

ABSTRACT

This study was conducted to assess the role of Islamic micro finance product “Qarz-e-Hasna” being offered by the Akhuwat on the poverty alleviation of its beneficiaries. Main purpose of this study is twofold first to assess the role of Qarz-e-Hasna on poverty alleviation of the beneficiaries of Akhuwat at Hyderabad city that is based on primary data and second to analyze the financial stability of the Akhuwat itself for its sustainability that is based on secondary data. For collection of primary data the researcher personally administered the fully structured survey questionnaire on the randomly selected sample of 120 beneficiaries from the population of 1196 beneficiaries of Akhuwat Hyderabad branch. Out of 120 sample 95 were contacted, the response rate was 79%. The questionnaire contained the information pertains to demographic characteristics of the beneficiaries, obtaining and utilization of the loan by the beneficiaries, impact of the Qarz-e-Hasna product on the level of living standards of the beneficiaries and satisfaction level of the beneficiaries regarding the terms of loan and the services of Akhuwat. For collection of secondary data Audited Annual Accounts Statements of the Akhuwat for the year 2013-2014 to 2017-2018 were analyzed on well known model for evaluation of the performance of the financial firms and banks in the world known as CAMEL model.

The study established that majority of the beneficiaries were Muslim women within the age groups of 21 to 40 years have obtained the loan of Rs.20,000/- each and utilized it for the purpose to expand and run their small businesses, only 2% of the beneficiaries could not utilized the loan for the purpose. The results indicates that the Islamic Micro Finance product Qarz-e-Hasna has significant impact on the living standard of the beneficiaries on account of improvement in their income, expenditure, saving, educational level, household assets and business assets, majority of the beneficiaries are satisfied with the terms of loan and the services of Akhuwat. On the contrary majority of the beneficiaries responded that their position in the society and business community remain same after obtaining credit from the Akhuwat.

The study further established that financial performance and growth of the Akhuwat analyzed through the CAMEL model is stable and very sound. Five parameters of CAMEL model were analyzed by calculating various financial ratios and compared with the criteria of American International Assurance (AIA) and found that Capital Adequacy, Assets Quality, Earning Ability and Liquidity Position of the Akhuwat are significantly more than the criteria established by the AIA, whereas Management Efficiency Ratio is not as per criteria of AIA. The recommendations and limitation of the study has been discussed in the thesis.