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Analysing the socio-economic profile of rural beneficiary farmers of micro-financial institutions during Covid-19, West Bengal

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Abstract

Micro-financial institutions are embodiment of hope in the poverty-driven sector of our country. More importantly, the role which these play can be justified through a detailed study conducted within the farming community who serve as the beneficiaries of micro-financial institutions. The major problem being emergence of Covid has had a tumbling effect on the lives of common people. The socio-economic profile comprising the demographic and economic aspect of the lives of the underprivileged has been analysed hereafter. The empirical findings are followed by a statistical analysis.

Keywords: Covid, micro-finance, rural beneficiaries, socio-economic

Introduction

In India, receiving credit poses a challenge for the rural underprivileged people. Commercial banking sector has not been able to stand up to the expectations as well as social responsibility of meeting financial assistance to the poor. Here is the time when micro-financing plays a prominent role to establish itself successfully as a financial intermediary. MFIs (Micro-financing institutions) cater to those who are not economically strong. Prior to lockdown in 2020, MFIs were dependent on physical interactions with their beneficiaries and liquid cash transactions. The picture however, changed post lockdown. A section of rural farmers lost their subsidiary source of income majorly due to inter-state migration and hence, were drowned in the sea of financial debts. In the initial quarter of 2021, despite tough times, MFIs were resilient enough to overcome their immense suffering.

Dev & Sengupta (2020) ^[1] has analyzed that the poor beneficiaries of MFIs were the more affected sector as they are associated with low-income generating jobs. To overcome the crisis, they resorted to measures such as liquidation of assets, consumption of food which is lacking nutrition and abortion of medical services to be precise. Sharif Mohd (2018) ^[2] stated that in a developing country like India, micro-financing should not be underestimated as plays an important role in rural socio-economic upliftment. Microfinance provides a huge range of facilities particularly financial services to the low income groups. It is utmost important for the Government to stress on enhancing the financial services to ensure sustainable growth amongst the beneficiary farmers and other rural groups. Kar *et al.* (2017) ^[3] summarized the performance of Indian Micro-financial Institutions and examined whether there is a significant role of sustainability in maintaining efficiency of micro-financial institutions. Roy (2014) ^[4] conducted a survey among the beneficiaries of MFIs in Kamarup district of Assam with a purpose to analyse the perception of the people towards MFIs. It was found that females have a different outlook towards the operation of MFIs than males in the area. It was concluded that initiatives should be taken to spread awareness among the low-income group as well as make MFIs reach customers across of the rural areas which would assist in the growth of Micro, Small and Medium Enterprises.

Analysing the socio-economic profile of the rural beneficiaries has been the prime focus towards conducting the research study and how it has been different from pre-covid era. The research paper was distributed into the under-mentioned heads: Materials and Methods, Results and Discussion and ending with Conclusion comprising the scope for future study.

Materials and methods

The research work was undertaken in a four stage sampling procedure. The state West Bengal was considered as the area of study followed by choosing the district and block. The state,

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district and block were chosen purposively considering the presence of poverty-stricken farming areas in the region which benefitted from the MFIs. The villages and respondents were chosen on basis of random sampling. The respondents were mainly rural people whose main occupation was farming i.e. they were farmers and also were also dependent on MFIs for availing credit. While getting demographical, geographical and agricultural insight of the study area, all kind of secondary data was obtained from the official websites of State Government and the district followed by Census Report of 2011 and an annual report prepared by Krishi Vigyan Kendra, Burdwan in 2017. A list of questions was prepared in the form of a research schedule and beneficiaries were asked to respond accordingly. This was how the primary survey was carried out. The beneficiaries were categorised on basis of land holding: marginal, small, semi – medium and medium. There was absence of large farmers. Various parameters that were considered to analyse the socio-economic characteristics of the farmers could be stated as: family size, age, gender, education, type of main occupation, tenure status and number of earning members in the family. Apart from these, there was basis analysis of possession of the following: house-hold assets, livestock and farming implements. This basic analysis was necessary to get an overview of the scenario and how micro-credit was associated with the rural farming sector. All kinds of data of primary probe were collected during the year 2021-22 which would enable better comparison.

For carrying out the above mentioned research work, analytical tools i.e. mathematical and statistical tools were used. Frequency and the Arithmetic Mean was the mathematical tool used to find out the number of beneficiary farmers syncing with the socio-economic parameters. The statistical tool applied was chi-square test of independence. Chi-square value was used to determine whether there was significant relationship between the socio-economic factors and access to micro-credit. The level of significance was set at 0.05.

Results and Discussion

After the primary survey, the analysis of the result has been demonstrated in the Table 1.

Demographic and social factors

Majority of the respondents had nuclear families with less than 6 members. The beneficiaries were either middle-aged or old-aged. Most of the middle-aged had their spouses and children dependent on them and the old age ones were experienced in agricultural and farming sector. There was more participation of males than females in obtaining credit from micro-financing institutions. The beneficiaries were majorly primary educated or matriculation pass. This shows that if they had pursued more of their education, they would have had a broader scope of obtaining other jobs. Less educated refers to relying on their inherited job which is farming. Farming requires various other expenses for which they relied on MFIs to obtain credit. Most of the respondents

are purely tenants and are working as labourers in agricultural lands. For majority cases, there is only 1 or 2 earning member in the family which shows their dependency on micro-finance for meeting the demands for other family members and making both ends meet. The chi-square value showed that there is no significant relationship between access to micro-credit and family size, age, gender, tenure status. However, there is a strong statistically significant relationship between access to micro-credit and educational qualification, occupation and number of earning members in the family.

Possession of house-hold assets, livestock and farming implements

The results have been propounded in Table 2, 3. The household assets consisted of basic amenities essential for sustenance like television, radio, bicycle, gas stove, and refrigerator. It is found that an average of 34 people had access to all the assets followed by an average of 19 people who have purchased all of these items with their own funds while an average of 18 people purchased all the assets with their borrowed funds in the course of time. None of the respondents owned a larger vehicle for personal consumption. Livestock is an integral part of a farmer's life. The farmers owned cows, buffaloes, poultry birds and goats as their livestock possession. The products from these animals provide for a subsidiary source of income. The farmers have purchased a number of livestock animals in the year 2021 to help them add to their income apart from farming. The financial crisis led to them borrowing from MFIs. All the farmers had access to farming implements as these are the go-to equipments when it comes to conducting timely agricultural operations. These included cattle shed, bullock cart, iron plough, harrow, hoe, leveller, sprayer, thresher, pump-set, harvester and tractor. During the covid times, many had to engage in repayment of the loan which they had taken years back. The analysis shows the most of the beneficiary farmers had their repayment schedules during covid era because of late repayment over the years.

Table 1: Socio-economic factors

Sl. No.	Parameters	Chi-square value
1.	Family size	11.92
2.	Gender	1.29
3.	Age	5.65
4.	Education	37.75
5.	Occupation	36.55
6.	Tenure status	4.21
7.	Earning members	9.58

Table 2: Possession of house-hold assets

Parameters	Mean
Access to all the items in the house-hold	33.75
Purchasing all the items during availing credit	18.75
Purchasing all the assets with own funds	18.57
Purchasing all the items using micro-finance	17.5

Table 3: Possession of livestock

Sl. No.	Particulars	Average livestock purchased during covid	Frequency of farmers purchasing livestock with micro-finance loans during covid
1.	Cow	1.5	70
2.	Buffalo	1.5	63
3.	Poultry	3.2	40
4.	Goat	1.46	75

Conclusion

The socio-economic analysis gives an outline or background data about the respondents who are the beneficiary farmers. The beneficiaries were mainly those whose main occupation was farming. The study was necessarily important to understand the relationship between the socio-economic profile of the rural farmers and their access to micro-finance. The social standing of the respondents was judged accordingly. MFIs form an intrinsic source of providing financial support to the people. Most of the respondents were experienced farmers yet not educated much. Education being an essential factor in upbringing; many were deprived of it either due to lack of interest or due to lack of resources. Covid-19 had an irreversible impact in the lives of the common people irrespective of their social and economic status. It became hard for the rural people to hop back to normalcy because of loss of livelihood. None of the farmers in the study owned lands except for a few semi-medium farmers. The small and marginal farmers formed the majority population and mostly worked as tenants in the other people's land. For few factors, such as: age, gender, family size there was no significant relationship with the access to micro-credit. This can be concluded that the need and reach to MFI resources is not dependent on these pre-mentioned factors. The assets of the beneficiary farmers were bought years back but they had taken loans previously from micro-financing institutions with their repayment schedule following up till emergence of covid. The analysis shows a future scope of study for other research undertakers in a way that one can determine how the socio-economic status of the low-income group has changed over the years in a later stage and whether things have changed for a better purpose after greater intervention of MFIs.

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