

# IMPACT ASSESSMENT REPORT OF THE CHIEF MINISTER'S SELF EMPLOYMENT SCHEME (CMSES)

2016

PUNJAB SMALL INDUSTRIES CORPORATION



# EXECUTIVE SUMMARY

Access to finance plays a vital role for the expansion and running of small firms. Many studies and projects have deemed debt as a source of capital and rightfully so.

Micro finance schemes are gaining popularity in a number of countries and are serving the role of providing capital for small businesses. Such a micro finance scheme was implemented on a mass scale basis in Punjab (province of Pakistan) titled as the “**Chief Minister’s Self Employment Scheme (CMSES)**.”

The Chief Minister’s Self Employment Scheme is a government initiative made by the Punjab Government in November 2011. This scheme was aimed towards helping the poor people of Punjab by providing them with loans in order to enhance their living economic standards.

What makes this scheme unique and successful is that it deals with interest free loans which is a concept built on the Islamic principles. This scheme curbs the idea of paying usury (*riba*) at the time of repayment thus, it serves as the main reason owing to which this product has outperformed the traditional micro-credit contracts.

These loans were targeted largely to the low profile, skilled/unskilled youth of the province so that they can attain self employment by running small businesses. Furthermore, the indigent and impecunious entrepreneurs were also eligible candidates to get the loans.

In addition for the aforementioned objectives, this scheme also works towards alleviating poverty by increasing employment opportunities and establishing a better economic well-being.

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This project is administered by the Punjab Small Industries Corporation (PSIC) through its enforcement partner M/s Akhuwat.

The overall fund established by the Punjab Government in M/s Akhuwat so far is of Rs. 5.00 Billion. Since the start of the scheme in 2011, till the 15<sup>th</sup> of August 2015, M/s Akhuwat has disbursed large amounts of loans that has further resulted in a large number of beneficiaries.

The scheme has successfully been able to achieve the following objectives:

- ❑ The provision of these loans have been able to help increase the overall average income of the people that had previously established businesses. In other words, there has been an evident rise in the overall average income levels for those who have previously existing businesses as well as the beneficiaries who have established new ones. In fact, 82% respondents affirmed that CMSES has indeed improved their economic status.
- ❑ This scheme has helped the desirous poor entrepreneurs to the extent that they were able to establish new businesses on the basis of this capital provided to them. Thereby, rendering this scheme as the ultimate reason behind them even starting or continuing their businesses and without it, this would not have been possible. Hence, it is imperative that this scheme continues.
- ❑ This scheme fundamentally aims at alleviating poverty in Punjab, in fact 97% of the beneficiaries express that this initiative by CMSES will help in decreasing the poverty rate in the province.

# EXECUTIVE SUMMARY

- ❑ By aiding the existing businesses to run and by dispensing capital for the establishment of new businesses, this scheme has played a crucial role in the increase in overall current employment and created room for additional employment as well.
- ❑ This loan has not only been able to help out the existing entrepreneurs but has helped the potential ones also. This scheme has been able to create a positive social and economic impact on the lives of the beneficiaries and their families by helping in the establishment and smooth running of their businesses. Eventually, it has played a significant role in increasing their livelihood. 95% respondents claimed that CMSES has helped in maintaining their basic needs.
- ❑ The provision of capital because of these loans have made the lives of the beneficiaries better, if these loans did not exist, the people would have suffered a lot of disappointment as there was no concept of interest free loans before this scheme. Hence, this new scheme works as a reliable source for generating capital without dampening the borrowers self respect or hindering their religious obligations. 99% of the target population asserted that there is no interest being charge on the provision of this loan and 98% of the population rendered this scheme as reliable.
- ❑ This scheme has not only created better and more employment opportunities but has also improved the quality of life of the beneficiaries by increasing their income.

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- ❑ The scheme has spread well in the target group that was to be reached however, this scheme still lacks enough marketing. 75% of the respondents stated that they got to know about this scheme via word of mouth from the previous borrowers, meaning that with a proper marketing campaign there can be even more potential beneficiaries.
- ❑ This scheme spreads in various districts of the province, and caters for the different regions of Punjab however, there is still room for improvement in the spread of this scheme. For example, more districts in Punjab can be reached out to for the disbursement of this scheme.
- ❑ This loan has not restricted itself just for males, however it has also reached out to the female Pakistanis residing in Punjab. Therefore, this scheme has been inclusive in terms of gender wise disbursement of the loans. In fact, during the analysis of the gathered data, it was evident that 55% of the beneficiaries were males and 45% of them were females.
- ❑ There has been no doubt in the fact that this scheme has benefitted the community of Punjab at large and hence there is no room for ambiguity as to whether or not this scheme should continue or not. The target population collectively asserted that this scheme should continue.

# EXECUTIVE SUMMARY

- ❑ In fact, this scheme is rendered as a prime example of the unity as it does not form any form of biases when it comes to the spread and disbursement of loans. The beneficiaries vary from different religious groups having different beliefs and values. Hence, loans are given strictly on the eligibility criterion without any sectarian, religious, ethnic or *baradari* considerations.
- ❑ Furthermore, there is no room for bribery to attain these loans. In fact, 95% of the respondents clearly stated that they did not have to pay bribe to someone in order to resolve any issue that they faced related to this scheme.
- ❑ So far, by analyzing the result in depth, the **Public Private Partnership Model (PSIC & CMSES)** has been successful in providing for the needy and in aiding them to live a better life. 91% of the respondents in fact said that this loan scheme helps in the provision of education, health and provides with the other basic amenities of life.

The benefits of this scheme are a testament of the popularity of this initiative hence, the government should definitely indulge in such schemes in the future as they facilitate the lives of the poor by making them better and worth living.

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## About IPOR:

IPOR Consulting is an independent research institution with ability to gauge public opinion at its best on social issues, democracy and service delivery throughout Pakistan. IPOR is registered under section 32 of companies act, 1984 (XLVII of 1984) with the Security and Exchange Commission of Pakistan (SECP). As member of ESOMAR, the information in this report has been compiled in accordance with international standards for market and social research methodologies.

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# INTRODUCTION

## Project Background

Punjab Small Industries Corporation (PSIC) is a statutory body established in 1973 with the mission to promote, sustained industrial development through provision of market driven credit, infrastructure and technological support contributing to employment generation, poverty alleviation and socio-economic uplift of the province. Since then PSIC has been a sound contributor to the small industrial development in the province through its various schemes. Recent transition of industrial climate and liberalization of the total economic environment within the country and international area has witnessed tremendous change in domestic as well as international market. PSIC's story of excellence is spread over more than four decades of transitive growth and development of small scale industry. PSIC has proved its strength in the country by exhibiting a progressive attitude towards modernization, up gradation of technology, quality consciousness, strengthening linkage with large and medium scale enterprises and boosting exports of the products from small enterprises. PSIC is an important instrument for enterprise building, micro economic development and employment generation and poverty alleviation.

# CHIEF MINISTER'S SELF EMPLOYMENT SCHEME (CMSES)

Chief Minister, Punjab, encapsulating the vision of poverty alleviation and entrepreneurship development in the province, had initiated an interest free self-employment scheme for un-employed youth of Punjab during 2011-12 through Service Provider Organization (SPO). It was envisaged that this initiative would endeavor to serve the enterprising and skilled needy persons throughout Punjab. Punjab Small Industries Corporation (PSIC) was given this challenge to execute this program with true zeal & zest.

Accordingly, PSIC conceived a scheme titled "Chief Minister's Self-Employment Scheme" (CMSES). The provision of an interest free financial assistance on soft term basis is the main objective of this scheme. M/S. Akhuwat (NGO) was selected as SPO through competitive selection process.

- Interest free loan size: up to Rs. 50,000/-.
- Repayment period from borrowers: Up to 3 years on monthly installments.
- Loans are given for businesses and setting small enterprise only.
- Loans are disbursed in mosques/church to ensure transparency and participation.
- There is no mark-up or interest on these loans.
- Loans are given after due scrutiny and appraisal according to an eligibility criterion, on first come first serve basis.

# Methodology & Data Collection Procedure

A cross-sectional Data Analysis technique was used to help gather the desired results over a time period of one month, 17<sup>th</sup> October to the 15<sup>th</sup> of November 2016. This primary research is done in the form of a survey/questionnaire conducted via personalized interviews.

The survey was a one to one interview where the representatives went to the respondents home and interviewed them in person. This data collection technique was used in order to gain a better insight of the purpose that CMSES aims to achieve.

The total sample size consisted of 5,431 beneficiaries that were interviewed by a dedicated team of 75 enumerators from IPOR consulting.

A Simple Random Sampling technique was used to select the respondents to enable each member of the population to have an equal chance of being included in the sample. The year wise list of male and female loan beneficiaries, prepared by Akhuwat, has been used as sampling frame for the respondent's selection.

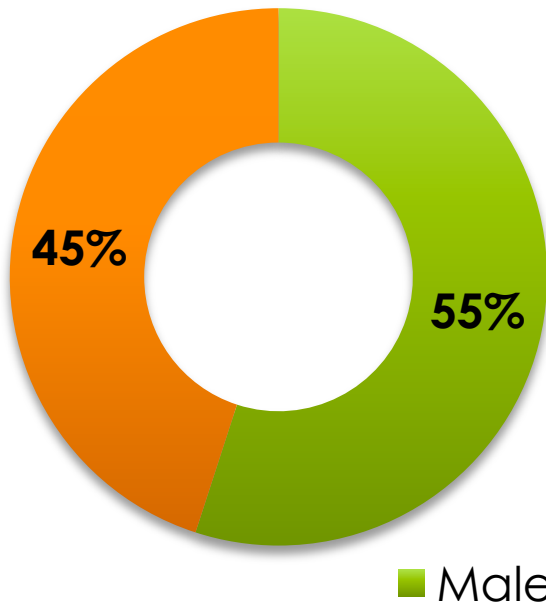
In order to achieve better and more thorough results, the interviews were conducted by a team consisting of both males and females. The female respondents were interviewed by female interviewers and the male respondents by the male interviewers.

100% telephonic back check has been done for quality assurance.

Furthermore the figures, charts and tables may not add up to 100% due to rounding error.

# ANALYSIS OF DEMOGRAPHIC DATA

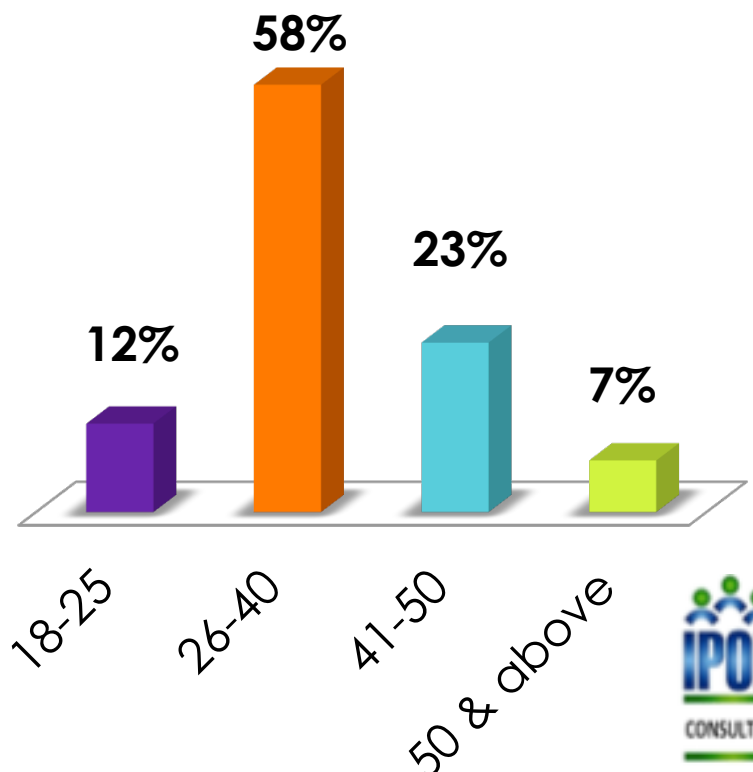
## Gender of Respondents



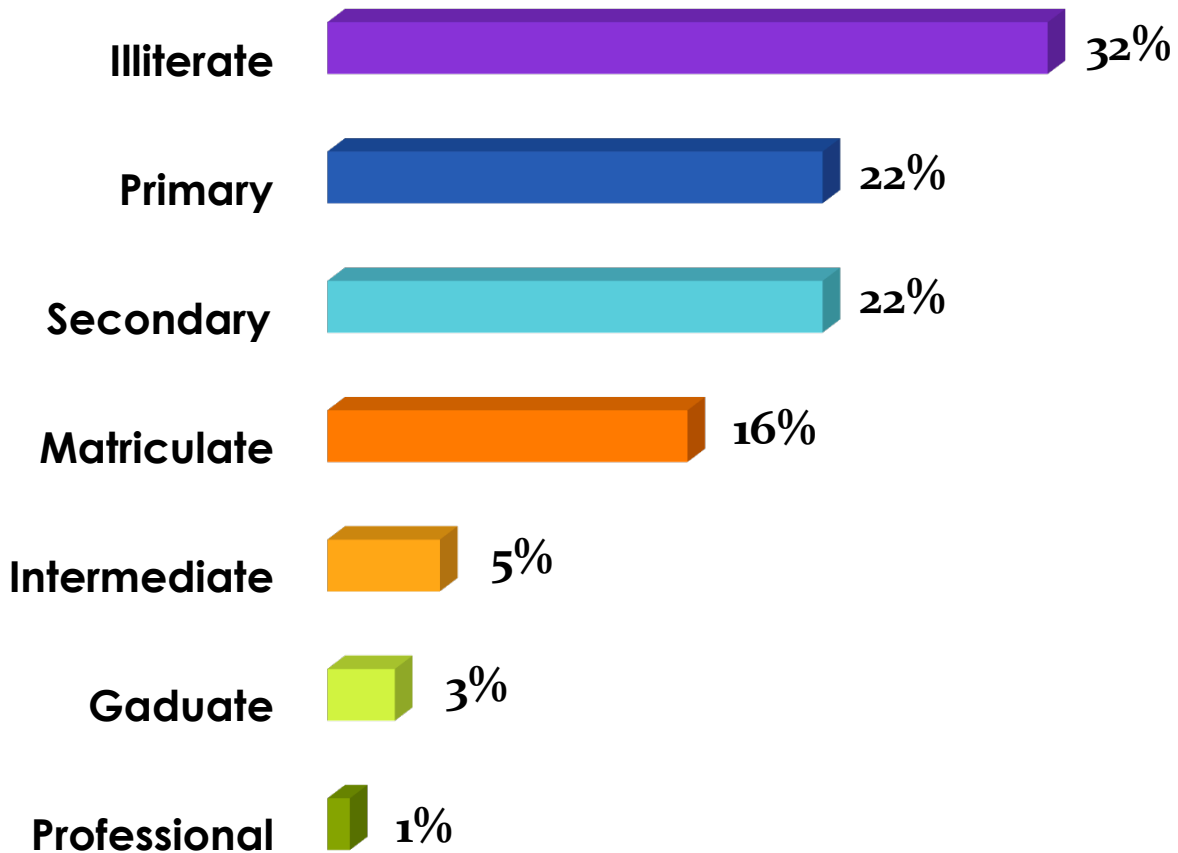
The sample size was divided in two on the basis of gender. Out of 5,431 respondents, 45% were females and 55% were males.

The age group of the respondents varied from the age of 18 to the age of 50. However most of the recipients of these loans belonged to the age group of 26-40. 23% were 41-50 years of age, 12% were 18-25 years of age while just 7% respondents were 50 years of age and above. Meaning loans are usually provided to the youth of the province.

## Age Group



## Education

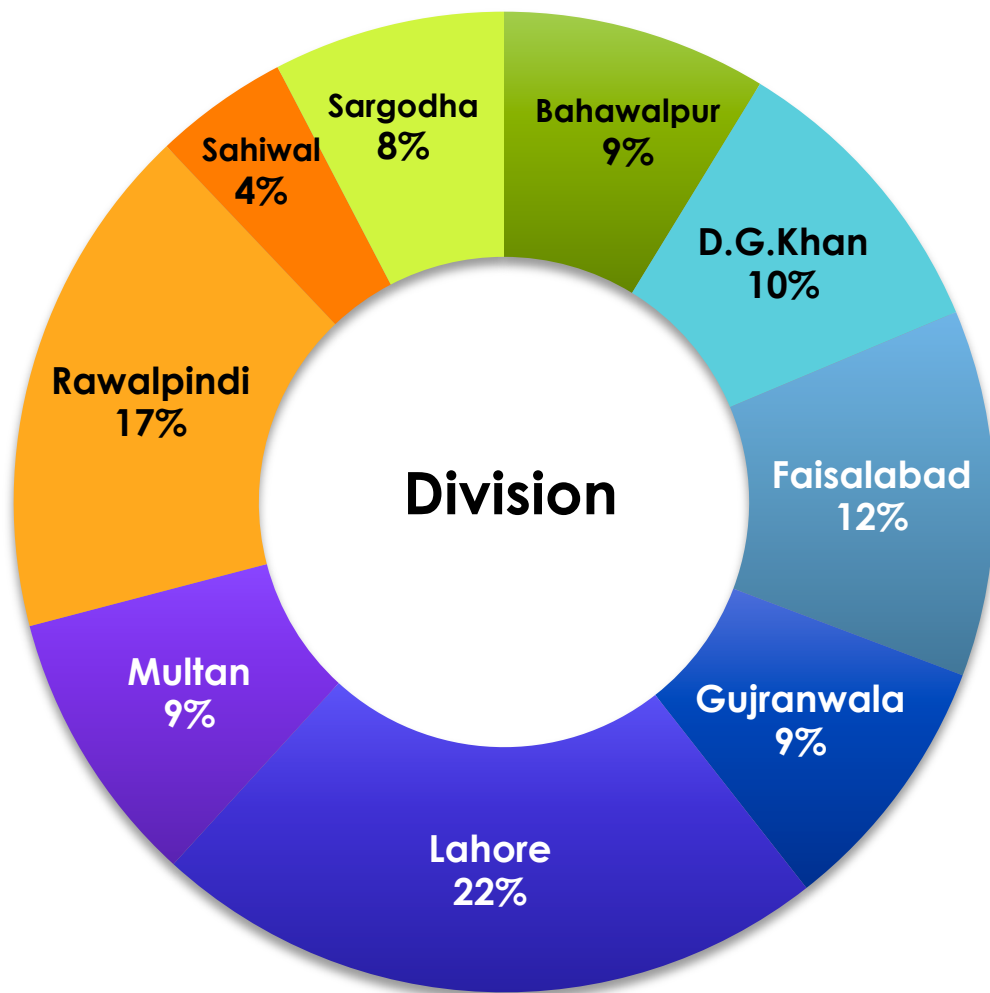


The sample was also divided into seven main education levels in order to see how educated the respondents are. 32% of the 5,431 cases were illiterate, 22% had only finished their primary and secondary schooling and 16% had attained education up to the matriculate level. Whereas, only 3% of the respondents were graduates and just 1% of them professionals.

## Division

Sr.#	Division Name	No. of Cases	Percentage
1	Bahawalpur	475	9%
2	D.G.Khan	539	10%
3	Faisalabad	656	12%
4	Gujranwala	471	9%
5	Lahore	1214	22%
6	Multan	497	9%
7	Rawalpindi	923	17%
8	Sahiwal	241	4%
9	Sargodha	415	8%
	<b>Total</b>	<b>5431</b>	

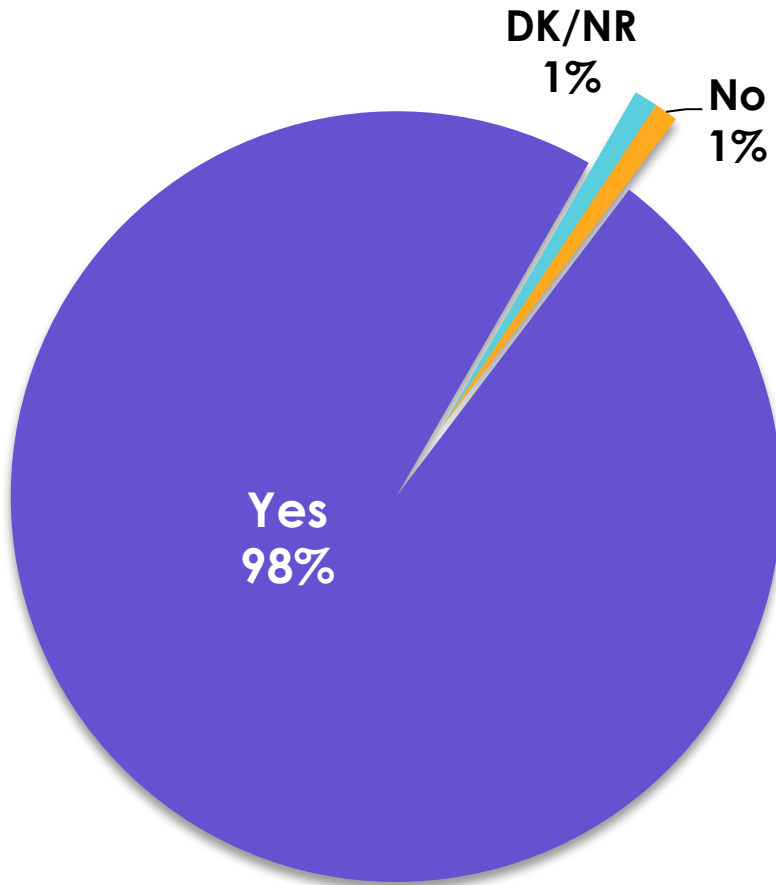
The loan scheme is provided across a wide range of regions in Pakistan. Various questions from the gathered data are divided division wise in order to understand how well this program is doing across the different regions across the province. They are subdivided into the main divisions that are being provided with this loan. Namely these regions include: Bahawalpur, D.G.Khan, Faisalabad, Gujranwala, Lahore, Multan, Rawalpindi, Sahiwal and Sargodha.



In order to interpret the spread of this loan the overall population existing in each division was converted into percentage. As it is evident in the graph above, the largest amount of loan was given to the residents of Lahore that is 22% and Rawalpindi following by 17%. 12% and 10% of the residents received the loan in Faisalabad and D.G. Khan respectively. 9% of the residents in Bahawalpur and Multan received the loan, whereas Sargodha consisted of 8% of the loan recipients. Moreover, the least number of loan recipients exist in Sahiwal that is just 4%.

## LOAN PROCEDURE

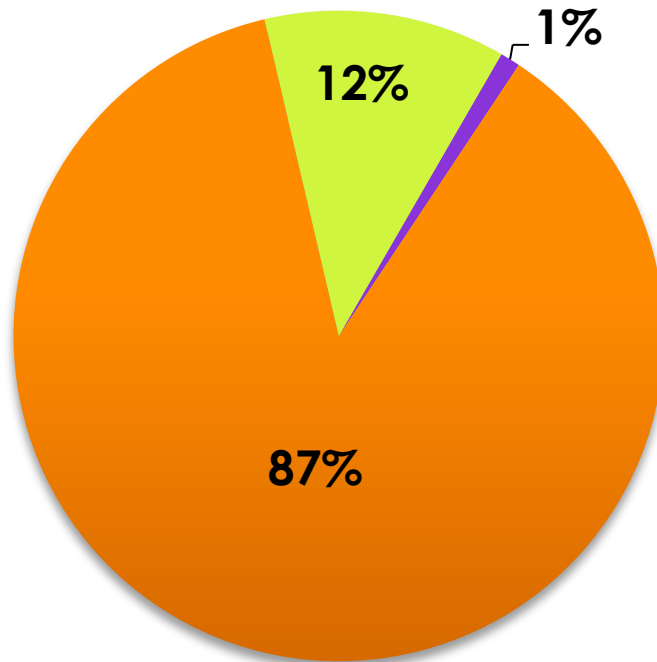
**Did the staff inform you properly about the loan procedure?**



When asked whether Akhuwat staff properly informed clients about the loan procedure, 98% of the respondents answered affirmatively, implying that most of the clients had complete information about the loan product. While, 1% responded that they were not properly informed about the procedure.

## Residence

**Do you live in rented house or in your own a house?**



■ DK/NR

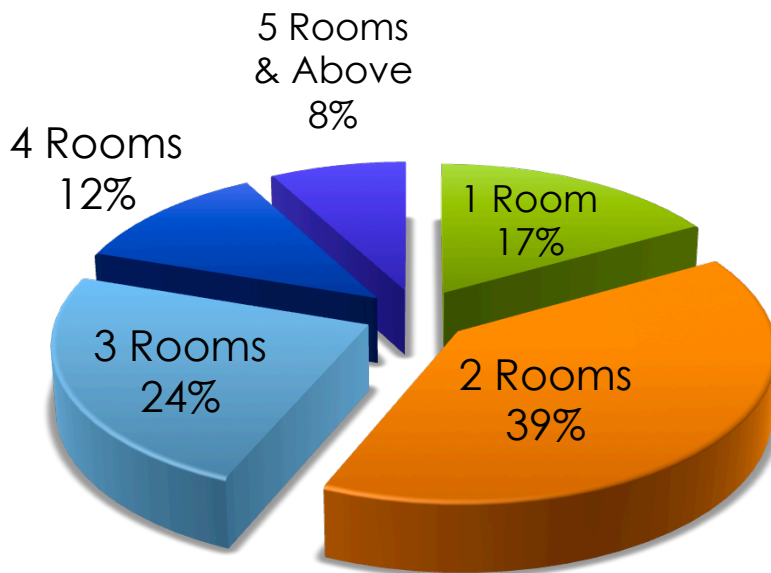
■ Own House

■ Rented Accomodation

When asked about the residence, 87% of the respondents stated that they reside in their own houses. 12% stated that they reside in rented houses while 1% didn't express an opinion. This was interesting to see that most of the receivers of this loan had their own living place.

## Size of House

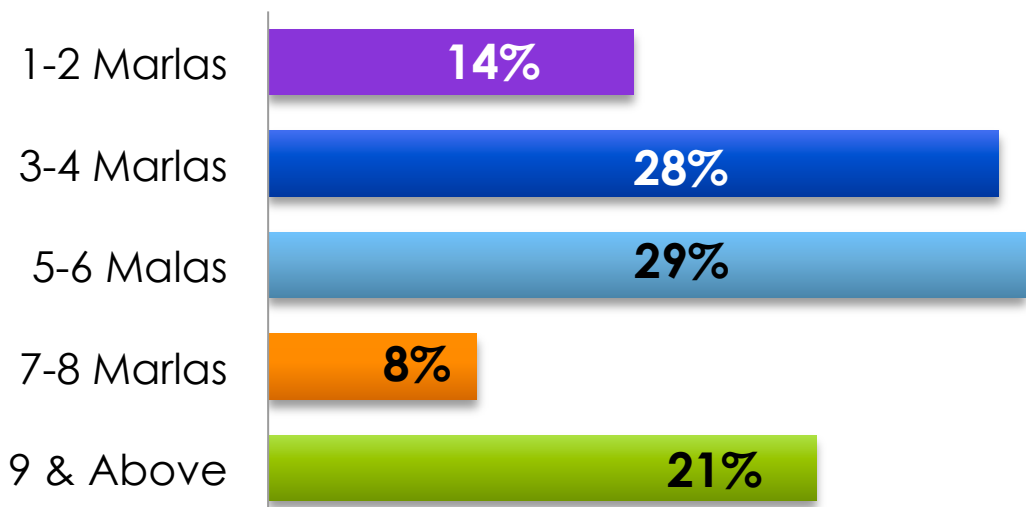
### How many rooms are in the house?



In order to gain a better insight as to what kind of houses the respondents reside in, they were asked how many rooms their houses have. 39% of the respondents resided in home with 2 rooms, 24% have 3 rooms in their home and 17% have a single room.

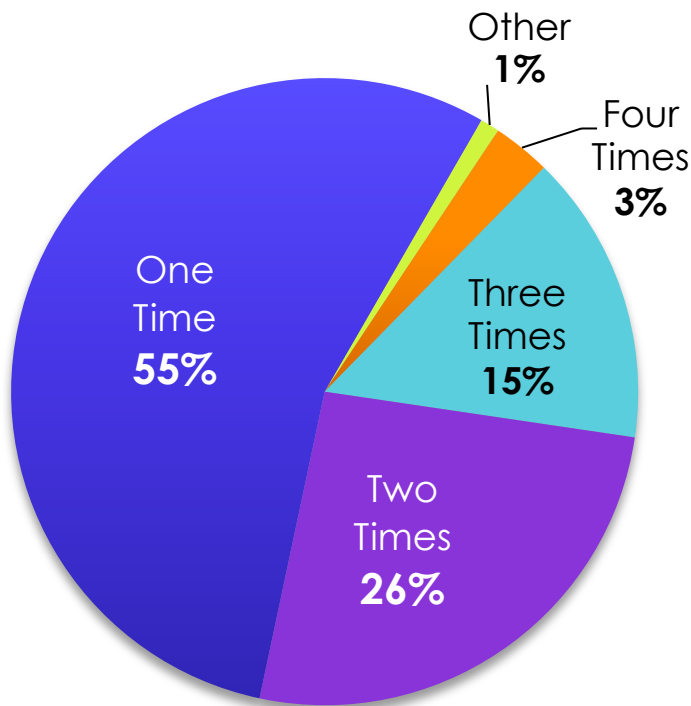
### What is the size of the house?

This question aims to understand the size of the house in terms of the amount of land it covers. In order to see how big the residents of our respondents are they were asked what the size of the land is that holds their house. 29% and 28% stated that it ranges from 3-6 marlas, 14% said it is about 1-2 marlas while 21% stated it is 9 marla and above.



# Number of Loans and Sources

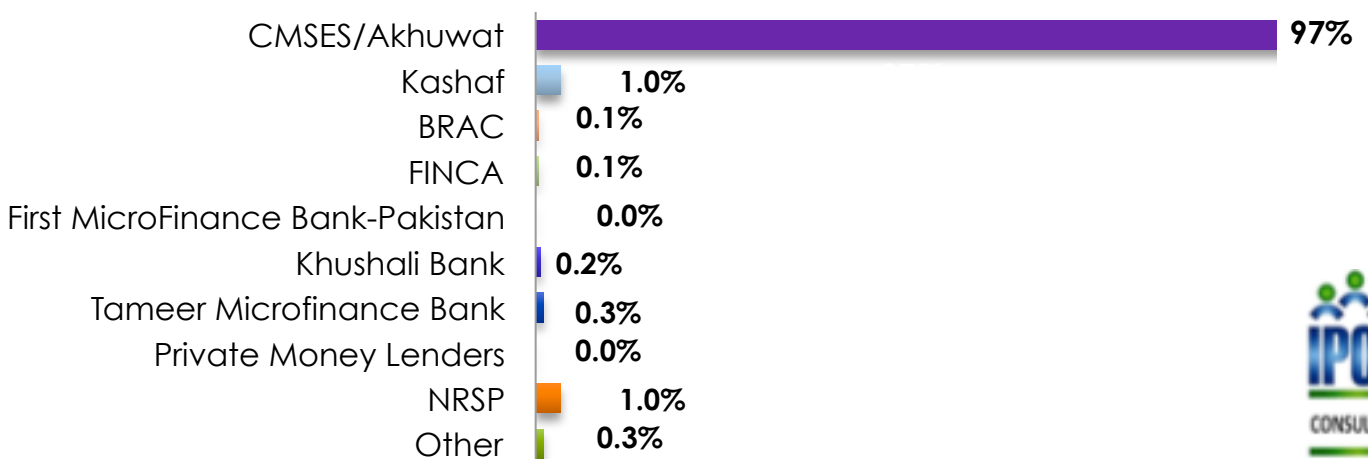
**During the last 3 years, how many loans have you or any member of the household taken?**



The respondents were asked how many times they have received a loan in the past 3 years in order to assess whether or not they are receiving them or not. 55% said they received it once, 26% said twice, 15% said thrice while 3% said four times.

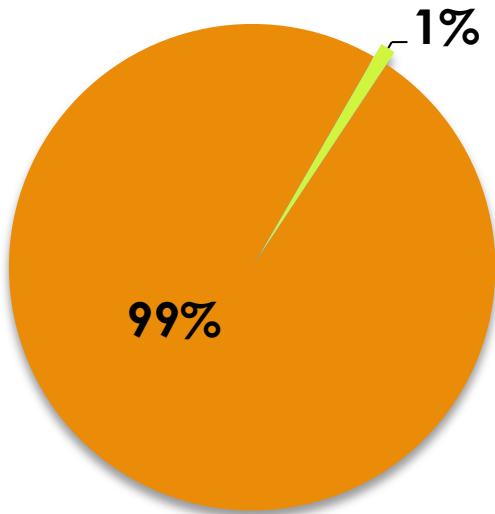
## Which MFI (Micro Finance Institutions) have you taken loans from?

In order to check whether or not these loans are largely being provided through CMSES/Akhuwat, the respondents were asked this question with wide array of options, out of which, 97% clearly stated that they receive these loans from CMSES/Akhuwat.



## Loan Amount & Interest Rate

How much interest rate is/was charged on this loan?  
(Open-ended)

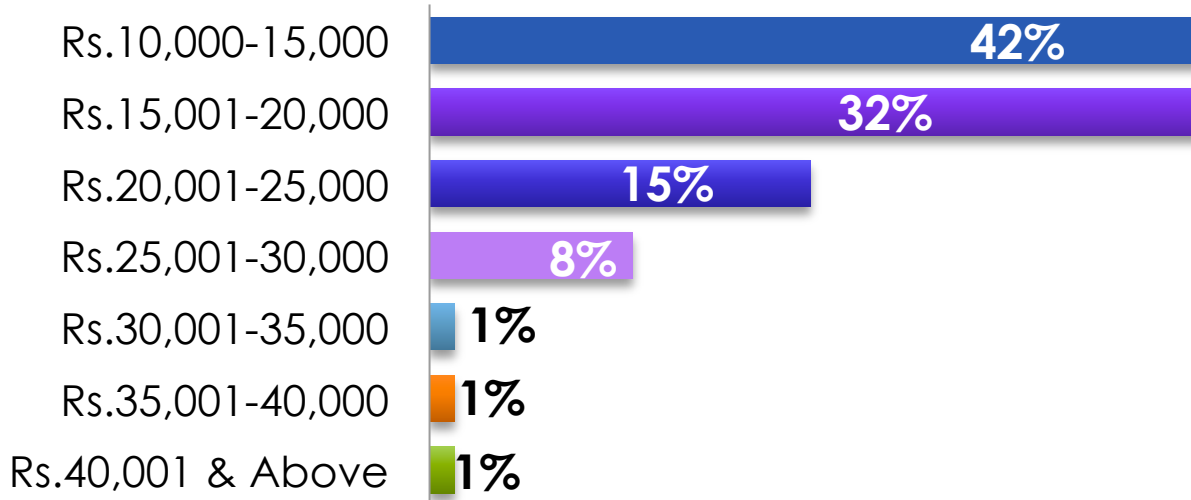


This loan process is built on the fundamentals of Islamic principles where no interest is charged upon the giving of these loans. Therefore, it was more than necessary to ask the respondents whether or not they were charged interest and 99% identified it as interest free.

■ Loan from other banks ■ Interest Free

## Amount of Loan

(Open-ended)



It is also important to identify what amount of loan was issued to the respondents. 42% received a loan ranging from Rs.10k – 15k, 32% received a loan of Rs.15k - 20k, 15% received it of Rs. 20k – 30k and 1% received a loan from 30k and above. Mostly, the respondents received a loan ranging from Rs. 10,000 to Rs. 25,000.

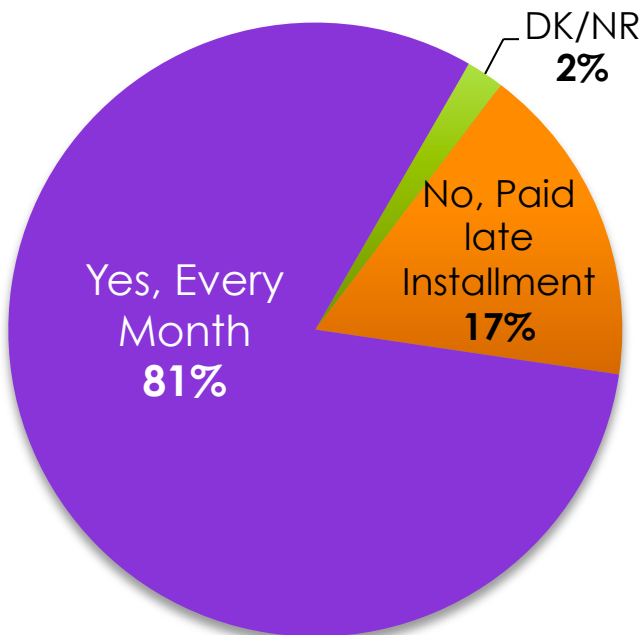
# Do/ did you timely pay monthly installments of your loan from Chief Minister's Self Employment Scheme (CMSES)?

## Do you pay Installment on time?



The respondents were asked whether or not they paid the installments for the loan on time. 98% respondents stated that they paid their installments timely on a monthly basis as per the requirements. Hence, they paid them every month.

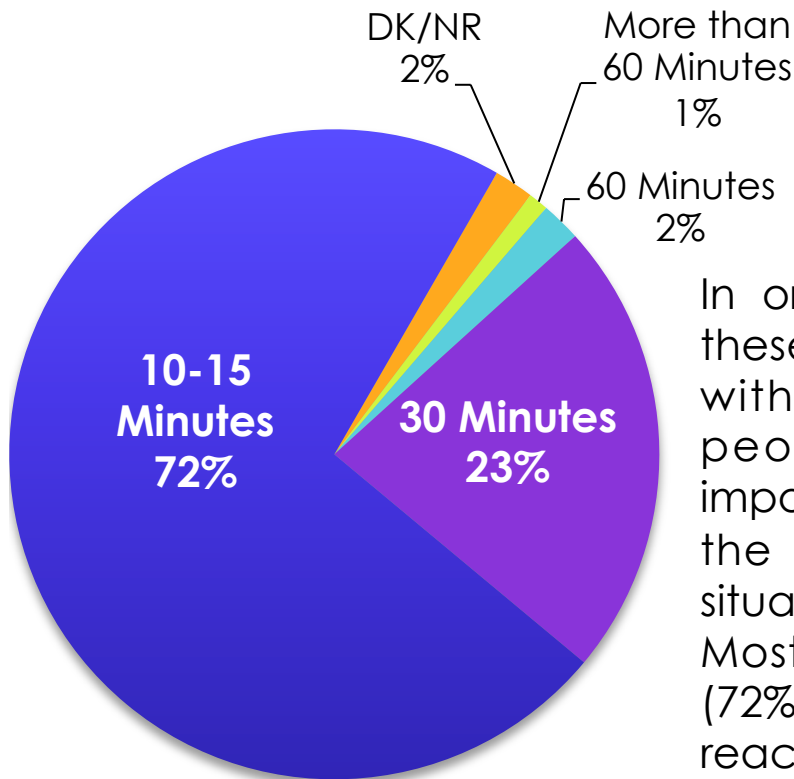
## Pay Timely?



The question was further addressed if the payment was made timely. 81% said yes it was paid every month while, 17% said no it was paid late, meaning it was not paid on a monthly basis.

## Distance of Akhuwat's Branch Office

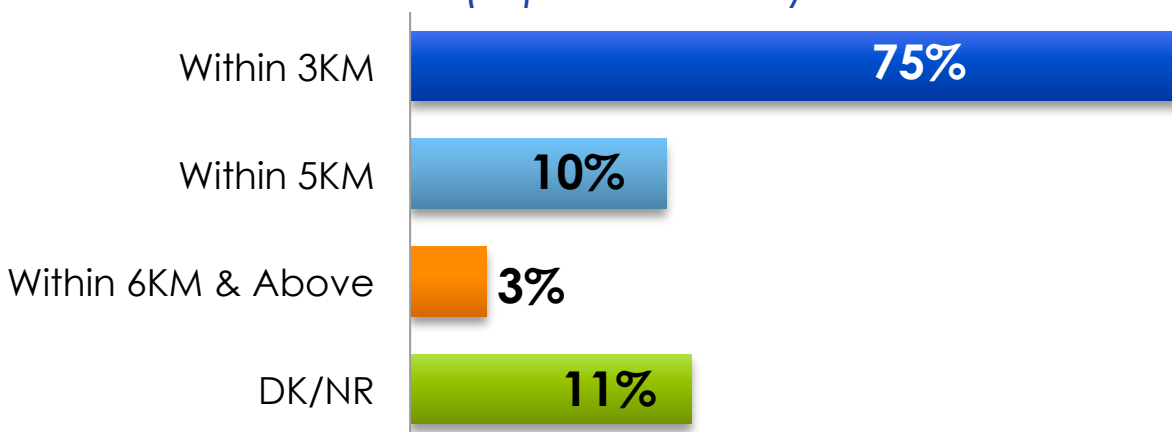
How long does it take to reach Akhuwat's branch Office from your home?



In order to assess whether these loans are acquired with ease for the poor people, it is absolutely important to see whether the Akhuwat offices are situated close by or not. Most of the respondents (72%) stated that it is within reach and takes just 10-15 minutes.

If applicable, please specify the distance in kilometers:

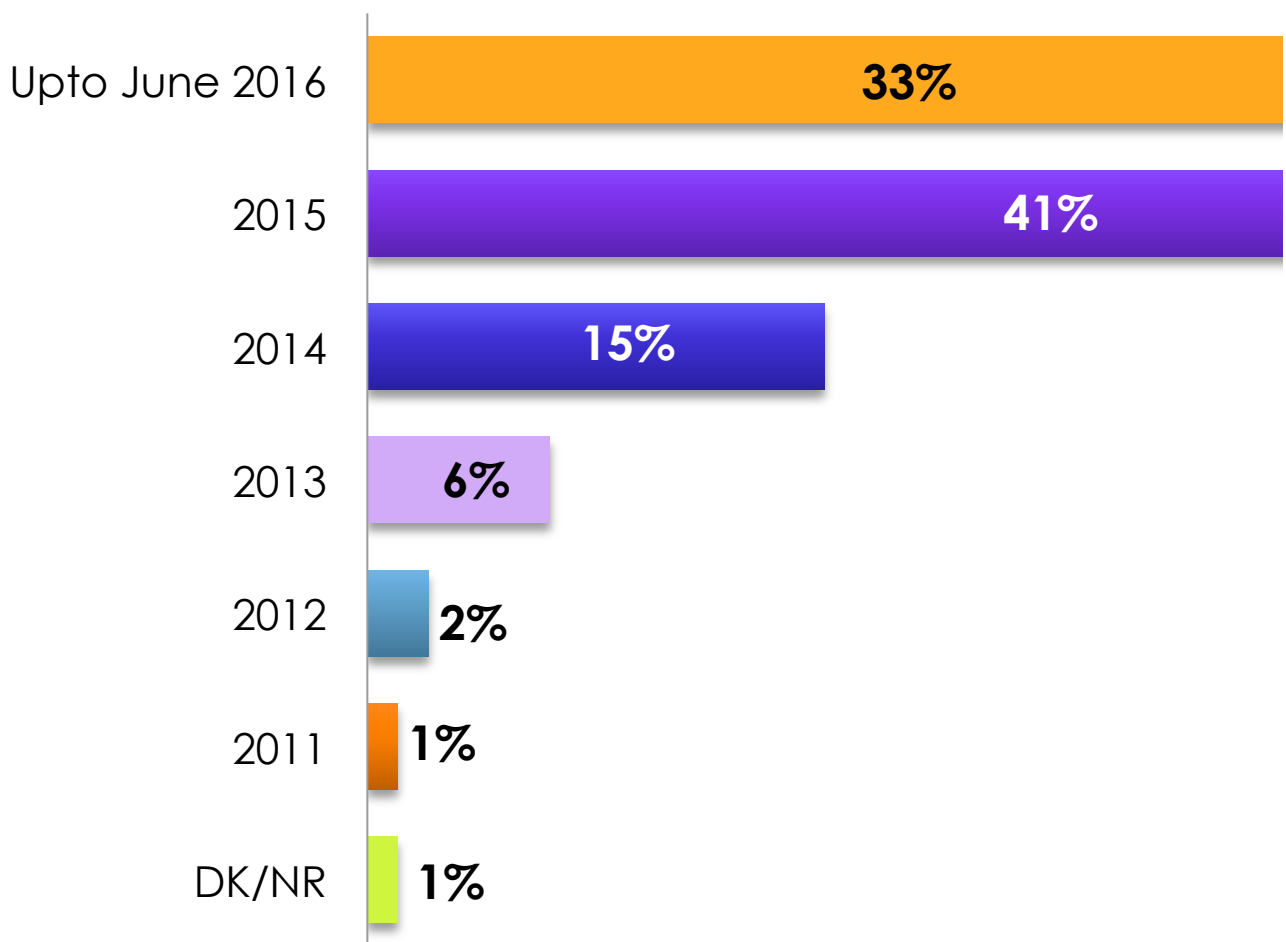
*(Open-ended)*



This question is closely linked to the aforementioned question. In order to address the distance these offices are at from the homes of the recipients the respondents were asked to state it in kilometers. 75% stated that the Akhuwat branch offices are located at a distance of within 3km.

## In which year did you acquire loan?

*(Open-ended)*

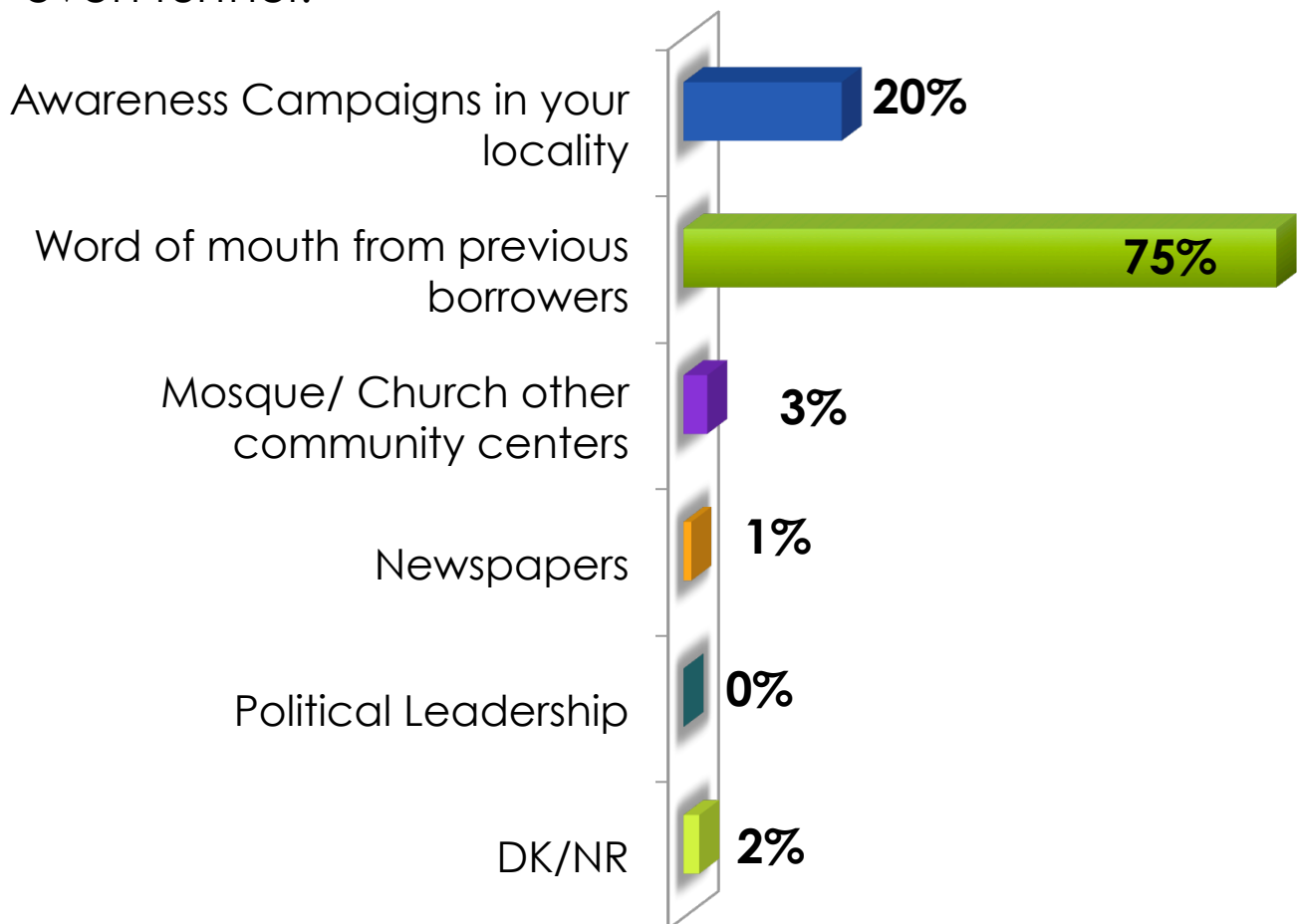


To see how well this scheme has done over the years, and how well it has spread, the recipients were asked which year they acquired their loan. An increasing trend was witnessed in the spread of this loan over the years. In 2010, 2011 and 2012, only 1% and 2% of the 5,431 beneficiaries acquired loans respectively. However, this trend started increasing 2013 onwards and by 2015, 41% beneficiaries acquired the loan. In 2016, just till June there have been 33% beneficiaries which is more than half of the number of beneficiaries in all of 2015. Therefore the crux of this is that more and more people are acquiring loans over the period of these six years.

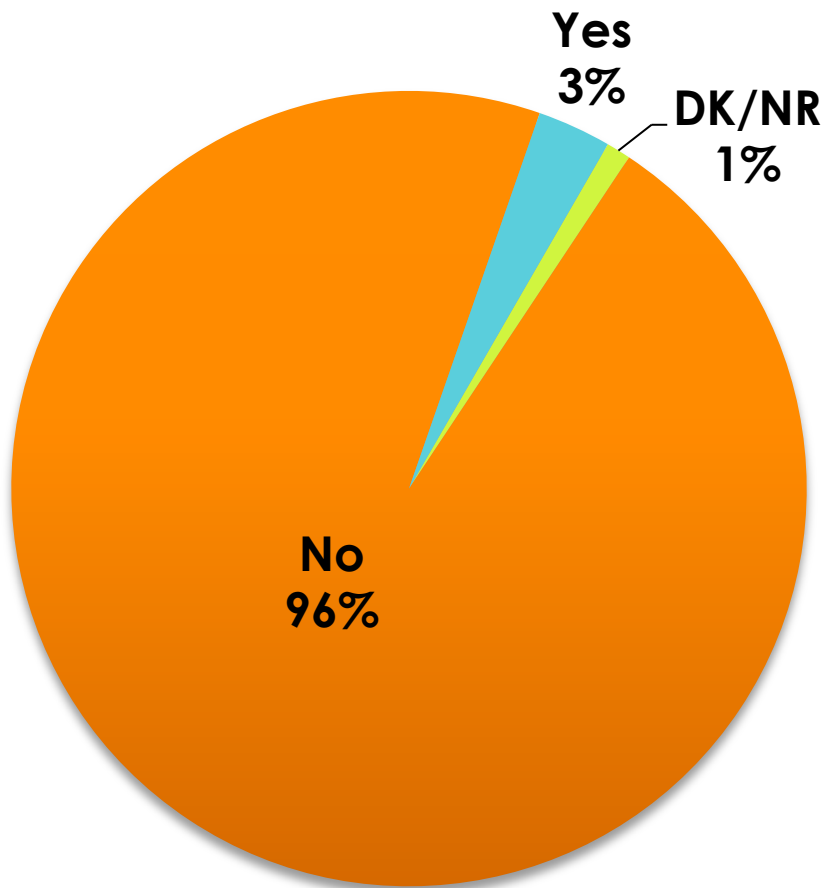
# How did you become aware of Akhuwat/CMSES?

## Over-All

In order to see how well this scheme has been doing, it is essential to observe and tap into how this scheme has gained popularity over the years. The beneficiaries were asked how they came to know about CMSES. 75% responded that it was by the word of mouth of the previous borrowers who were satisfied by the mode of acquiring the loans. 20% stated that the awareness was created via campaigns and marketing efforts made in their localities, while 3% stated it was a topic of discussion at the community centers and 1% stated that they came to know about it in the newspaper ads. Furthermore, by looking at the results its suffice to say that the government should indulge in a better marketing strategy in order to see this project grow even further.



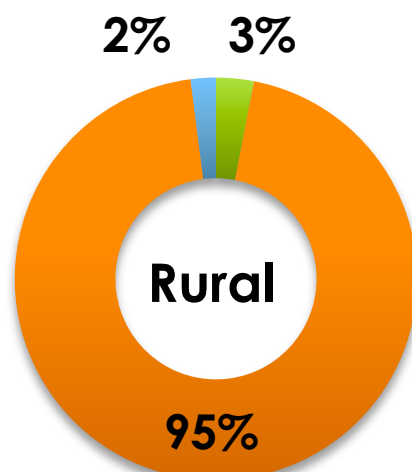
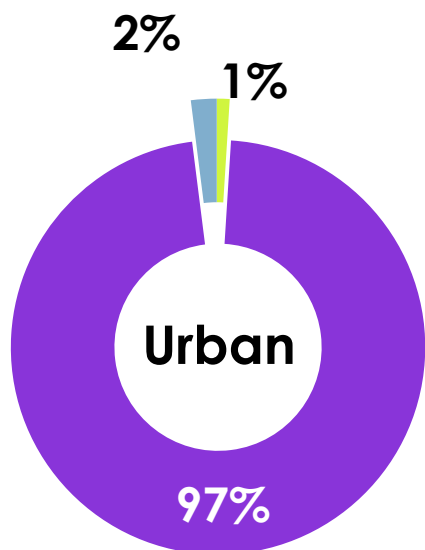
## Did you face any challenge/issue in applying for loan?



In order to assess whether or not the respondents were able to apply for their loans with ease and the over all process was easy for them to follow, they were asked whether or not they faced challenges in applying for the loan. 96% of the respondents stated that they received it with ease and that they did not face a challenge but 3% said that they faced difficulty during the application process.

## Did you face any challenge/issue in applying for loan?

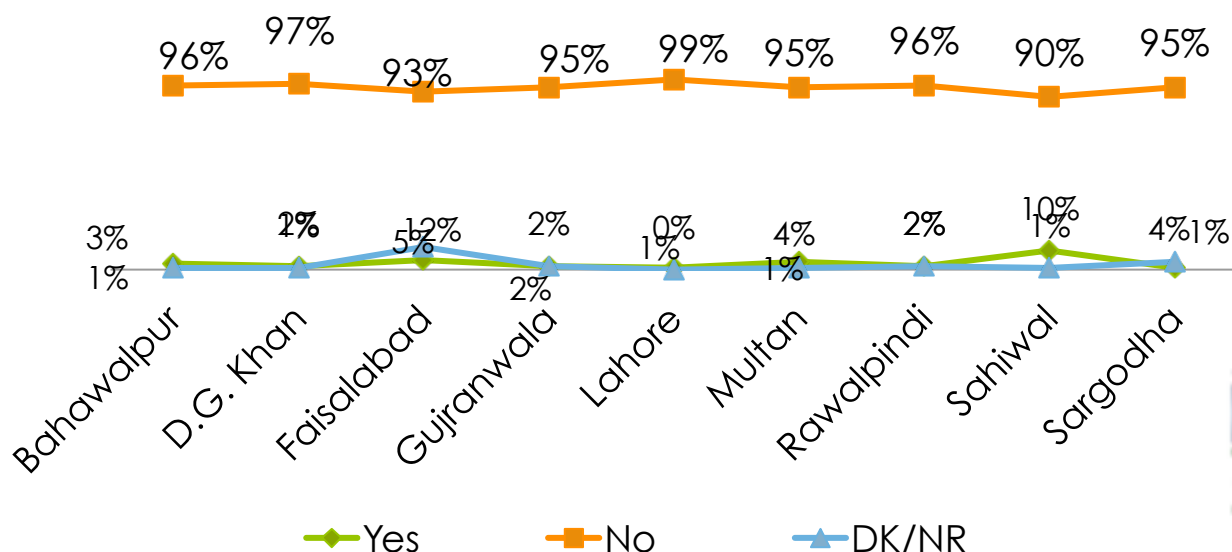
### Location



■ Yes    ■ No    ■ DK/NR                      ■ DK/NR    ■ No    ■ Yes

This question is closely linked to the question on the previous page, but the responses are divided into two main categories. Firstly by Location, which is further divided into Urban and Rural. Secondly it is further divided by each of the Divisions where these loans have been issued.

### By Division

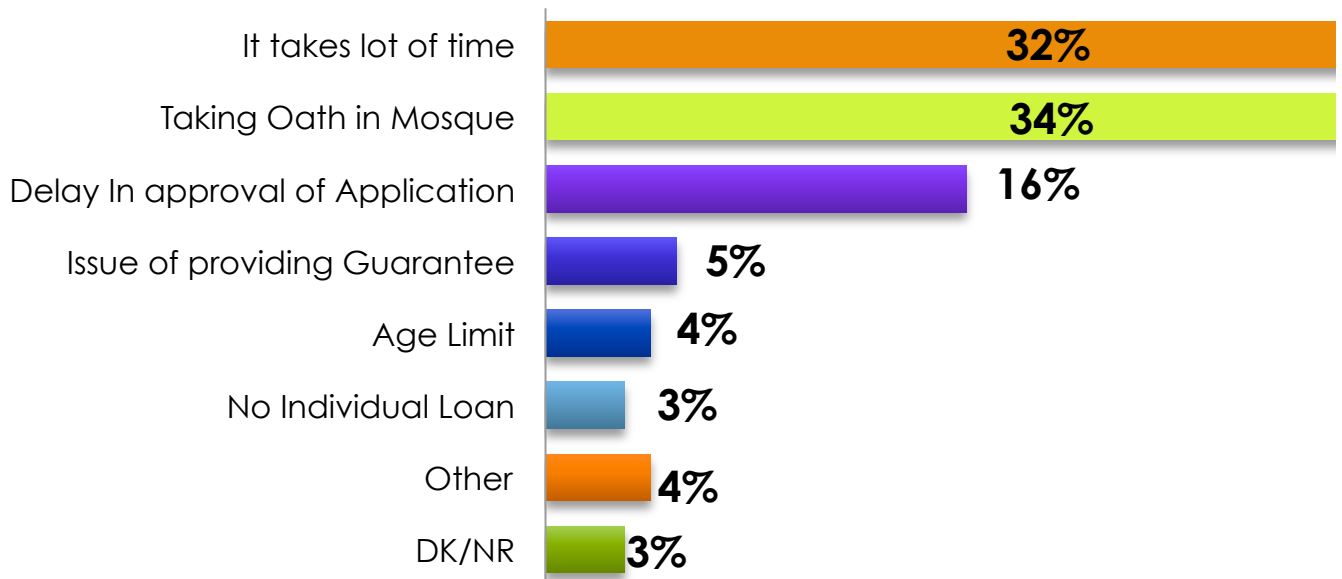


## Challenges/Issues in applying for loan

Did you face any challenge/issue in applying for loan?

If yes, then please specify:

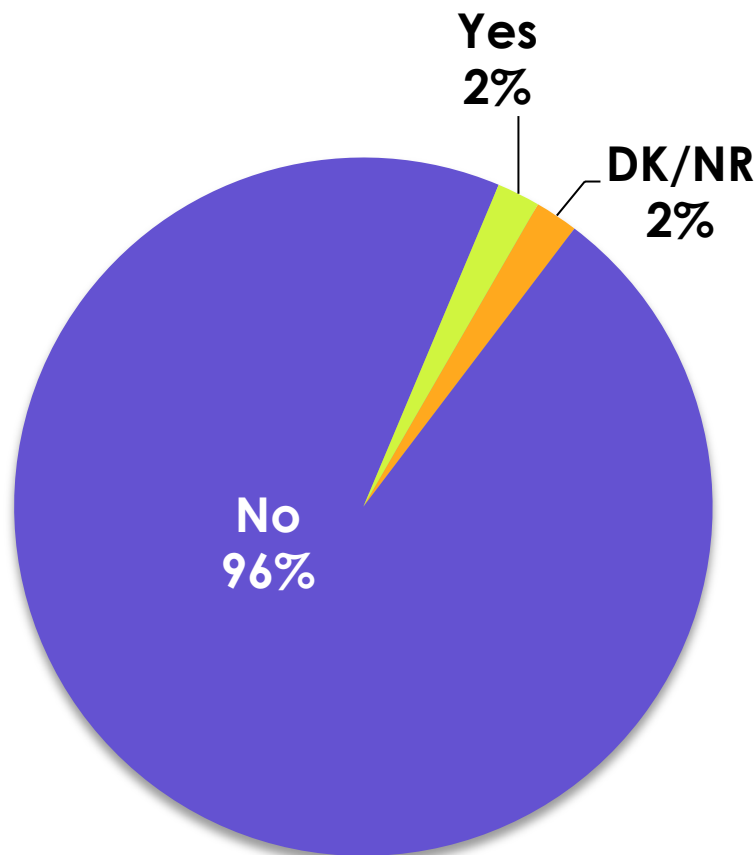
*(Open-ended)*  
*[Only 3% Respond Yes]*



In order to see why 3% of the 5,431 respondents said that they faced a difficulty in the application process of applying for the loans, they were asked what was the form of difficulty that they faced. 32% said that the process was a long one and takes a lot of time to fill the application up, 34% said that they had to take an oath with the Mosque, 16% stated that there was a delay in the Application process, 5% said that there has been an issue with providing a guarantee, 4% said there was a age limit problem and 3% said there was no individual loan mention in the application process. Therefore, these problems need to be addressed and looked into so that even 3% of the 5,431 people do not face difficulty in applying for loans.

## Challenges/Issues in receiving loan

Did you face any challenge/issue in receiving loan?



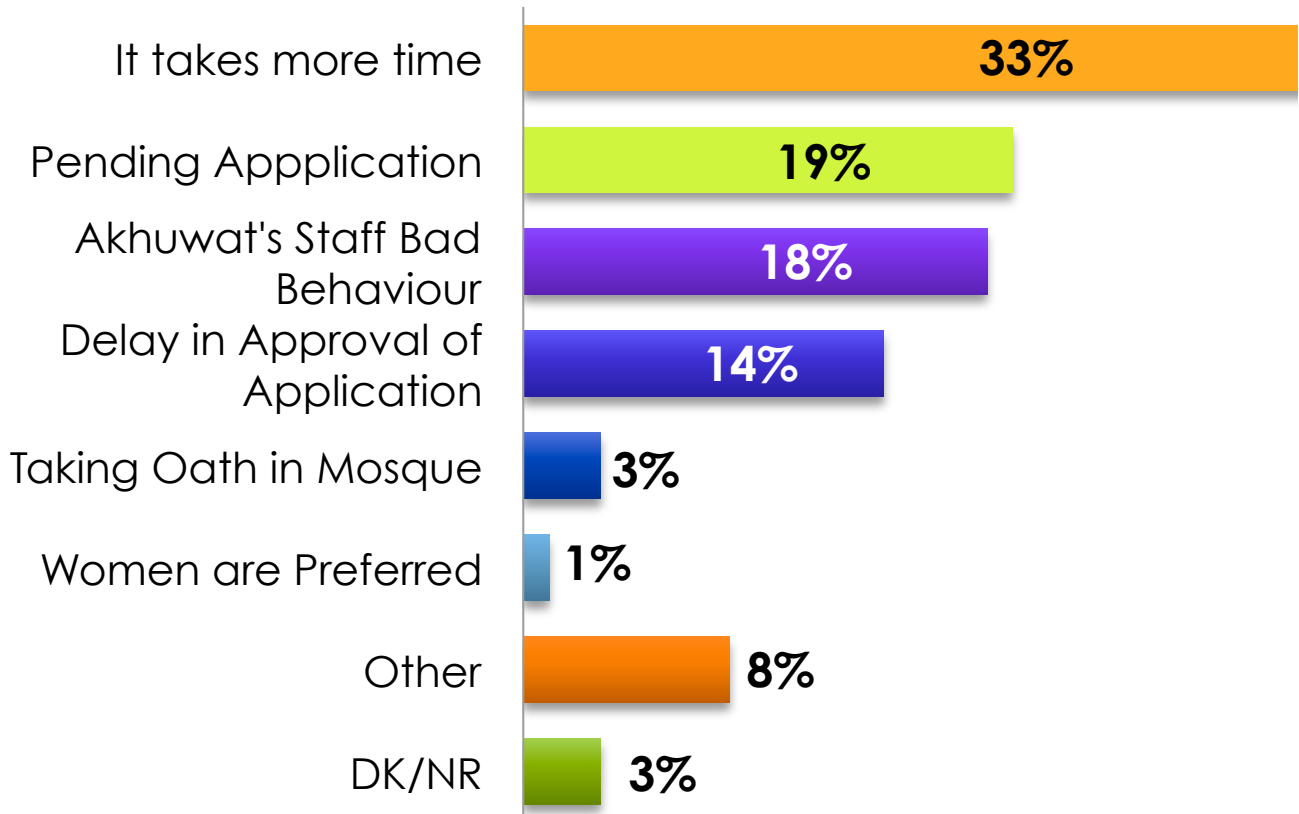
It is absolutely vital to understand what the respondents feel about the entire process of acquiring the loans and whether or not they faced any difficulties in the process. Upon asking the beneficiaries of this scheme whether or not they faced any difficulties in receiving the loan that they applied for, 96% responded saying they did not. It is good to see that the process that is aimed to help and aid the poor is actually working well and they do not have to face further problems with receiving these loans. Moreover, there are 2% respondents that said they did face difficulties.

## Challenges/Issues in receiving loan

**If yes, then please specify:**

*(Open-ended)*

*[Only 2% Respond Yes]*



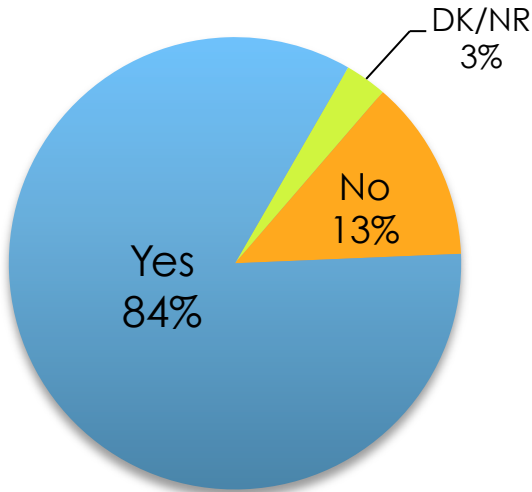
In order to see why 2% respondents faced difficulties in receiving their loans, they were further asked to address the question and state as to what form of difficult was it that they faced.

33% stated that it took longer than the time they had been told that they'll receive their loan, 19% send their application was left pending, 18% stated that the staff at Akhuwat had a bad behavior towards them and 14% stated that their was a delay in their applications approval.

# Challenges/Issues in receiving loan

*[Only 2% Respond Yes]*

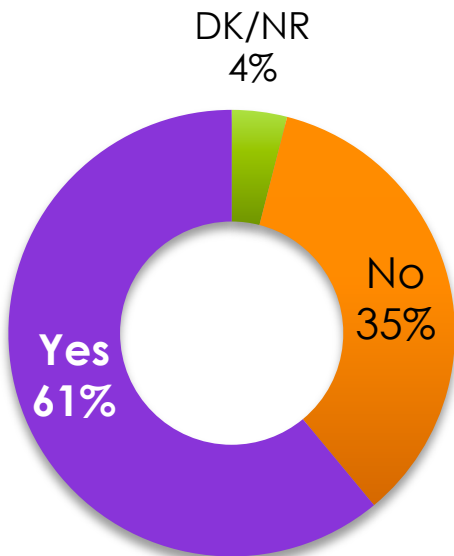
**When faced with issue in applying or receiving loan, did you contact Akhuwat's office?**



The 2% of the 5,431 respondents that stated that they received a difficulty in receiving their loan, were further asked if they contacted the Akhuwat office to address their problem. 84% said that they did contact the office while 13% said they did not.

**Did the staff resolve the issue?**

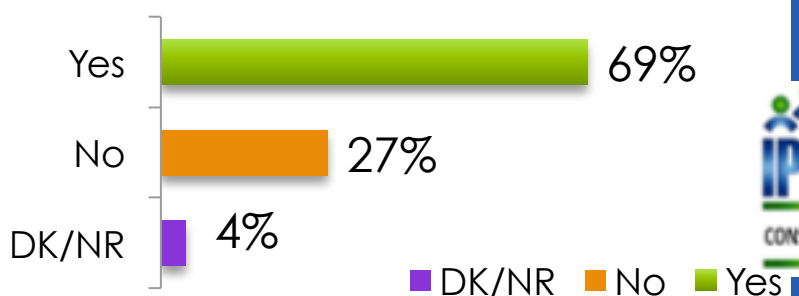
*[Only 84% contacted Akhuwat's Office]*



61% of the 2% respondents said that their issue was resolved while 35% of those 2% individuals said it was not.

**If yes then did the staff respond promptly?**

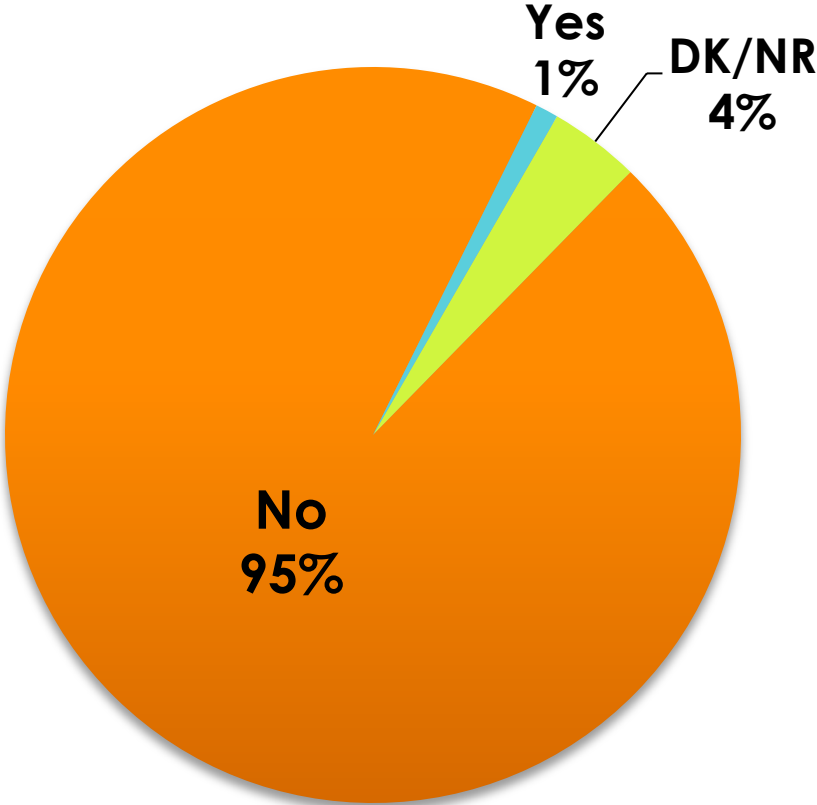
*[Only 84% contacted Akhuwat's Office]*



The question was further broken down to see if the staff at Akhuwat responded to their concern promptly or not, and 69% stated that they did while 27% said that they did not.

## Paid bribe someone in Akhuwat

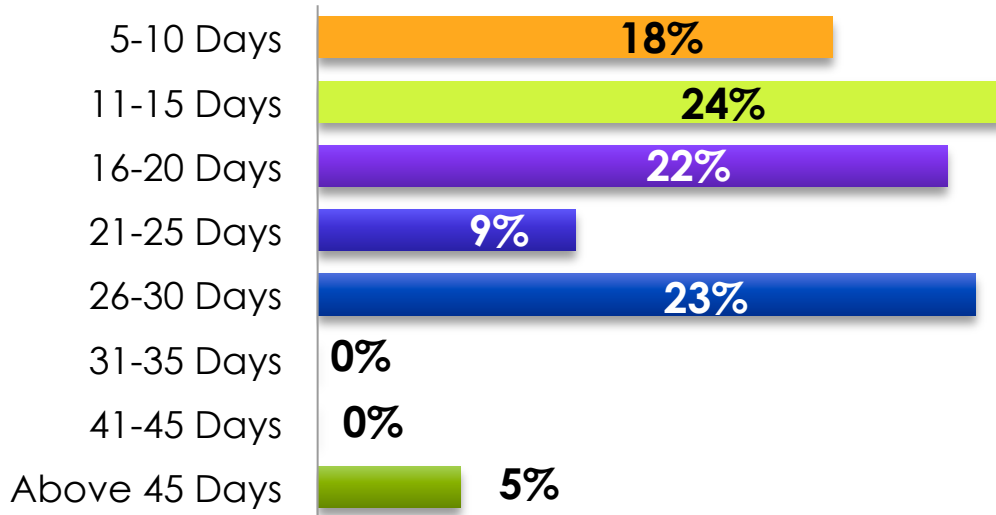
Have you ever paid bribe to someone in Akhuwat to resolve any of your issue related to the scheme (e.g. acquiring of loan, disbursement of loan, paying of the installments etc.)?



When it comes to schemes like this, there are often cases of bribery and unfair distribution occurring so asking this questions helps gain a better insight into the process. 95% respondents stated that they did not have to indulge in bribery, while 1% said they did and 4% share no such opinion. Therefore it is evident that there is no bribery taking place at large for the disbursement of the loan, nor are any installments missed in particular owing to this reason.

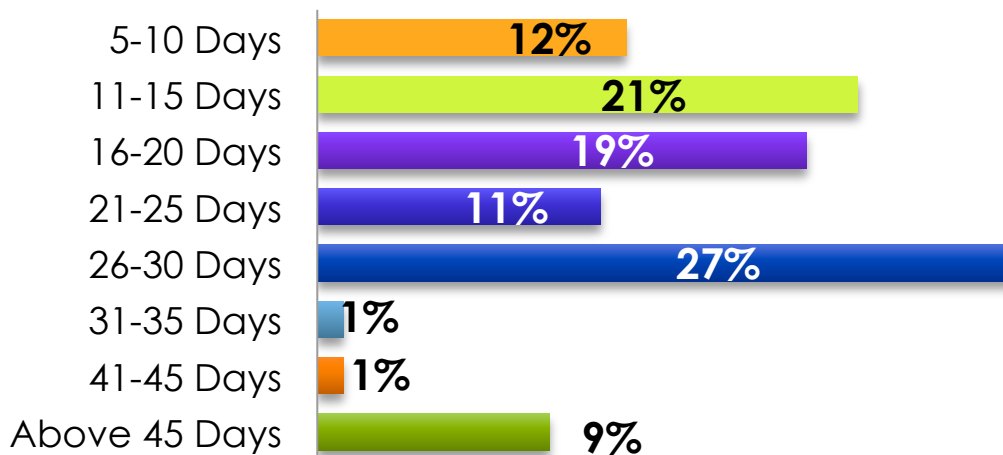
# Time Duration of Application

## Time duration after submission of application. (Open-ended)



The time duration of the application process is an important factor to understand the over all procedure and verify whether or not it is being followed up timely. The process varies from more than 45 days to just 5-10 days. However most of the respondents stated that it is done in 11-15 Days.

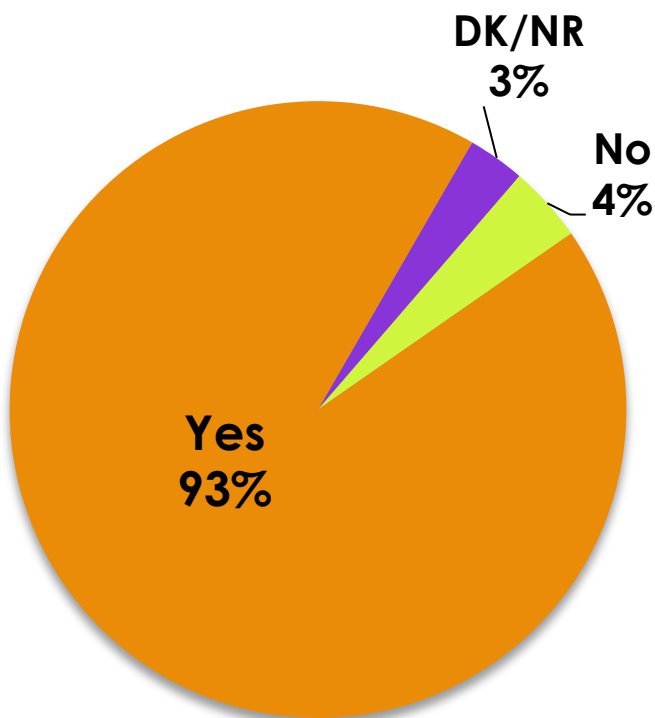
## Time duration after approval of loan. (Open-ended)



The time duration for the approval of loan has largely been seen being covered in 26-30 Days which is approximately a months time. 27% of the respondents stated that they receive the approval in a month, 21% stated that it is approved in 11-15 days, 19% responded that it is approved in 16-20 days while 12% and 11% respondents stated that it is loan process is approved in 21-25 day and 5-10 days respectively.

# Insurance Scheme

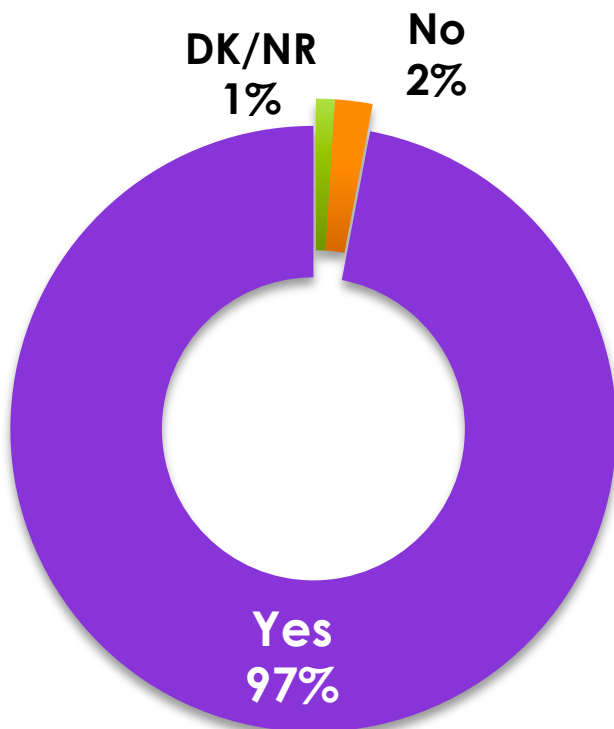
## Did staff inform you about I% Insurance scheme (Mutual support fund)?



When asked whether the clients were given information about Mutual Support Fund during the time of loan application process, 93% responded affirmatively while 4% responded that they were not properly informed about the scheme. 3% had no response.

## If yes, then did you pay insurance fee?

*[Only 93% Respond Yes]*

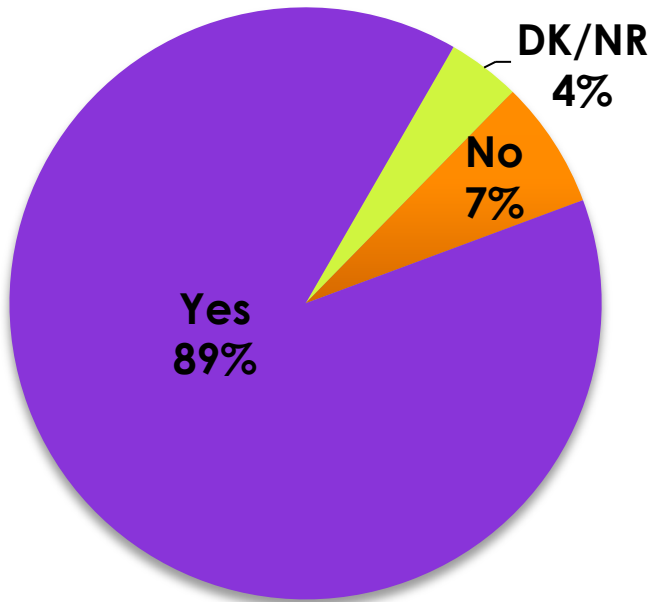


Out of those who responded affirmatively in the previous question, 97% of the respondents paid the insurance fee while only 2% did not pay the fee.

■ DK/NR ■ No ■ Yes

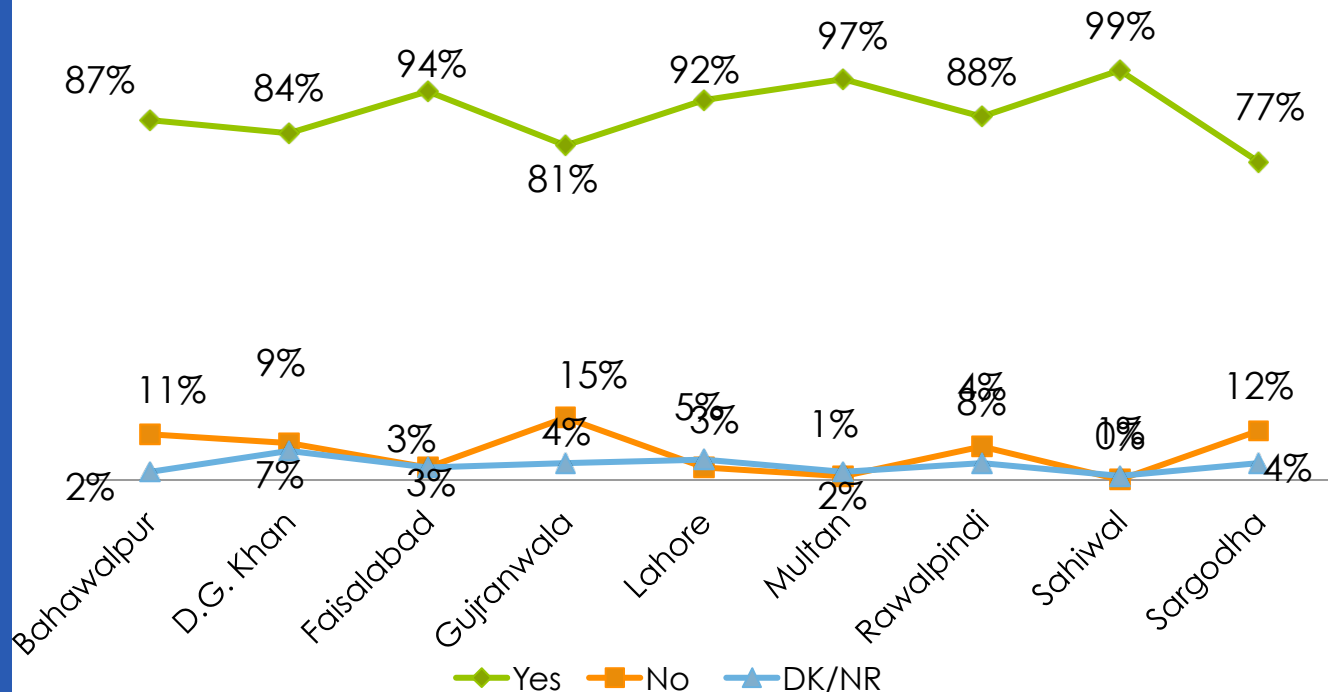
# In your opinion, is the selection process of the borrowers based on merit?

## Over-All



When asked whether the selection process of borrowers was based on merit, 89% of the respondents were of the view that it was on merit; while only 7% responded in negative i.e. they were not satisfied with the selection process.

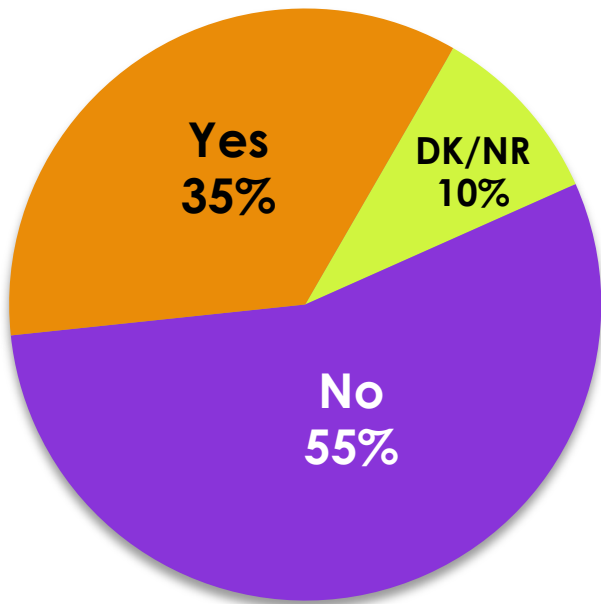
## By Division



The question was further analyzed on the basis of divisions. 11% from Bahawalpur, 15% from Gujranwala and 9% from Dera Gazi Khan did not consider the selection process of borrowers on merit.

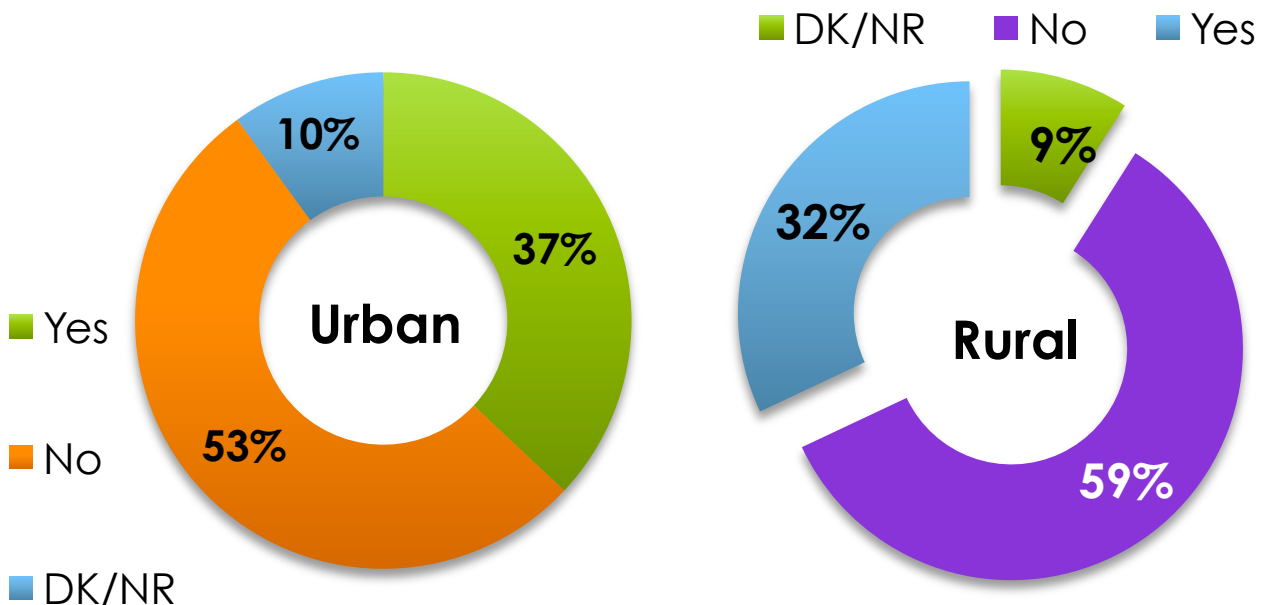
# Loan Scheme Improvement

**Do you think the selection and disbursement process of loan scheme needs improvement?**



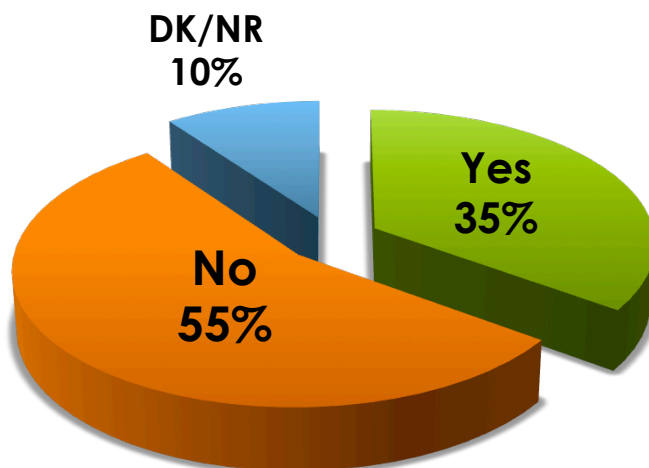
With regards to selection and disbursement process of loan scheme, 35% of the respondents were of the view that it requires improvement while 55% of the respondents were satisfied with the process. 10% of the respondents did not answer the question.

On further analyzing the results, the question was divided into urban and rural categories. Percentage of respondents who were satisfied with the selection and disbursement process of loan scheme were higher in rural areas than in urban areas i.e. 59% vs. 53%. 32% of the respondents in rural areas were of the view that process needs improvement whereas 39% in urban areas were dissatisfied with the process.



# Loan Scheme needs Improvement

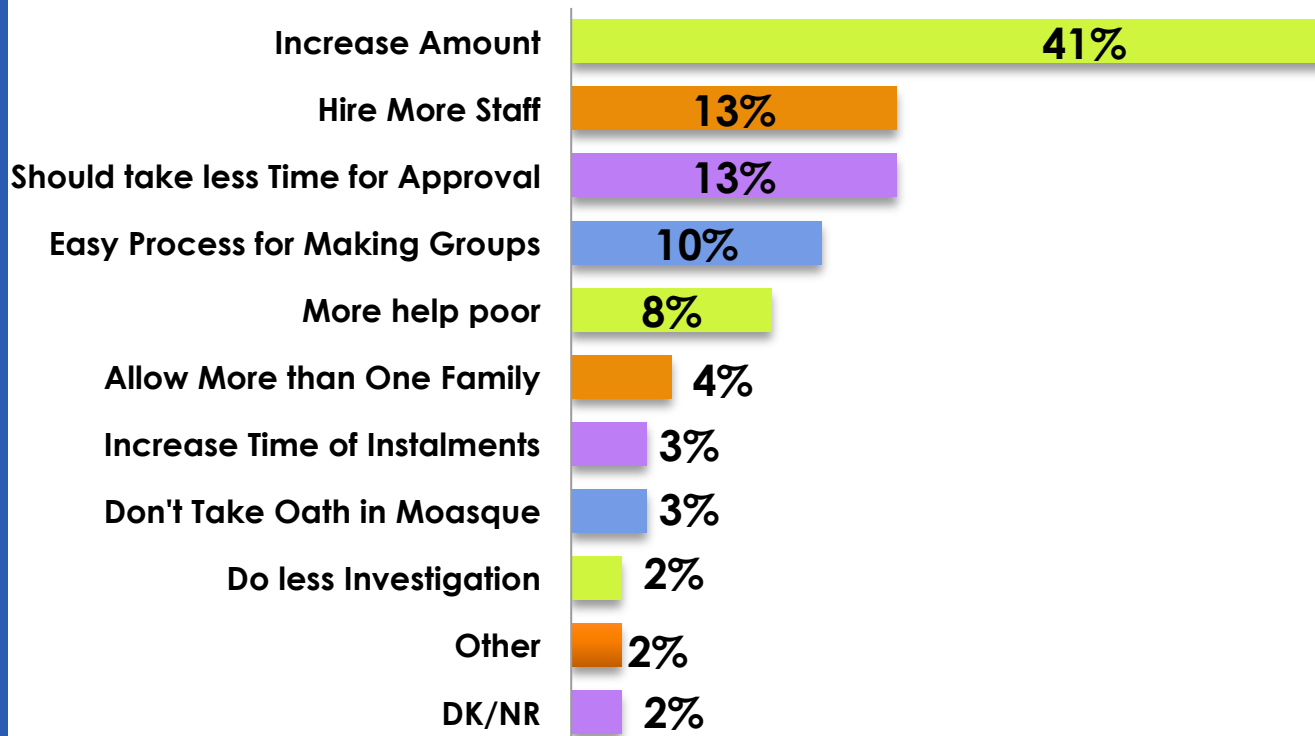
**Do you think the selection and disbursement process of loan scheme needs improvement?**



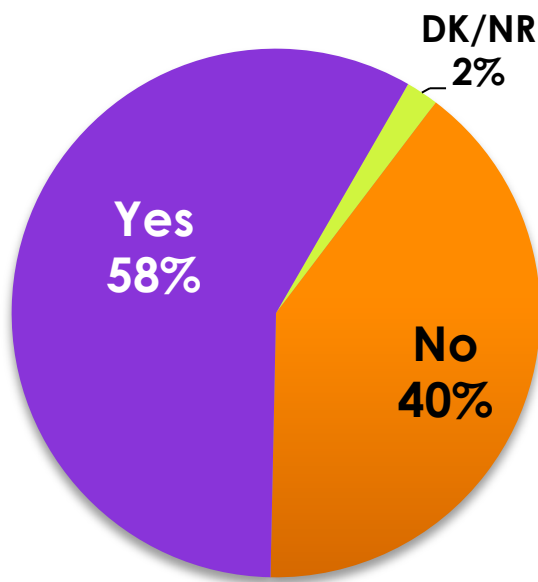
Out of the 35% respondents, who were dissatisfied with the selection and disbursement process of loan scheme, a majority of them i.e. 41% were of the view that loan amount should be increased, 13% responded that loan approval process should take less time and 10% responded the process should be made easier to understand.

**If yes, then please specify:**

*[Only 35% Respond Yes]*



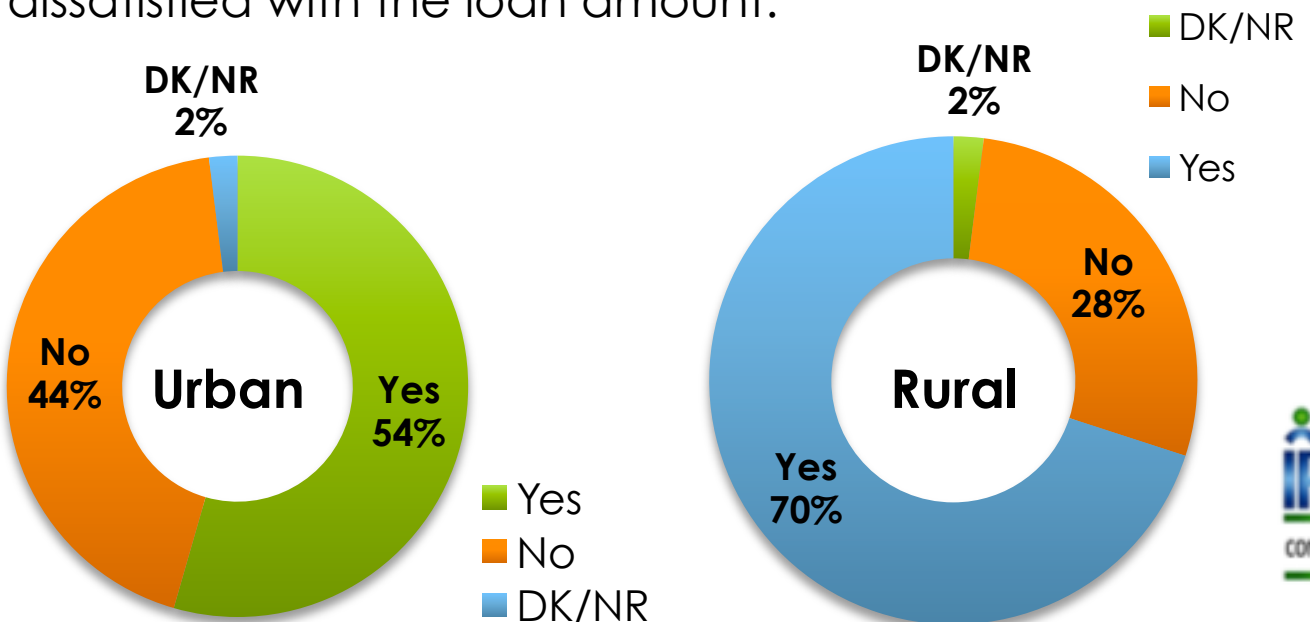
# In your opinion, is loan (10K-50K) sufficient to meet your desired needs?



With regards to loan amount, 58% of the respondents were of the view that it should be increased as they did not consider the amount to be sufficient to meet their desired needs, while 40% were satisfied with the loan amount. 2% had no response.

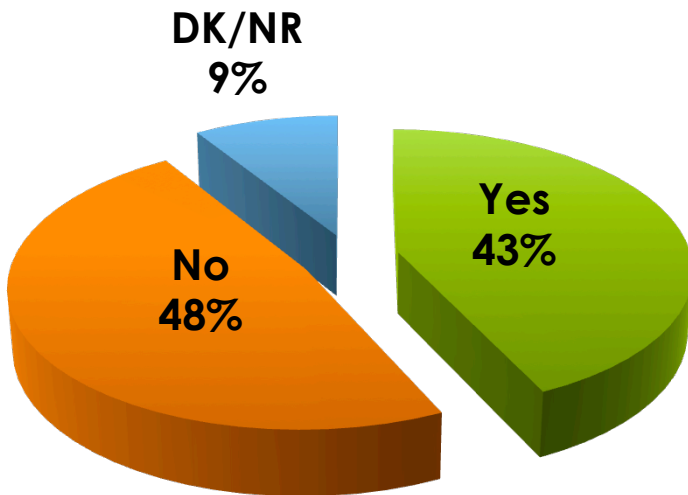
## By Location

On further analyzing the results, the question was divided into urban and rural categories. Percentage of respondents who were satisfied with the loan amount was higher in rural areas (70%) than in urban areas (54%). 28% of the respondents in rural areas were of the view that loan amount should be increased whereas 44% in urban areas were dissatisfied with the loan amount.



## Increase in the amount of loan

**In your opinion, should the amount of loan be increased?**

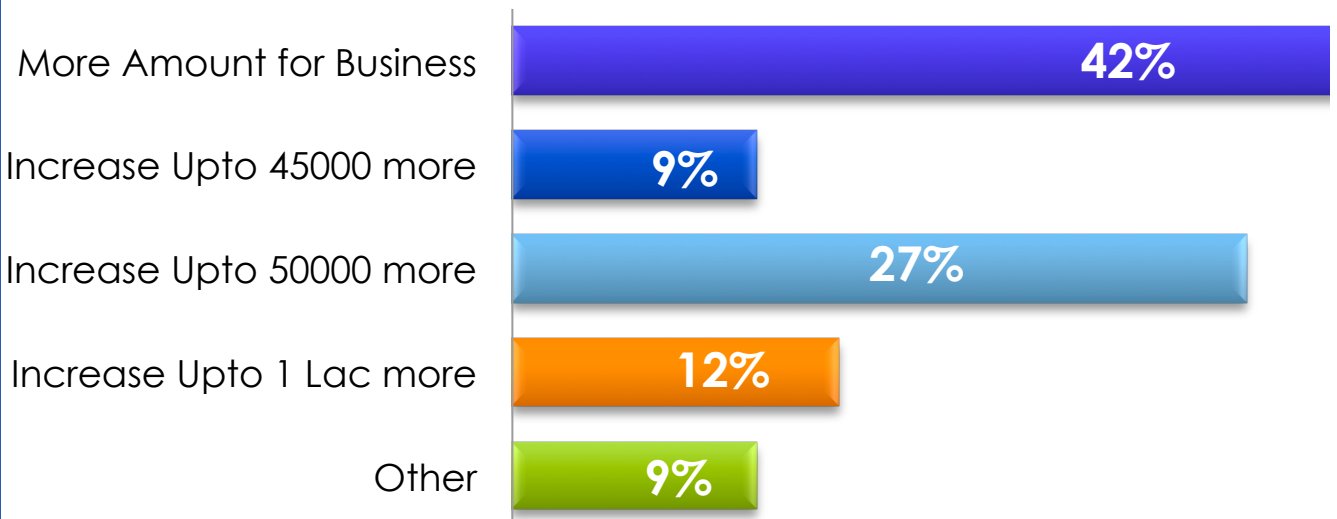


When asked whether the amount of loan should be increased, 48% of clients responded that they are satisfied with the current amount of loan while 43% responded that it should be increased. 9% of the respondents did not answer the question.

**If yes, then please specify:**

**(Open-End)**

*[Only 43% Respond Yes]*

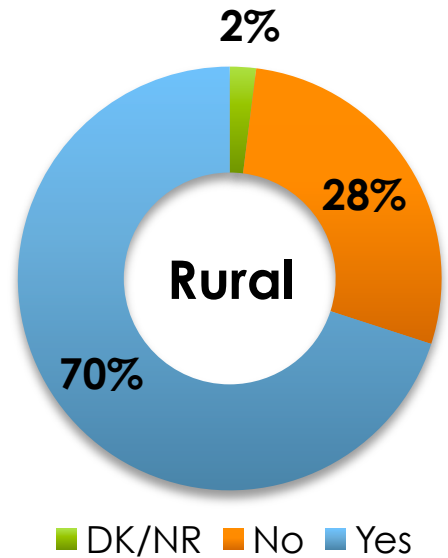
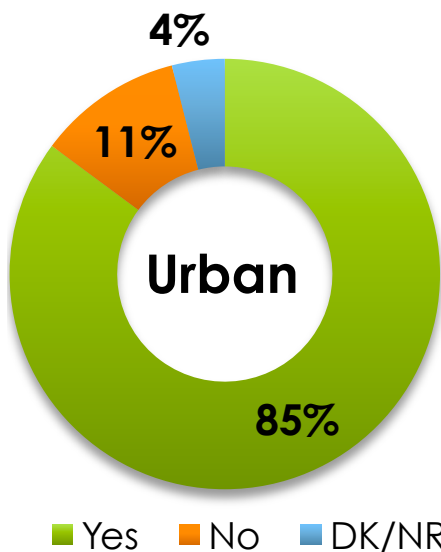


When asked whether the amount of loan should be increased, 48% of clients responded that they are satisfied with the current amount of loan while 43% responded that it should be increased. 9% of the respondents did not answer the question.

# In your opinion, should the amount of loan be increased?

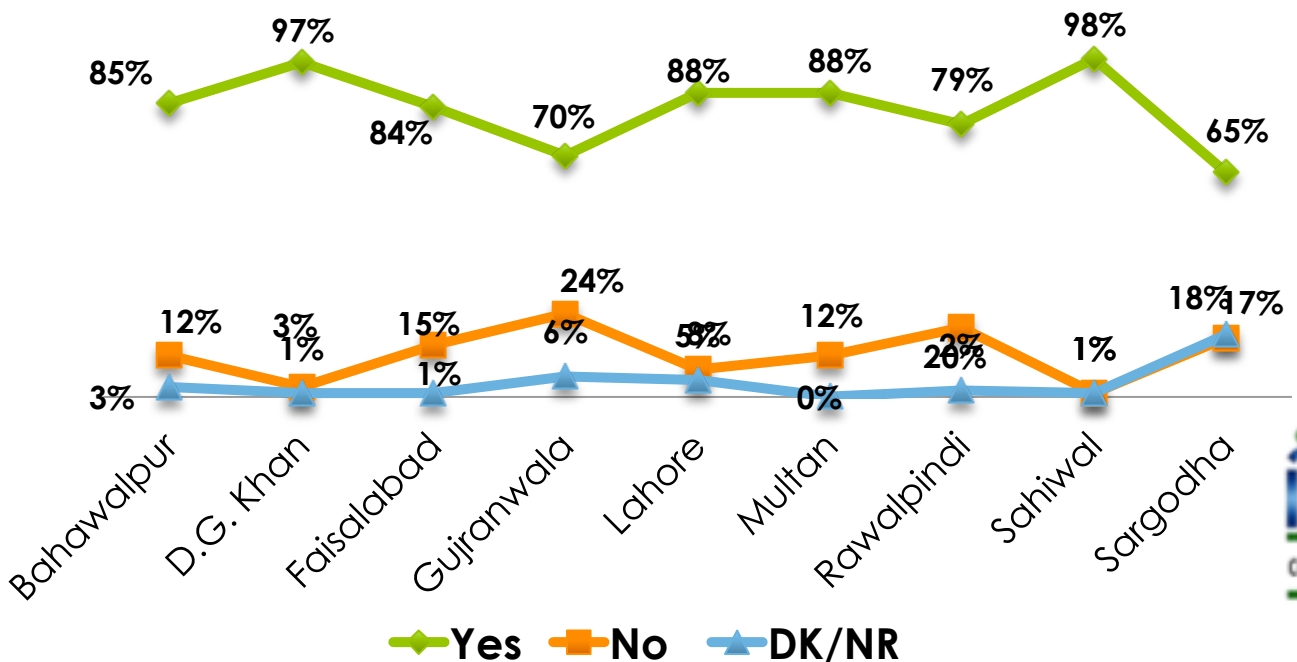
## By Location

On further analyzing the results, the question was divided into urban and rural categories. In rural areas, 70% respondents were in the view that loan amount should be increased while in urban areas 85% responded that it should be increased.

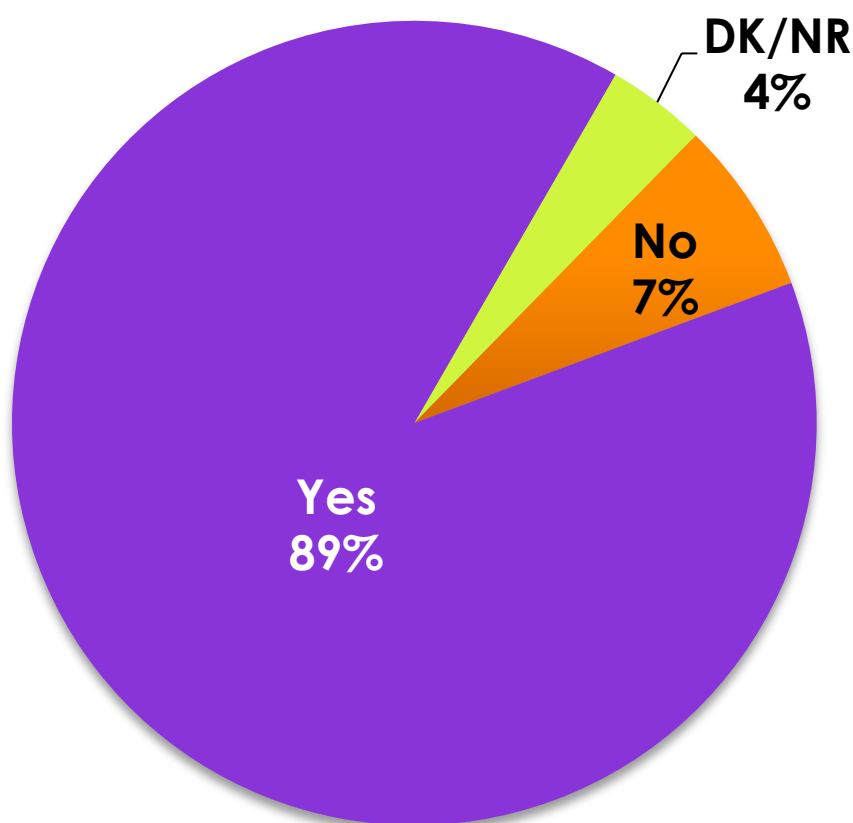


## By Division

The question was also analyzed on the basis of divisions too. 95% respondents in Dera Gazi Khan, 98% in Sahiwal, 88% each in Multan and Lahore responded that loan amount should be increased.



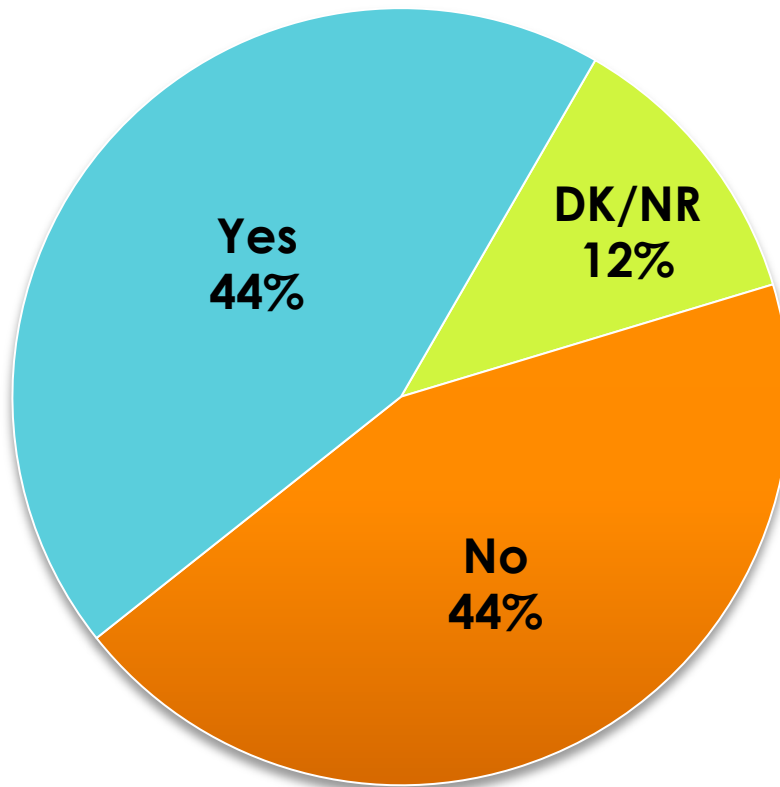
**Considering the terms and conditions of CMSES/Akhuwat, would you recommend any member of your family/friends to seek loan?**



When asked whether they would recommend their family members and friends to seek loan from CMSES, 89% of clients responded affirmatively, implying that they are satisfied with selection and disbursement process and other terms and conditions of CMSES, while 7% responded that they would not recommend their friends and family to seek loan from the scheme. 4% did not answer the question.

## Spill-over Effect

**Has any of your family member/friends or people in social circle become inspired by your success in business and has acquired CMSES's loan?**

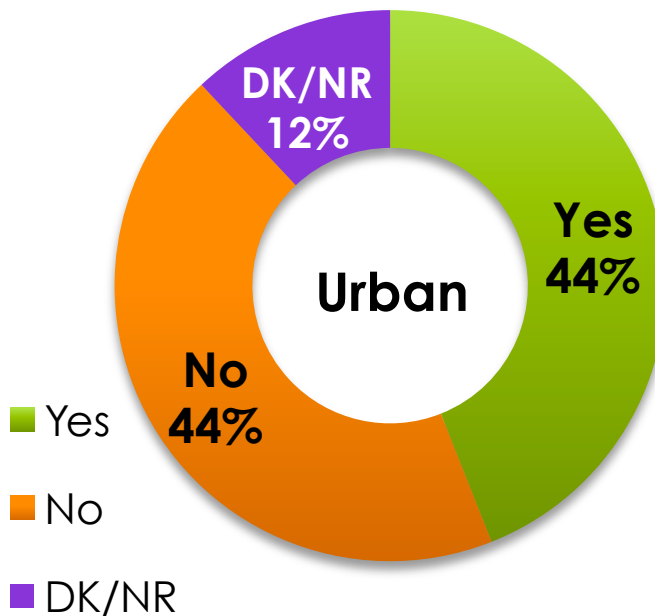


When asked about spillover effects of CMSES upon friends, family and colleagues, 44% of the respondents answered affirmatively, implying that CMSES has indeed inspired people in social circle to acquire loans from CMSES for the purpose of setting up and/or expansion in their businesses. Whereas, 44% of them did not feel that people in their social network got inspired by their success owing to loan from CMSES. And 12% had no response.

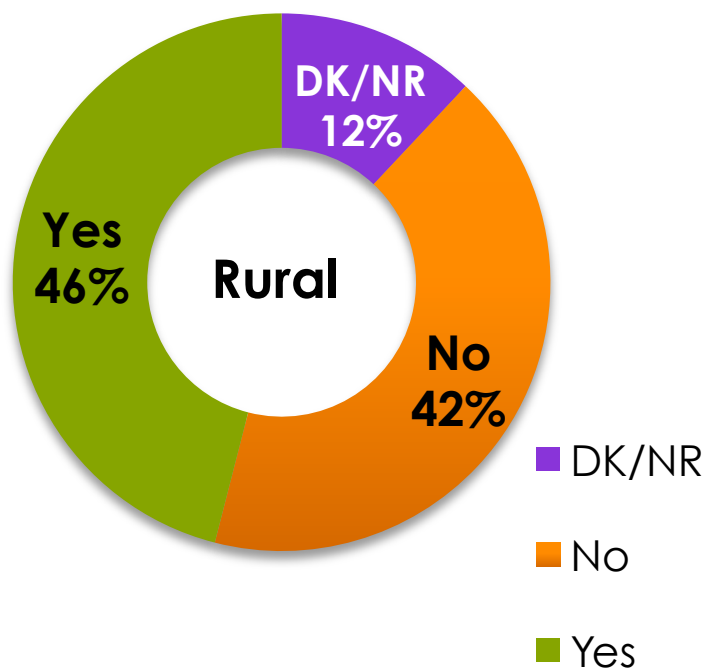
## Spill-over Effect

**Has any of your family member/friends or people in social circle become inspired by your success in business and has acquired CMSES's loan?**

### By Location



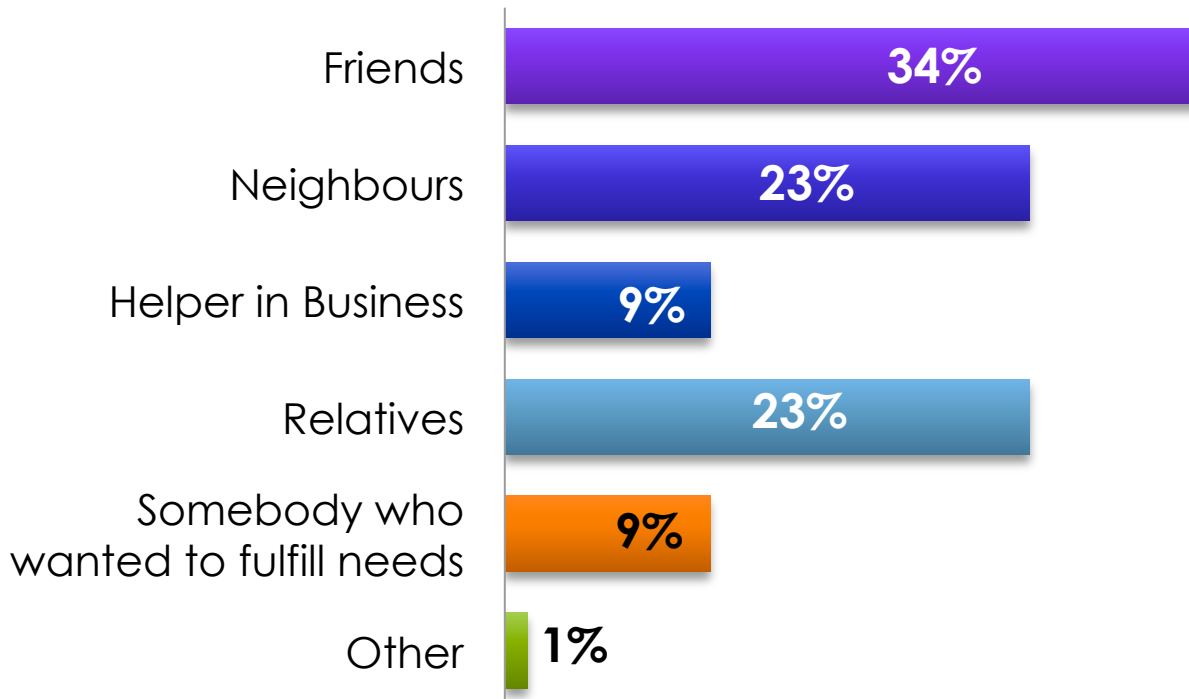
On further analyzing the results, the question was divided into urban and rural categories. The spillover effect was slightly higher in urban areas as compared to rural areas i.e. 46% vs. 44%.



## Spill-over Effect

**Has any of your family member/friends or people in social circle become inspired by your success in business and has acquired CMSES's loan?**

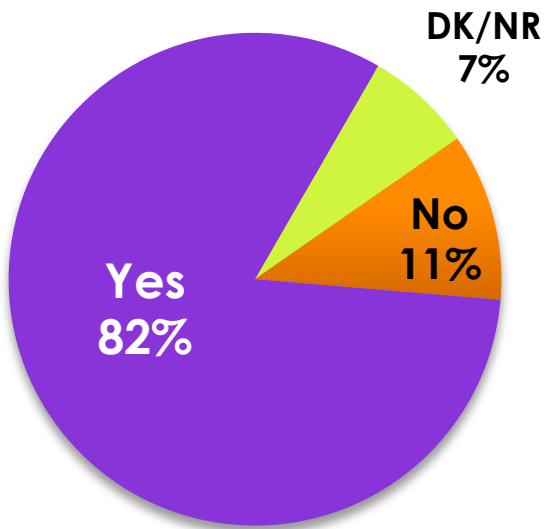
**If yes, then please specify who take the loan:**  
*[Only 44% Respond Yes]*



Moreover, of the people, who replied in affirmative regarding the spillover effects of CMSES, 34% of them cited friends who got inspired by them and took CMSES loan and 21% of them cited neighbors who got impressed by them utilizing CMSES loan for business purposes and contacted CMES for the loan. The rest included business partners and relatives.

## Economic Status

### Do you think that CMSES has improved your economic status?

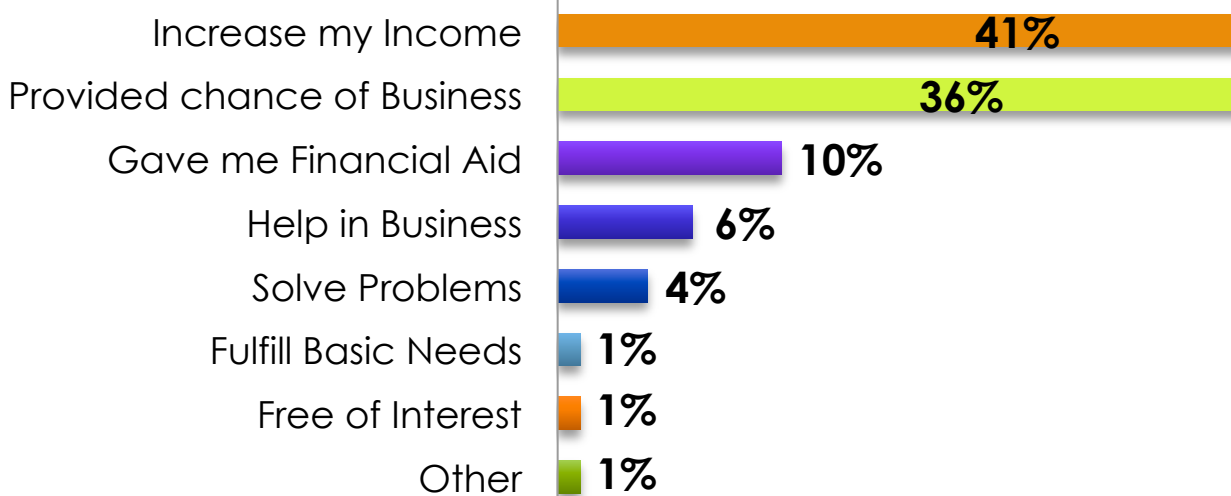


When asked about the impact of CMSES loan upon ones socio-economic prospects, a huge chunk of the sample i.e. 82% or 4453 beneficiaries were of the view that their income status has drastically improved.

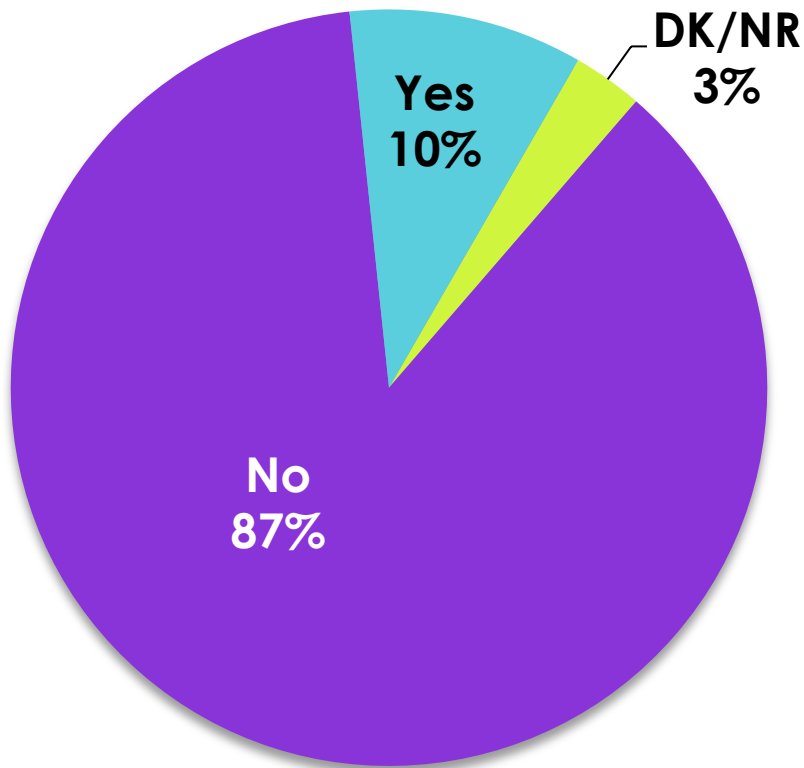
Upon further analyzing the question, 41% of those who felt that their economic prospect has improved, stated that there experienced an increase in their income as a result of CMSES loan. Whereas, 36% of those felt that CMSES provided them an opportunity to set up their own business. The increase in the income and business set up opportunity indicates the successful utilization of CMSES funds for business expansion or growth purposes.

#### If yes, then please specify:

*[Only 82% Respond Yes]*

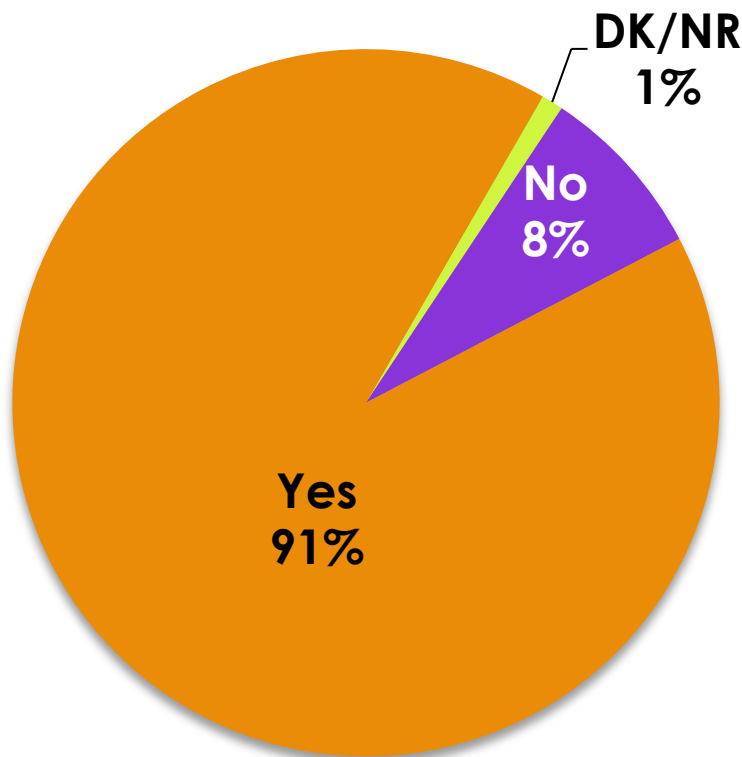


**Did you purchase any consumer durable good (For Example: Refrigerator, Air Cooler, Motorbike etc.) after acquiring loan?**



The above diagram suggests that the loan size may have not been big enough to purchase a durable good such as a fixed asset for their business personal use.

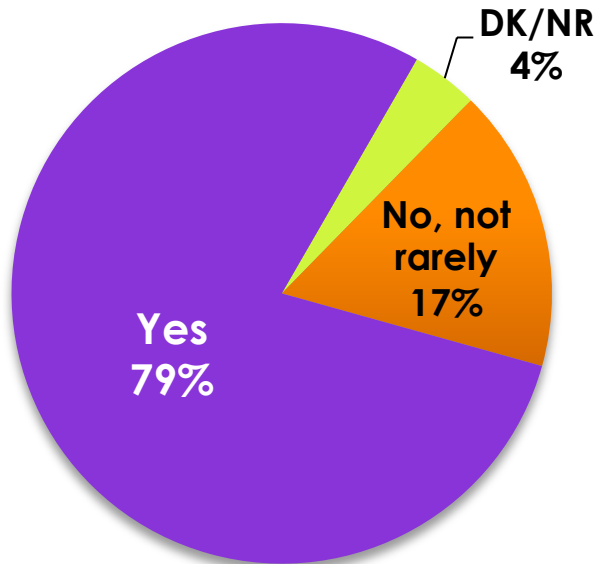
## Overall does this loan scheme helps in provision of education, health and other basic necessities in your household?



In order to inquire about change in expenditure behavior of the beneficiaries as a result of CMSES, respondents were asked about the amount available to spend on basic necessities, education and health. 91% of the respondents of or 4,942 people out of 5,321, responded positively, implying the high returns of CMSES loan in terms of investment in the business. Hence, allowing the beneficiaries to increase their expenditure upon basic necessities of life, education and health in order to improve their living standard.

## Prefer Interest Free Loan

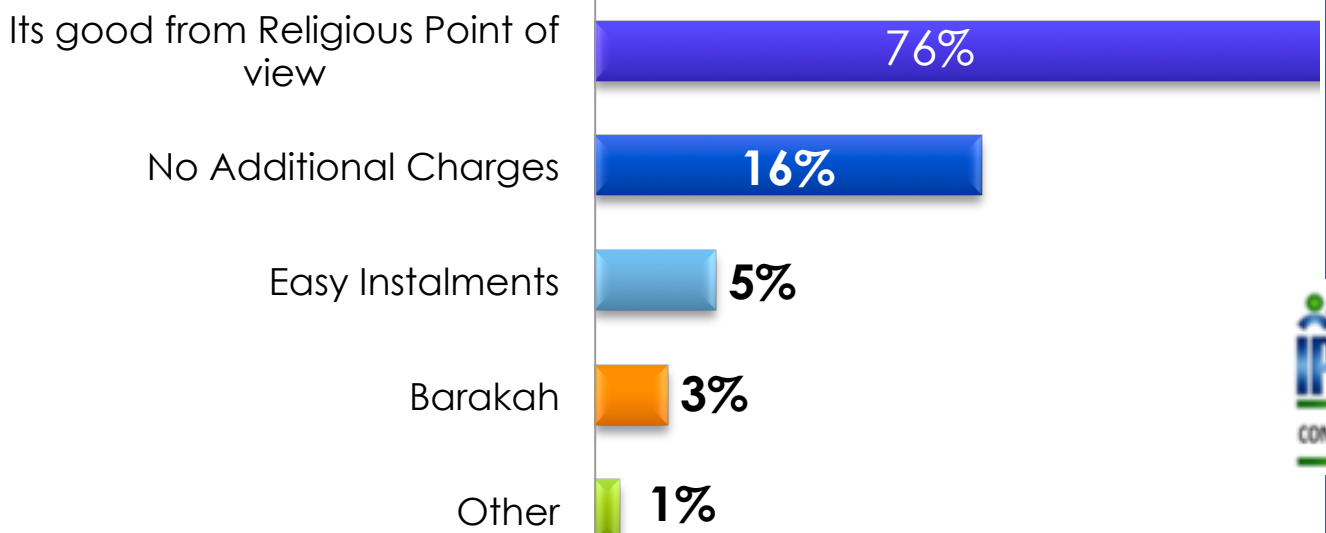
### Do you prefer Interest Free Loan (Qarz-e-Hasna) over Interest Based Loan?



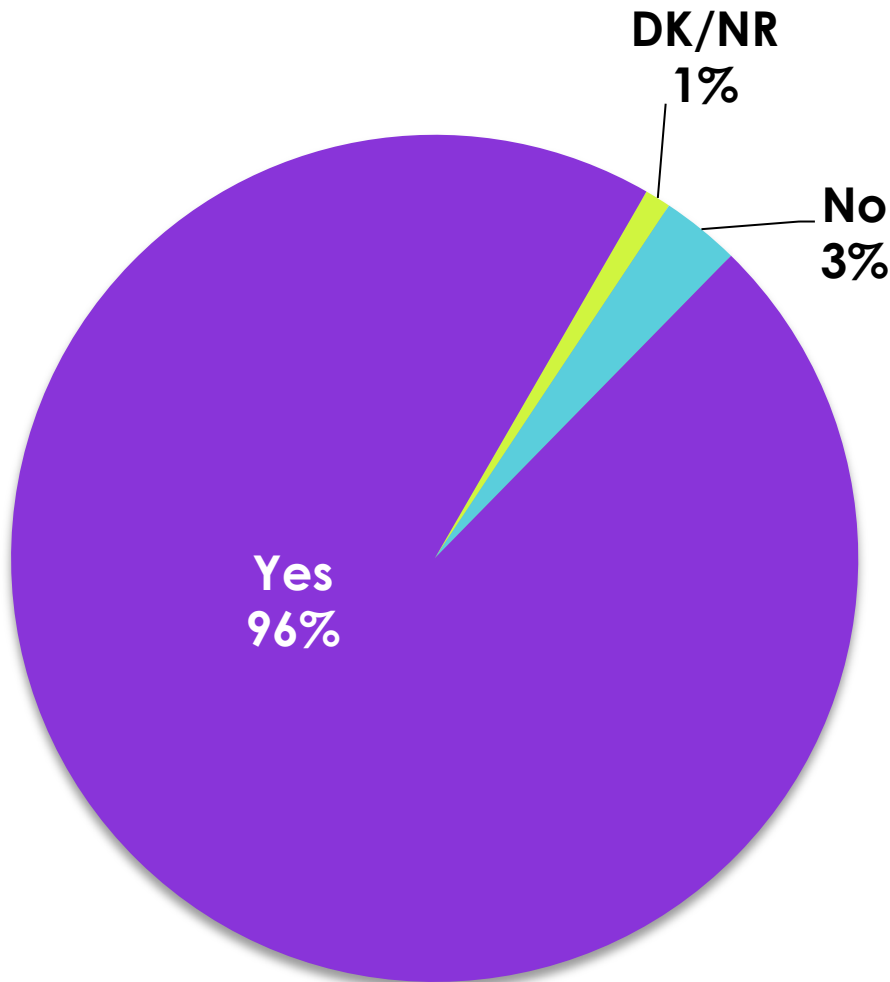
When asked about the preference for interest free loan or Qarz Hasn, 79% of the respondents preferred Qarz Hasn over traditional loan. When inquired about the reason, 76% cited religion as the primary determinant for their preference for Qarz Hasn, whereas, lack of additional charges, easy installments and barakah were the secondary factors influencing their preference of Qarz Hasn.

#### If yes, then why:

*[Only 79% Respond Yes]*



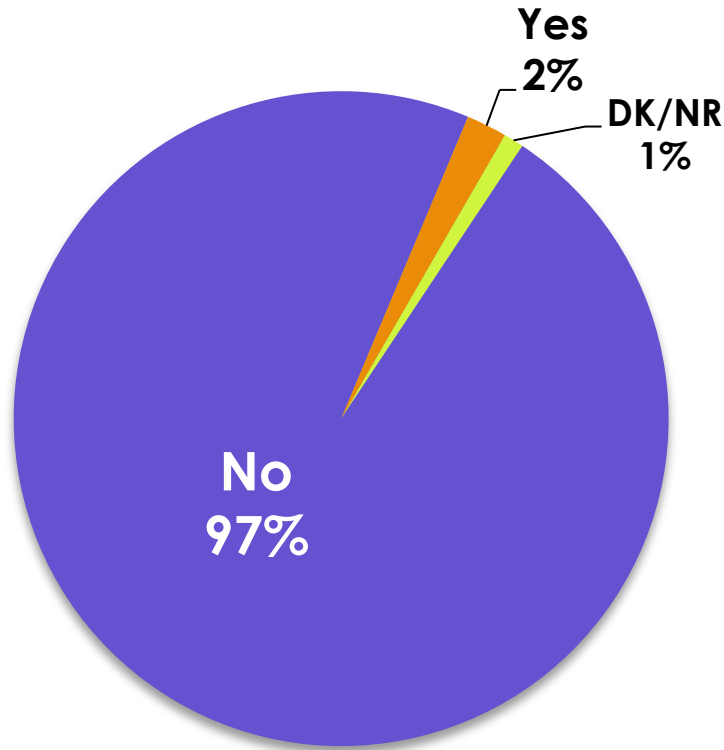
## Should Chief Minister of Punjab increase the funding of scheme to benefit more people?



When asked about the increase in funding for the scheme, majority of the respondents suggested an increase in the funding pool of CMSES, implying the scope for the expansion of the scheme.

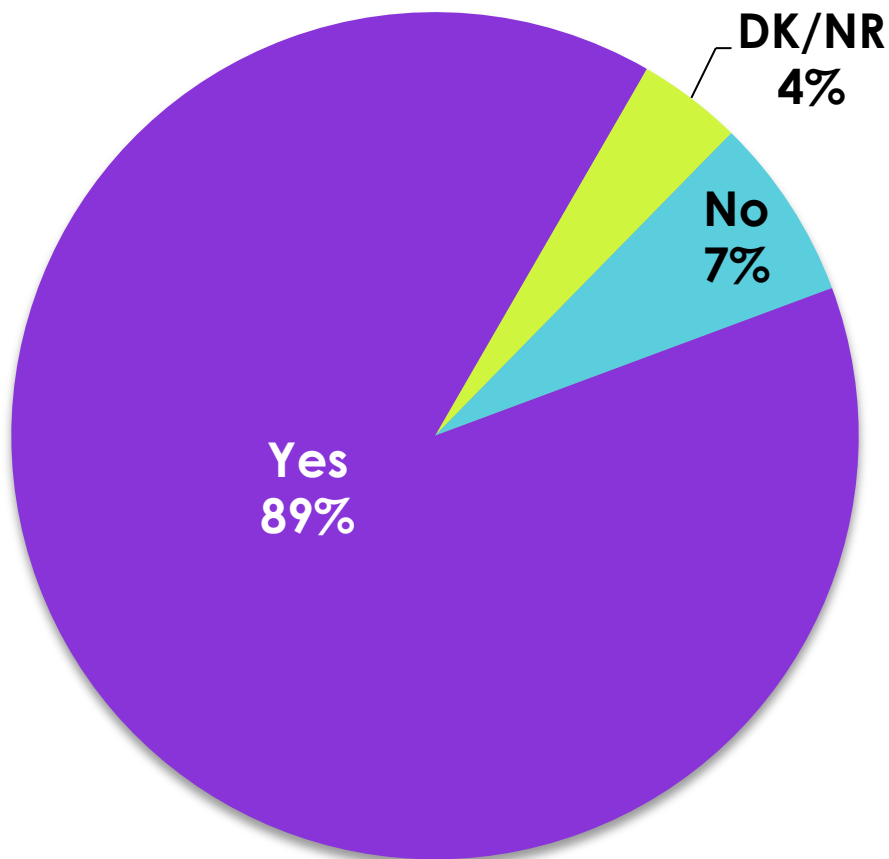
## Other Government Schemes

**Have you been benefited from any other government scheme?**



Nearly 97% of the respondents had not benefitted from other Government microfinance schemes, implying the preference and success of CMSES.

## Do you also give donations to others?

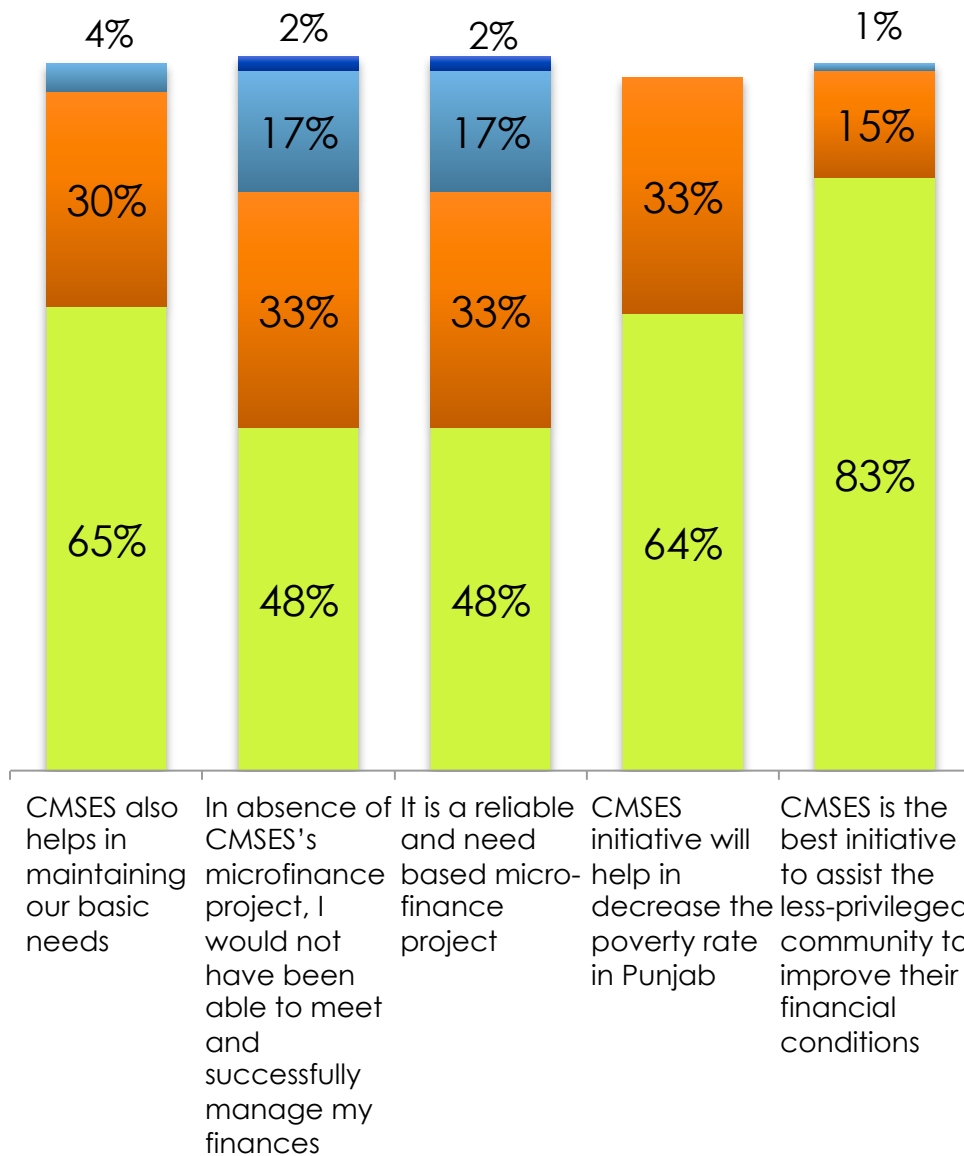


Nearly 89% of the beneficiaries replied affirmatively, when asked if they give donations. The possible inference could be that due to increase in their socio-economic status and their satisfaction with the CMSES, hence, allowing them to be charitable and give donations.

## Agree or Disagree

### What is your opinion about the following statements?

The beneficiaries of this loan scheme were asked to express how they felt about the following statements mentioned in the graph below. Their responses were divided into six main categories to get a better insight about their opinion.



■ Strongly Agree  
■ Disagree

■ Agree  
■ Strongly Disagree

■ Neutral  
■ DK/NR

# Focus Group Discussions

Focus Group Discussions with beneficiaries were carried out in six divisions namely: Bahawalpur, Faisalabad, Multan, Sargodha, Rawalpindi and Lahore.

Majority of the participants from Lahore, Bahawalpur, Faisalabad, Multan, Sargodha and Rawalpindi were fully aware of the basic purpose of the scheme and its target beneficiaries. The participants were of the opinion that the basic purpose of the scheme is to provide assistance to the poor, deserving and needy people in establishing their businesses .

The female and male respondents from these areas knew that this project aimed at facilitating the people to start their business. The participants were partially aware that this scheme is funded by government of Punjab. Participants narrated that Akhuwat micro finance scheme give loans to deserving people.



# FOCUS GROUP DISCUSSIONS

One of the Participants from Rawalpindi said, ***“The key purpose of microfinance loan is to help the unemployed skilled women, who want to contribute in their household income, by establishing their own business”.***

A respondent from Multan stated that this scheme is aimed at aiding ***“The hard working and deserving people of Pakistan who do not rely on wrong means for money.”***

The respondents have greatly benefitted from this scheme as it has not only offered financial help but also aided these God fearing poor people with a way of borrowing that doesn't't hinder with their beliefs. Majority respondents believe that main objective of this loan scheme is to assist unemployed people to start their own work.

***“Majority micro-finance institutions ask for 17-18 percent interest which is beyond the reach of a poor person”***

The respondents responded with the affirming yes that this project indeed is beneficial for the poor families of our country.

The purpose of this scheme was largely appreciated in Sargodha. Some participants were of the opinion that the purpose of the scheme is for the skilled individuals who wants to establish his own enterprise and needed microcredit for this purpose. The scheme provides interest-free micro-credit to the less-privileged segment of the society so that they may earn their livings.

# FOCUS GROUP DISCUSSIONS

The female beneficiaries of this scheme from Faisalabad also viewed this scheme favorably. One of the respondents said,

***“it is an interest free loan scheme for poor to establish their own small entrepreneurs “***

When the respondents from these regions were asked if they understood the purpose of this project or not and whether deserving people are receiving these loans, nearly all respondents responded affirmatively.

The economic Impact of this scheme has been extremely fruitful for the people who have received it. A number of success stories have been stated that have painted a clearer picture. One of the participants was professional and has to purchase material for the paint on credit due to which he had to buy material at higher rate, now he is getting the material on cash which is relatively cheap. Due to this scheme their income has been increased considerably and his standard has been improved.

The loan helped majority of respondents in fulfilling their basic needs but it has not substantially increased their income that they can provide better health and education facilities to their families. Respondents shared that due to this loan somewhat progress has been observed in their monthly income but this is not sufficient for improving overall standard of life.

# FOCUS GROUP DISCUSSIONS

The spill over effect of this scheme has been largely positive. In addition to those receiving this loan, many others are following after seeing the success stories of their friends and family. This scheme is gaining even more popularity now that people have spoken highly about it. One respondent stated that,

***“One of my relative asked the procedure of loan and location of Akhuwat, I informed him that try to know the Akhuwat office nearby your residence area as they have many office in different locations”***

The procedure and method of attaining this loan has received a mixed review. While the majority of respondents in Multan and Bahawalpur showed satisfaction with the overall procedure of the loan application and disbursement but participants from Lahore and Sargodha were not fully satisfied.

One of the female respondents from Bahawalpur said,

***“The amount of loan provided is just enough and one that can be paid back easily as well”***

The participants were also content that they have received the loan according to their need. Regarding the difficulty faced during the loaning process the women disclosed that they didn't face any problem and loan was granted without any hassle as the Akhuwat staff is really very cooperative and the process is simple and easy.

# FOCUS GROUP DISCUSSIONS

The overall scheme is rendered as a good and positive initiative that has been undertaken by the government. In fact this scheme has proven fruitful for the poor people and most of them stated that they do prefer CMSES over the other loaning schemes. One of the respondents stated that.

***“When we go to banks they demand guarantee and charge a certain level of interest”***

All the participants were satisfied with CMSES and they were of the view that they do prefer CMSES over other loaning schemes. Majority was of the view that it is interest free and interest is forbidden in Islam, it's easier to get loan from this scheme, no need of guarantee is required, no documents required, easy to pay back, easy installments and very cooperative staff of Akhuwat. A respondent commented,

***“One just needs to provide a copy of CNIC and copy of electricity bill to apply for the loan that's it ”***

All respondents have the consensus that the amount of loan should be increased so they can easily manage their work with this loan as sometimes they also have to arrange money from other sources.

# CONCLUSION

After reviewing and interpreting the graphs in detail, it is safe to draw a conclusion that the initiative of providing an interest free loan scheme to the underprivileged but talented individuals of Punjab has been a fruitful one.

The results clearly indicate how the process of achieving a better standard of living and establishing their businesses has been made possible for the poor people of Punjab via this scheme. It has aided these people to live a more practical and stress free life without compromising on their religious beliefs and self respect which was not possible before this scheme was launched. Earlier they would have to borrow from others which would taint their image or the bank which meant indulging in interest, but owing to this interest free loan payment scheme, they do not feel shy or uneasy to borrow and thus can continue with their life's agenda with much ease.



# CONCLUSION

The beneficiaries of this program are not just the individuals that receive this loan, but their entire families and the people who work with them as with these loans they invest in their businesses which further helps and aids the people that work for them in their businesses. Thereby, rendering the spillover effects of this interest free loan scheme as positive.

This initiative by CMSES has been able to curb a lot of problems for the recipients of this loan and their families and its suffice to say that it has facilitated a better living standard and social growth for the recipients.

# Recommendations

The interest free microfinance loans offered by CMSES have undoubtedly changed the lives of the beneficiaries without compromising their self respect and religious beliefs. However, while this scheme has largely been a success, there are certain limitations that need to be addressed in order make it an even more successful initiative.

- ❑ Firstly, this initiative lacks proper advertisement and marketing owing to which many poor people do not know about this loan scheme and therefore cannot benefit from it. CMSES should dwell into making good marketing strategies in order to reach out to more people. With effective advertising strategies this scheme will become even more effective and popular and more and more poor deserving people will benefit from this. CMSES should hold campaigns and seminars in localities to spread awareness regarding the existence of this scheme.



# RECOMMENDATIONS

- ❑ Secondly, the beneficiaries that are facing a difficulty in applying for these loans and have given the reasons that are causing them should be taken into account. The individuals in charge for this scheme at Akhuwat office should be contacted and this matter should be discussed with them. Also some of the respondents claimed that they were not treated well by the people at Akhuwat office. Therefore, it needs to be addressed by identifying such staff members and train them to deal with clients in a respectful manner.
- ❑ Thirdly, the beneficiaries stated that the loan amount should be increased. Most of the people are receiving loans less than Rs. 20,000 which is not enough to cater for the overall needs of these poor people. Therefore increasing the loan and offering a larger amount to the people will help in the spread of the scheme even further.
- ❑ Fourthly, these poor people should be given some leniency and the time to return the loan installments should also be increased so that they can pay back these loans with even more ease. Bringing more flexibility in the contract will help beneficiaries to smoothen consumption in the face of income shocks.

# RECOMMENDATIONS

- ❑ Fifthly, CMSES/Akhuwat can introduce product tailored to specific business requirements for clients, such as those which help them directly purchase a productive asset to expand their business. In addition, they should introduce products which involve more sharing of risk with the clients such as equity-based (*Musharkah*).
- ❑ Lastly, this scheme is a very good initiative aimed at changing the lives of the poor and needy hence, it should be continued.