

REGIONAL DISPARITY IN MICROCREDIT INDUSTRY IN INDIA

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ABSTRACT

Microcredit is a unique form of providing financial services for low-income group and entrepreneurs facing inaccessibility to the formal financial system. The exclusive idea of lending very small amount of loan without any collateral, to make people self-employed in every manner, marks its accomplishment. It helps in empowering rural population particularly women, boosting entrepreneurial activities and achieving financial inclusion. However, microcredit sector has always found it difficult to provide its significance in improving the living standard and raising the income of rural household in upper quartile of India (geographically). Its outreach is not expedient as compared to the populace and requirement in northern and northeastern states. On the other hand, in southern region of India, MFIs have proven themselves an instrumental tool in financial inclusion and upliftment of society at large. More than half (52%) of the active clients of the industry belongs to the Southern states, while almost one quarter (23%) belong to the Eastern states. Western states contribute 10% to the total client base, and central and Northern states contribute 6% each. The Northeastern states seem to be the most underserved region of the country, responsible for a meager 3% of the total number of clients. Southern region on India has outperformed the all other parts of India in terms of total quantum of microloan sanctioned, number of SHGs, Women participation, banking and MFIs network. This paper edifies micro credit recent regional trends and unleashed marketing potential of industry by pondering over its entrepreneurial leads, viability of women participation in northern & northeastern region and trade-off between financial inclusion and self-sustainability of projects. Our paper prominently studies the facts and causes for regional disparity in upsurge of these microfinance institutions in southern areas of the nation. The analysis exhibits the fundamental challenges behind this regional diversity being strong microcredit historical background in southern states, low level of NPAs, lucrative women participation, financial literacy, substantial financial institutional network and sizable active SHGs. Concluding trends, this study also proposes state-of-the-art reforms for future focusing upon improving regional equality, tailored financial products, digitalization of various procedures, encouraging entrepreneurial activities, harnessing women empowerment and innovation the microcredit industry by amalgamating organized and unorganized sector to increase its potential viability and outreach.

KEYWORDS: Microcredit, Regional disparity, Financial inclusion, Women empowerment, Reforms

I. INTRODUCTION

Ever since the introduction of MFIs and microcredit industry in India, the sector experience tremendous growth and murky favorability among people. The Indian microcredit industry sector is one of the largest sector of the world. According to report of NABARD 2016-17, the leading Self-Help Group-Bank Linkage Program is the largest microfinance program in the world touching 10 crore households

through more than 85 lakh SHGs with the deposits of around Rs. 12114 crore and annual loan take-off of about Rupees 38800 crore. As per Bharat microfinance report, MFIs client outreach is all time high of 39 million with outstanding loan portfolio of Rs. 63,853 crores. The growth of Microfinance industry from recent past, particularly 2006 has been remarkable. The sector emerged as one of the fastest growing, acting as catalyst to financial inclusion to ever discounted poor populace of the nation. However, with the new entrants, level of competition among them has increased and MFIs have started transforming themselves into Non-Bank Financial companies for easy access of funds. MFIs working as nonprofit organization also transformed their framework to the same, making 85% of total client outreach (Bharat microfinance report, 2016-17). All these factors lead to the remarkable journey of enlargement of micro financial sector. However, the striking feature of Indian Microfinance sector is its geographical skewness in the distribution of microcredit and its delivery system. Southern states namely four i.e. Tamil Nadu, Andhra Pradesh, Karnataka and Kerala have major share in microfinance industry. Cumulatively, these states are far ahead of the other states in terms of client base, credit disbursement, microcredit infrastructure and benefits accruing to people. The pivotal issue hindering the goal of raising income level, women empowerment and poverty elimination is the low level of outreach to fulfill the credit needs of common masses. Since, majority benefits are delivered in southern states, the north and northeastern states face dearth of microcredit services. Northern states namely Bihar, Uttar Pradesh, Haryana, Punjab and Himachal Pradesh, Jharkhand and Odisha along with all northeast states of India are most deprived states. These states lack several benefits and services of microfinance industry. Since majority of these states also have low level of per capital income and rampant poverty which requires urgent availability of microcredit for economic growth. This prime issue of regional disparity encourages the inequitable growth among states of India and fails to address the needs of northern and northeastern states. This issue of disparity has several dimensions that ranges from client outreach, quantum of loans disbursed, to active participation of women in different regions. MFIs are concentrated in southern region of the nation rather than equitably distributed. According to NABARD Report, in 2017, southern region dominated in disbursement of bank loans to SHGs with the number of Rupees. 31,023 crore which subsumes 80% of total credit. Eastern region comes next, availing 12.2% of bank loan disbursed during 2016-17. In terms of, number of SHGs having bank loan outstanding, figures show decline from 59.1% in 2016 to 56.5 % in 2017. It was due to the net addition 6.74 lakh SHGs, however. Eastern region surpasses the southern region by 0.6% with the proportion of SHGs having bank loan outstanding. It was lowest in western region at 24.4%, northern region with 31.5% and north-eastern region with 31.6%. This Report shows that Andhra Pradesh recorded highest in terms of average per group loan outstanding amounting to Rupees 2.31 lakhs followed by Karnataka(1.25lakhs) while it was lowest in Jharkhand (0.36 lakh rupees) and Chhattisgarh (0.37lakh rupees).

REGION-WISE DISTRIBUTION OF LOANS TO SHGs 2016-17 (%)

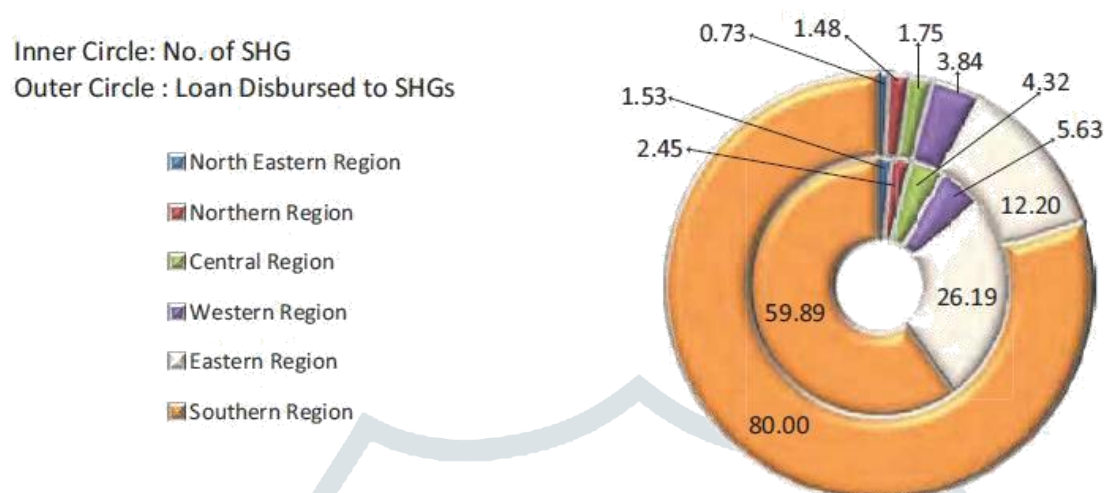


Fig. 1.1: Source: Status of Microfinance in India report 2016-17, NABARD

In 2001, McCarthy introduced two variables/indexes that influence microfinance penetration i.e. MPI (microfinance penetration index) and MPPI (microfinance poverty penetration index). MPI tells us about state's share of client outreach out of total clients in the country whereas MPPI is derived by dividing the state's share of microfinance clients by the state's share of poor population. As per these two indexes reported in 2014, top 4 states are Manipur, Andhra Pradesh, Pondicherry, and Tamil Nadu. The situation of northern region is quite diabolic as MPI tends to be at very low level with the BIMARU states (Bihar, Madhya Pradesh, Rajasthan, and Uttar Pradesh) having MPI of less than 0.5. This represents the huge amount of unevenness and inequitable distribution of microfinance sector in terms of delivering benefits, growth and penetration. This regional disparity needs to be curbed by addressing the cardinal causes underlying the issue for pure poverty alleviation and equitable growth of India.

One of the prime goals of microcredit is empowerment of women through their financial independence. The domain of SHG includes 85.4% women participation in groups and is the mainstream program for the empowerment of rural women population in the nation. The participation figure of all women SHGs credit linked during 2016-17 is 17.16 lakh out of total 18.98 Lakh SHGs which itself roars their engagement and contribution. The percentage of women borrower's accounts to 97% of total clientele in microfinance industry (2016), out of which 30% are SC/ST women borrowers and 27% are minorities. The MFI sector employees over 1Lakh work force, 15% of which are women. World's largest microfinance movement PRADAN in Tamil Nadu consist of 5,89,000 women organized into 46,500 SHGs. It supports 80 Women Federations which are associative tier of SHGs. Similarly, Chaitanya in Maharashtra and SEWA (self- employed women association) in Gujarat facilitates rural women to get out of vicious circle of poverty and fulfill their social and financial needs.

II. REVIEW OF LITERATURE

NABARD report shows growing trend of microcredit through various channels, SHG-Bank Linkage program being the top most among them, with more than 3000 registered SHGs in 2008-09 itself. Sibghatullah Nasir in his work *Microfinance in India: Contemporary Issues and Challenges 2013*, elaborates about various challenges, discovers the prevailing gap in operations of MFIs such as practices in credit delivery, lack of product diversification, customer overlapping and duplications, consumption and individual loan demand. Kartik Khandelwal carries out a detailed study of microfinance industry in Maharashtra stating the fact that financial illiteracy and unawareness does exist, MFIs do find it difficult to raise funds from markets and lack of government support worsens the problem. Ross Stewart & Carlos Moslares in 2014 very precisely indicated the regional imbalanced growth across a sample of the 16 most economically prominent states from 1980-2010 using employee income convergence analysis, and he justify the compromise of national progress on whole due to this disparity. Sougata Ray and Sushanta Kumar Mahapatra in their work states the fact that based on two indicators i.e. Penetration of microfinance (MPI) and Micro Poverty Penetration Index (MPPI), top 5 states are Andhra Pradesh, Uttarakhand, Tamil Nadu, Orissa and Karnataka while last bottom 5 states are Nagaland, Punjab, Haryana, Gujarat, Uttar Pradesh. Existing literature by Shodhganga suggests that position of COMMERCIAL BANKS, REGIONAL RURAL BANKS and COOPERATIVE BANKS have played major role in successful placement of microfinance sector in southern region specially in Karnataka, Andhra Pradesh and Tamil Nadu. On the promotion front, the scenario seems disastrous, during 1990-2000 there is Zero promotion of SHGs while from 2000 onwards there is very minimal promotion (CBB, IRV, RRB, NGOs), stating the unleashed potential of marketing viability of these institutions and groups. As per Bibek Ray Chaudhuri's demand and supply factor study analysis, demand side factors like skill of borrowers and number of potential borrowers expressively affects loans distributed under SHG-Bank linkage program whereas the supply side factor approximated by the number of bank branches were unimportant. According to Asha Bhatia and Dr.S.N.V.Sivakumar the overall NPAs under the SHG-Bank linkage program for the year 2014-15 is 7.40% with the maximum NPAs in rural areas. A very small minority of people undertake any new economic activity after taking a loan. Majority of such loans are utilized by the people for consumption purposes. Study by Amulya Krishna Champatiray, Parul Agarwal & Santadarshan Sadhu, 2013, for maps of India claims the fact that more than half (52%) of the active clients of the industry belong to the Southern states, while almost one quarter (23%) belong to the Eastern states. Western states contribute 10% to the total client base, and central and Northern states contribute 6% each. The Northeastern states seem to be the most underserved region of the country, responsible for a meagre 3% of the total number of clients. AA Reddy in 2011 analyze the SHG-bank linkage program: Southern states have a larger stake, about 52%, in client outreach and 68% in loan portfolio through the SHG (credit linked) program. Eastern states account for 21% of client outreach and 13% of loan portfolio. Literature about MFI penetration claims that MFI penetration of female and total populations is highest in the Southern states – approximately 11% of the women population and 6% of the total population. Based on Ranjula Bali Swain and Fan Yang Wallentin work, in the southern states of India women empowerment takes place through economic factors and in other states there were some correlation factors impacting women empowerment. Evidently, significant direct impact of economic factors in women empowerment was traced, also it was made clear that autonomy in decision-making may not always lead to empowerment without women's ownership of loan created property and assets. Since the availability of facts, that shows higher percentage of participation among southern states, literature lacks on documenting the reason behind it and fails to suggest why northern part of nation lags in promoting MFIs in their region. Our paper tries to fill this gap by studying the reasons for the same.

III. OBJECTIVES

The emerging market of India has given sustainable space for microcredit industry to grow and outperform the financial inclusion at very basic level. Even with the presence of much desirability and need to comprehend with self-help groups and financial institutions in participating financial activities at every level, microcredit industry has not performed well in all the varied geographical boundaries of the nation. The paper conducts the content analysis of why and how these micro finance institutions outgrow in an inequitable manner. This paper is conducted to examine and analyze the following areas:

- Does microcredit industry flourish equitably in whole of India?
- Why microcredit institutions outperform only in south-India?
- Suggestion of innovative Reforms to be adopted for even distribution of microcredit industry in India.

IV. METHODOLOGY

The paper presents a thorough aspect in efficiency of microcredit industry. Secondary data from different sources like journals, books, magazines, Government report, PIB, RBI reports, surveys and websites have been taken to support every aspect of this study. Graphical, percentage and various software analyses have been used to anatomize the data. The paper subsumes aspects of both a secondary data analysis and a literature review. 50 papers were found suitable for conducting this study as they provide us the insights about the overall microcredit industry. These papers are published in double blind peer review international journals.

Qualitative data analysis software Nvivo 11 plus by QSR international has been used for analyzing the literature of various works. This software has powerful arrangements for importing and analyzing text documents, audio-visual files, PDFs, weblinks etc. We have presented our study of literature through the usage of frequency, length of words, cluster analysis, tree chart. The results would be provided in the subsequent sections.

V. FINDINGS AND DISCUSSIONS (NVIVO)

Fifty research papers on regional penetration were analyzed with the help of word frequency query of NVivo 11 Plus software, looking for 100 most frequently used word and their synonyms which are generally 7 letters long. We have presented our analysis in the form of word cloud.



Fig. 1.2: Nvivo word tree

Following below is the table showing 15 most frequently appeared words along with number of times and percentage of frequency. These words are about the literature of various works.

| WORD | LENGTH | NUMBER OF TIMES APPEARED | PERCENTAGE OF FREQUENCY (AMONG 100 WORD) |
|---------------|--------|--------------------------|--|
| MICROFINANCE | 12 | 2515 | 1.07 |
| INSTITUTIONS | 12 | 2030 | 0.55 |
| AGRICULTURE | 12 | 357 | 0.12 |
| INCLUSION | 9 | 444 | 0.18 |
| DEVELOPMENT | 11 | 3112 | 0.36 |
| FINANCIAL | 9 | 1506 | 0.64 |
| EMPOWERMENT | 11 | 540 | 0.19 |
| INTERNATIONAL | 13 | 736 | 0.17 |
| PERFORMANCE | 11 | 1041 | 0.14 |
| CONVERGENCE | 11 | 456 | 0.11 |
| POPULATION | 10 | 796 | 0.12 |
| GOVERNMENT | 10 | 1815 | 0.15 |
| COMMERCIAL | 10 | 655 | 0.16 |
| VARIABLES | 9 | 490 | 0.18 |
| INCLUSION | 9 | 455 | 0.18 |

According to the results of the query, the top three prominent words are microfinance, institutions and agriculture, which shows the wholesome scenario and the basic thought of the various papers studied. After critically examining papers through various tools of NVivo 11 plus following are the major findings;

There is a prominent use of the idea of regional disparity, which shows it is one of the persistent drawbacks in the delivery system of microloans. It has been found, microcredit has increased the level of income and contributed to the development process. Women empowerment has been one of the most focused areas of Indian microcredit industry, which improves their status in terms of domestic, social and economic background.

VI. FINDINGS

Our secondary data analysis from various sources provided the insights about the major causes of regional disparity prevailing in microcredit industry in India. These findings help to understand the ground reality situations among Indian states. This analysis is prioritized on the unearthing the merits of southern states and demerits of northern states that promotes the huge inequitable growth of microcredit industry and financial inclusion. It also ponders over women's lucrative involvement and dispersion as borrowers, entrepreneurs and work force.

1. HISTORICAL BACKGROUND:

Secondary data analysis states the fact that major micro-finance projects have their roots in South India.

The Mysore Resettlement and Development Agency (MYRADA) financed a NABARD's research projects in collaboration with NABARD in 1986-87 for Savings and Credit

Management of SHGs which lead to the foundation of its pilot project i.e. SHGs bank linkage programme.

In Kerala, a social service centre named Shreyas developed community development programme in 1988 that identified poor in on basis of poverty index, which enables them to get loan throughout the year.

Andhra Pradesh: Various government initiatives dated back in 1980s were targeted for development of SHGs. ‘Development of Women and Children and Rural Areas’ programme started by government of India was highly successful in Andhra Pradesh in aiding and formation of SHGs for women.

These initiatives provided impetus for the awareness among people along with related government support triggering the mushroom growth of MFIs and SHGs in south region only, neglecting other areas of the nation.

2. NON- PERFORMING ASSETS:

According to NABARD report of 2016-17, the NPA level of bank loans to SHGs stood at 6.5% in 2016-2017. The southern region of the nation manages to have NPA level of 4.45% as compare to northern states having NPA level of 21.69%. This is because Southern states are industry driven, which generates more returns on the microloans invested in such activities. While Northern region primarily being agriculturally driven and technologically backward generates demands for unproductive and personal loans that generally end up with non-repayment. Higher level of NPAs in northern region tends to lower the subsequent credit disbursement and at same time low level of NPAs in southern region makes them viable market for microcredit. This leads to huge differences in quantum of loans disbursed in southern region vis-à-vis northern region.

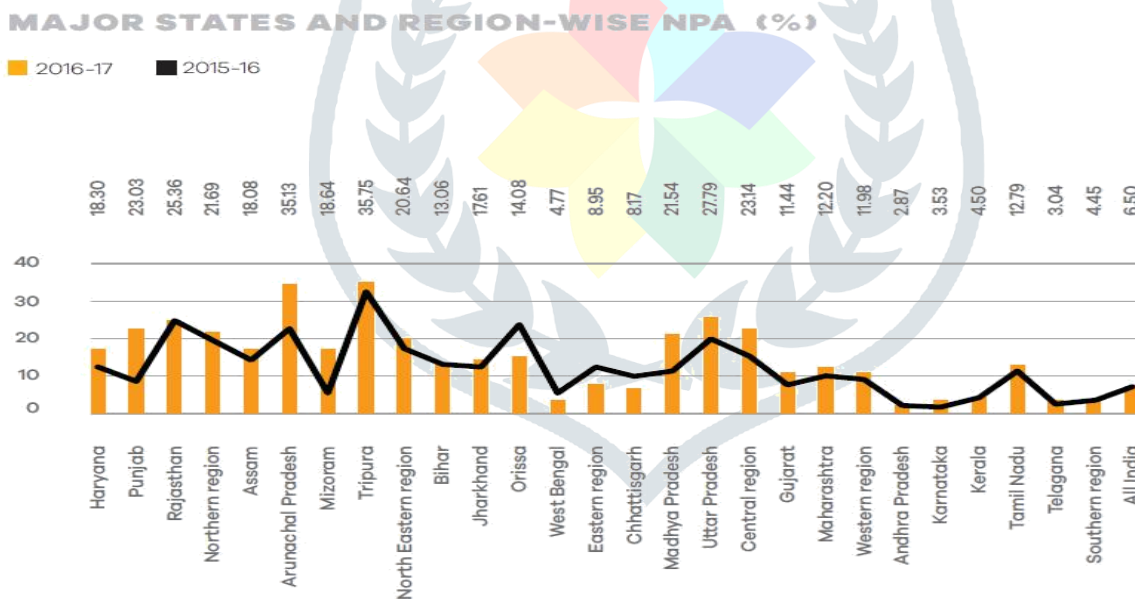


Fig. 1.3: Source: Status of Microfinance in India report 2016-17, NABARD

3. BANKING NETWORK:

Northern region deals with inappropriate infrastructure related to these microcredit institutions and inadequate banking network leads to very high transaction cost per loan. On the contrary, southern region embraces the benefits of strong banking network and highly organized infrastructure even in rural areas to magnify the impact of microcredit services. Out of total 79735 branches of scheduled commercial banks of India as on 2009, four southern states namely Andhra Pradesh, Karnataka, Tamil Nadu and Kerala accounts for more than 20,000 of them. However, Uttar Pradesh has highest number of branches but its average population per bank branch is 20 in contrast to average of 10-12 for southern states. This proven fact of strong banking infrastructure in southern states and

with low population density helps them to better serve the credit needs of people. On the contrary, highly populated states of northern and northeastern states with insufficient banking network fails to adequately deliver the benefits of microcredit.

4. GROSS STATE DOMESTIC PRODUCT:

India has regional income differences among states that lead to differences in demand for financial services in different regions, the statistics shows that MFIs were developed only in rich states, which contributed to large part of GDP and have greater per capita income. The income level of people has direct bearing on their repayment capacity which influences the growth of MFIs. All the southern states have GDP per capital income above the overall India per capita income of Rupees 112432(2016-17) while Uttar Pradesh and Bihar serves the two most bottom states in terms of GDP per capita.

5. SAVINGS LINKED SHGS AND AVERAGE SAVINGS:

The number of savings linked self-help groups in India has achieved a tremendous growth of 8.53% in 2016-17. The share of southern region in distribution of SHGs with savings linkage is 43.43% while northern region accounts for 5.33% and northeastern region accounts for 5.28% only. This clearly shows the southern bias and miniscule growth of SHGs in northern India comparative to south India. SHGs provide various financial services like saving scheme, organizing meetings for credit and providing entrepreneurship activities. This shortage of services of SHGs in northern parts of India leads to uneven development.

In addition to this, the average amount of savings of SHGs in southern India is Rupees 26302 while it is Rupees 10865 for northern region. The situation of SHGs northeastern region is deplorable in terms of savings as it is merely Rupees 5069. Quantum of saving is directly related to the amount of credit disbursed to the SHGs. Lower level of savings in northern states especially northeast India impacts the credit profile of SHGs and results in less amount of loans disbursement.

6. MFIs CLIENT OUTREACH:

The MFIs are dominant providers of loans in micro credit industry. Their client outreach is far more than SHG bank linkage programme. Disparity in client outreach is the chief issue of microcredit industry. It provides the insights about the scope of microcredit industry. The total Outreach of MFI's client base is 399 lakhs in 2016. Southern region contributes 39% of this followed by 20% each in East and Central region whereas West and North contributes 13% and 6% of this total outreach respectively. The least client outreach is of Northeast region which is only 3%.

REGIONAL BREAKUP OF CLIENT OUTREACH

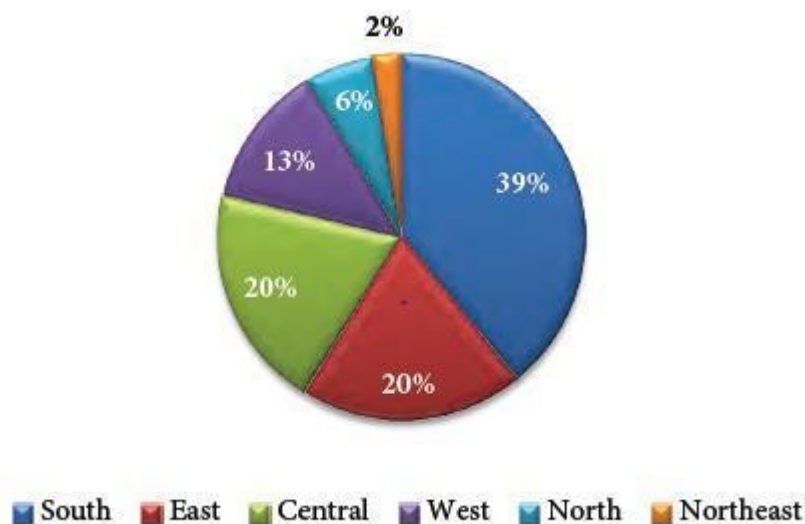


Fig. 1.4: Source: The Bharat Microfinance report 2016, Sa-Dhan

7. DISPARITY IN WOMEN MFI PENETRATION AND PARTICIPATION:

The statistics shows great skewness among women engagement in borrowing trends. In terms of MFI penetration among women population, southern region again marks its proficiency in better delivery to households and active participation of women. Approximately 11% of women population in south is served by MFIs whereas only 3.1% in northeast, 3.7% in central, 2.3% in west and merely 1.1% in north. Some of the southern states marks high penetration such as Andhra Pradesh shows 16%, Karnataka with 12% and Tamil Nadu with 9 % of female population. Orissa and West Bengal are the key contributors in eastern states. SHG penetration and participation shows similar pattern, highest in southern states, serving 24% of women population. It accounts for 9% in eastern states, while only 3% in north eastern and 4% in western states with just 1% in northern states. This plainly shows the wide market and scope for the growth and development of microcredit industry in other regions of the nation along with sustainable growth of women participation.

8. FINANCIAL LITERACY:

Financial literacy helps in better delivery of financial services as the literate customer understands the microcredit schemes easily and ready to cooperate with microfinance institutions. The overall financial literacy of India is 24% in 2014. Kerala has the second highest level of financial literacy i.e. 36 percent after GOA. Karnataka, Tamil Nadu and Andhra Pradesh have financial literacy level in range of 22-25 which is quite low but the other states like Chhattisgarh, Mizoram, Bihar, Nagaland, Sikkim, Arunachal Pradesh, Uttar Pradesh, Punjab, Jharkhand, Himachal Pradesh has very low level of financial literacy i.e. below 20 percent.

VII. STATE-OF-THE-ART REFORMS

The paper proposes some of the unique and innovative reforms to vanquish the situation of inequitable distribution of benefits of microcredit in various states of India. Inducing women empowerment through all level participation, targeting financial inclusion directly via digitalization and modernization. These are discussed as follows:

1. SECURITIZATION:

The microloans extended by MFIs can be securitized to be traded on regional stock exchanges. Since banking network is weak in northern parts of India, MFIs find it difficult to source adequate capital for carrying out its operations. This will help the MFIs to get substantial capital inflows as investors tends to have greater knowledge about the securities traded on their respective regional stock exchanges.

2. SUITABLE FINANCIAL PRODUCTS:

Northern and north-eastern part of India suffers from untimely floods, drought, irregular monsoon and other adverse climatic conditions. These conditions have direct bearing on the income of people, influencing their livelihood or disturbing their established way of living. Unique tailor made financial products according to climatic conditions should be offered to increase the efficiency in northern parts of India. These products can be in form of insurance, loans, financial services, savings scheme and other related products.

3. PANCHAYAT AWARENESS CAMP:

It should be made mandatory for Village panchayats to hold financial awareness camp in their ordinary course of business for raising the level of financial literacy. Since the all-northern states fall below 20% level of financial literacy, this bottom to top approach should be adopted to enhance the delivery mechanism of microcredit. Villagers are comfortable in their immediate surroundings and thus panchayat camps might prove to be a great tool in raising the level of literacy. The camps should introduce borrowers with

not only loan products but also the knowledge of general banking and financial services like savings, insurance, ATM etc.

4. **INTEGRATION OF MONEYLENDER AND FORMAL SYSTEM:**

The moneylenders are the dominant lenders of loans in India as still more than 40% of total loans demands were met by them. They share a major portion of market due to poor infrastructure and inadequate coverage by the formal institutions. In addition to market space, they also had rich and authentic credit profile of the borrowers as they are locally tied with them. The individual moneylenders lack capital for lending due to limited resources and prime dependence on their personal wealth. On the other hand, banking and MFIs network in northern region of India is quite insufficient to satisfy the demands of people. In order, to get dual benefits of moneylenders' client base & credit profiling as well as of financial resources of formal institutions, these two should be integrated through a platform. The banks, MFIs will provide finance to the moneylenders who will in turn extend loans to individual borrowers. In this integration process, moneylenders will earn income on commission basis and will be secured by financial backing through banks.

5. **DIGITALIZATION OF REAL ESTATE:**

Real estates are generally retained as collateral for granting of loans. They are also being scrutinized for valuation of credit profile of borrowers if not taken as collateral. There is a significant increase in counterfeit registry deeds and fraudulent land details. To settle this issue, the real estate must be digitalized with proper identification number and QR codes to check the authenticity of property on the single platform. This will serve the purpose of better valuation of land and single source of truth. Number and quantum of loans will be increased through this transparent mechanism, which in turn raise the propensity of consumption of low-income borrowers. Raising number of loan and propensity is dire need for the northern and northeastern parts of India as they are lagging in terms of equitable growth.

6. **Women unified system:**

Engagement of women in microcredit industry is via three roles namely, investors as for their savings, staff as a work force and clients as a borrower. All these distinct women participatory roles make this credit system more complex and unsystematic. There should be a single unified platform for the registration of women and their affiliated SHGs for their various roles. All women participants should come on a single platform to magnify the women empowerment and involvement This would also speed up the process of granting loans and tracking of repayments as the borrowers, investors and delivery agents which are linked to each other.

VIII. CONCLUSION

Microcredit is providing small amount of loans to low income group of people without any collateral, to provide them with entrepreneurial opportunities and alleviate poverty from grass root level. The sector has embarked its significance through witnessing huge upsurge in the number of MFIs, SHGs, RRBs, NGOs and similar agencies, embarking the substantial journey of financial inclusion and women participation. Despite their successful existence, microcredit institutions have struggled in even distribution and equitable existence geographically. Availability of evidential data, supports the insufficient existence of microcredit institutions in northern, central and eastern parts of India. Based on secondary data analysis of various research papers and reports made in this field, paper tries to showcase the reasons for regional disparity as well as the disparity in women participation in micro credit industry. Southern region marked the beginning of all major MFI projects and was a foundation base for almost every pilot project related. Awareness and financial literacy among people acted as a catalyst in enhancing delivery mechanism. Southern region could have very less percentage of NPAs as compare to other regions of the nation, strong banking sector with healthy and supportive government schemes help them grow tremendously.

Moreover, growth was seen in rich states with large contribution to GDP which was again marked by southern states. Also, evidences of women empowerment can be clearly noticed in those regions. Other parts of nation were unable to embrace these benefits and lags in supporting the prominent existence of microfinance institutions. Based on our study, we tried to give state of the art reforms stating various innovating techniques that could help in fair and even distribution of microcredit industry within geographical boundaries of the nation, which is key factor for overall growth and upliftment of the whole nation.

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