

Loan Utilization by Women Borrowers

1. Women Borrowers Utilized their Received Loan by Themselves

Microcredit is one of the important instruments for poverty reduction. The aim of microcredit is to promote self-employment, reduce poverty and empower women. Majority of the microcredit borrowers are women. There are two possible reasons for selecting women as microcredit borrowers. Firstly, they are more likely to be affected by unemployment, poverty, etc. and secondly, they are also more vulnerable to partial or total financial exclusion especially women entrepreneurs (Brana, 2011). Although, majority of the microcredit borrowers are women, in most of the cases they do not use the loan. In this paper, attempt has been made to know the percentage of women borrowers utilized their received loan by themselves, identify the possible reasons for not using the loan and identify the actual users of borrowed loan.

Two types of data set have been used to assess the percentage of women borrowers utilized their received loan by themselves, the first data set from cross generation study on the MF borrowers and the second from female agricultural wage labourer study.

Table-1: Number and Percentage of Women Borrowers Utilized their Received Loan

Loan user	Cross Generation Study		Female Agricultural Wage Labourer Study		Both	
	Number	Percent	Number	Percent	Number	Percent
Women borrowers only	91	15.17	177	28.64	268	22.00
Husbands of borrowers (In some cases jointly with wife)	402	67.00	410	66.34	812	66.67
Other members of the household (Son, father, mother, etc)	107	17.83	31	5.02	138	11.33
Total	600	100	618	100	1218	100

Table-1 shows that two-thirds of the actual loan users are husbands. Only in 22 percent cases, loan is utilized by women borrowers by themselves and about 11 percent by other members of the household like son, father, mother, etc. However, utilization of loan by women borrowers is substantially lower (15 percent in cross generation and 29 percent in female agricultural wage labourer study) in cross generation study compare to female agricultural wage labourer study. One of the reasons is that about 89 percent women under cross generation study are housewives

and in the most cases their husbands do not allow them to work outside the home. On the other hand, a large number of female agriculture wage labourers are widowed, divorced and separated. They utilized their loan by themselves. Only in five percent cases loan borrowed by women members are utilized by other members of the household. The same is over three times higher under cross generation study.

2. Reasons for Not Using Loan by Women Borrowers

Table-2 deals with the reasons for not using loan by the women borrowers. The major reasons for not using the borrowed loans by the women borrowers are: i) more than 50 percent respondents informed that their existing business are run by other members of the household not by the women borrowers, ii) about 36 percent women borrowers assert that they do not understand business accounting, iii) about 10 percent respondents state that their husbands do not allow them to work outside home due to household necessities. There are also other reasons like received loan is used for the necessity of son, loan money is used for meeting the household necessities, etc. but their percentage is only three percent. However, there is a substantial variation between the two studies in terms of husband's unwillingness to work outside home (14.74 percent in cross generation study and only 2.27 percent in female agricultural wage labour study).

Table-2: Reasons for not Using Loan by the Women Borrowers

Reasons	Cross Generation Study		Female Agricultural Wage Labourer Study		Both	
	Number	Percent	Number	Percent	Number	Percent
Existing business is run by other members of the household	216	42.44	223	63.17	439	50.92
Lack of knowledge about business areas including accounting	191	37.52	119	33.71	310	35.96
Household head does not allow women to work outside home	75	14.74	8	2.27	83	9.62
Others (received loan for the need of son, construction or repair houses, etc.)	27	5.31	3	0.85	30	3.48
Total	509	100	353	100	862	100

3. Who is Running the Business?

Proper utilization of loan is necessary for poverty reduction. If the loan is not utilized in productive areas, loan receiver will not be able to generate income and will face difficulty to repay the loan. Tables-3 and 4 present the percentage of people running the business and ownership of the business respectively under cross generation study.

Table-3: Percentage Distribution of People Running Business According to their Categories

Category of People	Number	Percent
Women borrower	45	8.87
Husband	243	47.92
Son	76	14.99
Husband and son jointly	62	12.22
Women borrower and husband jointly	72	14.20
Women borrower and other members of the household	7	1.38
Daughter-in-law	2	0.39
Total	507	100

Out of 600 households about 84 percent used the loans in business sector. Of this, 48 percent business is running by the women borrowers' husbands, which is consistent with the previous results of Table-1. About 15 percent of the business is running by the women borrowers' son, another 12 percent by the women borrowers' husbands and sons jointly, and 14 percent jointly with women borrowers and their husbands. Only nine percent business is running by women borrowers alone.

Table-4: Percentage Distribution of Ownership of the Business

Ownership of the Business	Number	Percent
Only husband	122	36.09
Women borrower and husband	91	26.92
Women borrower and other members of the household	85	25.15
Women borrower	40	11.83
Total	338	100

The above results show that over one-third of the businesses are running by the name of women borrowers' husbands only. This result is consistent with the previous results where we found that husband was the maximum loan user. More than 50 percent of the businesses are running

jointly by the name of women borrowers with their husbands and other members of the household. Only 12 percent business is running by the name of women borrowers. Thus 88 percent businesses are running by the name of non-borrowers

Table-5: Percentage of Amount of Current Loan Utilized by the Women Borrowers

Types of users	Female Agricultural Wage Labourer		Female Non-agricultural Wage Labourer		Both	
	Amount of loan utilized	Percentage of loan utilized	Amount of loan utilized	Percentage of loan utilized	Amount of loan utilized	Percentage of loan utilized
Women borrowers	2366406	29.27	721000	20.93	3087406	26.78
Husband (In some cases jointly with wife)	5408650	66.91	2125531	61.71	7534181	65.35
Other members of the household	309000	3.82	598000	17.36	907000	7.87
Total	8084056	100	3444531	100	11528587	100

Table-5 indicates that the percentage of amount of loan utilized by women borrowers under female agricultural wage labourer study. This study finds that about 27 percent of total loan is utilized by the women borrowers. About two-thirds of loan amount is utilized by the women borrowers' husbands. A comparison between female agricultural wage and non-agricultural wage labourers reveals that female agriculture wage labourers used higher percentage of loan amount than non-agricultural wage labourers. As a result, family members of non-agricultural wage labourers utilize more loans (17 percent) than that of agricultural wage labourers (only 4 percent).