

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES
RAJYA SABHA

UNSTARRED QUESTION NO. 994

ANSWERED ON TUESDAY, JULY 26, 2022/ SRAVANA 4, 1944 (SAKA)

Reach of banks in India

994. Shri Jawhar Sircar:

Will the Minister of FINANCE be pleased to state:

- (a) the total population of the 15-plus age group that is covered by India's banking system, even if it is notionally;
- (b) how much is the estimated population that is still covered by usurious money lenders and what is the annual amount transacted;
- (c) Government's plan to eliminate money lenders altogether;
- (d) whether micro finance institutions are playing a positive role in providing credit to the uncovered; and
- (e) if so, the advantages and disadvantages of these institutions?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(DR BHAGWAT KARAD)

(a) & (b) As per the "Global Findex Report 2021" issued by the World Bank, the total population in the 15-plus age group having a bank account is 78% of the total population in India. The details of the estimated population that is still covered by usurious money lenders and the annual amount transacted is not centrally maintained.

(c) Some of the initiatives taken by the Government to bring poor and marginal sections of the society under the fold of formal credit system are as under:

(i) Pradhan Mantri Jan Dhan Yojana (PMJDY):

Pradhan Mantri Jan Dhan Yojana (PMJDY) was launched in August, 2014 to provide universal banking services for every unbanked household, based on

the guiding principles of banking the unbanked, securing the unsecured, funding the unfunded and serving unserved and underserved areas.

As on 06.07.2022, a total of 45.95 crore accounts have been opened under PMJDY. Eligible PMJDY A/C holders can also avail an overdraft facility of Rs. 10,000. These Overdraft loans under PMJDY are guaranteed under the Credit Guarantee Fund for Micro Units (CGFMU) set up by Govt. of India in January 2016.

(ii) Pradhan Mantri Mudra Yojana (PMMY):

The Pradhan Mantri Mudra Yojana (PMMY) was launched in April, 2015 with an objective to provide access to collateral-free, institutional finance to micro/small business units up to Rs.10 lakh for income generating activities such as Manufacturing, Trading, Services, Activities allied to Agriculture etc. Loans under the Scheme are extended by Member Lending Institutions (MLIs) viz. Scheduled Commercial Banks (SCBs), Regional Rural Banks (RRBs), Non-Banking Financial Companies (NBFCs) and Micro Finance Institutions (MFIs).

As per data uploaded by MLIs on Mudra portal, as on 01.07.2022, over 35.88 crore loans involving an amount of Rs. 19.60 lakh crore have been sanctioned under the Scheme, since its inception in April, 2015. Out of this, more than 14.19 crore loans amounting to Rs. 3.68 lakh crore have been sanctioned by MFIs and NBFC-MFIs. As on 01.07.2022, more than 85% of the total PMMY loans have been extended under the Shishu Category (loans upto Rs. 50,000/-).

Details of PMMY loans (as on 01.07.2022) extended across various categories are furnished below:

Category	No. of Loan A/Cs (In crores)	% Share
General	17.59	49%
SC	6.10	17%
ST	2.06	6%
OBC	10.13	28%
Total	35.88	100%
Out of Above		
Women Entrepreneurs	24.54	68%
New Entrepreneurs / Accounts	7.66	21%

PMMY loans are guaranteed under the CGFMU. Also the loans sanctioned to Self Help Groups (SHGs) between Rs. 10 lakh to Rs. 20 lakh are eligible for guarantee cover under CGFMU from FY 2020-21.

As part of Atma Nirbhar Abhiyan, a Scheme on Interest Subvention of 2% on prompt repayment of Shishu loans under PMMY for a period of 12 months to all eligible borrowers was launched. For borrowers, who were allowed a moratorium by their respective lenders, as permitted by Reserve Bank of India (RBI) under the 'COVID 19 Regulatory Package', the Scheme commenced

post completion of the moratorium period till that period of 12 months i.e. from September 01, 2020 till August 31, 2021. For other borrowers, the Scheme commenced w.e.f. June 01, 2020 till May 31, 2021.

(iii) Credit Guarantee Scheme for Micro Finance Institutions (CGSMFI):

A Scheme was also introduced in June 2021, namely, Credit Guarantee Scheme for Micro Finance Institutions (CGSMFI) as part of the economic relief package to support Indian economy in fight against COVID-19 pandemic.

This Scheme was designed to encourage lenders to provide liquidity to NBFC-MFIs/ MFIs to enable them to provide credit facility at lower rates to an estimated 25 lakh small borrowers, thereby supporting the Government's endeavour towards financial inclusion. The Scheme was valid till 31.03.2022 or till guarantees for an amount of Rs. 7,500 crore were issued, whichever is earlier.

As reported by National Credit Guarantee Trustee Company Ltd. (NCGTC), till 31.03.2022, more than 23 lakh small borrowers have been supported under the CGSMFI with total loans amounting to Rs.9,021 crore.

(d) & (e) RBI has informed that as per the latest Quarterly Microfinance Report published by Sa-Dhan (a self-regulatory organisation for NBFC-MFIs), outstanding loan portfolio of NBFC-MFIs and other MFIs (which are not NBFCs) stood at Rs. 79,845 crore and Rs. 2,305 crore respectively as on December 31, 2021. Further, NBFC-MFIs and other MFIs have a share of 34.40% and 1% respectively in overall microfinance portfolio.

RBI has further apprised that according to a study conducted by National Council of Applied Economic Research (NCAER) to quantify the impact of microfinance on Indian economy, the contribution of NBFC-MFIs to the macroeconomy in 2018-19 was estimated to be 0.61% of Gross Value Added (GVA) and 38.54 lakh jobs through direct and indirect linkages. Getting the borrowers in the vulnerable segment to borrow from the regulated entities provides them greater protection against sharp practices and also the benefit of regulatory forbearances like moratorium during difficult situations such as COVID-19 pandemic. However, due to concentrated portfolio of MFIs in terms of products offered or operations in specific geographical regions, MFIs have to frequently deal with adverse events such as natural calamities which can have an impact on their loan repayments by borrowers.
