

ABSTRACT

Microfinance emerged as a promising tool to rethink banking for the poor. Although the microfinance movement aimed at alleviating poverty, it has increasingly become a tool to support tiny business enterprise. This paper examines the borrowing behavior of members of Self Help Groups associated with a microfinance institution in Chennai. The study finds that women borrowers from urban, semi-urban and rural regions around Chennai repay their loans diligently and enjoy the benefits of microcredit. They pursue diverse income generating activities to support their family and enjoy a better quality of life. The sample of 910 clients observed during three years 2009-2011 are found to be rewarded for their loyalty to the microfinance institute through access to multiple loans per year. Statistical and graphical analysis of the loan size, loan frequency and income reveal that microfinance helps in improving the livelihood of people but not address the issue of poverty alleviation