

ABSTRACT

Entrepreneurship constitutes a huge portion of the enterprise population in Tanzania, and contributes to employment, GDP, and exports. The main objective of this study was to investigate Factor that affect effective utilization of loans for Entrepreneurs development.

The study was conducted by a way of survey strategy where by forty (40) Entrepreneurs based in Arusha. The respondents were divided into two groups that are Entrepreneurs and SMEs loan officer in NMB. Descriptive approach was based on the primary data, qualitative analysis of data was used, and comparison, explanation and tabulation were used as the method of data analysis.

The result revealed that Entrepreneurs lack management and marketing skills. They also faced with the problem of competition, high interest rate, fail to obtain amount of loan they need (under financing), lack of proper place to sell their product and high production cost. Also it was found that Entrepreneurs diversify their loan given by NMB for other current purpose rather developing their business.

The result show that there is need for NMB Bank to provide regular education to Entrepreneurs, Government also should establish Investment centers like EPZ to obtain business information's and to sell their product, Banks should reduce interest and reduce their condition in order Entrepreneurs to obtain amount of loan they apply for and at a right time. In deed the study has gradually evolved an appreciation of the need for effective utilization of loans given to Entrepreneurs.

