclusion over the past decade by providing doorstep access to credit and insurance services and employment through micro-enterprise development.

Between March 2012 and December 2021, the gross loan portfolio of the industry rose from Rs 17,264 crore to Rs 2.51 trillion, while the number of borrowers went up from 200 million to 570 million. The coverage has expanded from 27 states to 37.

It also says the number of people employed by the industry has gone up from 69,000 to at least 400,000 in the past decade. Quoting a report by the National Council of Applied Economic Research, MFIN says during 2018-19, the microfinance sector created around 12.8 million jobs directly and indirectly. Besides, at least 120 million people have got insurance cover — both for credit and their lives. Around 98 per cent of the microfinance clients are women.

Finally, 90 per cent of the loans are being disbursed directly through bank accounts, and collections too are being increasingly done digitally. The cashless loan disbursements are creating savings habits among the borrowers.

Sa-Dhan, another SRO of the industry, says since March 2010, the number of MFI branches almost doubled — from 11,459 to 20,065 — even though the number of MFIs has fallen from 264 to 208. Meanwhile, the average loan size has increased from Rs 9,766 to Rs 35,106.

This brings us to the classic question: Is the glass half empty or half full? I can be diplomatic and just say: "Beauty lies in the eyes of the beholder."

On a serious note, the Reserve Bank of India has its task cut out. In June 2021, the central bank released a consultative document on microfinance regulations, proposing radical changes. The plan is to waive the limit that does not allow more than two NBFC-MFIs to lend to one borrower and the limit on the amount of loan would be based on the debt-income ratio of a household. It wants to cap the payment of interest and principal for all outstanding loans by a borrower at 50 per cent of the household income.

But the RBI has not said what the maximum household income to get the micro borrower tag will be. Currently, the ceiling on loans is Rs 1.25 lakh (it cannot exceed Rs 75,000 in the first cycle). This needs to be raised. Many micro borrowers need more money, which they should be given if we want to rescue them from money lenders.

The RBI proposal is also in favour of doing away with the prevalent norm that 50 per cent of the loans must be for income generation. The wall between income-generating and consumption loans is being pulled down. The lenders can give loans for education, medical expenses, household assets, consumption and even repayment of high-cost loans taken from money lenders.

Finally, the RBI wants to do away with the cap on loan rates. That will be left to the market. All these are welcome moves as they will intensify competition in the industry and help expand the MFI footprint to new geographies.

Along with these, the RBI needs to change the prevalent norm that the NBFC-MFIs must give 85 per cent of their loans without any security. Why can't some loans, depending on the purpose for which they are being given, be secured?

Universal banks give priority loans to the weaker sections of society but not all such loans are unsecured. The tenure of the loan, now capped at two years, also needs to be raised for bigger loans if we want to change the poverty landscape.

The writer, a consulting editor with Business Standard, is an author and senior adviser to Jana Small Finance Bank Ltd

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