

Impact of Microfinance on Income: Evidence from Rural Areas in Selected Districts of Gujarat

Abstract

This study basically attempts to analyse the impact of microfinance interventions on the income of rural respondents in rural areas of selected districts of Gujarat. The sample data are collected from SEWA bank women respondents. SEWA bank is mainly functioning in Ahmedabad and its surrounding districts. Besides Ahmedabad district, three more districts namely Mehsana, Gandhinagar and Sabarkantha are considered for research. A convenience random sampling technique was employed to select the respondents from four districts in the state of Gujarat. The sample respondents were classified into two groups on the basis of their availment of loan. Those respondents who have availed loan from SEWA bank are called beneficiaries and those who did not availed are known as non-beneficiaries. Descriptive statistics was used to analyze the characteristics of the respondents. A comparison is made between beneficiaries and non-beneficiaries income. The impact of availment of loan on respondent income was carried out by t- test, while for econometric analysis, Multiple Linear Regression Model (MLRM) was used to know the impact of micro-credit. The study provides strong evidence of the positive effect of microfinance on the income of the beneficiaries. The result of the study shows the significant increase in the income of the beneficiaries after availment of loan. The results of econometric analysis shows that increase in micro credit will increase the income of the beneficiaries. Education has also shown the positive impact on the income of the beneficiaries, while family size is found insignificant.

Keywords: Microfinance, Household income, Multiple Linear Regression Model (MLRM)