The diversity of the microfinance models in Pune

Nikita Kotecha

India’s population is approximately 1.1 billion. Approximately 72% of the population falls under the deprived segment. India has the second largest unbanked population in the world. An estimated 135 million people in India are considered to be unbankable. Microfinance institutes (MFIs) aim to provide services to these people. The microfinance industry in India has grown rapidly over the last few years. With this rapid growth come a number of issues, the commercialization of MFIs and Andhra Pradesh crisis has raised concerns about the original goals and missions of MFIs and mission drift. The crisis almost led the government to shut down all MFIs in AP. However, other MFIs in India were not directly affected by the crisis. This illustrates how different MFI services offered in different states are. MFIs in Pune did not get affected directly by the crisis. The scope of the research is to investigate the different models of MFIs in India and how they differ. This leads to the following research question: How the different microfinance models available in different sectors affects the services provided? MFI models in India differ significantly; all models are designed with the organizations goals and missions in mind. However, ultimately all the organizations use different models to implement programs that serve the poor.