

MBPC4011 RURAL CREDIT AND MICRO FINANCE (3-0-0)

Course Objectives:

1. Gain insights into rural banking policies, functions of RBI and NABARD, credit institutions, and financial inclusion strategies.
2. Explore financing mechanisms for agricultural and allied activities, including crop loans, term loans, and financing for rural non-farm sectors.
3. Analyze challenges and prospects in rural banking, priority sector financing, rural housing schemes, technology-based financial inclusion, and emerging trends.
4. Understand the scope, evolution, supply, regulation, and supervision of microfinance, along with microfinance distribution models, products, risks, and impact assessment.

MODULE-I:

Financing Rural development: Functions and policies of RBI in Rural banking, NABARD---- Functions, Role, Refinance support. Lead Bank Approach, State level and District level credit committees. Rural credit institutions: Cooperative credit societies and Banks, LDBs, RRBs, Commercial banks. Financial inclusion and inclusive growth for Rural development banking, concept of Business facilitation and Business correspondents in Rural financing.

Financing agricultural and allied activities like horticulture, fishery, social forestry etc. Crop loans-- Assessment, sanction, disbursement, rephasing. Term loans for irrigation, Farm mechanization. Financing Rural Non Farmsector(RNFS), segments in RNFS, role of Development and Promotional institutions in RNFS.

MODULE-II:

Problems and Prospects in Rural banking and Priority sector financing :

Components of Priority sector, RBI guidelines for priority sector financing, Rural housing and Urban housing schemes under priority sector and their refinance, Education loans. Role of Rural banking, Problems of Rural branches of Commercial banks- transaction costs and risk costs. Technology based Financial inclusion, Emerging trends in Rural banking- Financing poor as bankable opportunity.

MODULE: III:

Perspectives of Micro finance : Definition, Scope and importance of Micro Finance, Evolution and character of Micro Finance in India, Supply of Micro Finance:- Non institutional sources and Institutional sources, Transaction of borrowing and lending from institutional sources; Micro finance distribution models, Regulation and supervision of NGOs, MFIs, MACSs; MFIs as Banks, Micro Finance credit lending models:- Association model, Community Banking model, Credit union model, Co-operative model, Grameen joint liability group model, SHG model, Village Banking model. Indian SHGs: problems and issues; SHG-Bank linkages programmes in India.

Micro Finance products: Micro credit, Micro savings, Micro insurance; Micro Finance services, Micro Finance and Rural financial services, Agriculture Micro Finance. Risks in MFIs: Functional risks, Financial risks and External risks; Risks in Agricultural Micro Finance and Feasibility tests for agricultural credit, Strategic Risk Minimization. Accounting and Financial Reporting, Financial Analysis. Impact Assessment of Micro Finance:- Household level, Individual level, Enterprise level. Social Assessment of MFIs: Measuring social performance, Social rating components

Course Outcomes:

- CO-1: Develop expertise in rural financing mechanisms, including agricultural credit, rural non-farm sector financing, and priority sector lending, contributing to rural development and inclusive growth.
- CO-2: Gain strategic insights into challenges and prospects in rural banking and priority sector financing, enabling effective decision-making and risk management in rural financial institutions.
- CO-3: Acquire proficiency in microfinance principles, practices, products, and impact assessment, fostering sustainable financial inclusion and empowerment at the grassroots level.
- CO-4: Develop skills in assessing the impact of microfinance on households, individuals, enterprises, and communities

Books:

1. Microfinance-Principles and Approach, V Rengarajan
2. Microfinance in India, Rais Ahmad
3. Essentials of Microfinance, Sulphrey, Vivek Vaswan