

Micro Finance: A Significant Contributor Exaggerating the Growth and Diversification of Rural Economy in India- A Comprehensive Analysis

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Abstract: According to World Bank estimates, in a country like India, 70% of the population lives in rural areas, with the remaining 30% living in urban areas and approximately 60% depending on agriculture. Rural India, which has the second-largest population, requires the combined assistance of NGOs like SHG. Government less organizations are essential to India's economic growth. Non-Governmental organizations (NGOs) are not limited to large, well-known NGOs that are registered; they also include small-scale social assistance organizations like village-level Self Help Groups and local women's skilled assistance Organizations. The goal of this research study is to describe how microfinance is made accessible to those in need in rural areas, as well as how microfinance organizations can prevent or lessen poverty through offering microfinance. Data were gathered for a critical study of the research using secondary sources that were already available, and conclusions were reached through comparison analysis. India has experienced unprecedented growth and advancement over the past ten years, but while the growth story has been excellent, there are other factors that warrant caution. Indian households with low incomes frequently need to borrow money from friends, relatives, or moneylenders. An open and effective society must have unrestricted access to public goods and services. It is stated that because banking services are inherently a public benefit, it is crucial that their accessibility to the general populace without restriction be the main goal of public policy. Poor people expect the financial system to provide them with deposits that are secure and safe, cheap transaction fees, flexible operating hours, frequent deposits, quick and simple access to credit, and other goods, including remittance that is appropriate for their consumption and income.

Keywords: Microfinance Institutions, Rural Finance, Banking System, Poverty alleviation, Microfinance, Microfinance product, Self-help groups, Rural development

Literature Type: A comprehensive analysis

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