Micro Credit in Rural Development: The Requirement and Recommendation of Government Support and Intervention

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Abstract

One of such major problems of micro and small enterprises (MSEs) in Indonesia is capital. In fact, even if there are capitals provided for micro enterprises in the market, the institution providing micro credit is not exist or unable in servicing micro credit for MSEs. This paper will discuss about what kind of institutions or who involves in providing micro credit in Indonesia. As well, it explores what kind of micro credit offered to the MSEs. Then it shows constraints and challenges MCIs face currently. Also, what efforts have been or should be performed to develop the role of micro credit institutions. Importantly, this paper gives recommendation to be performed by the government in encouraging the role of micro credit institutions (MCIs).

2 Ex-Local Consultant (2005/2006) GTZ-ProFI Project for Micro Finance Institution Development