

Role of Microfinance in Rural Development of Bihar

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Microfinance was known as rural finance or informal finance. Microfinance plays an important role in fighting the multi-dimensional aspects of poverty. Microfinance distinctly differs from other populist poverty alleviation schemes. Microfinance is an innovation for the developing countries. It provides self-employment opportunity for poor people who are unemployed, entrepreneurs and farmers who are not bankable because of the lack of collateral, very low level of income. It involves building of financial sub-system which serves the poor and its architecture could be easily integrated into the financial system of the nation. In other words, by mobilizing, the poor, especially the women, organizing them into groups, building their capacity for self management at the grass roots and enabling them to deliver and access a wide range of services including credit, savings, insurance and business development, Microfinance programmes have unleashed the hitherto hidden and untapped potential of the poorest.