

Microfinance Sector of Malwa Region - A Road from Poverty to Prosperity

Dr. Aradhana Chouksey^a

Professor, MBA Programme
SAGE University

Dr. Yamini Karmarkar

Associate Professor, IMS, DAVV
Indore, MP, INDIA

Abstract: United Nations Sustainable development goals intend to eradicate worldwide poverty by 2030 and our country's progress is exemplary in elimination of poverty but to achieve the target by 2030 required extraordinary pace as per (World poverty Clock, 2018). Malwa Region of Madhya Pradesh (MP) facing numerous problems due to high rate of poverty though it has abundant natural resources and has immense opportunity of growth, however entails innovative approach to boost its economic growth. The microfinance - an exceptional initiative has enormous potential to bring significant positive change in the life of poor and vulnerable people. Considering this, our research aspires to identify the concerns of microfinance sector of Malwa Region so that it can travel the road from poverty to prosperity. The key findings are that there should be separate programmes for capable, economically active, financially deprived entrepreneurial poor and the non entrepreneurial poor, who need with financial services, hand holding to escort them out of poverty. Beside that they are facing issues of corruption by clients, lack of commitment among employees, etcetera, whereas clients are facing challenges of getting credit linked, assistance in opportunity identification, marketing support and many more. Scope of future research is that to investigate the magnitude of deployment of credit and approach on the basis of local economy. For policy makers embracing the local need of people while designing and implementation of microfinance programme is revealed in this research.

Keywords: Microfinance, Poverty, Clients, economically active, non entrepreneurial

I. Introduction

It is well confirmed (Dunn & Arbukle, 2001a) that Microfinance has positive effect on economically active population in poverty alleviation. Malwa region (of MP) is thriving region of central India, with attributes of maximum economically active population. But the major concern is a high poverty rate which is above thirty two percent (Source: NSSO, 2011) and there is lack of enabling environment for micro and small entrepreneurs particularly, the lack of accessibility of finance and here formal financial sector is still undersized.

Case Box.01: Impediment in Credit Linkage

Bhairavgarh is a small village in Ujjain district of MP famous for two unique things firstly is renowned temple of Bhairav baba (a Hindu deity) and beautiful bhairavgarhi, batik and bandhej prints. In Bhairavgarh most of the poor rural households engage in bhairavgarhi printing and stitching beautiful ethnic wear. Abida Bi is one of the poor villagers who undertake this art for her livelihood. She is a member of Rahemil Self Help Group. She has been waiting to get a loan for past three years. She has made various visits at the nearby branch of Narmada Jhabua Regional Rural Bank. But, because she has no documents to make her case strong and no collateral to offer, the bank is not in a position to give her a loan. This has made it difficult for Abida bi to sustain her livelihood.

This is the story of many micro entrepreneurs in the village. Even though bhairavgarhi printing is a socio cultural activity and most household is expert in this skill and have required, machines tool and equipments for this business. But they are frustrated due to lack of working capital for growth of their business. The Manager of Narmada Jhabua Regional Rural Bank admit that they have social obligation but repayment capability of groups, absence of credible documentation of members and high rate of NPA make him apprehensive and reluctant in credit linkage of these SHGs. This incident raises numerous questions about microfinance program in Malwa region and gave inspiration to do research in *Concerns of Microfinance in Malwa region*.

Moreover lack of financial access with low endowment may lead to self perpetuating poverty. Poor households with low endowment and no/very less financial access results in investment in low risk and low return areas and hence earn low returns. To overcome this problem the best way out is microfinance. Proper access to micro financial services and effectiveness and efficiency of financial sector are essential constituent in entrepreneurial development and poverty alleviation in MP, through reducing the financial constraint of the poor and enabling them to invest in a profitable venture. (Yunus, 1999) advocated that microfinance regard every client as budding entrepreneur and turns on the tiny economic engines of a rejected portion of society. Micro finance services according to Ledger wood (1999) generally include “savings and credit but can also include other financial services such as insurance and payment services”. In Malwa region microfinance is generally provided by various delivery mechanisms, among them Self help group Bank Linkage programme (SBLP), Joint liability Group (JLG), Individual lending model and Grameen lending model are the most widespread lending models. And Microfinance is provided by commercial bank- public and private both, Regional rural bank, cooperative bank, NBFC- MFI and NGO-MFI.

MP among the eighteen states who put into operation the start up policy of India and emphasizing on entrepreneurship development by launching various schemes. And this change is highlighted in GSDP (Gross State Domestic Product) of MP where in 1960, 50% contribution in GSDP was from Agriculture sector and now contribution in GSDP from Agriculture sector is reduced to 26% (Source: census, 2011) instead of agriculture, people are more induced to work in MSME. Presently economically active population of MP is increasing every year; in 1981 economically active population was 40.9% & in 2011 it is 43.5% which is higher than national average of 39.8% (Source: census, 2011). Economically active population is the percentage of total population that contribute in production and distribution of goods and services of a nation. In all districts of Malwa region, the economically active population is higher than state average. Percentage of economically active population in Mandsaur & Neemuch is 50.75%; Barwani & Shajapur is 48.8%; Dhar is 46.6%; Ujjain is 47.8%; Dewas is 44.4% and in Indore is 45.2%. Owing to high rate of economically active population in Malwa region it is now required that Government of MP (GOMP) must take special action to take benefits of this demographic dividends and enhance their development. And it is need of hour that expenditure on human development which chiefly consist outlay on education, social security and poverty alleviation etc. should be increased. Human development expenditure is not up to the mark especially social expenditure ratio is approx. 70% in all districts of Malwa except Indore, whereas social priority ratio is below 50% which show that it is dominated by welfare expenditure and will have less impact on human development (Source: Treasuries & accounts, Department of Finance, GOMP)

Although GOMP had given thrust for industrial development and due to that Malwa region has suitable base of 69423 micro, small and medium enterprises and 48 industrial estates, 04 clusters, Special economic zone, food parks and many more and in some sector, it has significant contribution at country level like Namkeen (salty snacks), textiles especially organic clothing etc. Furthermore in comparison of huge economically active population these initiatives are very meager. And it is not as per the competency of population and there are various facilities are required for proper utilization of resources for e.g. literacy rate, in maximum districts have good literacy rate in the range of 65% to 81% except Barwani (49%) and Dhar (59%) but borrower as percentage of economically active in Indore, Dewas & Ujjain is only 11%; Shajapur 06%; Ratlam 08%; Barwani, Dhar, Mandsaur & Neemuch only 04% which shows that there is low penetration of microfinance among the population. And 70% of borrowers are concentrated in Indore, Ujjain, Dewas (Source: SIDBI). Whereas 50% of population at Barwani and 32% of population at Dhar are below poverty line and sustainable livelihood is urgently required in these districts. And as indicated by Niti Aayog the poorest districts of Malwa region are Barwani and Dhar. Though MP has achieved a high growth momentum during 2011-12 to 2017-18; but it could not bring down unemployment and poverty to tolerable levels.

Socio Economic profile of Malwa Region: Planning Commission of India has demarcated the geographical area of India into various agro climatic regions based on physiography and climate. Out of that 11 sub agro climatic region pass through MP. Malwa Agro Climatic Zone and districts covered in the zone are as follows:

Table No. I Malwa Agro Climatic Zone of Madhya Pradesh	
Agro Climatic Zone	Districts Covered in Zone
Malwa Plateau	Indore, Ujjain, Neemuch, Dhar, Mandsaur, Dewas, Ratlam, Shajapur, Barwani and Agar Malwa

(Source: Madhya Pradesh Government)

Table No. II Percentage of Poverty in Malwa region	
Region	Population below poverty line
Malwa	41% to 60%

(Source: NSSO)

Malwa plateau of MP has nine districts explicitly- Indore, Ujjain, Dewas, Dhar, Barwani, Neemuch, Mandsaur and Shajapur. Shajapur is further divided into two districts: Shajapur and Agar Malwa. Except Indore all district of Malwa region is in the list of under banked districts they are Barwani, Dewas Dhar, Mandsaur, Neemuch, Ratlam and Shajapur (Source: RBI). Under banked district mean average population per branch office (APPBO) is more in comparison of national average (Source: RBI). Beside that in districts like Barwani, Mandsaur, Ratlam and Shajapur penetration of microfinance services are very less. It was well recognized the need of funding institution in Malwa region, long back in 1985 when SEWA was formally established in Indore as a trade union to address the need of poor and vulnerable section. At first SEWA organized bidi workers in the city and make them aware of their rights. Later on in 1989 they started Swashrayi Mahila, Sakh Sahakarita Maryadit, at Indore with objective to improve the economic standard of living of unorganized poor labour class females and to link them with economic system of the country. It was accepted by government machinery that there is need of extra effort for the promotion of livelihood in the region. And later on Nabard started its SHG-B linkage programme for providing financial services with capacity building, in which more emphasis is on empowerment and improving living standard.

In Malwa region the SHG-B linkage programme were commenced by mainstream financial institutions with support of NGOs. The mainstream financial institutions includes commercial banks, RRB, cooperative banks etc. The results were quite impressive in starting and the number of SHGs credit linked up to 2005 in Malwa region were 26822 which was 59.47 percent of total SHG linked in state (Source: Nabard). And in mainstream financial institutions, the State Bank of India, emerged as a leader in microfinance programme. But after few years of commencement of the microfinance activity, the high rate of NPA and other reasons, deterred banks to take part in microfinance activity and in present scenario maximum banks are just fulfilling target provided by government. This also reveal by the Status of microfinance 2017-18 Nabard report shows the declining trend and higher NPA of SHG bank linkage programme in the districts of Malwa region. Instead of extension of microfinance activity there is reduction in microfinance activity. Furthermore the data collected during pilot survey revealed that many NGOs and NBFC offering microfinance services in Malwa region exit their business due to various reason for example Arman financial Services Ltd.(NBFC) ; Unnati sheel Mahila Sangh (NGO), Action for social Advancement (NGO) etc. In Malwa region many NBFC merge their branch and reduced the overall branches to be sustainable in the market.

These incidents draw attention towards certain issues and problems of microfinance activity of region. It is vital need to study the concerns of microfinance in Malwa region.

Multiple interventions are required for eradication of poverty in Malwa region. Poor people required various facilities such as employment, education for them and their children, health care, safe house, three times meal etc. Chronic poor require immediate transfer of money or other relief to survive. Access of financial services is first essential basis on which other interventions depend. Moreover the proper three times meal, education and health can be sustained only when they have stable and increased earning and greater control over financial resources.

Credit on reasonable terms to the poor people of Malwa region can bring about a significant reduction in poverty. It will help in emergence of rural entrepreneurship which will provide the best solution to tackle with the twin problems of unemployment and poverty stalking the rural areas in the region. It is with this hypothesis growth of micro finance assumes significance in Malwa region which is one of the poorest, most remote and hardest to serve region in Madhya Pradesh with over 32% (Source: Census, 2011) of the population living below the poverty line.

II. Literature Review

Elimination of poverty is feasible by employing various measures like availability of proper infrastructure for e.g. road, electricity, education and the most effective is availability of financial services. Accessibility of needed financial services to deprived population, provide assistance in seeking money making opportunities. Moreover the issue is of providing microfinance in an economical way. As (Khandeker, 1998) stated that financial services offered by micro credit programs are quite reasonable in comparison of Agricultural development banks. Microfinance has many benefits as advocated by (Robinson, 2001) that support of microfinance and other financial services assist the disadvantaged population to expand their micro businesses and enhance the management of family and their enterprises. However microfinance has different effect on different types of poor and varied programmes should be designed and implemented for different type of poor. Furthermore (Khandeker, 1998) emphasized that micro credit programs must be intended for such poverty stricken population who are financially deprived but competent to instigate money making activities. There are two types of poor (Garson, 1996; Robinson, 2001), several impoverished poor, just need financial services and they are competent enough to generate money through their micro enterprises, on the contrary there are some poor, who need various type of support for their income generation activities and required long term escorting facility to overcome poverty. Moreover microfinance become developmental tool and has positive impact on clients only when microfinance services are provided with training and capacity building. And (Adams & Von Pischke, 1992) advocated that only debt is not useful in poverty alleviation and with training and capacity building it can be effectual.

Additionally if microfinance clients are capable and economically active then also in absence of suitable infrastructure they are not able to generate money. As indicated by (Christen et.al, 1996; Greenley, 1997) that microfinance services will produce positive results only when suitable money making environment is available especially cost effective access to markets for marketing of the products of their micro enterprises and this will assist in money spinning and help them in coming out of poverty.

Impact of microfinance is positive in maximum cases advocated by (Khandker, 2001) who conducted impact study in Bangladesh, in which two surveys were conducted; First survey was conducted in 1991-92 and afterwards in 1998-99. And the result was that the microfinance clients performed well in terms of per capita income and expenditure as well as family assets. Same is confirm by (Remenyi & Quinones, 2000) in the study conducted at Indonesia, Bangladesh and Srilanka and it was identified that increase in income of micro credit clients is more in comparison of non clients but ratio of increase in income is different in different countries. As far as effect of micro credit is different on magnitude of poverty i.e. more positive effect on less poor category in comparison of very poor category clients.

Next impact study was conducted on clients of SEWA Bank of India by (Snodgrass & Chen, 1999). In this study there is comparison between microfinance clients, savers and non clients and it is ascertain that median income as well as expenditure on food of microfinance clients is better in comparison of savers and non clients. Furthermore it was recognized that microfinance clients were able to face and pull through from contingencies in less time and in better ways.

There is dearth of literature on concerns of microfinance of any region specific so it is not within reason to compare the findings with similar studies.

III. Research Methodology

Microfinance is crucial for poverty eradication and economic development of Malwa Region. And the fundamental objective of this research study is to identify the concerns of microfinance sector of Malwa Region so that it can travel the road from poverty to prosperity. In this research we examine that why microfinance sector is not having growth rate like it has in southern region and what are the key concern which are retarding the growth of microfinance. The literature on key concern or issues affecting microfinance sector of Malwa region is produced since 2009-2010 until 2017-18 is analysed to identify the concern at all levels and propose the recommendation to overcome these concerns. Secondary data is collected from various resources like reports of MSME, MPAKVN, NIPFP, UNICEF, DIPP, Nabard, Sidbi, SLBC, World Bank, IMF, MFIN, journals, Government of MP and many more.

Objective of the study: The main objective of this research study is to identify the concerns of microfinance sector of Malwa Region so that it can travel the road from poverty to prosperity.

IV. Finding & Discussion: In Malwa Region both government and private sector initiated microfinance programme is contributing substantially in the sector. And Micro finance is provided in diverse ways such as by main stream financial institutions through SBLP, NRLM, MPSRLM programmes and by alternative financial institutions like NBFC- MFI and NGO-MFI through SBLP, JLG and other programmes.

Microfinance services for setting up of micro enterprises or for sustainable livelihood has immense support in economy. As any agency provide microcredit for setting up of micro enterprises, it provide employment not only to the client but to others and this enhance purchasing power of all of them involved in micro enterprises and ultimately it gives boost to economy growth.

So financial exclusion is an issue but those are included in banking network, they are also facing numerous problems and urgent attention should be given and resolve such issues. Data of state level bankers' committee reveal that overall credit flow for priority sector is reduced considerably (Source: SLBC, 2017). Self help group credit linkage programme of formal financial institutions is indicating declining trend in Malwa region.

Performance of Main stream Financial Institutions (Commercial banks, RRB & Cooperative banks) in Microfinance in Malwa region

In Malwa region the steady growth of SHG-B linkage programme is showed potential in economic, social, and cultural empowerment of poor and vulnerable. The table given below provides details of all districts of Malwa region

Details	Barwani	Dewas	Dhar	Indore	Mandsaur	Neemuch	Ratlam	Shajapur Including Agar Malwa	Ujjain
population	13,85,881	15,63,715	21,85,793	32,76,697	13,40,411	8,26,067	14,55,069	15,12,681	19,86,864
poverty	More than 50% less	More than 50% less	With 50% less	With 50% less	More than 50% less	More than 50% less	More than 50% less	With 50% less	With 50% less
rural population (BPL)	13.5%	9.8%	13.5%	12.2%	17.8%	1%	29.8%	27.6%	27.3%
urban population (BPL)	60%	54.3%	60.8%	16.9%	8.5%	25.8%	69%	44.1%	13%
Current SHGs	1092	3147	6198	2337	2058	902	1788	1234	2572
Public Sector Banks	16	16	16	28	16	16	19	10	24
Private Sector Banks	03	06	07	13	04	03	05	04	03
Regional Rural Banks	01	01	01	01	01	01	01	01	01
DCCBs	01	01	01	01	01	01	01	01	01
Donor driven project	MPSRLM	NRLM	MPSRLM	NRLM	NRLM	NRLM	NRLM	NRLM	NRLM
SFB	-	-	01	-	01	-	-	01	01
MFI	All legal Forms	All legal Forms	All legal Forms	All legal Forms	All legal Forms	All legal Forms	All legal Forms	All legal Forms	All legal Forms
No.of MFI	09	12	15	19	10	10	12	07	14

(Source: Nabard, Gram Panchayat, Census, 2011 and MP Government,)

Note:

- More than 50% less poverty that state average poverty.
- District with 50% less poverty than state average poverty
- District with 50% more poverty than state average poverty
- District with more than 50% higher poverty than state average poverty.
- In case of main streams banks only number of groups is given

Commercial Banks, Regional Rural Banks (RRB) and Cooperative Banks are the key driver of SHG bank linkage programme in Malwa region. In all districts of Malwa region the growth rate of SHG bank linkage and microfinance programme of private sector is having high variation. In all district the highest poverty ratio of urban and rural population below poverty line is in Barwani, Ratlam and Dhar. In Neemuch the percentage rural population below poverty line is the least and in Mandsaur the urban population below poverty line is the minimum. In Malwa region it is

evident from above data that SHG bank linkage programme spread varies in different districts, and at the district level, similar banking network in the Dhar and Ujjain does not translate into comparable SHG spread, which indicate that other local factors are equally important. District wise current status of microfinance is as follows as:

- **Indore:** In Indore with sufficient industrial base have seven industrial estates and four clusters- Readymade garments, Auto components, Pharmaceuticals and food processing is recognized by UNIDO and 12726 registered industrial units. And new clusters of textile, offset printing & packaging, Leather products are in pipeline. But working population is 45.2% and literacy rate is 80.57% but microfinance penetration is just 11% which is quite low. For poverty alleviation it is essential that working population must be shifted from agriculture sector to other sectors. In agriculture sector there is lot of problems due to climate change and lot of fluctuation in income of farm sector. Some NGO Pratigya.M.S.V.V.B, Swashree.M.S.S, Yukti.S.SS, Samhita.C.D.S and ASSSM had started much needed products like non health micro insurance schemes and have 35,520 clients. Moreover Agri export zone of potatoes, onion and garlic is also on first phase of starting. It has scope of starting many agro base industries like Guava juice, jam, and many more etc, in absence of availability of microfinance on time, many opportunities are remain unexplored.
- **Ujjain:** It has rational industrial base have nine industrial estates and 7425 registered industrial units. New clusters of power loom, agarbatti and plastic packaging are in process. Agri export zone of seed, spices and wheat are also in first phase. But working population is 47.8% and literacy rate is 72.34% but microfinance penetration is just 11% which is quite low. Genuine interventions are required in microfinance sector for exploiting the potential of region and its people.
- **Dewas:** In Dewas industrial base is satisfactory and have four industrial estates and 10643 registered industrial units. New clusters of electronic goods and leather products are in course of commencement. Agri export zone of wheat is also in course of starting. But working population is 44.4% and literacy rate is 69.35% but microfinance penetration is just 11% which is quite low. It has scope of starting many agro base industries based on raw materials like Arhar, Chana, Coriander, Sorgham, tamarind, Peas and many more. GOMP launched in Binjana (Avantee Mega Food Park) for promotion of food processing industries. Funding support with training will help people of Dewas to start their micro enterprises and will be able to overcome poverty.
- **Dhar:** Low industrial base have five industrial estates and 7292 registered industrial units. New clusters of textile and Agri export zone of wheat is in progression. But working population is 46.6% and literacy rate is 59% but microfinance penetration is just 04% which is quite low. It has scope of starting many agro base, food item, auto parts, corrugated box industries and many more.
- **Barwani:** At Barwani there is low industrial base have five industrial areas and 7292 registered industrial units. A new cluster of power loom is in development. But working population is 48.4% and literacy rate is 49.08% but microfinance penetration is just 04% which is quite low. It has scope of starting many agro base industries.
- **Mandsaur** Moderate industrial base at Mandsaur and it have six industrial estates and 5557 registered industrial units. Agri export zone of Seed spices and wheat is in progression. But working population is 50.7% and literacy rate is 71.78% but microfinance penetration is just 04% which is quite low. It has scope of starting many agro base industries like Guava juice, jam, and many more
- **Neemuch:** It has low industrial base and have five industrial estates and 3858 registered industrial units. Agri export zone of wheat, seed spices is in work in progress. But working population is 50.7% and literacy rate is 70.80% but microfinance penetration is just 04% which is quite low. Currently rural Infrastructure promotion Fund (RIPF) is provided financial support of Rs.5.20 lakh for starting Milk parlour, Morwan dairy project and this project supported 200 SHG members. It has scope of starting many agro base industries like Isabgoal, Ashwagandha, Ajwain, soya products, artificial jewellery and several others. Owing to vulnerability of people, exceptional initiatives are required in microfinance sector for inclusive development.
- **Shajapur including Agar Malwa:** Moderate industrial base have seven industrial estates and 12129 registered industrial units. Agri export zone of wheat and seed spices is in progression. But working population is 48.8% and literacy rate is 69.09% but microfinance penetration is just 06% which is quite low. It has scope of starting many agro base industries.
- **Ratlam:** Reasonable industrial base have seven industrial estates and 8302 registered industrial units. Agri export zone of wheat and seed spices and new clusters of Sev products (salty snacks) are in pipeline. But working population is 45.1% and literacy rate is 66.78% but microfinance penetration is just 08% which is quite low. It has scope of starting many industries like soya products, Nylon rope, Spices, steel wires, spices, agro base industries and innumerable.

Table IV. Credit Linkage of SHG in Malwa Region

Region	District Covered	Percent of share of total SHGs Credit linked
Malwa	13 Districts: Shajapur, Ujjain, Indore, Dewas, Khandwa, Burhanpur, Khargone, Badwani, Dhar, Jhabua, Ratlam, Neemuch and Mandsaur	59.47%

The performance of Malwa region in Credit Linkage of SHG is as per SLBC is good in comparison of other region of Madhya Pradesh.

Region	Average credit flow 2014-15	Average credit flow 2015-16	Average credit flow 2016-17	Percent share 2016-17	Average growth
Malwa Region	1289205.01	1455073.13	1733682.26	27.5%	16.01%

(Source: Nabard)

In regions of MP the best performing region is Northern hill region in terms of JLG and it is required to give thrust for formation of more and more JLG. As per projection of 2018-19 there is no provision of formation of JLG at Indore and Ujjain and in rest of districts of Malwa region the scheme of financing rural poor through JLG will be implemented.

Name of the District	No. of SHGs up to Mar., 2006	Bank loan(disbursed) Up to Mar., 2006	No. of new SHGs projection for 2018-19	Bank loan to be disbursed in 2018-19
Barwani	679	29.81	625	562.5
Dewas	2341	68.98	2150	1625
Dhar	5656	120.99	5850	2925
Indore	2482	69.15	4950	4455
Mandsaur	1566	95.04	1125	625
Neemuch	500	52.75	620	370
Ratlam	1254	41.13	800	550
Shajapur	926	30.32	3800	1710
Ujjain	2160	40.2	600	540

From above data it is clear that after 12 year the SHG formation in SBLP is declining in Malwa region. The projection as per 2018-19 for formation and credit linkage of SHG is less in Barwani, Dewas, Mandsaur and Ratlam, in which Barwani is the districts declared chronic poor by NITI Aayog.

Regional Rural bank: Narmada Jhabua Gramin Bank (NJGB) and Central Madhya Pradesh Gramin Bank (CMPGB) are operating in all districts of Malwa region. NJGB has in the process of installation of 600 Micro ATMs with grant support of Rs.4 crore and it is converting KCC accounts of its clients into Rupay KCC. Furthermore it is implementing Bank Sakhi model as Business correspondent and more than 400 bank sakhis is working for NJGB and this initiative assist in extension of microfinance services at remote areas. Beside that Nabard sanctioned grant of Rs.2000 per JLG to NJGB & CMPGB for formation and credit linkages of JLG. Additionally Demo mobile van issued by RRB to show banking technology and for creating awareness about financial literacy and Rs.30 lakh sanctioned to RRB for training and capacity building of Business correspondent. NJGB launched Sakhi Samavesan project with the support of Nabard for promotion of smart SHG in which more emphasis is given on cash less transaction. Not a single RRB achieved the target in 2017-18 in priority sector lending and major issue is Non performing assets.

Name of RRB	SHG Saving linked with banks		Total loan disbursed to SHG		Outstanding loans with banks		NPA of SHG with banks	
	No. of SHG	Saving amt.	No. of SHG	Loan Disbursed	No. of SHG	Loan O/S	Amount of NPA	NPA as %age to total loan O/S
NJGB	44440	978.68	8870	7558.143	17698	10324.44	1701.11	16.48 %
CMPGB	23803	3776.3	1941	447.45	13859	3606.42	1359.75	37.70%

(Source: Nabard)

From data of above table the plight of SHG bank linkage programme is understandable in Malwa Region. Outstanding loans are higher in comparison of loan disbursed it means, there is lot of loans with pending recovery. The acceptable percentage of NPA is just 5% where as in NJGB it is 16.48% and CMPGB it is 37.70, which is extremely higher and not in acceptable range. For this situation both employees and clients are responsible. And it is need of hour that management of RRB should make the employees accountable of such high NPA and it is duty of employees to identify the actual poor and provide support to them only. Next it is essential to take action against members of defaulting SHG and their corruption. Due to existence of bad SHG, the good SHG are unable to be credit linked and can take benefits of microfinance.

Cooperative Banks: In Madhya Pradesh the premier cooperative banks is MP Rajya Sahkari Bank Maryadit. Every district has District Central Cooperative Banks (DCCB) their details are as follows:

Name of RRB	SHG Saving linked with banks		Total loan disbursed to SHG		Outstanding loans with banks		NPA of SHG with banks	
	No. of SHG	Saving amt.	No. of SHG	Loan Disbursed	No. of SHG	Loa n O/S	Amount of NPA	NPA as %age to total loan O/S
Indore premier Co. bank	403	24.70	0.00	0.00	15	1.07	1.07	100%
DCCB Ratlam	2185	76.71	0.00	0.00	44	24.75	24.75	100%
DCCB Shajapur	538	18.90	05	3.60	05	8.27	5.64	68.20%

(Source: Nabard)

The SHG bank linkage by cooperative banks is marginal. Only three DCCB furnished data and rest of DCCBs had not furnished data to Nabard. As data depicts loan disbursement is zero in cooperative bank of Indore and Ratlam, whereas it is quite low in Shajapur and NPA rate is exorbitant. Due such issues SHG bank linkage programme is not progressing in the region, which has to be change, so that sustainable livelihood and microenterprise development can be promoted.

From above analysis it is clear that there is huge gap in demand and supply of microfinance in Malwa region and Mainstream financial institution are less inclined towards microfinance programme due to corruption by clients, lack of commitment among employees, etcetera.,

Donor Driven Project in Malwa region

National Rural Livelihood Mission (NRLM) & Madhya Pradesh state Rural Livelihood Mission (MPSRLM)

Ministry of rural development scheme SGSY has been reorganize and introduced as NRLM with financial support of World Bank and launched in April, 2012 in Madhya Pradesh with objective to augment sustainable livelihood and access of financial and other services. The structure of NRLM has four levels the first level is Project facilitation teams (PFT), then second level is Block Mission Management Units (BMMU), then third level District Mission Management Units (DMMU) and last and highest level is State Mission Management units (SMMU). NRLM is implemented with two approaches one is intensive approach which is applicable in 25 districts of MP and in rest of districts non intensive approach is implemented. From Malwa region two districts were selected namely Barwani and Dhar, where MPSRLM is applicable with intensive approach. These two districts are chronically poor as mentioned by Niti Aayog.

Districts	Number of Blocks	Number of clusters	Number of villages
Dhar	05	19	664
Barwani	05	14	513

(Source: GOMP)

As data depicts in few blocks of Dhar and Barwani in which MPSRLM is implemented. In Districts where intensive approach of MPSRLM is implemented and now they are implementing it in partnership with authorize organisation or NGO in specific few resource blocks. The aim is to generate best practices and these blocks provide assistance in learning to other blocks. This is known as Resource Block Strategy (RBS) which will create group of people with excellent networks and communication which will help others in promotion of sustainable livelihood. In Malwa region there is only one block is selected for RBS details are as follows as:

Districts	Name of Block	Number of clusters	Number of villages
Dhar	Manawar	03	04

(Source: GOMP)

MPSRLM is a comprehensive approach which can bring inclusive development of all rural poor but there should be scheme for poverty alleviation for urban poor also.

Performance of MFIs (Alternative Financial Institutions) in Malwa Region

In Malwa region the Alternative Financial Institutions like NGO-MFI and NBFC-MFI are in preliminary stage of working and having limited experience and exposure of this region. Their performance is mixed and the environment provided by the state government is conducive and suitable for expansion if certain changes in strategic issues will be introduced.

In NGO MFIs there are trust and societies and in NBFC MFI only NBFC for profit are operating in this region. There are fourteen groups of NBFC MFI are in the market and maximum are doing business in Indore district and Dewas district. Most of NGO MFIs are operating in Indore district and Ujjain district, and minimum in Shajapur district. Total number of borrowers in MP is 33.27 lakh and out of that 16.33 lakh are active borrowers. And maximum borrower is in Indore- 1,60,000; Ujjain-100,000; Dewas-80,000; Shajapur- 60,000;Mandsaur- 50,000; Ratlam, Dhar & Barwani-40,000 each and the least number of borrowers is in Neemuch-20,000 (Source: SIDBI). Data show that penetration of microfinance amid female borrowers who are economically active is very meager, only 10% clients are microfinance borrowers out of 47.27% of economically active population in Malwa region (Source: Census, 2011).

Dhar & Barwani district has highest level of economically active population but client penetration is very less. And financial discipline among clients are also very good in Malwa region, 30+ delinquency rates is less than 2% in all districts and loan at risk and portfolio at risk is very low. In Indore and Ujjain some borrowers are in financial relation with more than two lenders and servicing two or more loans at a time. In Ujjain due to various factors client exit ratio is higher than other districts. Clients are facing challenges of getting credit linked, assistance in opportunity identification, marketing support and many more. These are the issues which increased the rate of client exit. Whereas Dhar & Mandsaur have addition of more new borrowers but still all districts are under penetrated except Indore which has crisis Inclusion score is 50 and which indicate that penetration is reasonable. MFI of all legal frameworks has immense scope for expansion of microfinance services in this region.

In both private and Government microfinance programmes there should be separate programmes for capable, economically active, financially deprived entrepreneurial poor and the non entrepreneurial poor, who need with financial services, hand holding to escort them out of poverty. This strategy will bring life in gradually dying microfinance sector of Malwa region and liberate poor population from clutches of poverty.

V. Conclusion:

Significance of addressing the key concerns of Micro finance sector of Malwa region is urgent need of the region. Then only the potential of economically active population can be used effectively for economic development of the region and it will empower poor and vulnerable population. And it is vital to credit link the needy population, encourage them for savings for future which will assist them to face uncertainty and to design strategy to deal with the mounting NPA. Furthermore corruption by clients, lack of understanding of philosophy of microfinance, lack of employee's engagement in microfinance sector required action on many levels.

Scope of future research is that to investigate the magnitude of deployment of credit and approach on the basis of local economy. For policy makers embracing the local need of people while designing and implementation of microfinance programme is revealed in this research.

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