The grain banking model

By Anna Wolff

GRIN Verlag Apr 2010, 2010. Taschenbuch. Book Condition: Neu. 210x148x7 mm. This item is printed on demand - Print on Demand Neuware - Diploma Thesis from the year 2006 in the subject Economics - Case Scenarios, grade: 1,3, European University Viadrina Frankfurt (Oder) (Europa-Universität Viadrina / Reims Management School), language: English, abstract: The rural sector in development countries is characterized by high covariant risk, high client dispersion and lack of suitable collateral. These problems lead to high information asymmetry within the agricultural lending process. Because information is incomplete agricultural lending is costly. Consequently many micro finance institutions (MFIs) have concentrated their branches and activities in urban areas. Therefore scepticism is growing about their role in mobilising rural savings and offering rural lending services. Financial cooperatives demanding compulsory savings and enforcing group lending schemes are able to reduce information asymmetry and hence transaction costs of agricultural lending. Since the financial cooperative follows a minimalist approach, it does not offer non-financial services such as storage facilities, training in farming techniques or the treatment of agricultural produce. In order to enhance clients ability to utilize credit, and thereby to improve their repayment rates, an MFI should follow the integrated approach. The MFI with...

Reviews

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