

# Microfinance: Paving Pathways to Sustainable Development

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## Abstract

The objective of the present study was to analyse the status of microfinance in India, with a specific focus on Self-Help Groups (SHGs), by gathering secondary data from government reports. Utilizing descriptive statistics, the study examined key performance indicators such as average savings, loan disbursements, and outstanding loans across various banking institutions, including commercial banks, regional rural banks (RRBs), and cooperative banks during the fiscal year 2022-23. Key findings revealed significant trends, such as growth in SHG savings and loans disbursed, with notable increases in average savings for cooperative banks and loan disbursements for commercial banks. However, a decline in loan disbursements by RRBs and high Non-Performing Assets (NPAs) in cooperative banks, particularly among women's SHGs, were also highlighted. The study suggests enhancing loan disbursements to RRBs, reducing NPAs through financial literacy programs and better credit counselling, and strengthening support for Microfinance Institutions (MFIs) to boost financial inclusion. Additionally, a focused effort on supporting women's SHGs and expanding cooperative bank involvement, particularly in underserved regions, along with improved monitoring and evaluation systems, were recommended to ensure the sustainability and effectiveness of microfinance initiatives in India.

## Keywords

Micro Finance, SHGs, Government Initiatives.

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## 1. Introduction:

The fiscal year 2022-23 marked a dynamic period for microfinance in India, with significant contributions from various banking sectors to the growth and empowerment of Self-Help

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Groups (SHGs). Commercial Banks, Regional Rural Banks (RRBs), and Cooperative Banks each played vital roles in advancing financial inclusion, particularly for women and rural communities. The total savings, loans disbursed, and outstanding loans across these institutions exhibited notable growth, underscoring the increasing importance of SHGs in the economic landscape. Commercial Banks, for instance, recorded impressive increases in loan disbursement, with average savings and outstanding loans also rising. Meanwhile, RRBs and Cooperative Banks, despite facing challenges, demonstrated robust support for SHGs, especially in terms of savings growth and loan outstanding amounts. The National Bank for Agriculture and Rural Development (NABARD) provided crucial grant support, further promoting SHG development across various partner agencies, including NGOs and cooperative institutions. Additionally, SHGs in different regions, particularly in backward and Left-Wing Extremist (LWE)-affected areas, received considerable attention through specialized schemes and grants. The data on loan disbursements, including those from public and private sector commercial banks, illustrates the growing financial integration of SHGs into the mainstream banking sector. This period also highlighted the crucial role of Cooperative Banks and RRBs in fostering financial inclusion, with cooperative institutions in Karnataka playing a significant part in SHG financing. Overall, the sector has seen positive trends, reflecting a deeper commitment to supporting women's empowerment and rural development through microfinance initiatives.

## **2. Methodology**

The present study gathered secondary data from various government reports to analyze the status of Micro Finance in India. Descriptive statistics were employed to examine trends, growth patterns, and key indicators of microfinance institutions. This approach provided a comprehensive understanding of the sector's contribution to financial inclusion, poverty alleviation, and rural development

## **3. Results and Discussion**

### **Agency-wise Average Savings, Loan Disbursement and Loan outstanding per SHG**

In the fiscal year 2022-23, the performance of various banks in India with respect to microfinance for Self-Help Groups (SHGs) showed significant trends.

**1. Commercial Banks** saw a slight increase of 0.29% in average savings, reaching ₹44,743. Their average loans disbursed surged by 27.92%, up to ₹3,76,659, and the average outstanding loans grew by 25.28% to ₹3,07,568.

**2. Regional Rural Banks (RRBs)** recorded a notable 16.84% rise in average savings, amounting to ₹44,969, though their loan disbursement declined by 4.37% to ₹2,82,020. RRBs' average outstanding loans increased by 12.96%, totalling ₹2,19,851.

**3. Cooperative Banks** demonstrated the most significant growth in average savings, with a 95.63% increase to ₹37,450, alongside an 11.54% rise in loan disbursements, reaching ₹3,08,381. Their average outstanding loans increased by 12.34% to ₹1,89,014.

Overall, the combined data reflects a 10.62% rise in average savings across all banks to ₹43,940, a 15.18% increase in loan disbursements to ₹3,38,027, and a 20.63% growth in average outstanding loans, totalling ₹2,70,343. These figures underscore the dynamic landscape of microfinance in India, highlighting areas of growth and on-going challenges in the sector.

### **Initiatives Taken by NABARD**

During the fiscal year 2022-23, grant support to partner agencies played a significant role in promoting Self-Help Groups (SHGs) across various institutions.

1. NGOs received sanctions amounting to ₹10.00 lakh, promoting 31 SHGs and linking 2,946 SHGs to savings. Cumulatively, NGOs have been sanctioned ₹38,246.30 lakh, promoting 702,708 SHGs, with ₹16,489.46 lakh released for 553,871 SHGs.

2. Regional Rural Banks (RRBs) did not receive new sanctions during 2022-23, but cumulatively, they have been sanctioned ₹1,764.38 lakh for promoting 61,656 SHGs, with ₹666.90 lakh released for 55,288 SHGs.

3. Cooperative Banks were sanctioned ₹22.72 lakh for promoting 1,543 SHGs, bringing their cumulative sanctions to ₹1,295.21 lakh for 66,782 SHGs, and a cumulative release of ₹632.05 lakh for 61,518 SHGs.

4. Other institutions such as IRVs and Farmers Clubs did not receive new sanctions but showed cumulative support for SHGs. Notably, PACS were sanctioned ₹669.61 lakh, promoting

14,925 SHGs, and SHG Federations and NGOs-MFIs received significant cumulative sanctions and releases.

The total grant support for all partner agencies amounted to ₹42839.34 lakh, promoting 883,626 SHGs, with cumulative releases of ₹18099.16 lakh for 692,072 SHGs. Additionally, the Women SHG Scheme in 150 LWE affected and backward districts showed substantial support, with anchor NGOs receiving significant sanctions and releases. This data highlights the extensive financial support and commitment towards fostering SHG development across various agencies in India.

### **Agency-wise Savings of SHGs with Banks as on 31 March 2023**

As of March 31, 2023, the savings of Self-Help Groups (SHGs) with banks displayed notable variations across different types of financial institutions.

1. Commercial Banks held the highest total savings, with 7,753,137 SHGs accumulating ₹34,689.98 crores, involving 97,331,666 members. Among these, 6,230,580 SHGs were exclusive women groups, contributing ₹29,535.39 crores in savings. Additionally, 4,614,146 SHGs under NRLM/SGSY schemes saved ₹23,502.50 crores, while 504,495 SHGs under NULM/SJSRY schemes accumulated ₹2,334.28 crores.

2. Regional Rural Banks (RRBs) followed, with 4,047,836 SHGs saving ₹18,202.77 crores and 45,651,722 members participating. Exclusive women SHGs formed 3,588,000 of these, saving ₹17,215.92 crores. SHGs under NRLM/SGSY and NULM/SJSRY saved ₹12,749.89 crores and ₹1,020.69 crores respectively.

3. Cooperative Banks accounted for 1,602,110 SHGs with savings of ₹5,999.93 crores and 18,913,990 members. Women SHGs, numbering 1,473,363, saved ₹5,704.17 crores. SHGs under NRLM/SGSY saved ₹1,172.41 crores, while those under NULM/SJSRY accumulated ₹192.15 crores.

Overall, SHGs across these banks had total savings of ₹58,892.68 crores, demonstrating significant engagement in financial inclusion and empowerment initiatives.

### **Agency-wise Bank Loan Disbursement to SHGs in 2022-23**

During the fiscal year 2022-23, banks in India disbursed substantial loans to Self-Help Groups (SHGs), with notable contributions from various types of banks.

Commercial Banks disbursed loans amounting to ₹93,088.19 crores to 2,471,417 SHGs, out of which ₹88,047.99 crores were disbursed to 2,364,955 exclusive women SHGs. Under the NRLM/SGSY scheme, these banks disbursed ₹74,174.88 crores to 1,917,206 SHGs and ₹5,494.19 crores to 114,932 SHGs under the NULM/SJSRY scheme.

Regional Rural Banks (RRBs) followed, disbursing ₹44,290.41 crores to 1,570,469 SHGs, with ₹43,717.20 crores going to 1,535,548 exclusive women SHGs. Under the NRLM/SGSY scheme, RRBs disbursed ₹39,322.29 crores to 1,462,700 SHGs and ₹2,624.38 crores to 68,795 SHGs under the NULM/SJSRY scheme.

Cooperative Banks disbursed ₹7,821.63 crores to 253,635 SHGs, with ₹7,550.50 crores allocated to 241,142 exclusive women SHGs. Loans under the NRLM/SGSY scheme amounted to ₹2,981.90 crores for 107,309 SHGs, and ₹508.68 crores for 14,590 SHGs under the NULM/SJSRY scheme.

In total, banks disbursed ₹145,200.23 crores in loans to 4,295,521 SHGs, with exclusive women SHGs receiving ₹139,315.69 crores. The significant financial support provided to SHGs underscores the commitment to empowering communities and promoting financial inclusion across the country.

#### **Agency-wise Outstanding Bank Loans against SHGs as on 31 March 2023**

As of March 31, 2023, the outstanding bank loans against Self-Help Groups (SHGs) across various financial institutions exhibit significant figures.

1. Commercial Banks had the largest total outstanding loans, with ₹12924.41 crores owed by 4,202,133 SHGs. Of these, ₹12,240.02 crores were owed by 3,858,409 exclusive women SHGs, and ₹10,452.62 crores under the NRLM/SGSY scheme, while ₹700.06 crores were under the NULM/SJSRY scheme.
2. Regional Rural Banks followed, with ₹4,821.59 crores owed by 2,193,119 SHGs. Exclusive women SHGs accounted for ₹4,696.53 crores, and ₹4,176.66 crores were under NRLM/SGSY, with ₹339.71 crores under NULM/SJSRY.
3. Cooperative Banks had ₹1,061.88 crores outstanding, with ₹1,010.29 crores owed by 532,851 exclusive women SHGs. Under NRLM/SGSY, the amount was ₹421.39 crores, and ₹67.94 crores were under NULM/SJSRY.

Overall, the total outstanding loans against SHGs amounted to ₹18807.88 crores for 6,957,051 SHGs, with exclusive women SHGs holding ₹17946.84 crores of this debt. The figures highlight the substantial financial engagement of SHGs with various banking institutions, particularly in empowering women and supporting rural development initiatives.

#### **Agency-wise Non-Performing Assets of Banks on SHG Loans as on 31 March 2023**

As of March 31, 2023, the Non-Performing Assets (NPAs) of banks against Self-Help Group (SHG) loans showed significant variations across different banking institutions.

1. Commercial Banks had the highest outstanding loans against SHGs at ₹12,924.41 crores, with NPAs amounting to ₹340.22 crores, reflecting an NPA percentage of 2.63%. For exclusive women SHGs, the NPA was slightly lower at 2.40%, with ₹293.41 crores in NPAs against ₹12,240.02 crores in outstanding loans.
2. Regional Rural Banks (RRBs) reported outstanding loans of ₹4,821.59 crores, with NPAs of ₹119.37 crores, resulting in an NPA percentage of 2.48%. The NPAs for exclusive women SHGs in RRBs stood at 2.27%, with ₹106.78 crores in NPAs against ₹4,696.53 crores in loans.
3. Cooperative Banks had the highest NPA percentage at 6.15%, with NPAs of ₹65.34 crores against ₹1,061.88 crores in outstanding loans. For exclusive women SHGs, the NPA percentage was 5.97%, with ₹60.36 crores in NPAs against ₹1,010.29 crores in loans.

Overall, the total NPAs for all banks amounted to ₹524.93 crores, representing 2.79% of the total outstanding loans of ₹18,807.88 crores. For exclusive women SHGs, the NPAs totaled ₹460.56 crores, making up 2.57% of the outstanding loans of ₹17,946.84 crores. These figures highlight the varying levels of financial risk associated with SHG loans across different banking sectors.

#### **Agency-wise Bank Loans to Microfinance Institutions (MIs) as on 31 March 2023**

As of March 31, 2023, the lending activities of banks and financial institutions (FIs) to Microfinance Institutions (MFIs) reflected significant engagement across various banking sectors.

1. Commercial Banks were the most active, disbursing loans amounting to ₹35,163.81 crores to 72,726 MFIs. The outstanding loans for these institutions totaled ₹42,410.52 crores for 84,639 MFIs, indicating substantial financial involvement in the microfinance sector.

2. Regional Rural Banks (RRBs) provided loans worth ₹82.32 crores to 1,890 MFIs, with outstanding loans amounting to ₹113.74 crores for 5,070 MFIs.

3. Cooperative Banks disbursed ₹1,510.86 crores in loans to 5,595 MFIs, with outstanding loans standing at ₹1,595.53 crores for 16,646 MFIs. In total, 80,211 MFIs received loans amounting to ₹36,756.99 crores, with the overall outstanding loans reaching ₹44,119.79 crores across 106,355 MFIs.

This data highlights the crucial role of diverse banking institutions in supporting the microfinance sector, which plays a pivotal role in financial inclusion and economic empowerment at the grassroots level.

### **Public Sector Commercial Bank Loan Disbursement to SHGs in Karnataka during 2022-2023**

During the fiscal year 2022-2023, public sector commercial banks in India disbursed substantial loans to Self-Help Groups (SHGs), demonstrating a strong commitment to financial inclusion and women's empowerment.

1. Bank of Baroda led the effort, disbursing ₹3046.58 crores to 104,624 SHGs, with ₹3036.79 crores going to 104,083 exclusive women SHGs. Under the NRLM/SGSY scheme, they disbursed ₹368.08 crores to 5,515 SHGs, and ₹3.57 crores to 64 SHGs under the NULM/SJSRY scheme.

2. Bank of India disbursed ₹164.65 crores to 1,916 SHGs, all of which were exclusive women SHGs, with the same amount disbursed under the NRLM/SGSY scheme.

3. Bank of Maharashtra provided ₹519.26 crores in loans to 40,165 SHGs, entirely to exclusive women SHGs, with ₹510.35 crores disbursed under NRLM/SGSY and ₹2.83 crores to 47 SHGs under NULM/SJSRY.

4. Canara Bank disbursed ₹902.72 crores to 23,529 SHGs, nearly all to exclusive women SHGs. Indian Bank disbursed ₹20.91 crores to 372 SHGs, most of which were exclusive women SHGs, with notable amounts under NRLM/SGSY and NULM/SJSRY.

5. Indian Overseas Bank provided ₹26.10 crores to 877 SHGs, primarily to exclusive women SHGs. Punjab National Bank disbursed ₹1.02 crores to 40 SHGs, and State Bank of India



extended ₹2644.40 crores to 87,196 SHGs, focusing on exclusive women SHGs and substantial amounts under NRLM/SGSY.

6. Union Bank of India was the largest lender, disbursing ₹7440.70 crores to 262,263 SHGs, with a significant portion going to exclusive women SHGs and under NRLM/SGSY.

Overall, public sector & commercial banks disbursed a total of ₹14766.33 crores to 520,982 SHGs during the year, with ₹13624.22 crores to 482,307 exclusive women SHGs, ₹8748.50 crores under the NRLM/SGSY scheme, and ₹75.15 crores to 7,578 SHGs under the NULM/SJSRY scheme. This substantial financial support underscores the pivotal role of public sector banks in driving economic empowerment and social upliftment through microfinance initiatives.

### **Private Sector Commercial Banks' Loan Disbursement to SHGs during 2022-23**

During the fiscal year 2022-23, private sector commercial banks in Karnataka displayed varied engagement in disbursing loans to Self-Help Groups (SHGs).

1. Axis Bank Limited did not report disbursements. Bandhan Bank Limited and several other banks such as Catholic Syrian Bank Ltd, Karur Vysya Bank Ltd, Tamilnad Mercantile Bank Ltd, and The Dhanalakshmi Bank Ltd also reported no disbursements.

2. However, HDFC Bank Ltd showed significant activity, disbursing ₹929.63 crores to 19,830 SHGs, all of which were exclusive women SHGs.

3. ICICI Bank Limited had notable disbursements, amounting to ₹120.57 crores for 2,591 SHGs, with ₹88.71 crores to 1,964 SHGs under the NRLM/SGSY scheme and ₹31.87 crores to 627 SHGs under the NULM/SJSRY scheme. Another entry for ICICI Bank Limited showed disbursements of ₹751.82 crores to 79,643 SHGs, with ₹548.81 crores to 58,798 exclusive women SHGs and ₹177.11 crores under the NRLM/SGSY scheme.

4. Karnataka Bank Ltd also contributed with ₹34.39 crores to 353 SHGs, predominantly to exclusive women SHGs, and a small portion under the NULM/SJSRY scheme.

Overall, private sector commercial banks in Karnataka disbursed a total of ₹1836.41 crores to 102,417 SHGs during the year, with ₹1627.63 crores to 81,514 exclusive women SHGs, ₹265.81 crores under the NRLM/SGSY scheme, and ₹31.98 crores to 635 SHGs under the NULM/SJSRY scheme. This data underscores the varying levels of participation among



private sector banks in supporting SHGs, particularly in empowering women and promoting financial inclusion through microfinance initiatives.

### **Regional Rural Banks' Loan Disbursement to SHGs in Karnataka during 2022-23**

During the fiscal year 2022-23, Regional Rural Banks (RRBs) in Karnataka demonstrated significant support for Self-Help Groups (SHGs) through substantial loan disbursements. Karnataka Gramin Bank led the way, disbursing loans totaling ₹1,576.00 crores to 65,284 SHGs. Of these, 64,279 SHGs, predominantly exclusive women SHGs, received ₹1,551.72 crores, with 60,257 SHGs under the NRLM/SGSY scheme receiving ₹1,454.64 crores, and 1,827 SHGs under the NULM/SJSRY scheme receiving ₹44.02 crores. Karnataka Vikas Grameena Bank also played a crucial role, disbursing ₹243.38 crores in loans to 7,049 SHGs. Among these, 6,551 exclusive women SHGs were allocated ₹226.06 crores, and 6,738 SHGs under the NRLM/SGSY scheme received ₹232.50 crores, with 311 SHGs under the NULM/SJSRY scheme receiving ₹10.87 crores.

In total, RRBs in Karnataka disbursed ₹1,819.38 crores to 72,333 SHGs, with ₹1,777.78 crores directed to 70,830 exclusive women SHGs. Under the NRLM/SGSY scheme, 66,995 SHGs received ₹1,687.14 crores, and 2,138 SHGs under the NULM/SJSRY scheme were allocated ₹54.89 crores. This data underscores the pivotal role of RRBs in promoting financial inclusion and empowering women through microfinance in Karnataka.

### **Co-operative Banks' Loan Disbursement to SHGs during 2022-23**

During the fiscal year 2022-23, Co-operative Banks in Karnataka demonstrated strong support for Self-Help Groups (SHGs) by disbursing significant loans across various districts. The Bagalkot District Central Co-Operative Bank Ltd. provided ₹9.88 crores to 270 SHGs, with ₹9.77 crores to 267 exclusive women SHGs and ₹7.19 crores to 187 SHGs under NRLM/SGSY. Mandya District Co-Operative Central Bank Ltd. disbursed ₹24.25 crores to 488 SHGs, including ₹19.38 crores to 384 women SHGs and ₹19.61 crores to 394 SHGs under NRLM/SGSY, along with ₹4.64 crores to 94 SHGs under NULM/SJSRY.

The Belagavi District Central Co-Operative Bank Ltd. disbursed ₹34.76 crores to 1,003 SHGs, with ₹29.40 crores to 848 women SHGs and ₹30.61 crores to 883 SHGs under NRLM/SGSY. Bengaluru District Central Co-Operative Bank Ltd. allocated ₹36.34 crores to 918 SHGs, primarily to exclusive women SHGs and ₹23.92 crores to 644 SHGs under NRLM/SGSY.

The Chikmagalur District Co-Operative Central Bank Ltd. disbursed ₹1.87 crores to 99 SHGs, with all amounts directed to exclusive women SHGs. Chitradurga District Co-Operative Central Bank Ltd. allocated ₹10.15 crores to 364 SHGs, fully directed to NRLM/SGSY SHGs. The Dawangere District Central Co-Operative Bank Ltd. provided ₹1.59 crores to 59 SHGs.

Other notable contributions include Bidar District Co-Operative Central Bank Ltd.'s ₹60.31 crores to 10,774 SHGs, Hassan District Co-Operative Central Bank Ltd.'s ₹11.08 crores to 2,532 SHGs, and Karnataka Central Co-Operative Bank Ltd.'s ₹29.14 crores to 757 SHGs. The Kodagu and Kolar districts also showed significant activity with ₹46.69 crores and ₹60.90 crores disbursed respectively.

In total, Co-operative Banks in Karnataka disbursed ₹213.75 crores to 48,295 SHGs, including ₹198.37 crores to 44,204 women SHGs and ₹72.14 crores to 19,563 SHGs under NRLM/SGSY, along with ₹3.10 crores to 792 SHGs under NULM/SJSRY. These figures highlight the crucial role of Co-operative Banks in supporting SHGs and promoting financial inclusion across the state.

#### **4. Key Findings:**

##### **1. Growth in SHG Savings, Loans Disbursed, and Outstanding Loans:**

- In FY 2022-23, Commercial Banks saw a growth in average savings (0.29%), loans disbursed (27.92%), and outstanding loans (25.28%).
- Regional Rural Banks (RRBs) experienced a 16.84% increase in savings, while loan disbursements declined by 4.37%.
- Cooperative Banks recorded the highest increase in savings (95.63%), along with an 11.54% increase in loan disbursements.

##### **2. Disbursement and Outstanding Loans across Agencies:**

- Commercial Banks disbursed ₹93,088.19 crores to 2.47 million SHGs in 2022-23, with a significant share for women's SHGs.
- Regional Rural Banks followed with ₹44,290.41 crores to 1.57 million SHGs, mainly benefiting women SHGs.
- Cooperative Banks disbursed ₹7,821.63 crores to over 250,000 SHGs.

##### **3. Outstanding Loans:**

- Commercial Banks held the largest outstanding loans (₹12,924.41 crores), followed by RRBs with ₹4,821.59 crores, and Cooperative Banks with ₹1,061.88 crores.

#### **4. Non-Performing Assets (NPAs):**

- Commercial Banks reported the highest NPAs (₹340.22 crores), with an NPA ratio of 2.63%, whereas Cooperative Banks had the highest NPA percentage at 6.15%.
- For women SHGs, NPAs in Cooperative Banks were the highest (5.97%).

#### **5. Support to Microfinance Institutions (MFIs):**

- Commercial Banks were the most active, providing loans of ₹35,163.81 crores to 72,726 MFIs, while Regional Rural Banks and Cooperative Banks had relatively smaller contributions in both disbursement and outstanding loans.

#### **6. Bank Loans to SHGs in Karnataka:**

- Public sector banks, especially Union Bank of India and State Bank of India, played a major role, disbursing substantial funds, with exclusive women SHGs being the primary beneficiaries.
- Private Sector Banks, particularly HDFC Bank and ICICI Bank, also contributed significantly, although at lower levels compared to public sector banks.

#### **7. District-Level Support from Cooperative Banks in Karnataka:**

- Cooperative Banks across Karnataka disbursed ₹213.75 crores to 48,295 SHGs, with a focus on women SHGs under schemes like NRLM/SGSY.

#### **5. Suggestions:**

##### **1. Enhancing Loan Disbursement to RRBs:**

- Despite a decline in loan disbursement by RRBs, they play a vital role in serving rural SHGs. Efforts should be made to increase credit availability and simplify the loan application process to encourage more SHGs to avail of loans.

##### **2. Reducing Non-Performing Assets (NPAs):**

- Given the high NPA rates in Cooperative Banks, particularly among women SHGs, targeted strategies such as better credit counselling, financial literacy programs, and risk management frameworks should be implemented to reduce defaults.

### **3. Strengthening Support for Microfinance Institutions (MFIs):**

- Encouraging more significant engagement with MFIs by all types of banks would help boost financial inclusion, especially in under-served regions. This could be done through strategic partnerships and innovative loan products tailored to the needs of SHGs.

### **4. Focused Support for Women's SHGs:**

- With a significant portion of loans benefiting women's SHGs, banks should continue to focus on women's empowerment by offering more tailored financial products that address the unique challenges faced by women-led SHGs, especially in rural areas.

### **5. Improved Monitoring and Evaluation Systems:**

- To enhance transparency and accountability, it is essential to strengthen monitoring and evaluation mechanisms for SHGs and their performance. This can help prevent defaults and improve the sustainability of SHGs.

### **6. Expanding Cooperative Bank Involvement:**

- Cooperative Banks in Karnataka have shown commendable involvement, but they should be further incentivized to extend credit to more SHGs, particularly those in backward regions. Leveraging technology to streamline loan disbursement processes could help in this expansion.

### **7. Promote Financial Literacy Programs:**

- With increasing engagement in microfinance, continuous financial education for SHGs should be prioritized to improve their repayment capacities and the overall effectiveness of financial inclusion efforts.

## **5. Conclusion**

The present study underscored the pivotal role of various banking sectors in advancing microfinance in India, with a notable focus on SHGs. Significant growth in savings, loans

disbursed, and outstanding loans highlighted the increasing importance of SHGs in economic empowerment. Despite challenges, RRBs and Cooperative Banks contributed robustly, especially in rural and women's financial inclusion. NABARD's support and targeted schemes for backward areas further propelled SHG development. Addressing high NPAs, enhancing loan disbursement, and strengthening support for MFIs and women's SHGs are crucial steps forward. Overall, the sector's positive trends reflect a deeper commitment to financial inclusion and rural development through microfinance initiatives.

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