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REPORT ON A SURVEY OF BUSINESS AND CREDIT CONDITIONS IN AFGHANISTAN

by

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considered at present to be the most suitable for the main survey. The disadvantage with the first was that there are too many open-ended questions. Therefore a second pre-coded questionnaire was developed. Its disadvantage was found to be its length and detail. Respondents were unable to provide much of the information on their own activities which was requested. This appeared to discourage them to such an extent that they became less cooperative as the interview proceeded. The third questionnaire, it is hoped, avoids both the disadvantages of open-ended questions and of detail and length without eliminating too much. Suggestions for further questionnaire improvement would be most gratefully received by the author.

It must be emphasised that the sample was not randomly selected. The author and his assistant simply walked round sections of the town and picked what was hoped to be a reasonably representative sample. Some attempt was made to evaluate the accuracy of information obtained through cross-check questions and intuitive assessment on the part of the interviewers. It was found, for example, that respondents who had been on the hajj were far less willing to discuss prevailing rates of interest than others

There is also no doubt that turnover figures collected were grossly underestimated and questions on the respondents' own credit arrangements biased heavily in favour of interest-free loans both given and received. Nevertheless, a surprising number of these respondents seemed well aware of the prevailing rates of interest.

There was almost unanimous agreement on a number of issues, particularly on the upward movement of interest rates over the past decade, and some interesting regional differences emerged. As the general degree of optimism regarding business conditions and standards of living encountered throughout the field trip conflicted so strongly with accepted views on Afghanistan's economic stagnation, it was decided that, despite their preliminary nature, these finding should be written up in the form of a report. Again, any comments would be welcomed by the author.

2. GENERAL ECONOMIC CONDITIONS

The impression obtained from interviews and casual observation is that economic conditions in Afghanistan have improved considerably over the past ten years. Making a regional comparison, the northern part of the country seems to have experienced the most rapid development as a result of the new asphalt roads and increased trade with the U.S.S.R. The only town visited on this survey which both appeared less prosperous than reported in the past and whose inhabitants indicated that business conditions had deteriorated was Faizabad. The droughts in 1970 and 1971, distance from the asphalt road, and declining handicraft industries, as consequence of the competition from the importation of cheap manufactured goods and used clothes, all appear to have contributed to this situation. In the south, Lashkar Gah seems to have experienced, not surprisingly, the greatest boom, while business in Herat, Jalalabad and Kandahar has seen reasonable expansion.

Kabul has attracted the major part of Afghanistan's embryonic industrial sector, the availability of cheap electricity, a local market, labour force and credit

facilities, as well as Kabul's position as the capital city, all acting as magnets. There is hardly any need to record that most respondents in Kabul thought that business conditions and the general standard of living had improved considerably over the past ten years.

Despite the general impression of increased prosperity, not all have benefitted from the economic boom. The asphalt roads have had enormous impact on the towns through which they pass. However, by providing a comparative advantage for many forms of economic activity in these locations, enterprise has been attracted away from other areas such as Chakcharan, Faizabad and Maimana. A predictable concomitant of modernisation is the decline of traditional forms of economic activity. The fact that people engaged in handicrafts and traditional forms of trade reported that their economic position had deteriorated over the past decade lends support to the veracity of statements by the majority of respondents on the improvement in business conditions. One of the less favourable findings was that respondents frequently felt that income distribution was becoming less equal; standards of living at the bottom end of the scale had declined; the rich had become richer, the poor poorer.

3. CREDIT CONDITIONS

With exception of respondents in Lashkar Gah, almost all respondents indicated that credit was more difficult to obtain and was more expensive now than it had been ten years ago. The reasons given for this phenomenon varied but increased demand for funds, reduced supply of idle money, decline in trustworthiness and abandonment of religion were the more popular explanations.

Rising interest rates are a normal concomitant to conditions of economic boom [2, p.505]. This finding is therefore consistent with the conclusion that business conditions have generally improved over the past decade. The reported rates of interest, however, varied widely not so much as a function of region but of credit worthiness of the borrower. Well-to-do businessmen all over the country mentioned rates of between one and two per cent per month, whereas small artisans, tenant farmers and shopkeepers were reported to pay up to 30 per cent per month, the most commonly quoted figure however being five per cent. Almost all the respondents had no expectations of increasing prices in the future. Hence, the rise in reported interest rates does appear to represent an increase in real as opposed

simply to nominal rates.

At the top of the scale a slight regional disparity may exist, with businessmen in Kabul able to obtain funds somewhat cheaper than their counterparts in the provinces. Credit seemed most expensive in Faizabad, the town furthest from both the asphalt road and (by time and cost) Kabul. Such regional disparity is predictable given a banking system which channels all its funds into the head offices [3].

Information on credit conditions ten years ago cannot be expected to be as reliable as information on the present situation. Nevertheless, it appears that the prime rate was probably only a few percentage points lower ten years ago than it is today; bank rates have remained constant. However, when repondents stated that the rate of interest now was 100 per cent per annum they usually reported a rate of 60 per cent for ten years ago. Rates above 100 per cent per annum were considerably less than half their present level a decade ago. This differential effect is also a predictable concomitant to a period of tight money. A differentially greater increase in the cost of "low-safety-factor" loans occurs because the expected profitability of the project being financed is reduced, the stability of

the expected rate of profit is lower and laverage tends to be higher on such projects during such cyclical phases [1, p.836].

The credit squeeze now existing in Afghanistan suggests that a new business outlook has been developing throughout the country. Respondents frequently explained the increase in interest rates by the fact that people no longer held idle cash balances to the extent they did ten years ago. Instead, it was reported, money is now re-invested in stocks or new business ventures or otherwise employed. Since the differential between bank and non-bank interest rates has widened, the allocation of resources amongst different uses can be assumed to have become more rather than less inefficient.

NON-INSTITUTIONAL FINANCE AND FINANCIAL INSTRUMENTS

In response to questions on the number of professional moneylenders in the respondents' town and provinces, answers indicated that most towns contained 50 to 100, with about ten times that number in each province. Quite predictably, the larger the town, the larger the number of moneylenders estimated by respondents. Many, however, admitted that they did not know how many such individuals lived in their town and/or province. Some of the more religious respondents denied the existence of this occupation in Afghanistan.

The provinces suffer from Afghanistan's highly centralised banking system. No loans are granted by the branches without the decision being first taken in Kabul. Most branches of Da Afghanistan Bank do not even accept loan applications. A further deprivation in the provinces with respect to banking facilities springs from the lack of a bank clearing system. Thus, cheques cannot, in general, either be cashed or even paid into an account in any branch other than that on which the cheques is drawn. An exception appears to be Bank Millie's head office branch which does accept cheques from other branches and other banks for payment into an account after it has been cleared

This strong deterrent to the use of banking facilities in the provinces results in the possession of bank accounts by only a very limited number of people, mainly wealthy foreign traders, and joint stock companies. Virtually no one else uses the banks. Indeed, when asked whether they would like to borrow from a bank several respondents replied that they already had enough trouble with the Government and indebtedness to it would be disastrous. The association of Da Afghanistan Bank with the Government is not surprising given the fact that the smaller branches undertake almost no business apart from the collection and disbursement of public funds. Information collected thus suggests that the banking system does little to facilitate the transfer of funds throughout the country and fails to "administer the payments mechanism." Improved transport between the major towns has made it easier to transfer cash. This has apparently actually retarded the growth of bank deposits.

Afghanistan lacks a customary bank chequing system; the only way of transferring money between one town and another through the banks being by telegraphic transfer which is expensive, complicated and not totally reliable. It is not surprising, therefore, to discover that a traditional financial instrument, the hawala, is commonly used

in lieu of a cheque drawn on a bank account, to transfer funds between towns as an alternative to carrying cash. The hawala is a simple draft requesting a trading associate in another locality to pay the bearer a specified sum of money. A facsimile of a typical hawala is shown in Figure 1 with a translation underneath. Hawalas are used by many medium- and large-scale traders and shopkeepers to settle debts in other towns between regular trading partners. Small-scale traders and others can buy hawalas when they do not want to carry large amounts of money when travelling to purchase stock, etc.

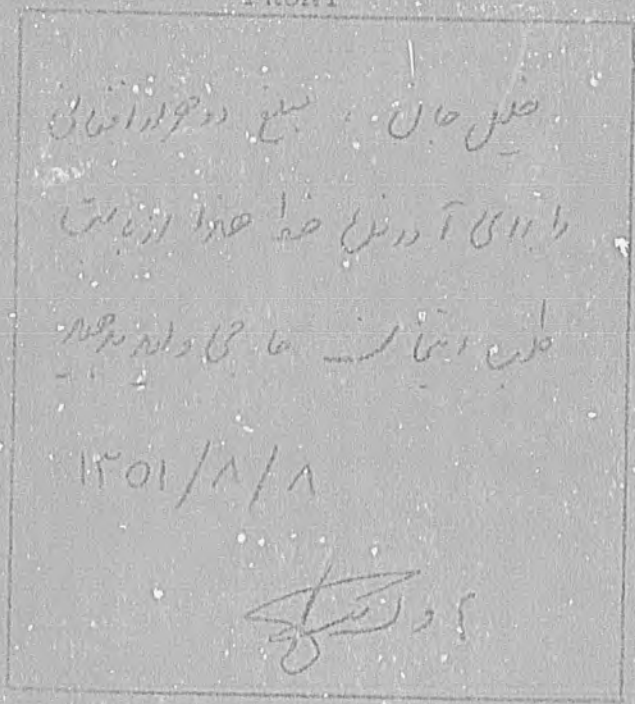
Hawalas and their counterpart in India and Pakistan, hundis, are commonly used in foreign trade, particularly with India, Iran and Pakistan. There is a slight difference in the form of hundis used in Afghan-Indian trade since the transfer of funds in this way is illegal in India. To avoid detection such hundis make use of code names in the form of fruits and vegetables to denote currencies and quantities. In all other respects they ressemble the hawala illustrated in Figure 1.

Hawalas and hundis have disadvantages similar to those of bilateral trade in that balance must ultimately be

FIGURE 1

A Typical Hawala

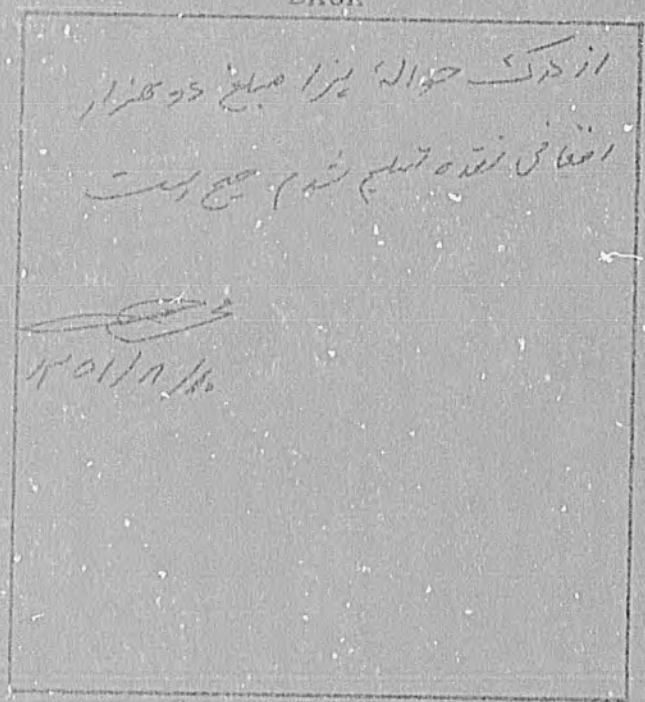
FRONT



Dear Khalil, Give the sum of Afs. 2,000 to the bearer of this letter from my account, Haji Walid.

8.8.1351 - (Signature)

BACK



Because of this hawala, I received Afs. 2,000 in cash. It is correct.

(Signature)

10.8.1351

achieved between each pair of traders drawing drafts on one another. A bank cheque system has the advantage of multilateral trade in that only an overall balance is required.

During the field trip, an attempt was made to assess the extent of foreign exchange transactions in each town. There was little evidence of foreign exchange markets in northern Afghanistan, a surprisingly limited volume of transactions in Jalalabad and an unorganised system of exchange in Herat where a number of tourist shop proprietors, jewellers and foreign traders engaged in a small amount of foreign exchange business, primarily with tourists. Kabul and Kandahar, however, both possess large money bazaars closely linked to one another and to the foreign exchange markets of Beirut, London, New York, Zurich, etc. The volume of transactions in Pakistani rupees appears to be considerably greater in Kandahar than in Kabul, whilst the reverse situation seems to exist with all other currencies. Hence, the Pakistani rupee rate is transmitted from Kandahar to Kabul and vice versa for all other rates. More information is being collected on these two bazaars which will be included in another report dealing exclusively with their activities.

5. ATTITUDE TOWARDS FOREIGN BANKS

Mixed feelings were expressed on the desirability of the establishment of foreign bank branches in Afghanistan. At one extreme, nationalistic sentiments were exhibited and the view that all profitable ventures should be in Afghan hands was propounded. At the other extreme, however, there was a most frequently expressed hope that foreign banks would be more willing to lend money and so be a considerable asset. This sentiment often took the form of a feeling that moslem banks were generally unhelpful. There were, of course, a number of respondents who viewed the establishment of foreign banks in Afghanistan quite neutrally, stating that as long as there were more banks willing to lend, it did not matter whether they were domestic or foreign.

6. CONCLUSION

The results of the full survey must be awaited before firm conclusions can be drawn from the findings reported here. In particular, conclusions on regional differences in business and credit conditions can only be of the most tentative at present. Nevertheless, the findings documented above are consistent both with one another and with basic economic principles. They present a picture of an economic boom, a new awareness of economic opportunities and the growth of an entrepreneurial cadre. The concomitants of these have been increasing inequality in the distribution of income, a decline in traditional forms of economic activity and higher costs of borrowed funds. The latter can at least be fairly easily mitigated by Government commitment to a programme of financial development.

LITERATURE CITED

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3. A. Lösch, The Economics of Location (New Haven and London: Yale University Press, 1954)

APPENDIX A: FIRST QUESTIONNAIRE

CREDIT SURVEY

QUESTIONNAIRE

1. What is the name of your business?

2. What is the nature of your business?

3. When was your business established?

4. What is the value of the capital invested in your business?

5. Do you rent your premises and if so what is the rent?

   per week

   per month

   per year

6. What is the value of your sales on average?

   per week

   per month

   per year

18

11. Do you have other sources of credit or provide credit to people other than your suppliers and/or customers?

12. Are you engaged in any foreign trade and if so what are the methods by which you are paid for exports or pay for imports and what credit arrangements operate in your foreign trade business?

13. Do you know of or belong to any credit association (e.g. rotating credit association)?

14. How do your business activities compare with ten years ago?

15. How do general business conditions compare with ten years ago?

16. Is it generally easier or more difficult to borrow now compared to ten years ago and what do you think is the reason for any change that has occurred?

17. Is it generally more or less expensive to borrow now compared to ten years ago and what do you think is the reason for any change that has occurred?

18. What type of economic activity do you think is most profitable and why?

19. [illegible] do you think [illegible] in the most profitable [illegible]

20. [illegible] would [illegible] you would you like to borrow from [illegible] why not?

21. Do you think that to have foreign banks in Afghanistan would be good or bad and why?

22. How do you think the general standard of living of the people in this province compares now with ten years ago?

21

APPENDIX B: SECOND QUESTIONNAIRE

CREDIT SURVEY

QUESTIONNAIRE

CARD CODE

1	2	3	4	5

Place of interview .....

Date of interview .....

1. What is your main source of income?

1	Landowning
2	Trade
3	Shopkeeping
4	Artisan or handicraft work
5	Transport
6	Construction
7	Industry
8	Moneylending
9	Other (specify) .....

6	7

2. Do you have any other sources of income?

10	No
1	Landowning
2	Trade
3	Shopkeeping
4	Artisan or handicraft work
5	Transport
6	Construction
7	Industry
8	Moneylending
9	Other (specify) .....

8	9

3. For how many years have you been primarily engaged in the occupation which provides your main source of income?

10	11

IF ANSWER TO Q 3 IS MORE THAN 10 GO TO Q 5. OTHERWISE Q 4.

4. What were you doing 10 years ago?

10	At school or university
11	Nothing
1	Farming
2	Trade
3	Shopkeeping
4	Artisan or handicraft work
5	Transport
6	Construction
7	Industry
8	Money lending
9	Other (specify)

5. What is the current market value of the capital used in your work?

	Fixed capital
	Inventory, stocks, etc.
4	Don't know

6. Do you rent or own your premises?

1	Rent
2	Own
3	Borrow without paying rent
4	Other (specify)

7. If premises are rented, how much rent do you pay?

	1 afs per week
	2 afs per month
	3 afs per year

8. Within the last 12 months what was the average value of your gross sales or gross income?

	1 afs per day
	2 afs per week
	3 afs per month
	4 afs per year

23

9. Within the last 12 months did you use a bank?

1	Yes
2	No

54

10. If yes to Q.9, which bank(s) did you use?

1	Da Afghanistan Bank
2	Pashtany Tejaraty Bank
3	Bank Millie
4	DAB and PTB
5	DAB and BM
6	BM and PTB
7	DAB, BM and PTB
8	Foreign bank(s) — give number of foreign accounts held

55

56 57

11. If yes to Q.9, for what purpose(s) did you use the bank(s) within the last 12 months?

1	Made deposits only
2	Made deposits and borrowed money for foreign trade
3	Borrowed money for foreign trade
4	Made deposits and borrowed money for something other than foreign trade
5	Borrowed money for something other than foreign trade
6	Other (specify) .....

58

12. Within the last 12 months did you use hawalas or hundis?

1	Yes
2	No

59

13. If yes to Q.12, to how many different people did you write them?

60 61 62

14. If yes to Q.12, in how many towns do the people to whom you wrote them live?

	Number of towns in Afghanistan
	Number of towns abroad

63 64

65 66

15. In the last 12 months did you receive credit from or give credit to your suppliers?

1	Received credit from and gave credit to suppliers	67
2	Received credit from suppliers	
3	Gave credit to suppliers	
4	Did not receive credit from or give credit to suppliers	

16. If you received credit from your suppliers in the last 12 months

	What proportion of your total purchases did this represent?	68 69 70
	What was the average percentage cost of this credit per month?	71 72 73

1	What was the normal repayment period? Within a week	74
2	1 - 4 weeks	
3	1 - 6 months	
4	Over 6 months	
5	Variable	
6	Don't know	

CARD CODE

17. If you gave credit to your suppliers in the last 12 months

	What proportion of your total purchases did this represent?	6 7 8
	What was the average percentage cost of this credit per month?	9 10 11

1	What was the normal repayment period? Within a week	12
2	1 - 4 weeks	
3	1 - 6 months	
4	Over 6 months	
5	Variable	
6	Don't know	

18. Within the last 12 months did you buy crops from farmers before they were harvested?

1	Yes	13
2	No	

19. If yes to Q.18, what was the implicit interest rate?

[ ] per month

20. Within the last 12 months did you give credit to or receive credit from your customers?

1	Gave credit to and received credit from customers
2	Gave credit to customers
3	Received credit from customers
4	Did not give credit to or receive credit from customers

21. If you gave credit to your customers within the last 12 months

[ ] What proportion of your total sales did this represent?

[ ] What was the average percentage cost of this credit per month?

What was the normal repayment period?

1	Within a week
2	1 - 4 weeks
3	1 - 6 months
4	Over 6 months
5	Variable
6	Don't know

22. If you received credit from your customers within the last 12 months

[ ] What proportion of your total sales did this represent?

[ ] What was the average percentage cost of this credit per month?

What was the normal repayment period?

1	Within a week
2	1 - 4 weeks
3	1 - 6 months
4	Over 6 months
5	Variable
6	Don't know

23. Within the last 12 months did you have any other sources of credit?

1	Yes	31
2	No	

24. If yes to Q.23, what were these sources?

1	Relatives	33	34	35	36	37
2	Friends					
3	Business associates					
4	Money lenders					
5	Government officials					
6	Other (specify)					

25. Do you know of or belong to any kind of credit association (e.g. a rotating credit association)?

1	Yes	38
2	No	

26. If yes to Q. 25, describe the type of association

27. Is your economic position better or worse now compared with ten years ago?

1	Much better now	39
2	Better now	
3	Unchanged	
4	Worse now	
5	Much worse now	
6	Don't know	

28. Are general economic conditions better or worse now compared with ten years ago?

1	Much worse now	40
2	Worse now	
3	Unchanged	
4	Better now	
5	Much better now	
6	Don't know	

29. Is it generally easier or more difficult to borrow now compared with ten years ago?

1 Much easier now
2 Easier now
3 Unchanged
4 More difficult now
5 Much more difficult now
6 Don't know

41

30. Do you think that there is more or less pre-purchase of crops than there was ten years ago?

1 Much more now
2 More now
3 Unchanged
4 Less now
5 Much less now
6 Don't know

42

31. Do you think that there is more or less hoarding of grain now than there was ten years ago?

1 Much less now
2 Less now
3 Unchanged
4 More now
5 Much more now
6 Don't know

43

32. Is it generally more or less expensive to borrow now compared to ten years ago?

1 Much more expensive now
2 More expensive now
3 Unchanged
4 Less expensive now
5 Much less expensive now
6 Don't know

44

45 46 47

33. What is the cost of borrowing now and what was it ten years ago?

48

Ten years ago it was [ ] per cent per month [1] year [2]

Now it is [ ] per cent per month [1] year [2]

49 50 51

1 Don't know

52 53

28

34. What type of economic activity do you think is most profitable?

1	Agriculture
2	Industry
3	Transport
4	Trade
5	Construction
6	Cloth selling
7	Shopkeeping
8	Artisan or handicraft work
9	Moneylending
10	Other (specify) .....
11	Don't know

54 55

35. How much profit do you think can be made in this most profitable activity?

56 57 58

	per cent per year
1	Don't know

59

36. If the banks would lend to you, would you like to borrow from them?

1	Yes
2	No
3	Don't know

60

37. Do you think that to have foreign banks in Afghanistan would be good or bad?

1	Very good
2	Good
3	Neither good nor bad
4	Bad
5	Very bad
6	Don't know

61

38. Do you think the general standard of living of the people in this province is better or worse now compared with ten years ago?

1	Much better now
2	Better now
3	Unchanged
4	Worse now
5	Much worse now
6	Don't know

62

29

39. What do you do with your savings?

1	Put them in a bank
2	Keep them in a safe
3	Keep them in cash at home
4	Hold gold
5	Buy land
6	Buy more stock
7	Invest in a new business venture
8	Don't have any savings
9	Other (specify)
10	Don't know

40. How many professional moneylenders are there in this town and province?

	In this town
	In this province
1	Don't know

41. Do you expect prices to increase or decrease over the next year or so?

1	Increase a lot
2	Increase
3	Stay unchanged
4	Decline
5	Decline a lot
6	God knows
7	Don't know

42. Have you been on the haj or are you planning to go within the next three years?

1	Have been on the haj and plan to go again
2	Have been on the haj
3	Have not been on the haj but plan to go in the next three years
4	Have not been on the haj, would like to go but cannot because of lack of money
5	Have not been on the haj and God knows whether I will go
6	Have not been on the haj and do not plan to go

CARD CODE

Within the last 12 months were you engaged in any foreign trade business?

1	Export
2	Import
3	Export and Import
4	No

If yes to Q.43 what were your methods of payment, how much credit did you receive for this business, and with which countries did you trade?

Export Percentage	Method of payment	Import Percentage
	Cash	
	Hawaia or Hundi	
	Cheque	
	Letter of Credit	
	Other (specify)	
	Proportion financed on credit	

	Countries	
	Hard currency countries	
	Communist countries	
	India and Pakistan	
	Other (specify)	

31

INTERVIEWER NOTES

Approximate age of respondent

1	Under 20	67
2	20 - 30	
3	30 - 40	
4	Over 40	

Was the respondent

1	Very cooperative	68
2	Cooperative	
3	Neither cooperative nor uncooperative	
4	Uncooperative	
5	Very uncooperative	

Would you regard the respondent as

1	Highly successful	69
2	Successful	
3	Neither successful nor unsuccessful	
4	Unsuccessful	
5	Highly unsuccessful	

APPENDIX C: THIRD QUESTIONNAIRE

PILOT SURVEY

QUESTIONNAIRE

CARD CODE

1	2	3	4	5

Place of interview .....

Date of interview .....

1. What is your main source of income?

1	Landowning
2	Trade
3	Shopkeeping
4	Artisan or handicraft work
5	Transport
6	Construction
7	Industry
8	Moneylending
9	Other (specify) .....

6	7

2. Do you have any other sources of income?

10	No
1	Landowning
2	Trade
3	Shopkeeping
4	Artisan or handicraft work
5	Transport
6	Construction
7	Industry
8	Moneylending
9	Other (specify) .....

8	9	10	0

3. For how many years have you been primarily engaged in the occupation which provides your main source of income?

0	13

IF ANSWER TO Q.3 IS MORE THAN 10 GO TO Q.5. OTHERWISE Q.4.

4. What were you doing 10 years ago?

10	At school or university
11	Nothing
1	Farming
2	Trade
3	Shopkeeping
4	Artisan or handicraft work
5	Transport
6	Construction
7	Industry
8	Moneylending
9	Other (specify) .....

14 15

5. Within the last 12 months did you use a bank?

1	Yes
2	No

16

6. If yes to Q.5, which bank(s) did you use?

1	Da Afghanistan Bank
2	Pashtany Tejarety Bank
3	Bank Millie
4	DAB and PTB
5	DAB and BM
6	BM and PTB
7	DAB, BM and PTB
8	Foreign bank(s) - give number of foreign accounts held

17

18 19

7. If yes to Q.5, for what purpose(s) did you use the bank(s) within the last 12 months?

1	Made deposits only
2	Made deposits and borrowed money for foreign trade
3	Borrowed money for foreign trade
4	Made deposits and borrowed money for something other than foreign trade
5	Borrowed money for something other than foreign trade
6	Other (specify) .....

20

8. Within the last 12 months did you use hawalas or hundis?

[1] Yes
[2] No
[3] Don't understand what they are

21

9. If yes to Q. 8 to how many different people did you write them?

22 23 24

10. If yes to Q. 8 in how many town do the people to whom you wrote them live?

Number of towns in Afghanistan

Number of towns abroad

25 26

27 28

11. What are the main source(s) of credit in this area?

[1] Relatives
[2] Friends
[3] Landowners
[4] Shopkeepers
[5] Traders
[6] Moneylenders
[7] Government officials
[8] Other (specify)

29 30 31 32

12. Do you know of or belong to any kind of credit association (e.g. a rotating credit association or credit cooperative)?

[1] Yes
[2] No

33

13. If yes to Q. 12 describe the type of association

35

Is your economic position better or worse now compared with ten years ago?

34

1 Much better now
2 Better now
3 Unchanged
4 Worse now
5 Much worse now
6 Don't know

Are general economic conditions worse or better now compared with ten years ago?

35

1 Much better now
2 Better now
3 Unchanged
4 Worse now
5 Much worse now
6 Don't know

Is it generally easier or more difficult to borrow now compared with ten years ago?

36

1 Much easier now
2 Easier now
3 Unchanged
4 More difficult now
5 Much more difficult now
6 Don't know

If there has been a change in the ease of borrowing, to what do you attribute this?

1 Demand for loans has increased (decreased) because people are poorer (richer) now
2 Demand for loans has increased (decreased) because there is more (less) business activity now
3 Demand for loans has increased (decreased) because people are less (more) religious and do not (do) mind about paying interest now

4	Demand for loans has increased (decreased) but don't know why
5	Supply of loans has decreased (increased) because people are poorer (richer) now
6	Supply of loans has decreased (increased) because there is more (less) business activity and so less (more) idle money around now
7	Supply of loans has decreased (increased) because people are more (less) religious and do not (do) mind about lending with interest now
8	Supply of loans has decreased (increased) because people are less (more) religious and will only (will not) lend with interest now
9	Supply of loans has decreased (increased) because people are less (more) trustworthy when it comes to repaying their loan now
10	Supply of loans has decreased (increased) but don't know why
11	Other (specify)
12	Don't know

37 38

Do you think that there is more or less pre-purchase of crops than there was ten years ago?

1	Much more now
2	More now
3	Unchanged
4	Less now
5	Much less now
6	Don't know

39

Do you think that there is less or more hoarding of grain now than there was ten years ago?

1	Much more now
2	More now
3	Unchanged
4	Less now
5	Much less now
6	Don't know

40

30. Is it generally more or less expensive to borrow now compared to ten years ago?

1	Much more expensive now
2	More expensive now
3	Unchanged
4	Less expensive now
5	Much less expensive now
0	Don't know

41

What is the cost of borrowing now and what was it ten years ago?

42 43 44

Ten years ago it was [ ] per cent per month (1) / year (2)

45

Now it is [ ] per cent per month (1) / year (2)

46 47 48

49

9	Don't know

50

If there has been a change in the rate of interest, to what do you attribute this?

1	Demand for loans has increased (decreased) because people are poorer (richer) now
2	Demand for loans has increased (decreased) because there is more (less) business activity now
3	Demand for loans has increased (decreased) because people are less (more) religious and do not (do) mind about paying interest now
4	Demand for loans has increased (decreased) but don't know why
5	Supply of loans has decreased (increased) because people are poorer (richer) now
6	Supply of loans has decreased (increased) because there is more (less) business activity and so less (more) idle money around now

7	Supply of loans has decreased (increased) because people are more (less) religious and do not (do) mind about lending with interest now	51 52
8	Supply of loans has decreased (increased) because people are less (more) religious and will only (will not) lend with interest now	
9	Supply of loans has decreased (increased) because people are less (more) trustworthy when it comes to repaying their loan now	
10	Supply of loans has decreased (increased) but don't know why	
11	Other (specify)	
12	Don't know	

23. What type of economic activity do you think is most profitable?

1	Agriculture	53 54
2	Industry	
3	Transport	
4	Trade	
5	Construction	
6	Cloth selling	
7	Shopkeeping	
8	Artisan or handicraft work	
9	Moneylending	
10	Other (specify)	
11	Don't know	

24. How much profit do you think can be made in this most profitable activity?

	per cent per year	55 56 57
9	Don't know	

58

25. If the banks would lend to you, would you like to borrow from them?

1	Yes	59
2	No	
3	Don't know	

26. Do you think that to have foreign banks in Afghanistan would be good or bad?

1	Very good	60
2	Good	
3	Neither good nor bad	
4	Bad	
5	Very bad	
6	Don't know	

27. Do you think the general standard of living of the people in this province is better or worse now compared with ten years ago?

1	Much better now	61
2	Better now	
3	Unchanged	
4	Worse now	
5	Much worse now	
6	Don't know	

28. What do you do with your savings?

1	Put them in a bank	62	63
2	Keep them in a safe		
3	Keep them in cash at home		
4	Buy gold		
5	Buy land		
6	Buy more stock		
7	Invest in a new business venture		
8	Don't have any savings		
9	Other (specify)		
10	Don't know		

5. How many professional moneylenders are there in this town and province?

		64	65	66	67
	In this town				
	In this province	68	69	70	71	72
1	Don't know					

6. Do you expect prices to increase or decrease over the next year or so?

		73
1	Increase a lot	
2	Increase	
3	Stay unchanged	
4	Decline	
5	Decline a lot	
6	God knows	
7	Don't know	

7. Have you been on the haj or are you planning to go within the next three years?

		74
1	Have been on the haj and plan to go again	
2	Have been on the haj	
3	Have not been on the haj but plan to go in the next three years	
4	Have not been on the haj would like to go but cannot because of lack of money	
5	Have not been on the haj and God knows whether I will go	
6	Have not been on the haj and do not plan to go	

INTERVIEWER NOTES

Approximate age of respondent

1 Under 20
2 20 - 30
3 30 - 40
4 Over 40

Z6 [ ]

Was the respondent

1 Very cooperative
2 Cooperative
3 Neither cooperative nor uncooperative
4 Uncooperative
5 Very uncooperative

Z7 [ ]

Would you regard the respondent as

1 Highly successful
2 Successful
3 Neither successful nor unsuccessful
4 Unsuccessful
5 Highly unsuccessful

Z8 [ ]