

THE EXPLOITATION OF OLD-AGE PENSIONERS BY MICRO-LENDERS

IN RURAL AREAS OF THE GREATER GIYANI MUNICIPALITY,

LIMPOPO PROVINCE

BY

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DECLARATION

I, Samson Madala Ndlovu, hereby declare that this dissertation submitted to the University of Limpopo for the degree of Masters of Development, in the Turfloop Graduate School of Leadership, Faculty of Management and Law, has not previously been submitted by me for a degree at this or other university. I further declare that this is my work and all material contained therein has been duly acknowledged.

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ABSTRACT

Micro-lending has long been a controversial issue. Although old-age pensioners are excited about the opportunity of accessing credit from micro-lenders, some are exploited. The aim of the study was to investigate how old-age pensioners fall prey for micro-lenders, who charge them high interest on small short-term loans.

The exploratory design was used for this investigation because it would provide the researcher with an in-depth understanding of old-age pensioners' experiences when dealing with micro-lenders. The study is based on a case study of the three villages, Mphagani, Zava, and Khashane (MZK), in the rural areas of Greater Giyani Municipality, Limpopo province.

Most old persons are reliant on social grants to support themselves and their extended families. Sometimes they need to supplement their income because of the responsibilities that they have in their families. Micro-finance institutions are targeting women because they are likely to be more reliable as borrowers and increased income is more likely to accrue to the family and especially children.

The results of the study show that majority of old-age pensioners take loans from micro-lenders. The reasons for borrowing micro loans are categorized into four major needs for money: purchase of food, payment for health-care services, funerals, and education. These micro-lenders are not compliant with the rules and procedures of the National Credit Act.

Poverty is a serious challenge of people living in the rural areas. The purpose of the study is to give suggestions and recommendations to government for interventions and educational programmes in order to improve the socio-economic status of the old-age pensioners.

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| LIST OF ABBREVIATIONS AND ACRONYMS | |
|---|--|
| AIDS | Acquired Immune Deficiency Syndrome |
| APL | Absolute Poverty Line |
| CGAP | Consultative Group to Assist the Poorest |
| EBRD | European Bank for Reconstruction and Development |
| FW | Field Worker |
| GNI | Gross National Income |
| HIV | Human Immuno-deficiency Virus |
| IPD | Initiative for Policy Dialogue |
| MFI | Microfinance Institutions |
| MFRC | Micro Finance Regulatory Council |
| MFSA | Micro Finance South Africa |
| MZK | Mphagani, Zava and Khashane |
| NCA | National Credit Act |
| NCR | National Credit Regulator |
| NGOs | Non-Governmental Organizations |
| RFF | Rural Financial Facility |
| RFIs | Retail Financing Institutions |
| ROSCAs | Rotating Savings and Credit Associations |
| SACP | South African Communist Party |
| SEF | Small Enterprise Foundation |
| SEWA | Self-Employed Women's Association |
| SHGs | Self-Help Groups |
| SMMEs | Small, Medium and Micro-Enterprises |
| SUF | Start-Up Fund |
| TB | Tuberculosis |
| UNDP | United Nations Development Programme |

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