



Studying the Impact of Microfinance on Drought affected Region of Bundelkhand



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e.g. capacity building for all the stakeholders from mentoring/supporting NGOs to SHG members and financing agency; training of clients in financial literacy before disbursing loans to them; change in traditional approach for the development of SHG-BLP model and promoting innovative models as evident in some districts during the study. There is need of a broad range of financial services to create and sustain livelihoods, build assets, manage risks and smooth consumption. As the study outcome confirms, microfinance can help significantly in this way.

The results of the study aligned with and confirm some of the evidence from microfinance research literature that found modest but neither revolutionary nor deleterious impacts from credit in general but it has importance for poorest of poor, who are not connected with formal banking system till date. Even though the role of microfinance in Bundelkhand is very important as it allows poor people to unleash small business opportunities and remains valid for many poor clients. Microfinance is generating notably higher incomes on average to resource less clients in the region. It also has many important benefits to households that are using loans to make household investments, absorb shocks or accelerate consumption, such as investments in durable goods, home improvements, or increasing quality of food and education for their children in some cases. This outcome is more important in the backdrop of consistent drought and socio-economic condition of the clients in Bundelkhand.