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THE LEGAL ENVIRONMENT OF MICRO INSURANCE AND MICRO FINANCE IN INDIA: SOME ISSUES

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ABSTRACT

Billions of rural poor across the globe are out of banking facilities and financial benefits. India is also not exception. But, the world as accepted the truth and necessity of development of rural economy through micro lending only after proving this factor by the Nobel Laureate Professor Muhammad Yunus to the world and, thus, the micro finance has its importance. The Indian policy makers have considered the Micro Finance as a panacea for up-liftment of the economic and sociological conditions of rural poor. On the other, the coverage of health of rural poor under micro-insurance with a small and negligible premium may not be a viable option for insurance giants. The National Agricultural Bank for Rural Development (NABARD) as a government mechanism is in frontline in extending micro finance to rural banking facility denied people through Micro Finance Institutions (MFIs). Insurance Regulatory Development Authority (IRDA) is putting its efforts to protect the health of rural poor. The discretionary power of fixing the interest on re-lending of finance by MFIs to Self Help Groups (SHGs) has paved the way for more suicide deaths in the State of Andhra Pradesh, India. Ultimately, resulted in introducing an Ordinance by the Andhra Pradesh government to hold such MFIs involve in unethical, inhuman recovery actions. The success of the micro finance revolution depends upon the stake holders, nodal agencies and the state governments. An international financial support in Micro-insurance – a non-profitable venture can protect the health of billions of rural people across the globe.

KEYWORDS: *finance, insurance micro, poor, rural.*