

A Study on Digital Lending Platform and their Effect on MSME's with Special Reference to Tirunelveli City

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Abstract: *Digital lending platforms have emerged as a transformative force in India's financial landscape, offering innovative credit solutions to Micro, Small, and Medium Enterprises (MSMEs). This study examines the impact of these platforms on MSMEs in Tirunelveli city, where traditional banking systems often fall short in meeting the dynamic financial needs of small businesses. With the rise of fintech, MSMEs now have access to faster, more flexible, and less documentation-heavy financing options. The research adopts a mixed-method approach, combining surveys of MSME owners with interviews of fintech providers and financial experts. It explores key factors such as loan accessibility, turnaround time, repayment flexibility, digital literacy, and trust in technology. The findings reveal that digital lending has significantly improved access to working capital, especially for first-time borrowers and underserved segments. Entrepreneurs report enhanced business operations and reduced reliance on informal credit sources. However, the study also identifies challenges including limited awareness, data privacy concerns, and lack of regulatory clarity. Many MSMEs in Tirunelveli still hesitate to adopt digital platforms due to unfamiliarity with digital processes and fear of fraud. The paper emphasizes the need for financial education, stronger cybersecurity measures, and supportive government policies to foster responsible digital lending. By focusing on Tirunelveli, the study provides localized insights into how digital lending can empower MSMEs in semi-urban regions. It concludes that while digital platforms hold great promise for inclusive financial growth, their success depends on building trust, improving digital infrastructure, and ensuring regulatory safeguards.*

Keywords: Digital Lending, MSMEs (Micro, Small, and Medium Enterprises), Fintech, Credit Access, Financial Inclusion

