Reception
The Impact of Micro Finance on Rural Households

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Abstract— **Micro Finance has become one of the most effective instruments for economic development of the poor. Expansion of rural credit delivery system since 1947 has not changed the dependence of the poor on money lenders ad commission agents. The dependence of the rural poor on non-institutional sources of credit is one of the causes that perpetuate their poverty. The poverty alleviation and government sponsored schemes in banks have problems in implementation, with more Non Performing Assets than of other schemes and therefore failed to deliver the expected results. Thus the rural banking institutions are out of step with changing rural credit. The situation necessitated the formation Self Help Groups for enabling the poor to participate in the process of development. Micro Finance or Micro credit for the poor and women has received extensive recognition as a strategy for poverty reduction and for economic development. Micro finance aims at organizing people particularly around credit and building capacities to manage money. The focus is on getting the poor to mobilize their own funds, building their capacities and empowering them to leverage external credit.**

Key words **- Micro Finance, Micro Credit, Self Help Groups, Community Development Society**

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