



RESEARCH PAPER

The Impact of Micro-Credit on Procreating Income and Alleviating the Menace of Poverty in Quetta City

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ABSTRACT

In developing countries, low income for living standard continuously remains a critical matter to be addressed. Several developing countries like in Pakistan; micro-credit a part of microfinance is always a tool to ameliorate the living standard for poor people. This research focused to explore the impact of Micro-credit on poverty reduction with the prime focus on the amelioration of living standards and income generation for poor people in Quetta city. Structured interviews were carried out for data collection through a convenience sampling of 50 borrowers. Although active borrowers of micro-credit from major microfinance banks i.e., Tameer Bank, First Microfinance Bank and Khushhali Bank Limited operating in Quetta city have been selected as a population. This study was explanatory and data was analyzed through descriptive statistical analysis i.e., frequencies and percentages by using Statistical Package for Social Sciences (SPSS) and Excel for graph presentation. Findings and analysis have unearthed many dimensions, but compendium of the conclusion is that microcredit was found to have a negative impact on income generation and poverty alleviation (living standard).

Keywords: Micro Finance, Poverty Alleviation, Living Standard, Income Generation

Introduction

In this globalized world and the age of scientific innovations, it has been observed that the gap between the rich and the poor is widening. Although remarkable achievements in science and technology millions of people are sleeping hungry and millions of people in the countries are starved. Across the world nearly each country is facing poverty and this is the situation where people with low earning have no access to meet basic necessities of life. This debilitates and exacerbates economic conditions also causes many problems such as illiteracy, lack of basic necessities such as health and education and quality of life etc. Such conditions have huge impact on people having low income and living in utter deprivation and poverty. Poverty is an international problem by reducing it this needs a great consideration. Billions of people live without having any food and nearly six billion people around the world have low income, in which 1.2 billion were found to live on one dollar a day and 2.8 billion people were found to live on less than two dollars a day (Kanbur, et al., 2000).

Pakistan total population is more than 180 million and the resources are abundant in utilizing them for reducing poverty. From several research studies, it is astonishing that investment in Pakistan is very high and saving rates were very low. From the entire population of Pakistan less than 5% people have been benefited from microfinance (Qureshi, et al., 2012). In Pakistan, the importance of microfinance has increased and for its growth many rules and regulation has been made to promote it by the State Bank of Pakistan (SBP) and Government institutions. Pakistan government passed 2001 microfinance bank

ordinance and to reduce poverty this became in a very short period the main source, because population of Pakistan are mostly poor. In microfinance sector the government encourage and supports private microfinance institutions (Ayuub, 2013). The ranking of poorest areas in Pakistan, the highest poverty among the provinces major cities as Peshawar was at number one with 36.51%, Quetta was at number two with 34.15%, Lahore was at number three with 11.6% and Karachi was at number four with 9.15% people who were below the poverty line (Khan I. , 2016). The population of Balochistan numerous districts nearly 90% live beneath the poverty line. However, in Quetta district nearly 46% or half of the public lived in terrible situation (Ghauri, 2016).

Poverty is increasing every day. Poverty concept is not new in Pakistan because every third person is involved in the 'poor' group range. The population of Pakistan is almost 180 million and there is approximately 59 million people live below the poverty line. This includes Eighteen percent of Punjab, Thirty-five percent of Sindh, Thirty-three percent of Khyber Pakhtunkhwa and most of the population is in remote area of Balochistan (Chughtai, Zaheer, & Taj, 2015). Poverty is defined as people who have no sufficient income to fulfill their basic needs for survival such as foods for a productive and healthy life (Barr, 2005). Poverty is a situation of inadequate funds or resources and in the dangerous form it is the deficiency of fundamental necessities of human like education, basic services of health, drinking pure water etc. (World Bank, 2004). Poverty is defined in several forms and has varied definition however most authors have defined it as a condition of inadequate funds to meet fundamental requirements of life such as clean drinking water, lack of attires, shortage of foodstuffs and shelter for residence (Oluyole, 2012).

The dimensions of poverty are numerous and they are taking place due to variance between revenue and consumption. The poverty dimensions include absence of foodstuffs, inadequate facilities of medicine and healthiness, lack of energy and power like electricity, water, shortage of earnings to tolerate children schooling expenses, scarce resources and assets to generate profits like equipment and land. Although a part from these above dimensions' natural disaster like epidemic diseases, heavy rains, floods etc. are also portion of it (Ahmed & Donoghue, 2010). Literally modern term of small amount of loans has converted into Micro-credit. The main objective of microcredit is to support the deprived people to improve their life style and make a positive contribution to their living standard. Micro-credit has been extended to Micro-finance for poor people. Mostly people think that microfinance is microcredit, which is loan for poor people, however microfinance has many dimensions such as savings, micro-insurance, transactional services etc. Microfinance fundamental objectives is to render financial services to the poor segment of the society. Rendering financial services to the segment who have low income with the aim to make key contribution to the financial development and to alleviate poverty (Kanbur, et al., 2000).

Micro-finance is a broad term and it has many dimensions, this study focuses on microcredit and its impact on generating income, alleviating poverty that is to see improvement in living standard. Micro-credit is a well-developed and well-known phenomenon used to alleviate and deter poverty. It is found to empowers people with low income (poverty ridden) to borrow banks on low rates by giving them access to softer loans to initiate their own business. Little research and scholarly work is found to have focused on the deprived and underdeveloped capital city of Quetta in the context of the impact of microcredit on procreating income and alleviating poverty (living standard).

Literature Review

There are mainly two types of poverty that is relative poverty and absolute poverty. Relative poverty is a condition in which household or an individual the facility of services and goods are lower than others while the deficiency of minimum physical requirements for a household or for a person survival is absolute poverty (Giroh, Igbinosun, Ogwuche, & V.P. W, 2008). In Nigeria, a study conducted for poverty perspective stated that poverty concept as human beings are the daily basic requirements that are unable to meet. The utmost

essential requirements for human beings are medical care, shelter, food and it demands for concern, if people are deprived of these requirements (Olatomide, 2012). Income as a variable for poverty measurement is commonly used in most of the countries and United Nation and used one dollar a day as a poverty line to measure it (Tiruneh, 2006). In a study the researcher says that one dollar a day for poverty measurement is out of date although World Bank stated that "to measure poverty worldwide what poverty means in deprived states by its standards". Although to measure poverty line in developing countries they used deficiency of food to consume. While for poverty measurement different approaches are given by many authors in debating this situation (Ravallion, 2008). For poverty measurement income, must not be restricted alone however, poverty defines as "a situation of severe deficiency of elementary human requirements that are health, food, education, drinking safe water, shelter, facilities of sanitation and information" (Awojobi, 2014).

Poverty has been measured by several indicators. However, mostly researchers measured poverty through income but other indicators that is used to measure poverty are living standard, employment, consumption, expenditure, social and economic factors etc. Living standard defined as capital availability to generate enough amount of revenue to get foodstuffs for their children and himself, facility of better housing, communication facility, children education, medication and health, children clothing, facility of transport etc. (Marx, 1959). Irfan Ghauri in his article stated that with the collaboration of United Nation Development Program (UNDP), Oxford Poverty and Human Development Index (OPHDI) the planning commission reported that to measure poverty in context of Pakistan, fifteen indicators would be used in the country. In the category of living standard 8 indicators were involved which were access to electricity, land, cooking fuel, sanitations, overcrowding, walls, water and assets. Four indicators for health that includes facilities of ante-natal care, basic health, assisted child delivery and immunization. In education three indicators comprises of quality of education, duration of joining an institute and presence in class. In addition, he stated that Multidimensional Poverty Index (MPI) utilizes living standard, health and education as a measuring stick to assess poverty as opposed to measuring consumption or income as a base (Ghauri et al., 2016).

Microcredit program assessed by comparing the condition of variations in living standard, pattern of life style and status of poverty with engagement of before and after using microcredit. Standard of living was measured variation in terms of consumption of electricity, clothing expenditure, practices of sanitation, medicare, hygienic and drinking pure water. The results suggest that after involving in microcredit program the respondents living standard improved (Mazumder & Wencong, 2013). Several studies revealed that using programs of microfinance such as microcredit, poverty can be reduced in improving healthcare, increasing the level of individual and household income, education and nutrition. As an example, improvement in living standard by using microcredit will help to eliminate hunger and poverty (Khandker, 2003). Microcredit or small amount of loan is too short as due to this poor people face difficulties in establishing or starting a new enterprise or business. However, microcredit can efficiently and effectively be used for poor people in already an established business which is running. This study finding revealed that microcredit did not impact positively the poor people with a new enterprise or business although, already running a business their standard of living has impact more positively (Zaman, 1999). Beside other influential tools to reduce poverty the only solution to improve living standard of poor people that is microcredit. (Jonathan, Morduck, & Robert, 2002).

A study conducted in Rahim Yar Khan district; microfinance services impact was checked on poverty. The relationship of different variables was measured like new assets formation, farmer expenses, poor people standard of living, farmers' savings and level of production. The outcomes of the study were positive and microcredit has positively affected standard of living, level of production by expenditures, savings and impact on assets by building and formation (Ahmad, Naveed, & Ghafoor, 2004). A descriptive design used in the study to describe and explain the characteristics of variables because it can be useful and

more effective to identify better association between poverty (living standard, basic needs fulfillment) and microcredit. The dimensions in living standard include health system, electricity and gas, resources of power, appliance of electric, resources of transportation and resources of livestock. As a result, in this study living standard of poor people was improved and basic needs also fulfilled by using microcredit (Iqbal, Iqbal, & Mushtaq, 2015).

Research held in Pakistan on microcredit and poverty alleviation and revealed that for poverty reduction microcredit act as an effective tool. People live with self-esteem and better livelihood with help of microcredit. Poor people were provided microcredit in 1980s through NGO's and several microfinance institutions as an encouragement from Government. Such programs most of the time impact positively and these programs of microcredit also serve the purpose best. Living standard of poor people enhanced by microcredit and it also reduced the poverty in Pakistan (Bashir, Amin, & Naeem, 2010). Microcredit in poverty alleviation plays a significant role but in poverty reduction microcredit is like a water drop in a sea. Although improving poor people standard of living microcredit helps a lot (Matovu, 2006). The utmost significant source is microfinance to provide microcredit and an increase in the productivity, capacity of earning and employment rate by other financial services. The lives of people will be impacted by eradicating poverty, improving standards of living like education, food, health and other common effects (Ali & Alam, 2010). Developing and underdeveloped countries of poor people the poverty can be reduced with the help of better facility of food and consuming items, children better education, several diseases to be counter by improved sanitation system, facility of medication and health improvement as microfinance institutions make possible all these by microcredit (Islam & Mamun, 2006).

Pakistan, Indonesia and Bangladesh are the countries which are underdeveloped their poor people standard of living can be improved by microcredit as a key factor. In this study, they stated that people who are poor, face problems in their social life and their living standard and level of income cannot be improved. However, microcredit helps in uplifting community living standard and income level. Therefore, microcredit efficiently serve the poor people by raising their level of income (Ali M. , 2015). However, in another research the economic and social factors were measured by living standard, income generation, life style improvement, standard accommodation, purchasing power, better technology adoption, self-employment and business facility expansion. But the results revealed that microcredit improve poor people living standard but also helpful in generating income (Khan, Usman, Malik, & Ahmad, 2011). Due to lack of any security, collateral and without confirming the credit worthless, poor people get microcredit by providing them opportunity in underdeveloped countries. The study concluded that poor people income was increased after receiving microcredit facility. Respondents with percentage of 85.40% said that their standard of living enhanced better in terms of facility of medication and health, improvement in children education, assets of household, foodstuffs, system of sanitation, addition in housing and as well as a rise in the level of income (Iqbal, Iqbal, & Mushtaq, 2015).

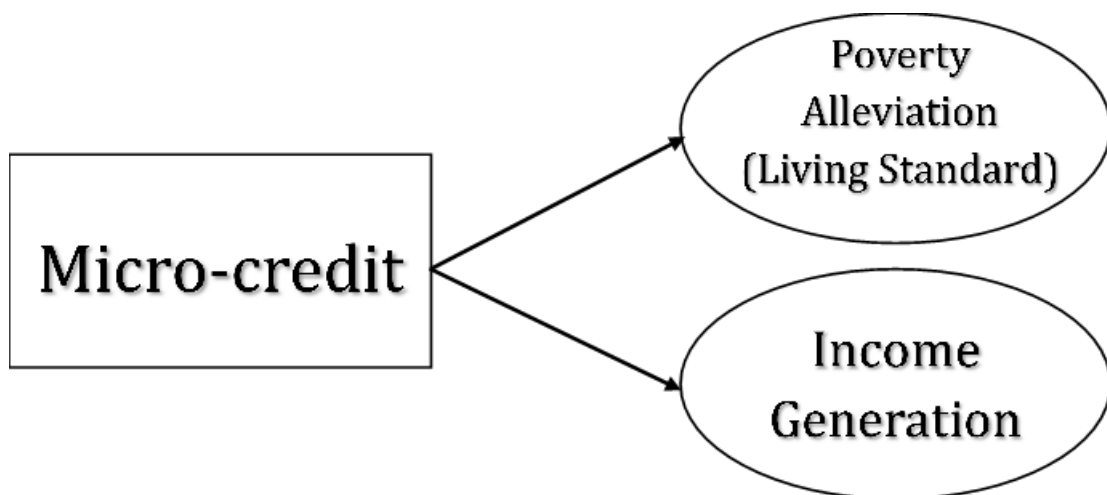
Research conducted in Bahawalpur using descriptive statistics to check several aspects although, the core theme was to see the impact of microcredit on income generation. The results showed that majority of the respondents' income level have increased by 67% (Ayuub, et al., 2013). The impact of microcredit impact on income was examined by secondary and primary data in Punjab. There were 68 household who were interviewed and the results showed that income level was improved by microcredit (Waheed, 2009). A comparative approach used in a study to examine the impact of microcredit on reducing poverty and income generation. There were two groups a control group and treatment group and the comparison exhibited that an increase and change in the income level was observed from 1988 to 1992 in both groups (Chavan & Kumar, 2002). A study conducted in district Okara to check the impact of microcredit in uplifting level of income. The data was collected through questionnaire using descriptive statistics and outcomes were analyzed by

frequencies and their percentages. It was stated that after using microcredit 85% respondents' income level has improved (Akram & Hussain, 2011).

In Nigeria, research was done on microcredit and poverty alleviation. It was concluded that small loans availability to poor people by microcredit programs for self-employment projects ultimately increase income. However, this strategy has been known as feasible for poverty alleviation and income generation (Akewushola & Akinlabi, 2013). The impact of microfinance operations was measured and the conclusion in the research was that after utilizing the loan an increased in expenditure and income was observed to the people who have borrowed the loan from microfinance banks (Hossain, 2012). Research from Faisalabad on reducing poverty and generating income empirically analyzed the impact on microcredit through regression and correlation methods. To utilize microcredit in a rational way the empirical evidence presented that there was a positive impact on income generation and consumption (Abbas, Sarwar, & Hussain, 2005).

Theoretical Framework

Having reviewed literature on the aforementioned constructs, the following conceptual framework is developed to check the impact of microcredit on generating income and alleviating poverty. The variables are given below which were generated from literature review.



Material and Methods

The purpose of this study is explanatory in nature to evaluate the underlying concept of microcredit on income generation and poverty reduction in Quetta city. Furthermore, this study is descriptive in nature and descriptive statistics is used to analyze the data. Hence, deductive approach is considered to be the pertinent approach for this research. In present research both primary and secondary sources of information are obtained. The primary source of information are the data collected from the people who have received loan. The secondary source of information is obtained from scholarly works, peer reviewed articles and websites to review the related literature in order to carry out a comprehensive and in-depth research. The active borrowers of micro-credit from major microfinance banks i.e., Tameer Bank, First Microfinance Bank and Khushhali Bank Limited operating in Quetta city have been selected as a target population.

In this study, convenient sampling technique, a non-probability sampling technique was used to collect data. The researcher visited microfinance banks to collect creditors data, but the managers of microfinance banks were not able to share their customers data with the researcher as the data was confidential. Therefore, the researcher communicated different personal sources by which easily available customers of microfinance banks were

selected as a sample. The sample includes those borrowers who have received microcredit from micro finance banks and are still active customers and still owe to the bank (active borrowers). Reviewing the literature most of the researchers picked almost 40 to 60 sample sizes for their research (Abbas, Sarwar, & Hussain, 2005, Akram & Hussain, 2011, Awojobi, 2014, Khan N. A., 2014, Khan, Usman, Malik, & Ahmad, 2011, Nudamatiya, Giroh, & Shehu, 2010, Shah, et al., 2015), therefore, this research has undertaken a similar sample size and collected data from 50 microfinance banks customers.

This study has endeavored to conduct structured interviews to examine the phenomenon from horse's mouth and firsthand information. Hence, structured interview is considered not only appropriate but also ensures high response rate and decreases data validity and reliability issues. The close ended questionnaire was filled by the researcher from each respondent with face-to-face interview. For the analysis of the data Statistical Package for Social Sciences (SPSS) 23 version software was used and for better analysis Excel 2016 was used for graph presentation. The questionnaire is adopted from previous studies. The questionnaire comprised of background questions about demographic of the respondents, poverty (living standards), questions related to microcredit and income, savings etc. The method of questionnaire was structured questionnaire and to collect relevant information from respondents some dichotomous question was also included. The same context of questions was given to all interviewees and they received the same interview stimulus. Questions were very specific with a fixed range of answers. The structured questionnaire had multiple-choice questions in which the choice of answers was provided, and respondents were asked to select one of the alternatives, and dichotomous questions that had only two response alternatives, "Yes or No".

Results and Discussion

The results and discussion section includes presentation, interpretation and analysis of the research data. Based on the attitudes and features of respondent's generalizations following conclusions were drawn and categorized as Demographic of the respondents, Poverty (Living Standard), Use of Microcredit and Income Generation.

Demographic of Respondents

In this section, major demographic attributes such as gender, age, occupation etc. of the respondents are presented in table form and then interpreted briefly. Following is the demographic of respondents:

Table 1
Respondents Gender Distribution

Gender	Frequency	Percentage (%)
Male	50	100.0
Female	0	0.0
Total	50	100.0

The data collected through structured interview in Table 1 all the respondents were male the percentage is 100% from the sample and no female respondent was accessed. The reason behind 0 percent of female respondent was convenient sampling technique as accessing the female respondents were difficult to find. Although made several efforts but it was difficult to source to have identified any female respondents due to cultural and social norms.

Table 2
Respondents Age Distribution

Age	Frequency	Percentage (%)
18-35	24	48.0
36-45	11	22.0
46-60	15	30.0

Total	50	100.0
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The data highlighted in Table 2, it found that respondents were most from age group 18 to 35 years i.e. (48%), while 30%, 22% were between the age 46 to 60, 36-45 years respectively. The respondents between the age 36 to 45 and 46-60 were granted insufficiently. The respondents between the age 18 to 35 as an advantage were granted maximum amount.

Table 3
Respondents Marital Status

Marital Status	Frequency	Percentage (%)
Single	8	16.0
Married	42	84.0
Total	50	100.0

In Table 3 most of the respondents were married persons i.e., 84% who had taken the loan and small number of borrowers were single which were 16%. However, there were no divorced or widowers. The reason owing to this excessiveness was their voluminous home problems and overburdened loan.

Table 4
Respondents Family Members

Family Members	Frequency	Percentage (%)
Medium	37	74.0
Large	13	26.0
Total	50	100.0

The respondents with medium family members less than ten were at the highest percentage of 74% who had taken the loan as shown in Table 4. However, 26% respondents were having more than ten family members. It is due to the city area where the houses were very small and people cannot afford large family.

Table 5
Number of Children

Number of Children	Frequency	Percentage
1-5	27	54.0
6-9	9	18.0
More than 9 Children	3	6.0
No Children	11	22.0
Total	50	100.0

In table 5 most of the respondents were having 1 to 5 children with 54% from the sample size. However, 22% were having no children, in addition 18%, and 6% were having 6-9 and more than 9 children respectively.

Table 6
Respondents Qualification

Qualification	Frequency	Percentage (%)
No formal Education	10	20.0
Primary School	15	30.0
Secondary / Technical School	16	32.0
Bachelor Degree	8	16.0
Postgraduate Degree (Master and PhD)	1	2.0
Total	50	100.0

The education level is a significant benchmark to measure the status of poverty. The Table 6 illustrates that half of the respondents were literate i.e., 32% Secondary, 16%

Bachelor and 2% postgraduate degree holder, which is collectively 50% that have received microcredit. The illiterate having no Formal Education and Primary School qualification were 20%, 30% correspondingly of the respondents that have been given microcredit and were lacking skilled employment.

Table 7
Respondents Occupation

Occupation	Frequency	Percentage (%)
Whole Sale Trader	2	4.0
Artisan / Hand Craft	2	4.0
Civil Servant	46	92.0
Total	50	100.0

The respondent's occupation in Table 7 revealed that 92% were working as civil servant. However, Whole Sale Dealer were 2% and Artisan/Hand Craft also constitute 2% respondents of the total sample size.

Table 8
Tenure

Tenure	Frequency	Percentage
0-1 Year	3	6.0
2-5 Years	15	30.0
6-8 Years	32	64.0
Total	50	100.0

There was mostly civil servant in the sample size therefore majority of the respondents' tenure was in the range of 6 to 8 years i.e., 64% as displayed in table 8. Although 30% were in the range of 2 to 5 years of career while others 6 % were 0 to 1 year.

Poverty (Living Standard)

Poverty is a condition where people do not have basic necessities of life. So, poverty can be measured by different aspects but in this study, poverty is measured by living standard of the people who have received microcredit. Following are the details shown in table form and then their interpretation:

Table 9
Type of House of the Respondents

Type of House	Frequency	Percentage (%)
Kacha	16	32.0
Pacca	25	50.0
Mixed	9	18.0
Total	50	100 .0

From table 9 it is clear that 50% of the total sample size the respondents have pacca house while 32% were having kacha and 18% were having mixed house.

Table 10
House Ownership of the Respondents

House Ownership	Frequency	Percentage (%)
Own House	14	28.0
Family House	14	28.0
Rented Apartment	19	38.0
Squatting / Living for Free	3	6.0
Total	50	100.0

As shown in Table 10 that most of the respondents were having rented apartments their percentage is 38%. The percentage of respondents having own house and family house

were 28%, 28% respectively. However, squatting/living for free were few respondents that was 6% of the sample size.

Table 11
House Utilities of the Respondents

House Utilities	Yes, and very good		Yes, but very bad		No, I don't have this		Total / (%)
	Freq.	%	Freq.	%	Freq.	%	
Water Closet toilet	35	70	13	26	2	4	50/100
Pipe Born Water	31	62	10	20	9	18	50/100
Bore Hole Water	5	10	1	2	44	88	50/100
Constant Power Supply	4	8	5	10	41	82	50/100
Stand by Generator	1	2	3	6	46	92	50/100
Good Water	13	26	25	50	12	24	50/100
Gutter and Sewage System	28	56	19	38	3	6	50/100

Living standard of the people can be identified by their house utilities that the condition of those utilities is good for living a proper life or not. The list of some house utilities as shown in Table 11 the respondents were asked to give answer with the status of three extents that were Yes and very good, Yes and very bad and No I don't have this in order to analyze the poverty situation of their house. The condition of toilet having water in it 70% of the respondents on the above table shows that they were in good condition but respondents with 26% said that they have this facility with bad condition although, 4% don't have this facility.

The respondents with 62% said that they were in good condition of having Pipe born water facility, while respondents who have this facility but in bad condition were 20% of the sample size. However, respondents with 18% were in a position of having no water system in pipes and this indicates that total 38% don't have access to uncontaminated water. 88% respondents said that they don't have the facility of bore hole water, whereas 10% of the respondents said that they have this facility and 2% also have but the condition is very bad.

Electricity is elementary need for everyone and an essential to spend a good life in the society. Majority of the respondents don't have access to power supply constantly and they also said that they don't have a stand by generator, this indicates that they were living with an unstable power supply, percentages were 82%, 92% respectively. 2% said that they have a stand by generator and 8% said that they have constant power supply too, while 10% and 6% of the respondents said that they have the facility but in bad condition.

Water is very essential for every living being and without it none can survive in this world. The response from the respondents on the question of water condition in their home 26% said that they have with good condition, 50% said that it is available but in bad condition and other remaining respondents of 24% said that they don't have in their home rather they bring from outside. 56% said that gutter and sewage system was in good condition, 38% said that in bad condition while 6% said that they don't have this facility and they use old system.

Table 12
Health Treatment of the Respondents

Health Treatment	Frequency	Percentage (%)
Private Hospital	19	38.0
Public Hospital	27	54.0
Self-Medication	4	8.0
Total	50	100.0

The respondents said that when they got sick majority of them went to public hospital i.e., 54% as shown in table 12. However, 38% said that they went to private hospital and 8% were doing treatment by self-medication.

Table 13
Nutrition Value of the Respondents

Nutrition Value	Frequently		Sometimes		Total / (%)
	Freq.	%	Freq.	%	
Carbohydrate (e.g., potato products, Rice, etc.)	29	58.0	21	42.0	50/100
Protein (e.g., Egg, Fish, Meat, Beans etc.)	9	18.0	41	82.0	50/100
Fruits and Vegetable (e.g., Orange, Mango, Water Melon etc.)	26	52.0	24	48.0	50/100

Good nutrition makes people to work better and live healthy life so in table 13 it is clear that 58%, 18%, 52% frequently used products of carbohydrate and protein, fruits and vegetable respectively. On the other hand, respondents with 42%, 82% and 48% respectively said that they use these products sometimes.

Table 14
Respondents Feeding Pattern (Times Eat in a Day)

Feeding Pattern	Frequency	Percentage (%)
Once in a day	1	2.0
Twice in a day	19	38.0
Three times in a day	30	60.0
Total	50	100.0

Respondents' response on feeding pattern in table 14 that how many times they eat in a day so majority of them said they eat three times a day with 60% of sample size. However, 38% said that they eat twice a day while 2% eat once in a day.

Table 15
Respondents Cooking Method

Cooking Method	Frequency	Percentage (%)
Gas Cooker	50	100.0
Kerosene Stove / Electric Stove	0	0.0
Fire Wood/Charcoal/Sawdust	0	0.0
Total	50	100.0

There were several methods to cook food like wood, charcoal, electric stove etc. but all the respondents said that they have the facility of gas cooker in their home to cook food and the percentage was 100% in sample size as displayed in table 15.

Table 16
Educational Institution of the Respondents

Educational Institution	Frequency	Percentage (%)
Government Public Schools	14	28.0
Private Schools	16	32.0
Some Government Others Private Schools	4	8.0
Child/Children Old Enough but don't go to School	2	4.0
Child/Children not Old Enough or No Child	14	28.0
Total	50	100.0

The Educational institution attended by the respondents' children as given in the above table number 16, it is clear that 32% attended private schools, 28% attended government public schools, while 28% said that they don't have children or not old enough to go to school. However, 8% said that some attend government school others attend private schools whereas children who were old enough and don't go to school were 4% in the sample size.

Use of Microcredit

Microcredit means small amount of loan. In this section microcredit used by respondents are discussed briefly. Following are the tables and their interpretation

Table 17
Microcredit Received by Respondents

Educational Institution	Frequency	Percentage (%)
Less than Rs. 40,000	5	10.0
Rs. 40,100 - Rs. 80,000	8	16.0
Rs. 80,100 - Rs. 120,000	30	60.0
Rs. 120,100 - Rs. 160,000	7	14.0
Total	50	100.0

In table 17 most of the respondents have received microcredit that range is from Rs. 80,000 to Rs. 120,000 in addition the percentage was 60% of the total sample size. The respondents received microcredit with less than Rs. 40,000 were 10%, Rs. 40,100-Rs. 80,000 were 16% and from Rs. 120,100-Rs. 160,000 were also 14% of the total sample size.

Table 18
Purpose of Using Microcredit by Respondents

Purpose of Using Loan	Frequency	Percentage (%)
To Start up Business	6	12.0
To Expand My Business	7	14.0
To Repair House	20	40.0
To do a Ceremony or Festival	14	28.0
Other	3	6.0
Total	50	100.0

People apply for microcredit in banks with some purpose so majority of the respondents have applied for microcredit with the purpose of repairing their house, doing a ceremony or a festival and their percentages in the sample size were 40%, 28% respectively as displayed in table 18. However, the percentages with 12%, 14%, 6% in the sample size were with starting a business, expanding their business and with other purpose like medical treatment, transport correspondingly.

Table 19
Microcredit Impact Positively on Respondents

Microcredit Impact Positively	Frequency	Percentage (%)
Yes	13	26.0
No	37	74.0
Total	50	100.0

In table 19 most of the respondents i.e. 74% said that microcredit did not impact positively but few of the respondents with 26% in the sample size said that it impacts positively.

Table 20
Using Microcredit Respondents Purpose Achieved

Using Loan Purpose Achieved	Frequency	Percentage (%)
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Yes	37	74.0
No	13	26.0
Total	50	100.0

People get microcredit in order to achieve their purpose so that their problems can be minimized although in table 20, 74% of the respondents said that using microcredit they achieved their purpose. But 26% of the respondents said that they did not achieve their purpose.

Table 21

Respondents Socioeconomic Status Impacted Positively

Socioeconomic Status	Frequency	Percentage (%)
Yes	13	26.0
No	37	74.0
Total	50	100.0

Respondents with 74% as shown in table 21 socioeconomic status did not impact positively but 26% from the total sample size the respondents said that their socioeconomic status impact positively.

Table 22

Respondents Household Items Improved

Household Items	Frequency	Percentage (%)
Yes	13	26.0
No	37	74.0
Total	50	100.0

It is clear in table 22 that respondent with 74% household items did not improve after using microcredit but 26% of the respondents from total sample size said that their household items improved.

Table 23

Microcredit Helpful in Solving Respondents Problem

Microcredit Solving Problem	Frequency	Percentage (%)
Yes	27	54.0
No	23	46.0
Total	50	100.0

The main purpose of getting microcredit is that to solve the problems of the respondents that they were facing however, 54% of the respondents said that microcredit is helpful in solving their problems while 46% of the respondents said that it was not helpful in solving problem as exhibited in table 23.

Table 24

Microcredit is Outstanding and an Important Contributor in Reducing Respondents Poverty

	Yes		No	
	Freq.	%	Freq.	%
Microcredit is Outstanding in Reducing Poverty	16	32.0	34	68.0
Microcredit is an Important Contributor in Reducing Poverty	16	32.0	34	68.0

As shown in table 24 that 68% of the respondents said that microcredit is not outstanding and also not an important contributor in reducing poverty. While 32% of the respondents said that microcredit is outstanding and an important contributor in reducing the poverty.

Microcredit in Procreating Income

Earnings are the income which people earned from different ways like use of microcredit in business etc. and then get earnings from that. In this section the impact of microcredit on income generation is examined in different ways whether income has increased or decreased using microcredit. Following are the tables and their interpretation to show the impact:

Table 25
Respondents Purchasing Power Increased

Purchasing Power Increased	Frequency	Percentage (%)
Yes	16	32.0
No	34	68.0
Total	50	100.0

Using Microcredit 68% of the respondents said that their purchasing power did not increase and only 32% said that their purchasing power have increased as shown in table 25.

Table 26
Respondents Consumption

Consumption	Yes		No	
	Freq.	%	Freq.	%
Consumption Worse before Loan	8	16.0	42	84.0
Consumption Increased after Loan	16	32.0	34	68.0

Respondents' consumption impact before using microcredit and after using microcredit are displayed in table 26. 84% of the respondents said that before microcredit their consumption was not worse or were in good condition and 68% said that after using microcredit their consumption level did not increased. However, 16% of the respondents said that their consumption was worse before microcredit and 32% said that consumption increased after using microcredit.

Table 27
Respondents Income

Income	Yes		No	
	Freq.	%	Freq.	%
Income Insufficient before Loan	14	28.0	36	72.0
Income Increased after Loan	13	26.0	37	74.0

Impact of income on respondents before using microcredit and after using microcredit are presented in table 27. Before using microcredit 72% of the respondents said that their income was not insufficient or was enough and 74% said that their income was not increased after using microcredit. Although respondents whose income was insufficient before microcredit were 28% and respondents with 26% of the sample size said that their income increased after using microcredit.

Table 28
Respondents Household Income Contribution Improved

Income Contribution	Frequency	Percentage (%)
Yes	16	32.0
No	34	68.0
Total	50	100.0

As shown in table 28 the respondents household income contribution did not improve after using microcredit as majority of them says "No" and the percentage was 68%. While 32% of the total sample size the respondents said that their household income contribution was improved using microcredit.

Table 29
After using Microcredit Respondents Savings and Assets increased

Increase in Savings and Assets	Yes		No	
	Freq.	%	Freq.	%
After using Microcredit Saving Increased	13	26.0	37	74.0
After using Microcredit Assets Increased	16	32.0	34	68.0

After using microcredit 74% of the respondents said that their savings did not increase and 68% said that their assets did not increase. However, 26%, 32% of the total sample size the respondents said that their savings and assets increased respectively.

Discussion

This study's core objective was to see the impact of microcredit on procreating income and alleviating poverty in Quetta city. This study describes the respondent's demographic characteristics, determine the living standard of respondent's poverty, the usage of microcredit and the impact of microcredit in generating income. The results obtained from demographic revealed that all the respondents were male, majority of the respondents were married with 3-4 children, maximum age was between 18 to 35 years and most of the respondents were civil servant, having medium size family i.e., 6 to 11 family members.

It was presumed in prior studies that microcredit will have positive impact on procreating income and alleviating poverty in Quetta city but this study found the opposite. It was found that the respondents who received microcredit from microfinance banks did not improve their poverty situation or living standard in better way. Even though respondents said that their living standard became more inferior due to the burden of repaying loan with heavy interest. Similarly, no improvement was found in poverty alleviation (living standard). The respondent's responses to the other questions on the use of microcredit and income generation and its summary results are presented in bar chart along with brief discussion is given below:

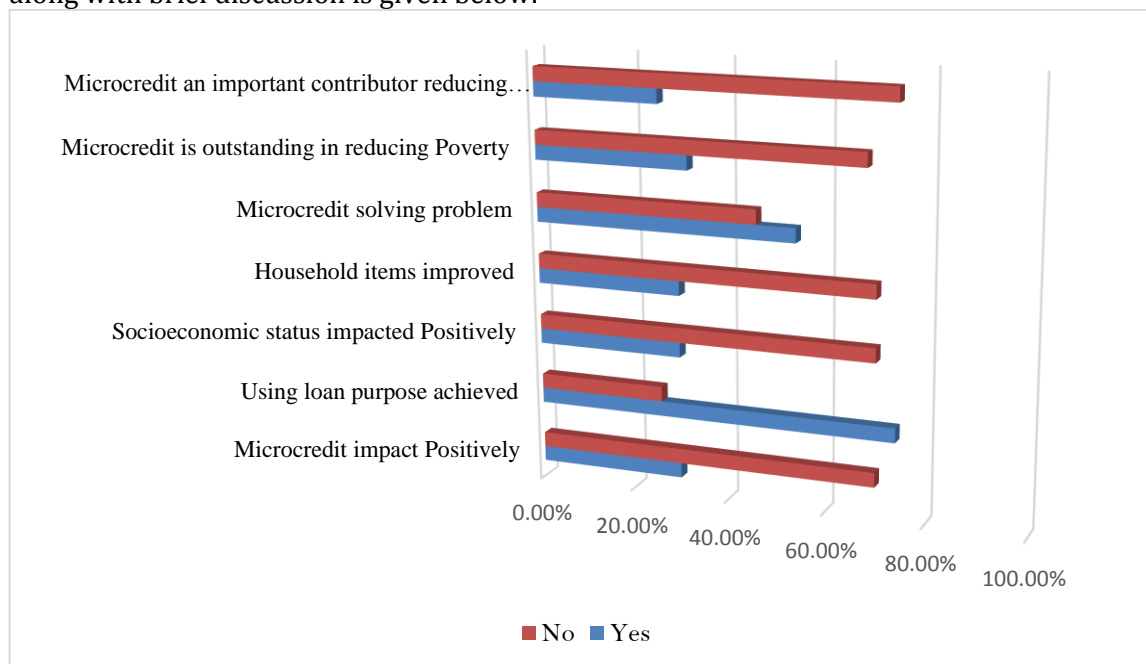


Figure 1 Use of Micro-credit

The use of microcredit summary results is displayed in figure 1, it illustrates that after receiving credit the borrowers' poverty did not decrease. When the question was asked

if microcredit was an important contributor in reducing poverty. Most of the respondents' answers were in negative. They described that microcredit did not have any impact on their circumstances and had not seen any improvement in their living standards. In addition, they highlighted that they did not have any improvements in their daily lives along with any improvements in enhancing the standards of basic requirements. However, some respondents described that microcredit had temporal impact and the help was rather instantaneous, temporal alleviation but with long-lasting long-term impact. For example, the respondent's problems had temporary resolution which may have resolved the immediate factors but medium to long term impact had not been achieved through such loans. This so-called encouraging outcome was a temporary and short run cash flow resolution but the overall impact in the long was negative as it had not shown any improvement in their household and socioeconomic conditions as they were not seemed to have enhanced or shown any improvement.

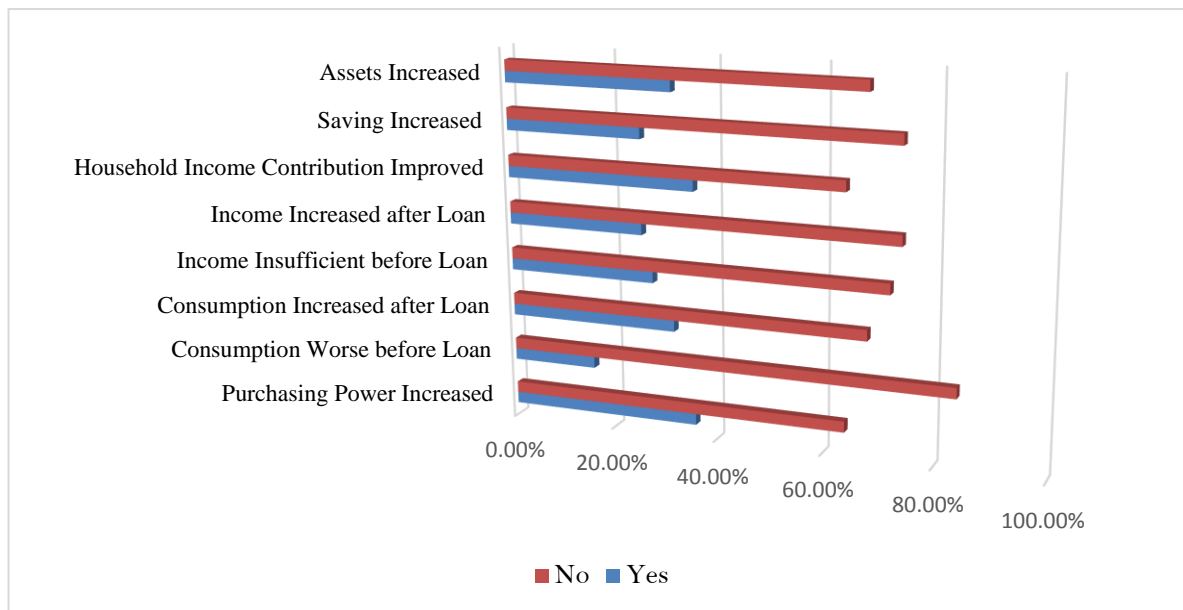


Figure 2 Microcredit in Procreating Income

In figure 2 the bar chart depicts the impact of microcredit in generating income and the summary of this chart is that after using microcredit the respondent's income was not increased. Majority of the respondent's response to the income related questions like increase in assets, savings, income, consumption etc. were in negative. Because, after receiving microcredit the income had not increased and only few respondents' income had improved. The reason behind this was that majority of the respondents were civil servant and they utilized the loan for nonprofit making activities like for repairing house, ceremonies or festivals etc. were 74% of the total sample size. Only 26% of the respondents were found to have invested the credit amount in new businesses or expanded their established businesses and their income had increased after receiving loans from microfinance banks.

Conclusion

Pakistan has faced numerous financial issues. The main issue has been poverty which has had negative impact on people and the economy overall. Around 33% of the population is stricken by poverty. The rapid rise of poverty is the main cause of deteriorating the living standards of people and therefore has had deteriorating and alarming impact on their circumstances. To overcome the aforementioned critical condition microcredit was considered to be a recognized measure to ameliorate and alleviate poverty and to get the poor from poverty vicious circle but unfortunately due to a rise in interest rate and as per

the above findings from this research, there had been no significant impact of microcredit in generating income and poverty alleviation i.e., improving living standards. The objective of this study was to see the impact of microcredit on procreating income and alleviating poverty in Quetta city. After analyzing the results of this research, it was found that microcredit did not have any significant improvement in increasing income and reducing poverty and no improvement in enhancing the quality of living standards. However, it was found that microcredit had some temporal impact for some of the respondents with short term cash flow but with no medium to long term impact was found.

The first question was: What is the impact of microcredit on poverty reduction (living standard)? Using microcredit to reduce poverty (living standard), Based on the findings from this research, no significant improvement in poverty reduction was found. Because on the sample, majority of the respondents living standard had not improved. The findings substantiated that their economic conditions had worsened and poverty had not been alleviated. It was due to the unproductive usage of microcredit. For the reason that the borrowers were using microcredit for their invaluable instant requirements, 40% borrowers spent their credit for repairing house, 28% for ceremony or festival and only few of them used it for their businesses with little capacity to best utilize credit to expand and grow their business to have a long-term growth. Hence it can be concluded that microcredit had not reduced poverty and had not shown a substantial improvement in the living standards.

The second question was: How far microcredit ameliorates the living standard? As discussed in the result section the questions related to living standards like house utilities, nutrition value, health treatment etc. It was found that most of the respondents' living standard had not improved or ameliorate after using microcredit. For example, utilities in houses were available but in bad condition or they did not have any facilities, most of them got treatment in public hospitals or self-medicated. They were found to have access to limited basic nutritious food as they were found to have little access to proteins, fruits and vegetables. The reason behind this was that the borrowers utilized microcredit to fulfill their basic requirements as discussed earlier but they did not use credit in such a way to expand and grow their business that could have medium to long term impact.

The third question was: What is the impact of microcredit on income generation? In the result section, most of the respondents responded that their income had not increased rather decreased due to rise in interest rate and penalties on repayments. Microfinance banks charged more interest for the late payment of installment and poor people cannot afford the increase in refunding microcredit instalments. The results showed that income related aspects like savings, assets, purchasing and consumption majority of the respondents highlighted that they could not cope with the repayment terms and conditions and therefore little opportunities on income generation. Thus, the impact of microcredit in generating income was not supportive for such borrowers.

This study based on its finding concludes that people who received microcredit from microfinance banks had not had any positive impact on their living standard and microcredit had not alleviated their poverty. The respondents' income had not increased rather decreased due to increase in repayments with interests. The respondents' living standard had not improved either but rather got worse in many cases. The main reason for such deterioration was the lack of capacity to use the credit in a much more effective and useful manner. They, however, used the credit in temporal activities such as repairing houses, pay for ceremonies etc. In addition, they had no business acumen or capacity to best utilize the borrowed sum in expanding their businesses.

Recommendations

In this study an effort was made to examine the impact of microcredit on poverty alleviation that is to improve living standards and help in generating income. This study conducted structured interviews with a small sample and therefore has the limitations and its outcomes can't be generalized to the whole city in the logical terms. Another aspect that has not been examined is the challenges that the borrowers faced to reimburse the credit and the defaulters who had not been able to make repayment. The future researchers should consider these areas as these deserve to be studied in the field.

Following are the recommendations for Microfinance Banks:

- The microfinance banks must attempt to decrease the financing cost as much as they can.
- The microfinance banks must also work in enhancing capacity of such people in strategies of best utilization of such credits.
- There should be a proper evaluation and monitoring of those borrowers who have both the capacity or with the potential to enhance their capacity or evaluated to with the potential development.

The microfinance banks must also conduct capacity building seminars and workshops to facilitate and impart strategies on how bust funds could be utilized by the local businesses and borrowers.

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