

Impact of Microfinance in Promoting Rural Economic Growth in Nigeria

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Abstract : The need to develop the rural areas in developing countries where there have been decades of neglect are on the increase. It is against this background that this paper examined the impact of micro finance contribution to Nigeria's gross domestic product. Time series data for 12-years period 1999-2010 were collated from Central Bank of Nigeria published annual reports. The least squares (LS) regression was used to analyze the data. The result revealed that microfinance activities have negative and non-significant contribution to gross domestic product in Nigeria. The paper recommends that rural poverty is often a product of poor infrastructural facilities; therefore government should make a conscious effort towards industrializing the rural areas thereby motivating the micro finance institutions to locate their offices and extend credit facilities to rural areas thereby improving rural economic growth.

Keywords : microfinance, rural economic growth, Nigeria, developing countries

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