

**CAUSES OF INDIVIDUAL MULTIPLE BORROWING IN MICRO
FINANCE
(A CASE STUDY OF PYUTHAN MUNICIPALITY)**

A dissertation submitted to the Office of the Dean, Faculty of Management in
partial fulfilment of the requirements for the Master's Degree

By

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Certification of Authorship

I hereby corroborate that I have researched and submitted the final draft of dissertation entitled “**Causes of Individual Multiple Borrowing in Micro Finance**”. The work of this dissertation has not been submitted previously for the purpose of conferral of any degrees nor has it been proposed and presented as part of requirements for any other academic purposes.

The assistance and cooperation that I have received during this research work has been acknowledged. In addition, I declare that all information sources and literature used are cited in the reference section of the dissertation.

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Report of Research Committee

Mrs. Prabha Pandit has defended research proposal entitled “**Causes of Individual Multiple Borrowing in Micro Finance**” successfully. The research committee has registered the dissertation for further progress. It is recommended to carry out the work as per suggestions and guidance of supervisor Asst. Prof. Dr. Bal Ram Duwal and submit the thesis for evaluation and viva voce examination.

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LIST OF ABBREVIATION

CGAP	:	Consultative group to Assist the Poor
MF	:	Micro Finance
MFIS	:	Microfinance institutions
MFP	:	Microfinance program
FSCI	:	Formal Sector Credit Institutions
NOG	:	Non-government organization
NRB	:	Nepal Rastra Bank
SPSS	:	Statistical Package for Social Science
SLC/SEE	:	School Leaving Certificate/Secondary Education Examination

ABSTRACT

This descriptive research on the microcredit industry of Pyuthan municipality is an attempt to explore the causes of multiple borrowing. This study is mainly a primary data-based descriptive research based on 120 sample respondents from Pyuthan municipality. Convenient sampling method was used and one structured questionnaire had been used to collect response of the respondents. Data was collected through face to face interview. The main reason for multiple borrowing is the small size of loans from MFIs.

The research objectives were to analyze the effects of supply factors (Growth of MFIs, Strong competition and Service quality) as well as to evaluate how demand factors (Consumption demand and Micro-enterprises) affect the multiple borrowing. The results indicated that microfinance services had effects on the multiple borrowing of clients. The descriptive statistics shows that the time period involve in micro finance, interest rate, loan cycle, loan size that measures the minimum, maximum, mean and standard deviation. The correlation analysis reveals that the multiple borrowing has highly positive relationship with Growth of MFIs, Strong competition, Service quality, Consumption demand and Micro-enterprises. Similarly, the microfinance clients gender, education, age, marital status, occupation status and income plays vital role on multiple borrowing. Whereas the multiple borrowing have a positive significant. The study also reveals that multiple borrowing has a significant relation with Growth of MFIs, Strong competition, Service quality, Consumption demand and Micro-enterprises.