

STUDY ON IMPACT OF MICRO-FINANCE FOR RURAL ENTREPRENEURSHIP DEVELOPMENT, RURAL INDUSTRIALIZATION AND RELIEF OF POVERTY

Mr. M. Nirmalkumar & Dr. T. Balasaravanan***

**Assistant Professor of Economics, Madha Arts and Science College, Thandalam, Chennai -122, Tamilnadu.*

***Associate Professor, Department of Economics, S.I.V.E.T College, Gowrivakkam, Tambaram, Chennai – 600 073.*

ABSTRACT

“Micro Finance in India is approaching a “holistic tipping point” that could lead to a massive poverty reduction in the next five to ten years” – Grameen Foundation V.S in 2005. Rural finance is an important source for the poor. Rural finance consists of formal and informal sector. The poorest groups tend to spend the highest proportion of their earnings on food which accounts for more than 70%. If any drop in their regular income, the welfare of their family is severely affected that they cannot meet the additional expenditure on health, festival and funeral cost, unless loans can be accessed. Financial transactions, therefore, form an integral part of the livelihood system of the poor. The credit requirement of the poor has been increasing day by day due to scientific, technological advancement and also a cultural change in the world. Hence, the poor requires finance for both consumption and production purpose. Credit on reasonable terms to the poor can bring about a significant reduction in poverty. In this context, the present paper studies the impact of Micro finance for the Rural Entrepreneurship development, rural industrialization and relief of poverty.