

**S. R. Sankaran Chair (Rural Labour)**  
**National Institute of Rural Development and Panchayati Raj (NIRD&PR)**  
Rajendranagar, Hyderabad 500 030

***National Seminar***  
**on**  
**“Changing Perspective of Rural Finance and Financial Inclusion of Rural poor”**  
***28-29 April, 2017***

**Brief Proposal**

**Context**

It has been well recognized that developed and inclusive financial system help faster growth and better income distribution in an economy. Access to timely credit and at affordable costs, especially to poor help to improve their level of living through increasing output, smoothening consumption and increasing their ability to invest in human capital augmenting activities, like schooling of children or making medical treatment available to them. Thus there is a link between credit market imperfections and human capital achievement. Of late, there is growing appreciation of the empowerment dimension of finance. Access to finance can provide poor opportunity and the ability to escape from the misery of low level of living.

Given that majority of poor in the country live in rural areas there is need for inclusive financing or the delivery of financial services at affordable costs.

Further, the rural producers/poor face several type risk and uncertainty which make them vulnerable and affect their production, income and thereby their well being. Along with access to finance at affordable cost the poor have to be protected from different types of shocks. In such a situation access to insurance services at easy terms and conditions are desirable.

There has been rapid increase in the number of formal credit institutions (commercial banks, regional rural banks and cooperatives) during 1970s and 1980s in the rural areas and the amount of loan provided by banks has increased significantly.

In the early 1990s the implementation of Narasimham Committee on banking sector marked a drastic reversal of banking policy focus to pro-market and private sector-led financial system, which is seen as embodying the virtues of liberalism as the efficiency and discipline in the operation of banking institutions. As a result there was reduction in the expansion of rural branches of banks during mid 1990s.

However, during 1990s and subsequent decades there have been several innovative institutional arrangements in the financial services sphere, in rural areas.

The major approach has been linking banks with informal institutions such as self help groups (SHG) and microfinance institutions (MFI). These institutions mobilize the poor households with the help of state/para state agencies, aggregate small demands and manage timely repayment of loans by these groups. The SHG bank linkage programme has expanded significantly and has become a hybrid credit delivery strategy to serve the needs of the poor. Along with the SHG Bank linkage, the micro finance institutions have also been growing. Initially, MFIs were all non-profits based but later on most of them have transformed them into non banking finance companies. As a result the access of rural households to formal credit markets has been rising over the years. This has reduced the dependence of rural households on non-institutional sources of credit relatively.

In this background there is a need to have a holistic understanding of the changes that are taking place in rural financial markets and its dynamics. It is desirable to broaden our understanding on a variety of factors that are linked to the changes in rural financial markets especially in the context of nature, structure and growth of formal and informal credit. There is also need to know and factors contributing for improving financial inclusion of the poor. Keeping this in view S. R. Sankaran Chair is organizing a National Seminar on the above mentioned themes during 28-29 April, 2017.

The broad objectives of the seminar is to understand and analyze the recent development relating to the rural credit markets structures and inclusive finance as well as related issues including insurance in rural areas.

### **Seminar Themes:**

Indicative Themes / Topics of the seminar are as follows:

- Composition of formal credit (commercial banks, cooperatives and Regional Rural Bank) and its access by different sectors (i.e. agriculture, micro enterprises and household, artisans etc) and by disadvantaged segments including poor households, and socially marginalized communities
- Trend in financial inclusion: role of SHGs, MFI linked financial institutions
- Agricultural and Value Chain Finance
- Rural Credit and insurance intake in rural areas and their functioning
- Rural Banking and Digital technology and other ways of reaching the poor
- Growing Financial services and its potential in rural areas

## **Structure of the Seminar**

The deliberations will be for **two days (during 28-29 April, 2017)** at NIRD&PR, Hyderabad. Besides the inaugural and valedictory sessions there will four technical sessions.

## **The Stakeholders / Participants**

The seminar will bring together academia, policy makers and members of civil society organizations and those who have been working on the issues related to the themes of the seminar. It will discuss and deliberate on the broad issues, while focusing on challenges and opportunities, and strategies to improve the access of poor to inclusive finance. Contributions are expected to be analytical / empirical while dealing with factors contributing to portray of changes, its drivers, impact and implications.

## **Important Dates:**

Submission of Abstracts: 20<sup>th</sup> March, 2017

Submission of papers: 6<sup>th</sup> April, 2017

Intimation of Short Listed Papers: 10<sup>th</sup> April, 2017

Seminar Dates : 28-29 April, 2017

## **Communication**

Communication may be sent to [s.r.sankaranchair.nird@gmail.com](mailto:s.r.sankaranchair.nird@gmail.com), or Chair Professor and Coordinator of the Seminar, S.R. Sankaran Chair (Rural Labour), National Institute of Rural Development and Panchayati Raj (NIRD&PR), Rajendranagar, Hyderabad – 500 030. Ph: 040 – 24008516.

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