

## Microfinance for the Marginalised: The Impact of the Rojiroti Approach in India

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**Abstract :** There have been a number of studies examining the impact of microfinance; however, the magnitude of impact varies across regions, and there has been mixed evidence due to the differences in the nature of interventions, context and the way in which microfinance is implemented. The Rojiroti approach to microfinance involves the creation of women's self-help groups (SHGs), rotated loans from savings and subsequent credit from a Bihar-based NGO. Rojiroti serves customers who are significantly poorer and more marginalised than those typically served by microfinance in India. In the data analysed, more than 90 percent of members are from scheduled caste and tribes (62 percent) or other disadvantaged castes. This paper analyses the impact of Rojiroti microfinance using panel data on 740 new SHG members and 340 women in matched control sites at baseline and after 18 months. We consider changes in assets, children's education, women's mobility and domestic violence among other indicators. These results show significant gains for Rojiroti borrowers relative to control sites for important, but not all, variables. Comparison with more longstanding SHGs (at least 36 months) helps to explain how the borrowing patterns of poor and marginalised SHG members evolve. The context of this intervention is also important; in this case, innovative microfinance is provided too much poorer and marginalised women than is typically the case, and so the results seen are in contrast to numerous studies that show little or no effect of microfinance on the lives of their clients.

**Keywords :** microfinance, gender, impact, pro-poor

**Conference Title :** ICMDM 2018 : International Conference on Enterprise Development and Microfinance

**Conference Location :** Paris, France

**Conference Dates :** March 15-16, 2018