

EFFECT OF MICRO-FINANCING ON DEVELOPING COUNTRIES AND INDUSTRIAL SECTOR

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ABSTRACT

Third world countries are considered as the developing countries of the world. Microfinancing and industrial sector are the lifeblood of the developing economies because it assists the economies to augment in terms of business activities. The micro-financing assist the small businesses within the economies to fortify their foundations at the starts so that the businesses can survive and contribute to the overall economy of the country. The strong foundation of the businesses also results in the development of large industries because once the small businesses are established then these businesses result in large industries in the long run. Therefore, micro-financing is playing a central role in the development of the industrial sector of the economy. Furthermore, one of the aims of developing countries is to enhance the overall GDP of the country in order to get into the list of developed countries. The increase in GDP provides a number of benefits to the economies of developing countries i.e. increase the employment rate of the country, decrease the poverty rate, and enhance the standard of living of the people. Therefore, it is also determined that the micro-financing possess dynamic importance for the developing countries in comparison with the developed countries because the micro-financing has resulted to be more beneficial for the developing countries.

Keywords: Micro-financing, developing countries, industrial sector, GDP, economic activities.