Pakistan Journal of Life and Social Sciences
www.pjlss.edu.pk

https://doi.org/10.57239/PJLSS-2024-22.2.001511

RESEARCH ARTICLE

# Evolving Dynamics of Government-Led Entrepreneurial Financing: A Comparative Study of Pakistan's Schemes from 1992 to the Youth Entrepreneurship Scheme (YES)-Distinctive Factors and Similarities

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***ARTICLE INFO***

Received: Oct 18, 2024

Accepted: Dec 22, 2024

***Keywords***

Entrepreneurial Financing
Government Schemes
Loans
Startups
Small and Medium Enterprises
Startups Growth

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**ABSTRACT**

The government of Pakistan has launched five entrepreneurial financing schemes since 1992, each evolving with distinctive factors while retaining certain similarities. This study presents a comparative analysis of these schemes, with a particular focus on the Youth Entrepreneurship Scheme (YES). Using a qualitative document analysis methodology, the study reviews scholarly articles, State Bank of Pakistan circulars and reports, news publications, and government documents. The findings reveal that YES incorporates three key borrowed factors from previous schemes: focus on youth, women, and opportunity across all sectors. Additionally, it modifies eight borrowed factors including, an employment target of one million, varying equity contribution, loss coverage, loan category, required credentials, loan processing time, collaboration with 21 banks, and an expanded role of the Small and Medium Enterprises Development Authority (SMEDA). Furthermore, YES introduces four new factors: an emphasis on information technology, a streamlined seven-step loan processing system, diverse loan categories, and integration with the Pakistan Citizen Portal. The study concludes that YES represents significant innovations and modifications compared to earlier schemes and recommends further research to assess its impact on startup growth in Pakistan.

## INTRODUCTION

Youth engagement is fundamental to socio-economic development and shaping a nation's future (Brady et al., 2020; Gardner et al., 2020). Rapidly evolving global socioeconomic (Dorji, 2023; Lee et al., 2020) and political dynamics (Pang et al., 2022; Savić-Bojanić, 2023) demand strategic inclusion and empowerment of youth (Beta, 2020; Li, 2020). In Pakistan, youth constitute a significant demographic, where 60% of the population is aged 18–29, with 68% under 30 and 29% between 15–29 years (Kamran et al., 2019; Dawn, 2019). Pakistan's position as one of the world's youngest nations and the second youngest in South Asia (Ammar, 2021) presents both challenges and opportunities for the country. Addressing youth unemployment, which is estimated to require over four million jobs in the next five years (Dawn, 2019), necessitates innovative and sustainable frameworks for engaging this vital demographic.

Successive governments in Pakistan have recognized these challenges and launched five entrepreneurial financing schemes since 1992 to promote self-employment, foster innovation, and support startups and small and medium-sized enterprises (SMEs) (Rizwan, 2023). The primary objectives of these schemes were to promote self-employment and address growing unemployment among the youth (Iram et al., 2023), through startups (Qamar et al., 2023), and SMEs (Anwar et al., 2020; Khalid et al., 2010; Kulmie et al., 2023). These schemes also aimed to bridge the financing gap for startups and SMEs (Begum, 2022; Khalid & Qureshi, 2020: Mahmood, 2022). The schemes also provided entrepreneurial assistance to aspiring individuals (Javed, 2020; Rahman et al., 2023), who were seeking to start entrepreneurial careers (Amjad et al., 2022; Hussain et al., 2021; Martin et al., 2023; Tunio et al., 2021; Tunio et al., 2022). These schemes are commonly referred to as (a) the Yellow Cab Scheme of 1992, (b) the President Rozgar Scheme of 2006, (c) the Peoples Rozgar Scheme of 2008, (d) The Prime Minster Youth Business Loan Scheme (PMYBLS) of 2013, and (e) The Youth Entrepreneurship Scheme (YES) of 2019. Among these schemes YES emerged as a flagship initiative during the Pakistan Tehreek-e-Insaf (PTI) government (Raja, 2020; Rizwan et al., 2023), aligning itself with the National Youth Development Framework (NYDF).

Globally, entrepreneurial financing schemes have been key in addressing youth unemployment and promoting economic growth. Loan guarantee programs, such as those in Canada and the European Union (Riding & Haines, 2001; Brault & Signore, 2019), have demonstrated positive impacts on employment, firm growth, and innovation. In China and India, startup schemes have catalyzed entrepreneurial ecosystems despite regulatory challenges (Pohane & Sawant, 2023). However, research highlights a lack of exploration into these schemes in regions like Pakistan, where entrepreneurial finance is in its nascent stages (Zafeer, 2021). Recent studies emphasize the emergence of new financing instruments, such as crowdfunding and venture capital, reshaping startup ecosystems globally (Bernthal, 2018; Bonini et al., 2019). Nguyen et al. (2021) noted that such tools have broadened research and policy interest, yet their role outside Europe and the U.S. remains underexplored. Similarly, in Pakistan, despite the introduction of public and private financing mechanisms, systemic issues like access to capital and regulatory inefficiencies persist, limiting the impact of such schemes on startup growth and sustainability.

Thus, this study aims to conduct a comprehensive comparative analysis of entrepreneurial financing schemes launched by the government of Pakistan since 1992, with a specific focus on the YES. The study addresses a critical gap in the literature on entrepreneurial financing in the developing world. It first identifies the distinctive and then recurring factors across the schemes. The study further explores the YES distinctive factors compared to the previous schemes. By uncovering these factors, the study offers valuable insights for policymakers, stakeholders, and scholars, emphasizing the broader implications of entrepreneurial financing on startup growth in Pakistan. This work contributes to the growing body of knowledge in this domain and sets the stage for future research on entrepreneurial development in emerging economies.

## RESEARCH METHODOLOGY

This study employs a **qualitative document analysis** methodology to investigate entrepreneurial financing schemes launched by the Government of Pakistan since 1992. Document analysis is a systematic, structured approach to reviewing and evaluating documents (Asdal & Reinertsen, 2021). The methodology offers a robust framework for extracting meaningful insights, establishing patterns, and analyzing trends within policy frameworks (Kutsyuruba, 2023). Thus, the methodology aligns well with the study's objectives, enabling an in-depth understanding of the evolution, distinctions, and similarities among the schemes.

### Data Sources

The data sources for this study include a diverse range of secondary data to ensure a comprehensive analysis. These sources comprise scholarly articles, providing peer-reviewed insights into entrepreneurial financing; circulars and reports issued by the State Bank of Pakistan, offering official information on financial regulations and government-led initiatives; and newspaper publications, which add contextual perspectives and public views on the scheme's distinguished and recurring factors. Additionally, publications from various government departments contribute detailed accounts of the objectives and features of these financing schemes. Together, these diverse sources enable a thorough examination of the distinctions, similarities, and evolving characteristics of entrepreneurial financing schemes, with a particular focus on the Youth Entrepreneurship Scheme (YES).

### Analytical Framework

The analysis for this study was conducted iteratively using a thematic coding approach (Ayre & McCaffery, 2022). Documents were systematically reviewed to identify key themes related to the distinctive factors and similarities among entrepreneurial financing schemes. A comparative analysis was then performed to examine the borrowed, modified, and new factors of the Youth Entrepreneurship Scheme (YES) in relation to its predecessors. This approach emphasized both the unique characteristics and the recurring elements across the schemes, providing a nuanced understanding of their evolution over time.

### Methodological Relevance to Objectives

The chosen methodology aligns closely with the study's aim to explore the distinctive factors and similarities of entrepreneurial financing schemes in Pakistan. It enables the tracing of historical routes and the identification of YES's unique contributions within the entrepreneurial financing domain. By focusing on the evolution and impact of these schemes, the methodology supports the study's broader goals of advancing theoretical understanding and providing practical insights for policymakers.

### Contribution

This methodological approach provides a nuanced analysis of entrepreneurial financing initiatives in Pakistan, filling a critical gap in the literature from the developing world in the field of emerging entrepreneurial financing. The study's insights into policy design and implementation have implications for both academic research and practical policy development, particularly in emerging economies.

## RESULTS

A total of 22 articles were retrieved from Google Scholar, focusing on the five entrepreneurial financing schemes launched by the government of Pakistan in the study. These articles provide insights into schemes, empirical data, and contextual understanding, helping to frame the schemes into different themes. Three circulars related to the entrepreneurial financing schemes were accessed through the State Bank of Pakistan's official website. These documents offer primary data on scheme characteristics. Five reports published on the State Bank of Pakistan's website were utilized. These reports provide detailed evaluations, policy analyses, and statistical overviews relevant to the scheme's distinctions and similarities. Three news articles covering key distinctions, public reception, and socio-economic impacts of the schemes were retrieved from their respective news outlets' websites. These sources complement the primary data by capturing public discourse and media narratives. Two government reports were accessed through relevant government organizational websites. These documents detail broader policy frameworks and objectives, contextualizing the schemes within national priorities. The details of these sources, categorized by source and quantity, are summarized in Table 1, ensuring clarity and transparency in data collection.

**Table 1: Data Source**

| Source | No. of Articles | No. of Circulars | No of Reports | No. of News Publication | No. of Other Govt Publications |
|---|---|---|---|---|---|
| Scholarly Articles | 22 | | | | |
| State Bank of Pakistan Circulars | | 3 | | | |
| State Bank of Pakistan Reports | | | 5 | | |
| News Publications | | | | 3 | |
| Other Government Publications | | | | | 2 |

**Key Distinctions and Similarities in Entrepreneurial Financing Schemes**

The Yellow Cab Scheme focused on modernizing the taxi service specifically for self-employment in a single sector (Haque et al., 2021; Kiran 2023). On the other hand, the President's Rozgar Scheme targeted unemployed youth in various sectors such as utility shops, mobile general stores, rickshaws, public call offices, and telecentres (Ali & Wasim, 2020; Kalhoro et al., 2019; Qureshi & Herani, 2011; Qureshi & Jalbani, 2012). In contrast, the People's Rozgar Scheme had a similar focus as the President's Rozgar Scheme, with the addition of healthcare equipment start-ups according to a report published by the Finance Division of Government of Pakistan in 2009. These schemes, however, also target unemployed yet educated youth (Raheem ul Haque, 2009) and SMEs according to a report published by the DAWN in 2008. The PMYBLS and YES focused on all of the sectors according to a circular published by the SBP in 2014 and 2020. The YES in Pakistan offered an opportunity for young individuals to embark on an entrepreneurial career (Amjad et al., 2022) and for small and medium enterprises (SMEs) to enhance their presence in various industries (Raja, 2020).

The Yellow Cab Scheme target population is not testified. However, any individual who was able to pay a 10 percent down payment can have the yellow cab under the scheme (Imran, 2009; Jain, 2013). The President's Rozgar Scheme aimed to reach 5.4 million individuals according to a report published by the Business Recorder in 2006, while the People's Rozgar Scheme target population was not reported. The PMYBLS aimed to reach 100,000 individuals who wanted to borrow money according to a Quarterly Review of the SBP in 2014. The targeted population for the YES was one million jobs, according to a report published by News International in 2019.

The Yellow Cab Scheme was open to all ages (Imran, 2009; Jain, 2013). The President's Rozgar Scheme had an age requirement of 18-45 years (Raheem ul Haque, 2009), while the eligibility criteria for the People's Rozgar Scheme was not testified, the PMYBLS had an age range of 21-45 years according to a report published by the SBP in 2013. Whereas, YES funding opportunity was available for the age group of 21-45 with an addition to 18 years specifically for the IT sector (Raja, 2020).

The Yellow Cab Scheme had the participation of FWBL, HBL, NBP, and UBL (Qureshi et al., 2012), and The President's Rozgar Scheme had the participation of NBP (Raheem ul Haque, 2009). The People's Rozgar Scheme had the participation of NBP, according to a report published by the Finance Division of the Government of Pakistan, the PMYBLS had the participation of NBP & FWBL (Rahman et al., 2020), Sindh Bank, Soneri Bank, & Bank Al-Habib (Kalhoro et al., 2019). Whereas, the YES convinced 21 banks to participate in the scheme which includes public, private, Islamic, and microfinance banks under the supervision of SBP according to a report published by the SBP in 2019.

The Yellow Cab Scheme, the President's Rozgar Scheme, the People's Rozgar Scheme, the PMYBLS, and the YES were launched in all four provinces including the federally administered areas (Iram et al., 2023), also published by the State Bank of Pakistan in 2013.

The Yellow Cab Scheme required a 10 percent down payment from any gender (Imran, 2009; Jain, 2013). The President's Rozgar Scheme had only focus and leniency for female borrowers, according to a report published by the Business Recorder in 2006. Whereas the People's Rozgar Scheme was launched for all genders, the minimum condition was matriculation, according to a report published by the DAWN in 2008. Whereas, the PMYBLS reserved 50 percent of its loans for women borrowers, according to a circular published by the State Bank of Pakistan in 2013. The YES allocated a 25 percent loan exclusively for female applicants (Malik et al., 2020; Raja, 2020)

The Yellow Cab Scheme only allowed borrowers to borrow taxis without dividing them in size of the loan except for a 10 percent down payment (Imran, 2009; Jain, 2013), the President's Rozgar Scheme had a maximum borrowing limit of Rs. 5,000 to Ra. 200,000 (Qureshi & Jalbani, 2012). The People's Rozgar Scheme allowed borrowing from Rs. 200,000 to Rs. 700,000 according to a report published by the Finance Division, Government of Pakistan in 2009. Whereas, the PMYBLS allowed borrowing from Rs. 500,000 to Rs. 2,000,000 (Iram et al., 2023; Kalhoro et al., 2019; Khan et al., 2016). Whereas, YES has categorized its loan program into three tiers: Tier-1 (T1) loans range from Rs. 100,000 to Rs. 1 million, Tier-2 (T2) loans range from Rs. 1 million to Rs. 10 million, and Tier-3 (T3) loans range from Rs. 10 million to Rs 25 million (Raja, 2020), also published by the SBP in 2020.

The Yellow Cab Scheme required a 10 percent down payment debt and equity ratio has not been reported. The President's Rozgar Scheme and the People's Rozgar Scheme have not reported the ratio. On the other hand, the PMYBLS had a debt-equity Ratio of 90:10 ratio of cash or immovable property according to a report published by the SBP in 2013. Under the YES Equity contribution for a new start-up was in the form of either cash or immovable assets, for T1 was 90:10, for T2 it was 80:20, and for T3 it was also 80:20, whereas, existing business was not required to have any equity contribution (Raja, 2020), also published by the SBP in 2020.

The Yellow Cab Scheme provided funding without the need for collateral only a personal guarantee was required as a substitute for the collateral (Qureshi & Jalbani, 2012). President's Rozgar Scheme and the People's Rozgar Scheme information on collateral is not reported. On the other hand, the PMYBLS required a business hypothecation as collateral according to a report published by the SBP in 2013. Within the YES scheme, T1 loans were clean and did not require any collateral. However, a borrower's guarantee was mandatory. Whereas, the T2 and T3 loans adhere to the individual policies of the separate banks (Raja, 2020; SBP, 2020).

The Yellow Cab Scheme and the President's Rozgar Scheme risk mitigation have not been reported. Whereas for the People's Rozgar Scheme, 10 percent of the total credit loss was borne by the government according to a report published by the Finance Division of the Government of Pakistan in 2009. Whereas, under the PMYBLS, the government covered up to 5 percent of losses on the bank portfolio as part of the Risk Mitigation strategy. Under the YES government assumed responsibility for credit losses on a percentage of the disbursed loans held by banks. Specifically, the government will cover 50% of losses for T1 loans, 20% for T2 loans, and 10% for T3 loans according to a report published by the SBP in 2020.

The Yellow Cab only had one product yellow cab (transport sector) (Liaquat, 2022; Naseem, 1996). The President's Rozgar Scheme Products encompass a range of products such as a utility shop, mobile general store, rickshaw, public call office, and telecentres from multiple sectors (Ali & Wasim, 2020; Qureshi & Herani, 2011; Qureshi & Jalbani, 2012). Similarly, the People's Rozgar Scheme Products consist of Community Transport, Community Utility Stores, Community Mobile Utility Stores, PCO/Tele-centers, and health care equipment from multiple sectors according to a report published by the Finance Division Government of Pakistan. Additionally, the PMYBLS Loan opportunity is available for all sectors according to a quarterly report published by the SBP in 2014. The YES was open to all sectors, including agriculture according to a circular issued by the SBP in 2020. It provides financing options such as long-term loans, working capital loans (including Murabaha), and leasing. Additionally, it offers financing for locally built commercial vehicles, with a limit of one vehicle per borrower.

Under the Yellow Cab Scheme loan processing time has not been reported. The President's Rozgar Scheme processing time for sanction after verification was ten days according to a report published by the Business Recorder in 2006. The processing time for loans has not been reported for the People's Rozgar Scheme. The PMYBLS processing time of fifteen days with a processing fee of Rs.100 according to a report published by the State Bank of Pakistan in 2013. The processing time for the YES program was within thirty days. There was also a non-refundable fee of one hundred rupees for processing the form, which covered the verification of CNIC by the National Database Registration Authority. There was no specific minimum educational requirement, but it may be considered by the bank when making a loan decision hence, the candidate must possess the appropriate credentials, certificates, diplomas, authorizations, or licenses, according to a circular issued by the SBP in 2020.

The Yellow Cab, the President's Rozgar Scheme, the People's Rozgar Scheme, and the PMYBLS have not reported the loan steps. Whereas the YES clearly defines loan procedure in seven steps, loan approval is notified through SMS, and if the applicant accepts the offer, he or she opens a bank account. Make the appropriate equity deposit, Collateralize, if necessary, and execute legal documents.

SBP participated in the Yellow Cab Scheme, the President's Rozgar Scheme, and the People's Rozgar Scheme. The monitoring role was assigned to the SBP according to a quarterly report published by the SBP in 2014. Whereas, SMEDA's role was first time introduced for PMYBLS to Develop sector and 50 Pre-feasibility studies and advisor roles for the aspiring beneficiaries according to a quarterly report published by the SBP in 2014. Under the YES Two federal bodies, such as SBP, were required to regularly disclose consolidated information regarding the loans provided under the scheme for public awareness every quarter according to a report published by the SBP in 2020. The SMEDA provides comprehensive assistance to YES applicants nationwide, offering free counsel, business plan development and templates, financial calculators, pre-feasibility studies in specific sectors, and training documentaries. SMEDA offers complimentary help to prospective applicants (Raja, 2020).

There is no reported information regarding the existence of monitoring role of the schemes for the Yellow Cab, the President's Rozgar Scheme, or the People's Rozgar Scheme. However, under the PMYBLS, the State Bank of Pakistan (SBP) monitored and published information on a weekly, monthly, and quarterly basis according to a quarterly report published by SBP in 2014. Whereas, the effectiveness of the scheme is directly connected to the YES program through the citizen portal (Raja, 2020), which serves as a national grievance portal and provides the proper recommendation and complaint mechanism. The website may be conveniently accessed using a mobile application, enabling users to submit and monitor complaints. The scheme's themes generated for distinction factors and similarities are given in Table 2.

**Table 2. : Key Distinctions in Entrepreneurial Financing Schemes**

| **Entrepreneurial Financing Schemes** | **Theme 1** | **Sub-Themes** |
|---|---|---|
| Yellow Cab Scheme | Distinctions | All Gender and Age<br>Four Banks<br>Limited sector (Transport)<br>Down payment<br>Personal Guaranty |
| President Rozgar Scheme | Distinctions | Youth<br>Women<br>Employment Target<br>Loan Category<br>Credentials Requirements<br>Loan Process Time<br>Limited Sectors<br>Limited Banks |
| Peoples Rozgar Scheme 2008 | Distinctions | Youth<br>Women<br>Employment Target<br>Loss Coverage<br>Loan Category<br>Credentials Requirements<br>Loan Process Time<br>Limited Sectors<br>Limited Banks |
| Prime Minster Youth Business Laon Scheme 2013 | Distinctions | Youth<br>Women<br>Employment Target<br>Equity Requirement<br>Loss Coverage<br>Loan Category<br>Credentials<br>Loan Process Time<br>All Sectors<br>Limited Banks<br>SMEDA's Role<br>External (Govt) Guarantor Requirements |
| Youth Entrepreneurship Scheme 2019 | Distinctions | Youth<br>Women<br>Opportunity for all Sectors<br>One Million Employment<br>Varied Equity Contribution<br>Varied Loss Coverage<br>Varied Loan Category |

| | | |
|---|---|---|
| | | Possession of Suitable Credentials<br>Loan Processing Time<br>Collaboration with 21 Banks<br>Broader Role of SMEDA<br>Information Technology<br>Seven-Step Loan Processing<br>Categorization of Loan (Tiers)<br>Pakistan Citizen Portal |

Whereas, similarities identified in entrepreneurial financing schemes are given in Table 3.

**Table 3.: Similarities in Entrepreneurial Financing Schemes**

| Entrepreneurial Financing Schemes | Theme 1 | Sub-Themes |
|---|---|---|
| Yellow Cab Scheme | Similarities | Youth<br>Women<br>Employment<br>Loss Coverage<br>Loan Category<br>Credentials<br>Loan Process Time<br>All Sectors<br>Participation of Banks |
| President Rozgar Scheme | | |
| Peoples Rozgar Scheme 2008 | | |
| Prime Minster Youth Business Laon Scheme 2013 | | |
| Youth Entrepreneurship Scheme 2019 | | |
| | | |

**Distinctive Factors Introduced in YES**

The YES launched with several distinctive factors which are borrowed, new and also derived and modified from previous schemes (Amjad et al., 2022; Hashmat et al., 2021). Such as a clear focus on YES targets such as (a) youth, who aim to start entrepreneurial careers and improve small and medium-sized enterprises (SMEs) (Hashmat et al., 2021), (b) women, ensuring that 25% of the loans are reserved for females according to SBP circular published in 2020, (c) IT sector, specifically targeting those between the ages of 18 and 35, as this age group has been overlooked in earlier initiatives (Wahid, 2019), (d) creating one million employment opportunities, which is a fraction of the 4 million jobs that Pakistan needs to generate in the next five years (Raja, 2020).

YES also focused on loans such as (a) varied equity contribution, which ranges from 90:10 to 80:20 in each category according to an SBP circular published in 2020, (b) varied Losses Coverage, the government will provide coverage for credit losses on a portion of the loans that have been disbursed and are held by the banks, the loss rates for T1 loans are 50%, for T2 loans are 20%, and for T3 loans are 10%, according to SBP circular published in 2020, (c) varied laon category, namely T1, T2, and T3 with amounts ranging from 100,000 to 25 million (Raja, 2020), (d) possession of suitable credentials, specifically relevant to the type of the loan according to SBP circular published in 2020.

Further, YES also focused on loan management such as (a) a loan processing time of 30 days according to the SBP circular published in 2020, (b) seven-step loan processing, which serves as a crucial determinant of success for YES according to SBP circular published in 2020, (c) categorization of loans, which encompasses the amalgamation of Murhaba for working capital, long-term loans, and leasing according to SBP circular published in 2020, (d) opportunity for all sectors, including the crucial agriculture sector which is the backbone of the economy (Raja, 2020), (e) collaboration with 21 banks, the primary success factor missed in the PMYBLS which had previously faced criticism for the exclusion of banks despite the efforts of the state bank (Raja, 2020), and (f) broader role of SMEDA in providing counselling, business plan development, start-up templates, financial calculator training, and pre-feasibility studies (Farooq, 2023).

YES further focused on borrowers' connectivity with (a) Pakistan Citizen Portal, a national platform for addressing issues, to ensure fast resolution of their concerns (Raja, 2020). Thus, three key Themes derived from YES Distinctions are given in Table 4.

**Table 4. YES Distinctive Factors**

| **Themes** | **Sub-Themes** |
|---|---|
| Theme 1: Borrowed Factors | Focus on Youth |
| | Focus on Women |
| | Opportunity for all Sectors |
| Theme 2: Modified Factors | 1 Million employment Target |
| | Varied Equity Contribution |
| | Varied Loss Coverage |
| | Varied Loan Category |
| | Possession of Suitable Credentials |
| | Loan Processing Time |
| | Collaboration with 21 banks |
| | Expanded role of Small and Medium Enterprises Development Authority (SMEDA) |
| Theme 3: New Factors | Information Technology |
| | Seven-step loan processing |
| | Loan categories in Tiers |
| | Pakistan Citizen Portal |

## DISCUSSION

The Youth Entrepreneurship Scheme (YES) marks a pivotal advancement in the landscape of entrepreneurial financing schemes in Pakistan. Unlike its predecessors, YES adopts a holistic approach, targeting youth, women, and underrepresented sectors, with a particular emphasis on information technology and agriculture. These inclusions reflect a forward-thinking strategy aimed at addressing both youth and small and medium enterprises challenges. By setting ambitious targets such as the creation of one million jobs and reserving 25% of loans specifically for women, the scheme demonstrates a strong commitment to fostering inclusivity and economic empowerment.

A standout feature of YES is its innovative loan categorization, which introduces a tiered structure (Tier-1 to Tier-3 loans). This allows for varied equity contributions and loss coverage, making the program accessible to entrepreneurs across different financial capacities. The tiered system provides flexibility and ensures that smaller businesses, which often lack significant collateral, can access funding through Tier-1 loans. This modification directly addresses a critical limitation of earlier programs, which often imposed uniform collateral requirements, thereby excluding many potential beneficiaries.

Collaboration with 21 banks under the YES initiative represents another significant improvement. By involving multiple financial institutions, the scheme expands its outreach and enhances competition among banks, encouraging them to streamline loan processing and offer better customer service. This collaboration is complemented by the introduction of risk mitigation mechanisms, which provide additional security for lenders and improve the scheme's attractiveness to financial institutions.

The integration of digital platforms like the Pakistan Citizen Portal further distinguishes YES from earlier schemes, where applicants can raise their complains regarding the stakeholders involved in the YES. By digitizing the application and tracking processes, the scheme enhances accessibility and transparency. Applicants can now navigate the loan process more efficiently, reducing bureaucratic hurdles and minimizing opportunities for corruption. The seven-step loan processing system is particularly noteworthy for its streamlined and user-friendly design, ensuring that even first-time entrepreneurs can successfully complete the application process.

Comparative analysis reveals that YES has built upon the successes of earlier initiatives, such as the President’s Rozgar Scheme and the Prime Minister’s Youth Business Loan Scheme (PMYBLS), while addressing their limitations. For example, while previous schemes targeted youth and women to some extent, they often lacked comprehensive support systems. YES, bridges this gap by leveraging the Small and Medium Enterprises Development Authority (SMEDA) for counselling and training, ensuring that loan recipients receive the guidance necessary to build sustainable businesses. Moreover, the scheme’s focus on underrepresented sectors like IT and agriculture reflects an understanding of the evolving economic landscape and the need for diversification.

Despite these advancements, challenges remain. Monitoring the scheme’s outcomes to ensure its effectiveness is critical. A robust monitoring and evaluation framework is necessary to track the progress of loan recipients and measure the scheme’s impact on job creation and economic growth. Additionally, the sustainability of the scheme is a pressing concern, particularly in Pakistan's volatile economic environment. High inflation rates, fluctuating currency values, and political instability could potentially undermine the program's objectives.

To address these challenges, policymakers must prioritize data-driven decision-making and incorporate feedback mechanisms to refine the scheme. Regular audits and performance reviews can help identify areas for improvement, while partnerships with private sector organizations can enhance resource mobilization and reduce the program’s dependence on public funds. By addressing these issues, such future schemes can serve as a model for entrepreneurial financing in developing economies, driving inclusive growth and innovation.

YES represents a significant leap forward in entrepreneurial financing, combining inclusivity, innovation, and accessibility. While challenges remain, its potential to transform Pakistan’s entrepreneurial ecosystem is undeniable, provided that its design and implementation continue to evolve in response to emerging needs and economic realities.

## CONCLUSION AND RECOMMENDATIONS

The Youth Entrepreneurship Scheme (YES) stands out as a transformative initiative in Pakistan’s entrepreneurial financing landscape, addressing the limitations of its predecessors while introducing innovative features. Its holistic approach, targeting youth, women, and underrepresented sectors such as IT and agriculture, reflects a commitment to inclusivity and economic empowerment. By incorporating a tiered loan structure, collaborating with multiple banks, and utilizing digital

platforms, the scheme enhances accessibility, transparency, and efficiency. The integration of counselling and training support through SMEDA further strengthens its ability to foster sustainable entrepreneurship. However, challenges related to monitoring outcomes and ensuring long-term sustainability in a volatile economic environment must be addressed to fully realize its potential. YES, has laid a strong foundation for entrepreneurial growth, however, for the scheme to achieve its ambitious goals, robust monitoring frameworks and adaptive strategies will be essential.
The Study suggests the following Recommendations:

1. **Enhanced Monitoring**: Strengthen monitoring mechanisms through independent evaluations to measure the impact of the scheme and ensure its alignment with job creation and economic growth objectives.
2. **Public Awareness Campaigns**: Increase awareness about entrepreneurial financing schemes through targeted campaigns in rural and urban areas to reach a broader audience, particularly women and youth.
3. **Tailored Support Services**: Expand SMEDA's role to include mentorship programs and post-loan support, ensuring sustained entrepreneurial success.
4. **Technological Integration**: Leverage digital tools for loan processing and tracking, reducing delays and increasing transparency.
5. **Periodic Reviews**: Conduct periodic reviews of the scheme's financial and operational performance, using findings to refine policies and address emerging challenges.

### Implications of the Study

The findings have implications for policymakers, financial institutions, and development practitioners. Policymakers can leverage the insights to design more effective schemes that address specific demographic needs, while financial institutions can adapt risk mitigation strategies to cater to high-risk entrepreneurial ventures. Development practitioners can use the framework to promote gender-inclusive and youth-focused entrepreneurship programs, fostering economic growth and reducing unemployment in developing countries.

This study also highlights the importance of integrating technological tools and institutional collaborations in policy implementation. Future research should explore the long-term impact of YES on startup growth, youth engagement, reduction in the financing gap of startups and SMEs, and its role in achieving sustainable development goals (SDGs).

## AUTHOR'S CONTRIBUTIONS

Ikhtiar Ahmed Khoso conceptualized the study based on doctoral research and drafted the manuscript. Zainal Abdin Mohamed and Wan Fadzilah Binti Wan Yusoff contributed to the study's design and provided significant input in manuscript preparation. All authors have reviewed and approved the final version of the manuscript.

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