



**JAIPURIA INSTITUTE OF MANAGEMENT-SM
PGDM; TRIMESTER IV; ACADEMIC YEAR 2018-19**

Course Code and title	FIN 405 Micro Finance
Credits	3
Term and Year	Term IV, 2018 -19
Course Pre-requisite(s)	Basic understanding of finance terms
Course Requirement(s)	
Course Schedule (day and time of class)	
Classroom # (Location)	
Course Instructor	
Course Instructor Email	
Course Instructor Phone (Office)	
Student Consultation Hours	
Office location	

1. Course Overview

Microfinance is one of those ideas that has tremendous and unprecedented implications and possibilities. Microfinance is the provision of financial services for the poor. These financial services include credit, savings and insurance, remittance, pension etc. Microfinance is about small ideas with big implications. It has now become an important aspect of economic and financial market development. It complements the banking and non-banking financial industry by filling up the gaps at the bottom of the pyramid markets.

Microfinance is not yet comprehensively addressed in MBA level programs. But the growing involvement of financial institutions such as commercial banks, VC funds and new age microfinance institutions is fueling a significant demand for well-trained managers in the area. The objective of this course is to fill this gap. This course introduces students to the practices and management of Micro Finance Institutions. It identifies the wide varieties of practices and governance structures of these organizations, and the issues they confront. The course focuses on three major aspects of Micro Finance industry: the fundamentals of microfinance, the management of MFIs and understanding of various products of MFIs. It also focusses on the understanding the impact of microfinance on the well-being of poor, under privileged, women clients and other social implications.

2. Course Learning Outcomes (CLO)

At the end of the course, the students should be able to: KSA

1. Explain Micro finance business {LO-1, Knowledge, measured in quiz}
2. Examine various delivery mechanisms of Micro finance {LO-2, Skill, measured in written exams}
3. Explain risks, regulatory issues and governance issues in Micro finance business {LO-3, Knowledge, measured in written exams }
4. Describe products of micro financing {LO-4, Knowledge, measured in presentations}
5. Evaluate business practices of MFIs and their impact on Micro finance beneficiaries { LO-5, Skill, measured in assignment}

Programme Learning Outcomes

The graduates of PGDM at the end of the programme will be able to:

1. Communicate effectively and display inter-personnel skills.
2. Demonstrate Leadership and Teamwork towards achievement of organizational goals.
3. Apply relevant conceptual frameworks for effective decision-making.
4. Develop an entrepreneurial mindset for optimal business solutions.
5. Evaluate the relationship between business environment and organizations.
6. Discuss sustainable and ethical business practices.
7. Leverage technologies for business decisions.
8. Demonstrate capability as an Independent learner.

	PLO-1	PLO-2	PLO-3	PLO-4	PLO-5	PLO 6	PLO-7	PLO-8
CLO1							*	
CLO2						*		*
CLO3					*			
CLO4	*							
CLO5		*	*	*				

Graduate Attributes

1. **Self-initiative**
2. **Deep discipline knowledge**
3. **Critical thinking and Problem solving**
4. **Humility, Team-Building and Leadership Skills**
5. **Open and Clear Communication**
6. **Global outlook**
7. **Ethical competency and sustainable mindset**
8. **Entrepreneurial and innovative**

	GA-1	GA -2	GA -3	GA -4	GA -5	GA- 6	GA -7	GA -8
CLO1		*						
CLO2	*							*
CLO3						*	*	
CLO4					*			
CLO5	*		*	*				

Text Book: MICRO FINANCE- PERSPECTIVES AND OPERATIONS: Published by Macmillan for Indian Institute of Banker, Mumbai- 2nd edition 2014

Other readings:

1. **Understanding Microfinance**, Debaditta K Panda, Wiley 2015
2. Beatriz Armendariz de Aghion and Jonathan Morduch. **The Economics of Microfinance**, MIT, Press 2005
3. Ledgerwood, Joanna. **Microfinance Handbook: An Institutional and Financial Perspective**. World Bank, 1999.

Internet Resources

1. www.ujjivan.com/html/impact_assessment.php
2. www.janalakshmi.com/our-impact/our-impact
3. www.sksindia.com/
4. www.mfinindia.org/research-reports-white-papers

Session Plan

Session No.	Topics	Reading reference /Cases	Pedagogy	Session Learning outcome	CL O
Module 1: Fundamentals of Micro finance					
1	Micro finance : Meaning, definition, importance, Creating safety net for poor, Emergence of Micro finance in India and abroad, Evolution of Microfinance in India	Text Book: Chapter : 2, Microfinance: A Documentary https://www.youtube.com/watch?v=oKZrsQdSI5k	Discussion, Video screening	Understand microfinance and banking business	1
2	How Micro finance is different to conventional banking, Role of Micro finance in poverty eradication, eradicating social problems through micro-financing,	https://www.youtube.com/watch?v=De3O17gh4c0	Discussion, Video screening	Appreciate the role of Micro finance business	1
3	Financial Inclusion: Micro finance , Micro lending, Micro credit, Micro Insurance, Micro Banking (PM Jan Dhan Yojana , PM Jeevan Jyoti Bima Yojana etc)	Text Book: Chapter : 8	Discussion	Develop understanding of microfinance and related business	4
4	Evolution of Microfinance in India ,MFI approach, Types of MFI, constraints' in mainstreaming of MFI and challenges faced, Discussion based on MF industry data	Text Book: Chapter : 6	Discussion	Appreciate the growth of an industry	1,2
5	SHG model of Microfinance, Cash Credit Limit (CCL) and Drawing Power (DP) determination.	Text Book: Chapter 4	Discussion and Excel based exercise	Understand SHG as delivery mechanism of micro-finance	2
6	JLG Model of Micro-finance, Credit Linkage assessment by banks for financing Joint Liability Groups (JLGs)	Text Book: Chapter 4 Handout: JLG examples from NABARD reports.	Discussion and Excel based exercise	Understand SHG as delivery mechanism of micro-finance	2,3

7	MFI-Bank linkage programme, NBFC-MFI Model of Micro finance	Handout: Master Circular on SHG-Bank Linkage Programme (2016)	Discussion	Understand NBFC-MFI and SBILP as delivery mechanism of micro-finance	2,3
8	Business Model of Micro finance: Revenue model, CVP analysis	Text Book: Chapter 12	Discussion	Appreciate the financials of microfinance business	2
9	Business Model of Micro finance: Efficiency and Productivity, Cost per borrower, RoI	Text Book: Chapter 12	Discussion	Appreciate the financials of microfinance business	2
10	Comprehensive case analysis of MFI	Case: Business below the Pyramid	Case Discussion	Appreciate microfinance as a business	1,2
Module 2: Regulatory frame work and risk management					
11	Role of MFIN as a SRO, MFIN structure	www.mfinindia.org	Discussion	Discuss the role of MFIN in Micro finance industry	3
12	Andhra Pradesh Micro Finance Crisis	Handout of the Andhra Pradesh Micro finance bill	Discussion	Understand the genesis of a financial crisis	3
13	Discussion on NBFC-MFI Act (understanding net owned funds, qualifying assets, capital adequacy)	Handout on NBFC-MFI Act	Discussion	Understand the construction and framework of a regulation	3
14	Discussion on NBFC-MFI Act (Asset classification, pricing, interest rates)	Handout on NBFC-MFI Act	Discussion	Understand the construction and framework of a regulation	3
15	Risk Management in Micro finance, difference with banking and non-banking business, Types of risks in	Text Book: Chapter 13, Case of Grameen	Case Discussion	Appreciate various types of risks in	3

	MF business	Bank		microfinance business	
16	Risks in group lending, Mitigation risk of Adverse selection, managing Moral hazard, peer monitoring, hidden costs, Other aspects of risk management in Micro Finance: importance of Micro saving, Micro insurance, Gender related issues	Beatriz and Jonathan, pp. 97-112	Discussion	Understand various aspects of risks in microfinance business	
17	Risk assessment using financial ratios for MFI: Operational Self Sufficiency (OSS) Ratio, Financial Self Sufficiency (FSS) ratio, Portfolio at Risk (PAR)	Beatriz and Jonathan, pp. 243-247	Excel based exercise and discussion	Apply ratios for risk assessment	
Module 3: Products and services					
18	Micro-product and services- Issues & Challenges	Text Book: Chapter 10	Discussion	Understand financial services and products of micro financing	4
19	Financial product & services- credit & savings, Gold loans	Text Book: Chapter 10	Discussion	Understand financial services and products of micro financing	4
20	Financial product & services- Micro pensions, remittance, leasing and housing finance	Text Book: Chapter 10	Discussion	Understand financial services and products of micro financing	4
21	Role of NGOs in microfinance industry. (Empowerment of rural poor, women and underprivileged through financial literacy, skill development, sanitation awareness, health checkup etc.)	Text Book: Chapter 10	Discussion	Understand the role of a NGO in microfinance industry	4
22	Project presentation by students		Presentation	The students would be presenting the respective group	1,2, 3,4, 5

			project and the findings from the field visit.	
23	Project presentation by students	Presentation	The students would be presenting the respective group project and the findings from the field visit.	1,2,3,4,5
24	Project presentation by students	Presentation	The students would be presenting the respective group project and the findings from the field visit.	1,2,3,4,5

Assessment Criteria:

Component	Description	Weightage (%)	CLOs
Quizzes	There will be three Moodle based quizzes conducted during the course consisting of multi option questions. Best of the two will be considered for evaluation. The quizzes will be announced on random basis without prior notice and would be 'long quiz'.	20%	1,2,3,4,5
Group Project Assignment	Group assignments will be given to study financial and non-financial impact of assistance through field visit and analysis of best management practices of Micro finance institution assigned to the group. This will include submission of report and presentations on the same. Presentations will be scheduled between Sessions 20 to 24.	20%	2,4,5
Mid-Term Exam	Mid-term question paper would be designed in such a manner that it will assess the conceptual understanding and analytical ability of the students. Emphasis will be on application of concepts.	20%	1,2,3
End-Term Exam	End term question paper would consist of conceptual questions, application based questions and case study/case exercises to assess the application of analytical ability of the students. Emphasis will be on applications of concepts.	40%	2,3,5

List of Modules

Course is divided in following micro-modules to ensure focused delivery:

Modules	CLOs	Vital (prerequisite or basic knowledge or skills)	Essential (Non-imperative yet significant)	Desirable (adds substance, breadth, or interest to a subject or skill)
Module 1: Fundamentals of Micro finance.	1,2 and 5	Micro finance definition, importance, Capital and debt raising by MFIs, SHG Bank linkage programme, Joint liability group, NBFC-MFI model	Micro finance delivery model across the world and India, Profitability, Efficiency and Productivity, Evolution of Microfinance in India, Revenue model of Micro-finance- Profitability, Efficiency and Productivity	Inclusive growth through Micro finance, Micro finance and poverty
Module 2: Regulatory frame work and risk management.	3	Legal format of MFI, Various regulatory and supervisory issues, Code of conduct for MFI, rural banking sector compliance of various regulations	Risk Management of credit, operational and market risk Andhra Pradesh Crisis	Comparative risk management with other banking system.
Module 3: Products and services.	4	Products such as Credit products, Savings products, insurance, pension, remittance.	Non Financial Products – financial literacy, skill development, eradication of social evils and exploitations	MF Product development and market assessment.

	Pre-class
	In-class
	Beyond class

Time budgeting in course planning:

The table below is an example of the suggested time allocations for this course.

Classes	2-3 sessions (75 minutes each) per week for 12 weeks	30 hours
Reading cases and study materials	Prescribed readings and making notes	60 hours
Preparation of Project (including the Viva)	Field visit, analyzing data and writing report	4+5+10 hours
Quiz+ Mid-term +End term	Examination	5 hours
TOTAL		114 hours

RUBRICS FOR ASSESSMENT COMPONENT :

RUBRICS FOR QUIZ (10 Marks)

POOR	FAIR	GOOD	EXCELLENT
Marks 0-3	Marks 4-5	Marks 6-8	Marks 9 – 10
UNSATISFACTORY	MINIMAL	PROFICIENT	EXEMPLARY
A very few of the concepts are clear and student is unable to understand the same.	Some of the concepts are clear and understood by student.	Majority of concepts are clear and understood by student.	Most of concepts are clear and understood by the student.

RUBRICS FOR MID TERM (20 Marks)

POOR	AVERAGE	GOOD	EXCELLENT
0-5	6-10	11-15	16-20
Is not able to comprehend the concepts.	A few of the concepts are clear and understood by student but needs to work hard	Majority of concepts are clear and understood by student and should look towards excellence.	The student has excellent understanding of all issues related to the course.

RUBRICS FOR END TERM (40 Marks)

POOR	AVERAGE	GOOD	Above Average	EXCELLENT
0-10	11-20	21-30	31-35	36-40
Is not able to comprehend the concepts.	A few of the concepts are clear and understood by student but needs to work hard	The student has good understand of few concepts and need to work on other concepts.	Majority of concepts are clear and understood by student and should look towards excellence.	The student has excellent understanding of all issues related to the course.

RUBRICS FOR PROJECT ASSIGNMENT & Presentation/VIVA VOCE (20 Marks)

	CRITERIA	INADEQUATE	ADEQUATE	ABOVE AVERAGE	ADVANCED
Project Assignment (Marks 10)	Data Collection, Data analysis, adherence to report format and deadlines	0-2	3-5	6-8	9-10
Present ation/V iva Voce (Marks 10)	Presentation, Articulation, group dynamics, Question and Answers, Punctuality, Dressing, Confidence	0-2	3-5	6-8	9-10