Though the micro credit has a great scope in alleviating socio-economic problems, existing systems require reform in multiple areas to allow for long lasting benefits. Examine.

Micro credit and micro financing involves giving small monetary benefits to the rural people who live outside the mainstay economic production. It is said to have a cascading effect by providing opportunity to tide over unfavourable condition, build entrepreneurship, and contain migration.

Studies have shown that, such a system has mixed benefits in improving lives on the ground.

1) Micro credits had made a little impact on borrowers, when measured against parameters of business profit, revenue, consumption and expansion, quantifying impact level at 5%.

2) Prevalance of digital illiteracy in deep pockets is still a hindrance to implant entrepreneurship skills.

3) Certain credit extension facilities have no well worded agreements. and no collatoral. This makes risk quantification difficult for lenders

4) To overcome any uncertain default in payments, stringent repayment schedules have been incorporated. This acts as a hindrance for actual productivity.

5) Borrowers as a result are forced to invest only for short term needs, reaping meagre output.

Micro credit and financing have been tailor made solutions in 2 areas.

Seasonal credit circulation in rural areas, that has held the authenticity of the system

Dampening the effects of natural disaster by providing insurance facilities

Revamping the system is a must for alleviating socio-economic Problems. These include (2)

1) Awarding moratorium on loan repayments. This can materialize credit outreach to actual productivity.

2) Flexible repayment schedules depending on the profile of job
example:- Research shows that monthly repayment schedules have 45% lesser Financial stress Index than weekly repayment.

3) Using effective community information to tally risk. Person ranking done based on profit and entrepreneurship.

4) Providing user friendly infrastructure through digitization and banking.

Thus such reform measures are essential for other socio-economic development schemes to alleviate distress.