

**Impact of Microcredit Program on Non-income Outcomes –
A Case of Akhuwat Microfinance Organization in Pakistan**

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By

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Abstract

Poverty is one of the main global challenges. One of the major obstacles which may hinder the development of poor people is lack of access to financial resources. Microcredit is considered as an effective tool to assist entrepreneurial activity and to reduce poverty. A large number of empirical studies have been carried out to evaluate the impact of microcredit interventions on outcomes such as income, assets, health, education and living standard. However, its impact on non-income outcomes such as subjective and psychological wellbeing, and prosocial behavior and perception remains undermined. The aim of the present study is to analyze the effect of microcredit program on these non-income outcomes of the borrowers. The quasi-experimental design is used to assess the impact of microcredit which entails the creation of a treatment group and a control group. The survey is conducted in 2018 to collect data from the borrowers of Akhuwat microfinance organization i.e. largest microfinance provider in terms of active borrowers in Pakistan in 2017. The sample size is 260 borrowers whereby 130 are initial clients (i.e. borrowers who have been affiliated with microcredit program for a year or less than a year) and 130 are mature clients (i.e. borrowers who have been affiliated with microcredit program for a minimum duration of 3 years). The treatment group comprises mature clients and control group comprises initial clients. The descriptive analysis and regression analysis has been carried out to interpret the data. Logistic regression model has been used to infer the relationship between dependent and predictor variables.

The evidence shows that microcredit borrowing has positive and significant impact on some of the outcomes. It is found that mature clients experience higher sense of achievement from their business activity as compared to the initial clients. Moreover, the mature clients engage more in prosocial behavior pertaining to provision of financial help to relatives and

neighbors. Further they give higher importance to girls' education as compared to the initial clients.

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