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Evolving Landscape of Microfinance in India: Challenges & Revival Strategies

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Abstract

Microfinance sector has grown rapidly over the past few decades and has now evolved into a large vibrant industry in India with many players vying for a piece of the pie. The governmental thrust for a greater financial inclusion over last decade or so places microfinance sector at a unique position to play a greater role in poverty alleviation however the sector faces a plethora of challenges and barriers which needs to be overcome. Additionally, the coercive tactics employed by few private lenders in the past have brought the sector under the lens of scrutiny at times. The present review highlights origin of microfinance with key stakeholders in the ecosystem of the microfinance institutions in India, enunciates internal/external challenges and provider/recipient end barriers, and recommends a cohesive set of remedial measures to ensure the sector survives and thrives whilst serving its intended socioeconomic purpose. As India aims to become a major economic powerhouse by year 2025, microfinance sector is poised to play a pivotal role in uplifting millions of impoverished households and enable them to contribute significantly in India's robust economic growth.



Keywords: Microfinance, survival, stakeholders, challenges, remedial measures.

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