

**MICROCREDIT SCHEME’S (MICROFINANCE) IMPACT  
ON THE AGRICULTURAL EXTENSION ACTIVITIES: A  
CASE STUDY OF DISTRICT ABBOTTABAD, KHYBER  
PAKHTUNKHWA, PAKISTAN**



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## Abstract

*The present research examines the Microcredit Scheme's (Microfinance) Impact on The Agricultural Extension Activities: A Case Study of District Abbottabad, Khyber Pakhtunkhwa, Pakistan. Many studies have shown that the availability of banks and the agricultural loan has a positive relationship with the agricultural extension. The study deals with the rural sides of Abbottabad, where farmers hold small scale lands and engaged with agricultural activities and spending the return on the wellbeing of family and children's education. For the study, the theory of Human Capital was selected, and it stated that the loan helps the farmers to enhance their human capital. The quantitative research approach was chosen. The study was conducted in the rural areas of Abbottabad. The selection of respondents was done with the help of banks, with the prior permission of bank beneficiaries. After identification of respondents, the simple random sampling technique was adopted to reached respondents. The closed-ended questionnaires were designed in the English language and the majority of farmers were illiterate, so that is why the face to face interviews have been conducted with respondents. The total sample was limited to one hundred and forty (140) both males and females. The Statistical Package for Social Sciences (SPSS) was used as a data analysis tool. Both descriptive and inferential statistics were used where the hypothesis was tested through correlation after means score. The findings of the research showed that microfinance banks are available in the rural sides as well as in the city of Abbottabad where farmers have access to microloan. Some banks and cooperative societies are lending money in a group loan where no need to guarantee or mortgage. These microfinance banks have led loan from 20000 to 150000 on an individual basis. The complete age of loan is one year, and respondents were depositing monthly instalment. With the help of these loans, farmers have purchased some fertilizers and extension the cannel and waters channels. Moreover, the loan makes bale the farmers to bear the transport cost to send agricultural materials to cities. Many farmers with the help of motorbike carry daily use an agricultural product like apples and other perishable materials to main cities. The results of the inferential statistics also showed that there is a relationship or correlation between the availability of microcredit and agricultural extension among the small farmers. Some respondents have stated that the interest rate is high. The Govt needs to help these small farmers so that they will increase their level of production and enhance their overall livelihood.*

**Keywords:** Microfinance, Agricultural Extension, District Abbottabad, SPSS, Correlation, Livelihood

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## **Chapter No.1**

### **INTRODUCTION**

### **1.1. Background of the Study**

Pakistan is a developing country, where agriculture is the main source of livelihoods, where more than 60% of the total population is directly or indirectly involved in agricultural activities. It is the major source of income of more than 43% of the total population in Pakistan. Moreover, agriculture contributes 21% in total Gross Domestic Product (GDP) annually. Agriculture comprises livestock, farming, and other related activities. Due to limited resources and human capital many areas of Pakistan, agricultural activities are still being implemented by traditional ways, techniques, and methods. Majority of people who are working in farms are illiterate.

The majority of the cases, farmers who are working in a farm are not the owners of that land. The actual owners of these lands are feudal and landlords, so the farmers are not working there, using their full potential. On the other hand, those farmers who have their own agricultural land have less output due to lack of machinery and agriculture loans, which are the major means and ways to enhance their production capacity and accessibility to the market. As these farmers who are applying for loans in a commercial bank are not qualified and do not meet the criteria, so these banks do not give loan to such farmers (Littlefield, Murdoch & Hashemi 2003).

### **1.2. Challenges and Obstacles in Agricultural Sector**

Due to limited resources and outdated ways of farming the output from agriculture is less, where farmers are not accustomed to modern techniques and types of machinery. However, the Govt of Pakistan from the last area is working on and capitalizing in the agriculture sectors to enhancement the productivity of farmers. In this regard, the

Govt of Pakistan has made a public and private partnership to enhance the productivity of farmers.

The Govt, semi Govt and Non-governmental organizations and some microfinance banks are offering small scale loans to the farmers through microcredit scheme on less interest. The small-scale loaning by the bank, Govt and other NGOs to the farmers is called microfinance or microcredit (Seibel 2010).

Moreover, majority of farmers are illiterate, where they are not familiar with the usage of modern technology, information of market, demand supply information. Furthermore, many farmers have no access to the big loans from commercial banks where those farmers who have large acre land are traditionally farming. The output and input level are less in Pakistan. Further, due to flood every year it damages the agriculture sector badly which negative effects the farmers' life. Banks in Pakistan are also not lending loan to farmers, because the agriculture is unstable due to natural climates and floods etc.

### **1.3. Concept and Historical Background of Microfinancing**

The microfinancing or microcredit is not a new notion in Asia and Europe, which started in between 18th and 19th century was prevailed, where people led small money to the needy people on the basis of the small interest rate. In this regard, the Ireland people practiced microfinancing and money lending for short terms for business and agricultural purposes (Seibel 2010).

The origin of microfinancing or microcredit traced back to 1976 when for the first time Muhammad Yunus formatted the Grameen Bank as experimentation outside the Chittagong University campus in the village of Jabra. In the starting, Mr Muhammad Yunus advance loan to small scale agriculture and business activities. He encouraged saving techniques, investments, and provided in some way insurance facilities even without interest or tangible mortgage. After a successful experiment, Muhammad Yunus has expended the branches across Bangladesh and other developing countries. In the year 1983, it converted into a bank and presently, it operates around 36000 villages and serving more than 3500000 people across Bangladesh and other developing countries, where they are offering small scale loans to the businesspersons and farmers with the lowest interest rate (Kirkpatrick et al. 2002).

#### **1.4. Agricultural Sectors and Opportunities of Microfinancing**

Khaybar Pakhtunkhwa is one of the provinces of Pakistan, where more than 45% of the total population is directly or indirectly afflicted with agricultural activities and farming irrespective of the size of land occupation. As it was observed that, agricultural sectors are not well developed, and farmers are still consuming the so-called traditional methods of farming. The case is not different in Khaybar Pakhtunkhwa, where the agricultural sector is comprising the crops, livestock, farm water management, fisheries and their lines departments are not properly working and they need to accelerate the development of the agricultural sector as prerequisites

for enlightening or improving the rural level income and food security process (Agriculture Policy KPK 2015-25).

Many banks either public or private, NGOs and local community organizations in KPK are working to enhance the agricultural extension with the intervention through modern technology, modern techniques, and human capital. Similarly, the Govt of KPK has also conscripted the Agriculture Extension Policy of 2015-25, where the main emphasis is on the following policies; to strengthening the overall coordination and cooperation with farmers and the Govt line departments, improvement in the service delivery of banks and other departments, create a pleased and friendly environment for the private sectors for investments, the introduction of new technology, advancement the technologies, tax release in agriculture products, and giving importance in research and development in the agriculture sector which is basic needs of agriculture in the contemporary or the modern era (KPK Govt 2015).

In the world, approximately, 6.5 billion people are living in a vulnerable condition, where their per day income is less than 2\$ where these people are unable to fulfil even their basic level needs (World Bank 2000). Moreover, approximately 1/3 of the world is suffering from under-nutrition due to inadequate intake of calories, protein, or critical micronutrients.

This means nearly one-third of the world's population is poor and living in a vulnerable condition. In developing countries, where people lack and less access to the credit facilities and they are considered an important factor of poverty among the

farmers. Usually, the commercial banks are not providing loans to poor people, because they are unable to fulfil the basic level requirements of the bank's loan criteria. Thus, farmers in poor countries do not have access to financial services (Littlefield, Murdoch & Hashemi 2003).

As mentioned above, one-third of the population of the world is poor where they do not have access to financial services. Many studies have shown that there is a strong relationship between agriculture production, sale, and mitigation of poverty among the inhabitants of rural areas. The rural agricultural development is an important feature for the poverty alleviation through increasing the agricultural production, growth per Acre and performance of farmers. The World Bank has stated that agricultural sectors are the main source of reducing the poverty among farmers and poor public because of the loanable the small farmers to sale their products in the markets.

Therefore, any developing countries have made strategies to minimize the level of poverty among farmers. Among these approaches, the microfinancing is the highest tool and service provider to the rural farmers to improve their livelihoods. Thus, it seems an effective way of playing a significant role in the uplifting of the income level of farmers and reduce the level of poverty (Andrews 2006).

Being an agricultural country Pakistan's main labour engagement is with the agricultural sector and related business. Due to which its products are now reaching across the world, which comprises of the sports goods, synthetic, textiles, rice,

leather, and cotton which Pakistan export to the international markets. As poverty is an international issue, and Pakistan is facing this issue since its birth. Due to less productivity from agriculture, many people migrated towards cities for better livelihoods.

The agriculture loans are the individual way of developing the agricultural sector to eradicate or eliminate the state of poverty from the country, particularly among the rural people. Small scale loans to the farmers is a major way through which a person can enhance the agricultural output. Agricultural loans are conceivable ways of delivering business opportunities for small and medium-scale farmers to develop agriculture productivity and sale in the market. Similarly, agricultural loan enables the farmers to purchase machinery and give them access to the national and international markets (Nosiru & Omobolanle 2010).

In KPK the govt and many other institutions are providing microloans scheme to the farmers, which can enhance their livelihood and output. Microfinance enables them to purchase fertilizers, machinery, new seeds and give access to the market to sale their goods and products. Many farmers migrated to the cities due to less productivity and lack of agricultural loans. However, from the last decades, there is revolution in microfinance in Pakistan and similar case with KPK. In Pakistan, more than 40 institutions are providing microfinance to farmers. These institutions include the Khushhali Microfinance Bank, agricultural development bank, industrial development bank, Apna Microfinance bank, Finka Bank etc. These banks are providing small scale loans to the farmers. These banks provide loans to those poor

farmers and businessman who are not qualified for the loan from any commercial bank of a country.

These banks also provide group loan to farmers which further enhance the repayment methods. Due to these different scheme's farmers have tried to improve and enhance their productivity in agriculture and increase their livelihood and minimized the poverty level.

### **1.5. List of Banks Provide Microcredit in Abbottabad**

In KPK, Abbottabad, there are following banks who providing microcredit to the farmers and another small businessman to enhance their productivity and credibility in their field. Many farmers and entrepreneurs are now facing issue in the microfinancing and other related resources. Farmers in rural areas of Abbottabad have less agricultural land, along with lack of access to microcredit facility from commercial banks. Furthermore, commercial banks are not providing loans due to some hard criteria farmers are not qualified for loans. On the other hands, some other banks located in Abbottabad are providing loans to the farmers to enhance their productivity. These banks provide loans mostly for the duration one year's range from 20000-150000. The banks which are providing loans to the farmers are as following:

- 1) Khushhali Microfinance Bank Limited
- 2) Telenor Microfinance Bank
- 3) First Women Bank Ltd (FWBL).



- 4) FINCA Microfinance Bank Limited
- 5) Apna Microfinance Bank Limited
- 6) ZTBL
- 7) NRSP Microfinance Bank
- 8) JS Bank

In the major cases, these banks provide loans on without mortgage and only on a personal guarantee.

### **1.6. Statement of the Problem**

Being Pakistan is an agricultural and developing country, has a total population according to the census 2017 was +220 million with \$303 billion of GDP. As an agricultural country, the people of Pakistan are engaged in agricultural activities where males and females both are working in fields. More than 60% population is, directly and indirectly, related to agricultural activities and contributing 21% in GDP. Moreover, due to poverty approximately, 40% of the total population is living under the vicious circle of poverty and majority of them are affiliated with agriculture, where they are not getting a loan from commercial banks. Only a few banks at the national level are financing the agriculture like an agricultural development bank, industrial development bank, Khushhali Bank, Apna Microfinance bank etc. however these banks give small scale loans with lowest interest rate. Similar case with farmers in KPK where the majority are not falling and fulfilling the criteria of loans from commercial banks.

Due to this their agriculture level is down. However, currently, agriculture policy has drafted which directed the Govt, NGOs and other banks to provide loan to the farmers and Govt has given extra favour to these banks. Due to the microfinancing, many farmers have extended their agricultural activities and increase their production. How the microfinancing enhances agricultural activities of the farmers to extend their agricultural products and what is the role of microfinance in the poverty alleviation and enhancement of the livelihood of farmers?

### **1.7. Objectives of the Research Study**

The current research study deals with the impact of microfinance (microcredit) on the agricultural extension among the farmers in Abbottabad Khaybar Pakhtunkhwa, Pakistan. The study examined the following objectives.

1. To examine the impact of microcredit on the agricultural extension among the farmers who have taken microfinance loan from the banks for agricultural extension.
2. To study the perception of farmers who have taken loan from banks to know procedures about the loan taking process.
3. To analyze the relationship between microcredit and agricultural extension among the farmers in Abbottabad, Khaybar Pakhtunkhwa, Pakistan.

### **1.8. Significance of the Study**

The present research study analyzed the impact of microcredit or microfinance on the agricultural extension in Abbottabad, Khaybar Pakhtunkhwa, Pakistan. This study has both theoretical and practical importance or significance. This study adds the existing literature and helps to understand the relationship between microfinance and agricultural extension. The results have both level importance, for customers or farmers who have taken a loan or going to take a loan for their agricultural permissivity's. Secondly, this research also helpful for the banks and other financial institutions about the importance of microfinancing and socio-economic development of poor farmers.

The findings of this research study would be helpful for those farmers or public who want to take loans to extend their agricultural activities. Furthermore, this research helps banks and other microfinance institutions, which are lending money to small farmers and businessmen to enhance their overall wellbeing's and living standards, through the expansion of their agricultural activities.

This research has also theoretical importance, where the research adds the literature on the existing knowledge on the impact of microfinance to the agricultural extension process among those farmers who have taken a loan from the banks and other cooperative societies. This research is the first sociological research in the field of microcredit and agriculture extension in district Abbottabad. This research also provides the research direction to the new researchers on a similar topic. Based on the recommendation section, microfinance institutions and farmers can make such

policies which give benefits to both banks and general people to get a loan and who already taken a loan from banks.

**Chapter No. 2**

**REVIEW OF THE LITERATURE**

A literature review consisted of reviewing research papers, policy documents, policy reports, baseline surveys and other reports which international agencies publish time to time on current issues. There are numerous purposes of literature review, like to identify research gaps and what has been done on the topic and what will be done in future to fill the research gape. The present research study deals with the role of microfinance and its impacts on the agricultural extension in Abbottabad KPK.

### **2.1. Background of the Study**

Microfinance or micro-credit is a form of financial development and loan provision to the poor families and entrepreneurs to develop their business, agricultural production, new investment, education of children and any other cause. The primary focused of microfinance is the poverty alleviation and improvement of the overall livelihood of poor people, farmers and businessman through small scale loans short term loan and organizational support to their businesses with minimum financial barriers (Barr, Michael 2005). Moreover, the microfinancing is a kind of small-scale loans which led to the poor people and entrepreneurs for the establishment of their own businesses through their inadequate resources and knowledge. Moreover, in rural areas, many farmers are availing microfinance for extension of their agricultural production and construction of new canals, bridges and purchase new seeds, fertilizers etc.

According to Schreiner & Colombet (2001:9), a small-scale loan is delivered to those individuals, who are not capable of the loan in commercial banks, due to their

vulnerable financial conditions and small-scale business. This type of loan is more focus on poor people, to enhance their savings, provide them with insurance facilities, health care facilities and give them market access through organizational support. The microfinance enables the farmers to purchase machinery for their agricultural production and enable them to access to the larger markets where farmers can sale their products and maximize their level of profit (Abro & Sadaqat 2010).

Moreover, a study led in province Sindh by Bajpai et al. (2018:12) about the role of microfinancing and poverty alleviation. The findings of the study showed that farmers in rural areas the microfinancing has have benefitted from the microfinance scheme and started their own different business activities and expended agricultural productions in their regions. According to the respondents, the microcredit is a tool which alleviates the level of poverty an improved the living standard, children will have access to the quality education, insurance facility to the customers, and organizational support from the bank, which eventually absolutely impacts the overall wellbeing's of people in the society. It also efficaciously helps those needy people and businessmen to increase their level of income, who newly started their business through the microfinance scheme. The conclusion of the study showed that microfinancing is an effective way of attainment property, after getting a loan facility, it is easy to purchase new property or land and increase the scale of business to other places where people have demand of that specific business. In Pakistan earlier researches have been conducted by Kashif et al., (2011), Gurses (2009), Mawa (2008) a Bakhtiari (2006) who stated that microfinancing is cooperative to reduce the

level of poverty and improvement in the overall living standards of poor farmers in rural areas and people from urban areas as well, who were not qualified for the loans in commercial banks due to their financial condition.

Furthermore, Khan & Rahaman (2007) founded that the impact of microfinance on the living standards, enablement, and poverty alleviation of farmers: A case study of Microfinance in the Chittagong District of Bangladesh. The results of the study showed that the microfinance is not a new phenomenon; it is invented from the back to the year in 1976 when first time Mr Muhammad Yunus has started the Grameen Bank as for the experimental purpose at the outside of the Chittagong University's Campus in the small village of Bangladesh. He has succeeded in his purpose and support many people through microcredit and exhausted the bank into the other villages of Bangladesh (Charan & Kumar 2002).

These microfinance institutions have provided collateral loan scheme to those people who want to launch their own small-scale business and want to further extend their agricultural production. Furthermore, microfinancing is measured today as an operative tool of the poverty alleviation, and enhancement of livelihood of the farmers and business as well as the people who have led money through microfinance schemes (Zahra 2010). These are the effective mechanism through which to distribute preceding evidence on ways to progress in the health system, education of children, legal rights, sanitation in cities, and other connected living standards



indicators, which are of pertinent fears for the deprived individuals (Ahmed, Naveed & Ghafoor 209).

## **2.2. Microfinance and Poverty Reduction**

According to one estimate around, 58% of the total world population is living in the state of poverty across the world, where their per day incomes are less than 2\$ a day.

Many studies have shown that poverty can lessen through microfinancing that intended at serving the poor to collect their capital and capitalize it for a small business, which generates further employment opportunities for young people, fresher, and improve further investment among small scale businessman and farmers.

There is a strong relationship between microfinancing and poverty alleviation among farmers (Jamal & Haroon 2008). Poverty can be eliminated through new investments and business and invention in agricultural production. On the other hand, there is no any specific definition of poverty whereas for poor, it is lack of the basic life prerequisite like food, clothes, and housings, although for rich people the lack of extravagance cars big houses and proprietary and branded items (Akram & Imtiaz 2011).

Moreover, Sida (2005) conducted a study on the role of microfinancing and poverty, where the findings of the study showed that the majority of people and farmers were not conscious of the microfinancing system and have less access to the information regarding microfinancing and other financial possessions around them. Moreover, farmers have lack of information regarding financial markets, less level knowledge of information technology, less educated, lack of business development skills, and

lack of information regarding the market institutions and financial providers institutions. Furthermore, poor, and uneducated farmers were not conscious about income-earning opportunities and marketplace conveniences (Manzoor & Akhtar 2006). Additionally, many people who have admittance to raw materials, but they do not have the human wealth to disseminate their raw materials to other markets and own use (Robinson 2002).

Furthermore, Hulme et al., (1996) founded that poverty could overcome through saving and more investment, awareness of new techniques, however, many farmers have lack of financial access and they do not have alternate opportunities to save and capitalize their own level resources. Similarly, to increase the level and quantity of investment and saving process, it needs capital assumption among the female in rural areas. Most of the agricultural activities' women are more engaged as compared to male. Microfinance enhances the status of women in society through empowerment in terms of finance and access to the capital markets (Sulemana & Adjei 2015). Capital is the only element in the mix of influences necessary for the successful entrepreneurs' activities. The entrepreneur services enhance the capital, livelihood, and poverty alleviation among vulnerable women (Akram & Imtiaz 2011).

Furthermore, in Pakistan, the Women Bank was established to facilitate women farmers and their business activities through microfinance loan schemes. According to the Ismawan (2000), the real idea of the microfinance is to help the deprived segment and unprivileged people in society and tried to overwhelm their level of poverty. A rural micro-entrepreneur might necessity to admittance one or more of

the subsequent situations, transport, water, storage amenities, the legal system, power generation, and settlement of disagreements.

Additionally, many studies Ledgerwood (1998), Littlefieldd, Murdudh and Hashemi (2003) have conducted researches regarding microfinancing and poverty where the majority of the studies have shown that there is a strong positive relationship between microfinancing/credit and poverty alleviation, socio-economic development, increase in household income, smoother of the household expenses, enable the farmers and poor people to contribute in economic activities.

### **2.3. Microfinancing and Living Standards of Farmers**

According to Khan & Rahman (2007) conducted research on the microfinance and living standards in Bangladesh. The results showed that microfinancing or microcredit has a positive association on the living standards of farmers, and it has also positively changed the living standards and way of agricultural activities. The opportunities for agricultural extension are based on the availability of loan or microfinance. Furthermore, the study stated that the microcredit not only helps farmers to overcome their poverty level but also helped them to empowered in society economically, socially as well as politically. This also gives the opportunity to the farmers to utilize their own raw materials for production. Moreover, according to the Malunyi and Rotich (2017) stated that the influence of a microfinance institution in Meru South Sub country was the real example, where the poverty percentage is decreased by 2% due to the easy access of the microcredit and

investment on the agricultural production and on the small businesses, which are subsidiary to the agriculture.

Moreover, the microfinance is recognized as a financial instrument and arisen as a global ancillary for the informal credit and a powerful instrument for poverty reduction among poor farmers, who are economically active and owned land and have economic constraints and fall under the poverty line and unable to produce and sale agricultural production (Mittal and Srivastava 2014). On the other hand, in the developing countries approximately, 80% of the total population do not have access to the microcredit a banking organization, where they do not have any substantial assets for altered and for assurance objective (Olusanya and Oyebo 2012). In addition, the microfinance institutions have shown the substantial influence towards the poor farmers in rural areas, the semi-urban areas, urban areas, for rising the livelihood of farmers especially, in India, Bangladesh, Pakistan, and many other developing countries who have agriculture main source of livelihood (Mittal & Srivastva 2014).

Furthermore, the microfinance is a valuable instrument to fill the current gap of the unadventurous banking system, limitation of poor to reach the finance, access the poor section to the credit, which helps them to enhance their livelihood (Chirkos 2014). In addition, rural areas where people need help for the third part to support them financially, where this gape is being filled by the microfinancing and micro-credit institutions. These microfinancing institutions led money in the lowest rate of

interest and encourage the poor people to establish their own businesses and increase their livelihoods in society and sustain in the market (Zaman et al. 2010).

In addition, the microfinance is extensively known as a benefactor of financial facilities to those people, who are destitute of retrieving the conventional financial services, for the reason that they are poor and cannot afford the collaterals financial services from conventional commercial banks (Ledgerwood 1998., and Robinson 2001). The fundamental logic of microfinance is that, to extend the prevailing credit facilities, financial services, to the low-income people who will have the aptitude to participate in the economic activities in the market and exhausted their entrepreneurship skills and agricultural opportunities through the startup of new business spreading existing business and introduce new means and ways of business methods (Adil & Badar 2003).

Many studies Armendariz & Morduch (2000)., Hashemi, Schuler & Riley (1996)., Roodman & Morduch (2009) & Littlefield et al. (2003) have shown that the microfinance has a positive relationship with the enhancement of livelihood of farmers in rural areas, especially in developing countries. Microfinance facilitates farmers to purchase pesticides, types of machinery, transportation cost of raw materials, and avail business training. Moreover, microcredit not only improves the livelihood of farmers directly but indirectly their children can get and access to better educational institutions, access to better health and hygiene care and general awareness regarding the importance of agricultural production.

Every country has its own model of microfinance and there are multiple models of microfinancing in the world, where the Grameen Solidarity Group Model, which is more concern about the group level loan (Zahoor, Alam & Asmat 2009). The group loan is kind of loan system where more than four people get together and applied for a bank loan, where all the group members give collectively guarantee for the reimbursement of the loan, the obligation of one person is for all the rest of them (Berenbach & Guzman, 1994., Lidgerwoodd 1999). The repayment method is also easy, where the customer pays weekly or monthly on their profit base and they may also pay before the date. This type of loan fills the gaps in a shorter manner and improve the livelihood of all the group of people collectively.

#### **2.4. Microfinancing and Agricultural Extension**

The microfinancing provides the credit facility to the rural farmers and low-income people with the intention of increasing their productivity and income of farmers. The real example is the Punjab Rural Support Program has extended the agriculture credit to the poor and rural farmers whose main source of income is agriculture (Seemi 2009). The agricultural loans provide the facility to the farmers to purchase new machinery, seeds, fertilizers etc. whereas, on the other side, Govt also considered that, agriculture loan is the only instrument which enhances the productivity of farmers which increase their livelihoods. In Pakistan, the microcredit is increasing, and farmers are availing the facilities (Khan et al. 2007). These agricultural loans perform effective influence for the development of agriculture output in Pakistan.

The Govt and other banks are providing loans on easy conditions and many times without mortgage of any tangible assets (Iqbal et al. 2003).

Microfinancing emphasis the poor and needy people to establish business-related to agriculture which develops their self-confidence, working motivation, where these loans help them to avail basic needs like food, income, education, shelters, and health facilities (Adams & Bartholomew 2010). Many underdeveloped regions of Pakistan, where agriculture loan is not accessible to poor farmers and available for easy terms and conditions. A study conducted by Nouman, Khan & Khattak (2017) a study on the availability of microfinance and its influence on the economic growth: a case study of rural areas of Khaybar Pakhtunkhwa, where the findings of the study showed that microfinance is not available in the rural areas of KPK. Some of the places the microfinance is available where they have attached strong criteria and conditions. Due to less accessibility and availability of agriculture loan the agriculture output is very low. The study recommended that Govt and other financial institutions need to increase the loan to a rural area with easy condition and terms.

## **2.5. Microfinancing and Agricultural Extension in KPK, Pakistan**

Many studies Rahman & Islam (2003), Andrew (2006), Ahmad, Naveed & Ghafoor (2009) have shown that there is an association between agriculture credit and agriculture output. Farmers who must increase their agriculture output has also decreased the unemployment rate and increase their overall GDP so there exists an inverse relation. There is a significant effect between the ZTBL loan and agriculture

development in Pakistan. In district Mardan, the loan of ZTBL has significantly increased the agriculture output and enhance the overall wellbeing's of farmers (Gul & Khan 1993). Many other banks are also providing loan to the farmers, and many of them are only providing loan to the big scales of farming. But ZTBL is providing the loan is both for small and big farmers in KPK which have positively affected the overall livelihood of farmers.

The agriculture credit is not only common in Pakistan, but this phenomenon is common across the whole world. According to Mbata (1991) stated that the agricultural credit scheme on agriculture; development in Nigeria, where those farmers who have received formal loans from banks have increased their level of production. Those farmers who have availed the scheme of microcredit have increased their level of output as compared to those who have not taken benefits. A study conducted by Rehman et al. (2014) regarding the ZTBL and its impacts on agriculture where the study interval was ten years. The study has concluded that those farmers who have availed the opportunity of loan have enhanced their livelihood, and the majority of them have purchase lands and some of them have started small scale business which also supports their agriculture.

Moreover, a study conducted by Herani et al. (2007) in the Karak district regarding the agriculture loan and farmers wellbeing's. The results showed that 62.5% of farmers have improved their agriculture and livelihood after getting a loan. Many farmers have increased their level of savings and their behavioral change about saving and further investment. It was further observed that microcredit is a powerful



instrument for declining the level of poverty rates by improving their education, health condition savings, establishing new businesses, ability to increase income, adopted new and modern ways of technology in agriculture sectors.

In addition, a study by Salman, Khattak and Yar (2012) regarding the effects of agriculture loan on the farmer's living standards in district Dera Ismail Khan. Results showed that agricultural loan plays an important role in the development of agricultural sectors and enhance farmers livelihoods. Different banks have given different types of loans like short terms, long terms, and medium terms loans. Short terms loan has fulfilled the immediate requirement of farmers, where they have purchased fertilizers, seeds and pesticides etc. the second type of loan which is, medium terms loan enhance the export of products to the big markets and increase the accessibility to the different markets and long terms loan enable the farmers to start new business and purchasing of agricultural lands etc. The conclusion of founded that agriculture loans have a tremendous change in the life of farmers, where the short terms loan has more effects the life of farmers and enhance their overall livelihood in Dera Ismail Khan, Pakistan.

### **Assumptions**

Approximately, 60% of total population of Pakistan is directly or indirectly involved in agriculture and it contribute 21% share in total Gross Domestic Products (GDP).

The availability of loan and easy access to microfinance banks have positive influences on the agricultural extension.

Underdevelopment of agriculture sectors is due to lack of financial accessibility and lack of awareness of markets.

Labor/farmers have experiences and skills of farming, but due to lack of education and bank loan they were not able extend their production.

Lack of market access is another hurdle of agriculture extension, where some little people can purchase the raw materials from farmers at lowest cost and sale them at highest prices.

**Chapter No 3**

**THEORITICALFRAMWORK**

The social theories have been designed to generate new level of knowledge, challenge the existing state of knowledge, and modify the knowledge with the help of framework. For the present research, the theory of Human capital was used and applied to study the topic in a complete length.

### **3.1. The Theory of Human Capital**

The notion of the Human Capital theory has been given by Becker (1962) and Rosen (1976), to concern the level of knowledge, experiences, and ability of small scale business owners and farmers who hold small scale land and utilize it for just their survival purpose. The general assumption of the theory of Human capital is to aid and help to small scale business and farmers to improve their livelihood and survival status and chances of long-term survival in the society. Generally, this theory focused on the transformation of knowledge, experiences and skills into practices manner with the help of financial and technical support to the vulnerable competitor in the market, which helps to the survival of the small scale business and daily farming products. Moreover, the theory also stated that more level of education, related skills and experiences have a positive relationship with the marginal return of the product and increase the overall status of production.

Every labor has some sort of abilities and skills to improve their accumulated social capital, which is possible through some training, education, modern technology, and financial support. Furthermore, human capital accumulation and the labour market output has dependent on the future level perspectives in the decision-making process, because of the human capital able a person to take future decisions for betterment.

For examples, when a small businessman and small farmers have access to credit facilities at the lower interest rate, then they will be in a good position to take any type of decision regarding their future investments and extension of the product range to other markets as well. The accessibility of loan and training facility introduces the labour in the job markets and make him or her ability to take such decisions which enhance their overall livelihoods.

Additionally, the human capital theory stressed the individual abilities and pattern of a lifetime earning based on his or her available sources and resources and outside support in terms of finance, education, and skills training. Moreover, social status is not a fixed phenomenon, where it can be changed from time to time it depends on the available resources. People who have skills, knowledge and ability, experiences are more likely to perform their duty in a better way. Similarly, people without financial resources are not able to transform his or her skills, experiences, and knowledge in a practical manner or in a better way. So, the human capital is an ability to enhance the overall livelihood of the individual in the society through, education, training, financial supports.

### **3.2. Application of the Theory of Human Capital**

The human capital theory has stated that small businessman and small farmers who have skills, knowledge, and experiences as well as financial support can enhance their status and productively in an open market. In the present context, small farmers in the rural areas of Abbottabad, have less access to the capital market, lack of financial support and less accessible to the market to sale their products. These small farmers

hold small scale lands and try to harvest on it. As, the rural areas are adjacent to the main markets of Abbottabad and Manshera, where these farmers can sale their products. However, due to lack of financial support, these farmers cannot sale their products in the main markets and make increase their marginal return.

Majority of small farmers have skills and experiences of farming, but they have a lack of human capital like loans from commercial banks, new and latest techniques etc. The commercial banks are not providing loans to the small farmers and also these farmers are not qualified for the loans in the commercial banks, due to such crucial reasons farmers of rural areas of Abbottabad are not able to increase theirs productively at their level.

On the other hand, some microfinance banks are providing loans to these small farmers where the range of loans are less than 150000. Most of these loans are provided on a personal reference basis. Many farmers have taken loans from the microfinance banks in Abbottabad and their adjacent areas where many people have open cooperative societies and led money on the larger interest rate. Farmers take these small-scale microloans and invest in their farming and somehow increase their level of output. The microfinance enhances their human capital which they use and enhances their productively and their marginal output in the form of money, purchase of technology, the introduction of fertilizers etc., and also their access to the main markets which increase their livelihood and make them able to extend their agricultural productively.

### **3.3. Propositions**

The human capital is that when farmers take small scale loans which enhance their level of input, which resulted to increase output in the form of increase production, access to markets and introduction of new technology in farming.

Mostly farmers have skills and experiences of farming and agriculture, but due to lack of finance they are not able to utilize their social capital. The microcredit facilitates the farmers to enhance their productivity and gives them access to the markets.

### **3.4. Hypothesis**

The hypothesis of the research is that the availability and accessibility of banks loan influences agricultural extension in rural areas of Abbottabad, KPK.

#### **3.4.1. Null Hypothesis ( $H_0$ )**

The availability and accessibility of microfinance has no relationship with the extension of agricultural activities in rural areas of Abbottabad, KPK, Pakistan.

#### **3.4.2. Alternative Hypothesis ( $H_1$ )**

The availability and accessibility of microfinance has a relationship with the extension of agricultural activities in rural areas of Abbottabad, KPK, Pakistan.

## **Chapter No 4**

# **CONCEPTUALIZATION AND OPERATIONALIZATION**



## **4.1. Conceptualization**

Conceptualization is a process where define and explain any concept or variables in the research through proper citation and references. In the present research, there are two variables: a) microfinance b) agriculture extension.

### **4.1.1. Microfinance**

According to Ahmad (2008:10), the microfinance is the financial developmental approach, which incorporates by the provision of financial services through small financial institutions to the clients especially small businessman, farmers, and poor people in the society who are unable to fulfil their basic level needs. These services are provided by the Financial Institutions (MFIs) counting the credit saving and the insurance service institutions across the world. Moreover, apart from the facility of loans and taking saving of customers, these financial institutions are providing piece of training, awareness, education, new techniques, organizational support to customers, health facilities, and skill development through their corporate social responsibly.

Additionally, Morduch (1999) and Simeyo et al. (2011) founded that the microfinance refers to the delivery of the financial services which is in the form of a loan, insurance facility, saving processes, and transfer of money to farmers and business-related people, which empower them to create employment opportunities, improvement of their living standards, poverty reduction and facilitate their investment as well as market accessibilities to the market and other business links (Boonperin 2012).

Furthermore, Sara (2011) argued that microfinance is a powerful tool and method through which self-empowered women and improve the financial investment among women and encourages the youth and women empowerment in society through credit and business.

The microfinance is the financial development with the aim of poverty lessening and enhancement of living standards of farmers in rural areas. In the microfinance, which includes insurance, transactional services, and important savings. Moreover, the Canadian International Development Agency (CIDA) define the microfinance as, the provision of a comprehensive range of financial service to poor, low-income households and micro-enterprises usually the lacking access to the formal financial institutions (Hassan 2010).

#### **4.1.2. Agricultural Extension**

According to Chaudhary, Malik & Ashraf (2006) stated that the agricultural extension is a process, where improvement in irrigation, constructions of water channels, an extension of tube wells, constructions of roads towards rural areas. The agricultural extension is not only limited to increase or enhancement of production, but also purchasing of new lands and install new technology and tools in the firms.

Moreover, the agricultural extension is the purchase of new agricultural lands, instalment of technology, the introduction of new fertilizers etc., (Zahra 2010., Abro & Sadaqat 2010).

Furthermore, in the context of developing countries, the agricultural extension is the knowledge and experiences provided to the farmers regarding the new ways and techniques of production, food security, and improvement of overall farmers' livelihoods (Akram & Imtiaz 2011., Jamal & Haroon 2008).

## **4.2. Operationalization**

Operationalization is a method where the concepts and variables in the research were applied in the existing research context and explain according to the present application.

### **4.2.1. Microfinance**

The microfinance is a financial tool where any bank or financial institution is providing small scale loan to the individual or any small enterprise. In the context of the present research, the microfinance is a small type of loan provided by banks and other financial institutions to farmers in Abbottabad KPK for their agriculture extension. Microfinance included small loans, insurance facility, enhance saving etc. Most farmers in rural areas of KPK are totally dependent on microfinancing for their agriculture activities.

Moreover, microfinance is started from thirty thousand to one hundred and fifty thousand. Many microfinance institutions are providing loan I groups without taking any kind of security and other service charges to farmers to facilitate them in their agricultural extension.

| <b>Procedure of Loan Taking form Banks</b>                                      |  |  |  |
|---------------------------------------------------------------------------------|--|--|--|
| Microfinance banks are available in Abbottabad                                  |  |  |  |
| Easy procedure to taking loan from microfinance banks                           |  |  |  |
| Banking Staff are cooperative                                                   |  |  |  |
| Lengthy documentation process for taking loan                                   |  |  |  |
| Documentation fee is very high                                                  |  |  |  |
| Microfinance banks are engorging customers investment for agricultural purposes |  |  |  |
| Easy recovery procedures of banks                                               |  |  |  |
| Low interest rate offers in microfinance banks                                  |  |  |  |
| I am paying the loan instalment on time                                         |  |  |  |

|                                                 |                     |                |              |                                       |
|-------------------------------------------------|---------------------|----------------|--------------|---------------------------------------|
| Agricultural land in acre                       | 1. Less than 1 acre | 2. 1-3 acre    | 3. 4-6 acre  | 4. More than 6 acres                  |
| Amount of Loan Received from MFIs (in thousand) | 1. Less than 20000  | 2. 20k-40k     | 3. 41k-60k   | 4. 61k-80k<br>5. More than 80k        |
| Installment procedure                           | 1. Monthly          | 2. Quarterly   | 3. Annually  | 5. Any other                          |
| Main source of livelihood                       | 1. Agriculture      | 2. Salary      | 3. Business  | 4. Rent<br>5. Royalty<br>6. Any Other |
| Nature of land                                  | 1. Own              | 2. Partnership | 3. Any other |                                       |
| Type of Production                              | 1. _____ 2.         |                | 3.           |                                       |
| Monthly earning from agricultural products      | 1. Less than 20000  | 2. 20k-40k     | 3. 41k-60k   | 4. Above 60k                          |
| Farming Experience in Years                     | 1. Less than 1      | 2. 1-3         | 3. 4-6       | 4. 7-9<br>5. Above 9                  |

#### **4.2.2. Agricultural Extension**

In the context of the current research study, agriculture extension means investment in agriculture, such as purchase new fertilizers, seeds, machinery, construction of canals, access to the market etc. Most farmers have land and time, but due to lack of

funds or finance, they are unable to increase their production. Farmers in rural areas have limited financial resources which not allowed them to extend their agricultural production and access to the market where farmers can sale their product at a higher price.

Furthermore, agriculture extension is purchasing of new land for firming, installed tube well, and start any small business which supports your raw materials from agricultural production.

| <b>Agricultural Extension</b>                                |          |          |          |          |          |
|--------------------------------------------------------------|----------|----------|----------|----------|----------|
| <b>Categories</b>                                            | <b>1</b> | <b>2</b> | <b>3</b> | <b>4</b> | <b>5</b> |
| The interest rate on agricultural loan is a reasonable       |          |          |          |          |          |
| Increase the monthly income from agriculture                 |          |          |          |          |          |
| Increase the level of saving through agricultural products   |          |          |          |          |          |
| Increase the investment level in the agricultural activities |          |          |          |          |          |
| Purchase new machinery for agriculture                       |          |          |          |          |          |
| Women's are also involved in agriculture                     |          |          |          |          |          |
| Increase self-esteem                                         |          |          |          |          |          |
| Reduce dependency on the other people after loan             |          |          |          |          |          |
| Better access to the fertilizers du to finance               |          |          |          |          |          |
| Multiple investment opportunities in agriculture             |          |          |          |          |          |
| Increase sale of agricultural products to other cities       |          |          |          |          |          |
| Develop entrepreneur skills after loan                       |          |          |          |          |          |
| Increase capacity of production after loan                   |          |          |          |          |          |
| Investment in new planation after loan                       |          |          |          |          |          |
| Increase the agriculture output after loan                   |          |          |          |          |          |
| Increase my Livestock's after loan                           |          |          |          |          |          |
| Open my own saving account after loan                        |          |          |          |          |          |
| Irrigation channels are now improved                         |          |          |          |          |          |

|                                                           |  |  |  |  |  |
|-----------------------------------------------------------|--|--|--|--|--|
| I have my own vehicle to sale my products to other cities |  |  |  |  |  |
| Planning to purchase new land for agriculture             |  |  |  |  |  |
| Planning to setup my own small business                   |  |  |  |  |  |
| Children's nutarian level is increase                     |  |  |  |  |  |

## **Chapter 5**

# **RESEARCH METHODOLOGY**

The research methodology is a process and procedures where some define tools and techniques are applied to conduct a study in proper and systematic manner.

### **5.1. Research Design**

In the current research study, the quantitative research technique was chosen to demeanor a study in a methodical manner. The study was to evaluate microfinance and agricultural extension at the rural areas of Abbottabad KPK.

### **5.2. Universe of the Study**

For the current research, the universe of the study was the rural areas of Abbottabad, KPK, Pakistan. The inclusive criteria were set prior before the entry of fields where the information of respondents was taken from Banks with the permission of the authority of banks.

### **5.3. Target Population**

For the current study, the target population was those farmers who have taken loans from the microfinance banks located in the rural areas of Abbottabad and main city of Abbottabad. The information of respondents was taken from different banks who have given loans to the farmers.

### **5.4. Sampling Techniques**

For the present study, the purposive sampling technique was applied for the collection of data from field. At the first level, the respondents were identified from banks and



with the collective permission of respondents, researcher has collected data from those respondents who are willingly participate in research.

### **5.5. Sample Size of the Study**

For the present research study, the data were collected from preferred from the total one hundred and forty (140) respondents in the rural areas.

| <b>Sample and Sampling Techniques</b>                                                                                     |                                                                                  |                                                                                                                                                                                                                            |
|---------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Target Population</b>                                                                                                  | <b>Sample size</b>                                                               | <b>Sampling Techniques</b>                                                                                                                                                                                                 |
| The target population of the study is small farmers who have taken loan from banks located in Abbottabad and rural areas. | The sample size was limited to one hundred and forty (140) both male and females | For the research, the purposive sampling techniques was selected to reached respondents. At the first stage the information was taken from the banks and then interview those respondents who were willingly participated. |

### **5.6. Data Collection Tools**

For the current research, the closed ended structure questionnaire used as a data collection tools. The tool was designed after critical review of related literature.

### **5.7. Data Collection Techniques**

The face to face interviews has been conducted with respondents because majority of respondents were illiterate and do not clearly understand English language.

### **5.8. Data Analysis Tools**

The Statistical Package for Social Sciences (SPSS) version 22.0 to analyze the data, because the nature of data was quantitative.

### **5.9. Data Analysis Techniques**

For the present research, both descriptive (percentage & frequencies) and inferential (correlation) statistics were applied, to analyze the data.

### **5.10. Pre-Testing**

Total fifteen (15) questionnaires used to pre-test purpose. After pre-test, some modification has been done and then entered actual field.

### **5.11. The Limitations and Opportunities of Study**

Every research study has some opportunities and limitations also. In the present research study there were numerous limitations, like access to respondents, identification of respondents, and permission of conducting interviews. Moreover, majority of respondents were illiterate and some of them were only know the Urdu language, but the questionnaires were printed in only English language due to shortage of time and resources. So, to overcome this challenge face to face interviews have been conducted with respondents and noted down accordingly.

Secondly, many respondents were not agreed to give interview, so the researcher has built confidence them and repo building and then conducted interviews.

On the other side, this study provides the practical experiences of conducting research study and know that how to conduct interviews and enter in society. Moreover, this research study able the researcher to conduct a research in a systematic manner.

### **5.12. Ethical Concerns**

Social science research has some ethical concerns which need to keep in mind to conduct during any research study. In the present research the researcher has also keep in mind the important ethical concerns. Before conducting the interviews, the researcher has taken permission from the banks and respondents and guaranteed both of the parties regarding the confidentiality of the data and opinions. The researcher has assured them that the collected data will only use be use for academic purposes and researcher will not use for any personal gain.

Secondly, the researcher has completely assurance of the data which the respondents have provided. To reached respondents with the prior permission of the respondents. During the data collection process, the researcher has taken the departmental permission of data collection letter. Before, start interviews, the researcher clear and define the objective and the purpose of the research.

## **Chapter No 6**

### **RESULTS**

### Section. A: Descriptive Statistics

This section deals with the analysis of the numeric data in tabular form. The descriptive statistics comprised the percentages and frequencies of the response. This section also consisted of the socio-demographic profiles of respondents.

**Table 1. Gender of Respondents**

| Category | Frequency (F) | Percentage (%) |
|----------|---------------|----------------|
| Male     | 115           | 82.1           |
| Females  | 25            | 17.9           |
| Total    | 140           | 100.0          |

The table No. 1 showed the gender of respondents where, majority of respondents 82.1% were males, and 17.9% were females. The conclusion of the table showed that majority of the respondents were males.

**Table 2. Age of Respondents**

| Category     | Frequency (F) | Percentage (%) |
|--------------|---------------|----------------|
| Less than 25 | 9             | 6.4            |
| 25-35        | 43            | 30.7           |
| 36-45        | 65            | 46.4           |
| 46-55        | 16            | 11.4           |
| Above 55     | 7             | 5.0            |
| Total        | 140           | 100.0          |

The table No. 2 showed the age of respondents where 6.4% of respondents were less than 25 years old, 30.7% between the age of 25-35 years, 46.4% of respondents were between 36-45 years old, 11.4% of respondents were between 46-55 years and 5% of respondents were above 55 years old. The conclusion of the tables showed that most respondents were between the age of 36-45 years.

**Table 3. Religion of Respondents**

| <b>Category</b> | <b>Frequency (F)</b> | <b>Percentage (%)</b> |
|-----------------|----------------------|-----------------------|
| Muslim          | 131                  | 93.6                  |
| Non-Muslim      | 9                    | 6.4                   |
| Total           | 140                  | 100.0                 |

The table No. 3 showed the religion of respondents where 93.6% of respondents were Muslims and only 6.4% of respondents were non-Muslim.

**Table 4. Family Type**

| <b>Category</b> | <b>Frequency (F)</b> | <b>Percentage (%)</b> |
|-----------------|----------------------|-----------------------|
| Nuclear         | 17                   | 12.1                  |
| Joint           | 66                   | 47.1                  |
| Extended        | 57                   | 40.7                  |
| Total           | 140                  | 100.0                 |

The table No. 4 showed the family type of respondents, where 12.1% of respondents were living in nuclear family, 47.1% of respondents were living in joint family and

finally, 40.7% of respondents were living in extended family. The conclusion of the table showed that, majority of respondents were living in joint family system.

**Table 5. Marital Status**

| <b>Category</b> | <b>Frequency (F)</b> | <b>Percentage (%)</b> |
|-----------------|----------------------|-----------------------|
| Married         | 110                  | 78.6                  |
| Unmarried       | 17                   | 12.1                  |
| Any other       | 13                   | 9.3                   |
| Total           | 140                  | 100.0                 |

The table No. 5 showed the marital status of respondents, where 78.6% of respondents were married, 12.1% of respondents were unmarried and 9.3% of respondents were belong to any other. The conclusion of the table showed that majority of respondents were married.

**Table 6. Family Size (Members)**

| <b>Category</b> | <b>Frequency (F)</b> | <b>Percentage (%)</b> |
|-----------------|----------------------|-----------------------|
| 1-4             | 5                    | 3.6                   |
| 5-8             | 42                   | 30.0                  |
| 9-12            | 69                   | 49.3                  |
| Above 12        | 24                   | 17.1                  |
| Total           | 140                  | 100.0                 |

The table No. 6 showed the family size of respondents, where 3.6% of respondents have 1-4 family members, 30.0% of respondents have 5-8 members, 49.3% of respondents have 9-12 and 17.1% of respondents have above 12 family members. The conclusion of the table showed that majority of respondents have 9-12 family members.

**Table 7. Qualification of Respondent**

| <b>Category</b>  | <b>Frequency (F)</b> | <b>Percentage (%)</b> |
|------------------|----------------------|-----------------------|
| Illiterate       | 54                   | 38.6                  |
| Under matric     | 39                   | 27.9                  |
| Intermediate     | 23                   | 16.4                  |
| Graduation       | 17                   | 12.1                  |
| Above Graduation | 7                    | 5.0                   |
| Total            | 140                  | 100.0                 |

The table No. 7 showed the qualification of respondents, where 38.6% of respondents were illiterate, 27.9% of respondents were under matric, 16.4% of respondents were intermediate, 12.1% of respondents were graduate, and 5% of respondents were above graduation level education. The conclusion of the table showed that majority of respondents were illiterate.



**Table 8. Agricultural land in Kanal**

| <b>Category</b>   | <b>Frequency (F)</b> | <b>Percentage (%)</b> |
|-------------------|----------------------|-----------------------|
| Less than 5 Kanal | 28                   | 20.0                  |
| 5-10 Kanal        | 43                   | 30.7                  |
| Above 10 kanal    | 69                   | 49.3                  |
| Total             | 140                  | 100.0                 |

The table No. 8 showed the total kanal of agricultural land, where 20% of respondents have less than 5 kanal land, 30.7% of respondents have 5-10 kanal and 49.3% of respondents have above 10 kanal land.

**Table 9. Amount of Loan Received from MFIs (in thousand)**

| <b>Category</b> | <b>Frequency (F)</b> | <b>Percentage (%)</b> |
|-----------------|----------------------|-----------------------|
| Less than 20000 | 10                   | 7.1                   |
| 20k-40k         | 47                   | 33.6                  |
| 41k-60k         | 49                   | 35.0                  |
| 61k-80k         | 21                   | 15.0                  |
| More than 80k   | 13                   | 9.3                   |
| Total           | 140                  | 100.0                 |

The table No. 9 showed the amount of loan received from the microfinance institutions, where 7.1% of respondents have taken less than 20000 loan where the group loan is applicable, 33.6% of respondents have took 20k to 40k, 35% of respondents have taken 41k to 60k, 15% of respondents have taken 61k to 80k and

9.3% of respondents have taken more than 80k loan from banks. The microfinance banks are providing small amount of loan usually for one years and less.

**Table 10. Installment Procedure**

| <b>Category</b> | <b>Frequency (F)</b> | <b>Percentage (%)</b> |
|-----------------|----------------------|-----------------------|
| Monthly         | 86                   | 61.4                  |
| Annually        | 33                   | 23.6                  |
| Any Other       | 21                   | 15.0                  |
| Total           | 140                  | 100.0                 |

The table No. 10 showed the installment process of the loan, where 61.4% of respondents were monthly payment of installment, 23.6% of respondents were paying annually and 15% of respondents were used any other sources. The conclusion of the table shoed that majority of respondents were paying the installment on monthly basis.

**Table 11. Main Source of Livelihood**

| <b>Category</b> | <b>Frequency (F)</b> | <b>Percentage (%)</b> |
|-----------------|----------------------|-----------------------|
| Agriculture     | 47                   | 33.6                  |
| Salary          | 40                   | 28.6                  |
| Business        | 22                   | 15.7                  |
| Rent            | 13                   | 9.3                   |
| Any other       | 18                   | 12.9                  |
| Total           | 140                  | 100.0                 |

The table No. 11 showed the main source of livelihood, where 33.6% of respondents were completely relayed on agriculture, 28.6% of respondents have salary, 15.7% of respondents have businesses, 9.3% of respondents have rent income and 12.9% of respondents have any other sources. The conclusion of the table showed that majority of respondents have agriculture as a main source of income.

**Table 12. Nature of Land**

| <b>Category</b> | <b>Frequency (F)</b> | <b>Percentage (%)</b> |
|-----------------|----------------------|-----------------------|
| Own             | 101                  | 72.1                  |
| Partnership     | 30                   | 21.4                  |
| Any other       | 9                    | 6.4                   |
| Total           | 140                  | 100.0                 |

The table No. 12 showed the nature of land, where 72.1% of respondents have their own land, 21.4% of respondents have partnership and 6.4% of respondents have any other source. The conclusion of the table showed that, majority of lands are their own possession of farmers. Many other profession people are also engaged with the household agriculture.

**Table 13. Annually Earning from Agricultural Products**

| <b>Category</b>  | <b>Frequency (F)</b> | <b>Percentage (%)</b> |
|------------------|----------------------|-----------------------|
| Less than 50000  | 3                    | 2.1                   |
| 50k to 150000    | 27                   | 19.3                  |
| 150000 to 200000 | 32                   | 22.9                  |
| Above 200000     | 78                   | 55.7                  |
| Total            | 140                  | 100.0                 |

The table No. 13 showed the annually return from the agriculture where 2.1% of respondents have less than 50k, 19.3% of respondents have 50k to 150000, 22.9% of respondents have 150000 to 200000 and 55.7% of respondents have above 200000 annually return from the agriculture. Many small farmers sale their product to the Abbottabad markets.

**Table 14. Farming Experience in Years**

| <b>Category</b>    | <b>Frequency (F)</b> | <b>Percentage (%)</b> |
|--------------------|----------------------|-----------------------|
| less than 10 year  | 22                   | 15.7                  |
| more than 10 years | 118                  | 84.3                  |
| 3.00               | 1                    | .7                    |
| Total              | 140                  | 100.0                 |

The table No. 14 showed the farming experiences of farmers in years, where 15.7% of respondents have less than 10 years, 84.3% of farmers have more than 10 years

experiences of farming or agriculture. The conclusion of the table showed that majority of respondents have more than 10 years of experiences.

**Table 15. Procedure of Loan Taking form Banks**

| S. No | Categories                                                                      | Responses |        |                |
|-------|---------------------------------------------------------------------------------|-----------|--------|----------------|
|       |                                                                                 | Yes (%)   | No (%) | Don't Know (%) |
| 17    | Microfinance banks are available in Abbottabad                                  | 69.3%     | 24.3%  | 6.4%           |
| 18    | Easy procedure to taking loan from microfinance banks                           | 52.9%     | 29.3%  | 17.9%          |
| 19    | Banking Staff are cooperative                                                   | 75%       | 19.3%  | 5.7%           |
| 20    | Lengthy documentation process for taking loan                                   | 68.6%     | 15%    | 16.4%          |
| 21    | Documentation fee is very high                                                  | 37.1%     | 53.6%  | 9.3%           |
| 22    | Microfinance banks are engorging customers investment for agricultural purposes | 72.1%     | 15%    | 12.9%          |
| 23    | Easy recovery procedures of banks                                               | 65%       | 22.9%  | 12.1%          |
| 24    | Low interest rate offers in microfinance banks                                  | 33.6%     | 48.6%  | 17.9%          |
| 25    | I am paying the loan instalment on time                                         | 72.9%     | 22.1%  | 5%             |

The table No. 15 showed the loan taking procedures from banks, where majority of the respondents have stated that the loan taking process is easy and accessible to poor people who are not qualify for the loan in commercial banks. The results showed that 69.3% of respondents have stated that banks are available for loan, 52.9% have stated that easy procedure of loan taking, 75% of respondents have stated that bank staff are cooperative. On the other side, 68.6% of respondents have stated that lengthy

documentation process which is quite difficult for them. Moreover, 53.6% of respondents have stated that fee is less, and the recovery process is easy here 72.9% of respondents are paying loan installment on time.

**Table 16. Interest Rate on Agricultural Loan is Reasonable**

| <b>Category</b>    | <b>Frequency (F)</b> | <b>Percentage (%)</b> |
|--------------------|----------------------|-----------------------|
| Strongly agreed    | 29                   | 20.7                  |
| Agreed             | 60                   | 42.9                  |
| Neutral            | 9                    | 6.4                   |
| Strongly disagreed | 19                   | 13.6                  |
| Disagreed          | 23                   | 16.4                  |
| Total              | 140                  | 100.0                 |

The table No. 16 showed the respondents view about The interest rate on agricultural loan is a reasonable, where 20.7% of respondents were strongly agreed, 42.9% of respondent were agreed, 6.4% of respondents were neutral, 13.6% of respondents were strongly disagreed and finally, 16.4% of respondents have disagreed about the statement. The conclusion of the table stated that majority of respondents were agreed or strongly agreed that, the interest rate on agricultural loan is reasonable.

**Table 17. Increase Monthly Income from Agriculture**

| <b>Category</b>    | <b>Frequency (F)</b> | <b>Percentage (%)</b> |
|--------------------|----------------------|-----------------------|
| Strongly agreed    | 43                   | 30.7                  |
| Agreed             | 58                   | 41.4                  |
| Neutral            | 7                    | 5.0                   |
| Strongly disagreed | 21                   | 15.0                  |
| Disagreed          | 11                   | 7.9                   |
| Total              | 140                  | 100.0                 |

The table No. 17 showed the respondents view about the Increase the monthly income from agriculture, where 30.7% of respondents were strongly agreed, 41.4% of respondent were agreed, 5.0% of respondents were neutral, 15.0% of respondents were strongly disagreed and finally, 7.9% of respondents have disagreed about the statement. The conclusion of the table stated that majority of respondents were agreed or strongly agreed that, increase the monthly income from agriculture.

**Table 18. Increase Saving Through Agricultural Products**

| <b>Category</b>    | <b>Frequency (F)</b> | <b>Percentage (%)</b> |
|--------------------|----------------------|-----------------------|
| Strongly agreed    | 34                   | 24.3                  |
| Agreed             | 60                   | 42.9                  |
| Neutral            | 12                   | 8.6                   |
| Strongly disagreed | 21                   | 15.0                  |
| Disagreed          | 13                   | 9.3                   |
| Total              | 140                  | 100.0                 |

The table No. 18 showed the respondents view about the Increase the level of saving through agricultural products, where 24.3% of respondents were strongly agreed, 42.9% of respondent were agreed, 8.6% of respondents were neutral, 15.0% of respondents were strongly disagreed and finally, 9.3% of respondents have disagreed about the statement. The conclusion of the table stated that majority of respondents were agreed or strongly agreed that, Increase the level of saving through agricultural products.



**Table 19. Increase the Investment in the Agricultural Activities**

| <b>Category</b>    | <b>Frequency (F)</b> | <b>Percentage (%)</b> |
|--------------------|----------------------|-----------------------|
| Strongly agreed    | 39                   | 27.9                  |
| Agreed             | 68                   | 48.6                  |
| Neutral            | 6                    | 4.3                   |
| Strongly disagreed | 11                   | 7.9                   |
| Disagreed          | 16                   | 11.4                  |
| Total              | 140                  | 100.0                 |

The table No. 19 showed the respondents view about the Increase the investment level in the agricultural activities, where 27.9% of respondents were strongly agreed, 48.6% of respondent were agreed, 4.3% of respondents were neutral, 7.9% of respondents were strongly disagreed and finally, 11.4% of respondents have disagreed about the statement. The conclusion of the table stated that majority of respondents were agreed or strongly agreed that, increase the investment level in the agricultural activities.

**Table 20. Purchase New Machinery for Agriculture**

| <b>Category</b>    | <b>Frequency (F)</b> | <b>Percentage (%)</b> |
|--------------------|----------------------|-----------------------|
| Strongly agreed    | 35                   | 25.0                  |
| Agreed             | 48                   | 34.3                  |
| Neutral            | 5                    | 3.6                   |
| Strongly disagreed | 21                   | 15.0                  |
| Disagreed          | 31                   | 22.1                  |
| Total              | 140                  | 100.0                 |

The table No. 20 showed the respondents view about the purchase new machinery for agriculture, where 25.0% of respondents were strongly agreed, 34.3% of respondent were agreed, 3.6% of respondents were neutral, 15.0% of respondents were strongly disagreed and finally, 22.1% of respondents have disagreed about the statement. The conclusion of the table stated that majority of respondents were agreed or strongly agreed that, purchase new machinery for agriculture.

**Table 21. Women's Involved in Agriculture**

| <b>Category</b>    | <b>Frequency (F)</b> | <b>Percentage (%)</b> |
|--------------------|----------------------|-----------------------|
| Strongly agreed    | 51                   | 36.4                  |
| Agreed             | 38                   | 27.1                  |
| Neutral            | 17                   | 12.1                  |
| Strongly disagreed | 23                   | 16.4                  |
| Disagreed          | 11                   | 7.9                   |
| Total              | 140                  | 100.0                 |

The table No. 21 showed the respondents view about the Women's are also involved in agriculture, where 36.4% of respondents were strongly agreed, 27.1% of respondent were agreed, 12.1% of respondents were neutral, 16.4% of respondents were strongly disagreed and finally, 7.9% of respondents have disagreed about the statement. The conclusion of the table stated that majority of respondents were agreed or strongly agreed that, Women's are also involved in agriculture.

**Table 22. Increase of Self-Esteem**

| <b>Category</b>    | <b>Frequency (F)</b> | <b>Percentage (%)</b> |
|--------------------|----------------------|-----------------------|
| Strongly agreed    | 47                   | 33.6                  |
| Agreed             | 33                   | 23.6                  |
| Neutral            | 21                   | 15.0                  |
| Strongly disagreed | 22                   | 15.7                  |
| Disagreed          | 17                   | 12.1                  |
| Total              | 140                  | 100.0                 |

The table No. 22 showed the respondents view about the increase self-esteem, where 33.6% of respondents were strongly agreed, 23.6% of respondent were agreed, 15.0% of respondents were neutral, 15.7% of respondents were strongly disagreed and finally, 12.1% of respondents have disagreed about the statement. The conclusion of the table stated that majority of respondents were agreed or strongly agreed that, increase self-esteem.

**Table 23. Reduce Dependency on the other People**

| <b>Category</b>    | <b>Frequency (F)</b> | <b>Percentage (%)</b> |
|--------------------|----------------------|-----------------------|
| Strongly agreed    | 39                   | 27.9                  |
| Agreed             | 59                   | 42.1                  |
| Neutral            | 7                    | 5.0                   |
| Strongly disagreed | 16                   | 11.4                  |
| Disagreed          | 19                   | 13.6                  |
| Total              | 140                  | 100.0                 |

The table No. 23 showed the respondents view about the reduce dependency on the other people after loan, where 27.9% of respondents were strongly agreed, 42.1% of respondent were agreed, 5.0% of respondents were neutral, 11.4% of respondents were strongly disagreed and finally, 13.6% of respondents have disagreed about the statement. The conclusion of the table stated that majority of respondents were agreed or strongly agreed that, reduce dependency on the other people after loan.

**Table 24. Access to Fertilizers due to Finance**

| <b>Category</b>    | <b>Frequency (F)</b> | <b>Percentage (%)</b> |
|--------------------|----------------------|-----------------------|
| Strongly agreed    | 49                   | 35.0                  |
| Agreed             | 59                   | 42.1                  |
| Neutral            | 8                    | 5.7                   |
| Strongly disagreed | 11                   | 7.9                   |
| Disagreed          | 13                   | 9.3                   |
| Total              | 140                  | 100.0                 |

The table No. 24 showed the respondents view about the better access to the fertilizers due to finance, where 35.0% of respondents were strongly agreed, 42.1% of respondent were agreed, 5.7% of respondents were neutral, 7.9% of respondents were strongly disagreed and finally, 9.3% of respondents have disagreed about the statement. The conclusion of the table stated that majority of respondents were agreed or strongly agreed that, better access to the fertilizers due to finance.

**Table 25. Multiple Investment Opportunities in Agriculture**

| <b>Category</b>    | <b>Frequency (F)</b> | <b>Percentage (%)</b> |
|--------------------|----------------------|-----------------------|
| Strongly agreed    | 41                   | 29.3                  |
| Agreed             | 52                   | 37.1                  |
| Neutral            | 9                    | 6.4                   |
| Strongly disagreed | 29                   | 21.1                  |
| Disagreed          | 9                    | 6.4                   |
| Total              | 140                  | 100.0                 |

The table No. 25 showed the respondents view about the multiple investment opportunities in agriculture, where 29.3% of respondents were strongly agreed, 37.1% of respondent were agreed, 6.4% of respondents were neutral, 21.1% of respondents were strongly disagreed and finally, 6.4% of respondents have disagreed about the statement. The conclusion of the table stated that majority of respondents were agreed or strongly agreed that, multiple investment opportunities in agriculture.

**Table 26. Increase Sale of Agricultural Products**

| <b>Category</b>    | <b>Frequency (F)</b> | <b>Percentage (%)</b> |
|--------------------|----------------------|-----------------------|
| Strongly agreed    | 31                   | 22.1                  |
| Agreed             | 41                   | 29.3                  |
| Neutral            | 32                   | 22.9                  |
| Strongly disagreed | 17                   | 12.1                  |
| Disagreed          | 19                   | 13.6                  |
| Total              | 140                  | 100.0                 |

The table No. 26 showed the respondents view about the increase sale of agricultural products to other cities, where 22.1% of respondents were strongly agreed, 29.3% of respondent were agreed, 22.9% of respondents were neutral, 12.1% of respondents were strongly disagreed and finally, 13.6% of respondents have disagreed about the statement. The conclusion of the table stated that majority of respondents were agreed or strongly agreed that, Increase sale of agricultural products to other cities.

**Table 27. Develop Entrepreneur Skills After Loan**

| <b>Category</b>    | <b>Frequency (F)</b> | <b>Percentage (%)</b> |
|--------------------|----------------------|-----------------------|
| Strongly agreed    | 21                   | 15.0                  |
| Agreed             | 48                   | 34.3                  |
| Neutral            | 27                   | 19.3                  |
| Strongly disagreed | 21                   | 15.0                  |
| Disagreed          | 23                   | 16.4                  |
| Total              | 140                  | 100.0                 |

The table No. 27 showed the respondents view about the Develop entrepreneur skills after loan, where 15.0% of respondents were strongly agreed, 34.3% of respondent were agreed, 19.3% of respondents were neutral, 15.0% of respondents were strongly disagreed and finally, 16.4% of respondents have disagreed about the statement. The conclusion of the table stated that majority of respondents were agreed or strongly agreed that, develop entrepreneur skills after loan.



**Table 28. Increase Capacity of Production after Loan**

| <b>Category</b>    | <b>Frequency (F)</b> | <b>Percentage (%)</b> |
|--------------------|----------------------|-----------------------|
| Strongly agreed    | 49                   | 35.0                  |
| Agreed             | 56                   | 40.0                  |
| Neutral            | 11                   | 7.9                   |
| Strongly disagreed | 13                   | 9.3                   |
| Disagreed          | 11                   | 7.9                   |
| Total              | 140                  | 100.0                 |

The table No. 28 showed the respondents view about the Increase capacity of production after loan, where 35.0% of respondents were strongly agreed, 40% of respondent were agreed, 7.9% of respondents were neutral, 9.3% of respondents were strongly disagreed and finally, 7.9% of respondents have disagreed about the statement. The conclusion of the table stated that majority of respondents were agreed or strongly agreed that, increase capacity of production after loan.

**Table 29. Investment in New Planation after Loan**

| <b>Category</b>    | <b>Frequency (F)</b> | <b>Percentage (%)</b> |
|--------------------|----------------------|-----------------------|
| Strongly agreed    | 23                   | 16.4                  |
| Agreed             | 31                   | 22.1                  |
| Neutral            | 26                   | 18.6                  |
| Strongly disagreed | 29                   | 20.7                  |
| Disagreed          | 31                   | 22.1                  |
| Total              | 140                  | 100.0                 |

The table No. 29 showed the respondents view about the investment in new planation after loan, where 16.4% of respondents were strongly agreed, 22.1% of respondent were agreed, 18.6% of respondents were neutral, 20.7% of respondents were strongly disagreed and finally, 22.1% of respondents have disagreed about the statement. The conclusion of the table stated there is no clear indication of investment.

**Table 30. Increase the Agriculture Output after Loan**

| <b>Category</b>    | <b>Frequency (F)</b> | <b>Percentage (%)</b> |
|--------------------|----------------------|-----------------------|
| Strongly agreed    | 43                   | 30.7                  |
| Agreed             | 58                   | 41.4                  |
| Neutral            | 15                   | 10.7                  |
| Strongly disagreed | 11                   | 7.9                   |
| Disagreed          | 13                   | 9.3                   |
| Total              | 140                  | 100.0                 |

The table No. 30 showed the respondents view about the Increase the agriculture output after loan, where 30.7% of respondents were strongly agreed, 41.4% of respondent were agreed, 10.7% of respondents were neutral, 7.9% of respondents were strongly disagreed and finally, 9.3% of respondents have disagreed about the statement. The conclusion of the table stated that majority of respondents were agreed or strongly agreed that, Increase the agriculture output after loan.

**Table 31. Increase the Agriculture Output after Loan**

| <b>Category</b>    | <b>Frequency (F)</b> | <b>Percentage (%)</b> |
|--------------------|----------------------|-----------------------|
| Strongly agreed    | 41                   | 29.3                  |
| Agreed             | 46                   | 32.9                  |
| Neutral            | 10                   | 7.1                   |
| Strongly disagreed | 21                   | 15.0                  |
| Disagreed          | 22                   | 15.7                  |
| Total              | 140                  | 100.0                 |

The table No. 31 showed the respondents view about the Increase the agriculture output after loan, where 29.3% of respondents were strongly agreed, 32.9% of respondent were agreed, 7.1% of respondents were neutral, 15.0% of respondents were strongly disagreed and finally, 15.7% of respondents have disagreed about the statement. The conclusion of the table stated that majority of respondents were or strongly that, increase the agriculture output after loan.

**Table 32. Increase my Livestock's After Loan**

| <b>Category</b>    | <b>Frequency (F)</b> | <b>Percentage (%)</b> |
|--------------------|----------------------|-----------------------|
| Strongly agreed    | 41                   | 29.3                  |
| Agreed             | 46                   | 32.9                  |
| Neutral            | 10                   | 7.1                   |
| Strongly disagreed | 21                   | 15.0                  |
| Disagreed          | 22                   | 15.7                  |
| Total              | 140                  | 100.0                 |

The table No. 32 showed the respondents view about the Increase my livestock's after loan, where 29.3% of respondents were strongly agreed, 32.9% of respondent were agreed, 7.1% of respondents were neutral, 15.0% of respondents were strongly disagreed and finally, 15.7% of respondents have disagreed about the statement. The conclusion of the table stated that majority of respondents were agreed or strongly agreed that, Increase my livestock's after loan.

**Table 33. Open my own Saving Account after Loan**

| <b>Category</b>    | <b>Frequency (F)</b> | <b>Percentage (%)</b> |
|--------------------|----------------------|-----------------------|
| Strongly agreed    | 53                   | 37.9                  |
| Agreed             | 54                   | 38.6                  |
| Neutral            | 9                    | 6.4                   |
| Strongly disagreed | 13                   | 9.3                   |
| Disagreed          | 11                   | 7.9                   |
| Total              | 140                  | 100.0                 |

The table No. 33 showed the respondents view about the Open my own saving account after loan, where 37.9% of respondents were strongly agreed, 38.6% of respondent were agreed, 6.4% of respondents were neutral, 9.3% of respondents were strongly disagreed and finally, 7.9% of respondents have disagreed about the statement. The conclusion of the table stated that majority of respondents were agreed or strongly agreed that, open my own saving account after loan.

**Table 34. Irrigation Channels are Now Improved**

| <b>Category</b>    | <b>Frequency (F)</b> | <b>Percentage (%)</b> |
|--------------------|----------------------|-----------------------|
| Strongly agreed    | 44                   | 31.4                  |
| Agreed             | 61                   | 43.6                  |
| Neutral            | 8                    | 5.7                   |
| Strongly disagreed | 13                   | 9.3                   |
| Disagreed          | 14                   | 10.0                  |
| Total              | 140                  | 100.0                 |

The table No. 34 showed the respondents view about the irrigation channels are now improved, where 31.4% of respondents were strongly agreed, 43.6% of respondent were agreed, 5.7% of respondents were neutral, 9.3% of respondents were strongly disagreed and finally, 10.0% of respondents have disagreed about the statement. The conclusion of the table stated that majority of respondents were agreed or strongly agreed that, irrigation channels are now improved.

**Table 35. Own vehicle to Sale Products**

| <b>Category</b>    | <b>Frequency (F)</b> | <b>Percentage (%)</b> |
|--------------------|----------------------|-----------------------|
| Strongly agreed    | 27                   | 19.3                  |
| Agreed             | 32                   | 22.9                  |
| Neutral            | 3                    | 2.1                   |
| Strongly disagreed | 40                   | 28.6                  |
| Disagreed          | 38                   | 27.1                  |
| Total              | 140                  | 100.0                 |

The table No. 35 showed the respondents view about the I have my own vehicle to sale my products to other cities, where 19.3% of respondents were strongly agreed, 22.9% of respondent were agreed, 2.1% of respondents were neutral, 28.6% of respondents were strongly disagreed and finally, 27.1% of respondents have disagreed about the statement. The conclusion of the table stated that majority of respondents were agreed or strongly agreed that, I have my own vehicle to sale my products to other cities.



**Table 36. Planning to Purchase Land**

| <b>Category</b>    | <b>Frequency (F)</b> | <b>Percentage (%)</b> |
|--------------------|----------------------|-----------------------|
| Strongly agreed    | 26                   | 18.6                  |
| Agreed             | 29                   | 20.7                  |
| Neutral            | 52                   | 37.1                  |
| Strongly disagreed | 16                   | 11.4                  |
| Disagreed          | 17                   | 12.1                  |
| Total              | 140                  | 100.0                 |

The table No. 36 showed the respondents view about the Planning to purchase new land for agriculture, where 18.6% of respondents were strongly agreed, 20.7% of respondent were agreed, 37.1% of respondents were neutral, 11.4% of respondents were strongly disagreed and finally, 12.1% of respondents have disagreed about the statement. The conclusion of the table stated that majority of respondents were agreed or strongly agreed, and majority of respondents were neutral that, planning to purchase new land for agriculture.

**Table 37. Planning to Setup Small Business**

| <b>Category</b>    | <b>Frequency (F)</b> | <b>Percentage (%)</b> |
|--------------------|----------------------|-----------------------|
| Strongly agreed    | 43                   | 30.7                  |
| Agreed             | 56                   | 40.0                  |
| Neutral            | 17                   | 12.1                  |
| Strongly disagreed | 11                   | 7.9                   |
| Disagreed          | 13                   | 9.3                   |
| Total              | 140                  | 100.0                 |

The table No. 37 showed the respondents view about the Planning to setup my own small business, where 30.7% of respondents were strongly agreed, 40.0% of respondent were agreed, 12.1% of respondents were neutral, 7.9% of respondents were strongly disagreed and finally, 9.3% of respondents have disagreed about the statement. The conclusion of the table stated that majority of respondents were agreed or strongly agreed that, planning to setup my own small business.

**Table 38. Children's Nutarian Level is Increase**

| <b>Category</b>    | <b>Frequency (F)</b> | <b>Percentage (%)</b> |
|--------------------|----------------------|-----------------------|
| Strongly agreed    | 31                   | 22.1                  |
| Agreed             | 38                   | 27.1                  |
| Neutral            | 46                   | 32.9                  |
| Strongly disagreed | 13                   | 9.3                   |
| Disagreed          | 12                   | 8.6                   |
| Total              | 140                  | 100.0                 |

The table No. 38 showed the respondents view about the Children's nutarian level is increase, where 22.1% of respondents were strongly agreed, 27.1% of respondent were agreed, 32.9% of respondents were neutral, 9.3% of respondents were strongly disagreed and finally, 8.6% of respondents have disagreed about the statement. The conclusion of the table stated that majority of respondents were agreed or strongly agreed that, children's nutarian level is increase.

## PART. 2. INFERENCE STATISTICS

**Table 39. Descriptive Statistics**

|              | Mean   | Std. Deviation | N   |
|--------------|--------|----------------|-----|
| <b>PLTFB</b> | 1.5079 | .61427         | 140 |
| <b>AET</b>   | 2.4851 | 1.25981        | 140 |

The table No. 39 showed the descriptive statistics, where Procedure of loan taking from bank (PLTFB) and agricultural extension (AET). Total Number of respondents N. 140 mean of PLTFB is 1.5079, AET. 2.4851.

**Hypothesis: (Ho)** There is no relationship between provision of loan and agricultural extension in rural areas of Abbottabad, KPK.

**Hypothesis: (H<sub>1</sub>)** There is a relationship between provision of loan and agricultural extension in rural areas of Abbottabad, KPK.

**Table 40. Correlations between Loan Availability and Agricultural Extension**

|                                                               |                     | <b>PLTFB</b> | <b>AET</b> |
|---------------------------------------------------------------|---------------------|--------------|------------|
| <b>PLTFB</b>                                                  | Pearson Correlation | 1            | .970**     |
|                                                               | Sig. (2-tailed)     |              | .000       |
|                                                               | N                   | 140          | 140        |
| <b>AET</b>                                                    | Pearson Correlation | .970**       | 1          |
|                                                               | Sig. (2-tailed)     | .000         |            |
|                                                               | N                   | 140          | 140        |
| ** . Correlation is significant at the 0.01 level (2-tailed). |                     |              |            |

The table No. 40 showed the correlation between procedure of loan taking and agricultural extension. Many studies have shown that there is a relationship between

easy loan taking procedure or availability of loan and agricultural extension. The Pearson Correlation .970, and Sig.000. The Confidence Interval (C.I. 95%) and Margin of Error (MoR. 0.05%). The Sig. value is less than 0.05 which means there is a relationship between loan taking procedure and agricultural extension.

**Chapter No. 7**

**DISCUSSION, CONCLUSION AND RECOMMENDATIONS**

## **7.1. Discussions**

Pakistan is an agricultural country where almost 60% of the total population is directly or indirectly related to agricultural activities. In Sindh and Punjab, few people hold a larger number of land and tenants are working in their fields. In Pakistan agriculture contributed 21% of the total Gross Domestic Product (GDP). Agricultural activities are included the livestock, farming, and other related activities. Due to limited sources and human capital in many areas of Pakistan, agricultural activities are being implemented through traditional means and methods. Majority of the people who are working in farms are illiterate. The result of the present research showed that almost 60% of farmers are illiterate. Due to illiteracy of males, the wives of these illiterate farmers are also working along with their husband, wherein the present research, 17.9% of respondents were females who have taken loan for agricultural assistance, and where 56% of respondents have stated that women are also working along with men.

Due to limited resources and traditional ways, the output from agricultural was less, where farmers are not using modern techniques and machinery. Farmers in Pakistan occupied less quantity of loan according to findings of the present research. In rural areas of Abbottabad where 49.3% of farmers have above 10 Kanal of land which is used for agricultural purposes. The Govt of Pakistan from last decade working and investing in the agriculture sectors to enhance the productivity of farmers. In this regard, the Govt of Pakistan has made a public and private partnership to enhance the productivity of farmers. The Govt, Non-government organizations and some

microfinance banks are providing small scale loans to the farmers through microcredit scheme on less interest. The small-scale lending by the bank, Govt and other NGOs to the farmers are called microfinance or microcredit. Many microfinance banks provide a loan without mortgage of any guarantee. Microfinance banks provide loan to those farmers who are not qualifying for a loan in commercial banks. These banks provide loan to a maximum of 150000 wherein the present study people have acquired small scale loan range from 50000 to 150000 and the instalment procedure is monthly.

Khaybar Pakhtunkhwa is one of the provinces of Pakistan, where more than 45% population are directly or indirectly afflicted with agricultural activities. As it was observed that, agriculture sectors are not developed and still farmers are using the traditional methods of farming. The agriculture sector including crops, livestock, on-farm water management and fisheries and their lines departments are not working properly and they need to accelerate the growth of agriculture sector as prerequisites for improving rural income and food security (Agriculture policy KPK, 2015-25). In the rural areas of Abbottabad, where the majority of people along with their jobs and other activities are also engaged in agriculture who are taking small loans for yearly or quarterly. Different microfinance banks are available in Abbottabad, where 69.3% of respondents have stated that microfinance banks are available to provide loans, and 52.9% of respondents stated that loan taking procedure is easy and staffs of these banks are cooperative. On the other hand, 72.1% of respondents have stated that documentation fee is high, and the interest rate is also high.



Moreover, many microfinance banks are encouraging farmers to take small scale loans and enhance their agricultural output. 72.1% of farmers have stated that banks are encouraging the customers to take a loan for agriculture and related business. Furthermore, 63% of respondents have stated that interest rate is reasonable, 72% of respondents have stated that they have increased their level of income through these loans and 65% said that they have tried to increase their savings levels. Loans are helpful tools to increase investment in agricultural activities. 80% of the farmers have stated that they have increased the agricultural investment through these loans, 62% of farmers have stated that women are also working along with them.

In KPK the govt and many other institutions are providing microloans to the farmers, which can enhance their livelihood and output. Microfinance enables them to purchase fertilizers, machinery, new seeds and give them access to the market to sale their products. Many farmers are migrating due to lack of agricultural loans. However, from the last decades, there is a revolution in microfinance in Pakistan and similar case with KPK. In Pakistan, more than 40 institutions are providing microfinance to farmers. These institutions include the Khushhali Microfinance Bank, agricultural development bank, industrial development bank, Apna Microfinance bank, Finka Bank etc. These banks are providing small scale loans to the farmers. These banks provide loans to those poor farmers and businessman who are not qualified for the loan from commercial banks. These banks also provide group loan to farmers which further ensures and makes the repayment method easy and convenient. Due to which, farmers have tried to improve and enhance their

productivity in agriculture and increase their livelihood and minimized the poverty level.

Being as an agricultural country, Pakistan's main labour engagement is with the agricultural sector and its products are now reaching across the world, which includes the sports goods, synthetic, textiles, rice, leather, and cotton. As poverty is an international issue, and Pakistan is facing it since its birth. Due to less output from agriculture, many people migrate towards cities for their livelihoods. Agriculture loans are the possible ways to develop the agricultural sector along with eliminating poverty from the country. Providing small scale loans to the farmers is the only way through which one can enhance the agricultural output. Agricultural loans are the possible ways and opportunities for small and medium-scale farmers to enhance agriculture productivity. Similarly, agricultural loan enables the farmers to purchase machinery and give them access to the national and international markets (Nosiru & Omobolanle 2010).

The results of the present study showed that 70% of farmers have reduced the dependency level on other people, and 77% of respondents or farmers have access to fertilizers on time. Due to the usage of modern fertilizers and technology, 75% of farmers have increased their overall productivity, along with that 60% of farmers have increased their quantity of livestock. Moreover, 74% of farmers have enhanced and upgraded the irrigation channels, and 70% of respondents have set up small business and planning to expand it.

The small-scale loan is helpful to increase the agricultural production and microfinance bank is providing easy loans to farmers which they use in purchasing fertilizers and other agriculture require things which increase their level of output. The Govt of KPK is also working to enhance the agriculture sectors where they are trying to empower small farmers to stand on their own feet.

## **7.2. Conclusion**

The current study examines the Microfinance scheme (microfinance) impact on the agricultural extension activities: A case study of rural areas of Abbottabad, KPK, Pakistan. Farmers in the rural area of Abbottabad possessed small lands and are engaged in a small level of agricultural activities. Majority of them are poor and not qualified for a larger scale of the loan in commercial banks. Due to lack of resources, these farmers were not extending their agricultural activities at larger scales. However, many other microfinance banks are working in Abbottabad which are providing small scale loan range from 50000 to 150000 on easy terms and conditions to poor farmers to enhance and encourage their agricultural activities.

Many studies have shown that there is a relationship between loan availability or easy access of loan and agricultural extension, the current study also stated that farmers who have taken small loans are paying little instalment on monthly basis based on their level of output. They are selling daily products to the main market of Abbottabad, where different hostels have deals with them and they pay them daily. Microfinance has enhanced the standard of living of farmers in rural areas where they are able to purchase fertilizers and sale their product to the local markets.

Many of them have set up a subsidiary business of agriculture to further strengthen the level of agricultural output through multiple investments. The Govt of KPK along with microfinance banks and non-Govt organizations are playing their active role to enhance the overall agricultural sectors where 45% of the total population of KPK is directly related to agriculture, so these sectors need to enhance through multiple level intervention which improves the agriculture and enhance the livelihood of farmers.

### **7.3. Recommendations**

Pakistan is agriculture country, where approximately 60% of people directly and indirectly related to agricultural activities. In KPK almost 45% people are doing agricultural activities. Based on research following recommendations and suggestions:

1. The Govt need to encourage the small farmers in KPK where 45% of people are directly afflicted with agriculture.
2. Commercial banks need to provide loans to small farmers, so that they would also increase their level of output.
3. Farmers in rural areas of Abbottabad, have access to microfinance banks, however, the interest rate is also higher, the banks need to decrease the level of interest.
4. There should be some little insurance scheme for farmers.
5. Monthly installment procedure could be change and extend to quarterly.

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## ANNEXURE

| <b>Section: A. Introduction and Consent for Survey</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |  |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| <p>I am doing my MSc in sociology, from the department of Sociology, Quaid-i-Azam University, Islamabad, Pakistan. I am conducting research on the microcredit scheme's (microfinance) impact on the agricultural extension activities: a case study of district Abbottabad, Khyber Pakhtunkhwa, Pakistan. I requested you to participate in research work and give your valuable opinion.</p> <p>All information that you provide us would be kept in complete confidential and record in safe data base. All the information is only use for academic purpose.</p> |  |

| <b>Section: B. Socio-Demographic Profile of Respondents</b> |                                                 |                                                                                  |
|-------------------------------------------------------------|-------------------------------------------------|----------------------------------------------------------------------------------|
| S. No                                                       | Category                                        | Responses                                                                        |
| 1                                                           | Name (optional)                                 | 1. _____                                                                         |
| 2                                                           | Gender                                          | 1. Male (115) 2. Female (25)                                                     |
| 3                                                           | Age of Respondents                              | 1. Less than 25 2. 25-35 3. 36-45 4. 46-55 Above 55                              |
| 4                                                           | Religion                                        | 1. Muslims 2. Non-Muslims                                                        |
| 5                                                           | Family Type                                     | 1. Nuclear 2. Joint 3. Extended                                                  |
| 6                                                           | Marital Status                                  | 1. Married 2. Unmarried 3. Any other                                             |
| 7                                                           | Family Size (Members)                           | 1. 1-4 2. 5-8 3. 9-12 4. Above 12                                                |
| 8                                                           | Qualification of Respondent                     | 1. Illiterate 2. Under matric 3. Intermediate (23) 4. Graduate 5. Above Graduate |
| 9                                                           | Agricultural land in kanal                      | 1. Less than 5 kanal 2. 5- 10 Kanal 3. Above 10 kanal                            |
| 10                                                          | Amount of Loan Received from MFIs (in thousand) | 1. Less than 20000 2. 20k-40k 3. 41k-60k 4. 61k-80k 5. More than 80k             |
| 11                                                          | Installment procedure                           | 1. Monthly 2. Annually 5. Any other                                              |
| 12                                                          | Main source of livelihood                       | 2. Agriculture 2. Salary (40) 3. Business 4. Rent 5. Any Other                   |
| 13                                                          | Nature of land                                  | 1. Own 2. Partnership 3. Any other                                               |
| 14                                                          | Type of Production                              | 1. _____ 2. _____ 3. _____                                                       |
| 15                                                          | Annually earning from                           | 1. Less than 20000 2. 20k-60k 3. 61k-100000 (32) 4. Above 100000                 |



|    |                             |                                             |
|----|-----------------------------|---------------------------------------------|
|    | agricultural products       |                                             |
| 16 | Farming Experience in Years | 1. Less than 10 years 2. More than 10 years |

| <b>Section: C. Procedure of Loan Taking form Banks</b> |                                                                                 |          |          |          |
|--------------------------------------------------------|---------------------------------------------------------------------------------|----------|----------|----------|
| <b>1. Yes 2. No 3. Don't Know</b>                      |                                                                                 |          |          |          |
| <b>S. No</b>                                           | <b>Categories</b>                                                               | <b>1</b> | <b>2</b> | <b>3</b> |
| 17                                                     | Microfinance banks are available in Abbottabad                                  |          |          |          |
| 18                                                     | Easy procedure to taking loan from microfinance banks                           |          |          |          |
| 19                                                     | Banking Staff are cooperative                                                   |          |          |          |
| 20                                                     | Lengthy documentation process for taking loan                                   |          |          |          |
| 21                                                     | Documentation fee is very high                                                  |          |          |          |
| 22                                                     | Microfinance banks are engorging customers investment for agricultural purposes |          |          |          |
| 23                                                     | Easy recovery procedures of banks                                               |          |          |          |
| 24                                                     | Low interest rate offers in microfinance banks                                  |          |          |          |
| 25                                                     | I am paying the loan instalment on time                                         |          |          |          |

| <b>Section. D: Agricultural Extension</b>                                         |                                                              |  |  |  |  |  |
|-----------------------------------------------------------------------------------|--------------------------------------------------------------|--|--|--|--|--|
| <b>1. Strongly agreed 2. Agreed 3. Neutral 4. Strongly disagreed 5. Disagreed</b> |                                                              |  |  |  |  |  |
| <b>S. No</b>                                                                      | <b>Categories</b>                                            |  |  |  |  |  |
| 26                                                                                | The interest rate on agricultural loan is a reasonable       |  |  |  |  |  |
| 27                                                                                | Increase the monthly income from agriculture                 |  |  |  |  |  |
| 28                                                                                | Increase the level of saving through agricultural products   |  |  |  |  |  |
| 29                                                                                | Increase the investment level in the agricultural activities |  |  |  |  |  |
| 30                                                                                | Purchase new machinery for agriculture                       |  |  |  |  |  |
| 31                                                                                | Women's are also involved in agriculture                     |  |  |  |  |  |
| 32                                                                                | Increase self-esteem                                         |  |  |  |  |  |
| 33                                                                                | Reduce dependency on the other people after loan             |  |  |  |  |  |

|    |                                                           |  |  |  |  |  |
|----|-----------------------------------------------------------|--|--|--|--|--|
| 34 | Better access to the fertilizers due to finance           |  |  |  |  |  |
| 35 | Multiple investment opportunities in agriculture          |  |  |  |  |  |
| 36 | Increase sale of agricultural products to other cities    |  |  |  |  |  |
| 37 | Develop entrepreneur skills after loan                    |  |  |  |  |  |
| 38 | Increase capacity of production after loan                |  |  |  |  |  |
| 39 | Investment in new planation after loan                    |  |  |  |  |  |
| 40 | Increase the agriculture output after loan                |  |  |  |  |  |
| 41 | Increase my Livestock's after loan                        |  |  |  |  |  |
| 42 | Open my own saving account after loan                     |  |  |  |  |  |
| 43 | Irrigation channels are now improved                      |  |  |  |  |  |
| 44 | I have my own vehicle to sale my products to other cities |  |  |  |  |  |
| 45 | Planning to purchase new land for agriculture             |  |  |  |  |  |
| 46 | Planning to setup my own small business                   |  |  |  |  |  |
| 47 | Children's nutarian level is increase                     |  |  |  |  |  |