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Controller of Examination

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Subject: **Research Report Evaluation of Mr. xxx**

I feel honored to serve in the role of an external examiner of the MS thesis entitled, “*The Impact of Microfinance on the Income of Borrowers in Khyber Pakhtunkhwa: A Case Study of Khuashali Bank*” by Mr. XXX. I have examined the thesis and appreciate the work of the student and his supervisor. Following are my observations, which are duly categorized as major, moderate and minor.

## Major Concerns

1.1 Analytical tools (Regression)

The study uses a regression technique for finding the impact of microfinance on income of the borrowers. However, the regression seems to be suffering seriously from the omitted variable bias. The regression uses only three variables as predictors of individual income, and that too without any support from specific citations of earlier studies. Previous literature on the given subject indicates that individual income is a function of many variables such as the individual’s experience, education, family background (land lords will have higher income compared to other people), parents education, specific business activity or job, savings etc. Without including these variables in the regression, the results might be biased.

1.2 Univariate analysis

In experimental designs such as pre- and post-event studies, it is always a good idea to start with paired-sample t-test. This research can apply paired-sample t-test on income before and after the borrowing to augment the regression analysis.

## Moderate Concerns

2.1 Objectives and variables mismatch

Key sections of the reports such as abstract, objectives, hypotheses, literature review, and the regression model have no discussion on several variables; however, these variables appear with

significant utilization of space in the form of tables and graphs in the “Results and Discussion” section. The report must show the coherence and relevance of these variables to the objectives of the research. For example, there is one variable “amount of loan with interest”. This variable seems to have no relationship whatsoever with the stated objective of the research. Similar is the case with other variables such as sex of the borrowers, education, family size, loan taken elsewhere, main source of income, scheme of credit, utilization of loan, loan with interest, demand of loan etc. As suggested above in Section 1.1, some of these variables can be included in the regression model and duly recognized in the objective section of the report.

* 1. More focus on explanation of econometric concepts than on results

In the results section, the report devotes more time and efforts to defining concepts such as t-value, p-value, R-square, and coefficients. These concepts are already explained at length in basic and advance econometric books. The research report might add value by discussing the implications of the findings and comparing findings of the study with the findings of other studies.

2.3 Lack of references

The introduction and literature review sections are not much supported with the literature review. For example, there is no reference for the definition of micro-finance. Similarly, there is no reference for supporting the econometric model. Furthermore, recent literature citation is a major concern in this report. For example, the report gives reference of World Bank for poverty figures in Pakistan from the year 2001. Why to rely on 10 years old data when you can access recent data?

## Minor Concerns

3.1 Typos and referencing style

There are few typos, capitalization mistakes, and referencing style inconsistencies that I have highlighted in the hard print. The report has consistently used the style of (Author, Year) for in-text citations. Whereas, the correct method would be Author (Year). In some places, the author has used both the first and the second name of the author in the in-text citations, whereas the correct method is to cite only the last name of the authors with year given in brackets.

* 1. Missing references

The Bibliography is not arranged in alphabetical order, for example, Schreiner. M 2002 is given first in bibliography list, and Sanjay 2002 is given later. Second, the bibliography shows months names also with the years, where month names should not be given

The following references were there in the text, but not given in the bibliography or had missing elements.

1. Word Bank 2001 on page 1, no details given in bibliography
2. Husain 2003, source of publication/organization not given
3. Yunus 2000, on page 7, but not given in bibliography
4. Edopka 2008, on page 9, but not given in bibliography
5. Autumn 2007, on page 9, but not given in bibliography
6. Morduch 1999, on page 9, but not given in bibliography
7. There are references in the bibliography which are not cited in the text, so they should be removed
8. Looking at the bibliography, several inconsistencies of style, fonts, and formats can be observed. That should be corrected

In my opinion, if the above corrections are incorporated in the research report, they would add significant value to report which then would merit public defense and award of MS degree.

Regards

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