

Utilization of Micro-credit by the Female Community: A Case Study of Azad Jammu and Kashmir (Pakistan)

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ABSTRACT

The present study was designed to analyze the Utilization of Micro-Credit provided by National Rural Support Program (NRSP) in Azad Jammu and Kashmir (AJK). District Rawalakot was selected as the study area through simple random sampling technique. Sample size of 60 women was taken randomly from the community organizations (COs) supervised by NRSP. These women were specially the beneficiaries of NRSP credit programme. The data was collected through a pre-tested and validated interview schedule. The data thus collected were analyzed by using SPSS for drawing conclusions and interpreting results. It was concluded that 45.0% of the respondents gained a credit from Rs. 4000 - 10,000. More than half of the respondents had received credit only for a single time. Majority (46.7%) of the women were satisfied 'to some extent' from amount of loan disbursed by NRSP. About 48.3% of the respondents were satisfied 'to great extent' from general behaviour/attitude of the NRSP staff, 45.0% of them were satisfied 'to great extent' from the procedure adopted for the disbursed of credit. On the other hand 58.3% of the respondents were satisfied 'to some extent' from the procedure adopted for the repayment of credit. Majority of the respondents interested in purchasing livestock through credit they got followed by purchasing of poultry. It was also concluded that majority of the respondents were utilizing their loan in any economic activity. The other areas were household/family use, personal use, saving for hard days and social purpose.

Key Words: Women; Micro credit; NRSP

INTRODUCTION

Micro credit is the name given to small loans for poor people, who are regarded as bad financial risks, by conventional banks, as they have insufficient savings or assets to obtain a loan (Government of Pakistan, 2005). It gives poor people access to credit from a diversity of Micro Financial Institutions (MFIs) they need to exploit income-earning opportunities, meet necessities of life, cope with emergencies such as natural disasters and protect them from further impoverishment during economic stress (Yunus, 1999; Buthe, 2000; Rutherford, 2002).

Through out the world women have preference and priority over men for gaining access to micro credit and micro finance services. There are many different rationales that explain the priority on women's access to these services, some of them are: gender inequalities in developing societies (CIDA, 1999), women are the poorest of the poor (UNDP, 1995; Chant, 1997), women spend more of their income on their families (Deshpanda, 2001) superior repayment rates than those of men and cooperativeness with the MFIs (IFAD, 2001; Cheston & Kuhan, 2002). Through micro credit programmes women have become empowered to participate in decisions and to make the choices that best serve their needs and resulted in increased recognition of women's productive role (Sosibo, 1999; Bayes, 2005).

In every society, women bear a sole responsibility of day-to-day family subsistence. Women in developing countries still have lesser command over resources than men. Women are critically important as farmers, income earners and keepers of households, but generally are accorded fewer rights. They often are limited in their ability to own and control land and buildings and to leverage such assets into access to credit (IFPRI, 2004). Some researchers found that the best way of achieving women's empowerment was to organize them under a common group or forum with income generation program support. These studies showed that different NGOs in different countries of South Asia had achieved this goal by following multiple economic development strategies. NGOs generally take participatory and community development approach, which differs from traditional approaches usually taken up by government institutions (Viswanath, 1995; Carr *et al.*, 1996).

A number of development agencies have launched micro credit programmes for female rural community in Azad Jammu and Kashmir including IFAD, UNDP, NRSP etc. (IFAD, 2001). National Rural Support Programme (NRSP) launched Micro-credit programme in 1991 as a non-governmental organization (Jafri, 1999). NRSP is using this poverty alleviation tool by providing small loans for income generation and rural poor feel this as the most benefiting approach for their development. NRSP uses the

forum of COs for delivering small loans. Loans are given through COs to individual members for productive purposes only.

The credit programme of NRSP allows women to access the credit facility to meet their basic needs effectively. According to sixth annual report of NRSP the amount of credit, which was being disbursed to the female was approximately Rs. 845 billion for purchase of agriculture input, livestock development, enterprise development and development of small infrastructure as individual enterprise (NRSP, 1999). Now the rising question was that where the credit was utilized by the female community. To answer that question the present study was designed to determine the utilization of micro-credit provided by NRSP to the female community of Azad Jamu and Kashmir, Pakistan.

METHODOLOGY

District Rawalakot was selected randomly as the study area keeping in view the fact that from this district NRSP started its working. More than 100 COs were working in Rawalakot out of which some were male, some female and others were mixed. A sample size of 60 women, who received credit through COs from NRSP was selected by the help of simple random sampling technique from all the communities' organizations (COs) working under the supervision of NRSP and who were the beneficiaries of their micro credit programme. Analysis of income generation activities and assessment of micro credit programmes in a case study like the present one come under the category of Rapid Rural Appraisal (RRA), which involves both qualitative and quantitative data collection techniques. But survey technique relies on the quantitative information obtained through the use of a pre-designed schedule or questionnaire. Therefore, the data were collected through a pre-tested and validated interview schedule. The data thus collected were analyzed by using suitable statistical technique, SPSS (Statistical Package for Social Sciences) to draw conclusions and interpret results.

RESULTS AND DISCUSSION

Distribution of the respondents according to their amount and frequency of credit received is presented in Table I and II. It was found that most of the respondents were in favour of taking a small amount of loan and avoid to take a heavy amount as it was difficult to repay them. Distribution of the respondents according to their level satisfaction about different activities of NRSP credit programme is given in Table III. It is evident from that data majority of the respondents were satisfied from the procedure of disbursement of credit but majority of them were not satisfied from the procedure of repayment of credit. Table IV show that 35.0% of the respondents interested in purchasing livestock through credit they got followed by purchasing of poultry. However, buy seeds of

Table I. Distribution of the respondents according to their amount of credit received

Amount (Rs.)	No.	%
4000-10,000	27	45.0
11,000-17,000	17	28.4
18,000-24,000	14	23.3
Above 24,000	2	3.3
Total	60	100.0

Table II. Distribution of the respondents according to their frequency of credit received

Frequency	No.	%
One	32	53.3
Two	25	41.7
Three	3	5.0
Total	60	100.0

Table III. Distribution of the respondents according to their level satisfaction about different activities of NRSP credit programme (n = 60)

Activities	Level of satisfaction					
	To extent	great extent	To extent	some	Not at all	
	No.	%	No.	%	No.	%
Amount of loan	21	35.0	28	46.7	11	18.3
General behaviour/attitude of the staff	29	48.3	13	21.7	18	30.0
Procedure for disbursement of credit	27	45.0	19	31.7	14	23.3
Procedure for repayment of credit	13	21.7	35	58.3	12	20.0

Table IV. Distribution of the respondents according to their utilization of loan in different economic activities

Economic activity	Frequency	Percentage
Buy seeds of new high yielding varieties of vegetables	10	16.7
Buy livestock	21	35.0
Buy poultry	18	30.0
Development of Micro Enterprises	7	11.7
Development of small infrastructure	4	6.6
Total	60	100.0

Table V. Distribution of the respondents according to the utilization of their money

Purpose	Frequency	Percentage
Personal use	9	15.0
Household/family use	16	26.7
Economic activity	23	38.3
Social purpose	5	8.3
Saving for hard days	7	11.7

new high yielding varieties of vegetables (16.7%), development of micro enterprises (11.7%) and development of small infrastructure were less preferable areas for utilization of credit. The findings further indicated that women were interested in purchasing livestock and poultry, which is the main domain of women within the agriculture

sector. Distribution of the respondents according to the utilization of their money is presented in Table V. The results indicate that most of the credit was utilized for useful purpose by the respondents. In contrast, with the present study Cheston and Kuhan (2002) reported that women spend most of her income on family affairs.

CONCLUSIONS

It was concluded that majority of the respondents were utilizing their loan in any economic activity. The other areas were household/family use, personal use, saving for hard days and social purpose.

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