

DSE 6: MICROFINANCE

CREDIT DISTRIBUTION, ELIGIBILITY AND PRE-REQUISITES OF THE COURSE

Course title & Code	Credits	Credit distribution of the course			Eligibility criteria	Pre-requisite of the course (if any)
		Lecture	Tutorial	Practical/ Practice		
Microfinance DSE-6	4	3	1	0	Class XII	NA

Course Objective: The course is aimed at evolving clear understanding of role of Microfinance and Insurance in addressing the problem of poverty and income generating activities to the poor people. The participants will be equipped with Microfinance concepts, functions, products and strategies that will help in pertinent policy making in their respective departments/organizations. Participants should concentrate more on the latest publications on various online sites and concerned reports.

Learning Outcomes:

Students after reading this course will become aware and sensitive towards the people at the bottom of the pyramid. They will be able to understand:

- Facts and figures regarding Poverty in India.
- The need and relevance of Microfinance.
- The role of Micro Finance Institutions for financial Inclusions.
- The Role of NGOs in implementing the Governments welfare policies.

Course Contents

Unit 1: Introduction to Microfinance

(9 hours)

Learning Outcomes:

By the end of the unit, students will be able to:

- Identify the emerging trends in microfinance.
- Understand the Human Development Index and the Hunger Index.
- Apply the knowledge of the Human Development Index and the Hunger Index to evaluate and compare countries.
- Critically evaluate India's position on the poverty index.
- Evaluate the strengths and weaknesses of different poverty indices.
- Propose strategies for improving India's position on the poverty index.

Content:

Background, evolution, and Overview; Emerging trends in Micro finance; Poverty: Sources and Consequences of Poverty, Understanding the construct of Poverty Indices - The Human Poverty Index (HPI) developed by UN and Global Multidimensional Poverty Index (MPI),

critical evaluation of India's position on the Poverty Index; Understanding of Human Development Index and Hunger Index.

Unit 2: Microfinance Models

(12 hours)

Learning Outcomes:

By the end of the unit, students will be able to:

- Identify and describe different models in microfinance.
- Understand the objectives and operations of the different models in microfinance.
- Apply the principles and practices of the models to design and implement microfinance initiatives.
- Analyze the strengths and weaknesses of the models and their impact on rural development.
- Evaluate the success and limitations of the various models in meeting the financial needs of micro-entrepreneurs and assess their scalability.
- Propose innovative microfinance initiatives based on the lessons learned from case studies, considering local context and challenges.

Content:

NABARD model, SIDBI model, SGSY model, Grameen Banking model, NMDFC model, Associations model, Community Banking Model, Credit unions etc. Strategic Issues in Microfinance: Significance of NGOs: their role and responsibilities; case studies.

Unit 3: Microfinance Institutions

(12 hours)

Learning Outcomes:

By the end of the unit, students will be able to:

- Recall the different types of MFIs.
- Understand the issues and challenges involved in pricing micro-loans.
- Apply risk management techniques and tools in the context of microfinance operations.
- Assess the commercial viability of MFIs based on financial and operational indicators.
- Evaluate the strengths and limitations of different MFI models and their suitability for different target populations.
- Design innovative MFI models that combine commercial viability with social impact to maximize financial inclusion.

Content:

Eligibility, Regulations, types, Commercial Microfinance: Investing in Microfinance, Viability of MFIs, Risk management in Micro finance; Pricing of Micro-loans: issues and challenges; Strategic Issues in Microfinance, Role of RBI in Financial Inclusion.

Unit 4: Social Rating, Credit Rating of MFIs

(12 hours)

Learning Outcomes:

By the end of the unit, students will be able to:

- Recall the concepts of social rating, credit rating and their importance in evaluating the performance of MFIs.

- Understand the significance of impact assessment in evaluating the effectiveness and outcomes of microfinance initiatives.
- Apply the principles and guidelines of the MUDRA Yojana to facilitate access to finance for microenterprises.
- Analyze the challenges and opportunities in implementing microinsurance in the context of microfinance.
- Evaluate the impact and outcomes of different Government welfare schemes in achieving financial inclusion.
- Generate new case studies highlighting successful approaches and lessons learned from government welfare schemes for financial and social inclusion.

Content:

Social Rating, Credit Rating of MFIs and Impact assessment in Micro finance; Micro insurance: issues and challenges; MUDRA Yojana; PMJDY. Government's welfare schemes for financial and social inclusions like Deendayal antyodaya yojana, Pradhan Mantri Garib Kalyan Yojana (PMGKY) (Case Studies).

Essential Readings:

1. Panda, D. K. (2009). *Understanding Microfinance*. Wiley
2. Indian Institutes of Banking and Finance. (2008). *Micro-finance Perspectives and Operations*. MacMillan India Ltd.
3. Armendariz, B., & Morduch, J. (2005). *The Economics of Microfinance*. Prentice-Hall of India Pvt. Ltd. Delhi.

Additional Readings:

1. Ledgerwood, J. (1998). *Microfinance Handbook: An Institutional and Financial Perspective*. The World Bank, Washington, D.C.
2. Harper, M. (2003). *Practical Microfinance: Training Guide for South Asia*. Vistaar Publication, New Delhi.

Examination scheme and mode:

Evaluation scheme and mode will be as per the guidelines notified by the University of Delhi.