

## **Chapter VII**

### **IMPACT ASSESSMENT**

#### **7.1 Introduction**

The dictionary meaning of the term impact is the effect or influence. The term impact is used to denote the outcome or influence of the system. Every system is bringing in to reach its optimum result. Impact has been defined as the change that can be possibly associated with involvement in a microfinance programme. Several studies have been conducted all over the world in order to assess the impact of micro finance.

The impact of microfinance on poverty alleviation has recently gained an important position on the microfinance agenda. Donors, participationers and academicians have realised that the Micro Finance Institutions (MFIs) must concern themselves with more than their ability to reach institutional self sufficiency and concentrate more on the results. The impact can also be divided as economic impact and social impact of what have been delivered.

Considering the importance of impact which leads to socio-economic empowerment of beneficiaries, specially women, have focused on carrying out impact studies.

Dandapat and Bagchi (2010) argued that microfinance helped the beneficiaries to increase their income and created savings habit within them. It also helped the poor people to meet their basic needs like food, clothing and footwear.

Khandakar,S.(2001) argued that the micro finance participants do better than non-participants in per capital income, per capital expenditure, and household net

worth. In a different impact study Reminyi and Benjamin (2000) found that household income of families with access to credit is significantly higher than for comparable households without access to credit.

Todde and Gibson (1998) argued that compared with 18% nonmembers, 58% of the borrowers has crossed over the extreme poverty line.

Morduch and Husain (1998) has argued that the provision of micro credit has been found to strengthen crisis coping mechanism, diversify income earning sources, build assets and improve the status of women.

Rachel, Portewr and Harper (1999) have argued that Micro Finance clearly contributes to improvements in children's welfare through increased income and thus improved nutrition, housing, health and school attendance and reduction in harmful child labour.

Paul Mosley (2001) argued that the Bolivian achievement in micro finance has been impressive and Bangladesh and Indonesia are the only other countries in the world which can be reasonably claim to have reached to a similar level of creative, but not always vulnerability and not extreme poverty.

Chen and Snodgrass (2001) have identified that the Micro Finance Institutions that focus on savings more than credit tend to reach a smaller proportion of poorest, have a lower and slower impact on poverty deduction, and are therefore less conducive to reaching the millennium goals by the target dates.

Zaman (1999) argued that greater access to resources via micro credit enhanced a woman's control over her assets. The control which a woman has over her assets is measures by, amongst other things, her ability and right to sell assets on the basis of her own personal choice.

The chapter is based on the responses of the beneficiaries through questionnaires. The questionnaires were distributed among the leaders of groups and the filled up questionnaires were received from 458 beneficiaries. The general objectives of the chapter are to show the impact of the scheme SJSRY on the income, employment, and empowerment, participation of the members in different social programme and other aspects of the members. It attempts to:

- i) assess the impact of the SJSRY programme on the employment, income, asset ownership, loan access and other attributes which indicate economic empowerment.
- ii) find out the effect of the scheme SJSRY on social empowerment of beneficiaries via increase in prestige, decision making capacity and self confidence of beneficiaries.

## **7.2 Methodology and Findings On Impact Assessment**

An impact study is generally done by using structured questionnaire, which is administered among the beneficiaries. The findings from the above technique is used to get the idea about the impact on grass root level and help to build better operating system under different micro finance schemes.

In this study, the response from the questionnaire has been used to construct the indices of economic and social benefits. The Babbie methodology (1986) has been used for the purpose. The semantic differential scale (range 1 to 7) with end points associated with bipolar labels that have semantic meaning. The end points are 1 and 7. The lower value indicates the lower level of economic benefit and the upper level indicate the higher level of economic benefit to the beneficiaries. Six attributes have been selected to construct the index .The attributes have been selected according to

the methodology used by Babbie (1986) for measurement of economic and social benefits of woman entrepreneurs. The methodology, using these attributes was used by Smith-Sreen (1995) The description of the attributes are given below:

### **7.2.1 Economic Benefits**

The aspect economic benefits are one of the most important areas that should be looked upon. The main objectives of the scheme SJSRY is to offered economic benefits to the beneficiaries who belongs to the below poverty line. The six attributes of economic benefits have been discussed .The calculation will shows the actual and perceived economic benefits of the different aspects by the members of the group. The scores have been constructed by the response of the leader of 458 groups, who have been administered the questionnaire. The methodology of determining the scores of the following attributes have been discussed below:

#### **i) Regularity Of Work**

The first attribute regularity of work is a good indicator as it indicates that the beneficiaries are engaged in economic activities which ensure a source of income for them. The highest frequencies of work has been given a maximum score of 7 and the lowest frequencies of work or have no work has been given minimum score of 1. If the regularity of work was 2 days in the week, the score will be 2 and if the regularity is 3 days in the week, the score will be 3. So, the beneficiary who work 7 days work in the week will score maximum 7 and beneficiary who work 1 day or no work will score minimum score 1.The responses of the beneficiaries have been presented in the following table.

**Table no: 7.2.1.a**

**Scores For Regularity Of Work by Beneficiaries**

Work per week(Days)	2004-05		2008-09	
	Number of beneficiaries	Score	Number of beneficiaries	Score
7 days	nil	7	128	7
6 days	5	6	34	6
5 days	8	5	47	5
4 days	12	4	127	4
3 days	18	3	108	3
2 days	182	2	71	2
No work or one day	233	1	53	1
Total	458		458	
Mean	1.68		3.47	

*Source: Field Survey*

**ii) Average Income Of The Group**

The income of the group is the most important attribute as an increase or decrease in income will show the positive or negative impact of the micro finance programmes on the group. Further, a group's annual income will be sustainable in the long run. Accordingly, the scale has been administered for level of income ranging from above Rs.50000 per annum to nil. The groups which have yearly income of above Rs.50000 score 7, the groups having yearly income Rs. 40001 to Rs. 50000 score 6, Income between Rs. 30001 to Rs. 40000 have score 5. The groups which have earned Rs. 20001 to Rs. 30000 per annum score 4 and income between Rs. 10001 to Rs. 20000 score 3.The groups which have yearly income up to Rs. 10000 scored 2 and the groups which have no income have scored the minimum score 1. The responses of the beneficiaries have been presented in the following table.

**Table no: 7.2.1.b**

**Scores For Income Of The Group**

Average income per annum	2004-05		2008-09		
	Number beneficiaries	of	Score	Number of beneficiaries	Score
Above Rs. 50000	nil		7	32	7
Rs.40001-Rs.50000	nil		6	31	6
Rs.30,001-Rs.40,000	4		5	51	5
Rs.20,001-Rs.30,000	58		4	96	4
Rs.10,001-Rs. 20,000	128		3	112	3
Up to Rs. 10,000	77		2	107	2
No income	91		1	29	1
Total	458			458	
Mean	2.36			3.55	

*Source: Field Survey*

**iii) Access To Loan**

Access to loan is a very important source of fund in case of the SJSRY scheme. The success or failure of the scheme depends on the availability of loan from banks and internal loans have a substantial group corpus, the members can access individual inter loans from this corpus. The members who have no access to loan during the year will score 1. The members who access loans at least six times during the year will score 7. The group which have access once in the year scored 2 and the members access to loan twice in the year scored 3. The members which have access to loan four times in a year during the year will scored 5. The members which have

access three times in a year will score 4. The responses of the beneficiaries have been presented in the following table.

**Table no: 7.2.1.c**  
**Scores For Access To Loan by The Beneficiaries**

Access to loan per year	2004-05		2008-09	
	Number of beneficiaries	Score	Number of beneficiaries	Score
Six times and above	nil	7	12	7
Five Times	3	6	21	6
Four Times	9	5	52	5
Three Times	12	4	27	4
Two Times	28	3	156	3
One times	142	2	138	2
No access	264	1	52	1
Total	458		458	
Mean	1.62		3.00	

*Source: Field Survey*

#### iv) Asset Held by Group

This is one of the important attributes which indicates the economic viability of the group. The increase or decrease in the value of assets has impact of micro finance programmes on group. The group which held assets worth more than Rs. 100000 have scored the maximum point 7 and the group which have no assets have assigned score 1. The groups which have assets Rs. 80,001 to Rs. 1,00,000 assigned score 6 and groups have assets up to Rs. 10,000 scored 2. The groups which have assets from Rs.50,001 to Rs. 70,000 assigned score 5 and the groups have assets worth Rs. 10,001 to Rs. 30,000 scored 3. The groups assets worth Rs. 30,001 to Rs. 50,000 assigned score 4. The responses of the beneficiaries have been presented in the following table.

**Table no: 7.2.1.d**  
**Scores For Assets Held by Beneficiaries**

	2004-05		2008-09	
	Number of beneficiaries	Score	Number of beneficiaries	Score
Average income per annum				
Above Rs.100000	nil	7	13	7
Rs.80001-Rs.100000	nil	6	22	6
Rs.50,001-Rs.80,000	2	5	38	5
Rs.30,001-Rs.50,000	11	4	89	4
Rs.10,001-Rs. 30,000	127	3	256	3
Up to Rs. 10,000	261	2	37	2
No income	57	1	3	1
Total	458		458	
Mean	2.21		3.52	

*Source: Field Survey*

#### v) Savings Per Member Per Group

Savings is a very important attribute. The amount of which indicates about the strength of the groups. The members who save Rs 100 or more per month scored maximum 7 and the members who have no savings have scored 1. The members who saved up to Rs. 10 per month score 2, the member who saved Rs. 76 to Rs 99 per month scored 6. The members who saved Rs. 11 to Rs. 30 per month have scored 3 and the members who have saved Rs. 51 to Rs. 75 per month scored 5. The members who save Rs. 31 to Rs. 50 per month scored 4. The responses of the beneficiaries have been presented in the following table.

**Table no: 7.2.1.e**  
**Scores For Savings Of The Beneficiaries**

Average savings per month	2004-05		2008-09	
	Number of beneficiaries	Score	Number of beneficiaries	Score
Rs.100 and above	nil	7	18	7
Rs.76-Rs.99	3	6	32	6
Rs.51-Rs.75	31	5	96	5
Rs.31-Rs.50	57	4	87	4
Rs.11-Rs.30	128	3	169	3
Up to Rs. 10,000	239	2	56	2
No Savings	nil	1	nil	1
Total	458		458	
Mean	2.76		3.85	

*Source: Field Survey*

#### **vi) Group Corpus**

Group corpus is one of the important attributes which indicate the capital fund of the group. The amount of group corpus indicates the effect of micro finance programmes on the groups. The groups which have corpus amounting more than Rs 1,00,000 scored the maximum score 7 and the group which have no corpus will score 1. The groups having corpus up to Rs.10, 000 score 2 and the groups which have corpus 80001 to 100,000 score 6. The group corpus of Rs. 10001 to Rs. 30000 score 3 and the group corpus of Rs. 60001 to Rs. 80, 000 score 5. The group corpus of Rs. 30001 to Rs. 60,000 score 4. The responses of the beneficiaries have been presented in the following table.

**Table no: 7.2.1.f**  
**Scores For Group Corpus Of The Beneficiaries**

	2004-05		2008-09	
	Number of beneficiaries	Score	Number of beneficiaries	Score
Average Group Corpus				
Above Rs.100000	nil	7	12	7
Rs.80001-Rs.100000	8	6	77	6
Rs.60,001-Rs.80,000	11	5	132	5
Rs.30.001-Rs.60,000	34	4	187	4
Rs.10.001-Rs. 30,000	187	3	32	3
Up to Rs. 10,000	218	2	18	2
No Corpus	nil	1	nil	1
Total	458		458	
Mean	2.70		4.55	

*Source: Field Survey*

The above results show that the mean score for the economic benefit indicators have undergone a positive change over a period of 4 years. This indicates that the micro finance intervention has resulted in accrue economic benefits to the members of the TCGs and DWCUA group members.

However it is necessary to statistically test whether there has been a change in the economic indicators over a time period. For that purpose the following hypotheses have been made.

**Ho: There will be no change in economic indicators due to micro finance intervention**

**H1: There will be positive change in economic indicators due to micro finance intervention**

The differences in means have been tested using the paired t test method. The results are given in the following table.

**Table no: 7.2.1.g**

**Composite Scores Of Economic Benefits**

Attributes	Score in 2005-06	Score in 2008-09	Difference	t value
Regularity of work	1.68(4.76)	3.47(7.54)	1.79	4.30**
Average income of group	2.36(4.48)	3.55(7.51)	1.19	2.92**
Access to loan	1.62(4.78)	3.00(7.73)	1.38	3.25**
Assets held by Group	2.21(4.54)	3.52(7.52)	1.31	3.18**
Savings per member p.m.	2.76(4.31)	3.85(7.38)	1.09	2.73**
Group Corpus	2.70(4.34)	4.55(7.10)	1.85	4.76**

*Note: (\*\* denotes significance at 1% level. Standard deviations are in parenthesis).*

As in all cases null hypotheses have been rejected, so it means that the alternative hypotheses have been accepted and it is shown that the micro finance intervention has a significant impact on the economic position of the beneficiaries.

### **7.2.2 Social Benefits**

The social benefits mean the benefits perceived by the group members at home and in the society after joining the group. The score have been calculated on the basis

of the questionnaire administered among the leader of the groups. The important attributes were the prestige of the beneficiaries, taking part in the decision making process and self confidence of the beneficiaries. The seven point Likert scale has been used to make the indices regarding different attributes of social benefits. The methodologies followed for assessment of social benefits are also in accordance with the methodology used by Babbie (1986) and Smith- Screen (1995).

#### **7.2.2.1 Methodology**

The Likert's seven point scaling method has been used for this purpose. If the score is high, it indicates that the beneficiaries enjoy higher level of social benefits and if the score is low, it indicates the lower level of social benefits. Seven point Likert scales have been used to measure the perception of the beneficiaries regarding this attribute which ranges from 1 to 7. The highest degree of prestige will score seven and the lowest level will score minimum score of 1. The following table has been constructed regarding the social attributes of the beneficiaries on the basis of the response of the leaders of the group.

##### **(i) Prestige**

Prestige at home and in society is one of the important attributes which indicate the degree of the social status of the beneficiaries. The following table has been constructed on the basis of the questionnaires administered among the leader of the 458 groups operated in the districts of Uttar and Dakhsin Dinajpur regarding the social prestige during two different periods of time.

**Table no: 7.2.2.a****Scores For Prestige Of the Beneficiaries at Home**

2004-05		2008-09	
Number of beneficiaries	Score	Number of beneficiaries	Score
7	7	28	7
13	6	43	6
26	5	47	5
32	4	106	4
34	3	139	3
137	2	78	2
212	1	17	1
458		458	
Mean	2.10		3.72

*Source: Field Survey***Table no: 7.2.2.b****Scores For Prestige Of The Beneficiaries in Society**

2004-05		2008-09	
Number of beneficiaries	Score	Number of beneficiaries	Score
3	7	19	7
18	6	28	6
28	5	43	5
37	4	68	4
41	3	52	3
83	2	79	2
248	1	169	1
458		458	
Mean	2.03		2.80

*Source: Field Survey*

## **(ii) Participation in Decision Making**

This attribute is very important in measuring the degree of social status of the beneficiaries in the society and at home. If the degree is high, it indicates a higher status is enjoyed by the beneficiaries. On the other hand, the low degree indicates lower statuses at home and in the society. The following table shows the scores regarding this attribute during two period of time.

**Table no: 7.2.2.c**

### **Scores For Participation in Decision Making Process by the Beneficiaries at Home**

2004-05		2008-09	
Number of beneficiaries	Score	Number of beneficiaries	Score
7	7	26	7
6	6	31	6
38	5	51	5
51	4	67	4
52	3	102	3
81	2	59	2
223	1	122	1
458		458	
Mean	2.22		3.14

*Source: Field Survey*

**Table no: 7.2.2.d**  
**Scores For Participation in Decision Making  
Process by the Beneficiaries in Society**

2004-05		2008-09	
Number of beneficiaries	Score	Number of beneficiaries	Score
2	7	19	7
7	6	34	6
19	5	67	5
26	4	109	4
31	3	142	3
108	2	66	2
265	1	21	1
458		458	
Mean	1.81		3.68

*Source: Field Survey*

### **(iii) Self Reliance and Self Confidence**

This attribute is very important in measuring the degree of social status of the beneficiaries in the working place and at home. If the degree is high, it indicates that the beneficiaries can take their own decisions and implement it. On the other hand, the low degree indicates the beneficiaries are dependent on other for decision making. The following table shows the scores regarding this attribute during two period of time.

**Table no: 7.2.2.e**  
**Scores For Self Reliance and Confidence Of the Beneficiaries at Home**

2004-05		2008-09	
Number of beneficiaries	Score	Number of beneficiaries	Score
2	7	22	7
12	6	38	6
34	5	42	5
48	4	84	4
41	3	92	3
67	2	39	2
254	1	141	1
458		458	
Mean	2.09		3.11

*Source: Field Survey*

**Table no:7.2.2.f**  
**Scores For Self Reliance and Confidence Of the Beneficiaries  
at Working Place**

2004-05		2008-09	
Number of beneficiaries	Score	Number of beneficiaries	Score
4	7	29	7
18	6	33	6
22	5	37	5
31	4	98	4
69	3	182	3
113	2	48	2
201	1	31	1
458		458	
Mean	2.19		3.60

*Source: Field Survey*

To statistically test the proposition that micro finance intervention has positively influenced the social status of the beneficiaries, the following hypotheses have been made.

**Ho: There will be no change in social indicators due to micro finance intervention**

**H1: There will be positive change in social indicators due to micro finance intervention**

The differences in means have been tested using the paired t test method. The results are given in the following table.

**Table no: 7.2.2.g**

**Composite Scores Of Social Benefits**

Attributes	Score in 2005-06	Score in 2008-09	Difference	t value
Prestige at Home	2.10(2.31)	3.72(4.20)	1.62	4.41**
Prestige in Society	2.03(4.24)	2.80(7.04)	0.77	2.01**
Participation in decision making Process at Home	2.22(4.17)	3.14(6.9)	0.92	2.44*
Participation in decision making Process In Society	1.81(4.33)	3.68(6.68)	0.87	5.04**
Self Confidence At Home	2.09(4.21)	3.11(6.91)	1.02	2.70**
Self Confidence At working Place	2.19 (2.25)	3.60 (4.27)	1.41	3.83**

. Note: (\*\* denotes significance at 1% level and Standard deviation is in parenthesis.).

As in all cases null hypotheses have been rejected, so it means that the alternative hypotheses have been accepted and statistically proved that the micro finance scheme has a positive change in the social status of the beneficiaries.

### **7.3 Conclusion:**

The effectiveness of any micro finance programme depends on the impact on the beneficiaries in terms of upliftment of different attributes. In this chapter different parameters of the socio economic aspects have been carefully assessed and their impacts on the socio economic position of the beneficiaries have been measured. The use of Babbie's method for calculating scores covers a host of economic and social variables and gives a transparent an objective indicator of impact. The scores calculated are very important in this content because there are many popular believes that the intervention of SJSRY Programme has positive impact on the socio economic position of the beneficiaries. The findings of the impact prove that their believes are not baseless. It has been seen that due to introduction of the scheme SJSRY, the economic indicators like regularity of work, access to loan, assets held by beneficiaries, group corpus and monthly savings of the beneficiaries have positively changed the economic position of the beneficiaries. The same positive change have been found in case of social indicators like prestige of the beneficiaries at home and in society, decision making at home and in society and self confidence of the beneficiaries at home and in working place. As a whole introduction of the scheme has changed the socio economic status of the beneficiaries in the districts of Uttar and Dakhsin Dinajpur and helped in empowerment of beneficiaries.