

Role of Education in Utilization of Micro-Credit in Poverty Alleviation in Lahore

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Abstract

Impact of micro-credit and role of education in poverty alleviation through income generating of the poor rural people was studied in three rural union councils in district Lahore. The results showed that 16% micro-credit beneficiaries were matric, 8% middle, 32% primary and 44% illiterate. These beneficiaries utilized their credit in agriculture, livestock, and shop. 60% deal with agriculture and livestock while 12% were servants. After utilizing micro-credit 92% were increased their income. The overall impact of micro-credit on income generating of the respondents/ beneficiaries was found positive particularly of educated people who have also less children in poverty alleviation.

Key words: Beneficiaries, Children, Education, Micro-credit, Income, Occupation, Poverty alleviation and Impact.

1) Introduction

Poverty is a worldwide phenomenon. It prevails in both developing and developed countries. Poverty is characterized by lack of financial resources.

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Poor people live without fundamental freedom of action and choice that the better off take for granted. They often lack adequate food and shelter, education and health deprivation that keep them away from leading this kind of life that everyone values. They also face extreme vulnerability to ill health, economic dislocation and natural disaster. For those who live in poverty, escaping it can seem impossible (World Development Report, 2000).

The most important piece of evidence on rural poverty is that nearly two third of the rural poor are working in agriculture as small owner-operator, share cropping, tenants and laborers (Khan, 2002). Poverty limits economic, social and human resources for the poor. Limitations of these resources may result in low income, malnutrition, ill health, illiteracy and inadequate clothing for the poor. Lack of economic resources may become a root cause for falling behind in social and human. Poverty has increased dramatically in Pakistan in the period 1988-2004. Of the 60 percent of Pakistan's population that lives in rural areas, nearly 35 percent is below the poverty line. This means that around 32 million Pakistanis in the rural areas live in poverty. The incidence of rural poverty is highest amongst those who own no land and over 40 percent of landless households are poor and together constitute 70 percent of the rural poor. The rural poor spend 80 percent of the budget on the four essentials i.e. food, rent, energy and apparel. In absolute terms, the poor have less to spend on other commodities which include essentials like health and education (Zaidi, 2005). In Pakistan, a typical poor household's income is about 40% lower than a typical non-poor household (Haq, 1999). The Punjab Rural Support Programme was established in November 1997 as a non-profit organization and registered as limited company under section 42 of the companies Ordinance 1984. It is currently operating in 42 districts of the Punjab (PRSP, 2000). PRSP works in

agriculture, livestock, enterprises and S.I.I.E. (small infrastructure as individual enterprise) sectors without any ethnic, political and gender bias.

The present study was conducted to study the role of education in utilizing the micro-credit for income generating beneficial for poverty alleviation in the rural areas.

2) Materials and Methods

In the present study, Case study method was used which is qualitative intensive and comprehensive methods as suggested by Fairchild (1995). For this purpose, 25 cases selected through purposive sampling from the Universe as described by Neumann (1997). All the respondents of the present study were married and micro-credit beneficiaries of PRSP from three different Union Council named Sultan Key, Manga Mandi and Pajian of District Lahore. The respondents were selected whose income was less than Rs.2000/= and returned fully their installments and duration between interview and return of credit installments was at least six months.

Interview guide/Questionnaire was used as tool for Data collection (Goode and Hatt, 1957). This have different topics including demographic information, income, food, clothing, housing, social status and satisfaction towards micro-credit scheme of PRSP. Data was analyzed statistically by applying percentage (Rothstein, 1985).

3) Results and Discussion

The present study was conducted to observe the role of education of respondents in better utilization of micro-credit for poverty alleviation. The number of respondents in area showed in table-1. The number of children of respondents show that uneducated person have more children than educated as shown in table-2. The education level of the respondents is shown in

table-3. Because of education levels different occupations were done by the respondents as shown in table-4. The present income level and increased income after utilizing the micro-credit is shown in table-5 and table-6.

Table-1 Number of Respondents according to their Residence

Sr.No.	Union Council	No. of Respondents	Percentage (%)
1	Manga Mandi	12	48
2	Burki	8	32
3	Sultan Kay	5	20
	Total	25	100

48% of the respondents were from village and Union Council Manga Mandi, 32% were from village Brahmanabad, Union Council Burki and 20% from village Manak, Union Council Sultan Kay.

Table-2 Number of Children of the Respondents

Sr.No.	Number of Children	No. of Respondents	Percentage (%)
1	Nil	1	4
2	1-4	2	8
3	5-8	16	64
4	9-12	6	24
	Total	25	100

64% respondents had no. of children 5-8, 24% had no. of children 9-12, 8% had 1-4 and only 4% had no child.

Table-3 Education of the Respondents

Sr.No.	Age group (years)	No. of Respondents	Percentage (%)
1	Un-educated	11	44
2	Primary	8	32
3	Middle	2	8
4	Matric	4	16
	Total	25	100

44% of the respondents were un-educated, 32% were primary, 8% were middle and 16% were educated up to matric.

Table-4 Occupation of the Respondents

Sr.No.	Occupation	No. of Respondents	Percentage (%)
1	Agriculture/Livestock	15	60
2	Labor	7	28
3	Servant	3	12
	Total	25	100

60% of the respondents occupation was related to agriculture/livestock they were having primary or middle education, 28% were labors working on daily wages who were illiterate and only 12% were servant working privately who were matric (industry, school).

Table-5 Present Income level of the Respondents

Sr.No.	Income level in Rupee/Month	No. of Respondents	Percentage
1	2500	4	16
2	2501-3500	9	36
3	3501-5000	6	24
4	5001-6000	2	8
5	6001-7500	3	12
6	7501-10500	1	4
	Total	25	100

More than one third i.e. 36% of the respondents have their income between 2501-3500, 24% have 3501-5000, 12% have 6001-7500, 16% have income level 2500, 8% have 5001-6000 and only one respondent i.e. 4% have their income between 7501-10500.

Table-7 Impact of micro-credit on Income of the micro-credit Beneficiaries

Sr.No.	Impact on Income	No. of Respondents	Percentage (%)
1	Improved	23	92
2	Remained same	2	8
3	Decreased	Nil	Nil
	Total	25	100

92% respondents increased their monthly income after getting micro-credit and investing it in income generating projects. This is because they were

educated and have matric qualification. Only 8% who were illiterate or primary education said that their monthly incomes were remaining same.

The Data collected was showing positive impact on poverty alleviation of the beneficiaries. Results showed that after getting the micro-credit, all the respondents have increased their income particularly those having education of matric. These findings were also supported by the results of Usmani (2000), NRSP (1998), Zaman (1999), PRSP (2000), Tahir and Hussain (2000), Harding (2003) and Hussain,et.al,(2005). Increased income was the base which facilitated poor to alleviate their poverty.

88% respondents claimed that after getting micro-credit and investing in income generating projects their food quality had been improved.

The results was also supported by Usmani (1998), Satti (1998) and Tahir and Hussain (2000). 60% respondents told that there affordability to purchase new cloths according to the season and occasions were increased. These findings are in accordance with the results of Usmani (1998), Satti (1998) and Tahir and Hussain (2000).

Data showed that after getting micro-credit the health status of the respondents was increased and better, which was due to better feed intake, clothing and housing as their income increased. These results are in accordance with Satti (1998), population council (1999) and Hussain et. al (2005).

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