

Small Step for Big Change – A Micro Finance Intervention

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ABSTRACT

Micro finance as a poverty alleviation tool emerged all over the country in late 1980s. Like other parts of the country in Assam also NGOs have taken this as a poverty alleviation tool. This research article depicts the NGOs mf impact in creating employment of women at various levels viz. at individual or in association with others in increasing the household income. Study was conducted in Sonitpur and Lakhimpur districts of Assam covering 945 nos. of beneficiaries. NGOs microfinance programme has helped to raised employment status of women in study area, unrelated to the matter of individual employment or in association with other family members. The change of raising employment is more pronounced about 97% among women. 21 per cent (range from 5-34%) overall change in household income is notable impact of NGOs micro finance in study area. Educational qualification of respondents, Income from primary sources, family size, husband occupation, frequency of loan received are found to be the positive significant variables, explaining the variation of household income. Locality of respondent households, status of loan utilization, utilization % of loan, employment status of respondents before NGO loan, marital status, husband age are negatively significant variables in explaining the variation of household income. The magnitude of R^2 is 0.620 in the study shows that the regression equation explains about 62 per cent of the variation.

Key words : Micro finance; Poverty alleviation tool; Employment of women; Association; Household income;

Microfinance is the Provision of thrift, credit and other financial services and products of very small amounts to the low income group people to foster self-employment and income generations for upgrading their standard of living. The microfinance programme provides a model of development that is based on bottom up approach. Moreover, rather than wage-employment the programme promotes self-employment which leads to sustainable reduction in poverty. In recent years, Microfinance (MF) has become a fulcrum for development initiatives for the poor, particularly women. The programme was based on the situation that women in poor households are more likely to be credit constrained, and hence less able to undertake income-earning activities. And it is widely accepted that there is a clear and direct relationship between women's involvement in income generating activity and increase status of women within their households and communities. Different organization in this micro finance fields can be classified as "mainstream MFI"-involved in extending micro finance and "Alternative MFI"- to fill the gap between demand and supply for micro finance. Alternative MFIs again categorized as 1.

NGOs- mainly engaged in promoting SHGs and linking them with Banks, 2. NGOs directly lending to borrowers, 3. As cooperatives, 4. Section 25 company and 5. Non Banking Financial Company (NBFC), transforming from non-profit to profit making business model. There has been unprecedented growth of Microfinance NGOs in the country over the past two and a half decades. They are helping millions of poor people, especially poor rural women, with tiny loans so that they can start small self-employment and improve their lives. Like other parts of country, in Assam also non government organization started micro finance as an entry point for empowering women economically. Since the impact of micro finance on women members is still controversial and there is dearth of empirical studies on the subject in Assam, an attempt has been made in this study to assess the impact of micro finance services of NGOs on employment of women and households income in Sonitpur and Lakhimpur Districts of Assam.

METHODOLOGY

The study is based on female population who have been benefited with micro finance services of NGOs,

and belong to Sonitpur and Lakhimpur districts of Assam. The targeted population of this study was purposively selected from two NGOs (again selected purposively) namely Institute of Integrated Resource Management (IIRM) and Gramin, as only these two NGOs are working in both the sample districts. Both IIRM and Gramin registered under Societies Registration Act 1860. IIRM registered in the year 2000 but started micro finance programme in the year 2005 in both the district. Similarly Gramin is registered in the year 1995 and started micro finance programme in the year 2005.

Sample Beneficiaries have been selected from sample NGOs. The lending procedure of both the sample NGOs are not confined to one model. Self Help Group (SHG), Joint Liability Group (JLG) and individual lending are the three modes follow by the above mentioned NGOs. Therefore sample beneficiaries have been drawn from all the three modes of lending. A list of total numbers of micro finance beneficiaries both mode wise and gender wise of both the NGOs of sample districts have been collected from the office of the NGO. As micro finance services of selected NGOs are not confined with similar development blocks, beneficiaries have been selected from all the blocks where selected NGOs were working. Total 10 blocks from Sonitpur and 2 from Lakhimpur district have been selected purposively for the study, 10 per cent women beneficiaries of each mode from all the blocks (if available) have been selected randomly through lottery method for the study. Thus a total 696 (out of 6966) women beneficiaries from Sonitpur and 249 (out of 2499) from Lakhimpur have been selected for the present study. Together 945 nos. of women beneficiaries are the sample beneficiaries. A structured research questionnaire was prepared and cross section data has been collected door to door through interview method to assess the micro finance impact on women with reference to employment and household income and multiple linear regression analysis technique was used to explore the effects of different determinants on household income.

Socio-Demographic profile of Respondents: Table 1 shows that among the respondents highest percentage (i.e. 45%) of surveyed respondents are belonging to age group of 31–35 years. Second highest percentage (24%) of respondents is in the category of 36- 40 years. Thus reflect a majority of respondents in the category

Table 1- Distribution of Respondents as per their socio-demographic profile

Particulars	No.	%
<i>Age</i>		
18-25	131	14
26-30	121	13
31-35	422	45
36-40	228	24
41-45	43	5
<i>Education</i>		
Illiterate	9	1
Primary level	90	10
Middle school level	220	23
High School Level	317	34
HSLC	204	22
HS level	88	9
Graduate	17	2
<i>Marital status</i>		
Married	680	72
Un married	102	11
Widow	128	14
Other	35	4
<i>Religion</i>		
Hindu	548	58
Muslim	166	18
Buddhist	32	3
Christian	186	20
Others	13	1
<i>Caste</i>		
General	400	42
ST	163	17
SC	123	13
OBC	175	19
Tea Tribe	40	4
Others	44	5
<i>Type of Family</i>		
Joint	99	10
Nuclear	781	83
Extended	65	7
<i>Size of Family</i>		
2-4 number	284	30
5-7 number	603	64
8-10 number	56	6
> 10 number	2	0
<i>Rural urban distribution</i>		
Rural	613	65
Semi- Urban	239	25
Urban	93	10
Total	945	100

of middle age. Respondents in the age group of 41-45 years is low i.e. only 5 per cent. up.

Regarding education qualification almost of the respondent are literate. Only 1 per cent respondents are found illiterate among targeted population. Majority of the respondent i.e. 79 per cent are from middle school level to HSLC level. (34 per cent of clients studied upto high school level, 23 per cent studied up to Middle School level and 22 per cent studied up to HSLC). 72 per cent respondents are found married. The proportion of unmarried is 11 per cent and widow is 14 per cent. Other categories of respondents such as divorce or separated, are found 4 per cent of total targeted population. Respondents of hindu religion are found highest in study area i.e.58 per cent. This mainly because of both the selected districts mainly inhabitant by hindu. Respondents availing micro finance services belong to a wide range of castes. Majority of the respondents belong to general castes (42%). Followed by 19 per cent other backward class (OBC) and 17 per cent schedule tribe. Sizeable number of respondents also belongs to schedule caste out of total respondents. Sprinkling of respondents are from Tea tribe and others category. In the table others indicate respondents from More Other Backward Caste (MOBC)

Table 1 also reflects that among the total respondents highest per cent age 83 per cent are nuclear type. Only 10 per cent respondents' households are found joint family. 7 per cent of respondents household are in the category of extended family. In this category respondents are unmarried, divorce or separated staying with their Brother's family. In the study area most (54%) of the respondents live in semi- *pucca* houses, 29 per cent respondents live in *kutcha houses* and 16 per cent in fully concrete houses. Respondents in study area are categorised as per their locality. Table 1 reveals that the highest percentage of respondents i.e. 65 per cent are from rural area. Only 10 per cent of clients are from urban area. Respondents from semi-urban category are medium. Semi urban is classified respondents from small township. 25 per cent respondents are from semi urban area. So far the size of the family of respondents is concern 64 per cent of respondents reported that their family size is medium one, comprising 5 to 7 members. Most of the respondents of this medium size category reported that they have 2-3 children Followed by 30 per cent small size of family comprising 2-4 members. Percentage of

Table 2- Distribution of Respondents as per their source and Range of Income

Source and range of income	No.	%
<i>Primary source</i>		
Agriculture	288	30
Service	120	13
Business	368	39
Wage labour	40	4
Livestock rearing	58	6
Pension	34	4
Others	37	4
<i>Income Range (Rs)</i>		
Less than 3000	0	0
3000-4000	78	8
4001-5000	209	22
5001-6000	260	28
6001-7000	203	21
7001-8000	84	9
8001-9000	63	7
9001-10000	28	3
> 10001	20	2
Total	945	100

Large size families of 8-10 members among respondents are less. Family members comprising 8-10 members are mostly joint families or extended families.

Income Source and Income of the Respondent Households: Primary source of income indicates a source from where large share of household income is derived. Table 2 shows that in study area Wide range of sources of income are found among the respondents households as primary source. The highest portion of respondents households i.e. 39 per cent are petty business as Primary source of income, followed by 30 per cent households having Agriculture. Service as primary source of income found among 13 per cent of respondents households. Services are mostly school teacher, as salesman in shop, agents of private company etc. 4 per cent respondent households earn income by engaged as wage labour which means work as casual hands in private production and wayside small enterprises/ restaurants. Income from Pension as primary source was found again in 4 per cent respondents' households. Among other category from where respondent households draw their large share of household income includes priest, fishery, rikshow or Thela puller, electrician, driver etc. which is found among 4.0 per cent of respondent households.

Apart from primary source respondents households are usually engaged in multiple sets of occupation type as secondary source of income. Most of the respondent households are in the category of monthly earning from 4001 to 7000/ month (28 per cent are within the range of 5001-6000, 22 per cent within the range of 4001-5000 and 21 per cent within the range of 6001-7000/ month). Monthly income range from 7001-8000 is found

Table 3: Distribution of respondents as per frequency of credit received

Frequency of credit	N	%
First time	286	30
2nd time	600	63
3rd or 4th times	59	6

Table 4: Utilization pattern of loan against frequency of credit received by the Respondents

Loan utilization	1 st time		2 nd times		3 rd /4 th times	
	No.	%	No.	%	No.	%
Clients only	98	34	191	32	33	56
Only by Husbands and Others	105	37	88	15	2	3
Both clients and husbands	74	26	297	50	11	19
Both Clients and others	9	3	24	4	13	22
Total	286	100	600	100	59	100

in 9 per cent of households, income ranges from 8001-9000 are in 7 per cent of households. Households monthly income more than 9000 to 10000 and above 10000 are less i.e.3 per cent and 2 per cent respectively.

Micro finance and its impact on women employment and income of the family:

Frequency of credit received: Table 3 shows that 30 per cent respondents availing loan for first time, 63 per cent of respondents availing loan for second time and only 6 per cent of respondents availing loan for 3rd or 4th times. This is mainly because of NGOs micro finance operation in selected districts are not very old.

Utilization pattern of Loan: Table 4 reveals that utilization pattern of loan against frequency of credit received by the Respondents. It appears in the table that clients, who are availing loan for the first time, among them 34 per cent of clients utilise loan by themselves in income generating activity, 26 per cent clients utilised loan along with their husbands, and 3 per cent utilise with other family members. 37 per cent of loan in the name of women were utilise by other family members

like husband, brother, brother in law. Loan utilization without clients' involvement is going down in case of increase frequency of loan (loan from 1st time to 3rd or 4th time). This mainly because of NGOs policy of not disbursing second or third time loan to the respondents if respondents herself were not involved in income generating activity. In case of loan availing 3rd or 4th times, among them highest percentage of respondents use by themselves for income generating activity followed by using loan with other family member and with husband. NGOs loan utilization by husband and other family members are very low among the

Table 5: Distribution of respondents as per their involvement in Income Generating Activity (IGA) before and after joining NGOs MF programme

Employment Status of women	Before NGO loan		After NGO loan		% change
	No.	%	No.	%	
Involved in IGA	422	45	843	89	97
Not involve in IGA	523	55	97	11	-80
Total	945	100	945	100	

respondents who are availing loan for 3 or 4 times. Utilization of loan by both husband and wife were found in a sizable number of households in all level of frequency.

Impact on women employment: Women Employment in the study area indicates that involvement of women in income generating activities through which they or their family can earn and increase household income. In the study area accessing small amounts of credit at reasonable interest rates gives poor women an opportunity to start income generating activity by them. Before NGOs micro finance intervention 45 per cent respondents reported their involvement in income generating activities which is increased to 89 per cent after micro finance intervention. Table 5 stated that 3 per cent respondents were involved in income generating activity by force because of their husband death, which remains same after NGOs intervention. Increase percentage of women in income generating activities is 97 per cent in study area. NGOs microfinance programme has helped to raised employment status of women in study area, unrelated to the matter of individual employment or in association with other family members. The findings were supported by the studies conducted by *Gangaiah et al. (2006)* and *Jayachandra and Naidu (2006)*.

Nature of employment before and after joining NGOs MF programme: Table 6 reveals that accessing small amounts of credit at reasonable interest rates give poor women an opportunity to start income generating activity by them, which leads an overall Involvement of Respondents in separate income generating activity increased 3 times then previous. Employment in association with other family member (OFM) or child also increases among sizable number of respondents in study area. Nature of employment in association with group member decreases after NGOs micro finance intervention in study area. These were mainly because of their self centric attitude and less feeling of owners in group activity and managerial problem in group. 20 per cent respondents after micro finance intervention reported that they were involved in IGA with their Family members (husband, Sons or Brother) to save the labour cost but no control on Income. This category of respondents feels control of income is not important but raising income of family by involving themselves is important.

Table 7 shows the Nature of IGA of respondents before and After Joining NGO loan. Microfinance programme has helped the participants to adopt various economic activities. Clients Petty business increase 3 times after mf intervention then before. Before NGO loan petty business was confined only with pans hop, selling processed food, craft items, and tea stall. After NGO Loan PB extended to stitching & embroidery, parlour, grocery shop, buying items from wholesale market and selling into retail shop, rickshaw in rent, tea stall, PCO etc. With the help of micro-loans, the programme participants have started variety of self-employment activities in the targeted area. A perusal of the table also provides that rearing livestock either alone or in combination with other such as weaving, craft items, processed food, local wine etc. is a popular activity among the respondent's households which is increasing after MF intervention. The reason of increasing this activity may be that most of the women are already engaged in this activity, market demand and at the same time it does not require any special skill. Involvement in multiple activities found higher after Micro finance intervention in the study area. Programme participants also reported that along with credit service other services like technical guidance, marketing linkages of their products, training on livestock management are

also provided by NGO personnel as an when required, which help them to expand this activity. The impact of microfinance programme on employment of programme participants can be observed from the comparison of occupational difference in the study area.

Impact on Income of Respondent households: One of the important aspects of micro finance is to uplift financial status as well as improve living standard of poor households. Generally, People also take loan to change their economic condition by operating business or investing in some other productive activities. To find out the utilization of micro finance loan in productive activities, and its impact on household income Participants were asked about allocation percentage of loan in IGA, and reason of diversifying the loan. No loan found unutilized totally. 51 per cent respondents utilise 50-75 per cent of loan amount in income generating activities. 100 per cent utilization of credit was found among 5 per cent of respondents. diversion of loan mostly for child education, house repairing, purchasing non productive assets etc. 15 per cent of respondents reported that diverting micro finance loan to repay previous high interest loan was important for them otherwise most of their income goes to repay previous loan interest. but non of the respondents diverted their 100 per cent loan to domestic purpose in study area. This is mainly because of strong monitoring of NGO personnel in terms of credit utilization by respondents.

Table 6: Distribution of respondents as per nature of employment before and after joining NGOs MF programme

Nature of Employment	Before NGO loan		After NGO loan		% change
	No.	%	No.	%	
Separate IGA	181	19	522	55	189
Associated with husband business	64	7	89	9	28
Associated with OFM/child	5	1	52	6	500
Asso. with groups	77	8	66	7	-13
Associated with husband but no control on income	95	10	114	12	20
No employment	523	55	102	11	-80
Total	945	100	945	100	

Table 7: Distribution of Respondents as per their Nature of IGA before and After Joining NGO loan

Nature of Activities	Before NGO loan		After NGO loan		% change
	No.	%	No.	%	
Livestock	123	13	170	18	38
Weaving	133	14	55	6	-57
Clients Petty Business	74	8	328	35	337
Livestock & other	24	3	130	14	367
Fishery	2	0	2	0	0
Child Petty Business	0	0	32	3	300
Husband Petty Business	0	0	13	1	100
Weaving & other	27	3	111	11	267
Wage and other	0	0	2	0	0
Selling wine	39	4	0	0	-100
Housewives	523	55	102	11	-80
Total	945	100	945	100	

Income of respondents households across different range: Average income indicates amount of income / month of respondent households. Table 8 shows the average level of income raises 21 per cent in study area. In all range of respondent households, there is a positive change in percent of income after micro finance intervention. That indicates NGOs micro finance services have positive impact in terms of raising income of participant households. Increase of percentage is high among respondents households, who availed loan for 3rd or 4th times. Level of income raises mainly due to utilization of credit in income generating activities by programme participants. *Goldberg (2005)* concluded in an review for the development of Canadian development agency that micro finance can increase incomes and lift families out of poverty.

Determinants of household income: Simple linear regression equation is fitted to the field data in order to determine the factors affecting the employment level of the participants. The results of the regression equation are shown in Table 9.

Estimated results in the Table 9 shows that educational qualification of respondents, locality of respondent households, Income from primary sources, status of loan utilization, utilization per cent of loan, employment status of respondents before and after Mf intervention of NGO loan and frequency of loan

received, Income generating activities of women after NGO loan are found to be the significant variables, explaining the variation of household income. Regression coefficient for households income reveals that there is a highly significant positive relationship between income from primary sources and household total income. An increase income from primary sources say by one rupee increased total household income by less than one

Table 8: Percent change in the average monthly income of the respondent households across different income range Before and After MF Intervention

Income (Rs)	Before		After		% change
	No.	Av.I	No.	Av.I	
2000-4000	316	3521	316	4709	34
4001-6000	440	5035	440	6097	21
6001-8000	148	7136	148	8178	15
8001-1000	28	9079	28	9932	9
>10000	13	10977	13	11523	5
Total average	945	5059	945	6147	21

Av.I = Average Income (Rs.)

Table 9: Determinants of Increase household income-regression analysis

Item	Unstanderdised coefficient	Standerdized coefficient	't'-ratio
Constant	6139.775		
Age	10.013	.032	1.007
Education	147.071	.108	4.783*
Religion status	12.298	.009	.435
Marital status	-363.798	-.191	-3.193*
Locality	-418.975	-.170	-7.904*
Husband occ.	47.781	.072	3.119**
Income from primary source	.824	.656	30.084*
Actual utilization of loan	-10.999	-.122	-5.055*
Family size	194.574	.066	3.060**
Husband age	-24.273	-.242	-3.848*
Employment of women after loan	107.602	.020	.890
Loan model	-406.512	-.096	-4.406*
Freq. of loan from NGO	181.804	.061	2.861**
Utilization of total loan	-632.132	-.102	-4.347*
Employment of women before loan	-390.129	-.130	-5.673*

R²=0.620

(0.824). Education qualification of respondents is the second important variable having positive relationship with household income. Partial regression coefficient 147.071 indicates, as education qualification increases, income of the family raises by 147.071 units. The coefficient of determination (R^2) shows the goodness of fit. It represents the proportion of variance in the dependent variable explained by the linear combination of the independent variables in the model. The magnitude of R^2 is 0.620 in the study shows that the regression equation explains about 62 per cent of the variation.

CONCLUSION

The financial help provided under microfinance programme gives impetus in the form of development to self employment and changing the lives of many women. In study area also With the help of micro-loans the programme participants have become self-employed in small business such as stitching and embroidery, livestock rearing, weaving, processed foods, petty shops etc. in many cases and in some cases Respondents involvement found in income generating

activity with other family member. Efficient utilization of loan is important in employment generation and NGOs micro finance programme is successful in utilizing a portion of loan in income generating activity in study area hence creating women employment. No loan found unutilised totally. Diversion of credit to unproductive purposes in study area is justifiable as their frequent credit need is not confined with one aspect. Child education, medical, unexpected need like death of somebody, marriage, are some important aspects which can't avoid. Growth in monthly household income found in all range of income group people. Education qualification of respondents, locality of respondent households, Income from primary sources, status of loan utilization, utilization per cent of loan, employment status of respondents after Mf intervention of NGO loan and frequency of loan received are found significant variables, explaining the variation of household income in study area

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