

IMPACT OF MICROFINANCE ON SCALE BUSINESSES OF PAKISTAN

By

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ABSTRACT

Microfinance emerged as effective and Powerful instrument for poverty reduction among people, who are economically active, but financially constrained. Microfinance covers a broad range of financial services. The main aim of this research is to investigate the impact of micro financing on small scale businesses. The Microfinance Institutions are meant to give rise to the poor and small scale businesses which require the initial financing ranges from 10 thousand to 0.5 million. Research reveal that, there are various benefits of micro financing for the users i.e. they didn't requires collateral like as conventional banks, and can provide financing on a lower mark-up rate.

The research is carried out on quantitative basis as the scope for this research suggests that it could have some measurable results. The sample size includes 180 respondents all of them are customers of the top 3 MFI from which respondents are taken include: Khushhali Bank Limited, Tameer Microfinance Bank Limited and FINCA Microfinance Bank Limited, which were selected through convenience sampling. The data for this research has been collected from questionnaire distributed among the clients of of above banks.

The findings from the research suggest that, out of three variables (Loan Tenure, Financing Policies, & Affordable Interest rates) all of them comes under the limit of 0.05 i.e. accepted.

Keywords: *Micro financing, increase business growth, lower interest rates, longer tenure.*

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