

Affordable Micro Finance: Assessing Ujjivan SFB'S Micro Loans Products

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ABSTRACT

Ujjivan Small Finance Bank (SFB), a scheduled commercial bank with over 752 branches across 26 states and Union Territories, serves more than 90 lakh customers and employs over 21,000 individuals nationwide. This study focuses on assessing the affordability, accessibility, and effectiveness of Ujjivan SFB's micro loan products, which form a crucial part of its inclusive banking strategy. Utilizing a combination of descriptive and exploratory research methodologies, the study analyzes customer experiences, product outreach, and the socioeconomic impact of microfinance on low-income borrowers. Data was collected through structured interviews, customer surveys, and secondary sources, highlighting the role of microfinance in empowering small entrepreneurs, especially women and rural households. While the bank's diversified product portfolio and widespread branch network contribute significantly to financial inclusion, challenges such as repayment stress and financial awareness remain. This research offers practical recommendations for enhancing the reach and sustainability of microfinance in India's underserved regions.

Keywords: Ujjivan Small Finance Bank, Microfinance, Micro Loan Products

1. INTRODUCTION

Ujjivan Small Finance Bank (SFB), a scheduled commercial bank, has established a significant presence across India, serving over 90 lakh customers through 752 branches in 26 states and Union Territories, and employing more than 21,000 individuals. The bank's mission centers on providing comprehensive financial services to the unserved and underserved segments, emphasizing financial inclusion and economic empowerment.

Ujjivan SFB offers a diverse range of micro loan products designed to meet the varied needs of its clientele. These include Individual Business Loans, Livestock Loans, Agriculture Loans, and Home Improvement Loans. The bank also provides Group Loans, catering to collective financial needs, and participates in government-sponsored schemes like PM SVANidhi, aimed at supporting street vendors and small businesses.

This study aims to assess the affordability and impact of Ujjivan SFB's micro loan products. Employing both descriptive and exploratory research methodologies, the research will analyze customer experiences, loan utilization patterns, and the socioeconomic outcomes of microfinance interventions.

By examining these aspects, the study seeks to provide insights into the effectiveness of Ujjivan SFB's microfinance initiatives in promoting financial inclusion and economic development.

2. REVIEW OF LITERATURE

Abijith S and Raghavendra N,(2018): The introduction, roles, problems, and functions of small finance banks were discussed in "An Empirical Study on Selected Small Finance Bank in Mysuru with reference to Micro, Small, and Medium Enterprises." Additionally, the degree of consumer awareness was provided.

Dr. Pritha Chaturvedi (2022): The role of Small Finance Banks (SFBs) in promoting financial inclusion reveals their potential to expand financial services, especially in underserved areas. However, challenges like capital needs, size constraints, and regulatory hurdles have hindered their full impact. Despite rapid growth in asset development and branch expansion, SFBs still account for a small fraction of India's financial sector, with a few dominant players controlling the majority of assets.

Dr. Sukanta Sarkar (2025): This paper critically examines the rising challenge of Non-Performing Assets (NPAs) in India's banking sector. It highlights the comparative NPA status across various bank types, identifies key causes, and evaluates government initiatives aimed at mitigation. The study emphasizes the urgent need for policy reform and vigilant credit management to sustain financial stability.

3. OBJECTIVES OF THE STUDY

- To understand the different types of service offer by ujjivan SFB
- To analyze the types and features of micro loans offered by Ujjivan SFB

4. RESEARCH METHODOLOGY

4.1 Research Design: Descriptive research and Exploratory research

4.2 Data Collection: Secondary Data

4.3 Data Sources:

- **Bank website:** Information on various micro loan products, features, and services.
- **Official reports:** Publications, annual reports, and other relevant documents from Ujjivan SFB.

4.4 Data Analysis:

The data will be analyzed using qualitative techniques to interpret the features, types, and accessibility of Ujjivan SFB's micro loan products.

5.1 Ujjivan SFB's Products and service

Ujjivan Small Finance Bank (SFB) offers a wide range of financial products and services aimed at promoting financial inclusion, particularly for underserved and low-income segments. Its offerings include micro loans, savings accounts, insurance, and other banking services designed to meet the diverse needs of its customers.

5.1.1 Saving Account:

Savings accounts are intended to help you reach your long-term financial objectives, increase your wealth, and maximize your savings. With our Digital Savings Account online, you can take advantage of online banking without having to visit a branch or fill out paperwork.

Types of Saving Account

- Digital Saving Account
- Privilege Saving Account
- Maxima Saving Account
- Basic Saving Bank Deposit Account
- Minor Saving Account
- Regular Saving Account
- Classic Saving Account
- Senior Citizen Saving Account
- Garima Saving Account

5.1.2 Current Account

A bank account created specifically for businesses to handle their daily financial needs is known as a business current account.

Types of Current Account

- Regular Current Account
- Premium Current Account
- Business Edge Current Account
- Privilege Current Account
- Maxima Current Account
- Digital Current Account

5.1.3 Term Deposit:

Higher interest rates, simple investing, and consistent profits are all provided by deposit accounts. Boost client savings by choosing from a wide range of bank deposits based on your financial objectives.

5.1.4 Housing Loan

For clients looking for help with home building, purchases, renovations, and loans secured by real estate, Ujjivan Small Finance Bank specializes in providing customized solutions.

5.1.5 MSME Loan

Make the most of your company's potential with our customized MSME financing options. Our loans provide flexible tenures, low paperwork requirements, and attractive interest rates—all of which are intended to support innovation and development. Our MSME loans give you the money you need to reach your business objectives, whether they are to manage working cash, replace equipment, or grow operations.

5.1.6 Busmoni OD:

A bank account created specifically for businesses to handle their daily financial needs is known as a business current account. It provides features and advantages including internet banking, round-the-clock customer service, and more.

5.1.7 2Wheeler Loan

Are you trying to find a quicker way to get a car loan? We at Ujjivan SFB provide loans for two-wheelers and electric three-wheelers that are easy to use and convenient. A flawless experience is guaranteed by our adaptable financing alternatives, alluring interest rates, and simple application procedure. Apply for a car loan now to start your journey with us.

5.1.8 Vikas Loan

Ujjivan Small Finance Bank's Vikas Loan is a versatile financial product designed to support various needs such as home improvement, business expansion, debt consolidation, and asset creation. Offering loan amounts ranging from ₹2 lakh to ₹10 lakh, it caters to both salaried and self-employed individuals seeking substantial funding for personal or professional growth

5.1.9 Micro Loan

Ujjivan SFB's Micro Loans are designed to support individuals with small financial needs such as starting a business, education, or managing unforeseen expenses. These loans offer easy access to credit, empowering customers to take confident steps toward their goals.

5.1.10 NRI Service

Ujjivan Small Finance Bank offers specialized NRI (Non-Resident Indian) services, enabling NRIs to manage their finances in India with ease. These services include NRE/NRO savings accounts, fixed deposits, and seamless remittance facilities.

5.1.11 Forex

The remittance option offered by Ujjivan SFB has made it simpler than ever to send money anywhere in the world. We provide all Indian residents and non-residents with safe and secure outward remittance services. Transferring money to any country in any currency is now possible.

5.1.12 TASC

Trusts, associations, clubs, societies, government institutions, religious trusts, employee welfare trusts, hospitals, and other organizations can all benefit from the Ujjivan SFB Institutional Savings Account. We also provide a vast range of services and solutions to meet the banking requirements of your company. With our Institutional Savings Account, you may increase your free cash deposit limit, earn a lot of interest up to 7.50%* p.a., have no minimum average balance, and more.

5.1.13 Hello Ujjivan

Hello Ujjivan is an AI & ML-enabled mobile application by Ujjivan SFB that offers voice search and voice assistance, making banking more accessible, especially for first-time digital users. It features audio guides and intuitive visuals to help customers understand and perform everyday banking tasks with ease.

5.1.14 Ujjivan Sampoorna

Ujjivan SFB's Sampoorna Family Banking is a comprehensive offering tailored to meet the diverse financial needs of every family member through savings, loans, and doorstep services. With multilingual support and inclusive access, it ensures holistic financial well-being for the entire household.

5.1.15 Third Party Products

Ujjivan Small Finance Bank offers a comprehensive suite of third-party insurance products—including life, health, and general insurance—through partnerships with leading insurers. These offerings are designed to provide customers with financial security and peace of mind across various life stages and unforeseen events.

5.2 Ujjivan SFB's Micro Loan Products

Ujjivan Small Finance Bank (SFB) offers a comprehensive suite of micro loan products designed to support the financial needs of underserved and low-income segments.

5.2.1 Group Loans

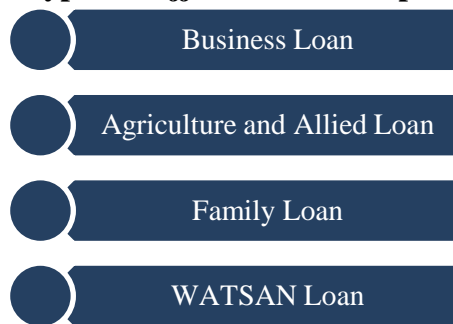
Group loans are an innovative financial solution created to give underserved or unserved people easily accessible finance, primarily for income-generating activities. This loan can assist you in becoming

financially independent and making investments in your future, regardless of whether you are a salaried employee, farmer, or small business owner. Loans from the Ujjivan SFB Group provide up to ₹1 Lakh. Take advantage of hassle-free loan processing, flexible repayment terms of up to three years, and reasonable interest rates.

Key Features of Ujjivan SFB Group Loans

- Loan amount ranges from INR 5,000 to 1,00,000
- Risk Based Pricing / interest rate ranges from 22.90% to 24.15%
- Loan tenure ranging from 6 months to 36 months
- Collateral-free loan

Figure 1: Types of Ujjivan SFB Group Loans



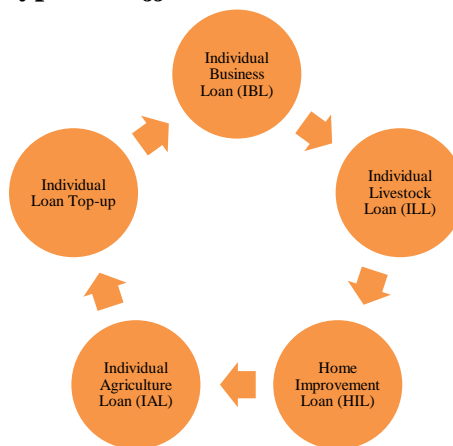
5.2.2 Individual Loans

Individual loans are available to help you with any of your goals, including home improvement, business expansion, and/or agricultural endeavors. For your urgent financial needs, we provide financing up to 3 lakh at affordable rates.

Key Features of our Individual Loans

- Loan amount - ₹51,000 to ₹3,00,000
- Quick approvals
- QR Codes for digital payments
- Doorstep services
- Competitive rates ranges from 23.30% p.a. to 24.80% p.a.

Figure 2: Types of Ujjivan SFB Individual Loans



5.2.3 Government Sponsored Schemes

With the PM SVANidhi initiative, enter the realm of empowerment. With the goal of empowering street vendors, PM SVANidhi provides small-ticket, collateral-free loans that help them become financially independent.

Features and Benefits

- Easy access to loans of up to ₹10,000
- Repayment tenure of 12 months
- Interest subsidy up to 7% p.a. on regular repayment of loan
- Competitive interest rates of 24% p.a.
- Collateral-free loans
- Zero processing fee
- No franking or stamp duty charges

Table 1: Ujjivan SFB Micro Loan Portfolio Overview

| Financial Year | Gross Loan Book (₹ Crores) | Notable Highlights |
|----------------|----------------------------|--|
| 2019–20 | 14,043.64 | Achieved significant growth in disbursements. |
| 2020–21 | 14,493.95 | Maintained steady growth despite pandemic challenges |
| 2021–22 | 16,303.17 | 65% YoY increase in disbursements; highest-ever group loan disbursement in Jan 2022. |
| 2022–23 | 21,289.66 | Disbursed loans to over 24 lakh customers; record group loan disbursement in a single month. |
| 2023–24 | 26,882.92 | 10.5% YoY growth in disbursements; active customer base of 47.15 lakhs. |

6 SUGGESTIONS

- Ujjivan SFB can expand its outreach in rural and semi-urban areas by strengthening its partnerships with local self-help groups and non-governmental organizations (NGOs) to further penetrate underserved markets.
- More emphasis could be placed on providing financial literacy programs to borrowers, especially for micro loan products, to improve repayment rates and enhance financial management skills.
- The bank should explore the integration of more technology-driven solutions, such as mobile app enhancements or AI-based tools, to streamline the loan application and repayment process for customers.

7 LIMITATIONS OF STUDY

- Ujjivan SFB’s micro loan offerings, especially for individual loans, have relatively high-interest rates, which may limit their appeal to lower-income customers or those with very low credit scores.
- The bank’s reliance on group loans may not fully address the diverse financial needs of urban borrowers who require individualized loan products with more flexible terms.

- Despite significant growth in the loan portfolio, the risk of defaults remains high in micro-lending, particularly among borrowers without established credit histories or reliable income sources.

8 FINDING

- Ujjivan SFB has seen significant growth in its micro loan products, with a notable increase in disbursements and an expanding customer base, reaching over 47 lakhs in 2023-24.
- Group loans have proven to be a key offering for underserved individuals, with flexible terms and amounts ranging from ₹5,000 to ₹1 lakh, facilitating financial independence.
- The bank's government-sponsored schemes, such as PM SVANidhi, have empowered street vendors and micro-entrepreneurs, providing easy access to collateral-free loans and an interest subsidy for regular repayments.

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