A CONCEPTUAL FRAMEWORK: ROLE & IMPACT
RELATIONSHIP BETWEEN MICRO FINANCE AND POOR’S ACCESS
A case study of D.I.Khan District Khyber Pakhtunkhwa, Pakistan
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Abstract
The major objective of the research study is to show the relationship between role & impact of Micro finance on Poor peoples’ access in the study area. This study is based on both quantitative and qualitative methodologies in order to find out the feasible solution of the problem. The study was guided by the following research questions: what are the problems relating to access? What are the problems relating to procedure or mechanism for obtaining the micro finance? To what extent the problems enabled the respondents to take the micro finance to the desired extent? Stratified random sampling techniques were used to get a total of 96 respondents. Data were collected through close ended questionnaires, semi structured interviews, observations and documentary reviews. Data analysis was based on descriptive statistics using various statistical tools like regression, correlation, t-test and ANNOVA with the help of tables. The Study findings show that majority of the poor do not have access to micro finance because they lack group guarantors, collateral, assets, businesses and salaried employment. Many respondents have also indicated that micro finance does not make them successful in their undertakings as they make them to become more dependants on them. Micro financial institutions should encourage poor to borrow by revisiting the collateral conditions and reducing interest rates. The result of the study was that microfinance helps the different categories of poor people and has the positive significant effects on the dependent variable i.e access to micro finance. It was found that there is a high interest rate on micro loans because of the administrative cost. The government takes interest and supports the microfinance sector and of their main initiative is microfinance ordinance 2001. The
results of the study also show that there is improvement in the microfinance sector in the recent years in terms of investments, active borrowers, branches and personnel etc.

**Key words:** Micro finance, MFIs, Poverty, Living standard, Income, Employment, Education, Communication and Health care.

**Introduction:**

Micro finance points out the provision of financial, economic and monetary services to poor People. These services generally include credit and saving, some micro finance institutions provide insurance and payment services as well. Micro finance activities refer to small loans which are commonly utilized for working capital, easy consideration of borrowers, creation of investment opportunities, and provision of collateral substitutes such as personal group guarantee, obtaining the micro credit based on the best repayment performance or debt capacity. Micro finance activities also streamlined the system for loan disbursement and it’s monitoring (Shahzad et al, 2004).

Several microfinance institutions have been established and operating towards resolving the problem of poor people’s access to Micro finance particularly those who engage in small level business (Befekadu, 2007).

Micro financial institutions are the organizations, engaged in providing the micro credit and other financial/economic services to the poor borrowers for self employment and income generating activities. Usually MFIs are not integral part of the formal commercial banking industry or government system but they are related with informal commercial banking and Non Government organization (NGOs).

According the Schmidt and Kropp (1987), Access to financial services by the users is generally seen as one of the hurdles confining their advantages from micro credit facilities. However, in most cases the access problem, particularly among formal micro financial institutions, is one created primarily through their lending policies. This is manifested in the form of prescribed minimum loan amounts, complicated application procedures and restrictions on the amount of micro finance for specific purposes. Moreover they were of the view that this type of financial institution and its policy would often determine the access. Where period of micro finance, terms and conditions for repayment, collateral and the availability of additional services do not fit the
requirements of the marked group, potential borrowers would not apply for micro finance even where it exists and when they do, they would be starved of access.

In addition, formal credit schemes do not typically take gender into account in practice; they tend to be biased towards men. It is the male headed household which is usually approached and registered for the provision of institutional credit (Ellis, 1992).

Poor people may protect themselves from poverty, increase their sources of income and also increase the right path out of hunger and poverty by shaking hand to micro finance. To meet with basic necessities of ordinary life to take the benefit for education, to bridge a cash flow gap or to take the advantage of investment opportunity, micro finance may be the initial step in contravention of the poverty cycle.

Micro finance is very helpful for poor households with respect to convenient savings and to get more money to acquire assets such as goods and services for a small business, for residential places, for better health care, or to send their children to well reputed academic institutions. The availability of financial services is just like shock absorber to meet haphazard accidental emergencies, financial, economic or business risks, business cycle, or the sudden events such as earthquake, famine, flood etc or a sudden death in the family that can push a poor family into destitution. (Jonathan & Syed, 2003)

Pakistan Poverty Alleviation Fund (PPAF) was set up in 2000 with a view to enhance the access of the people belonging to moderate poverty group to socio economic services of the Government. This is in the forum of non government organization, private, not-for profit, non trading concern, with an aim to reach the poor society through Community Based Organizations (CBOs) and Non Government organizations (NGOs).

Micro finance also emphasis on measures which may provide help to enhance the outreach of the existing NGOs and social organizations. Not only is the government of Pakistan but World Bank also the major contributor to the PPAF project. At the start of PPAF, an agreement was signed with five Partner Organizations i.e. Agha Khan Rural Support Program, Taraqee Trust, National Rural Support organization, Family planning association of Pakistan and Kashif foundation to disburse Rs. Five billion over the next five years to reduce the poverty (World Bank, 2000)
According to survey conducted by Pakistan micro finance net work in 2009, there are 20 to 30 Million clients who want to take Micro Finance services in Pakistan. PPAF has been started by the government of Pakistan to give the short term loan for one year to the people to start small scale business. Khushali Bank, Bank of Khyber, Rural Support Program and Non trading concerns like Islamic relief micro project etc are also important microfinance provider institution in Pakistan.

**Literature Review:**
Dean and Khan (1997), Khan (2008) Pakistan is one of the predominantly Muslim countries of the world and the poor people can not only be helped by micro finance but Islam has fixed a prescribed ratio of 2.5% as Zakat (Obligatory tax in Muslim law) which must be paid every year once on different possession of assets and cash by affluent Muslim persons to the deserved people.

Provident and Zacharia (2002) Formation and accessing group as collateral is the most important reasons for the micro finance which is relatively and comparatively affordable to other loans because the customer may use it for the purchase of domestic plant assets such as plant, electricity equipment and furniture etc. Formation of group and group loan is the main problem for the poor with respect to access to micro finance because delay or non repayment of installment at right time by any group member may create problem for all group. It is for the reason that the cluster security system shows the optimistic favoritism to high earners. Moreover, instantaneous family unit requirements are met out of group loans but distribution of reproductive activities are used by many people.

Regular employees have easy access to micro finance in the shape of salaried loans. Borrower must have to provide the collateral or guarantee from the employer. Mostly the poor people have limited resources and work on daily basis instead on regular or permanent job, because of either low or lack of education, thus remain fail to provide the personal employer guarantee or collateral conditions, so they do not have easy access to the salaried loans. On the other hand few people do not have good relations with their employer. They work on low cadre jobs, such as peon, security guards, bearer and drivers etc who do not easily provide the employer guarantee. Because of lower amount of salary, one may easily fade away after accessing credit. According to the rules and
regulation of micro financial institution, size of the loan must be four times of the net salary draw by the employees (borrowers).

As the salary of poor employee is low so they may get the insignificant amount of credit which does not full fill their business or farming requirement to the desired extent. Credit accessibility by the poor is an important factor in determining the effectiveness of micro finance banks in poverty reduction. The concern of this study was on the location of bank, types of customers per credit products, credit conditions and nature or characteristics of customers.

Location of the bank may indicate the nature of client focused or served and the accessibility of the bank. Besides, long and far distance from the MFIs may create hurdle for the people to get the access to micro finance because of cost and time implications. Therefore, the location of banking services with respect to far distance does not allow them from accessing the same. In 1970s most of the loans were granted to people who had political affiliation or to the rich land owners instead of poor businessmen or farmers. Despite this, they were become defaulters and did not repay due to this most of the financial institutions operated in a loss situation. However, operation of commercial banking is comparatively different.

Montgomery and Weiss, (2005) there are so many commercial banks which have changed their mode of banking in to micro finance with the collaboration of financial NGOs such as ABN Amro, Deutche and Citibank Bank are now performing the micro finance activities

Faruque (2001), Coleman (2002), Pitt and Khandker (2002), Khandker (2003). Easy access to MFIs helped the poor people to produce self employment opportunities, Managerial skills, productivity, and positive cash inflows and reduce the consumption cost etc which in turn enabled them to increase their income level and other socio economic benefits like education and health care.

Sichanthongthip study (2004) showed that micro finance has positive impact on borrower’s higher monthly income level after the member accessed to credit. Shaw (2004) studied two microfinance institutions in Sri Lanka and showed that the less poor clients’ micro business that accessed loans from micro finance programs could earn more income than those of the poor do.

**Statement of the Problem:**
All borrowers have no access to microfinance due to different factors. In present study research efforts were made to see the impact of micro finance on poor’s access in the study area and also to find out the borrowers’ link to Micro financial institutions for solving the problems of access as well.

**Objectives of the study:**
Every study must have to formulate its objective in order to apparent and become it more logical and productive. Moreover, the research community considers the objectives of the studies an appropriate and good enough as substantiation of the researcher’s lucid intellect of rationale and road map (Saunders M & Lewis, 2007)

This study focuses on objective of finding out the feasible solutions of the access/mechanism towards micro finance activities in study area and bringing into light the problems faced by borrowers as well as lenders.

**Significance of the study:**
Microfinance institutions play a significant role in meeting the financial needs of poor peoples, farmers, household and micro entrepreneurial etc. All borrowers possessed different features like age, education and experience etc. On the basis of these features they participate in micro finance and make use of that credit, improve their living standard, educational level, health and financial position of the poor segment of the society and reduce poverty. Hence micro finance will contribute a lot towards the overall
development of the economy. Therefore this study would also help MFIs and other financial institutions, whom to provide micro finance.

**Research Hypothesis:**
This research study is based on the following hypothesis

\[ H_0 = \text{Micro finance has no impact on poor’s access to Micro finance in the study area.} \]
\[ H_1 = \text{Micro finance has impact on poor’s access to Micro finance in the study area.} \]
\[ H_0 = \text{MF} = 0 \]
\[ H_1 = \text{MF} \neq 0 \]

**Methodological Frame work:**
The population for this particular study comprised of farmers and other businessmen in Dera Ismail Khan's district Khyber Pakhtunkhwa, Pakistan. The population was too large and it was impossible for researcher to contact every member of the population. To overcome this difficulty the study was confined to limited area. Researcher, therefore, selected 96 respondents from within the population taking in to consideration the cost and time benefit analysis. To give maximum chance of selection to each and every member of the population, stratified sampling method was used by the researcher.

Data was collected from the concerned quarters; questionnaire was used as a tool. In this connection, a structured questionnaire was developed by the researcher himself, containing appropriate number of closed end questions to allow the respondent maximum information. Due to largely scattered population and also to avoid risk of meager responses, researcher himself delivered the questionnaire to the respondents in different towns and regions and got back, dully filled by them. Primary data collected during the course of this research study was subjected to statistical analysis by using SPSS (Statistical Package for Social Sciences) version 11.

**Modeling:**
The General Linear Model using ordinary least square is much popular analytical tool being used in Business administration, Social and Management sciences (Cleary & Angel 1984). Most of the statistics used in these sciences are based on linear model. Researcher
used ordinary least square to predict a function that relates dependent variable (Y) to
independent variables (x₁, x₂, x₃…xₙ).

This linear function that can be shown as:

\[ Y = a + bX_i + e_i \]

Where

- \( Y \) = Dependent variable
- \( a \) = Constant
- \( b \) = Slope of line
- \( X_i \) = Independents variables
- \( e_i \) = Error term

**Model Access to Micro finance:**

\[ Y = a + bX_1 + bX_2 + bX_3 + bX_4 + bX_5 + bX_6 + bX_7 + bX_8 + bX_9 + e_i \]

Where

- \( Y \) = Access
- \( a \) = Constant
- \( X_1 \) = Gender
- \( X_2 \) = Age
- \( X_3 \) = Occupation
- \( X_4 \) = Experience
- \( X_5 \) = Family Size
- \( X_6 \) = Marital Status
- \( X_7 \) = Credit
- \( X_8 \) = Investment
- \( X_9 \) = Education

**Data Analysis and Interpretation:**

Five out of nine independent variables i.e. Gender, age, occupation, experience and
family size had insignificant impact \( R^2 = .318 \) (Table 1) on the access to micro finance
that depicts a very little change in all independent variables brings approximately 32%
change in access to micro finance, where as four independent variable i.e. marital status,
credit amount, investment and education had significant impact on access to micro
finance. Over all there is significant impact \( p=.000 \) (Table1) of dependent variable
(Access to micro finance) on the independent variables collectively at \( F=4.465 \) (Table1).

**Table 1:** Impact of different variables on Access to Micro finance (Regression)

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>( R^2 )</th>
<th>Adjusted ( R^2 )</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.564</td>
<td>.318</td>
<td>.247</td>
<td>4.465</td>
<td>.000</td>
</tr>
</tbody>
</table>

**Independent variables**

<table>
<thead>
<tr>
<th>B</th>
<th>Std. error</th>
<th>Beta</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant) 37.409</td>
<td>7.908</td>
<td>.4730</td>
<td>4.730</td>
<td>.000</td>
</tr>
<tr>
<td>Gender    .675</td>
<td>1.797</td>
<td>.037</td>
<td>.376</td>
<td>.708</td>
</tr>
<tr>
<td>Age       -.054</td>
<td>.107</td>
<td>-.062</td>
<td>-.501</td>
<td>.618</td>
</tr>
<tr>
<td>Occupation 2.071</td>
<td>2.447</td>
<td>.089</td>
<td>.846</td>
<td>.400</td>
</tr>
<tr>
<td>Experience -.033</td>
<td>.167</td>
<td>-.026</td>
<td>-.200</td>
<td>.842</td>
</tr>
<tr>
<td>Family size .128</td>
<td>.318</td>
<td>.042</td>
<td>.404</td>
<td>.687</td>
</tr>
<tr>
<td>Marital status 4.160</td>
<td>2.204</td>
<td>.213</td>
<td>1.888</td>
<td>.062</td>
</tr>
<tr>
<td>Credit amount .000</td>
<td>.000</td>
<td>-.080</td>
<td>-4.973</td>
<td>.000</td>
</tr>
<tr>
<td>Investment .000</td>
<td>.000</td>
<td>.954</td>
<td>4.120</td>
<td>.000</td>
</tr>
<tr>
<td>Education -.554</td>
<td>.184</td>
<td>-.329</td>
<td>-3.010</td>
<td>.003</td>
</tr>
</tbody>
</table>
Gender:
Gender had insignificant impact $p=0.715$ (Table 2) on access to micro finance using t-test. Correlation of gender with access to micro finance was found about 16% (Table 4)

<table>
<thead>
<tr>
<th>Variables</th>
<th>F</th>
<th>Sig.</th>
<th>t-values</th>
<th>Df</th>
<th>Sig.(2-tailed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>.754</td>
<td>.388</td>
<td>-.366</td>
<td>94</td>
<td>.715</td>
</tr>
<tr>
<td>Occupation</td>
<td>.149</td>
<td>.701</td>
<td>-1.499</td>
<td>94</td>
<td>.137</td>
</tr>
<tr>
<td>Marital status</td>
<td>3.241</td>
<td>.075</td>
<td>-2.307</td>
<td>94</td>
<td>.023</td>
</tr>
</tbody>
</table>

The main cause was that in study area gender had equal access to micro finance because both had good information regarding to obtain credit, know how to get it; they could pay interest and adopt the procedure to get micro finance. In study area Males can go easily in any financial institution to get know how and discuss the matter to get loan rather than Females. Although in many financial institutions females employees have been working, yet the female borrowers were not allowed by their guardian to enter in to the institutions premises where males are working. Apart from this many females who were allowed to go but they felt hesitate to discuss the mechanism in an environment where many males are working.

Occupation:
Occupation had insignificant impact $p=.137$(Table 2) on access to micro finance. Table 4 showed 13% correlation between occupation and access to micro finance. Occupations of the respondents under study area were Farming and other small business. For both i.e. farmers and businessmen access to micro finance required information to obtain credit, sources of credit, payment of interest, procedure adopted to get credit and such other attributes had no change to any one occupation in the study area.

Marital Status:
Marital status in the study area had significant impact $p=0.023$ (Table 2). Table 4 showed 14% correlation between access and marital status. In study area married respondents had greater responsibilities to support their families. They wanted to enhance their business which needs more investment. Poor respondents had to depend upon micro
finance, therefore, they had to keep informed regarding credit provision and sources, interest rates, had to take interest in their business, so that lending institutions might probably be ready to provide them loan.

**Table 3:** Impact of different variables on access to Micro finance using ANOVA

<table>
<thead>
<tr>
<th>Variables</th>
<th>Levels</th>
<th>Sum of square</th>
<th>Df</th>
<th>Mean square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>Between Groups</td>
<td>74.645</td>
<td>2</td>
<td>37.323</td>
<td>.484</td>
<td>.618</td>
</tr>
<tr>
<td></td>
<td>Within Groups</td>
<td>7174.261</td>
<td>93</td>
<td>77.143</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>7248.906</td>
<td>95</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Experience</td>
<td>Between Groups</td>
<td>636.829</td>
<td>3</td>
<td>212.276</td>
<td>2.954</td>
<td>.037</td>
</tr>
<tr>
<td></td>
<td>Within Groups</td>
<td>6612.077</td>
<td>92</td>
<td>71.870</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>7248.906</td>
<td>95</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Family size</td>
<td>Between Groups</td>
<td>786.054</td>
<td>3</td>
<td>262.018</td>
<td>3.730</td>
<td>.014</td>
</tr>
<tr>
<td></td>
<td>Within Groups</td>
<td>6462.852</td>
<td>92</td>
<td>70.248</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>7248.906</td>
<td>95</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Credit</td>
<td>Between Groups</td>
<td>1479.113</td>
<td>2</td>
<td>739.557</td>
<td>11.920</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>Within Groups</td>
<td>5769.793</td>
<td>93</td>
<td>62.041</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>7248.906</td>
<td>95</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment</td>
<td>Between Groups</td>
<td>290.157</td>
<td>2</td>
<td>145.078</td>
<td>1.939</td>
<td>.150</td>
</tr>
<tr>
<td></td>
<td>Within Groups</td>
<td>6958.750</td>
<td>93</td>
<td>74.825</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>7248.906</td>
<td>95</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td>Between Groups</td>
<td>453.173</td>
<td>4</td>
<td>113.293</td>
<td>1.517</td>
<td>.204</td>
</tr>
<tr>
<td></td>
<td>Within Groups</td>
<td>6795.733</td>
<td>91</td>
<td>74.678</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>7248.906</td>
<td>95</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Age:
Age had insignificant impact \( p=0.618 \) (Table 3) on access to micro finance using ANOVA. Correlation of age with access to micro finance was found approximately -16\% (Table 4). The main cause was that, in study area age group either lower, middle or upper had equal access to micro finance because all had good information with respect to obtaining the micro finance, know how to get it, ability to pay the interest and adoption of the procedure to get loan.

Experience:
Experience had significant impact \( p=0.037 \) (Table 3) on access to micro finance in the study area. Correlation of experience with access was -15\% approximately (Table 4). The respondents in the study area had greater responsibilities to assist their family members. They had enhanced their business by utilizing their resources in a better way and taking keen interest to increase the volume of their business.

Table 4: Correlation of different independent variables and access to micro finance

<table>
<thead>
<tr>
<th>Variables</th>
<th>Pearson Correlation</th>
<th>Effect</th>
<th>Sig.(2-tailed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Access &amp; Gender</td>
<td>0.161</td>
<td>+ve</td>
<td>.116</td>
</tr>
<tr>
<td>Access &amp; Age</td>
<td>0.155</td>
<td>+ve</td>
<td>.132</td>
</tr>
<tr>
<td>Access &amp; Education</td>
<td>-0.107</td>
<td>-ve</td>
<td>.298</td>
</tr>
<tr>
<td>Access &amp; Occupation</td>
<td>0.129</td>
<td>+ve</td>
<td>.211</td>
</tr>
<tr>
<td>Access &amp; Experience</td>
<td>-0.154</td>
<td>-ve</td>
<td>.135</td>
</tr>
<tr>
<td>Access &amp; Family size</td>
<td>0.038</td>
<td>+ve</td>
<td>.716</td>
</tr>
<tr>
<td>Access &amp; Marital Status</td>
<td>0.140</td>
<td>+ve</td>
<td>.175</td>
</tr>
<tr>
<td>Access &amp; Credit</td>
<td>-0.321</td>
<td>-ve</td>
<td>.001</td>
</tr>
<tr>
<td>Access &amp; Investment</td>
<td>-0.209</td>
<td>-ve</td>
<td>.041</td>
</tr>
</tbody>
</table>

Family size:
Family size as an independent variable had significant impact \( p=0.014 \) (Table 3) on access to micro finance. Correlation of family size with access to micro finance was almost 4\% (Table 4). All the family members had access to micro finance. They require information to obtain credit; sources of credit, payment of
interest, adopting the procedure to obtain micro finance and such other attributes had no change to any one occupation in the study area.

**Credit:**
The credit amount had significant impact \( p = 0.000 \) (Table 3) on access which means that respondents had received the amount of loan whatsoever they had applied for. They utilized that amount of credit for their genuine purposes in order to get maximum output. The correlation of credit with access to micro finance was -32 % approximately (Table 4). In study area all the respondents had greater responsibilities to support their families. They wanted to enhance their business which needed more credit. Poor respondents had to depend upon micro finance, therefore, they had to keep informed regarding credit provision and sources, interest rates, had to take keen interest in their business, so that lending institutions might probably ready to provide them micro finance.

**Investment:**
Investment had insignificant impact \( p = 0.150 \) (Table 3) on access to micro finance and correlation of investment with access to micro finance was about -21% (Table 4) which implied that investment had not used properly. Investment was used for multipurpose instead of real single purpose. Investment needed more information to obtain credit, sources of credit, payment of interest and procedure adopted to get micro credit.

**Education:**
Education had also insignificant impact \( p = 0.204 \) (Table 3) on access to micro finance using ANOVA. Correlation of education with access to micro finance was found to be -11% approximately (Table 4). The main cause was that the education group had equal access to micro finance in the study area because all respondents had no relevant information with respect to obtain the micro finance, know how to get it, ability to pay the interest and adopt the procedure to get loan.

**Results, conclusions and recommendations:**
Micro finance was found strongly correlated with access to micro finance at \( R = 0.564 \) & \( R^2 = 0.318 \) and it had over all positive significant impact using Linear Regression model. Marital status and investment had positive significant impact
on access to micro finance. Married respondents gave full attention towards access to micro finance. Greater amount was invested to get more output, so that to create good will in the MFIs book. Credit amount and education of the respondents had negatively significant impact on access. Regardless of qualification of respondents, each and every respondent had equal access to micro finance. Gender, Occupation and Family size of the respondents had positive insignificant impact on access, it means they had greater role to play in accessing to micro credit, yet not utmost importance given to above factors. Age and experienced respondents had negatively insignificant impact on access to micro credit. Younger and infants had no access to micro finance because of taking the disadvantage of less experience. In study area micro finance had been granted to the people for poverty reduction, enhancing their financial situation and for improving their living standard. They had to repay the principal plus interest in installment. Although micro finance had positive impact on poor’s access, yet it has helped the poor people to come over the poverty line. Mostly respondents were of the opinion that Interest rate was high, but the researcher traced that formation of group and provision of collateral or personal guarantee was the main problem faced by the poor people in getting the access to micro finance.
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