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| **PROGRAM** | **Master of Business Administration**  |
| **SEMESTER**  | **IV** |
| **COURSE TITLE** | **Microfinance and Rural Banking**  |
| **COURSE CODE** | **04MB0426** |
| **COURSE CREDITS** | **3** |
| **COURSE DURATION** | **42 sessions**  |

**COURSE OUTCOMES:**

* To understand rural India and its initiatives for rural development.
* To learn the different models of Micro finance.
* To provide Knowledge about the development of microfinance products.
* To acquire information about micro finance and its importance in developing rural wealth.
* Expose students to get ideas about Microfinance organizations.

**COURSE CONTENTS:**

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| **Unit No** | **Unit / Sub Unit** | **Sessions** |
| **I** | **INTRODUCTION RURAL BANKING TO MICRO FINANCE.**Microfinance – An Introduction ,Demand and Supply of Microfinance , A Development Strategy and an Industry Role of Grameen Banks in Microfinance ,Microfinance Innovative Concepts, Approaches and Financial Inclusion.Introduction to rural banking -Role of Banks in rural credit, Present structure of Rural Banking-Co-operatives, Commercial Banks, RRBs and other institutional agencies. Evolution of Co-operatives, short-term & long term credit structure, Role of Commercial Banks in rural credit | 6 |
| **II** | **NEED OF SETTING UP OF REGIONAL RURAL BANKS :** Salient provision of Regional Rural Banks Act, 1976, Management and functioning of RRBs, Organizational structure of RRBs, Performance of RRBs, Merger of RRBs, Present status. Role of Government, RBI and NABARD in monitoring Rural Credit, refinance and other supports, New initiatives in rural banking: financial inclusion, BC/ BF model, mobile banking etc.,Financing for non-farm activities and other matters- Credit to small and micro enterprises in rural areas, indirect advances to agriculture, artisans credit cards, financing under Govt. sponsored schemes – PMEGP, NRLM, Linking SHGs with bank credit, Financing Joint Liability Groups, Various types of Loan Securities, Loan documentation, financial inclusion, financial literacy and credit counselling, role of farmers' club. | 9 |
| **III** | **FINANCIAL AND OPERATIONAL EVALUATION AND MODELS :** Conventional Models, Direct Method; Indirect Method; – Business Facilitator/Business Correspondent Model,- Engagement of Business Facilitators/Correspondents: Concerns and Safeguards; Policy for identification and Acceptance – Bank-MFI Bulk Lending Model – Partnership Model, Promoting Bank-MFI Partnership Model. Analyzing and Managing Financial Statements of MFIs/RRBs | 9 |
| **IV** | **Development of Microfinance in India:** Types of Products – Savings, Objectives – Micro insurance, Regulation of micro insurance; Insurer-MFI Partnership Model – Securitization, Need for Securitization in India – ICICI Bank Lending Products. Sustainable Development Issues: Why Self-Help Groups? – Objectives – Promotion, SHG Issues, What are the Important Steps for Sustainable Development of SHGs? What are the Skills needed for Managing Successful SHGs? – Promotion of Micro Enterprises, Micro Enterprises-Opportunities and Challenges; Characteristics of Micro Enterprises; Micro Enterprise Promotion-Critical Gaps; Cluster Approach for Micro Enterprise Promotion; Types of Clusters; Challenges for Cluster Micro Enterprises – Capacity Building – Assessment of MFIs, Rating of Microfinance Institutions; Non-financial Parameters; Financial Parameters; Approach for MFI Evaluation – CRISIL Model, CRISIL’s Criteria for MFI Evaluation. | 10 |
| **V** | **Issues, Trends and Frontiers of Microfinance:** Emerging Issues in Microfinance, Gender Issues in Microfinance, Role of Technology in Microfinance ,Micro Credit as Priority Sector Advance, Impact of Microfinance on Empowerment of WomenRegulatory Framework- Recommendations of Expert Groups**,**; Interest Rates; Savings; Regulations on Investment; Response to Primary Concerns: Bridging the Gap with Safeguards; Rate of Interest; Vepa Kamesam Group Recommendations – Microfinance Risk Scenario – Political Risk; Economic Risk; Currency Risk; Geographical Risk; Saturation and Unhealthy Competition; Institutional Risk. | 8 |

**EVALUATION:**

The students will be evaluated on a continuous basis and broadly follow the scheme given below:

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|  | **Component** | **Weightage** |
| A | Continuous Evaluation Component (Assignment/ Presentations/ Quizzes/ Class Participations/ etc.) | 20% (CEC) |
| B | Internal Assessment  | 30% (IA) |
| C | End Semester Examination | 50% (External Assessment) |

**SUGGESTED READINGS:**

**Text Books:**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Sr. No** | **Author/s** | **Name of the Book**  | **Publisher** | **Edition and Year**  |
| **T-01** | O.C. Rama, Hem Raj | Microfinance | Himalaya Publishing House Pvt. Ltd | 1st Ed, , 2016 |
| **T-02** | Rais Ahmad | Agriculture, Rural Banking & Micro Finance in India | New Century Publications | 1st Ed, 2012 |
| **T-02** | Indian Institute of Banking & Finance | Rural Banking | Macmillan Publishers India | 2nd Ed, 2018 |
| **T-03** | K G Karmakar | Microfinance in India | Sage Publications | 1st Ed, Aug, 2008 |
| **T-04** | Indian Institute of Banking & Finance | MICRO – FINANCE Perspectives and Operations ( IIBF ) | Macmillan Publishers India | 2nd Edition,  Reprinted 2017 |

**Reference Books:**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Sr. No** | **Author/s** | **Name of the Book**  | **Publisher** | **Edition and Year**  |
| **R-01** | Katuri Nageswara Rao | Rural banking Micro finance | ICFAI UNIVERSITY | 1st Ed, 2006 |
| R-02 | Vasant Desai  | Rural Development in India | Himalaya Publishing House | 5th Ed, 2019 |
| R-03 | Sinha, Tanka &  | Microfinance and Self Help Groups in India: Living Up to Their Promise? | Reddy Practical Action | 1st Ed, 2009 |
| R-04 | Dr Kamal Taori  | Panchayat Raj and Corporate Sector and Challenges of our Time | CFIETRA, Kanpur | 1st Ed, 2006 |