

INCOME GENERATING ACTIVITIES THROUGH MICROCREDIT AND WOMENS SOCIO-ECONOMIC EMPOWERMENT: A STUDY OF DISTRICT KASUR, PAKISTAN

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ABSTRACT

In the present study an attempt has been made to know about the role of microcredit in income generating activities of women and its impact on their socio-economic empowerment. The target population of the present study was those women who had availed microcredit facilities from some microcredit providing institutions or organizations in district Kasur. Survey method was used as a technique of data collection. The majority of population was illiterate or semi-literate, so interview schedule was used as a tool of data collection. Through two stage clusters sampling respondents were selected in this study. The findings showed that microcredit has significant impact on the up lift of socio-economic empowerment of the borrowers in district Kasur. The results showed that most of the females who availed the facility of microcredit finally got socio-economic empowerment. Only 82 females had low level of socio-economic empowerment. Majority 174 respondents had medium level of socio-economic empowerment. Another 40 respondents argued that they have high level of socio-economic empowerment after getting microcredit facility.

Keywords: Microcredit, Women Empowerment, Urban Poverty, Well-being, Income Generation

INTRODUCTION

To eradicate poverty and hunger is the first Millennium Development Goal (UNO, 2000). Poverty has many dimensions like subsistence, relative and absolute. Poverty cannot be measured only in the terms of income. Poverty is pronounced deprivation in well-being (World Development Report 2001). Poverty also includes vulnerability and exposure to risk, voicelessness and powerlessness (World Development Report 2001). The need to confront urban poverty is linked to a number of significant global issues that are key concerns for governments and other development agencies (Stevens et al, 2006).

Availability of financial assistance is very significant for any income generating activity. In Pakistan the two sectors that mainly provide financial assistance are the informal sector and the formal sector. In informal sector women are dependent on financial support of local money lenders on high interest rate (Hudon 2007; Kabeer 2001). Another informal source of financial assistance is traders of local market. A large majority of skilled women are captive in the hands of these dealers, who exploit their skills and their labor. Some mediators are also working in this context who pay to these rural women less than the market rate and manage the sale of their product in urban areas at a higher price (Hoque 2008; Kabeer 2001; Ackerly 1995; Goetz and Sen 1994).

The second form of financial source is formal sector. This sector provides microcredit facilities to working poor classes, especially rural women (Thapa 2006; Lodhi et al. 2006; Malik and Luqman 2005; Javed et al. 2006; Mayoux 2002; Khandker 1998). Microcredit are the small loans disbursed to

poor people, who are regarded as bad financial risks, by conventional banks, as they have insufficient savings or assets to manage a loan (Government of Pakistan 2005).

The micro-credit program was first initiated in Bangladesh by the renowned economist Dr. Muhammad Younas through Grameen Bank in the late 70s. The main objective of this initiative was to provide credit to poor people without collateral, alleviating poverty and unleashing human creativity and endeavor of the poor people (Chowdhury 2009; Kabeer 2001; Hulme and Mosley 1996; Yunus 1999).

The success of microcredit program in Bangladesh has attracted international attention to this unique model and received widespread appreciation and gradual application in other developing countries (Rahman et al. 2009). Relying on microfinance as an instrument of poverty alleviation, the government of Pakistan's emphasizes the provision of micro credit as a key aspect of its poverty reduction strategy (Hussain & Hussain 2003; Pakistan Poverty Reduction Strategy Paper 2004). According PMN (2009) microfinance in Pakistan is at its initial stage. The organized microfinance activities started in 2001 as a result of Micro Finance Ordinance 2001. The establishment of first microfinance bank of Pakistan is the result of this ordinance.

Economic empowerment is the initial aspect of women development (Khan 2008; Suguna 2006). It is linked with access to financial resources. They further described that economic empowerment reduces the vulnerability of women in crises situation. It increases the consumption standards of women and it was observed that the loanee had higher income and consumption standards than non-loanee households (Waheed 2009; Rahman 1986). Women's economic empowerment also reduces the chances of intimate partner violence (Bayes 2005). Violence is a major barrier to development (Vyas and Watts 2009). Violence against women is a violation of human rights and has been recognized as a major social, health issue, all over the world (Krug et al. 2002; WHO 2005). Present study deals with the income generating activities through microcredit and women's socio-economic empowerment in district Kasur.

REVIEW OF LITERATURE

Poverty and vulnerability are linked together. Vulnerability can be reduced through increase in income generating activities. In his study on assessing poverty and vulnerability Zaman (2009) took 1072 respondents in his sample in Bangladesh. The evidence on reducing vulnerability was somewhat clearer.

He found that the provision of micro credit was a factor to strengthen crisis coping mechanism; diversify income earning sources; build assets and improve the status of women. Thirty six villages in Bangladesh showed that membership in any microcredit organization positively linked with women's decision making role; their control over resources and mobility.

Borrower's socio-economic status is associated with their income. As money is linked with overall betterment of human life. Javed et al. (2006) have conducted a study on impact of micro credit scheme of NRSP on the socio-economic conditions of female community in district Rawalakot, Azad Jammu and Kashmir, Pakistan. A total of 100 females were selected through simple random sampling technique and interviewed with well designed and pre-tested interview schedule and finally analyzed by using SPSS.

From the results it was concluded that 48% of the respondents had received information about credit scheme from friends. High majority (87%) of the respondents reported that they receive credit once from the organization. About 42% of the respondents received the credit for the purpose of rearing livestock/poultry. It was also concluded that micro credit scheme had impacts to some extent on the socio-economic conditions of female communities. The researcher further argued that micro credit scheme of NRSP was served as a better tool for empowering females. It also helps in up-lifting standard of female communities.

Hashemi, Schuler and Riley (1996) had explored the impact of micro credit on a number of indicators of empowerment. They found that women's access to credit was a significant determinant of the magnitude of economic contributions reported by women. Micro credit was linked with an increase in the asset holdings in their own names; of an increase in their exercise of purchasing power.

They also found that micro credit was linked with women's political and legal awareness. The loanees have reported significantly higher levels of mobility and political participation. Some members reported higher involvement in major decision making. The empowerment was also linked with their enhanced contribution to family income.

Suguna (2006) stated that economic empowerment is the initial aspect of women development. The economic empowerment means greater access to financial resources inside and outside the household. It is also linked with reducing vulnerability of poor women in crisis situation like famine, food crisis, riots, death and accidents in the family. Economic empowerment gives women the power to retain income and use it at their own discretion. The researcher has also stressed on establishment of self help groups (SHGs) for women empowerment.

Rahman et al. (2009) have conducted a study on impact of micro-credit programs on higher income borrowers in Bangladesh. The primary focus of the study was to estimate the impact of micro-credit on various household outcomes, such as income and assets. The researchers have used primary data collected through a structured questionnaire from borrowers of two major micro-credit institutions in Bangladesh such as the Grameen Bank and the BRAC.

The results showed that the micro-credit programs were effective in generating higher income and assets for borrowers in general. However, the impact was not found to be uniform across income levels of borrowers. Higher income borrowers seem to be better off compared to the middle and lower income borrowers. It was also observed that some other factors like age and education of the household head and his/her partner in the family were significant and made better impact of the household.

Another study conducted by Zaman (1995) on assessing the impact of micro credit on poverty and vulnerability in Bangladesh. He stated that there is growing consensus that moderate poor more benefit from micro credit than those who are extremely poor in terms of reduction in poverty. The reason is that the poorest have fewer income sources, worse health and lack of education prevent them to return installment with high interest rate.

As Johnston and Morduch (2007) have conducted a study to measure the impact of micro-credit on household income in Indonesia. They took household-level data from 1438 households in six provinces in Indonesia, an important site for microfinance. They observed that loans for small business were important, but low-income households in the survey used loan for household needs about 30 percent of the time. Results showed the important non-business activities in which they have spent the loan were paying for school fees, medical treatment, home repair or extension, daily consumption needs, social and holiday expenses.

OBJECTIVES

The focus of the present study was on following objectives:

1. To know the socio-economic profile of the respondents
2. To know the marital status and family structure of the respondents.
3. To know the ownership of moveable and immovable household assets of the respondents.
4. To know the ownership of workplace of the respondents.
5. To measure the relationship between microcredit and women's socio-economic empowerment.

RESEARCH DESIGN

Present study is based on primary so the best model for this study was explanatory research. The sampling unit was a woman who had availed microcredit facility from some microcredit providing organization in district Kasur. The target population was those women who had availed microcredit facilities from some microcredit providing institutions or organizations in district Kasur. The majority of population was illiterate or semi-literate so interview schedule was used as a tool of data collection. Two stage cluster sampling was used in this study. Appropriate sample of 316 respondents was decided through the prescribed formula. In which 296 respondents were accessible. There was 94% response rate.

The following formula was used for sample estimation:

$$n = N / (1 + Ne^2)$$

$$n = \text{sample size} = 316$$

$$N = \text{population size} = 1500$$

$$e = \text{margin of error} = .05$$

RESULTS AND DISCUSSION

This portion deals with analysis and interpretation of data which were collected from the field. Data were analyzed on SPSS and then interpreted according to the tables.

Table 1: Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Age	296	19	73	36.17	9.138
Education in number of years completed	296	0	14	2.37	4.266
Family Size	296	0	15	6.46	2.575
Number of Child(s)	296	0	10	3.97	2.539
Son(s)	296	0	6	1.99	1.493
Daughter(s)	296	0	7	1.95	1.546
Working Child(s)	296	0	8	.86	1.273
Monthly income of the respondent	296	0	200000	7069.93	11912.819
Household monthly income	296	2000	102000	13249.66	7285.546
Education of husband in years	296	0	16	3.23	4.491
Valid N (listwise)	296				

Table # 1 shows the descriptive statistics of quantitative variables of the study. It was seen that average age of the respondents was 36.17 years with 9.138 years of standard deviation. It showed a lot of variation in the ages of the respondents. The average years of educated completed by the respondents were 2.37 with 4.266 of standard deviation. It showed a small variation in the years

completed by the respondents. The family size of the respondents was 6.46 persons per household with a standard deviation of 2.575. It is not a significant difference.

Number of children of the respondents was observed 3.97 with 2.539 standard deviation. It showed a small variation in the number of children of the respondents. It was observed that the number of sons and daughters of the respondents were 1.99 and 1.95 with a standard deviation of 1.493 and 1.546 respectively. It showed a small of variation in the number of sons and daughters of the respondents.

It was observed that working children of the respondents was .86 with 1.273 standard deviation. The table showed monthly income of the respondents as 7069.93 with 11912.819 standard deviation. It showed a lot of variation in the monthly income of the respondents of the respondents. Household monthly income of the respondents was 13249.66 with 7285.546 standard deviation. Again it also showed a lot of variation in the household income of the respondents. The level of education of the husbands of the respondents was 3.23 years with 4.491 years of standard deviation.

Table 2: Marital Status and Family Structure of the Respondents

2.1 Marital status of the Respondents			2.2 Family Structure of the Respondents		
Category	Frequency	Percentage	Category	Frequency	Percentage
Un-married	46	15.5	Nuclear	243	82.1
Married	235	79.4	Joint	53	17.9
Widow	10	3.4	Total	296	100.0
Divorced	5	1.7			
Total	296	100.0			

Table number 2.1 shows the marital status of the respondents. According to this table 15.5 % of the respondents were un-married and 79.4 % of the respondents were married. The percentage of widow and divorced were 3.4 % and 1.7 % respectively. This table indicates that majority of the respondents were married. One can conclude that married females are mostly involved in utilization of microcredit in some business activities.

Table 2.2 deals with the family structure of the respondents. According to this table majority of the respondents 82.1 % belongs to nuclear family system and only 17.9 % of the respondents belong to joint family system. The table also indicates that mostly those females takes loan money from some microcredit organizations which belong to nuclear family system. One can conclude that such females have to contribute in family income.

Table 3: Household Assets and Immoveable Structure of the Respondents

3.1 Household Assets of the Respondents			3.2 Immoveable Structure of the Respondents		
Categories	Frequency	Percentage	Categories	Frequency	Percentage
0	92	31.1	0	138	46.6
Cycle	79	26.7	Plot	17	5.7
Motor cycle	104	35.1	Shop	31	10.5
Car	1	.3	House	99	33.4
Rickshaw	9	3.0	Any other	11	3.7
vegan	1	.3	Total	296	100.0
Bus	3	1.0			
Truck	5	1.7			
Any other	2	.7			
Total	296	100.0			

Table number 3.1 shows the household assets of the respondents. A significant number 31.1% of respondents have no moveable asset. According to this table 26.7 % of the respondents have cycle and 35.1 % of the respondents have the facility of motor cycle. Only .3 % of the respondents have their own car. Similarly, very few 3% owned rickshaw and .3 % have Vagan respectively. A very small number 1 % and 1.7 % have bus and truck respectively.

Immoveable property is also an important indicator of economic strength of a person. Table # 3.2 deals with this issue. Respondents were asked about the ownership of their immoveable assets. The purpose of this statement was to measure their economic capacity. Results showed that a majority 46.6 % of the respondents have no immoveable property. However a significant number 33.4 % have their own houses and 10.5 % have their own shops. Another 5.7 % replied that they have their own plots.

Table 4: Work Place of the Respondents

		Frequency	Percent
Valid	Personal	279	94.3
	Rented	17	5.7
	Total	296	100.0

Table # 4 addressed the ownership of the work place of the respondents. The purpose of this statement was to measure the level of ownership of work place of the respondents. So one can understand the earning capacity of the respondents. Because if the work place is rented then it has a cost in terms of rent. According to this table majority of the respondents 94.3 % have their own work place. It shows that majority of the respondents have no burden to pay rent as they have their own workplaces. It may help them to save some money which may be helpful to cater some other household needs. Only a small number 5.7 % of the respondents said that they have rented work place.

Table 5: Utilization of Microcredit and its Impact on Socio-economic Empowerment of the Borrowers

	Observed N	Expected N	Residual
Low	82	98.7	-16.7
Medium	174	98.7	75.3
High	40	98.7	-58.7
Total	296		

Test Statistics

	Categories of Socio-economic Empowerment
Chi-Square	95.216 ^a
df	2
Asymp. Sig.	.000

Women's access to micro credit facilities has a positive relationship with their income generation activities and empowerment. As Khan (2008) has conducted a study on women's access to and control over micro credit in rural context. His study was based on all the four provinces of Pakistan. The results of the survey explain how women's empowerment is linked with their access to micro credit organizations. He further elaborated that the impact of micro credit on communities in provision of credit benefits was significant as 75% women indicated that they owned their businesses and 70% told that their earnings are greater than before. It also had positive relationship with their monthly income, increase in assets, long-lasting house set up, nutrition, health and education.

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Table # 5 shows that most of the females who availed the facility of microcredit finally got socio-economic empowerment. Only 82 females had low level of socio-economic empowerment. Majority 174 respondents had medium level of socio-economic empowerment. Only 40 respondents argued that they have high level of socio-economic empowerment after getting microcredit facility. It can be concluded that most of the respondents got socio-economic empowerment through microcredit. Test of homogeneity also support that this opportunity had empowered the rural women. This test is significant at .05 level of significance.

CONCLUSION

As the present study was an attempt to know about the utilization of microcredit in income generating activities by rural women and its impact on their socio-economic empowerment. After data analysis the researcher has concluded that most of the females who availed the facility of microcredit finally got socio-economic empowerment. Only 82 females had low level of socio-economic empowerment. Majority 174 respondents had medium level of socio-economic empowerment. Only 40 respondents argued that they have high level of socio-economic empowerment after getting microcredit facility. So at the end it may be concluded that microcredit is positively linked with the up lift of socio-economic empowerment of working women in district Kasur.

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