

This research study investigates the effects of lending policies of Khushhali Bank Limited (KBL) on sustainability of micro enterprises. A sample size of 350 respondents was selected in district Charsadda through random sampling technique. The research study uses multiple regression technique which shows that there is a significant positive impact of independent variables on dependent variable. Majority of respondent perceive that existing criteria of lending is complex and not loan friendly therefore restricts the accessibility to the micro finance. The research also found that training of the borrower enhances the capacity and production level.

The research also suggest that well designed monitoring system help in enhancing product quality which in turn produce enough income for the enterprise thereby adding in the personal saving. Most of the respondents viewed poor roads, telecommunications and poor information as main hurdles in and market accessibility and market linkage development. The study recommends that in order to promote sustainable SMEs growth is to review the existing SMEs prudential regulations to improve SMEs access to finance. Training and capacity building of SMEs should be the priority of government, furthermore, banks/borrowing agencies should develop and implement an appropriate system for monitoring utilization of loans.