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Reconsidering Development

The 2010 Microfinance Crisis in Andhra Pradesh, India and its Implications for Microfinance in India

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Abstract: This paper looks at the trajectory followed by microfinance in India and specifically focuses on the state of Andhra Pradesh. In 2010 a law by the state government of Andhra Pradesh halted operations of private microfinance organizations in the state, adversely impacting their recovery and liquidity. This crisis, although not wholly unexpected, still shook the industry both in the state and across the country. This paper analyzes the impact of the crisis specifically on Andhra Pradesh and in general on the industry in India and provides recommendations for the way ahead, both for the government via the regulatory route and microfinance organizations in their operations. Once considered to be an ideal development strategy, microfinance has lost much of its sheen in recent years and is increasingly under fire.

Keywords: Microfinance, Crisis, Andhra Pradesh, India

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The 2010 Microfinance Crisis in Andhra Pradesh, India and its Implications for Microfinance in India

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Abbreviations
AP: Andhra Pradesh
JLG: Joint Liability Group
MFDRC: Micro Finance and Development Regulatory Council
MFI: Micro Finance Institutions
MFIN: Microfinance Institutions Network
NABARD: National Bank of Agriculture and Rural Development
NBFC: Non Banking Financial Companies
NGO: Non-Governmental Organization
RBI: Reserve Bank of India
SEWA: Self-Employed Women's Association
SHG: Self Help Group
SHG BL: Self Help Group Bank Linkage
SIDBI: Small Industries Development Bank of India
USD: United States Dollar

Introduction

The advent of microfinance is considered to mark a new frontier in development strategy. As the concept of microfinance emerged in the eighties, it was seen as a panacea for poverty. Its focus on women further enhanced its attractiveness as a model. After its formal recognition as a model of development in the mid seventies, development agencies and governments alike paid it increasing attention leading to widespread adoption across countries. Mohammad Yunus, hailed as the 'Father of microfinance' (Goldstein, 2011), is famous for declaring that with microfinance, the only place we would see poverty would be in a poverty museum (Yunus, 2006). At the other end of the spectrum critics such as Milford Bateman maintain that focusing on microfinance undermines other more effective poverty reduction strategies such as provision of basic services such as health and education (Bateman & Chang, 2012).

This paper focuses on the trajectory of microfinance in a specific state in India – Andhra Pradesh (AP) – where microfinance is seen to have been greatly successful by supporters of the concept of microfinance. Two microfinance models prevail in India: one led by the government and the second by private organizations, several of which are headquartered in AP. Client and loan numbers in AP exceeded the national average. However, this did not prevent the industry from being on the brink of a crisis in 2006, of microfinance organizations being accused of using predatory practices leading to client suicides, and subsequently grinding to a screeching halt as the interests of various stakeholders clashed in 2010. On one hand it effectively shut down operations of the organizations and thus access of the poor in AP to microfinance; on the other it seemingly provided relief to clients who were being harassed by microfinance organizations and had little to no power to prevent this.

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Since then a significant amount of research has analyzed what went wrong, and who is to blame: private microfinance institutions (MFIs) or the government or both? Organizations have been accused of being mercenary and profiteering on the backs of India's poor, while the government was under fire for trying to promote its own interests and schemes. A succinct, if not eloquent, summary of the situation was that "Micro-finance in India has become a macro-mess." (Arunachalam, 2011, p. 14).

This article presents the origins and evolution of microfinance in India, and analyzes the crisis in AP in 2010, focusing on the actions of private MFIs and the consequences of these actions and the crisis on various stakeholders. Finally, it provides recommendations for the microfinance industry in India to make its operations more transparent, ethical and sustainable. The case in AP represents a bubble that is not altogether uncommon in microfinance, and lessons from this crisis can at the very least inform national microfinance practices in India.

Microfinance: Tracing its Evolution

To understand the evolution of microfinance, it is important to understand that the aftermath of the Second World War was when a plethora of development approaches were being implemented for former colonies. Microfinance as a concept found its feet during a time when the world was reeling from the collapse of the Bretton Woods system and oil crises. Growth was not trickling down to the poor as initially hoped for. The origins of microfinance are in no small part related to the failures of governments across the world to develop inclusive financial models.

Modern microfinance owes much to the Grameen Bank model, set up in Bangladesh by Nobel Laureate Dr. Mohammad Yunus. He gave small loans to women in the village of Jobra, Bangladesh during a famine to help them escape from the clutches of moneylenders. The idea of providing small loans to poor people without collateral took the form of Grameen Bank in Bangladesh, and was institutionalized in the eighties and nineties in several countries. Historical records show, however, that the concept of small loans has existed since the 1800s. These have taken different forms: 'tontines' in West Africa, 'tandas' or 'cundina' in Mexico and Central America, 'chit funds' in India (Krieger, 2006). The idea of lending small sums of money to the poor to help them undertake entrepreneurial ventures is not new. Grameen Bank's innovation lay in institutionalizing microfinance and involving the government, which gave the model further legitimacy.

The word Grameen has its roots in "gram", which means rural or village in Bengali language. Grameen Bank translates to the village bank (Grameen Bank, 1998). The bank started in 1976 with the loans given by Dr. Yunus, and became an independent bank in 1983 through a special ordinance passed by the government based on the success of the model. The Grameen Bank model operates on the belief that loans are better than charity and poor people are capable of repayment if given a chance. It has a solidarity lending model, with groups of five people being formed. While loans are taken by individuals, repayment is the responsibility of the entire group and is based on trust and group pressure. Collateral is not required, and a majority of participants are women. The success of the bank in Bangladesh generated great interest the world over, and is the basis of several MFIs across the world.

The seventies and eighties also saw micro lending in other parts of the world. Acción, started work on community development projects in Venezuela in the 1960s, then provided microloans in Brazil and subsequently expanded in Latin America and other parts of the world.
In India, Self Employed Women's Association (SEWA) registered itself as a trade union in 1972, and realized the difficulty women face in accessing capital. It then set up what is seen as the first microfinance bank in India: Shri Mahila Sewa Sahakari Bank Ltd.

While microfinance may have existed before the seventies, it was not a unified approach. The success of the Grameen Bank model piqued the interest of organizations such as the United Nations and World Bank. Structural Adjustment Programs were not having the intended impact on growth for developing countries and microfinance was appealing on several fronts. It was seen as a solution that would allow the poor to channel their entrepreneurial talents, acceptable to both development and neoliberal agenda. Formal financial institutions were not reaching out to the poor, leading to exclusion, and microfinance was seen as a way out of this. The United Nations declared 2005 as the International Year for Microcredit with a motto of "Building inclusive financial sectors to achieve the Millennium Development Goals" (Globalization101, 2005). The millennial decade saw an increase in the number and reach of MFIs across the world. There was euphoria around microfinance's ability to lift people out of poverty. The model worked as far as the financial aspect was concerned because borrowers, typically women, ensured very high rates of repayment, and interest rates covered the high transaction costs that had deterred the formal sector.

In 2007-08 growth in the sector slowed down and was initially seen to be a consequence of the financial crisis. But subsequent analyses and a series of localized crises highlighted internal weaknesses in the sector including predatory recovery methods, agents aggressively pushing loans to meet targets, which are not unknown practices in the microfinance industry across the world. Critics were increasingly questioning the impact microfinance was having on poverty alleviation and it was no longer the unquestioned path out of poverty. In 2011 a UK government-funded study (Copestake, et al., 2011) showed that there was no identifiable impact in the last 30 years. Milford Bateman—whose work has focused on Small and Medium Enterprise development policy, access to local finance issues, and the role of the 'local developmental state'—has repeatedly questioned the validity of impact evaluations done by MFIs and their supporters whose interests are closely tied to MFIs (Bateman & Chang, 2012).

Origins of Microfinance in India

Over a quarter of India's population lives below the poverty line (United Nations Development Program, 2011). 58.7 per cent households are availing banking services in the country (Ministry of Home Affairs, Office of the Registrar General and Census Commissioner, 2012) but a significant proportion of households are still outside the ambit of formal financial services (Banking in deficit, 2013). The neglect of the poor by the formal banking sector is not new or unique to India; it is symptomatic of the system's inability to deal with the unique challenges posed by small transactions, high volumes of transactions, limited or no collateral, and lack of physical infrastructure.

For several decades after independence in India, the poor and rural populations have been largely ignored by the financial sector, even as the government regulated priority lending to direct credit to the poor and rural populations. The gap between demand and supply was fulfilled through a variety of sources: primarily the moneylender, who charged usurious rates of

interests, but also occasionally through local saving clubs. Until the formal advent of microfinance, it seemed as if the poor were destined to a lifetime of financial exclusion.

The roots of microfinance in India can be traced to SEWA Bank. However, the institutionalization and spread of microfinance in India began when the National Bank of Agriculture and Rural Development (NABARD) started promoting the Self Help Group (SHG) model to deliver financial services to the poor. Microfinance in India started as a state-driven effort in the late eighties and subsequently private players saw it as a lucrative sector, where large amounts of profits could be made from an aggregate of small loans, and stepped in. Their participation greatly increased the size and scope of the sector and also slowly changed the operations of the industry. The two models prevalent in India are Self Help Group Bank Linkage (SHG BL) model and through private microfinance institutions based on the Grameen Bank model (also known as Joint Liability Group model – JLG).

Table 1. Salient features of the SHG BL and JLG models.

Salient Features
SHG BL model
Groups started with 10-20 women who pool savings This is regulated by NABARD After six months, the group is eligible for credit from banks or other MFIS. These are independent groups, and usually promoted by a non-profit organization
JLG model
Groups formed with five members, which aggregated as a center. A village may have multiple centers. Most organizations here fall outside regulatory purview Interest rates were higher than those charged by banks (these were estimated to range between 25-100% (Kumar, 2010) Repayments are made on a weekly basis and ensured through peer monitoring

The SHG BL model was promoted by NABARD, at first as an action research initiative and subsequently through refinance and promotional support to banks. The number and scope of private MFIs grew in the latter half of nineties. The growth of microfinance is evident from the following numbers: In 2004, there were 188 million microfinance accounts in India (Christen & Rosenberg, 2004). In 2008, India experienced a 65% borrower growth rate (The Microbanking Bulletin, 2009). At the end of 2010, India possessed the largest, most concentrated microfinance industry in the world (Ani, 2010).

Case Study: Microfinance in Andhra Pradesh

AP is part of the region known as South India, which also includes states of Karnataka, Kerala and Tamil Nadu as well as the union territories of Lakshadweep and Puducherry. It is India's fourth largest state by area and fifth largest by population (Ministry of Home Affairs, Office of the Registrar General and Census Commissioner, 2012).

State of Microfinance in Andhra Pradesh

Microfinance in India has originated and grown mostly in South India and AP is a key state. This is evident if we look at financial results for both models of microfinance in the region. At the end of March 2013, the average savings balance of SHGs was the highest for South India, at USD 294 for Karnataka closely trailed by AP. The quantum of bank loans given to SHGs is also highest for South India: the average amount is USD 2761 and for South India this is greater than USD 3271 (Status of Microfinance in India: 2012-13, 2013). On 31 March 2013, AP had the maximum number of SHGs in the country (1,421,393) with savings of USD 415 billion and loans from banks to the tune of USD 1825 billion (see Appendix 1 for details).

In 2010, more than a third of the 30 million households using microcredit in India, were in AP (Biswas, 2010). Small Industries Development Bank of India (SIDBI) is one of the largest financiers of MFIs in India and its yearly portfolio increase as a proportion of the previous year's lending portfolio rose from 51.5% in 2005 to 146.09% in 2006 and was 124.85% in 2009: all these reflect tremendous increase in volumes (see Appendix 2 for further details).
It is important to understand that these numbers reflect a policy signal from the Reserve Bank of India (RBI), the apex bank in India. In November 2002 RBI allowed commercial banks to treat unsecured loans and advances to SHGs at par with secured advances. In 2004 it allowed lending to microfinance operations through intermediaries to be part of priority sector lending as well. These policies led to commercial banks choosing to access the microfinance market both through SHGs and intermediaries, and achieving their priority sector targets. It is estimated in 2005 banks had given loans of USD 0.23 billion to SHGs and in all USD 2.29 billion (including other groups, NGOs and SHGs). In December 2012, the amount for loans was at USD 4.9 billion for SHGs and NGOs each (MS Sriram, 2012).

The SHG model was promoted by the state government and ensured that people were familiar with the concept of microfinance and group liability. Another important state government initiative was a World Bank initiated program called Velugu in the beginning and now Indira Kranthi Pratham, to promote SHGs and livelihoods. With the potential to be used as a model for other Indian states, a lot was at stake for the AP government to ensure the program succeeds. No action by the state government escapes the speculation that the government was targeting its own political (and possibly economic) interests more than those of its citizens. By entering the microfinance space, the government has effectively made itself a competitor in an industry where it was also a regulator, a clear conflict of interest.

Evolution of the Crisis

In 2006 the first signs of trouble in microfinance in AP surfaced. Termed 'Krishna crisis' after the district Krishna where it took place, this occurred when the state government shutdown 50 branches of two large MFIs – Share and Spandana. The government alleged that these organizations charged excessive interest rates from clients, followed abusive recovery practices and stole clients from the government-led SHG program and cited these as reasons for shutting the organizations down. While the shutdown harmed lending and recovery cycles, it had limited impact and was averted fairly quickly. However, the private MFIs had received a scare and grouped together to have more bargaining power, promising yet again to implement voluntary regulation. Sa-Dhan, an industry association for MFIs set up in 1999, called for developing a voluntary code of conduct in wake of the Krishna crisis. This code was adopted by the MFIs, which also promised to reduce interest rates. In 2009 Microfinance Institutions Network (MFIN) was established for NBFC MFIs. Sa-Dhan was not seen to have functioned

well by external observers of the industry and its efficacy was under question in the wake of repeated crisis. MFIN declared that its members would promote responsible lending and follow a code of conduct.

Before the troubles started, the decade of 2000 had been a rosy one for microfinance in India. Vikram Akula, promoter of SKS Microfinance, enjoyed a period of great fame as the face of microfinance. SKS Microfinance was the first organization to reach the Indian capital market through an Initial Public Offering in July 2010. This was an interesting turn of events considering that SKS Microfinance was originally a non-profit organization and it was not expected to take the IPO route. This was oversubscribed and the share prices rose rapidly. All these were seen as signs of how profitable financing the poor could be and it seemed that the golden age of microfinance had arrived.

Not everyone shared this view though. There were dissenters who highlighted the bubble-like growth of the market (Rozas & Sinha, 2010). Critics also pointed towards saturation and possibly oversupply in the microcredit market in AP. This oversupply is believed to have been caused by client poaching by organizations to meet their targets and multiple lending to consumers (thus one consumer could be juggling loans from multiple MFIs).

Reports of abusive practices by intermediary agents of private MFIs started making the news before any action was taken, initially in the vernacular press and subsequently national media. Suicides in AP are often determined by agrarian trends and are unfortunately common. However, in this case over 70 suicides were alleged to be linked to people's inability to repay MFIs (Biswas, 2010). The state government cited these suicides as the basis for intervening to protect citizens from the unethical practices of private MFIs. The Andhra Pradesh Microfinance Institutions (Regulation of Money Lending) Ordinance, 2010 was promulgated with effect from 15 October 2010 to address oversupply and coercive recovery practices. Some of its immediate mandates were: all MFIs had to register with the government and specify area in which they were operating, rate of interest charged, systems used for operation and recovery. Without this they could no longer carry out operations. Penalties were specified for organizations using coercive recovery practices. Organizations were also forbidden from extending multiple loans to the same borrower and a limit was prescribed on the total interest charged.

In the immediate aftermath of the ordinance, lending and recovery came to a halt. Politicians encouraged people to not pay back the MFIs. This had two critical effects: it adversely affected collections for MFIs (collection rates for organizations based in AP fell from 99% to 20% (Ghiyazuddin & Gupta, 2012)); and clients who did not repay their loans became ineligible for future loans. Liquidity for the MFIs reduced drastically as interest rates were curbed and state officials discouraged repayment. Commercial banks also stopped extending credit due to concerns about possible losses.

At this stage, it is important to qualify the word crisis, used repeatedly for microfinance in AP and subsequently in India. This was a crisis for several reasons. First, several people killed themselves because they were unable to repay loans. While blame mongering has been significant, MFIs played a role in driving people to desperation through focusing on markets and efficiency and losing sight of the vision of microfinance as a pro-poor strategy. Second, this ordinance reduced confidence in MFIs, and caused commercial banks to question their exposure. While the scrutiny may have been valid, a sudden shock in a financial marketplace

engenders further weakness. This ordinance decreased the legitimacy of MFIs in the eyes of its clients and investors. Third, the state government may have helped citizens in the short-run but harmed their interests in the long run as they became non-viable clients. This decline in access to financial resources led many people back to the moneylenders. Finally, this acted as a catalyst for the RBI to develop much-needed regulation and policy reforms.

Subsequent Developments in the Microfinance Sector in India

RBI appointed the Malegam Committee in December 2010 to investigate regulation of microfinance institutions to understand concerns highlighted by state governments. These included high interest rates, coercive and unethical recovery practices such as publically shaming clients and showing up at their homes for collection of loans, client poaching and multiple lending. Some of the main recommendations made by the committee were:

i. Creation of a new category of MFIs – Non Banking Financial Companies Microfinance Organizations (NBFC MFIs) – to ensure they are within the RBI purview
ii. Continuing to consider lending to MFIs as priority sector but making this conditional on regulated lending practices
iii. Transparency in interest rates being charged by MFIs
iv. Stronger supervision of operation of MFIs
v. Better governance practices for currently unregulated MFIs and stronger client protection

The report highlighted how multiple lending was hurting the poor and creating a vicious cycle of debt. The report was critiqued on several grounds: for recommending an annual family income cap, which many felt would lead to more corruption on ground. Capping interest rates and margins was seen as unfeasible. While much of the criticism is valid; the report was one of the most comprehensive reviews for the microfinance sector in India.

In response to the Malegam Committee report, in May 2011 RBI implemented some of the recommendations such as prudential requirements for microfinance loans to qualify for priority sector status. In December 2011 it created the new recommended category of NBFC MFIs to regulate lending to MFIs (Vasudevan, 2012).

In July 2011, the central government released a draft of the 'Micro Finance Institutions (Development and Regulation) Bill'. This bill's objective is to provide a national regulatory framework for MFIs in India, with the main authority with RBI. This bill will replace individual state regulations as a nationally enforceable policy, and is currently awaiting parliamentary approval. Salient features of this bill include regulating margins charged by organizations, recovery methods, locations for operations. It also allows for partial relegation of responsibility to NABARD.

MFIs are favorable to a unified bill but the state governments have voiced their disapproval as national practices may be difficult to implement and may not always be suited for the local context. This bill was introduced in Lok Sabha, the lower parliamentary house in May 2012, subsequently recommended to the Parliamentary Standing Committee on Finance and finally rejected by it. The grounds for rejection included "the committee finds that the bill is rather

sketchy with inadequate groundwork and lacking in consensus, requiring wider consultations with stakeholders and deeper study on vital issues." The committee also recommended setting up of a Micro Finance and Development Regulatory Council (MFDRC) with representatives from all agencies and institutions.

Conclusions and Recommendations

The microfinance industry in India has followed a fairly typical trajectory: a slow start, a concentrated period of high growth, a bust and a subsequent lull. It is unlikely that the regulatory authorities foresaw the dominant role that private MFIs would come to play in the sector. Similar cycles have been observed in other countries as well. The diversity of Indian states has been seen in the models and success of microfinance: South India is where microfinance is seen to have started, and it is also the region with huge numbers of loans and clients. But as the sector has moved away from its original vision, what Mohammad Yunus has termed as 'mission drift', (Bornstein, 2013) discontent has been evident. It is unclear whether this Schumpeterian cycle of creative destruction will set in motion a more stable sector.

At this moment in development history, both the concept of microfinance and specific models of implementation are under fire. Based on my research, I would like to provide recommendations for two types of stakeholders, the government (including regulatory bodies) and private MFIs in India.

Recommendations for Government & Regulatory Bodies
First, the government needs to recognize that microfinance is built on the failure of the formal financial sector. It is essential for it to not lose sight of the vision of financial inclusion for all citizens of India. The original concept of microfinance is a truly seminal one; it gives opportunities for financial inclusion to people who may otherwise have none. But as microfinance evolves, it is important to keep questioning its efficacy and evaluating if it is the best investment of resources.

Second, microfinance is not clearly mentioned as a subject on either the state or the central government list in India, which determines who will be the final authority. The center believes it should have the last word; states such as AP want microfinance to be a state subject. It is important to have a central regulating body, and not allow states to be both participants and regulators in the sector. In this regard, the recommendation to set up a council is a step in the right direction. Giving a voice to representatives from various states ensures their concerns are heard; however allowing each of India's states and union territories to set up rules is certainly a recipe for chaos.

Third, the government needs to recognize that by bringing microfinance within the ambit of RBI, it will give it legitimacy in the eyes of the citizens. Ensuring prudent and ethical operations and putting in place mechanisms to redress grievances will become even more important. Strengthening both forms of microfinance in India is in the best interests of its citizens.

Finally, the bill has languished for a while in the Parliament and subsequently been rejected. It is essential for the existing government to find a way to put aside populist considerations to ensure that the next draft of the bill gets a fair chance to be legally enforceable. The slow

timeline of activity on the bill is in stark contrast to the immediate bans put on the MFIs earlier.

Recommendations for Private MFIs in India

For their part, private MFIs can make a start by ensuring they follow the codes of conduct created by Sa-Dhan and MFIN in their operations. As long as they want to continue with a for-profit model in a sector that deals with millions of poor, they should not be afraid of scrutiny. The private sector is known for innovation: if they used this approach to tackle the problem of multiple lending instead of poaching clients, it is likely that a solution could be found faster. Finally, if the private sector views all government intervention as an obstacle to be overcome, then weeding out weaknesses in the sector will be much harder. The government can incentivize ethical practices and penalize misbehavior, but in a sector where the clients and transactions number in millions in relatively remote areas, there can never be complete supervision. Private MFIs need to take ownership of the impact their actions have, because microfinance is not just a for-profit venture but also part of a broader agenda for poverty alleviation.

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Appendices

Appendix 1

Progress under Microfinance - Savings of SHGs with Banks Region-wise / State-wise/ Agency-wise position as on 31 March 2013 (all amounts in Indian National Rupees (INR))								
	Commercial Banks		Regional Rural Banks		Cooperative Banks		Total	
Region and state	**No. of SHGs**	**Savings amount**	**No. of SHGs**	**Savings amount**	**No. of SHGs**	**Savings amount**	**No. of SHGs**	**Savings amount**
Northern Region								
Chandigarh	609	95.11	0	0	0	0	609	95.11
Haryana	19011	1646.25	19281	2080.32	4288	304.16	42580	4030.73
Himachal Pradesh	25233	2143.52	7737	1072.48	20272	1061.92	53242	4277.92
Jammu and Kashmir	2854	279.08	1646	445	1296	246.41	5796	970.49
New Delhi	3589	327.65	0	0	198	20.4	3787	348.05
Punjab	24235	2817.91	5085	353.45	5740	464.12	35060	3635.48
Rajasthan	92940	7734.13	56573	3272.57	82250	4754.04	231763	15760.74
Total	**168471**	**15043.65**	**90322**	**7223.82**	**114044**	**6851.05**	**372837**	**29118.52**
North Eastern Region								
Assam	87203	7037.21	159147	3458	24722	255.55	271072	10750.76
Arunachal Pradesh	3074	155.44	1538	227.68	421	28.97	5033	412.09
Manipur	4929	102.55	6106	110.3	1621	22.39	12656	235.24
Meghalaya	3264	228.21	3550	245.47	2759	41.98	9573	515.66
Mizoram	1128	46.56	1336	547.12	653	18.53	3117	612.21
Nagaland	3219	147.36	746	13.23	4513	25.26	8478	185.85
Sikkim	3529	79.48	0	0	NA	NA	3529	79.48
Tripura	10438	219.34	NA	NA	NA	NA	10438	219.34
Total	**116784**	**8016.15**	**172423**	**4601.8**	**34689**	**392.68**	**323896**	**13010.63**
Eastern Region								
A&N Islands	925	64.68	0	0	4292	81.06	5217	145.74
Bihar	138637	12724.83	132253	4242.81	0	0	270890	16967.64
Jharkhand	57850	5712.25	27484	1977.67	0	0	85334	7689.92
Odisha	206331	18181.06	242789	19431.46	73717	4215.29	522837	41827.81
West Bengal	267132	25673.25	196558	34885.93	123131	12135.69	586821	72694.87
Total	**670875**	**62356.07**	**599084**	**60537.87**	**201140**	**16432.04**	**1471099**	**139325.98**
Central Region								
Chattisgarh	39281	2429.1	52497	3432.64	6715	274.22	98493	6135.96
Madhya Pradesh	72436	7976.83	72897	3809.21	14124	535.15	159457	12321.19
Uttar Pradesh	152501	23928.68	242460	14672.92	8971	599.22	403932	39200.82
Uttarakhand	12348	2742.32	15576	1438.46	12392	582.79	40316	4763.57
Total	**276566**	**37076.93**	**383430**	**23353.23**	**42202**	**1991.38**	**702198**	**62421.54**

Progress under Microfinance - Savings of SHGs with Banks Region-wise/ State-wise/ Agency-wise position as on 31 March 2013 (continued)								
	Commercial Banks		Regional Rural Banks		Cooperative Banks		Total	
Region and state	**No. of SHGs**	**Savings amount**	**No. of SHGs**	**Savings amount**	**No. of SHGs**	**Savings amount**	**No. of SHGs**	**Savings amount**
Western Region								
Goa	6579	655.83	0	0	3310	4.91	9889	660.74
Gujarat	118320	11442.29	58685	3942.43	31405	2170.33	208410	17555.05
Maharashtra	297339	24349.06	89044	6443.8	301334	20577.55	687717	51370.41
Total	**422238**	**36447.18**	**147729**	**10386.23**	**336049**	**22752.79**	**906016**	**69586.2**
Southern Region								
Andhra Pradesh	1000156	222038.3	404600	30082.34	16637	2058.59	142139 3	254179.23
Karnataka	**307657**	66929.09	128645	10466.54	209393	38223.29	645695	115618.92
Kerala	463219	40500.81	46892	1386	71214	9872.12	581325	51758.93
Lakhswadeep	27	7.17	0	0	0	0	27	7.17
Puducherry	12861	1110.28	3468	279.84	3724	341.46	20053	1731.58
Tamil Nadu	638132	63731.42	61415	4392.53	173465	16842.82	873012	84966.77
Total	**2422052**	**394317.07**	**645020**	**46607.25**	**474433**	**67338.28**	**354150 5**	**508262.6**
Grand Total	**4076986**	**553257.05**	**2038008**	**152710.2**	**1202557**	**115758.2**	**731755 1**	**821725.4 7**

(Status of Microfinance in India: 2013-13, 2013, p. 47)

Appendix 2

SIDBI Microfinance Portfolio Outstanding Data									
Key aspects	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**
SIDBI loans outstanding to MFIS as of March 31 (amount in INR, crores = 10 million)	44.31	56.01	90.93	137.76	339	550	950.38	2136.9	3808.2
Yearly increase in SIDBI Loan outstanding to MFIS over previous year (in INR crores = 10 million)		11.7	34.92	46.83	201.24	211	400.38	1186.5	1671.31
SIDBI Yearly portfolio increase as a proportion of previous year portfolio (%)		26.4	62.34	51.5	146.09	62.24	72.8	124.85	78.21

(Arunachalam, 2011, p. 90)