

RESEARCH TOPIC

Investigating the impact of major factors influencing credit repayment in

SME (small & medium enterprise): a case study of

The SMEs in Islamabad, Pakistan

Supervised by:

Ajab Khan Burki

Submitted by:

CH USMAN ALI

MBA 7B

01-120122-088

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DEDICATION

I dedicate this Thesis to my Loving and Caring Parent, Ch Mian Khan and Mrs. Mian khanand especially to my Brother (Ch Zia Ul Haq) and Sisters for their Prayers, Moral Support and Unconditional Love during my academic period.

Abstract

This study caters to identify the Factors that hindering small and medium enterprises for committed and consistent credit repayments by focusing on small and medium enterprises in ISLAMABAD PAKISTAN. The specific objectives are to identify the major factors and problems of SMEs facing for credit repayments and to identify difficulties related to assessing the loan from banks and others private credit unions. Besides this study also determine how these factors effect small and medium enterprises development and sustainability. This study adopts a survey design method in determining the factors that affect small and Medium Enterprises in credit repayment. Its target population comprises of SMEs operating within Islamabad-the Capital of Islamic Republic of Pakistan. This study is utilizes a sample of 100 SMEs within Islamabad.

The study found that independent variable (Education of the SME enterprises, Age of SME, SME Size of Assets and Income, Interest rate, Loan size and repayment period) explains 68.7 percent change of credit repayment. In this study Researcher Found that most of Respondents (small and medium enterprises) Operating/ have bank account and that was the main reason to borrow 44% credit from the banks for Start-up, Buying Assets, increasing Stock and development. It found that the main reason for failure of credit repayment is due to loans given out without any form of security, Capacity and characteristics to clients. It recommended that those small and medium enterprises should have a structure where funds are well projected over the period of repayment and portion money for such repayments. In this study researcher found small and medium enterprises unsatisfied with the performance of the Government of Pakistan, Banks and private credit institution and they thought that these

aspects can contribute toward the Economic and Financial development of small and medium enterprises in Islamabad-Pakistan.

Keywords: credit repayment, SMEs, Economic and Financial development, Interest rate.

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