

**ANALYSIS OF THE EFFECT OF KAMWENGE PRIVATE SECTOR AGENCY- SALARY LOANS, ON THE INCOMES OF SMALL SCALE ENTREPRENEURS IN BUSIRIBA SUB COUNTY-KAMWENGE DISTRICT**

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**ABSTRACT**

The study analyzed the effect of Kamwenge private sector agency- salary loans, on the incomes of small scale entrepreneurs in Busiriba Sub County-Kamwenge district. This study was guided by the following objectives: To assess how Kamwenge Private Sector Agency salary loans is extending salary loans to the qualifying salaried entrepreneurs in Busiriba Sub County-Kamwenge district; To analyze how Kamwenge Private Sector Agency salary loans salary loans have contributed to borrowers' increased incomes of small scale entrepreneurs in Busiriba Sub County-Kamwenge district; The study used the cross sectional survey design in line with the study objectives in carrying out this study. Random and purposive sampling methods were used to avoid bias by choosing a representative sample. The study sample comprised respondents, who helped in answering the questions and providing the information needed. In the course of data analysis and presentation both inferential and descriptive statistics were used. The findings established that the provision of credit by Kamwenge Private Sector Agency to the salaried entrepreneurs in Busiriba Sub County has not effectively contributed to a substantial change in the incomes of the borrowers. On the other hand loan portfolio cut across a spectrum of users divided as households, business group and the civic group who make up the salaried borrowers in Busiriba Sub County. The study established that credit extension did not effectively improve the activities of the salaried entrepreneurs in Busiriba Sub County. The hindrance had been on the high interest rates and the need for individual and security group guarantee before their advance was made. The credit extended has negatively affected the incomes of salaried borrowers as over a third lost their property through fore closure. These were the households and the business persons. The households, though a certain proportion had benefited, the final outcome was that this group of borrowers could not effectively manage the extended salary loans lending credit .However, with improved performance through

acceptable charges agreeable to both the lenders and borrowers could effectively use credit to promote their incomes in Busiriba Sub County in Kamwenge district. Basing on the above findings the researcher recommends that there is need to revise the interest rates charged, widen the borrower set and the credit extension conditions.