

Project Title : Analysis of Microloan on Income Generated by Amanah Ikhtiar Malaysia's Borrowers.

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Amanah Ikhtiar Malaysia is a non-governmental organization (NGO) which was designed after the Grameen Bank in Bangladesh and has been actively involved in poverty alleviation program since 1987. AIM provides microloan to the poor and hardcore poor families in rural areas to facilitate their economic activities. One thousand two hundred and eighteen AIM borrowers were interviewed to determine the perception of rural community on the effectiveness of microloan in uplifting their well-being. The results of the study show that, most of the rural borrowers have improved their well-being by involving themselves in income generating activities. Chi-square analysis was applied in an attempt to test the significant relationship between socio-demographic profile and the levels of additional income generated from AIM projects. Out of seven socio-demographic variables, only three variables have significant relationship with the level of income generated. These variables are locations, where the respondents reside, level of education and years of experience in agro-based activities. Hence, it is important for microfinance institution like AIM to screen the borrowers before giving loan to them and provide a training program for those who are lacking on technical knowledge with respect to the economic activities that will be carried out.