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Evolution of Microfinance and Financial Inclusion in India: 2006-2023

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Abstract: This study examines the expansion of financial inclusion in India, focusing on regional variations and the impact of related policies. It investigates the factors driving regional growth in financial inclusion, highlighting the beneficiaries and the rationale behind the Government of India's adoption of the National Bank for Agriculture and Rural Development's (NABARD's) 1992 policy. The analysis centres on key financial indicators such as number of Self-Help Groups (SHGs) with the savings linked to banks; number of SHGs with the loan disbursed to SHGs and number of SHGs with the loan outstanding from 2006-07 to 2022-23. Using simple mathematical methods to calculate annual and combined growth rates, the study found that the southern region registered for the lion's share of financial inclusion through microfinance. The policy has significantly benefited weaker sections of society, leading to asset accumulation, increased incomes, and better access to education, improved living standards, reduced vulnerability, and women's empowerment. This research provides insights into the regional dynamics of financial inclusion and its socio-economic impacts on disadvantaged groups of people.

Keywords: Financial inclusion, Microfinance, Region, Self-Help Groups

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