

## **CERTIFICATE FROM THE INSTITUTE**

This is to certify that the Project Report titled **Issue and Success factors in Micro Financing**, is a bonafide work carried out by **Mr. Rohit Mathur** of MBA 2013-15 and submitted to Delhi School of Management, Delhi Technological University, Bawana Road, Delhi-42 in partial fulfillment of the requirement for the award of the Degree of Masters of Business Administration.

Signature of Guide

Ms. Khushbu Madan

Place:

Date:

Signature of Head (DSM)

Prof. P.K. Suri

Seal of Head

## **DECLARATION**

I **Rohit Mathur**, student of MBA 2013-15 of Delhi School of Management, Delhi Technological University, Bawana Road, Delhi-42 declare that Dissertation Report on **Issue and Success factors in Micro Financing** submitted in partial fulfillment of Degree of Masters of Business Administration is the original work conducted by me.

The information and data given in the report is authentic to the best of my knowledge.

This Report is not being submitted to any other University for award of any other Degree, Diploma and Fellowship.

Rohit Mathur

Place:

Date:

## **ACKNOWLEDGEMENT**

I gratefully acknowledge my profound indebtedness towards my esteemed guide, Ms. Khushbu Madan, Research Scholar at Delhi School of Management for her invaluable guidance, excellent supervision and constant encouragement during the entire duration of the project work. This project would never have been possible without her guidance and supervision.

I also express my sincere thanks to my project mentor, Dr. Archana Singh, Assistant Professor, Delhi School of Management, Delhi Technological University for being a constant source of encouragement. I am also thankful to Prof. P.K.Suri, Head of Department and all the faculty members of Delhi School of Management, DTU, Delhi

## **EXECUTIVE SUMMARY**

Microfinance means providing very poor families with very small loans (micro credit) to help them engage in productive activities /small businesses. Over time, microfinance has come to include a broader range of services (credit, savings, insurance, etc.) as we have come to realize that the poor and the very poor who lack access to traditional formal financial institutions require a variety of financial products.

The Twelfth Five Year Plan aims at inclusive growth and faster reduction of poverty. Micro Finance can contribute immensely to the financial inclusion of the poor without which it will be difficult for them to come out of the vicious cycle of poverty. There is a need to strengthen all the available channels of providing credit to the poor such as SHG- Bank Linkage programmes, Micro Finance Institutions, Cooperative Banks, State financial corporations, Regional Rural Banks and Primary Agricultural Credit Societies. The strength of the micro finance industry lies in its informality and flexibility which should be protected and encouraged.

Landlords, local shopkeepers, traders, suppliers and professional money lenders, and relatives are the informal sources of micro-credit for the poor, both in rural and urban areas.

The objectives of the study are to find the issue and success factor of the micro finance and also the comparative analysis of Micro-Finance services along with the recommendations. By comparing two major microfinance models (i.e. SHG and MFI) in the research area reveals that the level of indebtedness to moneylenders is higher in the case of clients of MFI model.

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