

PETTY TRADING AND RURAL POVERTY ALLEVIATION: AN EMPIRICAL ANALYSIS USING THE FOSTER-GREER-THORBEC (FGT) MODEL IN SHAGARI LOCAL GOVERNMENT AREA

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(TETF/DESS/UNI/SOKOTO/ARJ/01)

Abstract

This study examines the role of petty trading as a non-farm activity in alleviating poverty among rural households in Shagari Local Government Area of Sokoto State, Nigeria. Using a cross-sectional survey design, primary data were collected from 250 respondents through structured questionnaires. The study employed descriptive statistics and the Foster–Greer–Thorbecke (FGT) poverty index to analyze poverty incidence, depth, and severity. Findings reveal that petty trading contributes more than 50% of household income for a majority of respondents, indicating its central role in rural livelihoods. The poverty analysis shows a headcount ratio of 0.48, poverty gap of 0.21, and severity index of 0.11, suggesting that while petty trading reduces poverty intensity, it does not eliminate it. The study concludes that petty trading serves as a critical coping mechanism but is constrained by structural limitations. Policy interventions such as improved access to microcredit, rural infrastructure development, and capacity building are recommended to enhance its poverty-reduction potential.

Keywords: Petty Trading, Poverty Alleviation, FGT Model, Rural Livelihoods, Nigeria