

Microfinance: An Overview

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Developing Countries have large number of their population living in below poverty line. The percentage of people living below poverty line, though difference exist among countries amounts to about 40 percent of the entire population of the developing world. Any progress without improving the lot of poverty-ridden section of the world population cannot be considered as meaningful progress. Poverty alleviation is one of the primary objectives of any planning in a national economy. Therefore, it becomes imperative to formulate situation specific poverty alleviation policies and programmes for generation of a minimum level of income for rural poor, which form the substantial percentage of national population in developing societies. Thus in India, the central and state governments initiated several programmes to eradicate the poverty and providing micro finance is the important one. Micro finance system can only supplement the role of banks, and financial institutions to help in solving the problems of poverty and unemployment in the country. This paper is an attempt to define and analyze the Need, Role and importance of Microfinance in India. The SHGS (Self help groups) are meeting their social responsibilities under micro-finance in our country. The problems faced by them are also discussed in brief, so that a meaningful conclusion may be drawn to strengthen the micro finance as a tool for eradicating poverty in the country and to make them more effective in future.