SURVEY OF THE BOOSTER LOAN SCHEME OF THE DEVELOPMENT BANK OF MAURITIUS

Master Thesis

Master of Science
Public Policy and Human Development

Francesco Bailo (I6013547)
Academic Year 2010/2011

Supervisors: Prof. Dr. Chris. De Neubourg
Suryadev Beedasy
Table of Contents

Forward .................................................................................................................................................. 3
1. Introduction ......................................................................................................................................... 4
2. Credit Market Overview .................................................................................................................... 5
3. Product ................................................................................................................................................ 6
4. Methodology ....................................................................................................................................... 7
5. Results ................................................................................................................................................ 10
   A. Description of beneficiaries ........................................................................................................... 10
   B. Business outcomes ......................................................................................................................... 13
   C. Success Case ................................................................................................................................. 16
   D. Failure Case ................................................................................................................................. 16
6. Conclusions ....................................................................................................................................... 18
7. Recommendations ............................................................................................................................. 21

Appendix ............................................................................................................................................... 24
   A. Results of regression on rate of annual return of investment ....................................................... 24
   B. Questionnaire in French ............................................................................................................... 25
   B. Questionnaire in English ............................................................................................................. 29

References ............................................................................................................................................. 32
Forward

The present master thesis was compiled during a period of over three months and was made possible by the joint effort of the Maastricht Graduate School of Governance, the National Empowerment Foundation and the Universiteitsfonds Limburg.

I would like here to thank the staff of the National Empowerment Foundation for its precious assistance and Suryadev Beedasy and Chris De Neubourg for their guidance.

What contained in this report does not represent in any form the official position of the National Empowerment Foundation or the position of those interviewed during the survey (except when clearly indicated), but it solely expresses the opinion of the author.

Francesco Bailo

Grand Bay
Mauritus
August 21, 2010
1. Introduction

The function of a public credit program for micro entrepreneurs is to promote business growth by enhancing access to credit. Micro (or small) entrepreneurs may be constrained by accessing the private banking sector for different reasons, being the most commons the lack of collaterals and no credit history. Banks perceived these prospective clients as undesirable because they have no information about them, because the size of the loan these entrepreneurs require makes this information too costly to collect and because, in case of default, will be extremely difficult to enforce the repayment of the loan.

In evaluating a loan program, business growth is therefore the primary indicator for success. In the case of the Booster Loan two main indicators are used to investigate if business has grown after the loan: the annual return on investment of the sample population and the percentage of enterprises that declared to have increased their profits after the loan. According to the survey, the annual return on investment is high but concentrated in few enterprises. Only half of the beneficiaries reported a creation of new profits after the loan. Profit creation is apparently highly correlated with household income, so the program proved to be effective for high-income beneficiaries and almost ineffective (and possibly detrimental) for poor ones. Also, profits are created in enterprises already on the market before the loan but in only few enterprises started with the loan: reportedly new enterprises are profitable only in less than one third of the cases.

The program seems to be a functional complement to the banking sector. Private banks are not crowded out by a subsidized public loan program because, the beneficiaries of the Booster Loan Scheme, appears to have very limited access to private loans. Information provided by interviews, conducted with players from both the public and private sector, and by the survey itself, indicates that banks in Mauritius act conservatively in granting credit when micro, small and medium enterprises are involved. The program therefore is effective in removing significant constraints that limit micro entrepreneurs to access to the credit market.

Other three indicators are then taken into exam for measuring the effectiveness of the program. First, business rate of survival demonstrates to be robust. Second, the surveyed enterprises do not appear to grow significantly: micro enterprises after the loan do not evolve to become small enterprises. Third, delinquency rate is extremely elevated. Considering these additional indicators, the program is only partially effective in enhancing micro enterprises growth to be beneficial for the whole economy.

Treatment effect is thus stronger for relatively high-income borrower and for enterprises
already on the market at the time of the loan. Poor beneficiaries and new enterprises do not appear to substantially benefit from the program. The role of the Booster Loan Scheme is thus limited but still valuable: to finance existing micro enterprises, owned by relatively high-income entrepreneurs, that in spite of being well-managed and profitable have no access to the credit market. But the Booster Loan Scheme seems ineffective in helping new players to start operate successfully on the market.

2. Credit Market Overview

The banking sector in Mauritius is substantially developed. Mauritius is ranked 43rd among 162 countries in a composite measure of access to financial services (Honohan, 2008), 34th among 98 countries for demographic penetration of bank branches, 33rd among 89 countries for demographic penetration of ATMs, 15th among 44 countries for loan accounts per capita, 14th among 54 countries for deposit accounts per capita (Beck, Demirguc-Kunt, & Soledad, 2007). Nevertheless SMEs (Small and Medium Enterprises) do face constraints in accessing loans.

Possibilities of obtaining investment finance are present in Mauritius, but narrow in the sense that banks are conservative. Lending is strictly against collateral. [Banks] have neither the experience in appraising SME projects on the merit of investment proposal, nor do they have the staff to perform such work; if they would appraise projects, this would add considerably costs to their operations, which would be reflected in higher interest rates. The restriction of loan finance to applicants with sufficient collateral to offer is a severe bottleneck to the economic development (Ministry of Industry and SMEs, 2008, p. 82).

Micro enterprises and family businesses alongside the boundary between the formal and informal sector are usually excluded by traditional loans since they cannot offer sufficient collaterals, have no credit history or simply because they consider interest rates too high.

Publicly funded programs try to bridge the gap between demand and offer providing to micro and small entrepreneurs loans at favorable condition: no collaterals or credit history required and low interest rates. These programs explicitly target value addition activities. In Mauritius, microcredit program are both financed by public and private money. Public money is generally channeled through the Development Bank of Mauritius and its different schemes, and in few cases public loan programs are managed by private banks (such as the Mauritius Post and Cooperative Bank for instance that runs a program financed by the National Empowerment Foundation – NEF). Credit cooperatives also offer microloan schemes to their
member but only after those are proved their saving capacity.

3. Product

The Booster Loan Scheme is integrally funded by the National Empowerment Foundation (NEF). Started in 2006, it reached in June 2010 1,239 beneficiaries. According to DBM, by April 2010 loans for 73,353,000 rupees were approved and 63,610,000 rupees were disbursed.¹ It provides loans up to 150,000 rupees to micro and small entrepreneurs with an annual interest rate of 9%, or about 2-3 percentage points less than traditional loans offered by private banks. It is not a traditional microcredit scheme, for in Mauritius the limit for a microfinance program is considered to be 40,000 rupees (Chamroo, 2010). Nevertheless the average loan, 58,873 rupees, is not substantially higher. The majority of clients (53%) have required loans between 50,000 and 100,000 rupees, while 31% below 50,000 rupees and just 16% above 100,000. Of the 1,239 clients, only 17 beneficiaries were granted more than one loan within the same scheme.

Correspondingly to traditional microfinance scheme, the DBM program does not required collateral and it uses as guarantee against the loan a general floating charge. Also it does not require information about credit history. Nevertheless, the bank required beneficiaries to be already registered to one of the government organizations that provide services to micro and small entrepreneurs. This relieves DBM of the necessity to collect expensive information about the beneficiaries and gives assurance that investment projects will receive support by these organizations. Quite significantly, projects recommended by NEF, SMEDA (Small and Medium Enterprises Development Authority) and NWEC (The National Women Entrepreneur Council) are usually automatically approved by the bank (Ramsahye, 2010). According to the bank, 30% of the clients of the Booster Loan Scheme are from SMEDA, 5% from NEF and less than 1% from NWEC (Daugnette, DBM Manager, 2010). Payment of the loan occurs only against a receipt, but exceptions are made for beneficiaries in the agricultural sector that may experience difficulties in producing this document.

Beneficiaries are equally divided between man and women, respectively 47 and 49%, while 4% of the loans were subscribed by both wife and husband. Most of the beneficiaries (60%) are from rural areas. Among the activities financed by the Booster Loan the two most common are food processing and textile and garments manufactures (respectively 23 and 22% of the total beneficiaries of the program). Food processing is commonly complemented by the

¹ 1 Euro = 40 Mauritian rupees
direct sale of the same product in the market or on the street, while the textile and garments manufactures are usually sold to an intermediary, a factory or a shop. Agricultural activities are responsible for 18% of the loans that usually I found where used for buying animals. 10% of the loans were employed for beauty care shops, 10% for other services, 8% for trade activities, 5% for handicraft and 4% for other manufacturing.

4. Methodology

This research is based on a survey conducted over a sample population of 74 beneficiaries; on extensive interviews conducted with 11 relevant actors from public and public sector including two senior managers of DBM, coordinator and three employees of NEF, managing director of SMEDA, secretary for co-operative development of the Ministry of Cooperatives, chief operative officer of Enterprise Mauritius, senior manager of NWEC, senior manager of the Mauritius Post and Cooperative Bank, president of Mauritius Cooperatives Savings and Credit League (MACOSLE); and on review of existing literature.

The sample population was randomly selected from the list of beneficiaries compiled by DBM. Considering a confidence level of 90%, it is possible to assign a margin of error of 9.56% to the answers of the whole sample population.² The representativeness of the sample population is illustrated in table 1. The survey was conducted by telephone with a 60% response rate. According to the information provided by DBM, 96% of beneficiaries reported to the bank a telephone number; to avoid a sample population biased against non-telephone owner, 3 beneficiaries with no telephone were interviewed by reaching them at neighbor’s and local association’s telephones.

The interviews were conducted by a social worker of NEF, in French and Creole, by filling a questionnaire over a period of 16 days. I was present during every interview. In case it was reputed necessary, the interviewer extensively clarified the questions to the interviewee. After every phone call, I discussed the interview with the social worker and we both checked all the answers.

The household income is determined by the monthly disposable income and, in case the household declared not to pay any rent, the equivalent rent value of the house is added. Income is then adjusted per household size and composition to take into account economies of scales and intra-household differentials to obtain the household income per adult

² \[ ME = z \frac{\sqrt{p_0 q}}{n} = 1.645 \sqrt{\frac{(0.5)(0.5)}{74}} \]
equivalent; a non-linear equivalence scale formulated by the World Bank is used.\(^3\)

Poverty is measured according to household income. A relatively poverty line of 4,532 rupees per month is drawn at the household half median income per adult equivalent adjusted for inflation, as reported by Central Statistics Office of Mauritius (Central Statistics Office, 2010). The households with a monthly income per adult equivalent below 4,532 rupees are considered poor (or low-income), between 4,532 and 9,064 rupees are considered middle-income, and above 9,064 are considered high-income.

When the interviewee was not able to estimate the monetary value of her monthly disposable income, an estimation of her income was inferred by her consumption expenditures for food, by the number of rooms per household and by the fuel used for cooking. According to the last Poverty Survey of the Central Statistics Office (Central Statistics Office, 2009) poor households are more likely to live in overcrowded rooms (with an average number of person per room of 1.2), use cheaper types of fuel (41% of poor households use wood for cooking) and spend about half of their resources on food. Therefore whether the interviewee did not report the household’s monthly income, the household was considered poor if the expenditure on food was above 50% of the household income, and if the expenditure for food was above 40% but the interviewee declared the average number per person per room to be equal or above 1.2 or to use wood for cooking.

In the survey, the increase in profits reported by the interviewee after the disbursement of the loan, is considered as generated entirely by the loan itself; other causes, such as augment in working hours or growth in assets of the enterprise unrelated to the loan are not measured. Even if this assumption is consistent with what declared by DBM (according to the bank 100% of the project is usually financed through the loan) (Daugnette, DBM Manager, 2010), it could nevertheless bring to overestimate the benefits of the program. But information reported by the interviewees involving complex estimations would not have been sufficiently reliable. Also, beneficiaries reported a very low saving capacity (66% of the interviewees declared that in the last six months they were not able to save anything) thus their capacity to autonomously invest in their own businesses were limited.

The annualized return on investment is calculated by dividing the profits by the loan. The profits are those reported for the last month before the interview. The loan is adjusted for the inflation rate. In case the enterprise was created at the time of the disbursement of the loan, all

\[^3\] E = (A + 0.7 \cdot C)

Where \(E\) is the number of adult equivalent, \(A\) is the number of adults (aged 16 years and over), \(C\) is the number of children (aged below 16 years).
profits are assumed as generated by the loan. In case the enterprise was already operating before the loan, the interviewee was asked to estimate the increase in profits after the loan was paid, and only this fraction was assumed as return.

After the 74 interviews were realized, I identified two beneficiaries for conducting more extensive interviews. The two beneficiaries represented respectively an extremely positive and extremely negative outcome of the program.

General conditions of the economy of Mauritius have evidently a strong influence on business. It is therefore impossible to rule out that profits increase of the surveyed enterprises is more related to the expansion of the Mauritian economy than to the program itself. The survey of a control group of micro entrepreneurs, not benefited from the program, was not possible because of time and budget constrains. Results should thus be compared with the rate of economic growth of the national economy.

<table>
<thead>
<tr>
<th>Table 1 – Representativeness of Sample Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whole Population</td>
</tr>
<tr>
<td><strong>Gender</strong></td>
</tr>
<tr>
<td>Men</td>
</tr>
<tr>
<td>Women</td>
</tr>
<tr>
<td>Of which non-married</td>
</tr>
<tr>
<td>Husband &amp; wife</td>
</tr>
<tr>
<td><strong>Location of Household</strong></td>
</tr>
<tr>
<td>Rural Area</td>
</tr>
<tr>
<td>Urban Area</td>
</tr>
<tr>
<td>Location Unknown</td>
</tr>
<tr>
<td><strong>Amount of Loan</strong></td>
</tr>
<tr>
<td>0-50,000</td>
</tr>
<tr>
<td>50-100,000</td>
</tr>
<tr>
<td>100-150,000</td>
</tr>
<tr>
<td>Mean</td>
</tr>
<tr>
<td>Median</td>
</tr>
<tr>
<td><strong>Type of Business</strong></td>
</tr>
<tr>
<td>Beauty care</td>
</tr>
<tr>
<td>Food processing / Snack</td>
</tr>
<tr>
<td>Handicraft</td>
</tr>
<tr>
<td>Services</td>
</tr>
<tr>
<td>Textile and Garments Manuf.</td>
</tr>
</tbody>
</table>
5. Results

A. Description of beneficiaries

The average household of the Booster Loan Scheme has a monthly income of 17,674 rupees and a monthly income per adult equivalent of 7,635 rupees. The average beneficiary is thus not poor: she is closer to the median income of the island than to the poverty line. On average male beneficiaries live in household with a higher income (7,892 rupees) than female beneficiaries (7,489 rupees). The picture taken by the survey relates of 28% of the beneficiaries below the poverty line, 43% above the poverty line but below the median household income per adult equivalent and 29% above the median income.

The education level declared by the interviewees is consistent with their income. According to the Poverty Survey 2006/7 highest poverty incidence (13.2%) was noted in households whose heads never attended school or did not passed the Certificate of Primary Education (CPE) (Central Statistics Office, 2009). In my survey only 2% of the beneficiaries declared to have never attended school, while 39% declared an educational attainment below the CPE, 24% to have obtained the CPE and 35% to have continued school after obtaining the CPE.

The average household is constituted by 2.9 adults and 1.63 children and lives in a house of 4 rooms. The average number of persons per room is 1; in 2006/7 the average number of persons per room was 1.2 for poor households against 0.8 for all household (Central Statistics Office, 2009).

The majority of the beneficiaries (87%) reported to own a saving account, but only 33% declared to have been able to save money in the last six months. On average the loan subscribed with DBM corresponds to 42.76% of the household annual income. Nevertheless, the level of indebtedness of poor households is much higher, 69.74% of their annual income, while for high-income household the loan equals only to 20.94%.

Beneficiaries pay regularly installments to the bank only in 53% of the cases. The beneficiaries, who experienced setbacks in their repayments, declared on average a delay of 10.4 months and in one case a delay of 48 months. Households below the poverty line have

<table>
<thead>
<tr>
<th>Other Manufacturing</th>
<th>4%</th>
<th>4%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade</td>
<td>8%</td>
<td>12%</td>
</tr>
<tr>
<td>Agriculture</td>
<td>18%</td>
<td>22%</td>
</tr>
</tbody>
</table>
more probability to incur in delays: only 40.91% of beneficiaries from poor household declared to have paid regularly the installments to the bank. According to the interviewees, delays are caused in 61% of the cases by bad economic conditions and in only 30% of the cases by poor planning of the business. Nevertheless, 77% of the interviewees declared to be confident in being able to repay the loan on time. Largely beneficiaries reported that the loan from DBM was the only loan they had received so far, and only 38% declared to have received other loans from DBM or other banks.

Interestingly when asked why they chose DBM over other banks, beneficiaries did not indicate as main reason a lower interest rate or the fact that DBM does not require collaterals; conversely the main reason, for 70% of the beneficiaries, was the fact that access to DBM loans was considered easier.

In 81% of the cases beneficiaries reported to be very satisfied with the service offered by DBM, and only 21% declared to regret having taking the loan. Nevertheless, when asked if DBM should offer trainings to its clients, 88% of the interviewees responded affirmatively. The main two topics the beneficiaries would like to see tackle in the trainings were basic finance (31% of the answer) and business management (33%).

<table>
<thead>
<tr>
<th>Table 2 – Description of Beneficiaries</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Have you experienced any delay in your repayments to the bank?</strong></td>
</tr>
<tr>
<td>Yes 46% (34)</td>
</tr>
<tr>
<td><strong>Have you experienced any delay in your repayments to the bank? (Low-Income Households)</strong></td>
</tr>
<tr>
<td>Yes 59.09% (13)</td>
</tr>
<tr>
<td><strong>Have you experienced any delay in your repayments to the bank? (Middle-Income Households)</strong></td>
</tr>
<tr>
<td>Yes 39.29% (11)</td>
</tr>
<tr>
<td><strong>Have you experienced any delay in your repayments to the bank? (High-Income Households)</strong></td>
</tr>
<tr>
<td>Yes 41.67% (10)</td>
</tr>
<tr>
<td><strong>Have you experienced any delay in your repayments to the bank? (Male Beneficiaries)</strong></td>
</tr>
<tr>
<td>Yes 48.78%</td>
</tr>
<tr>
<td><strong>Have you experienced any delay in your repayments to the bank? (Female Beneficiaries)</strong></td>
</tr>
<tr>
<td>Yes 43.33%</td>
</tr>
<tr>
<td><strong>Mean Delay</strong></td>
</tr>
<tr>
<td>10.4 months</td>
</tr>
</tbody>
</table>

What do you think is the main cause for this delay?
<table>
<thead>
<tr>
<th>Bad Planning 30% (10)</th>
<th>Insufficient working capital 9% (3)</th>
<th>Bad economic conditions 61% (20)</th>
</tr>
</thead>
</table>

**Do you think you will be able to refund your loan in time?**

- Yes 77% (57)
- No 20% (15)
- Does not know/want to answer 3% (2)

**How many more months you think you will need to refund it? (Mean)**

14.86 months

**Have you ever received other loans from the same or other banks?**

- Yes 38% (27)
- No 61% (43)
- Does not know/want to answer 1% (1)

**Mean of Total Amount Other Loans Subscribed**

183,704 Rupees

**Why did you borrow from the Development Bank instead of other banks?**

- Easier Access to Bank 70% (60)
- Lower Interest rate 21% (18)
- No guarantee required 8% (7)

**Do you regret having taken this loan?**

- Yes 16% (12)
- No 84% (62)

**Are you satisfied with the service you receive from DBM?**

- Yes 81% (60)
- No 19% (14)

**Do you think DBM should offer training sessions to clients like you?**

- Yes 88% (65)
- No 12% (9)

**What kind of training?**

- Finance (31)
- Business management (33)

**Have you ever received any visit from DBM after receiving the loan?**

- Yes 27% (20)
- No 73% (54)

**What education you received?**

- Never Attended School 2% (1)
- Below CPE 39% (29)
- CPE passed 24% (18)
- Above CPE 35% (26)

**Number of adults per household (Mean)**

2.9

**Number of children per household (Mean)**

1.63

**Number of rooms per household (Mean)**

4

**Monthly household income per adult equivalent**

- Low-Income 28% (22)
- Middle-Income 43% (28)
- High-income 29% (24)

**Household income (Mean)**

17,674 Rupees
| Monthly household per adult equivalent (Mean) | 7,635 Rupees |
| Monthly household per adult equivalent for male beneficiaries (Mean) | 7,892 Rupees |
| Monthly household per adult equivalent for female beneficiaries (Mean) | 7,489 Rupees |

**Has your family saved any money in the last six months?**

- Yes 33% (24)  
- No 66% (49)  
- Does not know/want to answer 1% (1)

**Has your family saved any money in the last six months? (Low-income households)**

- Yes 29% (6)  
- No 71% (15)

**Has your family a saving account?**

- Yes 87% (64)  
- No 12% (9)  
- Does not know/want to answer 1% (1)

**Level of indebtedness (Mean)**

- 42.76% (65)

**Level of indebtedness for low-income household (Mean)**

- 69%

**Level of indebtedness for middle-income household (Mean)**

- 40.23%

**Level of indebtedness for high-income household (Mean)**

- 20.94%

---

**B. Business outcomes**

At the time of the survey, 79% of the businesses financed through the scheme were reportedly still operating. The percentage does not vary significantly when only poor beneficiaries are considered (72.19%) but it differs substantially when male and female beneficiaries are considered separately: respectively 82.93 and 70% of the enterprises are still in operations. Nevertheless, a regression analysis constructed on the collected data did not indicate a significant difference in the return on investment for men or women (see Appendix).

On average, the businesses surveyed produce a total 7,046 rupees of monthly profit. Of the 58 enterprises reported in operations, 63.79% are generating profits, 17.24% are generating null or negative profits, while for the remaining 18.96% the beneficiary could not estimate whether the enterprise was profitable (or decided not to answer). On average, profits
created by financed enterprises equals to 32.25% of the household income.

The majority of beneficiaries (66%) declared their enterprise to be already in operations before receiving the booster loan, among these 60% estimated business had started to generate more profits (on average 34% more) after the loan. Considering both enterprises already in operations at the time of the loan and enterprises created after the loan, new profits were generated in 37.84% of the cases, null or negative profit in 44.59%, while 17.57% of interviewees did not provide information about new profits either because they did not know or did not want to. When we divide the sample population by income, results differ: poor beneficiaries’ enterprises have experienced a creation in profits only in 13.64% of the cases, middle-income beneficiaries succeed in generating new profit in 35.71% of the cases and high-income beneficiaries in 62.5%. Differences persist when we consider separately enterprises already existing at the time of the loan and enterprises created after the loan. The former are generating profits in 42.86% of the cases, while the latter are generating profit only in 29.17% of the cases, although new enterprises generate on average higher profits (see Appendix). Differences are even more striking when we consider only enterprises where beneficiaries were able to evaluate the profitability of their enterprises: pre-loan enterprises are generating profit in 53.84% of the cases while post-loan enterprises are in 31.81% of the cases.

Accordingly to information produced by DBM, the total amount of loans adjusted for inflation received by the sample population is 4,011,742 rupees. Total monthly profits directly reported amount at 104,132 rupees, with an annual return rate of 31.15%. When population is divided according to income results differ: for poor households return on investment is 4.4%, for middle-income 28.47% and for high-income 51.72%.

<table>
<thead>
<tr>
<th>Table 3 – Business Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Is the business for which you required the loan from DBM still running?</td>
</tr>
<tr>
<td>Is the business for which you required the loan from DBM still running? (Low-income household)</td>
</tr>
<tr>
<td>Is the business for which you required the loan from DBM still running? (Male beneficiaries)</td>
</tr>
<tr>
<td>Is the business for which you required the loan from DBM still running? (Female beneficiaries)</td>
</tr>
<tr>
<td>Question</td>
</tr>
<tr>
<td>-------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Is your business generating profit? (Enterprises in operations at the time of interview)</td>
</tr>
<tr>
<td>Mean profit</td>
</tr>
<tr>
<td>Profit over Income (Mean)</td>
</tr>
<tr>
<td>Did you start this business with the loan from the DBM?</td>
</tr>
<tr>
<td>After receiving the loan has your business started to generate more money? (Pre-loan enterprises)</td>
</tr>
<tr>
<td>Was the loan followed by a monthly increase in profits? (Pre-loan and post-loan enterprises)</td>
</tr>
<tr>
<td>Monthly Increase in Profits (Mean)</td>
</tr>
<tr>
<td>Was the loan followed by a monthly increase in profits? (Low-income households)</td>
</tr>
<tr>
<td>Was the loan followed by a monthly increase in profits? (Middle-income households)</td>
</tr>
<tr>
<td>Was the loan followed by a monthly increase in profits? (High-income households)</td>
</tr>
<tr>
<td>Was the loan followed by a monthly increase in profits? (Pre-loan enterprises)</td>
</tr>
<tr>
<td>Was the loan followed by a monthly increase in profits? (Post-loan Enterprises)</td>
</tr>
<tr>
<td>Total loan (Discounted)</td>
</tr>
<tr>
<td>Actual Gain (Monthly)</td>
</tr>
<tr>
<td>Annual Return Rate</td>
</tr>
<tr>
<td>Annual Return Rate (Low-income households)</td>
</tr>
</tbody>
</table>
Annual Return Rate (Middle-income households)  
28.47%  
Annual Return Rate (High-income households)  
51.72%  

C. Success Case  
The most successful case among the 74 beneficiaries interviewed during the survey is a woman who received three different loans within the scheme. She has been running for 20 years a business for the preparation of frozen snack that sells to three well-established clients; one is her husband who owns a stand in the market. Her household is composed by two people and, with a monthly income of 10,000 rupees and a monthly income per adult equivalent of 6,156 rupees, is slightly above the poverty line. The woman attended school but did not pass the CPE.

As she explained during the interview, she first received information about the Booster Loan Scheme through the TV. Her business was already established but, because demand was sustained, she looked for expanding it. She then contacted SMEDA, where she presented her project and received two days of training. The woman evaluated the trainings, on accountability and business management, very positively. After the trainings, she obtained a certificated and contacted DBM, where she received her first loan of 50,000 rupees in 2009. Her second and third loan with DBM amounted respectively to 35,000 and 50,000 rupees.

After the DBM loan, profits doubled to 4,000 rupees per months, or 40% of the household income. The woman indicated to the well established business relations as the main reason for her success: she could succeed in selling her products, even after increasing production, because she already knew who was interesting in buying. She never experienced a delay in repaying DBM and, during the interview, she stressed how important is to pay regularly the installments. Before becoming a beneficiary of the Booster Loan Scheme, she already subscribed loans with other banks for 101,000 rupees.

D. Failure Case  
The most severe failure for a loan program occurs when it causes its beneficiaries to sink into a debt trap: the rise in income generated by the loan is insufficient to repay the debt, thus pushing the beneficiary to subscribe new loans for reimbursing old ones. Exactly this happened with a couple of beneficiaries that, before accessing the Booster Loan Scheme, had
already subscribed loans for 1,420,000 rupees.

The sources of income for the household are two: the salary of the husband, who works as police officer, and the family-run general retailer shop. The household is formed by five members (three adults, two children). It has a monthly income of 19,000 rupees and, with a monthly income per adult equivalent of 6,735 rupees, is equally distant from the poverty line and the median income.

According to the husband, also present during the interview, they were trying to broaden the variety of products on sale in the shop. Hence, already with the idea of expanding her family business, the woman went visiting the NWEC in Phoenix for a couple of times. Reportedly, during the two visits at the NWEC no business plan was prepared and the woman, after having explained her financial situation, was invited to ask for an additional loan, this time within the Booster Loan Scheme. She then went to DBM with her husband where, according the woman, no inquiry was effectuated about their business plan. Their financial situation was also communicated to the bank but, apparently, it was not an impediment for DBM because the family could claim to own the land where their house was built. A loan for 100,000 rupees, amounting to 43.86% of the family annual income, was granted.

After the new investment, the business did not produce the results the family had hoped for. Accordingly, during the last month before the interview, the shop generated no profit. The husband, when asked why they thought the business was producing such poor results, said the main problem of their general retailer shop was few customers, consequence of the shop’s bad position.

When the family started to have problems in paying the installments (at the time of the interview it has a 10 months delay), the bank imposed penalties. The husband qualified those penalties as “inhumane” and declared them to be the core reason for slipping into the debt trap.

Both wife and husband stressed the fact that they received no counseling from NWEC or DBM, either before or after receiving the loan. The bank had never tried to contact them for offering counseling even after the situation turned critical. During the interview, they declared that their financial condition was strongly affecting their family life, by putting them under a lot of stress and pushing family members into depression. They both seemed overwhelmed by a spiraling debt, which they perceived as out of their control.
6. Conclusions

Five indicators are used for evaluating the effectiveness of the Booster Loan Scheme: business rate of survival, the increase in the size of the enterprise from micro to small, the delinquency rate, the rate of enterprises that after the loan created new profits and the return on investment. According to the survey conducted by interviewing 74 beneficiaries, the program may be considered successful relatively to the business of survival, partially successful considering the growth of the enterprises, unsuccessful for the delinquency rate, partially successful for the number of enterprises creating new profit and very successful for the total return on investment.

Businesses financed by DBM were indeed still operating in 79% of the cases at the time of the interviews. It must be added that because these enterprises contribute to a small fraction of the total household income (on average 32.25% of total income), their activity could be easily and temporally shut down if demand is weak or if market conditions turn them less convenient. Indeed 17% of the enterprises that are declared to be functioning did not produce any profit in the month before the interview. Thus the actual part of businesses surveyed that is actively on the market could be potentially as low as 65.57%.

The scheme positively affected 60% of the enterprises surveyed that were already operating before the loan; these on average increased their profit by 34%. Considering the average size of the enterprises involved (7,046 rupees of profits per month) the increase is not enough for pushing them over the boundary from the semi-formal (or informal) into the formal sector and for actually benefiting the whole economy. Also such a limited increase certainly does not contribute in creating new employments.

Delinquency rate is high: 43% of the sample population declared to have experienced delays in repaying the loan. Difficulties in paying the monthly installments seem to be strictly linked to the profit generated by the enterprise: on average borrowers who have experienced delays receive 44.5% less profit from their businesses than clients with no delay. Quite inexplicably the probability of receiving a visit from the bank is absolutely unrelated to delays in the payments: only 14.7% of the interviewees with delays have received visits against 35.89% of the interviewees with no delay. Interestingly, poor beneficiaries experienced a much higher delinquency rate: 59.01% of them declared delays in the repayment.

When submitted to an economic welfare analysis the program demonstrates to be successful. Indeed, return on investment may be considered substantial for a public loan program: money provided by DBM through the scheme created additional annual profits equal to 31.15% of total loans. Does this suggest that the program succeeds in financing value
added businesses that are invisible to the traditional banking sector? Apparently yes if we consider that 71% of the sample population, when asked why they chose DBM instead of other banks, replied that was because access to DBM was easier and just 21% indicated the lower interest rate. Of course a low interest rate makes access easier, but from these results it appears that borrowers applied for a loan at DBM because they reputed to have there more probabilities to see their loan approved.

This is indeed consistent with DBM approval procedures. Borrowers are required to be already registered with one of the government social protection or business promotion agencies. When the project is recommended by NEF, NWEC or SMEDA, loan is virtually always approved. Thus project screening within DBM is minimal because, it is assumed, projects have already been screened by other agencies. Approval rate is consequently much higher than elsewhere, about 80% according to DBM estimation (Daugnette, DBM Manager, 2010). But if high approval rate is congruous with high delinquency rate, is not with high return on investment because statistically high approval rate should lead to approve both successful and unsuccessful projects. A possible explanation is that while approval rate do not depend on the income of the borrower (being a public program this would not make sense), on the contrary the outcome of the financed business is on average highly dependent on income.

Indeed benefits from the program are not evenly distributed across the population. If only 37.84% of the sample population declared that new profits were generated in their enterprises after the loan, high-income beneficiaries reported to have benefited much more from the scheme: 62.5% of them declared that the loan was followed by a net increase or creation (in case of new businesses) of profits while only 13.64% of the poor reported the same. If this result is not surprising, it certainly questions the effectiveness of the program in targeting the poor. Microcredit programs are designed to widen credit access (and consequently to increase income) to those households that are excluded by the banking sector because they can not offer collaterals, they have no credit history or because the loan they require is too small for being profitable for a private bank.

Certainly the DBM scheme is not exclusively directed to poor household: indeed 72% of the sample population is above the poverty line and 29% is above the median monthly household income per adult equivalent. In theory are the poor who have more margin for benefitting from a microfinance program because, being excluded by the banking sector, they have fewer (or none) opportunities to finance their entrepreneurial projects. But what the result suggests is indeed that increasing their access to credit does not promote a rise of
income. The annual return on investment for the projects of poor households is only 4.4%, or less than half the interest rate on the loan, only 13.64% of poor entrepreneurs declared a net creation of income after the loan and, reportedly, only 39.13% of the enterprises of poor beneficiaries were producing profits at the time of the interview. Indeed a linear regression model constructed on the data collected with the interviews confirmed a significant relation between the household income and the return on investment (see Appendix).

Considering that poor beneficiaries have almost no saving capacity (77% of poor beneficiaries declared no savings in the last six months), it seems that the program has a negative impact on the surveyed poor households: at least in the short-term it contributes to erode their income instead of increasing it. From the survey emerges that more that 60% of poor beneficiaries must finance integrally their debt with DBM with their savings or, in the likely event they have no savings, by reducing their already low living standards; the third option is a new loan. And the few poor entrepreneurs that succeed in producing profits, are not even able to use them for paying at least the interest rate on the debt: profits are insufficient.

Interestingly then for households above the poverty line, the program turns successful. Families below the median monthly household income per adult equivalent, but above the poverty line, declared in the survey a return on investment of 28.47% and high-income households a return of 51.72%. Considering these high return rates it is indeed difficult to fully understand why these loans were not provided by the private banking sector. Significantly 87% percent of the sample population (and 71% of poor households) declared to have a bank account: they were not unfamiliar with basic financial services. One recurrent criticism toward public loan programs is that they crowd out private banks by offering subsidized loans, and indeed the fact that most of the beneficiaries are middle and high-income households seems to strengthen this analysis. But as we saw only one fifth of the beneficiaries indicated the lower rate of interest as reason for preferring DBM to other banks. Also the spread between rates is not very significant: about 2-3 percentage points. What this seems to confirm is that private banks in Mauritius are indeed overly conservative with micro and small entrepreneurs. In this sense the Booster Loan Scheme offers a valuable service to the economy by financing projects that would have not been financed (at least most of them) by the banking sector.

High-income is not the only characteristic that seems to positively affect the result of the project. Indeed, according to the results, 60% of the beneficiaries that financed existing enterprises with the Scheme declared that after the loan their enterprises started to generate
more profit (though only 42.89% of the respondents could quantify the increase) while only 29.17% of the beneficiaries that created an enterprise with the first disbursement reported their enterprise to generate any profit. Still a multivariate regression analysis demonstrated a positive (even if weak) correlation between businesses started with the loan and return on investment, suggesting that the few new businesses that are able to succeed are much more profitable than old businesses (see Appendix).

Nevertheless, the fact that less than one third of the businesses set up with the loan are reported to be profitable, demonstrates that the program do not offer sufficient support to beneficiaries to move their first steps into the market. Poor beneficiaries and new entrepreneurs lack effective networks of suppliers and customers; they have no experience to help them forecast market behaviors. Also they have poor knowledge of current prices of the market, therefore it is for them extremely difficult to understand if a business project is profitable or not. Indeed not surprisingly, a multivariate regression analysis suggested a positive correlation between the level of education and the return on investment. The same analysis draws a correlation even between the saving capacity of the household and the return on investment, probably because the capacity of saving is an indicator of sound financial management (see Appendix).

7. Recommendations

The criticalities of the Booster Loan Scheme emerge when beneficiaries are poor households: the outcomes of the survey indicate that poor households are on average worse off after the program because they had access to credit, not because they were precluded from it. What did not work properly is that if on one side access for poor households was indeed facilitated, on the other the program demonstrated to be ineffective in helping poor beneficiaries to profit from available loans. Certainly the Scheme is not a program specifically targeting poverty, and it is not here suggested that it should become one, nevertheless I consider there is margin to improve its effectiveness with poor households.

First, it is necessary to better design the interrelation between DBM and other business promotion agencies, in order to improve the quality of information available during the approval procedures and how information is shared among the agencies. For a low-income families, borrowing involves more risks for different reasons: their financial situation is by definition more vulnerable, their financial literacy is lower, their businesses are generally less productive, their economic condition is more precarious. These higher risks should therefore
be taken into account before a loan is granted. It is important to realize that according a loan to a poor family is not necessary always the right decisions.

A crucial issue to address is thus the evaluation of risks of the entrepreneurial project. According to the interviews I collected, both with beneficiaries and program managers, DBM always accords the loan if the project has been previously approved by other agencies (NEF, SMEDA and NWEC). Nevertheless, this procedure does not help to clarify which governmental agency should be accounted responsible if the project fails, and by consequence could lead to underestimate risks. Indeed this appears to happen in the case of loans granted to poor or financially vulnerable households where risks are much higher. Procedures, which clearly indicate where responsibilities lie, should therefore be made explicit.

Clearly the objective is not to make the program more conservative in its approval rate, but to calibrate the evaluation of the project to the characteristic of the specific household. A clear picture of the economic and financial situation of the household is necessary in order to rightly estimate risks. The information about the economic conditions should be provided by the agencies that have the first contact with the beneficiaries, whereas the financial conditions of the households should be assessed by DBM. Producing this information is not going to increase the costs of the program: the economic condition is already known by the governmental agencies involved in the program and the financial condition could be easily obtained by interviewing the beneficiaries. This information must be used to decide whether to finance the business project.

Second, the program has to better prepare beneficiaries from poor households before they receive the loan, and improve the follow-up after they receive the loan. From the survey emerges that beneficiaries consider themselves to lack basic skills for running a business: 88% of the interviewees think that DBM should offer training about business management and basic finance. This is confirmed by the fact that many of the interviewees had difficulties in estimating the profits generated by their businesses. In the case of poor beneficiaries, the lack of adequate skills is even more critical.

Trainings especially targeting poor households and their business have to be organized. Before receiving a loan a beneficiary has to clearly understand the financial mechanisms involved and the market they are working in. In the interviews, many beneficiaries reported that they had difficulties to reimburse the loan because they were not able to find enough customers for their products. By appropriate counseling the program could help beneficiaries to identify promising sector and dismiss unfavorable ones. This does not seem to happen now.
Follow-up is equally important. According to the interviews just 14.7% of the sample population with delays in repayments had received a visit from DBM. Without increasing program costs by hiring new agents, visits should not be randomly arranged but they should target only beneficiaries experiencing difficulties. According to interviews, visits are on the contrary organized on randomly bases.

The number of beneficiaries of DBM Booster Loan Scheme treated by other business development agencies (now only about 35% of the borrowers benefit from the assistance of agency as SMEDA, NEF or NWEC) has to rise and, in the case of poor beneficiaries, the assistance of specialized development agencies should become a requirement for granting the loan.
## Appendix

### A. Results of regression on rate of annual return of investment

Dependent variable: Annual return of investment of the sample population

<table>
<thead>
<tr>
<th>Regressors</th>
<th>(1)</th>
<th>(2)</th>
<th>(3)</th>
<th>(4)</th>
<th>(5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monthly household resources per</td>
<td>.003**</td>
<td>.003</td>
<td>.003</td>
<td>.003**</td>
<td></td>
</tr>
<tr>
<td>adult equivalent ($X_1$)</td>
<td>(.001)</td>
<td>(.002)</td>
<td>(.002)</td>
<td>(.001)</td>
<td></td>
</tr>
<tr>
<td>Gender ($X_2$)</td>
<td>10.732</td>
<td>1.984</td>
<td>10.732</td>
<td>1.984</td>
<td></td>
</tr>
<tr>
<td>Educational level ($X_3$)</td>
<td>18.089*</td>
<td>6.378</td>
<td>18.089</td>
<td>6.378</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(9.572)</td>
<td>(11.956)</td>
<td>(9.572)</td>
<td>(11.956)</td>
<td></td>
</tr>
<tr>
<td>Area ($X_4$)</td>
<td>-19.827</td>
<td>-25.635</td>
<td>-25.635</td>
<td>-25.635</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(16.769)</td>
<td>(17.908)</td>
<td>(16.769)</td>
<td>(17.908)</td>
<td></td>
</tr>
<tr>
<td>Saving capacity ($X_5$)</td>
<td></td>
<td>27.995</td>
<td>29.038</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>(18.986)</td>
<td>(19.074)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Level of indebtedness ($X_6$)</td>
<td>-3.193</td>
<td>-1.759</td>
<td>-3.193</td>
<td>-1.759</td>
<td></td>
</tr>
<tr>
<td>New business ($X_7$)</td>
<td></td>
<td></td>
<td>25.01</td>
<td>38.653*</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(21.483)</td>
<td>(21.168)</td>
<td></td>
</tr>
<tr>
<td>Intercept</td>
<td>10.409**</td>
<td>-12.425**</td>
<td>29.324**</td>
<td>24.585**</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(10.537)</td>
<td>(33.188)</td>
<td>(13.167)</td>
<td>(10.119)</td>
<td></td>
</tr>
<tr>
<td>Summary Statistics</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SER</td>
<td>65.033</td>
<td>63.6</td>
<td>66.339</td>
<td>63.996</td>
<td>63.459</td>
</tr>
<tr>
<td>$R^2$</td>
<td>0.067†</td>
<td>0.03</td>
<td>0.011</td>
<td>0.019†</td>
<td>0.095</td>
</tr>
<tr>
<td>$N$</td>
<td>57</td>
<td>62</td>
<td>57</td>
<td>62</td>
<td>57</td>
</tr>
</tbody>
</table>

Note: * means statistically significant at 90%, ** means statistically significant at 95%, † means $R^2$.

Regressors: Monthly household resources per adult equivalent (Rupees); Gender (Male=0, Female=1); Educational level (Never attended school=1, Below=2, Certificate of Primary Education passed=3, Above Certificate of Primary Education=4); Area (Urban=0, Rural=1); Saving Capacity (No=0, Yes=1); Level of indebtedness (Fraction of income); New business (No=0, Yes=1).
B. Questionnaire in French

Section 1

1. Quel était le montant de votre prêt avec DBM? (Rs) _ _ _ _ _ _ _ _ _

2. Quand avez-vous reçu votre premier paiement de la banque? _/__/____

3. Quelle a été la période de remboursement de votre prêt quand vous l'avez reçu (jusqu'à cinq ans)? _ _ _ _ _ _

4. Avez-vous eu un retard dans vos remboursements à la banque?

OUI [ ] NON [ ]

Si OUI

4.1 Combien de mois (ou en roupies), vous êtes en retards dans le paiement? _ _ _

4.2 Que pensez-vous est la principale cause de ce retard?

a) Je n'ai pas bien planifié mon entreprise [ ]

b) Je manque de fond de roulement pour faire fonctionner efficacement mon entreprise [ ]

c) Mauvaises conditions économiques dans le secteur de mon entreprise [ ]

5. Pensez-vous que vous serez en mesure de rembourser votre prêt à temps?

OUI [ ] NON [ ]

Si NON

5.1 Combien de mois en plus sur le délai pensez-vous de nécessiter pour le rembourser?

_ _ _ _ _ _ _ _ _ _ _

6. Avez-vous déjà reçu des prêts de la même ou d'autres banques?

OUI [ ] NON [ ]

Si OUI

6.1 Combien avez-vous emprunté au total avec d'autres prêts? (Rs) _ _ _ _

6.2 Êtes-vous en train d’utiliser votre prêt avec DBM pour payer un autre prêt?

OUI [ ] NON [ ]
7. Pourquoi avez-vous emprunté à la Development Bank au lieu des autres banques?
   a) Je ne suis pas familier avec d'autres banques
   b) Taux d'intérêt plus bas
   c) Aucune garantie requise
   d) L'accès à cette banque c'est plus facile
   e) Moins de risque en cas de retard de remboursement

8. Regrettez-vous avoir pris ce prêt? OUI ☐     NON ☐

9. Êtes-vous satisfait du service que vous recevez de DBM? OUI ☐     NON ☐

10. Pensez-vous que DBM devrait offrir des sessions de formation pour des clients comme vous?
    OUI ☐     NON ☐
    Si OUI
    10.1 Quel genre de formation? (Indiquer seulement une)
    a) Pour améliorer votre compréhension des questions financières (conditions de prêt, les taux d'intérêt, etc.)
    b) Pour améliorer votre capacité de gérer votre entreprise
    c) Pour examiner la possibilité de changer votre entreprise
    d) Pour exporter
    e) Pour rencontrer des partenaires pour augmenter la taille de votre entreprise

11. Avez-vous déjà reçu la visite de DBM après avoir reçu le prêt?
    OUI ☐     NON ☐

---

Section 2

12. Quelle éducation avez-vous reçu?
    N'a jamais fréquenté l'école ☐     Au-dessous de CPE ☐
    CPE passé ☐     Dessus CPE ☐

13. Combien de personnes vivent chez-vous? _ _ _ _ _ _
    13.1 Combien sont des adultes (16 ans et plus)? _ _ _ _ _
13.2 Combien sont d'enfants (moins de 16 ans)? ________

14. Chez-vous, combien de chambres y a-t-il? ________

15. Quel est le revenu mensuel de votre famille? (S'il vous plaît envisager de l'argent gagné de travail et transférées à votre famille pour d'autres raisons comme des cadeaux, des parents à l'étranger, de l'argent transféré à vous par le gouvernement) (Rs) ________________

16. Payez-vous un loyer pour la maison où votre famille vit? OUI □

Si NON

16.1 Combien pensez-vous que vous obtiendrez pour le louer? (Rs) ________________

17. Le mois dernier, quelle partie de votre revenu avez-vous dépensé pour acheter de la nourriture?  
Moins de la moitié o  Plus de la moitié o

18. Utilisez-vous du bois pour cuisiner? OUI □  NON □

19. Est-ce que votre famille a économisé de l'argent au cours des six derniers mois?  
OUI □  NON □

20. Votre famille a-t-elle un compte d'épargne? OUI o  NON o

Section 3

21. Pour quelle activité avez-vous demandé le prêt à DBM?

______________________________________________________________

22. Est-ce l'entreprise pour laquelle vous avez demandé un prêt de DBM est tout jour en fonction?

OUI □  NON □

Si OUI

22.1 Combien d'argent vous gagnez par mois (après exclusion de tous les coûts) de cette entreprise? (Rs) ________________

23. Avez-vous commencé cette activité avec le prêt de la DBM?

OUI o  NON o

Si NON

23.1 Combien de temps vous aviez été l'exécution de cette entreprise avant d'obtenir le prêt? ________________
23.2 Après la réception du prêt, votre entreprise a commencé à générer plus de bénéfices?

OUI ☐  NON ☐

Si OUI

23.2.1 Combien en plus (par mois)? (Rs) ________________

24. Avez-vous utilisé le prêt de DBM pour l'achat d'équipement pour votre entreprise?

OUI ☐  NON ☐
Section 1

1. What was the amount of your loan with DBM? (Rs) ______________

2. When did you receive your first payment from the bank? __/__/____

3. What was the repayment period of your loan when you received it (up to five years)? __________

4. Have you experienced any delay in your repayments to the bank?

   YES ☐ NO ☐

   If YES

   4.1 How many months (or rupees) are you behind with payment? __________

   4.2 What do you think is the main cause for this delay?

   a) I did not plan well my business ☐

   c) Insufficient money for running efficiently my business ☐

   d) Bad economic conditions in the sector of my business ☐

5. Do you think you will be able to refund your loan in time?

   YES ☐ NO ☐

   If NO

   5.1 How many more months you think you will need to refund it? __________

6. Have you ever received other loans from the same or other banks?

   YES ☐ NO ☐

   If YES

   6.1 How much have you totally borrowed with other loans? (Rs) __________

7. Why did you borrow from the Development Bank instead of other banks?

   a) I am not familiar with other banks ☐

   b) Lower interest rate ☐

   c) No guarantee required ☐

   d) Easier access to the bank ☐
e) Less risks in case of reimbursement delays □

8. Do you regret having taken this loan? YES □ NO □

9. Are you satisfied with the service you receive from DBM? YES □ NO □

10. Do you think DBM should offer training sessions to clients like you? YES □ NO □

If YES

10.1 What kind of training?

a) To improve your financial understanding (loan conditions, interest rates, etc.) □

b) To improve your ability of managing your business □

c) To explore possibility of changing your business □

d) To export □

e) To meet partners for increasing the size of your business □

11. Have you ever received any visit from DBM after receiving the loan? YES □ NO □

Section 2

12. What education you received? Never attended school □ Below CPE □

CPE passed □ Above CPE □

13. How many persons live in your family home? ___________

13.1 How many are adults (16 years and over)? __________

13.2 How many are children (less than 16 years)? __________

14. In your home, how many rooms are there? __________

15. What is the monthly income of your family? (Please consider money gained working and transferred to your family for other reasons like gifts, relatives abroad, money from the government) (Rs) ________________

16. Do you pay any rent for the house where your family is living? YES □ NO □

If NO

16.1 How much do you think you will get for renting it? (Rs) ________________
17. Last month, what part of your income did you spent for buying food?

- Less than half □
- More than half □

18. What do you use for cooking? (More than one answer possible)

- Gas □
- Wood □
- Electricity □
- Kerosene □

19. What of the following objects does your family own? (More than one answer possible)

- Television □
- Refrigerator □
- Washing machine □
- Oven □
- Microwave oven □
- Fixed telephone □
- Mobile phone □

20. Have your family saved any money in the last six months?  YES □  NO □

21. Have your family a saving account?  YES □  NO □

---

**Section 3**

22. For what activity you required the loan with DBM?

__________________________________________________________

23. Is the business for which you required the loan from DBM still running?

- YES □  NO □

If YES

22.1 How much money do you gain monthly (after excluding all the costs) from this business?  (Rs) ___________

24. Did you start this business with the loan from the DBM?  YES □  NO □

If NO

24.1 How long had you been running this business before getting the loan? __________

24.2 After receiving the loan has your business started to generate more profit?

- YES □  NO □

If YES

24.2.1 How much more (monthly)? (Rs) __________

25. Did you use the loan from DBM to purchase equipment for your business?

- YES □  NO □
References


Chamroo, N. (2010, May 19). NEF Manager. (Interviewed by the author)

Daugnette, H. (2010, August 2). DBM Manager. (Interviewed by the author)

Daugnette, H. (2010, June 1). DBM Manager. (Interviewed by the author)


Ramsahye, B. (2010, June 1). DBM Assistant Manager. (Interviewed by the author)