

Chapter 21

Microfinance for achieving Sustainable Development Goals: Pondering Over Indian Experiences for the Preservation of Magnificent African Natural Resources

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ABSTRACT

This chapter focuses on the possibilities of exploring the areas where credit intervention can be done by the government in the form of schemes which are dependent on sustainable business practices. Nature has provided us abundance of raw material which if used wisely can help to remove poverty across the globe; on the same hand we can preserve the natural resources also if we use sustainable practices. In the current scenario where the world is facing pandemic and natural calamities, the time has to come to focus on sustainable rural micro financing activities which can not only solve the problem of linking the deprived sections of society with the mainstream, but it can also help them to improve their standard of living, and simultaneously, it can take care of various environmental issues too.

INTRODUCTION

The concept of microfinance, poverty alleviation and rural credit are interlinked with each other (Kamal Vatta, 2003). In many countries till now the outreach of the banking network and the substantial flow of resources is not in equity to various areas that is why they have to choose for going into priority lending. A majority of population in various nations still do not avail the benefit of various institutions which are

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the credit providers. That is why there is always inequality in credit distribution across the world. The needs of the poor clients are somewhat different and the products which banking structure offers they are something different because they are pursuing the objective of profit making. Many studies provide evidence that poor need different, better and unique ways of access to various financial services in order to be linked with the mainstream (Basu & Srivastava, 2005; Leyshon, & Thrift, 1995). In countries like India it's been 25 years that a pilot program called as Self Help Group Bank linkage programme is working and the program has grown exponentially and has proven to be a success in providing access to large number of loans under this scheme. The Indian financial landscape has benefited a lot with micro financing activities in various states.

BACKGROUND

Various studies and researches provide evidence that the formal financial institutions used to fail to reach to the poorer sections of the society (**Ledgerwood, 1998; Ananth & Öncü, 2013**) especially to the rural people because there is information asymmetry and there are certain issues relating to enforcement of various programmes initiated by the governments in order to reach to the poorest of the poor residing in the rural areas therefore there is a dire need of having certain alternatives for the rural credit systems which can help us to solve the various problems relating with the rural credits which can serve the marginalized and vulnerable sections of the society. Financial institutions are regarded as the saviors who can help to solve various problems relating to the issues which generally the formal financial institutions or banking structures face while reaching to the deprived sections of the society. The concept of group lending phenomenon, joint liability system and mentored credit help us to solve various problems relating with the issues which generally are pertaining to the formal banking structure (**Bangoura, 2012**).

Microfinance is regarded as a powerful tool/instrument for or giving the basic financial facilities to rural poor especially women (**Javid & Abrar, 2015**). There are certain sections of the society which are working as small and marginal farmers; there are certain rural artisans and economically weaker sections of the society where the needs of the borrowers are somewhat different because they do not have any collateral to provide to the formal financial banking structure credit providers. So that is why microfinance is regarded as a best tool to solve the problems of such people who do not have credit collateral to offer. It is defined as the provision of thrift and credit where the financial services and products of very small amounts can be given to the poor in rural and semi rural areas where they can help them to raise their standard of living by producing certain small articles. There are so many underdeveloped regions across the worlds which are still fighting with the higher pressures of population, extreme poverty and there are various kinds of social economic disparities which play a crucial role in making their life tougher. Economies like Africa are also constrained with low basic socio-economic infra. They are not having proper facilities of production, transportation, energy and education. That is why the information level or the rural outreach in terms of the financial sector is relatively poor. That is why it is necessary that certain different ways of reaching to the poorest sections of the society can be devised so that they can be financially included into the mainstream. Challenges of the formal banking structure are high as operational costs and the low value of large volume transactions do not hold a proper balance. That is why giving credit to the poorer sections of society is a very non beneficial activity for them. In many countries microfinance has been used as an anti poverty tool(**Ledgerwood, 1998; Addae-Korankye, 2012; Leikem, 2012; Bakhtiari, 2006; Khandker, 1998; Devaraja, 2011; Rahman, 2004; Boateng, Boateng,**

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