

## *Short Communication*

# **Impact of Loan Facilities Provided by Punjab Rural Support Program for Poverty Alleviation in Farming Communities of Faisalabad**

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## **ABSTRACT**

Pakistan is facing the twin challenge of revival of her economy and checking of poverty. Poverty has many dimensions in country. Poor have not only low incomes but also lack access to basic needs such as education, health, clean drinking water and proper sanitation which undermines their capabilities, limit their opportunities to secure employment resulting in imprisonment of vicious cycle of poverty. To break this vicious circle government offers opportunities to private sector like NGOs to give hand in hand with her. Among these NGOs the most efficient organization in Punjab province is Punjab Rural Support Program (PRSP), which is working for the alleviation of poverty from province. For this purpose, people of Faisalabad district was selected as universe who got loan from PRSP out of these field unit Salarwala and Satiana were selected randomly. Thus, 150 respondents were through simple random technique. The data so collected were analyze and interpreted for drawing conclusions and simple percentages.

**Key Words:** Loan; PRSP; Poverty alleviation; Communities

## **INTRODUCTION**

Pakistan is facing the twin challenge of revival of its economy and checking of poverty. Although growth is critical for poverty reduction, focus on growth alone is not enough (Almas, 2003). For this purpose, the government of Pakistan aiming at a combination of rapid growth promoting policies and directed interventions to attack the problem of poverty as a part of its overall poverty reduction strategy.

Poverty has many dimensions in Pakistan. The poor in Pakistan have not only low incomes but they also lack access to basic needs such as education, health, clean drinking water and proper sanitation which undermines their capabilities, limit their opportunities to rescue employment, result in their social exclusion and expose them to exogenous shocks. The vicious of poverty is accentuated when the governance structures exclude the most vulnerable from the decision making process. The poverty level decreased during 1980's but the trend in poverty was reserved during 1992-93 and 2000-2001 and poverty increased about 5 to 32%, respectively. (Govt. of Pakistan, 2002-03).

Successive regimes whether political or military, claimed to take many initiatives but these did not make any visible impact and every passing day found hundreds of people falling below the poverty line. After analyzing the situation, that government alone is unable to alleviate poverty invited non- governmental organizations (NGO's) to cope with the problem. Among these NGO's, the most efficient organization that is struggling to reduce the poverty

at high level in Punjab province is Punjab Rural Support Programme (PRSP) (Aslam, 2001).

PRSP started operation in eight districts of the province namely, Faisalabad, Gujranwala, Lahore, Multan, Muzaffargarh, Narowal, Sahiwal and Sargodha since 1998 (Ramzan, 2002). The main features encircled by PRSP are social mobilization, rural credit and enterprise development, human resource development, natural resource social sector services, physical infra-structure and technology development.

In rural areas, many people involved in loaning but in private sector the markup rates are so high that poor people are unable to get access the loans or return these loans and ultimately they sell their every property to get rid of these loans. Shakil (2001) concluded that in rural and urban poor peoples have inadequate accesses to markets. After examining the extent and degree of rural finance in Pakistan, it was seen that poor households have less accessibility to institutional sources due to complex procedure, whereas informal sources were much simple and flexible (Amjad & Kamal, 1997). World Bank (1995) analyzed that as much as 76% of the formal institutional credit was against the security of landed property and 21% against personal security. For informed source of credit, 96% of loans were advanced on personal surety. In these circumstances PRSP took a bold step to provide loans on very nominal interest rates to up lit the living standard of rural people.

Keeping in view these facts and figures, the present study was undertaken to see the impact of loan facilities

provided by PRSP for poverty alleviation in farming facilities of Faisalabad.

**MATERIALS AND METHODS**

The universe of present study was those rural people of Faisalabad district who got loan from PRSP. Field unit Salarwala and Satiana were randomly selected through simple random technique. The data so called were analyzed and interpreted for drawing conclusions and simple percentage.

**RESULTS AND DISCUSSION**

The results in Table I show that a majority of the respondents i.e. 52.7% acquired pacca houses before getting credit from PRSP followed by semi pacca (31.3%) and kacha (16.0%). Nisa (2002) also supported the above said results which indicate that majority of the respondents (65%) houses were pacca, 33.33% and 1.67% respondents had semi-kacha and kacha houses, respectively.

**Table I. Distribution of the respondents regarding to their habitation before getting credit**

Types of houses	Frequency	Percentage
Kaccha (mud made)	24	16
Pacca (kiln made bricks)	79	52.7
Semi-Pacca (mud and brick made)	47	31.3
Total	150	100

Table II indicates that a majority of respondents i.e. 63.3% had pacca houses, 27.3% had semi pacca and 9.3% had kaccha houses after getting credit from PRSP. These results coincide with Adam and Pischke (1992) who viewed credit as an effective tool to cater for the needs of the poorest. But the results were denied by Ramzan (2002) who concluded that 52.5% respondents said that there was no change in their house construction.

**Table II. Distribution of the respondents regarding to their habitation after getting credit**

Types of houses	Frequency	Percentage
Kaccha (mud made)	14	9.3
Pacca (kiln made bricks)	95	63.3
Semi-Pacca (mud and brick made)	41	27.3
Total	150	100

Table III points out that 85.34% of the respondents were living in owned houses. While, 8.66 and 6.0% of the respondents were living in other and rented houses, before getting the credit, respectively. The above said results coincide with Anwar (2000) who indicates that majority of respondents (80%) were having their own houses, while 20% were living in rented houses.

**Table III. Distribution of the respondents according to their of houses before getting credit**

Types of houses	Frequency	Percentage
Owned	128	85.3
Rented	9	6.0
Others	13	8.7
Total	150	100

In Table IV, majority of the respondents i.e. 86.7% were living in owned houses, while 8 and 5.3% of the respondents were living in other and rented houses after getting the credit, respectively. The provision of credit along with AKRSP'S many other interventions play an important role in changing the overwhelming subsistence based economy of the region into a more dynamic economy. This transformation increases the scope of social and economic opportunities available to individuals and household's vesting them with the ability to impose their quality of life (AKRSP, 1997). The picture showed that after getting credit, the overall situation of respondents improved.

**Table IV. Distribution of the respondents according to their of houses after getting credit**

Types of houses	Frequency	Percentage
Owned	130	86.7
Rented	8	5.3
Others	12	8.0
Total	150	100

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