Reducing Poverty Through Microfinancing in the Wa East District of the Upper West Region of Ghana

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Abstract

The purpose of the study was to determine the impact of micro finance in reducing poverty in the Wa East District of the Upper West Region of Ghana. The hypothesis of the study was "micro loans when used on income generating activities will lead to poverty reduction."The spreadsheet programme was used to do the analysis on reducing poverty through micro financing in the Wa East District of the Upper West Region of Ghana. The theoretical frame work was based on the Foster-Greer-Thorberke Class Index. The researcher also used "costs of basic needs" method to calculate head count poverty in order to compare consumption expenditure of MASLOC and Non MASLOC families. The study had a Crounbach reliability Coefficient of .95 after pilot test. Data were collected from MASLOC records as age, sex, business and household expenditure. The researcher also collected data from some 50 MASLOC applicants who received loans and 50 others who did not receive the loans in order to triangulate the data on household expenditure, number of individuals in household including other bio-data. It was found that poverty reduced slightly for MASLOC families than for Non MASLOC families. The researcher recommends that government, development partners and Non-governmental organizations must collaborate to increase micro loans to the people of Wa East District in Upper West Region of Ghana in particular and the productive poor in general.

1. INTRODUCTION

Todaro (2009,P1) explained that microfinance is the supply of credit, savings, vehicles, and other basic financial services made available to the poor and vulnerable people who might otherwise have no access to them or could borrow only on highly unfavorable terms. Todaro indicated that, microfinance institutions specialize in delivering these services in various ways and according to their own institutional rules. He cited the case of village banking, or group lending schemes as an example of microfinance institution. Village banking refers to situation where a group of potential borrowers forms an association to borrow funds from a commercial bank, a government development bank, an NGO or a private institution. Todaro added that the association borrows the funds and then lends the funds to individual members, whose responsibility is to repay the group or association. But it is the responsibility of the group to repay the loan to the lending institution.

According to Todaro (2009), economic research has consistently found that unavailability of credit is a major hindrance to microenterprise development. Todaro further explained that majority of micro enterprises are operated by women and so the constraint of credit unavailability affects, though not exclusively, women borrowers. He assigned the following reasons for the foregoing constraint; lack of property rights of women, local cultural practices and more importantly, lack of collateral security. What all that means is that the significance of microfinance in reducing poverty cannot be over emphasized.

Todaro also pointed out that some three related factors make it difficult to relax the credit constraints to poor women and micro enterprises in general. These are; little or no collateral, difficulty of conventional lenders determining quality borrowers and the fact that small loans are more costly to process per dollar cent.

After defining and explaining microfinance briefly, the researcher proceeded to explain the rationale for selecting this topic as the first of the three research areas to be submitted for one to be approved as my thesis.

According to Ghana living standard surrey 5 (GLSS 5, 2006) which is conducted by the Ghana statistical service, upper west region is the poorest of the ten regions of Ghana. The last population census of Ghana, which

was conducted in 2010, also showed that the population of women in Ghana was 51. 7%, while that of male was 48.3%. Granted that Upper West Region's population would show the same proportion of the National figure, there is the need to find how microfinance could be used to reduce poverty particularly that of women, bearing in mind that, 9 out of every 10 people in the region are poor, according to GLSS5.

In other words, the rationale for taking this research topic is based on the urgent need to contribute to knowledge and suggest innovative ways of using microfinance to attempt to reduce poverty in the Wa East district of the upper west region of Ghana. This urgent need stems from the fact that upper west region is the youngest of the ten regions of Ghana and the poorest and anything that will help reduce poverty there must be explored. It is in the light of the foregoing that the researcher sets out to find out to what extent microfinance affects poverty reduction in the Wa East district of the upper west region of Ghana.

2. OBJECTIVES OF THE STUDY

This thesis is on the use of microfinance in reducing poverty in the Wa East district of the upper west region of Ghana. The main objective therefore is to find out the efficacy of micro-credit schemes as provided by MASLOC in reducing poverty. The specific objectives are
(1) Obtain the poverty level of the people in the district to see whether it is less or greater than that of the region; where out of every 10 people, 9 are poor.
(2) Obtain information about the characteristics of poverty in the district – health, hunger, education.
3. Make recommendations to microfinance practitioners, policy makers and government, as well as contribute to literature on microfinance and poverty reduction.

3. SUMMARY OF LITERATURE REVIEW

Boudreax (2008) stated in his artic "the micro magic of micro-credit that "Although the millions of tiny loans to the world's poor may not work the miracles some proponents claim, they are very beneficial ……." The foregoing statement by Boudreax appears to summarize the broad scholarly opinion about the effect of micro-credit or microfinance on the lives of the world's poor.

Wihile Hulme (2009) showed that there was a positive relationship between impact of microfinance and household income, fisher man (2012) indicated that a study of microfinance institutions in India showed that microfinance improved: political participation and self-confidence in politics, access to government programs, practical skills and knowledge of the wider society (P.5999). Whereas Hulme was reporting on the likely impact of microfinance, fisherman's studies was reporting on the potential benefits of microfinance whether it reduces poverty directly or not.

Again, while Hoque (2004) reported after a study on micro-credit's impact on poverty reduction in Bangladesh that it had minimal impact, Khandker (1998) showed micro-credit had significant impact on poverty reduction.

Catherine (1997) (Abstract) explained that micro financing was regarded as a small but important step in alleviating global poverty. She explained also that microcredit programs aimed at providing small amounts of money to the productive poor instead of giving them charity. According to Catherine, "an estimated 10 million people, most of them women, around the world have participated in thousands of microcredit schemes. "Catherine pointed out that these schemes, contributed to production increases in 82 per cent of groups that received support from United Nations Development Program and a rise in income on average of 54 per cent.

Like some other literature have argued, Catherine identified herself with the many voices who feel that, even if micro credit does not directly affect poverty, it certainly is very beneficial to its recipients. Catherine also argued that, micro credit leads to increase production and increase income. What that means is that, there is greater chance for micro credit to result in poverty reduction.

According to Irene Tinker (2000), it is important to reduce poverty by investing in women's work. Irene explained that, poverty issues and growing income gap affects some areas in US the same way that they affect developing countries. She indicated that these challenges of poverty and growing income gap which caused developing countries to re-allocate resources that were previously used for industrial and infrastructure projects to areas designed to alleviate poverty are beginning to 'rear their heads' in US. She further explained that, policies that focused on women and their need for income such as micro credit programs that offered loans and training to the productive poor women had proved to be one of the most successful interventions.

Africa Business Magazine was also certain that the activities of the micro finance institutions in Ghana in terms of providing micro loans to particularly the productive poor women, will not only help fight poverty and probably reduce it but ends up empowering them. Craxton and Wadethke (2011) also agreed with the significance of micro finance by stating that "for many years microfinance has been the sacred cow" of the development world" (P1). They further stated that Mohammed Yunus and his Grameen Bank of Bangladesh won the Nobel peace prize in 2006 for their efforts to alleviate poverty.

Ben (2006) explained that the awarding of the Nobel peace prize to the Bangladesh economist Mohammed

Yunus provided a 'lift' to the already rapidly growing field of micro finance and bring financial services to a larger percentage of the world's poor. Ben indicated that, Mohammed Yunus Founded the Grameen Bank in 1976, which made very small loans to poor people in Bangladesh so that they could start their own businesses.

Ben added that the Grameen Bank then had 6.6 million customers and lent $5.7 billion, mostly to women. Ben also pointed out that more 300.00 micro finance organizations now operate in more than 100 countries. The Norwegian Nobel peace prize committee that awarded Mohammed Yunus the prize noted that even though Yunus's long vision to eliminate poverty could not be realized by means of micro credit alone, it was satisfied Grameen Bank demonstrated that, in the continuing efforts to achieve poverty reduction micro credit must 'play a major part'.

According to Ben (2006), in 2005 an estimated 100 million people received loans from micro finance organizations and the average of loans people received was about $250.00 this figure coincides with the average of loans given by MASLOC to productive poor people in the Wa East of the upper west region of Ghana. However, MASLOC also provides loans for special projects for say poultry farming and commercial taxis' and other schemes. These fall out of its core function of providing small loans for the productive poor, particularly women.

The other thing about the Grameen Bank that Ben (2006) looked at was its focus on poor women. He indicated that the Grameen Bank group – lending model has been widely copied by many other finance organizations. The model was such that women seeking loans were placed in groups of five, and initially only two of the five members were given the loans for businesses such as milking cows or making pottery.The other three women only received the loans when the first two had established a strong weekly repayment record. I believe the essence of leaving out the three women was for them to serve as a source of pressure   for the first group to demonstrate commitment to repay or actually repay for them too to be given the loan. Ben stated that several experts in microfinance industry say that providing poor people with a shot at economic self sufficiency will make all countries far safer.

In respect of the foregoing, one can say that, the framers of Ghana's 1992 Republican Constitution took cognizance of this view when it stated in Article 36 clause (e)under the Directive Principles of state Policy that "The state shall in particular, take all necessary steps to establish a sound and healthy economy whose underlying principles shall include (2) .... (e) The recognition that the most secure democracy is the one that assures the basic necessities of life for its people as a fundamental duty".

This clearly requires the political hegemony of Ghana to ensure that people from all parts of the country are provided the basic necessities of life. It is therefore worth noting that, the government of Ghana had to introduce MASLOC in 2008 in its quest to provide small businesses and enjoy decent living. Poverty is the breeding ground of desperation and desperation is the breeding ground for terrorism (Christopher as cited in Ben, 2006).

Just like Ben (2006) indicated that multi- national financial institution and more established banks now want to invest in microfinance, Kwateng (2009) also explained that large and more established banks were now attracted by the success of the microfinance institutions that have gone into savings and loans to service the informal sector in Ghana. According to Kwateng the main source of business of Ghana's microfinance institutions is the informal sector assumes greater importance in the growth of the national economy the more successful microfinance institutions become. This success of the savings and loans outfits or microfinance institutions is what attracts large and established banks to want to invest in these hither to no go areas. (P1)

Kwateng (2009) further explained that economic emphasis on what he called restrictive poverty eradication agenda' seemed to be shifting and was then angled towards generating domestic economic growth, making it possible for the informal sector to have access to finance. He pointed out that Ghana's informal sector disserves such attention for the good reason that it provides more jobs than the government and formal private sector combined; this is how Kwateng put it to elaborate the foregoing, "indeed, the biggest slice of the country's economic pie is largely accounted for by table top traders, street hawkers, small- seller farmers and many other small businesses which operate on the blind side of government statistics" (P).

What this means is that there is no way Ghana's economy can attain its desired height without adequate financial support to our women folk. What it also means is that an expansion of this sector through microfinance support will have a direct impact on the increase in the volume of goods and services produced in Ghana and consequently an increased economic growth.

The researcher has no reason to disagree with Kwateng as he found that many of the types of businesses who benefitted from MASLOC loans in The Wa East District fell in the category of small scale businesses like Kookoo' sellers, petty trading and peasant farming.

The foregoing lack of consensus on the actual impact of microfinance on poverty reduction against the back drop of the world's enthusiasm to use it to support the world's poor, makes it even more fascinating to do further investigation into the area. Some proponents insist it is the only viable means left to include and support the worlds destitute and deprived to come out of their economic doldrums. In other worlds there is over whelming consensus over the need to use microfinance to reduce poverty. Even though some people question the efficacy of micro financing as a model for reducing poverty.

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4. OVERALL OUTCOMES STRATEGY AND TECHNIQUES OR RESULTS

The results of the research are as follows: the hypothesis is that; micro loans from MASLOC when used on income generating activities is likely to reduce poverty through increased household consumption expenditure. Accordingly, the incidence of poverty is expected to be lower for MASLOC families

Poverty level was measured using the elementary consideration of headcount poverty, leaving out poverty gap and severity of poverty and distribution issues of allocation of resources. The focus of the researcher was to establish the fundamental impact of microfinance in reducing poverty.

The foster – Greer – Thorbceke class index was used which is defined as follows

$$P(x=0) = 1/n \sum{}^q \left[{}^2/_2 - C_i \quad {}^x h_i = 1 \right.$$

Where x is non negative parameter, z is the poverty line, C_i i0 consumption per adult equivalent of household I, q is the number of households h is the number of individuals in household I and n is the total number of individuals.

Table 1 MASLOC Families

	GH¢				GH¢	$ CONV	GH¢	4WKS	D.E		GH¢	$ CONV.
	H.E.M.F	4WKS	D.E	I.H.M.F	C.E.M.F	1.92	H.E.N.F	30		I.H.N.F	C.E.N.F	1.92
1	326	30	10.86667	5	4.137275	2.154831	340	30	11.33333	2	7.477211	3.894381
2	840	30	28	8	8.040888	4.187963	481	30	16.03333	9	4.290208	2.234483
3	186	30	6.2	3	3.207148	1.670389	259	30	8.633333	4	3.757877	1.957227
4	385	30	12.83333	6	4.379744	2.281117	285	30	9.5	3	4.914178	2.559468
5	508	30	16.93333	9	4.53103	2.359912	752	30	25.06667	7	7.798979	4.061968
6	614	30	20.46667	8	5.877507	3.061201	395	30	13.16667	3	6.810878	3.547332
7	550	30	18.33333	6	6.256777	3.258738	280	30	9.333333	3	4.827964	2.514565
8	336	30	11.2	4	4.875083	2.539106	210	30	7	3	3.620973	1.885923
9	325.5	30	10.85	5	4.130929	2.151526	390	30	13	5	4.9495	2.577865
10	865	30	28.83333	3	14.91496	7.768208	220	30	7.333333	4	3.192019	1.66251
11	415	30	13.83333	4	6.021308	3.136098	195	30	6.5	3	3.362332	1.751215
12	288	30	9.6	6	3.276276	1.706394	372	30	12.4	6	4.231857	2.204092
13	120	30	4	5	1.522923	0.793189	306	30	10.2	4	4.439808	2.3124
14	211	30	7.033333	4	3.061436	1.594498	297	30	9.9	6	3.37866	1.759719
15	441.4	30	14.71333	7	4.577752	2.384246	592	30	19.73333	5	7.513088	3.913066
16	387.5	30	12.91667	5	4.917773	2.56134	409	30	13.63333	18	2.406792	1.253537
17	320	30	10.66667	6	3.640307	1.895993	156	30	5.2	3	2.689866	1.400972
18	285	30	9.5	5	3.616942	1.883824	328.5	30	10.95	5	4.169002	2.171355
19	290.4	30	9.68	6	3.303578	1.720614	100	30	3.333333	2	2.19918	1.145406
20	350	30	11.66667	5	4.441859	2.313468	250	30	8.333333	2	5.49795	2.863515
21	150	30	5	4	2.176376	1.133529	102.2	30	3.406667	4	1.482838	0.772311
22	394	30	13.13333	10	3.298944	1.7182	410	30	13.66667	6	4.664143	2.429241
23	268	30	8.933333	4	3.888459	2.025239	510	30	17	7	5.289201	2.754792
24	364	30	12.13333	5	4.619534	2.406007	460	30	15.33333	8	4.403344	2.293408
25	330	30	11	5	4.188039	2.18127	355	30	11.83333	5	4.505314	2.346518
26	500	30	16.66667	7	5.185491	2.700777	250	30	8.333333	3	4.310682	2.245147
27	290	30	9.666667	6	3.299028	1.718244	246	30	8.2	3	4.241711	2.209225
28	280	30	9.333333	3	4.827964	2.514565	260	30	8.666667	4	3.772386	1.964784
29	420	30	14	6	4.777903	2.488491	268	30	8.933333	4	3.888459	2.025239
30	240	30	8	4	3.482202	1.813647	241	30	8.033333	3	4.155498	2.164322
31	330	30	11	6	3.754066	1.955243	475	30	15.83333	3	8.190296	4.265779
32	236	30	7.866667	7	2.447552	1.274767	375	30	12.5	5	4.759135	2.478716
33	352	30	11.73333	8	3.369515	1.754956	380	30	12.66667	4	5.513487	2.871608
34	290	30	9.666667	1	9.666667	5.034722	339	30	11.3	5	4.302258	2.240759
35	298	30	9.933333	4	4.323734	2.251945	351	30	11.7	3	6.052198	3.152186
36	170	30	5.666667	2	3.738606	1.94719	460	30	15.33333	5	5.837872	3.040558
37	440	30	14.66667	4	6.384037	3.32502	330	30	11	4	4.788028	2.493765
38	282	30	9.4	6	3.20802	1.670844	250	30	8.333333	3	4.310682	2.245147
39	240	30	8	5	3.045846	1.586378	320	30	10.66667	6	3.640307	1.895993
40	132	30	4.4	4	1.915211	0.997506	165.1	30	5.503333	3	2.846774	1.482695
41	236	30	7.866667	3	4.069284	2.119419	573	30	19.1	5	7.271958	3.787478
42	380	30	12.66667	3	6.552237	3.412623	370	30	12.33333	5	4.69568	2.445667
43	280	30	9.333333	6	3.185268	1.658994	500	30	16.66667	7	5.185491	2.700777
44	426	30	14.2	8	4.077879	2.123895	344	30	11.46667	3	5.931499	3.089322
45	320	30	10.66667	4	4.642936	2.418196	700	30	23.33333	7	7.259688	3.781088
46	233	30	7.766667	3	4.017556	2.092477	530	30	17.66667	4	7.689863	4.005137
47	270	30	9	3	4.655537	2.424759	630	30	21	6	7.166854	3.732736
48	396	30	13.2	3	6.828121	3.556313	470	30	15.66667	4	6.819313	3.551725
49	340	30	11.33333	2	7.477211	3.894381	206	30	6.866667	8	1.971932	1.027048
50	300	30	10	4	4.352753	2.267059	260	30	8.666667	5	3.299667	1.718576
TOTAL	17230.8		574.36	250	230.1875	119.8893	17747.8		591.5933	239	239.7749	124.8827

From table 1 MASLOC Families

X = 0

Z = 1.25

C = 119.89

H =1 .50

I = 50

N = 50

$$P(x=0) = 1/50 \sum \left[\frac{2 - c_i}{2} \right] {}^x hi$$

$$= 1/50 \; \Sigma \left[\frac{1.25 - 119.89}{1.25} \right]^0 250$$

$$= 1/50 \left[1 \right] 250$$

$$= \frac{250}{50} = 5$$

While for NON MASLOC families

$$P(x=0) = 1/50 \; \Sigma^9 \left[\frac{1.25 - 124.88}{1.25} \right]^0 239 \times I = 1$$

$$= 1/50 \left[1 \right] 239$$

$$= \frac{239}{50}$$

$$= 4.78$$

From Hogue (2004), setting and to equal zero means (P[0]) which simply measures the share of individuals below the poverty line or the headcount index. According to Hogue, the expenditure needed at the poverty line is determined by the cost of basic needs method. (P.25). he added that individuals having consumption expenditure above the poverty line are considered non poor.

Table: 2 Incidence of Poverty of MSLOC and Non MASLOC Families

MASLOC Families

	Dairly Expenditure	I.H.MF	C.E.M.F	$ Conv. 1.92
1	10.87	5	2.174	1.132
2	28.00	8	3.50	1.823
3	6.20	3	2.07	1.076
4	12.83	6	2.14	1.114
5	16.93	9	1.88	0.98
6	20.47	8	2.56	1.333
7	18.33	4	4.58	2.387
8	11.20	4	2.80	1.483
9	10.85	5	2.17	1.13
10	28.83	3	9.61	5.005
11	13.83	4	3.45	1.801
12	9.60	6	1.60	0.833
13	4.00	5	0.80	0.417
14	7.03	4	1.75	0.911
15	14.71	7	2.10	1.094
16	12.92	5	2.50	1.346
17	10.67	6	1.79	0.926
18	9.50	5	1.90	0.99
19	9.68	6	1.61	0.84
20	11.67	5	2.33	1.216
21	5.00	4	1.25	0.651
22	13.13	10	1.315	0.684
23	8.93	4	2.23	1.163
24	12.13	5	2.20	1.263
25	11.00	5	2.38	1.146
26	16.67	7	1.61	1.24
27	9.67	6	3.11	0.839
28	9.33	3	2.33	1.62
29	14.00	6	2.00	1.215
30	8.00	4	1.83	1.042
31	11.00	6	1.12	0.955
32	7.87	7	1.47	0.596
33	**11.73**	**8**		0.764
34	9.67	1	9.67	5.036
35	9.93	4	2.48	1.292
36	5.67	2	2.84	1.477
37	14.67	4	3.67	1.91
38	9.40	6	1.57	0.816
39	8.00	5	1.60	0.833
40	4.40	4	1.10	0.572
41	7.87	3	2.62	1.366
42	12.67	3	4.22	2.20
43	9.33	6	1.56	0.90
44	14.20	8	1.78	0.924
45	10.67	4	2.67	1.389
46	7.77	3	2.59	1.349
47	9.00	3	3.00	1.563
48	13.20	3	4.40	2.292
49	11.33	2	5.67	2.951
50	10.00	4	2.50	1.302
TOTAL :				

Non MASLOC Families

Dairly Expenditure	I.H. MF	C.E.M .F	$ Conv. 1.92
11.33	2	5.67	2.951
16.03	9	1.78	0.928
8.63	4	2.16	1.124
9.50	3	3.17	1.649
25.07	7	3.58	1.865
13.17	3	4.39	2.286
9.33	3	3.11	1.62
7.00	3	2.33	1.215
13.00	5	2.60	1.354
7.33	4	1.83	0.954
6.50	3	2.17	1.128
12.40	6	2.07	1.076
10.20	4	2.55	1.328
9.90	6	1.65	0.859
19.73	5	3.95	2.055
13.63	18	0.76	0.394
5.20	3	0.73	0.38
10.95	5	2.19	1.141
3.33	2	1.67	0.867
8.33	2	4.17	2.169
3.41	4	0.85	0.444
13.67	6	2.28	1.866
17.00	7	2.43	1.265
15.33	8	1.92	1.00
11.83	5	2.37	1.23
8.33	3	2.78	1.446
8.20	3	2.73	1.424
8.87	4	2.22	1.155
8.93	4	2.23	1.163
8.03	3	2.68	1.394
15.83	3	5.28	2.248
12.50	5	2.50	1.302
12.67	4	3.17	1.65
11.30	5	2.20	1.145
11.70	3	3.90	2.031
15.33	5	3.07	1.597
11.00	4	2.75	1.432
8.33	3	2.78	1.446
10.66	6	1.78	0.925
5.50	3	1.83	0.954
19.10	5	3.82	1.99
12.33	5	2.47	1.284
16.67	7	2.38	1.24
11.47	3	3.28	1.99
23.33	7	3.33	1.736
17.67	4	4.42	2.301
21.00	6	3.50	1.823
15.67	4	3.92	2.04
6.87	8	0.86	0.447
8.67	5	1.73	0.903

TABLE 3: Percentage of MASLOC and Non MASLOC Families that are absolutely poor or poor

Class Boundary of consumption Expenditures	Frequency of MASLOC Families	Percentage of poor and Non Families	Frequency of Non MASLOC Families	Percentage
0.10 - 1.20	26	-	19	
1.25 - 2.05	18	88	26	90
2.10 - 5.05	6	12	5	10

N/B For MASLOC families incidence of Poverty = 88%

$$I \, e \, P = \frac{26 + 18}{50}$$

$$= \frac{44 \times 100}{50} = 88$$

Non MASLOC families Incidence of poverty
$$= \frac{45}{50} \times 100$$

$$= 90\%$$

Table 2, Table 3 From Table 3 which is derived from Table 2, where 26 percent of MASLOC families are absolutely poor, 19 percent of NON-MASLOC families are absolutely poor. And where as 18 percent of MASLOC families are poor, 25 percent of NON-MASLOC families are poor. 6 percent of MASLOC families have their expenditures above \$2.10, meaning they are considered non poor, where as 5 percent of NON-MASLOC families are non poor. The foregoing results were obtained using the cost of basic needs method (Hogue, 2004, P.25).

5. CONCLUSION

It can be concluded that the poverty level of the Wa East district was similar to the National figure for the Upper West region of Ghana, which is 9 out of every 10 people being poor.

It can be concluded that the research results confirmed the hypothesis. This is because; the percentage of poor people in the MASLOC families was 88%, while that of non MASLOC families was 90%. The results of the research also confirmed that, the percentage of non poor people was slightly higher for MASLOC families than for non MASLOC families. That is 12% and 10% respectively.

It can therefore also be concluded that, when resources are made available to the poor by a way of micro loans or micro credit, and ensuring that these resources are applied on income generating activities, it will result in poverty alleviation.

5.1 RECOMMENDATIONS

1. Government, development partners and Non- governmental organizations must come to support the poor in the Upper West Region of Ghana. " the reason why people cannot get out of poverty is because they do not have enough credit " (srivastana, 2005 P.46)
2. The need for stakeholders is even more urgent to support the people of Wa East District in the Upper West Region, since the results of the study confirmed that 9, out of 10 people are poor.

5.2 SUGGESTION FOR FURTHER RESEARCH

The hypothesis of this study is that, micro finance or micro loans when applied on income generating activities will lead to reduction in poverty. The researcher found that the share of poverty of MASLOC families living on less than \$1.25 a day were more than Non MASLOC families. While the percentage of MASLOC families who live on \$2.1 a day was less than the Non MASLOC families.

Again the percentage of non poor MASLOC families was higher than that of Non MASLOC families.

The variation in the values of absolutely poor, poor and non poor MASLOC families and Non MASLOC families requires further research. This is because, one would have thought that if the percentage of non poor families was higher (12%) for MASLOC families (10%) then both the percentage of absolutely poor and poor families would also have been lower for MASLOC families than non MASLOC families.

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