



FIN 22323: Microfinance

Level: 2000

Number of Credits : 03

Course Description

Microfinance discusses why and how microfinance operations have been developed to provide financial services to financially marginalized communities on a sustainable manner. It encompasses the role, outreach, and sustainability of microfinance institutions. Further, it sheds an analytical light on issues and challenges in the field of microfinance.

Intended Learning Outcomes

At the end of the course, the student will be able to;

- Explain the concepts and principles of microfinance.
- Discuss the nature and role of microfinance service providers.
- Assess the risks in microfinance.
- Formulate strategies for risk management in microfinance institutions.
- Evaluate the performance of microfinance institutions.

Teaching/Learning Methods

Lectures, group discussions, workshops and seminars

Methods of Assessment

In-course Assessments	: 30%
End semester examination	: 70%

Course Contents

1. Overview of microfinance
Concepts and principles of microfinance, emergence of microfinance, financial literacy and financial inclusion
3. Microfinance business
Microfinance products, microfinance services, microfinance delivery channels
4. Risks in microfinance
Asymmetric information problems, functional risks, financial risks, external risks
5. Strategies for managing risks
Group lending, credit history, value chain finance
6. Microfinance institutions
Governance, ownership and legal form (Microfinance Act)
7. Performance of microfinance institutions
Portfolio quality, efficiency and productivity, profitability and sustainability, financial management, social performance
8. Challenges for microfinance institutions
Institutional challenges, industrial challenges

Recommended Readings

1. Armendariz B., and Morduch J., (2010). *The Economics of Microfinance*, Second Edition, Cambridge, MA and London: The MIT Press.
2. Panda D.K. (2009), *Understanding microfinance*, First Edition, Wiley India; New Delhi
3. Ledgerwood, J., Earne, J., and Nelson, C., (2013), *The New Microfinance Handbook: A Financial Market System Perspective*, International Bank for Reconstruction and Development / The World Bank 1818 H Street NW, Washington DC 20433.
4. Indian Institute of Banking & Finance, (2016), *Micro-Finance Perspectives and Operations*, Second Edition, Macmillan. INR 365.