

### **Note on Micro Finance:**

Micro finance is defined as financial services including micro credit to the poor who do not access to formal financial institutions. It also includes other financial services such as insurance services, health service, etc. In view of large size of population, educated unemployment, disguised unemployment and poor condition of living, and other socio-economic indicators, micro finance system can play a significant role in developing economic condition. Micro credit program works through NGO and Self-Help Groups. Self-Help Group Bank Linkage (SBL) is the most successful approach in India which is launched by NABARD in 1992. Micro finance in India plays an important role in reducing poverty of the people. These programmes help the people in generating income, saving, creating assets, improving socio-economic conditions, supporting household income, and many more. Self-Help Group (SHG) is defined as a group of 10 to 20 members involved primarily in savings and credit activities. In other words, Self-Help Group is a group of rural poor who have volunteered to organize themselves into a group.

MFIs in India are known as Societies, Trusts, Non-Banking Financial Companies (NBFCs) or as Local Area Banks (LABs).

Non-Government Organization (NGO) is a voluntary organization that intermediates credit linkage between the SHG and the banks.