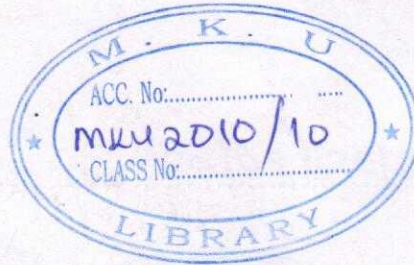


AN INVESTIGATION INTO THE EFFECTS OF MICROFINANCE INSTITUTIONS' CREDIT ON SMALL AND MEDIUM ENTERPRISE.

A CASE STUDY OF FAULU KENYA.



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BY

KIGGIRA ROBERT WACHIRA.

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ABSTRACT

The study aimed at establishing whether loans from Microfinance Institutions are beneficial in the growth of Small and Medium Enterprise. For long, small and medium enterprises have been unable to access loans in the formal banks due to lack of collateral.

It's important to carry out a research on the importance of these microfinance institutions in aiding the growth of small and medium scale business to see what role they play in growth of micro enterprises. The researcher carried out a case study of Faulu Kenya targeting two groups in the Ngando area namely Tujitegemee and Tujiiinue. All these members of these groups have borrowed from the microfinance institution

The researcher used stratified random sampling method. Data was collected using open and closed ended questionnaires. The data was analyzed using frequency tables and pie charts for easier understanding.

The study found out that indeed, microfinance credit aid in the growth of small and medium enterprises, thus it is recommended that the microfinance institutions should also offer training to their members on issues like fund management. This is because without good management skills, most SMEs are bound to fail.