

Does access to ROSCAS (Informal Savings) reduce vulnerabilities during COVID times? Evidence from Micro-entrepreneurs' survey of Semi-Urban areas of Punjab

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By
Mahin Jehangir Ali

Research Supervisor: Dr Rashid Amjad
Co-Supervisor: Dr Ahmad Nawaz

Abstract

The COVID-19 exposed vulnerabilities in global economies impacting the marginalised communities the most. These communities relied on informal financial systems. This thesis investigates the role of Rotating Savings and Credit Associations (ROSCAS), an informal saving mechanism, in mitigating vulnerabilities during the pandemic. The research is based on first hand data collected in June 2021 during the COVID times. It consists of 508 households situated in Semi-urban areas of Lahore that include Atto Asal, Azad Town, Sue Asal, Khanoharni, Jhulky and Jhulky Sharif Park. Using Food vulnerability and Income vulnerability as dependent variables, the study examines whether access to Informal saving mechanisms (ROSCAS) reduce vulnerability among participants. Further the thesis investigates the impact of ROSCAs and Microfinance Institutions on household saving and financial stability during the COVID times. Our findings reveal a positive coefficient for ROSCAs thereby indicating an increase in income stability for participants during the COVID-19. On the other hand, ROSCA/MFI participants experienced a decrease in income.

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