

Microfinance Management

Instructor: Dr. Smita Premchander

Credits: 1.25

Objectives

The course on Microfinance is intended to give an exposure to the students on the theoretical underpinnings and practice of Microfinance. It will cover the different models of microfinance delivery, in India and also refer to dominant models in Bangladesh and Nepal. It will highlight the theoretical and intended impact of microfinance, the research and ground realities. The course will discuss historical developments as well some key contemporary issues that the sector faces: Development and commercial objectives, institutional forms and their implications, aspects and evidence on impacts, gender issues in microfinance and livelihoods, roles of key players in sector development, and the current policy environment relating to microfinance.

Pedagogy

The course would be based on lecture discussions using existing and emerging literature in India and internationally, with a few case studies used as illustrations to highlight practice. Students are encouraged to participate in the class and every lecture would be followed by a discussion. We would also invite one or two practitioners to give a talk and interact with the students. In addition, the students are expected to do some additional readings and make presentations during and at the end of the course. A bibliography will be provided for the students to make a choice. The presentations will be embedded in the topics and the participants will be given sufficient notice. The course will also include a field visit to SHGs and discussions with women leaders and directors of women's bank.

Reading List

A reading list will be provided with two to four books, and papers and case studies which the students are required to read for different topics.

Evaluation

Class Participation	15%
Literature review assignment with presentation	30%
Mid Term Examination	30%
End Term Assignment	25%

Session Plan
Microfinance Management

1 Introduction to Microfinance in India
Profile of the Industry in India.

Required Readings:

Microfinance India: State of the Sector Report 2013. New Delhi: Sage Publications.

2 Growth of Microfinance in India
Tracking History of Development Banking through to Microfinance

Required Reading:

Poverty in India and Role of Microfinance, Chapter 2. Premchander, Smita. Multiple Meanings of Money.

3 The Theoretical underpinnings of Microfinance
The concept of, Social Capital, Social Collateral, JLGs and transaction costs

Required Reading:

Fischer, Greg and Maitreesh Ghatak. 2010. Spanning the Chasm: Uniting Theory and Empirics in Microfinance Research. Chapter 2: Handbook of Microfinance. London: London School of Economics.

<http://personal.lse.ac.uk/fischer/Assets/Fischer%20Ghatak%20-%20Spanning%20Chasm%20-%202010.pdf>

Additional Reading:

Sriram, M. S. 2005. Information Asymmetry and Trust: A framework for studying MicroFinance in India

Armendariz and Morduch, 2005. Chapter 1: Rethinking Banking

- 4 Field Visit: Orientation to SHGs and Microfinance operations**
5 Field Visit
6 Field Visit
7 Discussion on Field Visit

Sessions 4 to 7 will involve a field visit to Self Help Groups organized by the Gujarat State Livelihoods Mission and/or Sewa Bank, followed by a discussion with senior officers and directors of the Bank. The field visit will require the students to prepare a set of questions, observe SHG meetings and transactions, observe bank transactions, and seek replies to questions relating to microfinance operations. The discussion will take two sessions, and

will orient them to practical aspects of microfinance management, especially management of a women's bank, and impact of microfinance on women's livelihoods. The intention will be to schedule the field visit as well as discussions on a Friday/Saturday.

8 Models of Microfinance Delivery: The SHG Model

How does it affect the outreach and have wider ramifications A critical examination of the leadership issues emanating from Microfinance and how this leadership gets embedded in the larger society.

Required Readings:

Premchander, Smita. 2009. Use of Money by Groups and Group Dynamics. In Multiple Meanings of Money. How Women See Microfinance. Chapter 5

Additional Readings:

Anjaneyulu Ballem, Ghiyazuddin A. Mohammad and Venkata N. A. 2012. Why Do People Not Join or Drop Out of SHGs? Research paper. Lucknow: Microsave India. May, 2012

9 Women in Microfinance

Who are the clients, and the implications

Required Reading:

Case : Who Killed Bhavani Manjula, Harvard. V. Kasturi Rangan and Katherine Lee, 2010.

Additional Readings:

Khandker, Shahidur R. Grameen Bank Lending: Does Group Liability Matter? Washington: The World Bank . <http://elibrary.worldbank.org/doi/pdf/10.1596/1813-9450-6204>

10 Models of Microfinance Delivery: The Grameen Model Ujjivan 2010)

The Grameen Model, its replicators in India and highlights of the advantages and disadvantages of the Grameen Model

Required Reading:

Case: Ujjivan, Bangalore 2010

11 Models of Microfinance Delivery: Savings, Co-operatives and MACS

The relevance and experience of cooperative structures in rural finance and microfinance

Required Reading:

Chidambaranathan, M., Smita Premchander and Raj M (2013). Community Based Microfinance: the Potential and Challenges of Self-Reliant, Self Help Group Cooperatives, *Enterprise Development and Microfinance (EDM) Journal*, Vol.24, No 2, Pp 118-134, June, 2013, Practical Action Publishing.

12 Models of Microfinance Delivery: Cooperatives and Federations

The link with Civil Society; implications for democratic principles, voice and agency of women

Required Reading:

Mattern Max and Kim Wilson. 2013. Cooperating for Financial Inclusion: A Case Study on The Federation of Haitian Credit Unions, Le Levier, The Fletcher School of Law and Diplomacy, Tufts University , September 2013 . <http://hifiveproject.org/home/wp-content/uploads/2013/10/Fletcher-HIFIVE.pdf>

13 International Experience in Commercial Microfinance

Case and discussion on Grameen Bank, Bangladesh

Required Reading

Case: Grameen Bank case study, Stanford Graduate School of Business. CASE: SM-116 DATE: 12/29/03 (REV'D 10/18/05). 2005.

<https://gsbapps.stanford.edu/cases/documents/SM116.pdf>

Additional Reading:

Muhammad Yunus, Bertrand Moingeon and Laurence Lehmann-Ortega. Building Social Business Models: Lessons from the Grameen Experience. Long Range Planning 43 (2010) 308-325.

14 NGOs Transformation and Commercial MFIs

Issues of NGOs' mission drift and changing institutional forms

Required Reading:

Case: Equitas, Chennai 2010

15 The Fall out of Transformation – Governance Crisis

Issues of savings collection, coercive repayment practices, interest rates and other costs to borrowers, reference to AP suicides and government ordinance

Required Reading:

Sriram, M.S. Commercialisation of Microfinance in India: A Discussion of the Emperor's Apparel

16 Microfinance Impacts: Gender and Empowerment

Women's agency, leadership, and control over money and MFIs

Required Reading:

Premchander, Smita. 2009. Use of Money by Individuals and Groups. Chapter 4. Multiple Meanings of Money: How Women See Microfinance.

Additional Reading:

Echavez, Chona R., Sogol Zand and Jennefer Lyn L. Bagaporo. 2012. The Impact of Microfinance Programmes on Women's Lives: A Case Study in Balkh Province. Afghanistan Research and Evaluation Unit. Case Study Series. Kabul: Afghanistan Research and Evaluation Unit. <http://reliefweb.int/sites/reliefweb.int/files/resources/1210E-Womens%20Participation%20MFI%20Balkh%20CS%202012.pdf>

17 Microfinance for Ultra Poor and Excluded Groups

Does Microfinance help in augmenting and enhancing livelihood opportunities? Does microfinance extend up the needs ladder of the poor?

Required Reading:

Prevention and Elimination of Bonded Labour: The Potential and Limits of Microfinance-Led Approaches - Prof. Smita Premchander

Additional Reading:

Yasmin, Rabeya. 2012. Combating Ultra Poverty: Translating Policy Into Action. Journal of Social Business, Vol 2(2), 2012, p 41-51.

18 Microinsurance

Microfinance and Social Security; Discussion of savings, insurance, pension and risk mitigation measures of Microfinance Institutions

Required Reading:

Case: Microinsurance - Lokmat and Bharat Max Case Study

Additional Reading:

Mukherjee, Premasis; Rosalind Piggot, and Sunil Bhat. 2012. Securing the Silent: Microinsurance in India- The Story so Far. Lucknow: Microsave India. http://www.microsave.org/sites/default/files/research_papers/Securing_the_Silent_MI_Report.pdf

19 Social Security and Risk Cover – A Case for Micro-Pensions

Case study and discussions on relevance and availability of Micro-pensions

Guest lecture by Dr. Kavim Bhatnagar from Invest India Micro Pensions (IIMP)

Required Reading

Case: IIMP Note, to be distributed later

20 Remittances: the Underdeveloped Service in Microfinance

Discussion on remittances and their costs for the poor and migrants, in India and Nepal

Required Reading:

vPareek, Abhay, et al. 2011. Understanding Remittance Networks in Punjab and Uttar Pradesh. Microsave India.

http://india.microsave.org/sites/default/files/research_papers/Understanding_Remittance_Networks_in_Punjab_and_UP.pdf

21 Mainstream Banking and Microfinance – and Financial Inclusion

How banks will continue development banking or microfinance

Required Reading:

Chattopadhyay, Sadhan Kumar. 2011. Financial Inclusion in India: A case-study of West Bengal. RBI Working Paper Series. W P S (DEPR) : 8 / 2011. Mumbai: RBI.

Additional Reading:

Srikanth .R . 2013. A Study on - Financial Inclusion - Role of Indian Banks in Reaching Out to the Unbanked and Backward Areas. International Journal of Applied Research and Studies (iJARS). ISSN: 2278-9480 Volume 2, Issue 9 (Sep - 2013).

<http://www.ijars.in/iJARS%20630.pdf>

22 Microfinance and the State

Understanding the role of Government in microfinance –about Bihar Rural Livelihoods Mission, and MF Bill and its provisions

Required Reading:

Guest lecture and case study on Bihar Rural Livelihoods Mission

Additional Reading:

Note on the National Rural Livelihoods Mission (NRLM). 2013. **Teaching Note prepared by faculty for students)**

23 Ways Forward: Financial Services by Post Offices

Guest Lecture: Ms. Sandhya Kanneganti, Post Master General, Hyderabad

Required Reading:

Note on payments of NREGA and other financial services piloted through the post offices in Andhra Pradesh

24 Ways Forward: Mobile and Branchless Banking

Required Reading:

Jack William And Tavneet Suri. 2010. The Economics Of M-Pesa.

Georgetown University And Mit Sloan. <http://www.mit.edu/~tavneet/M-PESA.pdf>

25 Microfinance: Linking Theory and Practice

Issues of Claims, Language, Political Economy and Macro economic policies

Required Reading:

Premchander, Smita. 2009. Multiple Meanings of Money. How Women See Microfinance. Chapter 6