

CENTRE FOR STUDIES IN SOCIAL SCIENCES, Calcutta
R 1 BAISHNABGHATA PATULI,
KOLKATA 700094

ECONOMICS STUDY GROUP SEMINAR

Arjun Bedi
Institute of Social Studies
shall present

**"Returns to Islamic Microfinance: Evidence
from a Randomized Experiment in Pakistan"**

Abstract: The global microfinance movement is driven by the claim that once poor micro-entrepreneurs are provided access to capital, they will be able to generate high returns. The existing evidence on returns to capital is mixed and too limited to substantiate this claim. This paper reports on a field experiment conducted in Pakistan, in co-operation with Akhuwat microfinance, in which interest free loans were randomly provided to microenterprises. We find that treatment leads to a substantial increase in working capital and in business profits. Using randomized treatment as an instrument for capital, we find average monthly returns to capital of 8.6 to 11.9 a month. These returns are substantially higher than the interest rates charged by microfinance institutions in Pakistan.

Date: Wednesday, **9th August**, 2017, 3-5 pm
Venue: CSSSC's Seminar Room, Patuli Campus

Dr. Tushar Nandi
(Seminar Sub-Committee)

All are welcome to attend.