

Abstract

This study sought to establish the factors affecting sustainability of microfinance institutions operating within the Hyderabad, Jamshoro and kotri region. The aim of the study is to gain a better understanding of the factors, which are critical to their sustainability. Specifically, to establish various factors influencing sustainability of microfinance institutions, their strategies and structure which they have adopted to attract more customers. This Study help to understand variety (scope) they offer to customer and variation in the amount, mark up, instalments, interest and documentation needed. It also highlights the different financing needs of women entrepreneurs through microfinance. One of the objectives of study is also to know the government policies and their implementations in these institutions and how the awareness female customer has in regarding of services and policies.

The methodology for this involveto exploring the situation of microfinance institutions in the region of Hyderabad, Jamshoro and kotri. Survey method was used in which primary data was conducted via Questionnaires and it was supported by secondary data obtained through the financial disclosures available by firms on their corporate websites. In Primary approach the semi-structure interviews were also conducted.

Ratio analysis technique is used to find the sustainability and outreach of these institutions. The study concludes that sustainability of MFIs is a function of many factors that are related and interconnected i.e. like scope of variety of product they offered, the amount of loan sum with the transection amount, the number of branches and active browsers to know the outreach. The return on assets and equity was measured to know efficiency of generating profit from resources, investments and shareholder's equity. And profit margin shows they are good in making and sustaining revenue and have long term planning like Sindh microfinance and NRSP with return on assets which is 2.7% more than 1% and NRSP again sufficient ROE which is 53% more than 10 % showing excellent return on shareholder equity.

Further it shows high percentage of women participants that Pak Oman and Telenor have, having good performance and profit retaining and offered the reasonable instalment period with reasonable transaction cost (like fee of valuation, documentation, security charges etc). Study also shows that Government and other financial institutions making many policies and amendment for betterment of loan concession and development of entrepreneurs but unfortunately many of these banks do not know about there is accountability in compliance. This study suggests there should be a compliance officer at every microfinance institute and awareness of programs initiated by government for women entrepreneurs, better environment for female customers, female staff for them and awareness programs.