

* MP ready to treat 1 lac malnourished children

- Severe Acute Malnutrition (SAM) cases likely to surge
- Pre lockdown there were 81000 SAM cases
- Now, prediction models are projecting ~ 1 lac cases
- Already ~ 78000 cases were identified.
- Govt is expected to identify remaining 22000 by Dec-end.
- MP Govt strategy:
 - (1) Focus on nutritional care and rehab of vulnerable children.
 - involves identifying children with
 - ↳ anaemia
 - ↳ low birth weight
 - ↳ deprivation of essential nutrients and micronutrients
 - scheme implemented under Integrated Management of Acute Malnutrition (IMAM)

(2) Emphasis on community led efforts

- To overcome shortcomings in health infra
- Includes
 - ↳ identification of vulnerable children
 - ↳ community supervised feeding
 - ↳ monitoring of health status
 - ↳ forming mothers' groups & adolescent girls' to assist frontline workers in spreading awareness

(3) Incentives also planned

- for various stakeholders
 - ↳ village & health sanitation committees
 - ↳ SHGs, frontline workers
 - ↳ families of SAM children

- Wasting due to COVID-19 (Lancet article)

- could be ↑ of 14.3% in prevalence of moderate or severe wasting among children < 5 years due to COVID related losses
- Rise in child mortality
 - ↳ up to 10,000 deaths per month globally

- A study conducted on Women Dairy Cooperative Society (WDCS) members across Rajasthan showed that with the income generated through dairying, 31% of the women had converted their mud houses to cement structures, while 39% had constructed concrete sheds for their cattle.

Enhancing Bargaining Power of Women:

- The presence of collectives in the form of cooperatives and milk unions plays a significant role in enhancing the knowledge and bargaining power of women.
- Women-led cooperatives also provide fertile ground for grooming women from rural areas for leadership positions.
- In many instances, this becomes the first step for women in breaking free from traditional practices.

Conclusions:

Many individual women dairy farmers have not had a formal education, but through the process of dairying and working with larger collectives, such as milk unions and cooperatives, they have mastered the nuances of finance and marketing. These unions and cooperatives provide a pathway to success and financial stability.

MFI sector urges RBI backing for emergency credit support

In the backdrop of the second wave of the pandemic, the microfinance sector has reached out to the Reserve Bank of India (RBI) for support.

Recommendations:

- Sa-Dhan has sought an emergency credit line of up to 25% of their outstandings with the lending banks to enable microfinance institutions (MFIs) to mobilise ₹15,000 crore.
- It has also sought help in creating awareness among State governments on the ill effects of loan waivers.
- It recommended the introduction of a partial Credit Guarantee Scheme 3.0.
- This may help boost the confidence of banks in 'uncertain times' to lend to the microfinance sector, especially MFIs with relatively lower credit ratings.
- Other recommendations include assessment of MFI cash flow by banks and developmental finance institutions and providing them moratorium or restructuring support for 6-12 months.

Sa-Dhan:

- Sa-Dhan is an association of microfinance institutions (MFIs) recognized by the RBI.
- It is also recognized as a National Support Organization (NSO) by National Rural Livelihood Mission (NRLM).

- Sa-Dhan was founded in 1999 as the Association of Community Development Finance Institutions by SEWA Bank, BASIX, Dhan Foundation and others.
- Its mission is to build the field of community development finance in India to help its members better serve low-income households, particularly women, in both rural and urban India.
- It was given the status of a self-regulatory organization (SRO) by RBI in 2015.
- This gave it the powers to monitor MFIs and ensure the lenders are in compliance with the rules.
- In October 2010, RBI had formed a committee under financial sector expert Y.H. Malegam that recommended an SRO framework for MFIs to regulate the sector.
- Sa-Dhan was the second association in the business of micro-lending to be given the SRO status by RBI.
- The first one to be given SRO status was the Microfinance Institutions Network (MFIN).
- MFIN is an association of MFIs operating as non-banking financial companies (NBFCs).

Note:

MFIs advance small loans to low-income borrowers who typically are not covered by the formal banking system.

★ RBI micro finance proposal that are anti-poor

↳ The Reserve Bank of India (RBI) published a "Consultative Document on Regulation of Microfinance."

↳ History of microfinance in India

- Microfinance lending has been in place since the 1990s.
- In the 1990s, microcredit was given by scheduled commercial banks either directly or via non-governmental organisations to women's self-help groups.
- But given the lack of regulation and scope for high returns, several for-profit financial agencies such as NBFCs and MFIs emerged.
- RBI based on the recommendations of the Malegam Committee, set up a new regulatory framework for NBFC-MFIs in December 2011.
- A few years later, the RBI permitted a new type of private lender, Small Finance Banks (SFBs), with the objective of taking banking activities to the "unserved and underserved" sections of the population.
- Today, as the RBI's consultative document notes, 31% of microfinance is provided by NBFC-MFIs, and another 19% by SFBs and 9% by NBFCs.
- These private financial institutions have grown exponentially over the last few years

↳ Recommendations

1. Deregulation of the rate of interest charged by private microfinance agencies.
2. Discontinue the current ceiling on rate of interest charged by NBFC-MFIs. It proposes that rate of interest to be determined by the governing board of each agency which will bring down rate of interest due to competition

↳ Concerns with microfinance institution

- Rate of interest is higher than other form of credit.
- The actual cost of microfinance loan is even higher for several reasons due to
 - ✓ A processing fee of 1% is added
 - ✓ Insurance premium is deducted from the principal
- Most of the repayment is done in cash and only fraction of a loan is done through digital transactions.