

## **National-scale Financing Scheme for Self-employment of Youth: A Case Study of Prime Minister's Youth Business Loan Scheme in Karachi, Pakistan**

by

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### **Abstract**

The Purpose of this research is to evaluate the interim performance of National-scale Financing scheme for self-employment of youth. The paper reviews the features and characteristics of loans to see the impact on development of self-employment and economic growth of country. The previous researches suggest that the schemes remain failure in past includes the Yellow Cab scheme in 1992 and President Rozgar scheme in 2005, due to issues of recovery and monthly installments. The core causes of failures were that in these schemes there were lack planning and lack of monitoring, and review especially at the embarkation and the interim performance of these schemes. The primary research is conducted to analyze the interim performance of success or failure of National-scale Prime Minister's Youth Business Loan Scheme with understanding of quality of loans, ways of investment, impact on development of self-employment and economic growth. This researcher evaluates the borrower's perspective; data is collected through self-administered questionnaires, 58 survey forms are filled from the samples of data from the total loans dispersed in Karachi, which are 67 borrowers. The theoretical framework elaborates four independent variables including the Product Quality and Loan Features, Customer Knowledge and Loan Processing, Development of Self-employment and Economic Development and dependent variable is Success of Prime Minister's Youth Business Loan Scheme. The results show that product quality is insignificant to see the impact and others three variables are significant and elaborates the success of scheme. Results evidence that

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Prime Minister's Youth Business Loan Scheme contributes the Development of Self-employment in Pakistan and people invested in education to open schools, fast moving consumer goods stores, pharmacies, poultry, dairy farms, and thus promote the business and income of people which helps in reducing the poverty and increase living standards of people. The research is useful for Ministry of Finance, banks and development authorities to see the contribution of this scheme and focus on these schemes to promote the Self-employment in Pakistan.

**Key words:** Financing scheme, self-employment, Prime Minister's Youth Business Loan Scheme in Pakistan.

### **Introduction:**

### **Background of Study:**

The self-employment is the backbone of development of National economy and business markets in the country. The self-employments enhance the business opportunities, promote the innovation and creativity and increase the development in the country. Developed countries today create the opportunities of development, increase employment, reduce the poverty and increase the living standards of people (Hyytinen, 2008). The same environment and policies needed in developing and least develop country to promote the Self-employment so that the social problems resolved. The Government at country level introduces schemes over the time to promote the youth entrepreneurship and increase business activities. The Prime Minister's Youth Business Loan Scheme launched in 2014 to promotes the educated youth to promote the self-employment.

The name of the scheme is "**Prime Minister's Youth Business Loans**" focus to establish the business by educated youth and those who are unemployed and looking forward to start their own business and faced the capital issues. The SMEDA (Small medium enterprise development Authority) approve loan and borrower can submit the form for loan, through National Bank of Pakistan allocate the loans to people from Rs. 100,000 to Rs. 20,000,000 according to requirement and backed by strong business plan and applications of the business for self and society. Besides, Sindh Bank, First Women Bank, Soneri Bank and Bank Al-Habib also issue the loans under such scheme. The purpose of this research is to see the effectiveness of these schemes keeping in view the trend of past schemes and evaluate the impacts based on economic activity. The previous schemes remain failure due to variety of reasons and based on these the others are launched to promote the self-employment.

Curtain (2002), small business has potential to increase economic activity, increase income of people and increase the productivity. The self-employment enhances the growth of employment opportunities, increase investment in business and impacts the development of country. The increase the in income increases the living standards of people, reduce the poverty. The people faced the barriers in business and self-employment that reduce the intentions of people to be self-employed.

This research indicates the analysis of the Yellow Cab Scheme and President Rozgar Scheme in which loans issued to youth for employment. In these both schemes the micro finances credit given to people for small level employment and decrease the un-employment. This scheme has a different value and difference in the loan as this scheme designed for educated youth and high-level loans also issued based on the innovation and backed by surety. The Prime Minister's Youth Business Loan Scheme objective is to promote the opportunity for youth in the development of business and new enterprises, firms and business promoted.

The role of these financing schemes is to increase the self-employment among youth. The increase in self-employment creates the job opportunities for people, increase their income, and increase living standards of people. Today, the youth faced the lot of entrepreneurial barriers in start-up of the business, includes the capital, finance, social and cultural issues, lack of business education and skills, lack of motivation, risk and regularity barriers (Sana, 2008). The financing schemes target the solution of capital and finance issues faced by youth. The enhancement of self-employment increase the economic development as people having their job, increase income and increase consumption in the society (Shane, 2008). This research explore the issues faced by previous schemes includes the Prime Minister's Yellow Cab in 1992 and President Rozgar Scheme in 2005, these are steps take to provide opportunities for people to start small business and directly involve in employment.

This financing scheme focuses on increase the opportunity to educated people to start their business and promotes the innovation and creativity. This leads to poverty alleviation, increase the growth, reduce the hunger, and increase the income and living standards of people. The Youth business loan scheme provides the opportunity to grow and many young entrepreneurs are successful and invest in fast foods, textile sector and women self-employment also enhanced they invest in textile, clothing, beauty shops and other. Thus all activities promote the youth creativity, innovation and overall betterment in life of people. The State Bank of Pakistan (SBP) 2006 annual report describes the greater decrease in investment of small medium enterprises (SME), it was revealed that the 10% investment in entrepreneurship to increase business investment and enhance the youth in employment.

Small Medium Enterprises play vital role in the development of economy and support the needs of people. The total financing scheme in Pakistan has been declines by 20% and amount in self-employment decreases from the Rs. 437 to 348 billion from 2007 to 2007. The decreases in investment is due to losses and bad debts by the National Bank of Pakistan that's why Government also reduces the investment in financing schemes that have greater threat to the economy (Qureshi, 2012).

The increase in self-employment enhances the growth of economy and increase people attention towards the development of country. The schemes remain failure due to variety of reasons due to late installment, not complete investment, political issues, improper monitoring and at the end the banks have to pay and overall the economic losses gained in the economy. The schemes remain the failure due to various reasons as policy maker's device the plan to investigate the issues in the scheme.

### **Research Problem:**

The unemployment, low incomes, and poor living standards are the key challenges faced by Government in the development of Pakistan. National Bank launched ready-made micro finance loans to promote huge employment and increase income of people in Pakistan. The National Bank of Pakistan announced the Yellow Cab in (1992) to reduce the unemployment and again President Rozgar Scheme announced in (2006) to increase the un-employment and promote the income of people. These schemes were utterly failure and various causes behind it includes the lack of re-payments, less care of installments and false auctions are the causes of explicit failures of these schemes (Qureshi and Jalbani 2012). The Prime Minister's Youth Business Loan Scheme was announced in 2014 provide loan to educated young people so that they start their own business and to be self-employed which is increase the opportunity for employment and development for Nation. These study intents to evaluate the effectiveness of Prime Minister's Youth Business Loan

Scheme and its interim performance of this mega project, so that the policy makers can track whether their strategic direction appears right or wrong.

### **Research Objectives:**

The purpose of this research is to examine the overall performance of Prime Minister's Youth Business Loan Scheme on the basis of use of loans and impact on development of business sector. As this loan provides the opportunity to educated people imparts the innovation and creativity to lead the new ideas for development of the youth. The core objectives derived from this broad purpose comprises of the following:

1. To identify the use of Prime Minister's Youth Business Loan Scheme for young people in different sectors.
2. To evaluate the basic characteristics of the Prime Minister's Youth Business Loan Scheme of funds (the lending criteria, amount, earmarked and disbursed etc.).
3. To evaluate the impact of the Loan to the Youth under Prime Minister's Youth Business Loan Scheme on increase in development of youth (including self-employment, skills development, and increase in income, living standard and reduction in poverty).
4. To identify the strategic direction or performance of Prime Minister's Youth Business Loan Scheme.

### **Research Questions:**

The researchers are derived on the basis of the objectives of the probe to find their answers questions and develop the hypothesis at later stage.

1. What is the use of Prime Minister's Youth Business Loan Scheme for young people in different sectors?
2. What are the basic characteristics of the Prime Minister's Youth Business Loan Scheme of funds (the lending criteria, amount, earn marked and disbursed etc.)?
3. What is the impact of the Loan to the Youth under Prime Minister's Youth Business Loan Scheme on increase in development of youth (including self-employment, skills development, and increase in income, living standard and reduction in poverty)?
4. What is strategic direction or performance of Prime Minister's Youth Business Loan Scheme?

### **Justification of Research:**

The objective of this studies it to develop the understanding and analysis over the use of Prime Minister's Youth Business Loan Scheme. The scheme is to promote the youth to increase Self-employment and creation of employment to reduce the poverty, increase the living standards of people. The research is answered the uses and impacts of Prime Minister's Youth Business Loan Scheme. The results are being helpful for understanding of the use of this scheme and its effectiveness and how it improves the development. The results are helpful for policy development so that they understand the importance of these loans and the drawbacks and inefficient use of these schemes.

### **Significance of Study:**

This study is the case study of Prime Minister's Youth Business Loan Scheme the loans provided to enhance the Self-employment and increase the development of Nation. The study reflects the analysis over the uses and impacts of Scheme and how this is useful for the development of nation. The study is important in perspective of usefulness of these schemes and how this is useful for prompting the youth entrepreneurship. Since the previous schemes were targeted only to promote the sources of income but this is more diversified in case with educated people take the loans and use this as opportunity to start new business and create avenues of employment.

The Study is limited in its scope, as in this case study we only focused on the one scheme and only the respondents is be from Karachi. The study is limited to Karachi only we are collected the data from the National Bank of Pakistan regarding the people who taking the loans and with random sampling visit the people.

### **Limitations and scope of the study:**

The study is limited to case study on of one scheme Prime Minister's Youth Business Loan Scheme, and taking one perspective as the uses and effectiveness of scheme for youth and its impacts of development of the Nation.

### **Literature Review:**

The financing schemes attempt to capitalize the opportunity for youth so that they involve in business and new ideas for development of country. This research attempts to elaborate the role of financing schemes to promote the youth employment. The Prime Minister's Youth Business Loan Scheme increases the opportunity for youth to promote the self-employment within Pakistan. The literature covers the ideas over the analysis of different financing schemes as these schemes are not completed and require to develop the extensive analysis on the performance and relate with past schemes consider as highly failure in terms of creating the solutions. The literature covers the ideas over the self-employment in Pakistan, role of self-employment, financing schemes, impact of financing schemes, future prospects of self-employment in Pakistan and so forth.

### **Self-employment:**

Every country has a golden opportunity to create self-employment for development in under-developing countries. Every country has challenge of high unemployment rate and unemployment moves toward economic chaos and less economic development. These are also contributing to significance for chaos economic development (Martins, 2004). State of unemployment has been seeing the several substitutes and creative ideas given by policy maker to reduce unemployment. Self-employment has played the vital role for improvement in the economic chaos and is increasing economic development (Cichello, 2006). Self-employment is an attractive and care remedy.

The definition of the self-employment is working oneself or initiation step toward work or own business. Self-established business is the main source of income for that person who is called entrepreneurship (Martins, 2004). The movement of self-employment is growing in more advance countries where as less developed and less underdeveloped countries are also adapting this movement. Self-employment attitude inspires the nation is moving to certain youth (Klapper, 2004). Self-employment is a chance to make value and fine acknowledgment for one self and also

for others. This is also big advantage for small medium entrepreneurship to enhance and sustain their community and economy of country.

Individuals also consider the points of risk taking and innovation. Entrepreneurship focuses on initiative start of the in specific business and general business. Self-employment has major problem of insufficient capital for entrepreneurship activities do not perform. There are several barriers to effect self-employment: entrepreneurs have big barrier of startup own business, they may prohibit from enhance of current business (Klapper, 2004). They have fear of result in unsuccessful of business activities. It is believed by developed countries that capital markets are not facilitate sufficient finance funds for small businesses so government starts schemes for assistance to develop the economy of the country and besides their communities.

### **Financing Schemes for Self-employment:**

The Indian government had approved a new scheme that is called Prime Minister's Employment Generation Program (PMEGP) actually that schemes were introduced in 2008. They were combination of two schemes that were called Prime Minister's Rojgar Yojana (PMRY) and Rural Employment Generation Program (REGP). They were introduced for the self-employment to generate the carrier opportunities with the help of micro businesses in rural and urban areas of the states of the India. The Ministry of Micro, Small and Medium Enterprises (MoMSME) regulated that scheme because PMEGP was a scheme of central sector.

Khadi and Village Industries Commission (KVIC) had been implemented that scheme besides the Ministry of MSME administrative controlled it. It was national level of nodal agency besides at state level agency. They coordinated with central, state and district level along with banks.

They operated through KVIC and government gave them subsidy with the help of bank accounts. They had autonomous body of association which includes above bodies and Non-Government Organization to implement the scheme. They provided training in particular areas of entrepreneurship to enhance the development of projects.

Pakistan had a concept of ready-made finance to self-employment products. The government of Pakistan introduced two schemes in past they were called 'yellow cab' or yellow taxi scheme and 'President Rozgar Scheme'. They were launched for the entrepreneurship under the names of prime ministers and president. Those schemes generated revenue at national level. There were four banks worked together in one mode. They were unsuccessful to achieve their goals.

### **Role of Micro Finance Schemes in Self-employment:**

There were many kinds of microfinance products related with the less revenue generated people. They had strength of self-employed and small trader did business themselves. It has many ways to reduced poverty and enhances the opportunities to generate revenue. Microfinance services were potential for low income people and entrepreneurs. There were many people in the world they were suffering from poverty. The population of the world around one third it means 2 thousand million people faced major problems of poverty (Qureshi, 2012). Microfinance accepted all over the world with the quality of generate the employment, developed the small business, generate the revenue, enhance domestic level business, create domestic business at national, and reduce the poverty at national and international (Ibid, 2012).

The Bangladeshi bank revealed as the leader in microfinance services that is called Grameen bank. It was introduced in Bangladesh for reduce the unemployment and create business

opportunities to eliminate the issue of poverty. The world followed the micro finance services globally to enhance business opportunities and played vital role in the society of the lower income people (Martins, 2005). There are many businesses related with the micro trade so they have insufficient balance of the investment so they have lack of capital in different modes of the inputs like advance technology required in their business, competent management, trained employee. They have potential to survive in the market with the help of advertisement, target customer, positing, and marketing to establish their business at sound level.

They generate their revenue through sale of goods and services and import and export. They are very good marginal profit. There are 3000 approximately institution of micro finance has been provided financial in the mode of loan to the one billion people. They have minimum revenue and no jobs last 20years all over the world (Jaffari et al., 2011; Khushhali Bank, 2011; Micro-Credit Summit Campaign, 2007).there are many formal channels of microfinance, besides all over the world many channels of informal microfinance provider but they offer at high interest rate because they have several mode of outlays deal with the millions of small business clients (Robinson, 2001).micro finance has around US\$ 25 billion in the industry to obtain boost in the industry according to the reckoned study but the requirement of the entire world of people are around then time greater than current fund it means around US\$ 250 billion (Duetsche Bank, 2007). Commercial banks do not provide the money against without collateral that mean they do not recourse. Bankers give to the money big enterprises because their first priority. They have no risk to give them because they have huge collateral against the lending money.

### **Impact of Financing Schemes on Developing Economies:**

Self-employment is prevalent in Portugal, Bulgaria, Italy, Cyprus and Greece, on other hand European Union-27 meet only 30 percent as compared to the Greece and Romania also. There are huge differences recognized by the Italy at the regional level. Where south regions are spread of self-employment at largest level because there is worst condition of the labor market so the only way of reduced unemployment is self-entrepreneurship. There is a negativity of perception for self-employment, because they had fear of bankrupt if I start my own business in this economy it is be bankrupt, on other hand they had a fear of insolvent because there was uncertainty of high risk and regular income affected their assets.

There is vital role of the self-employment to create jobs in Europe, it is significant role of self-employment to contribute in the economy, and moreover 30 percent of the self-employed people are themselves employees. European Union identified that the roles of small medium enterprises and entrepreneurs contributed the prosperity of the future and constituted the act was Europe Small Business Act for particular Europe. Which state the significant role of SMEs besides creates opportunities of carrier for regional and local communities, they are also key plyers of generate the employment for different communities, repaid change in Europe by them. They made Europe and struggle against the uncertainty and stand up, thrown up and made Europe strongest. Technological changes are favorable for the entrepreneurs and get opportunities from the global world. This belongs to self-employed of working life quality. Often self-employed are poor according to the survey 18 percent people who belong to the self-employed and they were poor and classify as poor as compare with the employee of the 6 percent. Moreover 3700 EUR or less is the median income of self-employed on other hand that is less for employees. There is common and usually working hours between employees and self-employed, first employees working hours are 50 this is the moderate working hours for a week, these hours more rather than entrepreneurs

expect employees that hours are eight hours as compared with employees that are 13 hours greater than, they are paid employees.

There is less opportunities of training for self-employed rather than employees paid. Eventually, there is health problem according to self-employed people, they are 41 percent say work is unfavorable for our health and 25 percent of self-employed people say, we feel that business and work are stressful, on other hand 33 percent people of employees say that work is unfordable for our health, furthermore 21 percent of paid employees say work is stressful.

There is one coin and it has two sides at one side is poverty and other side is unemployment if we solve one problem the other is take care in the society. There are huge problems in the Indian economy are unemployment and the poverty (Government of India, 1973-78). In India there is severe problem of rural unemployment rather than urban unemployment, there is one solution to reduce the rural unemployment is wage employment program because they have economy of surplus in labor, in past India introduced the mixed economy in which planning of the economic to rapid development of the country. In the world India is a different country the largest population of the country lives in the remote areas. It is very hard to meet basic needs of the people who live in the rural area where are living of high cost and increasing are prices.

There are two governments, one is Government of India and second is the state government, and they show seriousness for the rural unemployment and poverty. The vital source of consumption is food items for employed and poor people. There is a principal source of income is employment for poor people, favorable consequence of the poor people is self-employment. There are many poor people, they are living in the remote are but they have no land at all, besides they are not educated and they have no skill so they are unable to searching the job. Government took initiate in rural youths to provide wage employment and self-employment schemes to generate the skills. The self-employment plays a vital role for creation of jobs and entrepreneurship, the goal of European Union's is high growth rate and creates best jobs.

The companies of European Union more depend upon SMEs and they provide 66 percent employment of the entire population. Furthermore, the level of the European data shows the sector of the self-employment indicates the degree of the flexibility in the crisis of the economic. Self-employment was more stabilize in 2009 that was laid on the one percent self-employed as compare to the employees of the dependent of the two people the number drop. The number of self-employment is significant in the entire employment and it is higher than the European union-27 moderate in the Romania.

Nevertheless this is the figure first three quarters were approximately 79 percent were considered by less that mean approximately farmers 4.23 million. The agriculture only one sector that generates the self-employment in the economy and besides it is most flexible in economic crisis, there are many farms and doing practice as a semi-subsistence as well as subsistence. They have only one way to communicate the market is an intermittent their moderate size of farm is around less than four hectares. Self-employed people were around 32.5 million people, according to the European union-27 including employers it was a record of 2009, on other hand around 15 percent of entire employment. The number of self-employed was increased in 2008. Era of communication services were in favorable of businesses particularly in-service sector. Furthermore the average of self-employment rates in Europe as compared to the 2000- 2008, it is almost decreased form total employment to self-employment respectively in 2000 declined 15.8 percent and in 2008 declined 14.8 percent.



### **Prime Minister's Youth Business Loan Scheme:**

Educated youth has focused on own business but they have problem of capital, due to this problem they do not start their own business and many are unemployed and want to establish its own business so the government of Pakistan introduced the scheme that is "**Prime Minister's Youth Business Loan**" this scheme introduced for educated but are unemployed and doing their own business the government of Pakistan support and finance them. The National Bank of Pakistan provides the loans facilities to the people of Pakistan the minimum amount of the finance Rs100,000 and maximum finance Rs2000000 against to the collateral and besides shows the plan of the business for oneself and society.

The main object of the research to the analyze the effectiveness of the scheme, in the past there were many schemes launched but unfortunately, they were failed, so this scheme impact on the economy or do not impact on the economy activities. There were various reasons of failure of the schemes, they were introduced for self-employment and promote them. Economic activities are enhanced by the small enterprises, and small enterprises have strength to generating carrier of the employment, decrease the number of the poverty, and enhancing the economic services and linkages to corporate sector (Curtain, 2002). formal finance plays a vital role of the growth of small enterprises and it is important for the economy of the development. The young entrepreneurs are interested into small enterprises but they have traditional barrier of the finance and perception of the risk banks, despite they have great potential and that potential toward economic segments. On other side, educated youth usually lacks of entrepreneurial skill (Martins, 2005).

### **Review of Development of Small Medium Enterprises by Financing Schemes:**

The market of small medium enterprises has growth of mushroom in Pakistan from the beginning. Those entities supported from financial organizations and banks. In the era of Mr. Zulifquar Ali Bhutto introduced the SME concept in Pakistan. In 1972 the parliament of Pakistan introduced the act and made a board that was Small Business Finance Corporation (SBFC). It was established for small entrepreneurs to help self-employment and developing the industry of cottage. They had main objectives to accomplish their goals. That board facilitated in many ways, they gave funds on easy installments no any condition of collateral, took low interest rate. The schemes of self-employment to create many opportunities of employments, were schemes have pith of finances.

Insufficient value of collateral and loans of unsecure, they were comprised with the portfolio of loan (Tanveer, 2001). The branches of private banks have been introduced SME service departments, to facilitate and enhance SMEs growth and development, besides the banks of micro finance to support and increase the leverage of small businesses, and provide many facilities and increase the finance to support and accomplish their goals. Tunio (2009), the financial institutions and other leasing organizations have been introduced the products of SME to enhance and develop the strength in the sector of SME, besides the role of instruments of the banks of Islamic to provide facilities and support to the SME sector like financial instruments are Ijarah, Mudarabah, and Murabaha, etc.

In Pakistan, the sector of SME contributes 30% estimated figure in GDP, besides the sector of agriculture created 90% carrier opportunities, the industry of manufacturing 35% accounts for addition of value and earning of exports generate 25% [up to US\$2.5 billion], (SBP 2009). SMEDA conducted a survey in 2008 showed the percentage of registered and unregistered enterprises, the percentage of sole proprietors were very high, it was 72% , the registered

partnerships were 12% and unregistered partnerships were 9%, the percentage of private organizations were 6% and the percentage of the others enterprises were 1%.

The SME was vast sector and it developed the economy of Pakistan, in (2008-9) Pakistan economic survey showed the figures 53% in hotel, restaurant, wholesale and retail sectors in economic establishments, manufacturing sector was indicating 20% in economic establishments, and personal services, community, and social sectors were indicating 22% in economic establishment, the results revealed overall percentage around 99.06% to constituted the economy of Pakistan. The large numbers of portfolio of SME loans belong to Sindh and Punjab, the respectively numbers belong to Baluchistan, Khyber Pakhtunkhwa, Gilgit Baltistan, Azad Jammu Kashmir (Qureshi, 2012).

State Bank of Pakistan issued a statistical data, the total number of SME were 90%, the portfolio of loan is target in Panjab 64.22%, in Sindh 25.93%, the remaining percentage was taken by Baluchistan, Khyber Pakhtunkhwa, Gilgit-Baltistan, Azad Jammu Kashmir. According to the SBP 20% of decline in 2009, it was uncovered report by SBP, it was observed in SME financing, the figure was Rs437 billion in 2007 and Rs348 billion in 2009, and it was due to slow economy and default of loans. The loan disbursements were 89% for the requirements of working capital by SMEs (Qureshi, 2012). The banks reflected for giving the needs of capital ventures and providing finance for long-term. There are many countries in the world, they have very low-income, and there is SME contributed to GDP 60% and around 70% in total employment, besides in the middle-income countries contributed around 70% of the GDP and around 95% contributed to total employment (Berger et al. 2003).

In Pakistan SME has a great strength to develop the economy but there are several issues explain the below: the government organizations specific focused on large-scale sector of the industries, manufacturing plants, and sectors of corporate, it was 90s era of the institutions of financial and banks focused on above sectors of the Pakistan. There were the keys issues of the youth in the small enterprises.

In Pakistan the committees of SME formulated by chamber of commerce and industry and trade associations in all branches, they have their offices in front of private sector, in the committee, the chairmen and members of committee protect, address, and promote them in the country. In the private sector has specialized committee that committee is Union of Small and Medium Enterprises (UNISAME) to protect the interest of the SMEs and also deal with problems of them. Another side of academia, the graduates of commerce and business have knowledge and awareness about the SME. They have understanding and importance of the SMEs. There are many obstacles, lack of goods capital, inappropriate the data on sectors, have anxiety to change.

### **Future Prospects of Self-employment and Financing Schemes Performance:**

In the past there were economists of the European unemployment solved the major issues. The cause of question derived from the rate of increase unemployment described in the continent of Europe and the USA with the compare to performance of macroeconomics. The performance of macroeconomic explains the differences of labor market institutions. The comparison with USA, indeed the characteristics of Europe had very hard regulation of dismissal, a low maximum wage and benefits of unemployment generosity. There was study on how benefits of unemployment would be assisted and how protect the employment interaction. The vocational training played a vital role to increase opportunities of employment particularly in youth and enhance the learning for long life.

The flexible institution of workplace and time enhance the growth of employment, local environment of job created, satisfy wage and service of social to be accomplish. Decrease the cost of labor they are non-wage to motivate for low skilled employers to hire workers. The reform policies about market of labor to active in developing the services of employment, and promote geographically and occupationally. The work of return is mobility of labor and incentives of developing for unemployed. The long-term unemployment has been affected to specifically groups of help to measurement of target (Sana, 2011).

The Literature covers the aspects of financing schemes and its role in development of economy. The previous schemes as literature elaborates the Yellow Cab in 1992 and President Rozgar scheme in 2006 are failure due to political and administrative factors. The National Bank of Pakistan intensive losses due to financing these schemes as unable to collect the amount and installment back from the borrowers. This scheme with the same aim but factors is derived differently as this is assign to youth and educated people so that they develop their own business and promotes the employment. Thus this research analyzes the scheme on the basis of quality of loans, features and attributes of loans, impact on economic development and impact on self-employment. The literature identifies the gaps as to predict and explain the relationship of these factors with scheme performance and analyze the role of scheme in development of country.

### **Research Methodology:**

The research methodology is the process of selection of methodological choices from the research paradigms, research designs, procedures and data collection techniques based on the objectives and research questions (Creswell, 2011). Here researchers describe the suitable research methodology for this research and also elaborates the reason for selection of particular research design and method. The methodology also describes the reason for the selection of sample size and approach of data collection and analysis of results.

### **Research Design:**

The research design is the research onion of methodology, in which we based on the research we make choices from the different option available. The research designs include the research paradigm, research strategy, research approach, type and technique and data collection methods. This research conducted in the Constructivism paradigm with Quantitative technique to see the performance of said scheme on responses of borrowers of scheme.

This research is be conducted in Constructivism paradigm-based facts and elaborate the framework, as describes the facts based on factors affecting the performance on Prime Minister's Youth Business Loan Scheme. In Constructivism paradigm we define and analyze on the basis of facts and Interpretive is more relates to Qualitative inquiry (Bryman, 2011).

The research is deductive in nature as move from general phenomena to specific solution to see the performance of scheme based on facts and responses from the youth who taken loan under this scheme. The research type is the selection of Quantitative approach of the study based on paradigm and results to evaluate the data, as this research based on available framework researcher elaborate the facts. This research is Quantitative in nature based on the survey form as data collection methods and researcher see the performance of scheme based on available factors. The Survey forms filled from the youth for gain the possible outcomes of scheme and promotion of youth as this is Quantitative in nature.

The research conducted based on deductive approach and Quantitative in nature, here research describes the phenomena as this research conducted through descriptive research strategy.

This research is descriptive as research describes the factors affecting the performance of this scheme based on Product Quality and Loan Features, Customer Knowledge and Loan Processing, Development of Self-employment and Economic development.

The data collection is the process of collecting the primary data based on selected independent and dependent variables to see the performance of scheme. The data collection instrument is survey Questionnaire filled from the borrowers of this scheme. In the Quantitative the data collected the survey with fixed responses over the scaled questions to know the application of schemes from the youth who taken the loans with this program.

### **Population and Sampling Procedures:**

The target population are the youth who taken the loans under the scheme of Prime Minister's Youth Business Loan Scheme. The youth who taken the loans surveyed through questionnaire. The target population is Karachi, those who taken the loans in Karachi and invest in various sectors.

The sample size selected from the youth entrepreneurs from Karachi who are given loans under process of balloting and loan dispersion. In Karachi only 67 people are winners in balloting of 2014 loans dispersion under said scheme. The 67 people taken loans as consider as total population, research complete the sample of 58 from 67, based on 95% confidence interval and 5% margin of error (Sakran, 2003). It is considered as difficult to complete the all population as few people were not available at their address and contact numbers are also unable to be contacted.

### **Sampling Technique:**

The sample selected through simple random sampling. The total 67 loans were dispersed in Karachi after balloting, as from total population the 58 respondents were taken as survey questionnaire by visiting their shops on address the data of respondents collected from the National Bank of Pakistan.

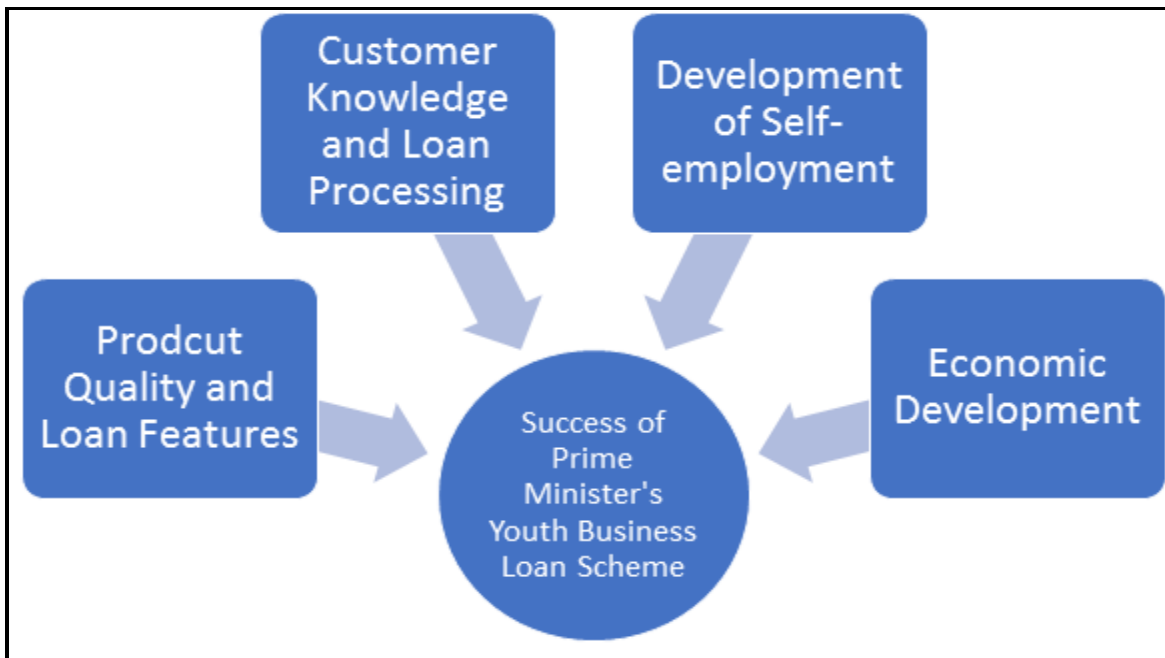
### **Conceptual Framework and Variables:**

The Conceptual framework describes the relationship of variables with dependent and independent. In this study we measure and analyze the impact of Prime Minister's Youth Business Loan Scheme, as based on the objectives and research questions we divide the success of Prime Minister's Youth Business Loan Scheme with the four independent variables. The Quality of product deals with as this scheme effective for educated people for Self-employment or not and deserving people get the opportunity or not, then comes the knowledge and promotion of schemes and finally the impacts of scheme on development of self-employment and economic development.

### **Hypothesis Development:**

The Hypothesis developed from the theoretical framework based on construct and dimensions. The researcher describes the main construct with the help of four independent variables. The performance of Prime Minister's Youth Business Loan Scheme is considered as dependent variable while the Product Quality and Loan Features, Customer Knowledge and Loan Processing, Development of Self-employment and Economic Development are independent variables.

**Figure 1: Theoretical Framework of Research<sup>2</sup>**



H1. There is a significant relationship between the Product Quality and Loan Features with Success of Prime Minister's Youth Business Loan scheme.

H1.1. There is a significant impact on the Product Quality and Loan Features with Success of Prime Minister's Youth Business Loan Scheme.

H2. There is a significant relationship between the Customer Knowledge and Loan Processing with Success of Prime Minister's Youth Business Loan Scheme.

H2.1. There is a significant impact on the Customer Knowledge and Loan Processing with Success of Prime Minister's Youth Business Loan Scheme.

H3: There is a significant relationship between the Development of Self-employment with Success of Prime Minister's Youth Business Loan Scheme.

H3.1. There is a significant impact on the Development of Self-employment with Success of Prime Minister's Youth Business Loan Scheme.

H4: There is a significant relationship between the Economic Development with Success of Prime Minister's Youth Business Loan Scheme.

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<sup>2</sup> Source: Adapted from: Qureshi and Jalbani (2012)

H4.1. There is a significant impact on the Economic Development with Success of Prime Minister's Youth Business Loan scheme.

### Data Analysis and Discussion:

The self-employment play pivotal role in the development of economy, boosts the economic development by improving the income of people, increase employment opportunities and affects the GDP of country. The movement of self-employment is growing in more advance countries where as less developed and fewer underdeveloped countries are also adapting this movement. Self-employment attitude inspires the nation is moving to certain youth. Self-employment is a chance to make value and fine acknowledgment for one self and also for others. The research conducted to evaluate the interim performance of prime minister's youth loan scheme, based on variables includes the product quality and features, loan processing and customer knowledge, development of self-employment and economic development.

The research conducted through Quantitative approach, with deductive technique by selecting the adopted model, to see the impact of independent variables on interim performance based on people responses. The survey conducted from the youth of Karachi taken the loans under said scheme. The questionnaire consists of five constructs, four as independent variables and one dependent variable and constructed based on concept, dimensions and elements approach, first the construct is developed then based on dimensions variables added and on the basis of elements we constructed. The Quantitative approach used to evaluate the responses of respondents based on scheme features and evaluate the performance.

The data processed through SPSS software and reliability resting of data evaluated and as results are consistent the results further applicable for testing. The Correlation analysis done to verify the variables are significant and having impact on success of scheme, and Pearson correlation done 2-tailed with 95% confidence interval. The regression analysis performs to predict and evaluate the relationship between the variables based on relationship and significance of variables with given data set. The analysis is be done through the multi variate data based on Quantitative analysis techniques the results shows n tables and graphs.

### Demographics of Respondents:

The respondents of the research are borrowers of the scheme taken loans for investment and running their own business to be self-employed. The respondents are from different background with varying in demographic characteristics includes the age, gender, type of business they invested in business, residential area and so forth.

**Table 1: Demographics of respondents - Gender**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Male	44	75.9	75.9	75.9
Female	14	24.1	24.1	100.0
Total	58	100.0	100.0	

The table 1 shows, respondents are both male and female are part of the research. The 44 are females, as females are less intended to have their own business. Though females are also the part of borrowers taken loans and invested in open their school, invest in clothing and fashion designing.

**Table 2: Demographics of respondents - Age**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 21 - 25 Years	7	12.1	12.1	12.1
26 - 30 Years	14	24.1	24.1	36.2
31 - 35 Years	11	19.0	19.0	55.2
36-45 Years	26	44.8	44.8	100.0
Total	58	100.0	100.0	

The table shows respondents are varying in their age, mostly are youth, 7 are from 12 to 25 years of age, as they are very young and complete their education and start the business. The 26 are the 36-45 years, as they having the education and expertise but lack of investment, they face barriers and as they gain the investment, they gain the opportunity to start their own business.

**Table 3: Demographics of respondents - Education**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Under -Graduate	26	44.8	44.8	44.8
Graduate	18	31.0	31.0	75.9
Post Graduate	13	22.4	22.4	98.3
Other	1	1.7	1.7	100.0
Total	58	100.0	100.0	

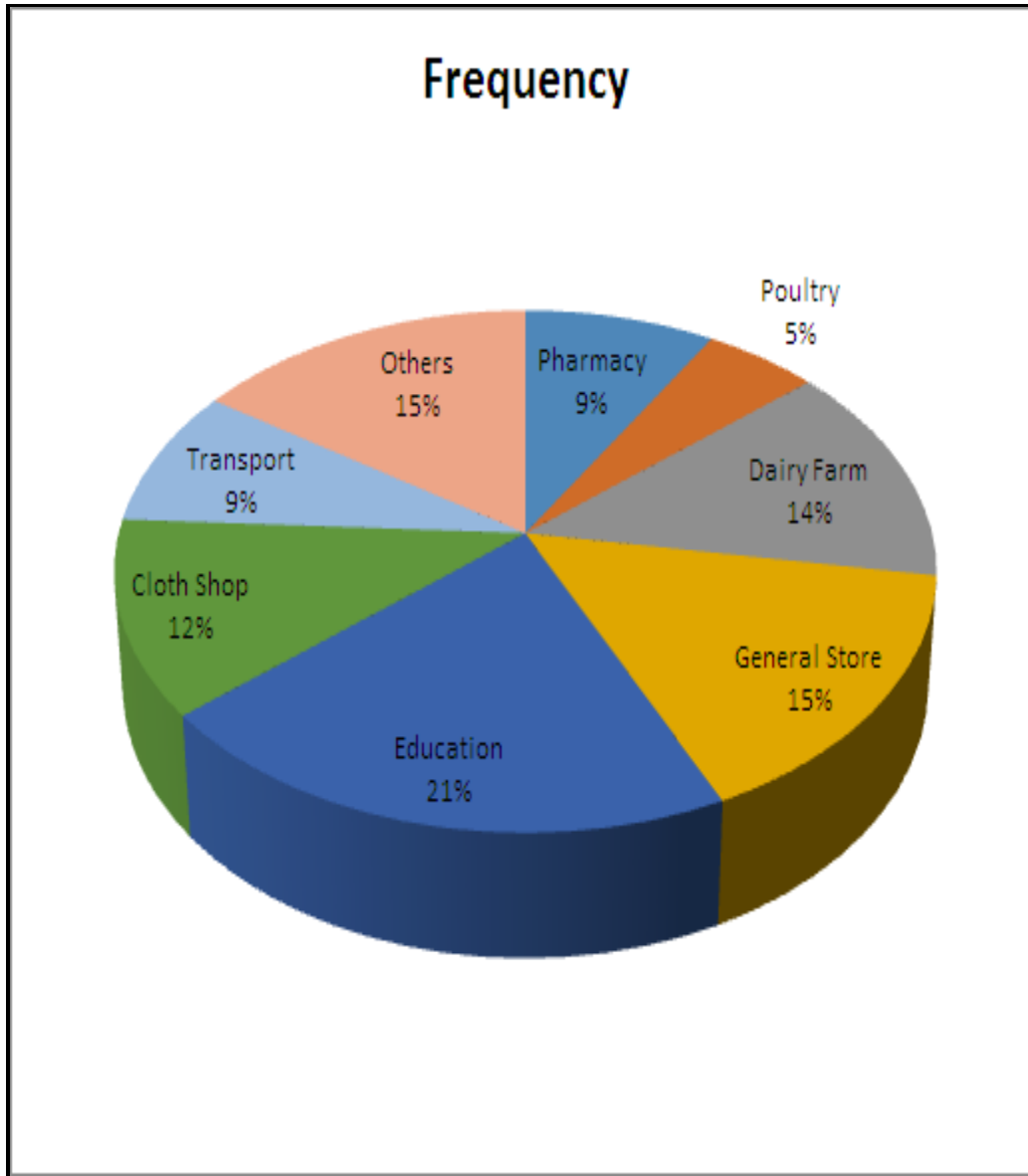
The table 3 shows that respondents are varying in educational background and from different fields. The 26 respondents are under graduate as they lack with education but have the experiences and doing their business they invest in same business and few start other business. The 18 are graduate completed their education and having intention to start the business.

**Table 4: Demographics of respondents - Monthly Income**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Below Rs. 25000	34	58.6	58.6	58.6
Rs. 25,001 - 50,000	18	31.0	31.0	89.7
Rs. 50,001 - 75,000	3	5.2	5.2	94.8
Rs. 75,001 - 100,000	3	5.2	5.2	100.0
Total	58	100.0	100.0	

The table 4 shows respondents are varying in terms of monthly as they invested in different business and gain the different profits. The 34 respondents are under income of Rs. 25,000 they are striving to gain the profits. The 18 respondents are within range of Rs. 250,000 to 50,000. The respondents with variety of income from their businesses few have 100,000 as well.

**Figure 2: Loans Utilized in types of businesses**



The above representation shows are invested in different type of business includes the pharmacy, poultry, dairy farm, general store, education open their schools, cloths shop, transport and others (plastic, weaving, tailor shops etc.). The investments in various industries promote the employment and increase the income of people. The 12 respondents invested in education sector and open schools or they already had their school they invest in same school. The 9 respondents invested in general stores and 8 are in dairy business includes the milk shops.

**Reliability Testing of data collected:**

The respondents responses are processed in SPSS and internal reliability testing perform through the IRT Test (Internal Reliability test). The results of reliability show the responses are



consistent and useful for further implication and test is be applied. The value of Cronbach's alpha determines the consistency of responses, as if its more than 0.6 as 60% shows the responses are consistent and further test is be applied.

**Table 6: Reliability Testing Product Quality and Loan Features**

**Reliability Statistics**

Cronbach's Alpha	N of Items
.660	6

The table 6 shows the Cronbach's Alpha is 0.66 or 66% on 6 statements of Product Quality and Loan Features shows that responses are consistent and we can apply the further correlation and regression test to see the relationship of variable with dependent variables.

**Table 7: Reliability Testing Customer Knowledge and Loan Processing**

**Reliability Statistics**

Cronbach's Alpha	N of Items
.722	7

The table 7 shows the Cronbach's Alpha is .722 or 72% on 7 statements of Customer Knowledge and Loan Processing shows that responses are consistent and we can apply the further correlation and regression test to see the relationship of variable with dependent variables.

**Table 8: Reliability Testing Development of Self-employment**

**Reliability Statistics**

Cronbach's Alpha	N of Items
.906	5

The table 8 shows the Cronbach's Alpha is 0.906 or 90% on 5 statements of Development of Self-employment shows that responses are consistent and we can apply the further correlation and regression test to see the relationship of variable with dependent variables.

**Table 9: Reliability Testing Economic Development**

**Reliability Statistics**

Cronbach's Alpha	N of Items
.764	5

The table 9 shows the Cronbach's Alpha is 0.76 or 76% on 5 statements of Economic Development shows that responses are consistent and we can apply the further correlation and regression test to see the relationship of variable with dependent variables.

**Table 10: Reliability Testing Success of Prime Minister's Youth Business Loan Scheme**

**Reliability Statistics**

Cronbach's Alpha	N of Items
.894	5

The table 10 shows the Cronbach's Alpha is 0.894 or 89% on 5 statements of Success of Prime Minister's Youth Business Loan Scheme shows that responses are consistent and we can apply the further correlation and regression test to see the relationship of variable with dependent variables.

**Table 11: Summary of Reliability Testing and Analysis**

<b>Variables</b>	<b>Items</b>	<b>Cronbach's Alpha</b>
<b>Product Quality and Loan Features</b>	<b>6</b>	<b>0.66</b>
<b>Customer Knowledge and Loan Processing</b>	<b>7</b>	<b>0.72</b>
<b>Development of Self-employment</b>	<b>5</b>	<b>0.90</b>
<b>Economic Development</b>	<b>5</b>	<b>0.76</b>
<b>Success of Prime Minister's Youth Business Loan Scheme</b>	<b>5</b>	<b>0.89</b>

**Descriptive Analysis of Responses over Scale Statements:**

**Figure 3: Responses over the Statements of Product Quality and Loan Features**



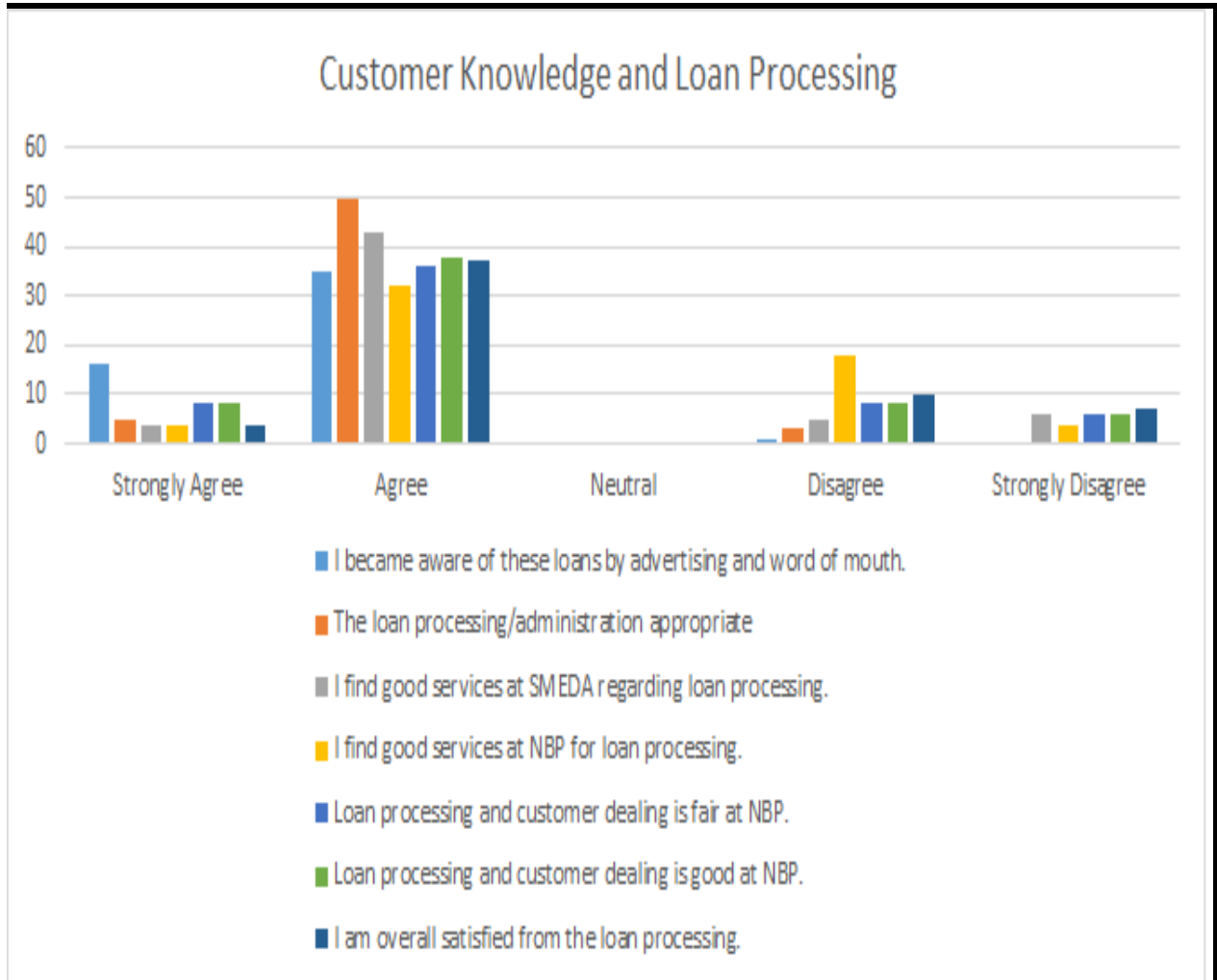
The Product Quality and Loan Features are concerns for respondents as respondents are happy with the features and attributes of loan and this scheme. The 58 respondents were surveyed and statements asked regarding as these loans are affordable, markup is affordable, loan installments, repayment period and overall product features. The responses overall satisfied and happy but show concern on the markup and loan installments, as they are strongly against of start-up of interest payments from first month and loan payment.

Though the 88% respondents are strongly agreeing with the quality of loans, 48% of respondents are disagree on the monthly loan payments, as they think these are greater and we cannot gain that much profit from small amount of loans from general store of milk shop to make payments timely and able to survive with good income.

The respondents appreciate the product of the National Bank of Pakistan, it has good quality and several features, majority of the respondents are agreeing but on other hand many

responded are disagree on it. They applied the loan according to the business plan but at the time of disbursement they did not get the loan full disbursement.

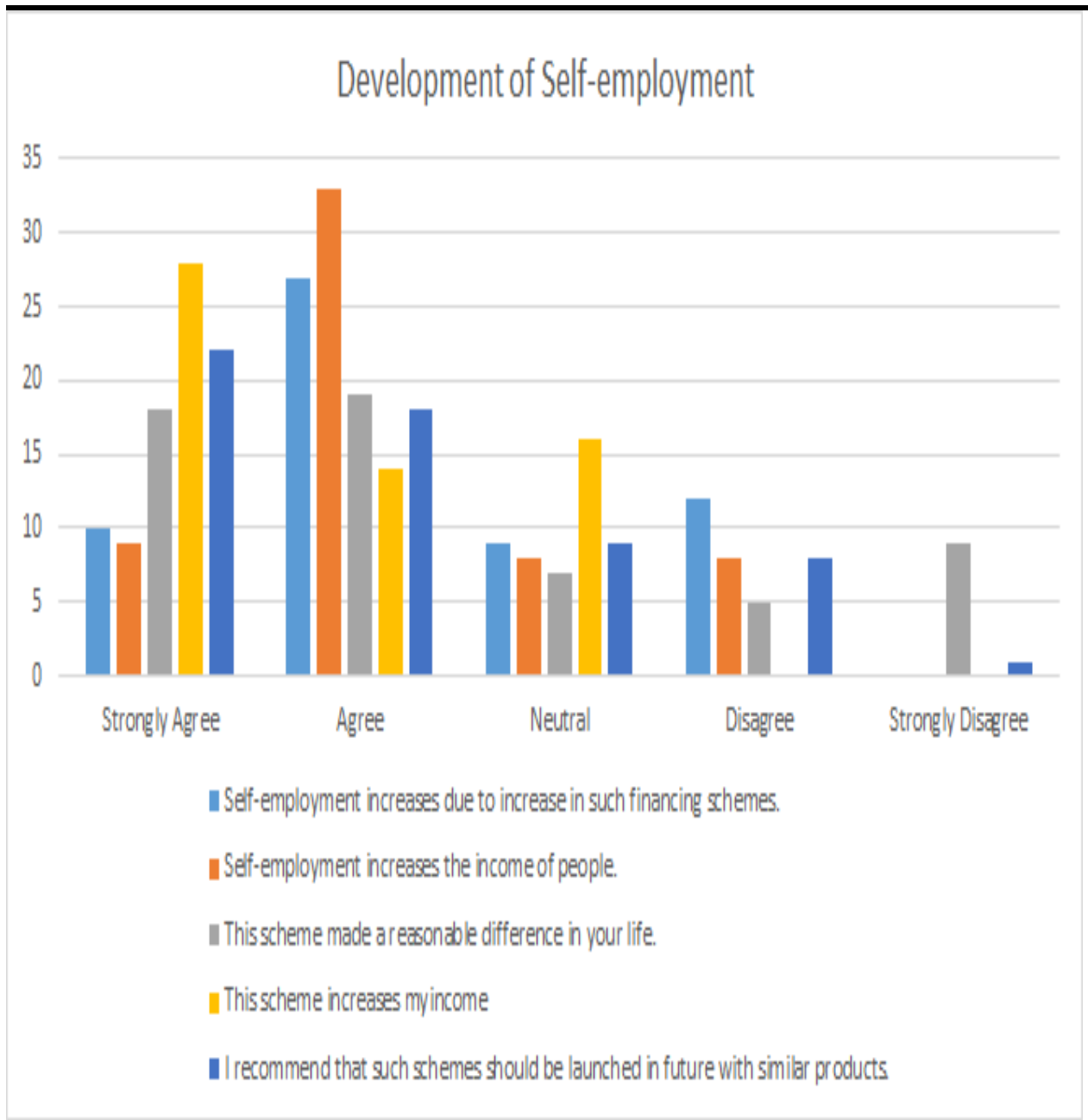
**Figure 3: Responses over the Customer Knowledge and Loan Processing**



The respondents were asked for the customer knowledge and loan processing, different statements asked includes the loans processing administration, services and treatment of SMEDA, National, customer dealing at banks and overall satisfaction regarding services and awareness of loans. The 90% respondents were agreed upon that they gain the better treatment in terms of services administration is appropriate at National Bank of Pakistan and SMEDA. The 75% respondents are agreeing that the services and customer dealing at National Bank of Pakistan was good they provide proper treatment and gain better services.

Though, 20% respondents also unhappy and dis-satisfied from the services of National Bank of Pakistan and less satisfied from services from the administrative institutions. They see the advertisement through print and electronic media. They get information from the bank. They say that the behavior of the employees of they are very cooperative and they guide us about the loan documentation so they say the process of the loan is very lengthy but especially bank managers are very cooperative at he every stage of the loan hurdles.

**Figure 4: Responses over Development of Self-employment**

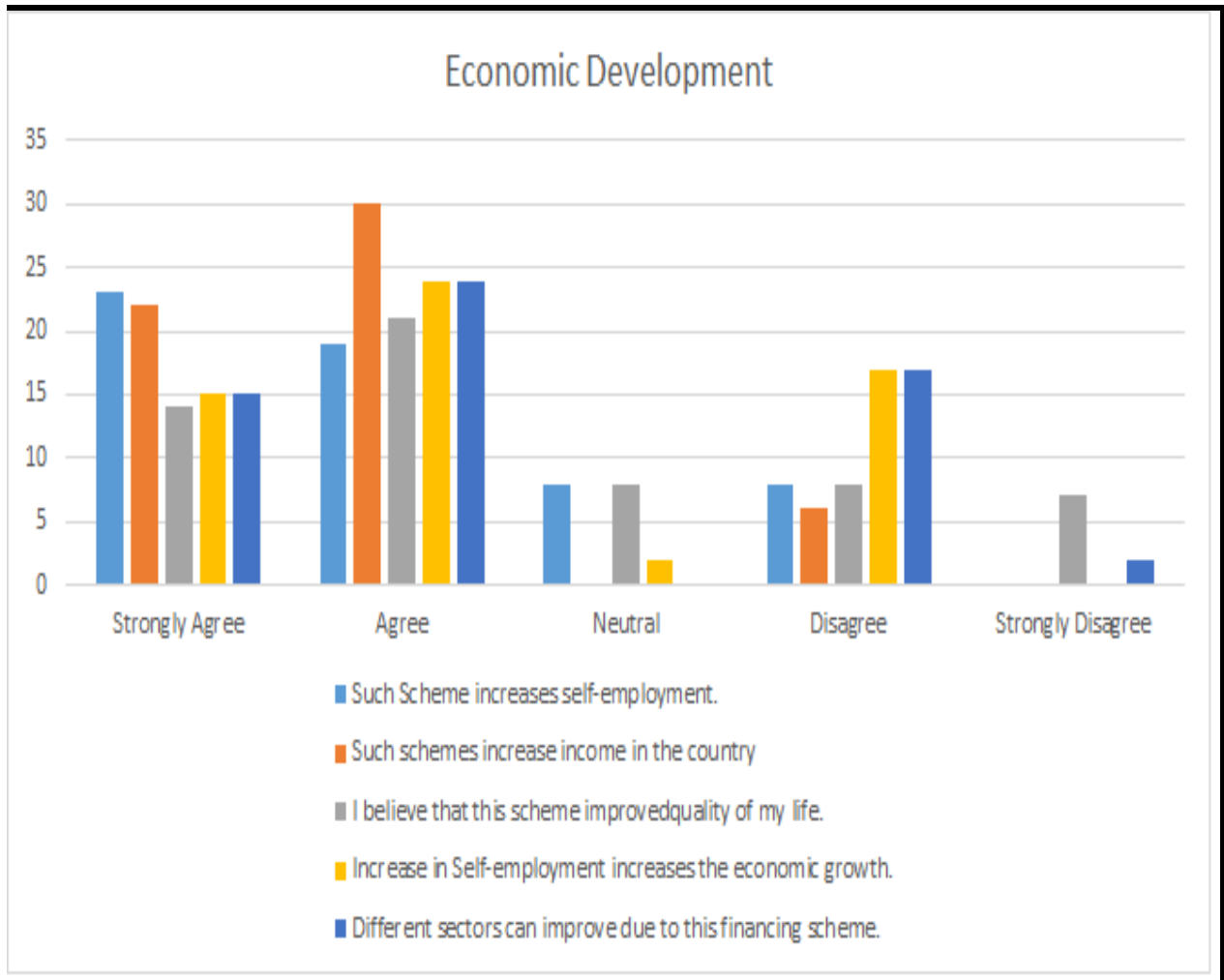


The respondents were asked regarding the development factors includes their income increase; increase in employment, living standards so that to evaluate the development in people and business sector. They invested the investment in various sectors includes the education, pharmacy, poultry, dairy and general store are the prominent categories. The 74% respondents are agreeing that that the self-employment increases, as people facing the capital barriers and need of investment to start them business, they gain the investment and invest in running business as well.

The 85% respondents are strongly agreeing and agree that income of people increases due to self-employment as they invested in business and gain the profits. The 80% of respondents were agreed that the self-employment increases due to launch of this schemes and business industry is surely grow and create impact on economic development of country.

Respondents say that this is the golden opportunity to reduce the unemployment. Respondents say that we are engage in business besides we generate the employment opportunities for other because it is very difficult to manage by one person, so we start a business and we have required the people for businesses. The numbers of women are very low but they play effective role to create employment especially in the education, tailoring, boutique, beauty parlor, interior design.

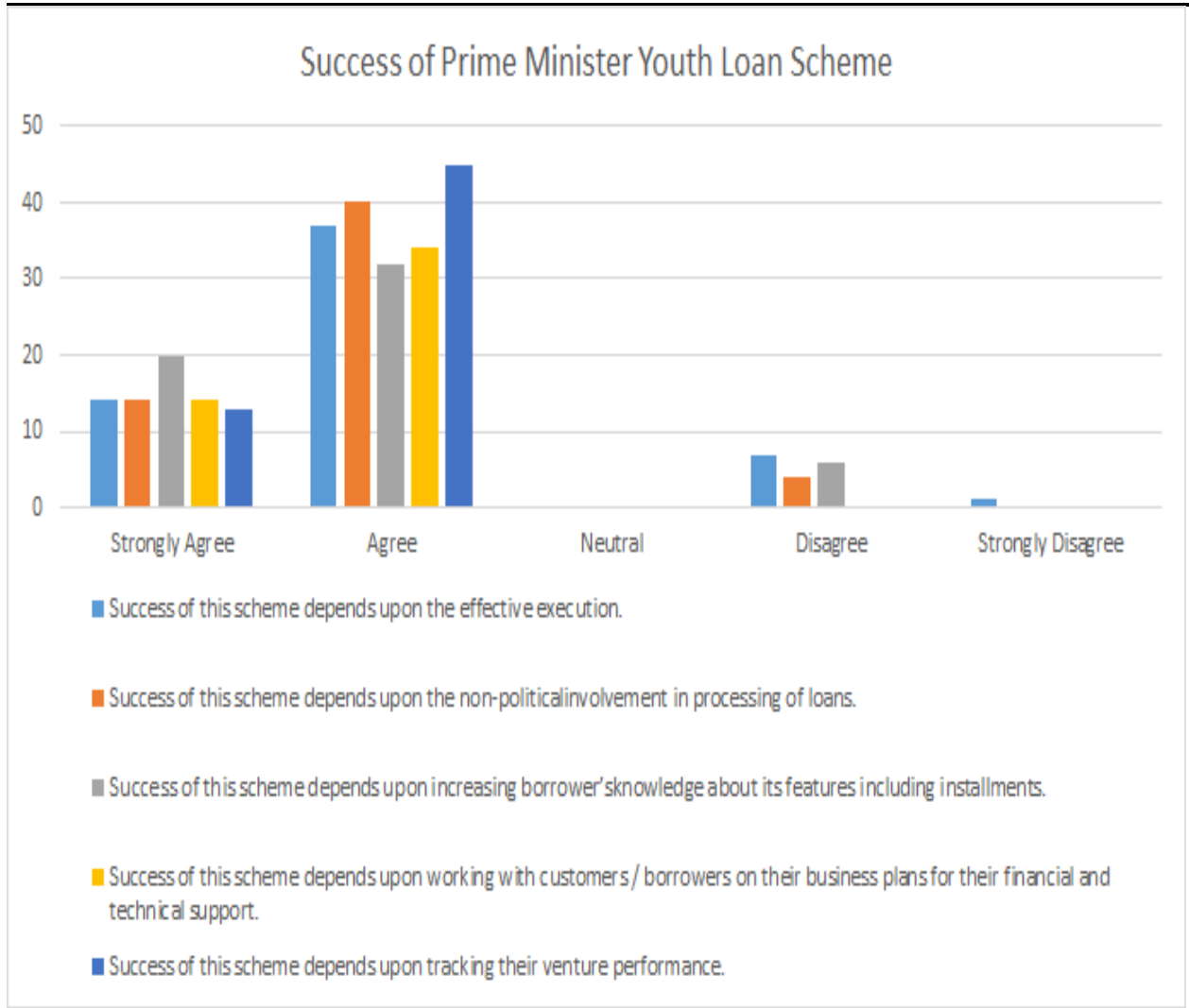
**Figure 5: Responses over Economic Development**



The respondents were asked regarding the impact of these schemes on Economic Development. The statements were asked as such scheme increase the self-employment, about the increase in employment and income of people, about increase the business activity in their area. The 85% of respondents are strongly agreed and agree over such schemes increases their income and resolve the capital barriers for their employment. The 60% respondents were strongly agreed that that increase in self-employment increase the economic growth, as income increases, as

increase in the employment overall increase in living standards of people. The 70% respondents were strongly that such scheme enhances the capacity of people to start new business and have their intention of self-employment and this scheme increases the avenues for investment.

**Figure 6: Responses over Success of Prime Minister’s Youth Business Loan Scheme**



This scheme is very effective for educated people. The respondents are very agreeing on this scheme. They say this scheme is more effective for the educated people of Pakistan, especially they have the skills, competence, and experience in their relative disciplines. Many respondents say we have the education, skills, and experience but we have no capital to start our own businesses so this scheme provide us the opportunities to start our own businesses. This scheme generates the employment and reduces the unemployment and creates the job opportunities for others.

On other hand respondents are disagree that they have no disbursed amount given them. They apply according to the business plan but they did not get require amounts. Government approval the minimum amount 40 percent and maximum amount 75 percent. Bank gave them in to two installments but there was no particular time period of loan disbursements. There was huge gap between loan apply to approval, then approval to first installment of loan disbursement to

second installment of loan disbursement while they have no specific amount to give them so they disturb from the loan.

**Correlation Matrix and Hypothesis testing of significance:**

**Table 12: Correlation Matrix Independent Variable**

**Correlations**

		Product Quality of Loans and Features	Customer Knowledge and Loan Processing	Development of Self-employment	Economic Development	Success of Prime Minister Youth Loan Scheme
Product Quality and Loan Features	Pearson Correlation	1	.462**	.431**	.481**	.357**
	Sig. (2-tailed)		.000	.001	.000	.006
	N	58	58	58	58	58
Customer Knowledge and Loan Processing	Pearson Correlation	.462**	1	.835**	.792**	.806**
	Sig. (2-tailed)	.000		.000	.000	.000
	N	58	58	58	58	58
Development of Self-employment	Pearson Correlation	.431**	.835**	1	.918**	.883**
	Sig. (2-tailed)	.001	.000		.000	.000
	N	58	58	58	58	58
Economic Development	Pearson Correlation	.481**	.792**	.918**	1	.859**
	Sig. (2-tailed)	.000	.000	.000		.000
	N	58	58	58	58	58
Success of Prime Minister's Youth Business Loan Scheme	Pearson Correlation	.357**	.806**	.883**	.859**	1
	Sig. (2-tailed)	.006	.000	.000	.000	
	N	58	58	58	58	58

\*\* . Correlation is significant at the 0.01 level (2-tailed).

The above table 12 shows correlation Matrix that is used to see the significance of variables on dependent variables either the independent variables affects the dependent variable. The Pearson 2 tailed correlation performs and value less than 0.01 is significance. The Product Quality and Loan Features value is 0.06 which is greater than 0.01 considered as insignificant to evaluate the performance of such scheme. The three independent variables Customer Knowledge and Loan Processing, Development of Self-employment, Economic Development are strongly significant at 0.00 which is less than 0.01.

**Hypothesis Testing:**



**Table 13: Alternative Hypothesis of test of significance**

Alternative Hypothesis	Accepted / Rejected	Significance level (0.01 at two tailed)
H1. There is a significant relationship between the Product Quality and Loan Features with Success of Prime Minister's Youth Business Loan Scheme.	<b>Rejected</b>	<b>0.06</b>
H2. There is a significant relationship between the Customer Knowledge and loan processing with Success of Prime Minister's Youth Business Loan Scheme.	<b>Accepted</b>	<b>0.00</b>
H3: There is a significant relationship between the Development of Self-employment with Success of Prime Minister's Youth Business Loan Scheme.	<b>Accepted</b>	<b>0.00</b>
H4: There is a significant relationship between the Economic Development with Success of Prime Minister's Youth Business Loan Scheme.	<b>Accepted</b>	<b>0.00</b>

H1= There is a significant relationship between the Product Quality and Loan Features with Success of Prime Minister's Youth Business Loan Scheme. The hypothesis rejected at 0.06 as value greater than 0.01 which is in-significant and do have significance relationship with success of Prime Minister's Youth Business Loan Scheme.

H2= There is a significant relationship between the Customer Knowledge and loan processing with Success of Prime Minister's Youth Business Loan Scheme. The hypothesis accepted at 0.00 as value less than 0.01 which show that Customer Knowledge and loan processing have strong significance with success of Prime Minister's Youth Business Loan Scheme.

H1= There is a significant relationship between the Development of Self-employment with Success of Prime Minister's Youth Business Loan Scheme. The hypothesis accepted at 0.00 as value less than 0.01 which show that Development of Self-employment have strong significance with success of Prime Minister's Youth Loan Scheme.

H1= There is a significant relationship between the Economic Development with Success of Prime Minister's Youth Loan Scheme. . The hypothesis accepted at 0.00 as value less than 0.01 which show that Economic development have strong significance with success of Prime Minister's Youth Business Loan Scheme.

**Multiple Regression Analysis and Hypothesis testing:**

The regression analysis provides the basis to evaluate the impact and explain the relationship of independent variable on dependent variable. The independent variable explains the relationship as how much impact created by independent variable.

**Table 14: Regression Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.897 <sup>a</sup>	.804	.790	.37486	2.010

The above table 14 shows the model summary of regression depicts that value of r square is .804 which is about 80%, as these four independent variables elaborates the change in dependent variable caused by these factors and 20% about other than these factors. The success of Prime Minister’s Youth Business Loan elaborated through these factors and model is fit for analysis and explains the changes in interim performance.

**Table 15: Beta Coefficients of Independent variables**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.249	.290		.857	.396
	Product Quality and Loan Features	-.089	.079	-.079	-1.124	.026
	Customer Knowledge and Loan Processing	.278	.123	.256	2.268	.027
	Development of Self-employment	.525	.212	.484	2.484	.016
	Economic Development	.237	.173	.235	2.366	.178

a. Dependent Variable: Success of Prime Minister’s Youth Business Loan Scheme

The above table 15 shows the value of Beta co-efficient of four independent variables and their co-efficient value elaborate the product quality. The value of Product Quality and Loan Features is the negative and this insignificant as test of significance shows and negative impact on success of such scheme. The Customer Knowledge and Loan Processing is 0.278 which is 27 elaborates the variation in success of such scheme. The value of Development of Self-employment 0.525 which shows the 52% success of these schemes elaborates on the basis of this variable. The Economic Development is 0.237 which shows the independent variable that is describes by 23% changes due to this variable.

**Table 16: Beta Coefficients of Independent variables**

Model	Sum of Squares	df	Mean Square	F	Sig.	
1	Regression	30.642	4	7.661	54.516	.000 <sup>b</sup>
	Residual	7.448	53	.141		
	Total	38.090	57			

The table 16 shows the F-Statistics which is significance of model by combining the all four independent variables based on the residual and errors. The degree of freedom selected as 4 and total values n-1 are the 57, where F statistics shows the 54.516 as this model value which is strongly significant and better for evaluation of success of such scheme.

**Hypothesis Testing:**

**Table 17: Alternative Hypothesis**

Alternative Hypothesis	Accepted / Rejected	t-value (95% C.I)	Significant level (0.05 at two tailed)
H1.1. There is a significant impact on the Product Quality and Loan Features with Success of Prime Minister’s Youth Business Loan Scheme.	<b>Rejected</b>	<b>-1.124</b>	<b>0.02</b>
H2.1. There is a significant impact on the Customer Knowledge and Loan Processing with Success of Prime Minister’s Youth Business Loan Scheme.	<b>Accepted</b>	<b>2.268</b>	<b>0.02</b>
H3.1. There is a significant impact on the Development of Self-employment with Success of Prime Minister’s Youth Business Loan Scheme.	<b>Accepted</b>	<b>2.484</b>	<b>0.01</b>
H4.1. There is a significant impact on the Economic Development with Success of Prime Minister’s Youth Business Loan Scheme.	<b>Accepted</b>	<b>2.366</b>	<b>0.01</b>

H1.1= There is a significant impact on the Product Quality and Loan Features with Success of Prime Minister’s Youth Business Loan Scheme. The hypothesis rejected at 0.02 with t statistics value -1.12 shows the negative impact of Product Quality and Loan Features with success of Prime Minister’s Youth Business Loan scheme.

H2.1. There is a significant impact on the Customer Knowledge and Loan Processing with Success of Prime Minister’s Youth Business Loan Scheme. The hypothesis accepted at 0.02 with t value 2.26 shows the positive impact of loan processing with Success with success of Prime Minister’s Youth Business Loan Scheme.

H3.1. There is a significant impact on the Development of Self-employment with Success of Prime Minister’s Youth Business Loan Scheme. The hypothesis accepted at 0.01 with t value 2.48 shows positive impact on development of self-employment with success of Prime Minister’s Youth Business Loan scheme.

H4.1. There is a significant impact on the Economic Development with Success of Prime Minister’s Youth Business Loan Scheme. The hypothesis accepted at 0.01 with t value 2.36 shows the positive with success of Prime Minister’s Youth Business Loan scheme.

**Discussion:**

The reason for rejection of the very first alternative hypothesis suggests that the borrowers of the scheme had negative perceptions about the product quality and loan features. Actually, there were stringent lending criteria and installment policy, bureaucratic red tapes or delays in loan sanction (indicating a sense of politicizing of the scheme or involvement of references and

corruption), partial approval of loan far less than that of the demanded amount, and overall a very small number of borrowers in entire Karachi city (67 borrowers only in 2 years) which also reflects lack of interest of potential borrowers in the scheme because of its quality and features.

The results reveal that reliability test shows the value of 0.89 on success of Prime Minister's Youth Business Loan Scheme, and one independent variable 0.66 on Product Quality and Loan Features, 0.72 Customer Knowledge and loan processing, 0.82 on Economic Development and 0.85 on Development of Self-employment. The tool is reliable for data collection and collected data processed and significance test correlation applied. The Pearson co-relation at two tailed shows that Product Quality and Loan Features as significant variable to see the interim performance of scheme as value 0.06 which is greater than 0.01. The customer knowledge and Loan Processing is significant at 0.00, impact on Development of Self-employment is significant at 0.00 and Economic Development is also significant at 0.00. This shows these variables are important to evaluate the performance of scheme. The regression analysis predicts the relationship as 0.52 as significant predictor of the success of Prime Minister's Youth Business Loan Scheme, then Loan Processing at 0.27 and Economic Development at 0.23 explain the variations in dependent variable.

The Hypothesis testing at t-statistics evaluate the significance and impact of independent variables and dependent variable. The t-statistics at 95% confidence interval shows the value at Product Quality and Loan Features is -0.89 which is insignificant and shows the negative relationship between the Product Quality and Loan Features for evaluating the performance of said scheme. There is significant relationship and impact of Customer Knowledge and Loan Processing, Development of Self-employment and Economic Development on success of scheme at 2.26, 2.48, 2.36 results of t-statistics respectively, at this results all hypothesis are accepted and shows the significant relationship.

### **Conclusion:**

The self-employment is the backbone of economic development by creation of small business and promotes the employment; improve the income of people and living standards. The people especially youth always facing the challenges of capital as barrier to self-employment, keeping in view this the different scheme launched to provides opportunity to motivated people to grow and build their businesses. The Prime Minister's Youth Business Loan Scheme announced to resolve the capital barrier for youth and boost the economic development. This research conducted to evaluate the performance of said scheme as these schemes remain useful of failure and Burdon for Government as pervious schemes. The research conducted in Karachi through Quantitative approach; the data collected through the survey form from the borrowers who taken loans in Karachi. The survey form based on four independent and one dependent variable, includes the Product Quality and Loan Features, Customer Knowledge and Loan Processing, Development of Self-employment and Economic Development are independent variable and success of prime minister's business youth loan scheme is dependent variable.

The research elaborates the factors affecting the performance of such scheme based on selected variables, as this scheme contributes to development of self-employment and economic development as this type of scheme must be launched to increase the self-employment and economic development. Thus the schemes contribute to increase in employment opportunities for people, increase income, improve their living standards. The financing scheme must be launched with specific features that meet with requirement of borrowers.

### **Implications of Research:**

The research conducted to evaluate the performance of Prime Minister's Youth Business Loan Scheme to evaluate the interim performance based on Product Quality and Loan Features, Customer Knowledge and Loan Processing, Development of Self-employment and Economic Development. The research elaborates the analysis on significance of these things, as this scheme improve the income of people, improve their living standards, people invest in different sectors, employment increases and overall impact on economic development. This scheme designed for youth who have education and want to be self-employed and promote their ideas for the economic development. This research is be useful for the management of these schemes and ministry of finance to see the results and work upon product quality as people are not motivated on monthly installments from very first month, and period of repayment of complete loan. Through loans are useful this resolve the capital barriers for the people who want to start their business. The research also useful for understanding the economic development based on these schemes as over the time this scheme launched by people remain less benefited and Government also faces huge losses due to installments and repayment was not successful so there must be monitoring and check and balance systems to evaluate these terms and conditions.

### **Recommendations:**

The research reveals the interim performance of such scheme based on data collected through survey. The researchers focus on product quality and loan features, customer knowledge and loan processing, development of self-employment and economic development that affects the performance of such scheme. The research is useful for National Bank of Pakistan and Ministry of finance and other authorities to understand the borrower's point of view and changes in scheme requirements. The researcher comes up with few recommendations regarding the loan services and issues faced by borrowers;

1. The borrowers are given sufficient amount to their requirement of business plan so that they can run business effectively.
2. The payments must be given on time as borrower's facing long delay in second installment so that they can run business operations smoothly.
3. The new youth entrepreneurs must be given relaxation in interest monthly payment and payback period of loan.
4. The entrepreneur operating business in education and health also give ease in interest payments and payback period as they are serving in most important sectors of economy.
5. The number of loans must be increase for Karachi as only 67 loans are given it must be increases and provide equivalent proportion to increase self-employment in Karachi.
6. The scheme is beneficial to increase self-employment and economic development so the kind of schemes must be increase and involve youth in self-employment.

### **Areas of Further Research:**

The research is conducted in the field of self-employment and evaluating the performance of Prime Minister's Youth Business Loan Scheme. The research is conducted to see the interim performance based on variables includes the Product Quality and Loan Features, Customer

Knowledge and Loan Processing, development of Self-employment and Economic Development. The further research can be conducted in their field of self-employment and overall performance of this scheme or comparative research on past and present schemes. The further research can be done by adding other variables as impact on improvement in income and living standards of by dropping or two variables from this research model. The further research can be done on to evaluate the performance of scheme based on management perspectives as survey can be conducted from the people of National Bank of Pakistan and authorities of issuance of those schemes. The further research can be conducted to evaluate the post analysis of the scheme to underpin the overall performance of the said scheme.

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