

**Additional Resources:**

1. Franke, J., Hardle, W. K., & Hafner, C. M. (2015). *Statistics of Financial Markets An Introduction*. Springer.
2. Ranganatham, M., & Madhumathi, R. (2011). *Derivatives and Risk Management*. Pearson India.

**Note: Latest edition of readings may be used**

**DISCIPLINE SPECIFIC ELECTIVE COURSE – 20: MICRO FINANCE AND RURAL BANKING**
**CREDIT DISTRIBUTION, ELIGIBILITY AND PRE-REQUISITES OF THE COURSE**

Course title & Code	Credits	Credit distribution of the course			Eligibility criteria	Prerequisite of the course (if any)
		Lecture	Tutorial	Practical/Practice		
Micro Finance and Rural Banking DSE-20	4	3	1	0	-	-

**Learning Objectives:**

The course aims at imparting basic knowledge about microfinance and rural banking sector in India. Through this paper, students would be acquainted with financing options available for the unbanked and rural sector.

**Learning Outcomes:**

After completing the course, the student shall be able to:

- Understand the rural sector in India and its need for financing.
- Learn about microfinance and rural banking system in India.
- Understand the basic functions and regulation of rural banks.
- Determine operational challenges faced by MFIs and rural banks.

**Unit1: Rural Economy and Development (12 hours)**

Size and Structure of the Rural Economy, Characteristics of the Rural Sector - Agricultural and Allied Sectors, Non-Farm Sector - Rural Industrialization and Entrepreneurship. Rural

infrastructure: Markets, Transport, Power and other services. Agricultural and non-agricultural sector. Structure and characteristics of Indian agriculture, agriculture-industry linkages, Resources and technical changes in agriculture, Role of agriculture in economic development, emerging issues in Indian Agriculture. Government policies and programs for rural development.

**Unit 2: Microfinance and Self Help Groups for rural development (12 hours)**

Microfinance: Concept, need and importance. Evolution of microfinance in India. Microfinance Institutions (MFIs). Roles and contribution of microfinance in rural development. Self Help Groups (SHGs) – meaning, characteristics. Cases of SHGs in India. Role of SHGs in rural development. Organizational structures of MFIs. Innovative and creative microfinance models. Microfinance Products and services, Training & Technical assistance in relation to microfinance. Revenue Models of Microfinance: Profitability, Efficiency and Productivity.

**Unit 3: Financing through rural banking (12 hours)**

Rural Finance: Rural credit and indebtedness; Institutional supports - NABARD, SIDBI, Nationalized Commercial Banks, Regional Rural Banks (RRBs), Cooperatives and Land Development Banks; their functions: Credit Function, Development function, Regulatory function. Function and regulatory policies of RBI in Rural Banking. Role of ICT in rural banking. Financial inclusion and growth through rural banking. Financing agricultural and Non-agricultural (nonfarm) sector. Non-agricultural sector: Micro, Small and Medium Enterprises (MSMEs). MSMED Act, 2020. Role of government institutions in promotion and development of MSMEs.

**Unit 4: Challenges in rural banking development (9 hours)** Commercialization, Credit application and delivery methodologies. Loan approval/ loan documentation/ loan disbursement/ loan collection and recovery. Expansion of branches, debit mobilization, urban orientation of staff, procedural rigidity, improving credibility of rural and regional banks.

**Suggested Readings:**

1. Dutta, S. K., & Ghosh, D. K. (2006). Institutions for Development: The case of Panchayats. New Delhi: Mittal Publications.
2. Hussain, T., Tahir, M., & Tahir, R. (2017). Fundamentals of Rural Development. New Delhi: I. K. International Publishing House Pvt. Ltd.
3. Sahu, B. K. (2003). Rural Development in India. New Delhi: Anmol Publications Pvt. Ltd.
4. Samanta, R. K. (2000). New Vista in Rural Development Strategies & Approaches. Delhi: B.R. Publishing Corporation.
5. Singh, K. (2008). Rural Development - Principles, Policies, and Management. New Delhi: