

Financial Inclusion: Does Difference Matter? A Case Study of NRLM (SGSY) Beneficiaries in Kashmir

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Abstract

Purpose: Innovations in mechanisms aimed at providing unrestrained financial access to all have brought with it many unseen risks. These risks may be in the form of self-selection, mistargetting and other related bias. The bias may in fact lead to overstating or understating the financial inclusion impact; there may, however, be another source for differential nature of impact – individual characteristics. The present study attempts to look into the differential nature of impact exhibited due to credit access (on NRLM beneficiaries) on individuals differing in their characteristics at individual, societal and country level. Results suggest that the gender, group formation and neighbourhood are the important determinants of financial inclusion impact.

Design/Methodology/Approach – This study evaluates the progression of the participants/beneficiaries of NRLM Scheme (erstwhile SGSY Scheme) and comparison thereof between various categories of beneficiaries across various dimensions of poverty by making use of the Multidimensional Poverty Index (MPI).

Findings – The results suggest that the access to finance has led to increase in the standard of living and thereby reducing multidimensional poverty. Further, the results suggest that the impact of financial access has a differential nature i.e., Individual beneficiaries tend to exhibit lesser impact as compared to their group counterparts, likewise, Females tend to make better use of financial access than their male counterparts, whereas no significant differences were found between rural and urban participants. Further the results also suggest that the programme under study seems to be seriously mistargetted by allocating the programme to non-poor sections rather than absolute poor.

Limitations – The study has been conducted without following the participants over a longer period of time. The study has adopted a pre-post methodology, collecting the responses at only one point using a reflexive quasi-experimental design which leads to a recall limitation.

Originality/Value – The paper tries to evaluate the differential impact of access to financial inclusion through a new perspective – the Multidimensional Poverty Index. The paper examines the targeting of government sponsored programmes and the utility of such intervention in the changing milieu of financial services.

Keywords: Financial Inclusion, Microfinance, Poverty Alleviation, Inclusive Finance

1. Introduction

Access to finance is believed is an important ingredient of any economically oriented enterprise irrespective of its size and structure. Financial inclusion by way of development of Inclusive Financial Sector is an important indicator and determinant of economic development. In countries having greater outreach and more developed financial sector, enterprises face lower obstacles thus suggesting the creation of a favourable financing environment as a prerequisite to the economic growth (Beck et al., 2007). In a competitive financing environment smallest and youngest enterprises particularly in developing countries find it extremely difficult to fund not only their start-up programmes but also their expansion programmes. Credit Programmes to assist these micro-enterprises are often being classified as being involved in formation or expansion of micro-enterprise, or graduation of a micro-enterprise. The main aim behind assisting the non-contributing and prospective micro-entrepreneurs is to bring them into the productive sector of the economy thereby not only alleviating them from poverty but also contributing to the economic development. Mechanisms for dispensing financial services and particularly credit to these ignored and deprived sections of the society can further be classified into welfarist and institutionalist models. Government models are usually welfarist in nature whereas private donors mostly adopt an institutionalist model. Mechanisms and efforts on delivering formal financial services and more particularly formal credit to the rural poor and socially excluded sections have miserably failed in the developing countries leading to anomalous observance to the policy and strategy. Owing to different motivations behind government run programmes, globally, these government led efforts with a basic strategy of subsidised credit and priority sector lendings have failed to bring desired results primarily due to the lack of institutional viability (Coleman, 1999; Gonzalez-Vega, 1994; Hollis & Sweetman, 1998, Adams and Vogel, 1986; World Bank, 1989).

Further, governments in developing countries often find it difficult to enforce repayments, and below-market interest rates often induce non-price rationing allowing the rural elites rather than the poor to access such loans (Adams and Vogel, 1986; World Bank, 1989). The strategies of subsidised credit however came to be used as a political tool for gaining power & thus inefficiencies crept in. The ambivalent culture of defaulting on the government backed loans albeit is believed to stem from government intervention & dictates mostly for political gains (Morduch, 2000, p. 620; Lashley, 2004). In India also Large State run Cooperative Lending Structure has miserably failed, which was believed to induce productive farming by way of improved irrigation, seeds, fertilizers and technological applications, and was thus entrusted the responsibility of allocating subsidised funds. A classic case of failed government programmes is the world's largest subsidised credit programme – Integrated Rural Development Program (IRDP) where financial and development goals have been compromised for political goals and surprisingly in India, subsidised credit mechanism is still a practice and where Banking sector is still incentivised for lending to priority sector.

Numerous studies for assessing the impact of various microfinance programmes have been conducted throughout India while there is a little empirical research regarding the assessment of differential impact of any such programmes in Indian context. The present study thus aims to develop an understanding of the dynamics and differentials of the programme impact on the characteristically different beneficiaries. The study specifically aims at studying the differential impact of one of the widely implemented, pan-India micro-enterprise enabling programmes Swarnjayanti Gram Swarozgar Yojana (SGSY) recently restructured into National Rural Livelihood Mission (NRLM) on its beneficiaries in Kashmir valley. A survey of the beneficiaries of the scheme has been conducted with a pre-programme and post-programme statistics which enables for assessment of the effects attributable to programme without having to make use of a control group. Results indicate the existence of a differential nature of impact of access to finance on different groups of individuals. While as group beneficiaries tend to be more empowered than individual beneficiaries, they are also more likely to empowerment as opposed to individual beneficiaries, though marginally. Rural-urban differences however, don't seem to manifest substantially to create differential programme effects except other than education. Even though urban participants have marginally performed better in response to the programme than the rural counterparts but such differences are not statistically significant. Further, the results also indicate that empowering women can lead to an increased household development poverty reduction, and particularly education of children. While as women participants have been found to significantly reduce their deprivations in education, the same impact is seen missing in case of men. Men and Women perform almost alike when it comes to building assets, improvement in standard of living, health and hygiene and overall poverty reduction, however, relative to pre-programme status women perform better than men.

The remainder of the paper is organised as follows. Section two outlines literature review of financial inclusion impact. Section three presents objectives of the study, section four describes research methodology used, database and sample selection, design of the instrument and tools of analysis. Section five presents sample characteristics and the analysis regarding the differential impact of programme on beneficiaries. Section six presents summaries & conclusions, and section seven outlines the limitations of the study and the directions for future research.

2. Literature Review

The proliferations in the innovative mechanisms in dispensing financial services to the poor and excluded, and often based on group-lending methods, are believed to reach the poor and improve their welfare by uplifting their socio-economic standards while empowering them. There is a diversity of opinions whether credit is the only effective tool for enhancing the socio-economic condition of poor, while almost every school of thought believes that poverty can be reduced by providing effective formal credit (Beck et al., 2007). There is, however, general lack of empirical research on the impact of extending credit to microenterprises, especially with regard to enterprise formation to small and juvenile micro-enterprises. Rogaly (1996) attributes such lack of empirical basis to what he calls as 'micro-finance evangelism'. Micro-finance evangelism is yet another version of Institutionalist paradigm to microfinance; with a basic underlying assumption that the poor immediately benefit from credit. The only important issues to evangelists are broader outreach and institutional sustainability. It is further argued that despite increased level of expenditures on microfinance over past few decades, there has not been enough evidence to determine the overall effectiveness of microfinance, and to identify in which specific settings and to what extent such assistance is effective (Rogaly, 1996).

The relationship between financial inclusion, Poverty alleviation and Economic Development is uncontested. However, access to finance has been found to impact different groups differently, individuals exhibit a differential impact based on their characteristics at individual, societal and country levels. Access to finance is believed to improve standards of different social groups by different amounts, not only this, even the allocation of the programme has been found to be directly related to these characteristics at all levels thus leading to a potential self-selection hazard in targeted financial inclusion/microfinance programmes. The

differential impact is supposedly believed to be an outcome of the differential social capital; it is believed that the social capital at whatever level and in whatever form leads to an increase in the productivity and decrease in the vulnerabilities of a micro-entrepreneur (Gomez and Santor, 2001; Zohir and Motin, 2004). While as increased social capital is believed to increase socio-economic progress the reverse is also true where individuals ranking higher on their socio-economic progress are found to possess a large set of social capital. Access to finance is an effective way to increase social capital and reduce Putnam effects (Mc. Gregor et al., 2000; Rafael & Gomez, 2001; Lashley, 2002; Srinivasan, 2000; Sanders and Nee, 1996, Holzer, 1987).

Many theorists believe that providing financial services is a magic wand to ward off all development ills but many times this provision for financial services proves counterproductive mainly because of ignoring the contingent target characteristics and the context, and also due to failed market targeting. Academic circles are abuzz with the generalisation that access to finance has a direct and positive impact on the socio-economic condition of the beneficiaries/participants (Weiss & Montgomery, 2005; Mknelly and Dunford, 1999; Pitt & Khandker, 1998; Khandker, 1998; Amin et.al., 1995; Pitt et.al., 2003; Khandker, 2003). Through linkages at various levels, wider social and economic impacts can occur through the labour market, the capital market, the social capital at various levels, and through clients participation in social and political processes (McGregor et al., 2000). Studies have generally shown that microfinance have had a positive association with various socio-economic parameters of participants, particularly children education, nutritional status and empowerment (Johnson & Rogaly, 1997). Without exclusively targeting the poor, microfinance has been found to lift participating household out of absolute poverty (Sugianto, 1998). By providing material capital to poor entrepreneurs, their sense of dignity is strengthened which helps them to participate in the economy and society, thus increasing the opportunities to uplift their social and economic situations (Otero, 1999). From whatever little research that has been conducted in order to assess the relationship between microfinance and health and education, it has been found that microfinance interventions tend to improve education, healthcare and hygiene, and nutritional indicators of the participants and at places where MFI are present (Wright, 2000; Littlefield, Morduch, and Hashemi, 2003). Robinson (2001) found that globally microfinance leads to enhancement in the standard of living, quality of life, self confidence and also in the diversification of livelihood strategies and thereby increasing their income.

Existence of a differential nature of Financial Inclusion Impact is also well documented in the literature. The various determinants of potential impact of access to finance as documented in the literature are: Gender, Neighbourhood Effects, Group Formation, Rank Structure, and Poverty Levels. It is often argued that women are more preferred for credit as compared to men; the major reason for the same is being argued to be the absence of labour market for females. The absence of labour market and in some cases differential pricing of women labour provides an incentive on productive use of women's time. Surprisingly and for the first time in microfinance evaluation studies, gender came out to be one of the determining factors for credit demand and expected credit levels (Khandker, 1998; Khandker, 2003; Pitt & Khandker, 1998). Marginal returns to borrowings have been found to be significant in case of women borrowings as compared to insignificant or very small returns on men borrowings (Khandker, 2003). Research reveals that an additional credit of 100 taka to women borrower makes an addition of 18 taka to total household consumption while as the same amount of credit flowing to men adds just 11 taka (Khandker, 1998; Khandker & Pitt, 1998). It has also been found that the probability of the girl child's enrolment increased by 1.86 percent with an increase of 1 percent in Grameen Credit to women while as credit to men had no such effect (Khandker, 2003). Coleman (2006) conducted a study which shows that Committee members take a major share of the credit pie and also benefit more from the microfinance programmes as compared to their rank and file counterparts. Mosley (2001) finds out that the programme has a positive net income on the poverty of participants, while as the impact for extreme poor is missing thus suggesting a relatively larger impact for relatively wealthier participants. Other studies which suggest differential nature of impact of financial access on the different poverty groups particularly in group lending mechanisms are Coleman (1999, 2006), Duong and Izumida (2002), Hulme & Mosley (1996), and Mosley (2001).

Since no or limited empirical research estimating the differential nature of impact of access to finance has been conducted in India, the present research is an attempt towards understanding the dynamics and differential nature of financial inclusion impact. The objectives of the study are presented below.

3. Objectives of the Study

1. To understand and look for the existence of differential nature of Financial Inclusion Impact in the literature.
2. To understand the dynamics and direction of differential nature of impact of Financial Access on Poverty Indicators of beneficiaries (participants) of SGSY Scheme in Kashmir Valley.
3. To suggest on the basis of study results, measures to improve the impact of financial inclusion on participants.

4. Research Methodology

4.1. Methodology to Impact Assessment

Microfinance primarily aims at empowerment and poverty alleviation, and in order to know the success or failure of a programme MFIs often go for studying the impact. It is however argued that it is difficult to attribute to microfinance development the broad range of developmental effects given the complexities in assessing the impact that can directly be attributed to the interventions (Weiss & Montgomery, 2005). In the recent times, in order to assess the impact of microfinance various tools have been developed over time. One of these widely used tools in longitudinal studies is available from Assessing the Impact of Microfinance Services (AIMS) Project. This approach identifies impact as;

$$\text{Impact} = \frac{1}{n} \sum_{i=1}^n (y_{t+1} - y_t)_p \quad (1)$$

Where y_t and y_{t+1} are the identified impact variable at times t & $t+1$ respectively, and p signifies the matching of borrowers and non-borrowers. This approach is slightly weak for application owing to the difficulties in matching borrowers and non-borrowers. The present study has adopted a basic AIMS tool for impact assessment with a slight adjustment with regard to the control group. Whereas non-borrowers are generally being used in the toolkit, here the impact variable has been studied for the same stock of beneficiaries of the scheme before the program and after the program. This methodology for impact assessment has been used by National Council for Applied Economic Research (NCAER) in majority of its impact assessment studies. The present study tries to understand the impact of access to finance and particularly provision for credit to the beneficiaries of Swarnjayanti Gram Swarozgar Yojana (SGSY) now restructured into National Rural Livelihood Mission (NRLM).

4.2. Database

Data has been drawn from primary sources through a well structured interview schedule. Detailed and indepth interviews and informal discussion have been conducted to collect the required data as per the interview schedule from the beneficiaries of SGSY Scheme. Due to time and resource limitations, the study has been conducted in the Kashmir Division of the State of Jammu and Kashmir, India and as such the beneficiaries of the Scheme from Kashmir Division only have been studied. Besides, secondary data has been collected from the Nodal Offices and Programme Offices of Directorate of Rural Development (Kashmir) at District and Block Levels. Further discussions with the officials from top management to middle management of Banking functionaries, NABARD and other Government Institutions have been conducted to give an insight and pave a direction into the working of the Scheme in the Valley.

4.3. Sample Selection and Sampling Design

The study covers all the regions of Kashmir Valley; it has covered three districts, viz. Anantnag (Southern Region), Baramulla (Northern Region) and Srinagar (Central Region) which have been purposively selected in order to gather representation from all three regions.

A multistage mixed sampling design has been adopted for selecting sample SHGs and sample beneficiaries to be interviewed for the study. The number of SHGs criterion has been used for the selection of districts for sampling; however Srinagar has been selected ignoring the number of SHG criterion in order to enable assessment of neighbourhood effects. In Anantnag and Baramulla, four blocks have been selected from each District while as Srinagar comprised of just one block. Nine blocks in total have been selected from three districts with both Individual beneficiaries as well as Group beneficiaries.

The methodology for impact assessment of the beneficiaries at the household and individual levels is based on the information obtained from a primary sample survey. A well structured interview schedule has been used to collect the information on various social and economic parameters of the sample members. In order to assess the impact of the program allocation, the 'pre and post' or 'before and after' approach has been followed. Relevant information has been collected as per the pre-structured interview schedule. The responses have been collected on a recall basis with recall period of one year; responses have been collected in two rounds of interviewing with a 20 minutes pause between pre and post responses in order to avoid the bias that could have arisen due to remembering of earlier responses. The consistency of the responses was ascertained by using a question in a different style to capture the same information. The interviews started with an informal chat and in case of SHGs by an informal group discussion, which was immediately followed by the formal interviews.

A complete list of SHGs and Individual Swarozgaris which have availed the facility/second grading during the last one year, was collected from the respective Program Officers of the chosen districts. The information was sorted blockwise and the 4 blocks from each district were chosen. The criterion for selection of the blocks was purely geographical/spatial where blocks have been chosen in such a way so as to cover all the geographical regions of the district, Srinagar however comprised of one block only where samples were chosen with geographical representation from all regions. From district Anantnag, blocks Shahabad, Dachnipora, Qaimoh and Shangus were chosen; similarly from district Baramulla, blocks Baramulla, Sopore, Pattan and

Singpora were chosen; while as Srinagar comprised of just one single block.

Table 4.1: Sample Composition

Gender			Type		Total
			Individual Swarozgari	SHG Swarozgari	
Male	District	Srinagar	26	6	32
		Anantnag	24	1	25
		Baramulla	11	1	12
	Total		61	8	69
Female	District	Srinagar	2	58	60
		Anantnag	18	52	70
		Baramulla	3	69	72
	Total		23	179	202
Total	District	Srinagar	28	64	92
		Anantnag	42	53	95
		Baramulla	14	70	84
	Total		84	187	271

Source: Field Survey

A total of 271 effective respondents were selected from all three districts (See table 4.1); 187 group respondents and 84 Individual respondents, 69 male respondents and 202 female respondents. Out of 202 female respondents, 179 were group members and 23 were individual Swarozgaris; and from a total of 69 male respondents, 8 are group beneficiaries while as 61 are individual beneficiaries. A total of 92 respondents have been selected from district Srinagar, 64 group respondents and 28 individual respondents; a total of 95 respondents from district Anantnag with 53 and 42 group respondents and individual respondents respectively; and a total of 84 respondents from district Baramulla, 70 group respondents and 14 individual respondents. The sampling plan that has been followed at various levels is presented in the table 4.1 and 4.2.

Table 4.2: Blockwise Composition of Sample

District			Type		Total
			Individual	SHG	
Srinagar	Block	Srinagar	28	64	92
	Total		28	64	92
Anantnag	Block	Dachnipora	13	18	31
		Qaimoh	13	6	19
		Shahabad	5	20	25
		Shangus	11	9	20
	Total		42	53	95
Baramulla	Block	Baramulla	14	0	14
		Pattan	0	26	26
		Singpora	0	25	25
		Sopore	0	19	19
	Total		14	70	84

Source: Field Survey

4.4. Design of the Instrument and Scale of Measurement

Poverty has often been defined as a single dimensional measure, mostly income. Such a measure often fails to capture the real poverty which constitutes of multiple aspects leading to deprivations. OPHI has developed a measure called Multidimensional Poverty Index (MPI) which uses multiple dimensions to capture the complex nature of poverty and deprivations.

Exhibit 4.1: Multidimensional Poverty Index

Dimensions	Dimension Weights	Indicators	Weights assigned to Indicators
Standard of Living	1/3	<ul style="list-style-type: none"> • Floor • Household Assets • Electricity • Water • Toilet • Cooking Fuel 	1/18
Education		<ul style="list-style-type: none"> • Years of Schooling • Enrolment 	1/6
Health		<ul style="list-style-type: none"> • Child Mortality • Nutrition 	1/6

Source: Alkire and Santos (2010) ‘Multidimensional Poverty Index.’ OPHI.

Multidimensional Poverty is comprised of poor people’s experience of deprivations in several factors leading to poverty like; lack of education, poor healthcare, inadequate living standards, lack of income, disempowerment and vulnerability. Keeping in consideration such complex nature of multidimensional poverty, MPI comprises of three wide dimensions; Health, Education and Standard of Living. Multidimensional Poverty Index captures 10 indicators of poverty which are spread across these wider dimensions as shown in exhibit 4.1. Each dimension and each indicator within dimension are equally weighted. The ten indicators given above are used to calculate the deprivations which lead to poverty. MPI reveals a different pattern of poverty than what is indicated by the single dimensional income poverty, as it reveals a different set of deprivations across a set of indicators. All the 10 indicators here are categorical variables with binary scale of measurement; 0 or ‘Deprived’ means ‘Poor’, and 1 or ‘Not-Deprived’ refers to ‘Non-Poor;’. The respective indicators are then multiplied by their respective weights in order to arrive at an aggregate status of a particular individual where a person is considered poor if the deprivations in the weighted indicators is more than or equal to 33 percent. Further the intensity of poverty denotes the extent of poverty and the proportion of indicators in which a person is deprived. The deprivation status of these indicators is determined on the criteria given below:

Standard of Living (each indicator weighted equally at 1/18)

- i. Flooring: deprived if the household has dirt, sand or dung floor.
- ii. Asset ownership: deprived if the household does not own atleast two of the assets; Radio, TV, Telephone, Bike, Refrigerator, Car or a Truck.
- iii. Electricity: deprived if the household has no electricity.
- iv. Drinking Water: deprived if the household does not have access to safe drinking water, or if safe drinking water is more than a 30-minute walk from home in a roundtrip
- v. Sanitation: deprived if the household has no improved toilet, or if the toilet is shared.
- vi. Cooking fuel: deprived if the household cooks with dung, wood or charcoal.

Education (each indicator weighted equally at 1/6)

- i. Years of schooling: deprived if no household member has completed five years of schooling.
- ii. Child enrolment: deprived if any school-aged child is not attending school.

Health (each indicator weighted equally at 1/6)

- i. Child mortality: deprived if any child has died in a family
- ii. Nutrition: deprived if any adult or child for whom there is nutritional information is malnourished.

The Multidimensional Poverty Index has slightly been modified in the present study due to various logistic reasons and non-availability of data; indicator ‘cooking fuel’ has been dropped in our instrument. Similarly in order to capture information about dimension health, indicator Child mortality has been substituted by the proxy ‘expenditure on healthcare’, and indicator nutrition has been substituted by ‘access and expenditure on nutrition’. Dimension weights have been kept unchanged, while as each indicator within dimension ‘standard of living’ has been weighted at 1/15.

4.5. Tools of Analysis

The data has been categorised, edited and arranged in a logical order. In the process certain errors were detected which have been corrected subsequently. Tabular analysis has been done both manually and using MS Excel and SPSS 20.0 version. Statistical tools like percentage, average and scaling techniques have been used. In order to assess the impact of financial access on the Multidimensional Poverty Indicators of beneficiaries, same stock of beneficiaries have been taken at two time periods to draw the comparison between the pre- and post- scores using paired samples t-test.

5. Results and Discussions

5.1. Sample Characteristics

The State of Jammu & Kashmir has 21.63% of its population living Below Poverty Line (Economic Survey 2007-08). Jammu & Kashmir has been found to lag behind all other states of the Northern Region with financial Exclusion to the extent of 67% (Report of the Committee on Financial Inclusion, 2008; Sangmi and Kamili, 2010). NSSO data (59th Round) indicates that the proportion of non-indebted farmer households was most pronounced in Jammu and Kashmir (68.2%) in the Northern Region. The State has witnessed an absolute absence of complimentary institutions to support financial inclusion initiatives of various banking and non-banking entities; the State is also a victim of unequal participation by the banking fraternity (Khaki & Sangmi, 2012). The present study is concentrated on the Kashmir valley of the State only. The socio-economic profile of the districts under study is presented in the table 5.1.1 below.

Table 5.1.1: Development and Poverty Indicators of districts under study

District [^]	No. of SHGs formed since inception* (March 2012)	Poverty Ratio (October 2007)**	Contribution to NSDP at Current Prices (%)**	No of SSI Units** (2010-11)	Employment in SSI Units** (2010-11)	Bank Branches 2010-11 **
Srinagar	88	6.51	14.57***	10021	48403	151
Ganderbal	387	24.23		137	641	24
Budgam	1974	26.64	5.52	4121	27873	39
Anantnag	1131	14.46	11.04***	4312	18723	65
Kulgam	512	22.59		149	660	29
Pulwama	448	26.18	6.85***	2816	13307	37
Shopian	173	16.42		115	392	18
Baramulla	1153	26.49	11.17***	4184	17216	94
Bandipora	402	31.09		117	421	17
Kupwara	937	32.55	4.37	1812	6351	47

*Source: Directorate of Rural Development Kashmir (DRDK)

**Source: Directorate of Economics and Statistics, Government of Jammu and Kashmir (As per the survey conducted by the Directorate)

*** Indicates figures of 2004-05 for the respective districts combined

[^] District Leh and Kargil has been excluded from the study.

For the present study, a Sample of 3 districts out of a total of 14 districts has been taken, the general characteristics of which are presented in the table 5.1.2. The sample consists of a total of 271 beneficiaries from three districts chosen purposively from 3 regions of the Valley – North, Centre and South. District Baramulla has been chosen from North, Anantnag from South and Srinagar from Centre. The Sample consists of 92 respondents from Srinagar – 28 Individual Beneficiaries and 64 Group beneficiaries, 95 respondents from Anantnag – 42 and 53 Individual and Group Beneficiaries respectively, and 84 Respondents from Baramulla – 14 and 70 Individual and Group Beneficiaries respectively. Overall 84 Individual beneficiaries and 187 group beneficiaries which composed of 69 Male respondents and 202 female respondents have been selected. While as majority of male respondents were found to be independent beneficiaries (61 out of 69), female respondents were generally group beneficiaries (179 out of 202).

Table 5.1.2: Sample Characteristics.

Sample Characteristic	Frequency	Percentage	Sample Characteristic	Frequency	Percentage
Type					
Group	187	69.00	Male	8	
			Female	179	
Individual	84	31.00	Male	61	
			Female	23	
Total	271	100.00	Total		
			Male	69	25.46
			Female	202	74.54
District					
Srinagar	92	34.00	Individual	28	
			Group	64	
Anantnag	95	35.00	Individual	42	
			Group	53	
Baramulla	84	31.00	Individual	14	
			Group	70	
Total	271	100			
Activity Involved			Education		
Crewel	87	32.10	Illiterate	155	57.20
Sozni	80	29.52	Primary	21	7.75
Spinning and Knitting	35	12.92	Middle	55	20.30
Diary and LiveStock	34	12.55	Secondary	34	12.55
Vegetables	22	8.12	Graduates & Above	6	2.21
Other	13	4.80	Total	271	100.00
Total	271	100			
Family Composition			Occupation		
Nuclear <5 Members	94	34.69	Trading	42	15.50
Nuclear 5-10 Members	147	54.24	Agriculture	17	6.27
Joint 5-10 Members	10	3.69	Both Trade & Agriculture	168	61.99
Joint >10 Members	20	7.38	Daily Wagers	44	16.24
Total	271	100	Total	271	100

Source: Field Survey

Assessing Differential Impact

5.2. Rural-Urban Differences in Impact – Neighbourhood Effects

Microenterprise development programmes in India have always had a socialist orientation with its main aim towards poverty alleviation through the establishment of micro level income generating units at individual and/or group levels. Supported by supplementary and complementary functionaries, Indian policy makers have always tried to create a suitable environment for the sustainable and inclusive economy. Rich and enabling neighbourhood is a sine-qua-non for any economic entity more so for micro entrepreneurial entities due to their risk structure and inadequate capital cushioning. Whereas favourable neighbourhoods can be attributable to the success and development of a microenterprise in the initial stages, it is also inevitable for enterprise graduation. Academic circles are abuzz with the generalization that enterprise formation loans directed at the new and youngest micro-enterprises lead to a substantial increase in micro-entrepreneur's income and alleviate poverty. The fact that social capital at different levels influences the outcome of poverty alleviation and micro-enterprise development programmes is by and large hidden from the academic landscape of microfinance impact assessment research. There is, in fact, a huge disparity within the financial inclusion milieu due to huge diversity found within India; rural urban divide being the most widespread of all. The rural-urban divide or neighbourhood differences manifest itself through disparities in several development indicators including per capita income, literacy, infant mortality, access to education, health care, drinking water, sanitation, among others. Three hundred and thirty-two million people i.e., 73 percent of India's poor live in rural areas (Iyer and Viswanathan, 2011). It is believed that better neighbourhood characteristics like access to suitable market space, marketing arrangements, etc. contribute to increased opportunities which can lead to increased impact of upliftment and empowerment programmes by way of spill-overs. These spill-overs can go from inside out or can flow in from outside and in either case they lead to an aggregate positive effect. For the purpose of analysing these differences, an Independent samples t-test has been carried out, the results of which are presented in the table 5.2.1, table 5.2.2 and table 5.2.3 below. The two groups under present context are Urban Neighbourhood –

Srinagar and Rural Neighbourhood – Anantnag and Baramulla.

Table 5.2.1: Group Statistics (Neighbourhood Effects)

Group Statistics				
Location		N	Mean (Pre)	Mean (Post)
Standard of Living	Urban	93	.1261649	.0609319
	Rural	178	.1093633	.0516854
Healthcare & Nutrition	Urban	93	.0681004	.0232975
	Rural	178	.0440075	.0121723
Education	Urban	93	.0537634	.0465950
	Rural	178	.0823970	.0805243
Multidimensional Poverty Index	Urban	93	.2480287	.1308244
	Rural	178	.2357678	.1443820

Source: Field Survey

Beneficiaries don't seem to differ substantially from each other both before the intervention as well as after the intervention as is evident from the aggregate MPI scores from the table 5.2.1 above. Whereas mean deprivations for urban beneficiaries before receiving the facility are 24.8%, the respective deprivations for rural beneficiaries are 23.6%. The deprivations, on an aggregate level, even after the programme benefits have been received, do not substantially differ and where the deprivations for urban beneficiaries are around 13 percent, the respective deprivations for the rural counterparts are 14 percent. Though no substantial differences do seem to exist at an aggregate level but evidently deprivations in urban beneficiaries have reduced by almost 2.6 percentage points more than their rural counterparts. This clearly indicates that urban beneficiaries who have reduced their deprivations by 11.6 percent tend to benefit more from the programme as compared to their rural counterparts who have managed to reduce their deprivations by just 9.2 percent. Broken down further urban participants seem to be more deprived in all dimensions than their rural counterparts, both pre and post programme, except education where deprivations for rural beneficiaries is around 3 percentage points higher in both pre-programme and post-programme settings. Furthermore, education seems to be least impact dimension with no significant changes in deprivations in either kinds of beneficiaries. The results also suggest that access to finance substantially increases the living standards and health & hygiene of the beneficiaries whereas keeping education unaffected. Further, the impact so made is greater so for urban beneficiaries than their rural counterparts which is suggestive of the manifestation of social capital in microfinance.

The differences, though visibly suggestive in its own way of the differential nature of impact, are not significant as indicated in the table 5.2.2 below (equality of variances assumed). Table 5.2.2 below clearly indicates that no statistically significant differences exist between rural and urban participants in so far as (i) standard of living, (ii) healthcare & nutrition, and (iii) multidimensional poverty are concerned. It may thus be clearly stated that access to finance does not differentiate among its beneficiaries so far as their spatial orientation with regard to rural-urban classification of their place of residence is concerned and invariably reduces their deprivations. The social capital has a role to play in improving the living conditions and economic empowerment of people but its contribution toward poverty alleviation may not be substantial enough to be significant. Interestingly, education seems to present anomalous behaviour; while demonstrating a significant difference between rural and urban beneficiaries both before the programme and after the programme. While deprivations in education for urban beneficiaries have gone down from 5.4 percent to 4.6 percent, the respective figures for rural beneficiaries have almost remained unchanged (8.2 percent to 8.0 percent). Pertinently, rural children are more susceptible to be substituted for labour and tend to drop out of schools, which in turn seems to neutralise the positive effect of financial inclusion on schooling of children.

Table 5.2.2: Differential Impact of Financial Inclusion – Neighbourhood Effects (Independent Samples t-Test)

		Independent Samples Test							
		Pre Statistics				Post Statistics			
		Levene's Test for Equality of Variances		t-test for Equality of Means		Levene's Test for Equality of Variances		t-test for Equality of Means	
		F	Sig.	t	Sig. (2-tailed)	F	Sig.	t	Sig.
Standard of Living	Equal variances assumed	4.384	.037	1.503	.134	4.249	.040	1.106	.270*
	Equal variances not assumed			1.433	.154			1.043	.298
Healthcare & Nutrition	Equal variances assumed	16.037	.000	2.058	.041	12.437	.000	1.775	.077*
	Equal variances not assumed			1.890	.061			1.624	.107
Education	Equal variances assumed	21.562	.000	-2.694	.008	36.243	.000	-3.232	.001*
	Equal variances not assumed			-2.768	.006			-3.363	.001
Multidimensional Poverty Index	Equal variances assumed	22.746	.000	.553	.581	10.472	.001	-.837	.403*
	Equal variances not assumed			.488	.626			-.785	.434

Source: Field Survey

In order to understand the dynamics of the impact on beneficiaries of two different neighbourhood types, separate paired t-tests have been carried out and presented in table 5.2.3 to draw a comparative understanding of the impact in typically different settings. It is evident that both the stocks of beneficiaries respond to the programme benefits in a similar manner in almost all dimensions except for education. Though even at an aggregate level, education is the least impact dimension but whatever little impact it exhibits is significant only for urban beneficiaries whereas reductions in deprivations in education for rural beneficiaries are not significant. Both the rural as well as urban beneficiaries have experienced significant reductions in their deprivation which can be attributed to programme effects but evidently urban beneficiaries tend to benefit more from the programme as compared to rural counterparts. While as aggregate level, multidimensional poverty has reduced by 11.8 percent in case of urban beneficiaries, the same reduction for rural beneficiaries is lesser at 9.18 percent. Likewise while deprivations in standard of living and healthcare & living have reduced by 6.5 percent and 4.5 percent for urban beneficiaries, the same reductions for urban beneficiaries is just 5.7 percent and 3.2 percent respectively.

Table 5.2.3: Differential Impact of Financial Inclusion – Neighbourhood Effects (Paired Samples Test)

	Paired Samples Test (Urban)				Paired Samples Test (Rural)			
	Paired Differences		t	Sig. (2-tailed)	Paired Differences		t	Sig. (2-tailed)
	Mean	Std. Error Mean			Mean	Std. Error Mean		
Flooring	.01086957	.00258161	4.210	.000	.00898876	.00171147	5.252	.000
Household Assets	.01739130	.00306874	5.667	.000	.01310861	.00212856	6.158	.000
Drinking Water	.01666667	.00302614	5.508	.000	.01872659	.00225212	8.315	.000
Toilet & Sanitation	.02101449	.00324690	6.472	.000	.01685393	.00217788	7.739	.000
Standard of Living	.06594203	.00671701	9.817	.000	.05767790	.00419524	13.748	.000
Healthcare	.03079710	.00725384	4.246	.000	.02808989	.00487396	5.763	.000
Nutrition	.01449275	.00492294	2.944	.004	.00374532	.00185672	2.017	.045
Healthcare & Nutrition	.04528986	.01001116	4.524	.000	.03183521	.00527043	6.040	.000
Schooling	.00181159	.00181159	1.000	.320	.00093633	.00093633	1.000	.319
Enrollment	.00543478	.00310310	1.751	.083	.00093633	.00093633	1.000	.319
Education	.00724638	.00356297	2.034	.045	.00187266	.00132042	1.418	.158
Multidimensional Poverty Index	.11847826	.01344834	8.810	.000	.09138577	.00657041	13.909	.000

Source: Field Survey

5.3. Assessing Differential Impact – Individual Swarozgaris Vs Group Swarozgaris.

The principles of microfinance lay its foundations on group mechanism for lending. It is generally believed that group lending is an effective mechanism to get rid of various hazards involved in microfinance, more

particularly in case of government backed and sponsored programmes. Research evidence proves that adverse selection and moral hazard can be minimised to a large extent by provision of services through a mechanism of group lending (Stiglitz, 1990; Varian, 1990; Ghatak, 1999; Wydick, 1995, Coleman, 1999). Group lending may however introduce self-selection which can in turn lead to adverse selection (Coleman, 1999; Gine et.al., 2006); which may turn into a moral hazard if the choice of selection of fellow partners is left with the self-selected members (Coleman, 1999; Gine et.al., 2006; Gine et.al., 2006). The present study also attempts to analyse the impact of financial access vis-a-vis participant's contingent organising characteristics; i.e. individual beneficiaries and group beneficiaries. The detailed analysis is presented in the tables 5.3.1, 5.3.2 and 5.3.3 below.

Table 5.3.1: Differential Impact of Financial Inclusion – Individual Vs Group Swarozgaris (Group Statistics)

Group Statistics					
Type	N	Pre Statistics		Post Statistics	
		Mean	Std. Error Mean	Mean	Std. Error Mean
Standard of Living	Individual	.1373016	.00960435	.0730159	.00842087
	Group	.1058824	.00624584	.0474153	.00423570
Health & Hygiene	Individual	.0575397	.01111137	.0198413	.00592443
	Group	.0508021	.00642102	.0142602	.00341829
Education	Individual	.0912698	.00953297	.0892857	.00955037
	Group	.0650624	.00596162	.0606061	.00587866
Multidimensional Poverty Index	Individual	.2861111	.02138812	.1821429	.01681846
	Group	.2217469	.01157266	.1222816	.00785900

Source: Field Survey

As indicated in the table 5.3.1 above, the aggregate deprivations as measured by multidimensional poverty for group swarozgaris is 6.5 percent and 6 percent lesser than individual swarozgaris before programme participation and after programme participation respectively. Whereas aggregate pre programme deprivations for group swarozgaris are just 22.17 percent, the respective deprivations for individual swarozgaris are 28.61 percent. Likewise, post programme deprivations for group beneficiaries are 12.2 percent and 18.21 percent for individual beneficiaries. Education though a least impact dimension seems to exhibit wide differences among individual and group beneficiaries both before the programme as well as after the programme. Here also, group beneficiaries tend to be more empowered than their individual counterparts; group swarozgaris have pre-programme deprivations of 6.5 percent against 9.1 percent pre programme deprivations for their individual counterparts. Post-programme deprivations for group swarozgaris are also lesser are 6.06 percent as compared to 8.92 percent for individual swarozgaris. Whereas in health and hygiene the two groups doesn't seem to significantly differ from each other, in standard of living also group swarozgaris seem to be far more empowered than their individual counterparts in both pre programme as well post programme scenario.

Table 5.3.2: Differential Impact of Financial Inclusion – Individual Vs Group Swarozgaris (Independent Samples Test)

Independent Samples Test									
		Pre Statistics				Post Statistics			
		Levene's Test for Equality of Variances		t-test for Equality of Means		Levene's Test for Equality of Variances		t-test for Equality of Means	
		F	Sig.	t	Sig.	F	Sig.	t	Sig.
Standard of Living	Equal variances assumed	.011	.917	2.774	.006	7.283	.007	3.023	.003
	Equal variances not assumed			2.742	.007*			2.716	.008*
Health & Hygiene	Equal variances assumed	2.124	.146	.555	.579	2.917	.089	.864	.389
	Equal variances not assumed			.525	.600*			.816	.416*
Education	Equal variances assumed	5.113	.025	2.393	.017*	8.249	.004	2.642	.009*
	Equal variances not assumed			2.331	.021			2.557	.012
Multidimensional Poverty Index	Equal variances assumed	5.602	.019	2.869	.004*	11.637	.001	3.682	.000*
	Equal variances not assumed			2.647	.009			3.225	.002

Source: Field Survey

Further, it is evident from the table 5.3.2 below that the two sets of beneficiaries differ substantially from each other with regard to their multidimensional poverty. Broken down further, individual swarozgaris and group swarozgaris exhibit statistically significant differences with each other, both pre programme and post programme, with regard to their; (i) standard of living, (ii) education, and at an aggregate (iii) multidimensional

poverty. The two sets of beneficiaries, however, don't seem to significantly differ from each other with regard to health and hygiene either before programme participation or after programme participation. The results clearly indicate towards the basic assumption of microfinance which believes in the success of group financing mechanisms. Even though it may be a process of self selection which leads more motivated and relatively participants with higher initiative to form groups leading to higher impact for group participants in comparison to their individual counterparts, further research in this direction is needed to validate the argument.

Table 5.3.3: Differential Impact of Financial Inclusion – Individual Vs Group Swarozgaris (Paired Samples Test)

		Paired Samples Test							
		Individual Swarozgaris				Group Swarozgaris			
		Paired Differences		T	Sig. (2-tailed)	Paired Differences		t	Sig. (2-tailed)
Mean	Std. Error Mean	Mean	Std. Error Mean						
Standard of Living & Health Hygiend Education Multidimensional Poverty Index	of	.06428571	.00633185	10.153	.000	.05846702	.00435124	13.437	.000
	&	.03769841	.00908197	4.151	.000	.03654189	.00579230	6.309	.000
		.00198413	.00198413	1.000	.320	.00445633	.00197138	2.261	.025
		.10396825	.01090950	9.530	.000	.09946524	.00775570	12.825	.000

Source: Field Survey

To gather the understanding of the dynamics of differential impact, a comparison is enabled in the table 5.3.3 above. The reduction in the deprivations for individual swarozgaris with regard to their standard of living, health and hygiene, education, and multidimensional poverty are 6.4 percent, 3.7 percent, 0.1 percent and 10.39 percent respectively. Likewise for group swarozgaris the reduction in deprivation are 5.8 percent in standard of living, 3.6 percent in health and hygiene, 0.4 percent in education and 9.9 percent in aggregate multidimensional poverty. Interestingly, while impact as measured by mean differences seem to be higher for individual swarozgaris in comparison to group swarozgaris, recalling table 5.3.1 it must however be kept in mind that group swarozgaris were already less deprived in comparison to their individual counterparts. Thus in real terms, the differences may seem larger for individual swarozgaris, relative to pre-programme status however, the group beneficiaries seem to benefit much. Furthermore, the impact is statistically significant for all dimensions in case of group beneficiaries, whereas impact on education in case of individual beneficiaries is insignificant. It may thus be concluded that by way of tendencies to pool resources and risks, group participants tend to either already possess or develop an increased ability to leverage social capital at various levels and thus build more assets, minimize their risks, spend more on education, reduce vulnerabilities and come out of poverty.

5.4. Assessing Differential Impact – Gender

It is no wonder that microfinance has always carried a feminine orientation with its major focus towards women (Aghion & Morduch, 2005). The femininity of microfinance programs is often based on this general notion that lending to women is secure, profitable, with no moral hazard, and with high repayment rates. Microfinance has always preferred women for credit as compared to men for two basic reasons; one that there is no labour market available for women and second women are risk averse and tend not to default (Khandker, 1998; Khandker, 2003; Pitt & Khandker, 1998; Amin et al., 1995). Women are viewed as more reliable customers with high repayment rates and less prone to moral hazard (Karlan & Zinman, 2005). Studies also suggest that the impact of access to finance and economic resources on growth and poverty alleviation is greater for women as compared to men; the marginal returns on lending to women have been found to be greater for women than men (Khandker, 2003; Pitt et al., 2006; Amin et al., 1995).

Women mostly do not engage in productive activities and are constantly deprived, but certainly women who engage in productive economic and income generating activities must possess initiative and exemplary skills. Such women carve out a space not only within their family but among the society to reduce their vulnerabilities and deprivations. To talk of such women who take part in poverty eradication and micro-entrepreneurship programmes, table 5.4.1 indicates that women participants are relatively less deprived as compared to their male counterparts. While as overall deprivations before program participation for women is 22 percent, the same deprivations for men are about 30 percent. A decrease of 11.2 percent has been seen in the deprivations in men and a reduction of 9.6 percent in the deprivations for women has been witnessed in this study. In percentage terms, the impact is relatively greater for women as compared to men; a decrease of around 44 percent of pre-program deprivations for women and a decrease of 37 percent for men is a clear indication of the differential impact. While as both male as well as female participants seem to benefit largely from programme, female participants seem to perform better or rather female participants are already facing less

deprivations as compared to their male counterparts. Possibly since the programme under study is seriously focussed toward women empowerment in Kashmir, only those men participate in the programme who are extremely deprived. Such an argument however needs to be further researched empirically.

Table 5.4.1: Differential Impact of Financial Inclusion – Gender Differences (Group Statistics)

Group Statistics						
Gender Statistics		N	Pre Statistics		Post Statistics	
			Mean	Std. Error Mean	Mean	Std. Error Mean
Standard of Living	Male	69	.1400966	.01119420	.0734300	.00993918
	Female	201	.1064677	.00587655	.0487562	.00403813
Health & Hygiene	Male	69	.0652174	.01297462	.0241546	.00711494
	Female	201	.0489221	.00609044	.0132670	.00318995
Education	Male	69	.0966184	.00997641	.0917874	.01005351
	Female	201	.0646766	.00586207	.0613599	.00580431
Multidimensional Poverty Index	Male	69	.3019324	.02374923	.1893720	.01836982
	Female	201	.2200663	.01121940	.1233831	.00787915

Source: Field Survey

Credit going to women borrowers has been found to have a significant impact on 2 out of 3 health measures of both boy and girl child. While as women's borrowings have a large and significant impact on children's health, men's borrowings have been found to have no such effect (Pitt et.al., 2003). In the present study, any such impact on health measures is seen missing as is evident from table 5.4.2, no significant differences can be observed among male and female participants so far as health and hygiene is concerned. However, gender of participant seems to be an important determinant in improving the standard of living and education of children, and multidimensional poverty at the whole. Broken down further, male participants substantially differ from female participants with regard to building of assets, household facilities, schooling of children, enrolment and dropouts etc.

Table 5.4.2: Differential Impact of Financial Inclusion – Gender Differences (Independent Samples Test)

Independent Samples Test									
		Pre Statistics				Post Statistics			
		Levene's Test for Equality of Variances		t-test for Equality of Means		Levene's Test for Equality of Variances		t-test for Equality of Means	
		F	Sig.	t	Sig.	F	Sig.	t	Sig.
Standard of Living	Equal variances assumed	1.620	.204	2.807	.005	15.415	.000	2.737	.007
	Equal variances not assumed			2.660	.009*			2.300	.024*
Health & Hygiene	Equal variances assumed	7.183	.008	1.266	.207*	9.598	.002	1.589	.113*
	Equal variances not assumed			1.137	.258			1.396	.166
Education	Equal variances assumed	.243	.622	2.757	.006	1.957	.163	2.640	.009
	Equal variances not assumed			2.760	.007*			2.621	.010*
Multidimensional Poverty Index	Equal variances assumed	3.879	.050	3.460	.001	8.004	.005	3.834	.000
	Equal variances not assumed			3.117	.002*			3.301	.001*

Source: Field Survey

Research by Amin et al. (1995) and Pitt et al. (2006) suggests that credit going to women improves the educational well being of the wards while such assistance to men fails to bring any such improvement in the schooling of children. Results from the table 5.4.3 also indicate of a similar finding where female participation has been found to significantly reduce deprivation with regard to education dimension while as no substantial impact is witnessed in case of male participants. Multidimensional poverty has reduced by 11.25 percent for male and 9.68 percent for female participants, similarly reductions in deprivations with regard to standard of living are 6.6 percent for male and 5.8 percent for female, deprivation in health and hygiene have reduced by 4.1 percent for male and 3.5 percent for female, and 0.48 percent and 0.33 percent for male and female respectively in least impact education dimension. In real percentage terms male participants seem to exhibit a greater impact

than their female counterparts, but relative to the pre-programme deprivation status the deprivations are higher for female participants (44 percent) than for male participants (37 percent).

It may thus be concluded from the tables 5.4.1, 5.4.2, 5.4.3 that women tend to benefit more from program allocation as compared to men; women also seem to be relatively more empowered or rather more advantaged than men on all the dimensions of Multidimensional Poverty Index even before having accessed credit. The possible reason for such an association is the group formation; female tend to leverage their tendency to form groups and thus gain relatively more from the social capital involved at various levels.

Table 5.4.3: Differential Impact of Financial Inclusion – Gender Differences (Paired Samples Test)

	Paired Samples Test							
	Male				Female			
	Paired Differences		t	Sig. (2-tailed)	Paired Differences		t	Sig. (2-tailed)
Mean	Std. Error Mean	Mean			Std. Error Mean			
Standard of Living	.06666667	.00741214	8.994	.000	.05808581	.00408779	14.210	.000
Health & Hygiene	.04106280	.00997641	4.116	.000	.03547855	.00560052	6.335	.000
Education	.00483092	.00339076	1.425	.159	.00330033	.00163780	2.015	.045
Multidimensional Poverty Index	.11256039	.01256039	8.962	.000	.09686469	.00731105	13.249	.000

Source: Field Survey

The differential impact by gender reported by various researchers may not be sufficient to establish that such program participation has an empowerment effect. The gender differential of impact may just be the case of substitution effects. In an economy where women don't participate in the wage labour market, membership or participation in these group oriented microfinance programmes just increases the shadow value of female time by providing an additional source of income to the household and increased goods in the market by virtue of these self employment opportunities (Pitt et al, 2006). Shadow value of men labour remain unaffected in contrast, men continue to participate in the wage labour market and thus doesn't impact the shadow value of their labour. Even if men participate in the self employment opportunities, the increase in the economic status will be marginal and very small in contrast to women.

6. Summary and Conclusions

Access to finance has been found to enable poor people to participate in the economic process of growth and development. Such participation brings innovative practices and mechanisms into operation at micro-levels; and known the higher marginal returns at this thick base of the pyramid, this empowerment and participation significantly contributes to the overall economic growth. However, the financial access and economic inclusion empowers different groups differently. The present study also reveals a differential nature of impact due to financial inclusion where group members have been found to benefit more from their individual counterparts. The group swarozgaris tend to be more empowered than individual swarozgaris both before programme participation as well as participation; not only that, group beneficiaries are more likely to empowerment as opposed to their individual counterparts even though the difference in impact is marginal. Rural-urban differences however, don't seem to manifest substantially to create differential programme effects except other than education. Other than the least impact dimension-education, no significant differences could be observed of the programme effects with regard to rural-urban differences of the participants. Even though urban participants have marginally performed better in response to the programme than the rural counterparts but such differences are not statistically significant. Further, the results suggest that empowering women can lead to an increased household development poverty reduction, and particularly education of children. While as women participants have been found to significantly reduce their deprivations in education, the same impact is seen missing in case of men. Men and Women perform almost alike when it comes to building assets, improvement in standard of living, health and hygiene and overall poverty reduction, however, relative to pre-programme status women perform better than men.

Known the differential nature of impact, public funds or donor funds should be such allocated so as to bring more marginal returns without compromising the basic objective of poverty alleviation. More often than not, however, public funds have been found to be allocated based on the political aspirations of the governments thus not bringing the desired effects. Thus more care shall be taken while such allocations of public funds are decided by either the agencies or by the governments.

A few suggestions are presented, in view of the results, which may be helpful in improving the impact of essential provision of financial services, particularly to micro-entrepreneurs through government initiated schemes. First and foremost, a logically fixed criterion instead of an arbitrarily fixed criterion for the determination of a beneficiary under government schemes should be made practicable so as to achieve the wider objective of inclusive growth through financial inclusion. Further, banks should be encouraged to take up the

cases on priority basis while RSETI's should also be engaged in consultation with VLW's and local administration to follow a cluster approach in sponsoring such schemes. Third, support assistance from NGO's and Trade Federations in terms of marketing and logistic support must be arranged to form a symbiotic and a win-win proposition for both the parties. And Fourth, Melas, Expos and Financial Literacy Camps should be organised to boost the morale of these micro-entrepreneurs while also providing them a networking opportunity to increase their business activity through such events.

7. Limitations and direction for future research

An attempt has been made within the limitations of time and resources to keep the limitations to the minimum possible. The limitations which could not be avoided during the course of achieving the objectives of the study are:

- a) The study has failed to account for the spillover effect; the measurement of spillover impact of programme on the non-participants or the spillover impact of other complementary programmes on the programme participants/beneficiaries under observations has not been determined and/or adjusted for.
- b) The study has heavily relied on a methodology with inbuilt recall limitation in which same set of beneficiaries have been asked to recall their status as it was in absence of the programme support. Efforts have been made to avoid the bias arising out of remembering the responses by taking an adequate pause between the pre and post (present) responses but still the recall limitation can't be ruled out.

The results hint toward some vital issues which need to be vigorously investigated:

- a) The criterion for selection into the programme seems to be violated in all the observed cases; beneficiaries irrespective of their differential characteristics are non-poor as measured on a Multidimensional Poverty Index. The issue of mistargetting of government schemes vis-a-vis objectives of the scheme needs to be properly researched.
- b) There is a need to follow the beneficiaries over longer periods of time by building a strong database to assess the impact of financial access in a better way.
- c) There is also a need to look into the relationship between financial inclusion with the incidence of child labour. The present study also hints towards the propensity of micro-entrepreneurs to substitute the labour from the market by their own children. There is further a need to determine the gender differentials of such labour substitution.

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