



**STAKEHOLDERS' PERSPECTIVE OF
SERVICE ATTRIBUTES:
AN EMPIRICAL STUDY ABOUT MONEY LENDING IN RURAL INDIA**

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ABSTRACT

Microfinance has emerged as an important mechanism to reach out financial services, mainly micro credit to the poor. Though there are several players in this domain still the sector is predominantly occupied by public sector banks. Presently most of the directed lending to the poor is being disbursed through group lending method. Since 1969, expansion in bank branches and adoption of technology has improved the delivery mechanism of credit products by the banks; there still exists a wide gap between demand and supply of financial products. Priority sector lending still faces challenge of sustainable recovery performance. Under priority sector lending, field functionaries often cite poor recovery and high cost associated with recovery for their underperformance. At the same time indigenous money lenders have continued their presence in the market.

In order to facilitate the process of appraisal, sanction & disbursal of credit by formal financial institutions it is imperative to understand the factors which attract the borrowers to indigenous money lenders.

What makes money lender thrive? Is it convenience in getting the loan or any other product or process attribute? Why repayment to indigenous money lenders better? All these questions & more need to be answered so as to enable policy makers & bankers to develop products with the same attributes.

In the present paper an attempt has been made to understand the perception of different stake- holders about the repayment performance of indigenous money lenders in India. The different categories of stakeholders have been used in the study

are viz. functionaries from Block Development Offices, Public & Private Sector Banks, Cooperative banks, Regional Rural Banks, Microfinance Institutions, and NABARD & Indian Administrative Services. They are either involved in the policy framing, or in implementation of microfinance schemes.

Analysis found that product specific attributes play viz. ease of getting loan, promptness in getting loan, availability of repeated loans play most important role in repayment than any other factor. The results provide an insight how these attributes will lead to lesser frequent involuntary recovery measures.

KEYWORDS: *Money lending, Micro finance, Informal credit, Recovery*