

## **Economics Seminar, Indian Statistical Institute, New Delhi.**

**SPEAKER: Renuka Sane, IGIDR**

**TITLE: How does Micro-Credit Matter: Evidence from a Large-Scale Natural Experiment**

**TIME: 11:30 AM - 1:00 PM.**

**DAY & DATE: Friday, 12<sup>th</sup> October, 2012**

**PLACE: Seminar Room 2**

**Abstract:**

Micro-finance in the southern Indian state of Andhra Pradesh came to a standstill in October 2010, when the state government passed an Ordinance that effectively prohibited any new loans and stopped collection of repayments. This paper evaluates the impact of such a large-scale withdrawal of credit on the average household expenditures in regions affected by the Ordinance and finds sharp falls in food and intoxicants expenditure. The paper points out that micro-credit matters and large scale withdrawal of credit can have detrimental impacts on household expenditures, thus contributing to the literature on evaluating the impact of micro-credit as well as understanding the impact of liquidity constraints on consumption smoothing.

<http://www.isid.ac.in/~pu/seminar.html>