EFFECT OF DIVERSE LENDING MODELS ON SUSTAINABILITY OF MICROFINANCE PROGRAMME

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ABSTRACT

Micro finance reduces the constraints of access of finance by introducing innovative diverse lending models with distinctive features and approach and increasingly enabled poor entrepreneurs to improve their source of revenue. However the empirical evidence shows that there are enormous challenges related to sustainability of microfinance programme of Malwa region of Madhya Pradesh (MP). This research investigates the effect of lending models like SHG, JLG, individual and other lending models on sustainability of microfinance programme of Malwa region of MP. The mix of quantitative and qualitative methodology was applied to analyze the data collected through structured questionnaire from interview of branch managers & their employees from 69 funding institutions of Malwa region. The findings of this research reveal that significant difference exists within comparisons of different Lending models adopted by institutions for micro financing in getting long term loan for micro financing, FSS, OSS and information asymmetry.

KEY WORDS: Lending model, sustainability, Micro finance, Clients, Funding Institutions.

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