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Breaking the Bonds of Poverty: Effectiveness of Microcredit in Improving the Wellbeing of Brick Kilns' Laborers in Pakistan

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ABSTRACT

This study examines the effectiveness of microcredit to enhance family income, eradicate peshgi and improve the wellbeing of brick kiln laborers. A survey was carried out to determine the effectiveness of microcredit among laborers working at brick kilns located in Lahore and Kasur districts. Linear regression analysis was run at 418 cases to track patterns in the data. The results of study indicated that microcredit significantly increased the family income, eradicated peshgi and improved the wellbeing of borrowers. Furthermore, segregated data indicated that female, married, aged, illiterate, beneficiaries having 6 and above children, beneficiaries having 9 and above family members, family income more than 20001, family expenditures more than 20001, beneficiaries who consulted their families and repeaters experienced higher benefits of microcredit scheme. The researchers recommend increasing the microcredit access to the poor people living in urban slums and rural areas, where the facility of formal lending institutions is lower and people are forced to take peshgi (advance) for meeting their basic needs.

Key Words: **Microcredit and Family Income, Microcredit and Quality of Life, Microcredit and Eradication of Peshgi**

Introduction

The brick kiln industry plays a significant role in the economy of Pakistan. It is estimated that the clay brick-manufacturing sector contributes around 1.5% to the Gross Domestic Product (GDP) of country. However, the brick kiln sector in Pakistan still relies on traditional techniques for production i.e. Bull's Trench Kilns that are not energy efficient and causes undesirable emissions (Ahmad, 2009). Besides, it remains highly informal, unregulated and undocumented sector despite employing around one million laborers (Javaid, 2006). The typical

processes for production of bricks involve intensive manual labor. The laborers are paid on piece rates or they get peshgi (advance payment) from the owner of brick kiln against their future work. This advance payment bound them to work for brick kiln owners on comparatively lower wage for a longer period of time (Ahmad, 2009; Awan, 2010; Bukhari, 2009).

Brick kiln sector is one of the major sectors in Pakistan where debt bondage exists (Awan, 2010). It is estimated that around 150,000 to 200,000 families work in approximately 7000 brick kilns. The labor force includes child and adolescent laborers too (Javaid, 2006). Children working at kilns do not mostly work directly for an employer but rather peshgi binds the entire family in debt bondage. Often employers provide space to the family of laborers to build their mud hut in the vicinity of the kiln that benefits both parties; provides shelter to poor laborers and makes it easier for owners to restrict the mobility of laborers (Abbasi et al., 2013). Debt bondage is worst for the laborer families living on brick kiln sites. Poverty is considered as the root cause of peshgi among brick kiln laborers (Awan, 2010). Low wages compel laborers to opt for debt in the time of need, for instance in case of illness and marriages. It accumulates economic burden on the laborer families to keep working for the employer for years and at times for generations (Ercelawn & Nauman, 2004).

Microcredit is extensively used as a tool of poverty reduction and to enhance economic development among poor sections of society by making them self-reliant (Quibria, 2012; Wright, 2008). Poor people use microcredit to start small-scale businesses e.g. buying rickshaws, domestic animals, which help them to increase their family income and enhance quality of their life (Ahmad, 2007, Harper, 2007). Government of Pakistan and non-governmental organizations (NGOs) has taken various initiatives to address the issue of persistent bonded labor in brick kiln industry (Abbasi et al., 2013). Considerable amount of development funds have been allocated to address the critical issue of bonded labor and to deal with the socio-economic needs of laborers working on brick kilns. One such project is the Elimination of Bounded Labor at Brick Kilns that was initiated by the Government of Punjab to eliminate bonded labor in brick kilns sector. One of the important components of this project is the provision of interest free or with very small interest rate microcredit loans to the brick kiln laborers to establish their small businesses, add to their family income and improve their living standards. The responsibility to disburse the loans at brick kilns to manual laborers was given to a local NGO having comprehensive knowledge of the local context.

The present study examines the effectiveness of microcredit program to address the issues of bounded labor among brick kilns laborers in Lahore and Kasur districts. There are 135 and 149 kilns in Lahore and Kasur respectively, employing around 30 families per kiln. Total number of laborers at the kilns in both districts is around 45,000; migrants and traditional low caste families dominate labor force (Value Resources, 2011). This study specifically aims to

understand the association between access of brick kiln laborers to microcredit and their perception about increase in their family income, eradication of peshgi and improvement in quality of their life.

Literature Review

Fundamental philosophy of microcredit is the economic and social well-being of the poor and marginalized communities such as low wages workers, women, minorities and bounded workers (Noreen, 2011; Montgomery & Weiss, 2011; Amin et al., 2003; Copestake et al., 2001). According to the leading proponent of microcredit program, Yunus (2003), microcredit is not a single tool for poverty alleviation, but also in comparison with other poverty reduction programs, microcredit is an essential tool to eliminate poverty. Provision of microcredit aims to enhance the capabilities of the masses through economic empowerment that would further trickle down its effects for social empowerment and decision making (Garikipati, 2008; Montgomery & Weiss, 2011; Noreen, 2011; Quibria, 2012; Sarumathi & Mohan, 2011). Islam (2012) reported that microcredit when administrated to the poor people, proved an effective mechanism for poverty reduction, improving health, education, legal rights, sanitation and other living standards. When talking about the effectiveness of microcredit, Abbas et al. (2005) reported that effectiveness of microcredit also depends upon the local context. In some cases, microcredit enhanced socio-economic well-being of the people while in the others it is less effective.

Findings of the Value Resources (2011) suggests that microcredit has potential to make significant contributions to gender equality and promote sustainable livelihood and better working conditions for the women who were living in developing countries. It enabled women to have financial backing, which provided them confidence, improved their status and made them more active in decision-making, thus encouraging gender equality (Garikipati, 2008; Noreen, 2011; Panjaitan-Drioadisuryo & Cloud et al., 1999). Similarly, Hunt and Kasynathan (2001) describe that microcredit programs for women have positive impacts on economic growth by improving income-generating activities among women. On the other hand, Garikipati (2008) said that microcredit did not empower women due to their lower autonomy. Moreover, Karlan and Zinman (2011) claimed that microcredit did not affect the empowerment of women. Among the rural Indian women, microcredit enhanced household income but they were not given permission to take decisions as per their own will. In patriarchal societies, if women are needed to be empowered, their autonomy must be increased. Conversely, in Pakistan, women who used their loans by themselves were found to be getting more benefits of microcredit i.e. decision making power as compared to the women who were not using their loans as per their own wishes (Noreen, 2011).

Sarumathi and Mohan (2011) claim that microcredit enables the poor villagers to establish new businesses that generate income for them. Similarly, Wright (2008) suggests that microcredit has positive impact to increase the income by starting new businesses or investing in the previous businesses. It enabled the poor villagers to start non seasonal businesses like rickshaws, pulling, poultry and goat and cow rearing and these non-seasonal businesses helped the poor villagers to survive during the period of crises (Ahmad, 2007: Harper, 2007). Microcredit benefited to the poor in poverty reduction by providing credit facility to start small businesses. It enhanced their standard of living, basic health, education facilities and empowered the poor to participate in decisions making (Hulme, 2007).

Montgomery and Weiss (2011) find that microcredit provides safety nets to the poorer especially in those developing countries where state does not sponsor social security system in the times of crises and people have to approach moneylenders for meeting their necessities of life. Availability of microcredit in these situations protects borrowers to lend money, becomes a safety net and provides them protection from risks and further poverty. According to Marcus and Wilkinson (2002), microcredit is found to be very effective tool to bring out the marginalized communities from deprivation and reduce their vulnerability. It also improves nutritional status of family, recipients' children have less vulnerability to fatal diseases and birth weight is better than non-recipients of the loans (Wright, 2008). Moreover, Hamad and Fernald (2012) claim that improved nutritional outcomes and household food security are associated with longer participation in microcredit services. Furthermore, microcredit also improved the well-being of the poor, increased the tendency of higher education among their children and better nutrition was consumed by the borrowers' family members (Panjaitan-Drioadisuryo & Cloud et al., 1999).

Morduch and Haley (2002) claim that the impacts of microcredit might be judged by its relevance to Millennium Development Goals (MDGs). Microcredit has positive impact on poverty reduction and it relates to first 6 out of 7 Millennium Development Goals. Barr (2005) proposed three reasons why and how microcredit can help to promote economic development. First, microcredit can directly contribute to promote economic development. Second, it may contribute a useful policy in countries lacking good governance. Third, it can help in economic markets by playing limited but important role to eradicate poverty. Social impacts of the microcredit are enormous for example health of the borrowers is found to be better after benefiting from microcredit programs (Wright, 2008).

Basu and Srivastava (2005) claim that no doubt, microcredit has indicated tremendous results to alleviate poverty and improve the conditions of the borrowers but it cannot reduce poverty of the poorer and cannot make the poor countries richer. Moreover, Karlan and Zinman (2011) find that microcredit increases the tendencies of borrowing among the beneficiaries and borrowers indicate lower number of business related affairs. It also decreases the subjective

well-being of the beneficiaries. Grameen Bank (2013) states that microcredit when used in non-business activities does not lead the beneficiaries out of poverty. While it is still a question, that either microcredit increases income or not, Roodman et al. (2012) claim that mostly people waste the loan and as a result, microcredit does not help the poorer.

Various studies suggest that microcredit is useful for both economic and social wellbeing of the beneficiaries in Pakistan. However, only microcredit cannot enhance the wellbeing of the poorer but rather situational factors like income-generating activities and literacy rate of the family interplay together for maximizing the benefits (Waheed, 2009). Noreen et al. (2011) find that access to microcredit positively affects the education among the children of borrowers and household expenditures. The majority of borrowers are using microcredit in effective programs including poultry, embroidery, livestock and shops for income generation (Latif et al., 2011). According to the results of a study conducted in Pakistan, it is found that microcredit reduces poverty by 3.05 percent and the borrowers reported an increase in their income after using microcredit.

Effectiveness of microcredit is also found different among different segments of the poor in Pakistan. Extremely poorer segments report low level of change in their income after their access to microcredit; use of loans for non-productive purposes is found higher among this segment of society (Shirazi & Khan, 2009). Microcredit positively and significantly increases the level of spending on healthcare, clothing, structure of household i.e. walls and roofs. Moreover, water supply had also been positively affected by the provision of microcredit (Ghalib et al., 2011). Noreen (2011) finds that in patriarchal society of Pakistan, microcredit improves the economic conditions of the borrower women and their decision making power in society. Although microcredit is a strong predictor of empowerment but it is affected by the education and family system of the borrowers. In rural areas of Pakistan, microcredit is found to have positive effect on social development of the borrowers and families observe a change in their income after benefiting from microcredit (Montgomery &Weiss, 2011). On the other hand, Noreen et al. (2011) claim that access to microcredit has not affected the use of food items, condition of the structure of houses and ownership of assets in Pakistan.

Literature indicates that microcredit has both pros and cons. Microcredit benefits both men and women but women experience more benefits as compared to men. Microcredit minimizes poverty by generating more family income but its effectiveness depends upon socio-economic conditions of the borrowers. It was only effective for the families having better education and previous experiences of business activities. On the other hand, microcredit does not change the housing structure of the borrowers. Microcredit is also found very effective for helping marginalized communities by creating safety nets and providing alternative lending opportunities. Besides creating economic benefits, microcredit also

enhances social wellbeing of the borrowers. Microcredit indicates positive effects to enhance family income and social wellbeing of the borrowers, either men or women in Pakistan. However, very few studies have been conducted to estimate the effectiveness of microcredit among brick kilns laborers. The present study aims to investigate the socio-economic effectiveness of microcredit among debt bonded brick kilns workers.

Methodology

In the present study, the researchers used quantitative research techniques to examine the association between access of brick kiln laborers to microcredit (independent variable) and their perception about increase in their family income, eradication of peshgi and improvement in human wellbeing (dependent variables). A survey was conducted using questionnaire as a tool for data collection. Stratified random sampling technique was used to select sample from the brick kilns laborers of Lahore and Kasur districts in Punjab province. At first stage of sampling, population was divided into different strata and proportion of different strata was fixed in selected sample. At the second stage, systematic random sampling technique was used to select the sampling elements. Sample was also proportionated based on gender and number of loans availed by beneficiaries (repeaters and non-repeaters). For selecting sample size, the researchers used research advisor table. Research advisor table generated a total of 384 sample size at 95% confidence interval and 0.05 margin of error. After adding 10% non-response rate 422 respondents were interviewed including both the male and the female respondents. The researchers rejected four incomplete questionnaires and 418 cases were included into analysis. A trained team of enumerators was briefed about the tool and objectives of the study for conducting fieldwork. For interviewing women beneficiaries, female enumerators were recruited.

Variables

Tool of data collection included four sections i.e. socio-demographic characteristics, access to microcredit, increase in family income, eradication of peshgi and improvement in wellbeing. All the sections were translated into Urdu language, for clear understanding of the enumerators.

Socio-demographic variables

For data segregation, the researchers asked 10 questions from the beneficiaries of the microcredit including gender (male and female); age, (18-28, 29-38 and 39 years and above); education (never attended school and attending school); marital status (unmarried and married); number of children (1-3, 4-6 and 6 and above children); family members (1-4, 5-8 and 9 and above family members); family

income (10000 and below, 10001-20000 and 20001 and above); family expenditures (10000 and below, 10001-20000 and 20001 and above); decision to avail loan (decision with family and decision with others); and number of loans availed (repeaters and non-repeaters).

Explanatory variables

One explanatory variable i.e. access to microcredit was included in the study. For measuring access to microcredit of the brick kilns workers, the researchers asked six different questions i.e. degree of awareness about microcredit, ease in accessing microcredit, support from brick kilns owners, support from community members, easiness to getting guarantee and easiness to give guarantee of others.

Outcome variables

Three outcome variables were included in the study i.e. increase in family income, eradication of peshgi and increase in wellbeing. Three questions were asked for measuring increase in family income i.e. increase in income after availing loans, opportunities of starting new business and degree of goals achievement after acquiring microcredit. The researchers asked four different questions to measure eradication of peshgi i.e. role of microcredit to provide relief from peshgi, need of getting peshgi again after acquiring loan, if microcredit is better than peshgi and chances of getting peshgi after acquiring loan. Third outcome variable i.e. improvement wellbeing was measured by asking five questions i.e. improvement in the education of children, improvement in the health of family members, improvement in entertainment activities, decrease in dependency upon the brick kilns owners and improvement in basic needs of life.

Analysis

The researchers used descriptive and inferential statistics to measure the patterns in data. Incidences and valid percentages of socio-demographic characteristics are calculated in univariate descriptive statistics. Simple linear regression analysis is carried out to measure association between explanatory variable i.e. access to microcredit and outcome variables i.e. increase in family income, eradication of peshgi and improvement in wellbeing.

Ethical considerations

The researchers emphasized to practice basic ethics of research during fieldwork for assuring the quality of data and no harm to the respondents. The research team followed the ethics of inform consent, anonymity and data confidentially while conducting research.

Data analysis

Table-1 indicates the results of socio-demographic characteristics of the beneficiaries of microcredit. Data show that the majority of respondents who benefited from microcredit scheme are male beneficiaries (61.2%) while female beneficiaries are (38.8%). Age wise distribution points out that the majority of beneficiaries (71.1%) belong to age group 29 years and above while (28.9%) belong to age groups 18-28 years of age. The majority of respondents (67.9%) never attended school for formal education while only (32.1%) attended school.

Table-1 Socio-demographic characteristics of the beneficiaries (Base=418)

Variables	n	Valid %	Variables	n	Valid %
Gender			Number of loan		
Male	256	61.2	Repeaters	278	66.5
Female	162	38.8	Non-repeaters	140	33.5
Age			Family expenditure		
18-28 years of age	121	28.9	10000 and below expenditures	198	47.4
29-38 years of age	135	32.3	10001-20000 expenditures	163	39.0
39 years and above age	162	38.8	20001 and above expenditure	57	13.6
Attended school			Decision to avail loan		
No	284	67.9	Decision with family	302	72.2
Yes	134	32.1	Decision with other members	116	27.8
Number of children			Marital status		
Less than 3 children	113	27.0	Married	292	69.9
4-6 children	204	48.8			
Above 6 children	101	24.2	Unmarried	126	30.1
Number of family members			Family income		
1-4 family members	62	14.8	10000 and below income	138	33.0
5-8 family members	214	51.2	10001-20000	187	44.7
Above 9 family members	142	34.0	20001 and above	93	22.2

It is found that 69.9% of the beneficiaries are married while 30.1% unmarried beneficiaries acquired the microcredit. 48% of the respondents reported 4-6 children while 27% and 24.4% reported 1-3 and above six children respectively. Data indicate that 14.8% of the beneficiaries reported having 1-4 family members while 85.2% reported 5 and above five family members. 33% of the respondents reported 10000 and below family income in Pakistani rupees while 44.7% reported 10001-20000 rupees and 22.2% reported 20001 and above family income. When reporting family expenditures, the majority of beneficiaries (47.4%) claimed expending 10000 and below Pakistani rupees on family expenditures while 39% reported expending 10001-20000 rupees and only 13.6% reported that their expenditures are above 20001 rupees. The majority of respondents 72.2% claimed that they took decision to avail microcredit by consulting their family members while 27.8% reported that they did not consult their family members when

deciding to avail the facility of microcredit. The majority of beneficiaries 66.5% availed multiple loans while 33.5% availed single loan.

Table-2 Pearson correlation among access to microcredit and increase in family income, improvement in quality of life and elimination of peshgi

Variables	Access	Income	Living standard	Advance
Access	1	.258**	.195**	.145**
Income		1	.514**	.234**
Living standard			1	.163**
Advance				1

****. Correlation is significant at the 0.01 level (2-tailed).**

The results of present study indicate that the correlation between access to microcredit and increase in family income is moderately significant (.258**). Moreover, access to microcredit and improvement in living standard is also significant but with weak strength (.195**). Correlation between access to microcredit and elimination of peshgi (advance) is low but significant (.145**). Increase in family income and improvement in living standard are observed to be highest and statistically significant (.514**). Furthermore, increase in family income and elimination of peshgi are found significantly correlated with weak association and positive change (.514**). Increase in family income is positively and statistically correlated with elimination of advance (peshgi) (.234**). Correlation between improvement in living standard and elimination of advance (peshgi) is found positive with weak strength (.163**).

Table-3 indicates the results of simple linear regression analysis of explanatory variable i.e. access to microcredit and outcome variables i.e. increase in family income. The researchers segregated data based upon the socio-demographic characteristics (gender, age, education, marital status, number of children, number of family members, family income, family expenditure, decision to avail microcredit and repeaters and non-repeaters respondents) of the beneficiaries for understanding the effect of access to microcredit and increase in family income. The results indicate that access to microcredit has positive and significant effect (sig.000) on the family income of the beneficiaries. One unit increase in the access to microcredit increased family income of the beneficiaries by 18.3%. Both the variables, access to microcredit and increase in family income are found positively correlated (.258). Microcredit increased family income of both men and women unevenly. Effects of microcredit are found better for female beneficiaries as compared to their male counterparts. One unit increase in the access to microcredit increased family income of the beneficiaries by 13.9% among the male while one unit increase in the access to microcredit increased family income of the female beneficiaries by 25.4%. Both the variables i.e. access to microcredit and increase in family income are found positively correlated for both male and female (.201) and (.347) beneficiaries. Furthermore, access to microcredit has significant effect upon the family income of both the male (sig. 001) and the female (sig. 000) beneficiaries.

Table-3 Access to microcredit and increase in family income of the beneficiaries

Category	B	Stan. Error	Standardized beta	t	Sig
All cases	.183	.034	.258	5.445	.000
Male	.139	.043	.201	3.267	.001
Female	.254	.054	.347	4.675	.000
18-28 years of age	.184	.034	.439	5.337	.000
29-38 years of age	-.123	.091	-.116	-1.349	.180
39 years and above age	.353	.053	.465	6.644	.000
Never attending school	.180	.036	.282	4.940	.000
Attended school	.191	.073	.221	2.609	.010
Married	.223	.049	.259	4.562	.000
Unmarried	.165	.037	.370	4.436	.000
Less than 3 children	-.035	.055	-.059	-.627	.532
4-6 children	.188	.045	.281	4.157	.000
Above 6 children	.297	.082	.341	3.607	.000
1-4 family members	.050	.074	.087	.679	.500
5-8 family members	.150	.046	.219	3.274	.001
Above 9 family members	.308	.067	.361	4.581	.000
10000 and below income	.190	.056	.281	3.409	.001
10001-20000	.194	.066	.210	2.928	.004
20001 and above	.188	.044	.406	4.235	.000
10000 and below expenditures	.140	.045	.216	3.094	.002
10001-20000 expenditures	.252	.057	.329	4.417	.000
20001 and above expenditure	.212	.067	.391	3.149	.003
Decision with family	.175	.040	.243	4.336	.000
Decision with other members	.218	.061	.317	3.564	.001
Repeaters	.210	.045	.269	4.646	.000
Non-repeaters	.133	.046	.238	2.880	.005

The results of simple linear regression analysis indicate that access to microcredit significantly increased family income for the respondents who belong to age group 18-28 years (sig. 000) of age and 39 years and above (sig. 000). Among all the three age groups, the highest increase in family income was observed among the beneficiaries who belonged to the category of age group 39 years and above (B, .353). Correlation between access to microcredit and increase in family income was found higher .282 for illiterate respondents while .221 for literate respondents. Moreover, access to microcredit had positive and significant effect on the family income of both the categories of illiterate (sig. 000) and literate respondents. For the category of married beneficiaries, one unit increase in the access to microcredit increased family income by (22.3%) while for unmarried borrowers one unit increase in the access to microcredit increased family income by (16.5%). It is also found that the access to microcredit increased family income positively and significantly for both married (sig. 000) and unmarried borrowers (sig. 000).

Access to microcredit increased family income positively and significantly by 18.8% and 29.7% for the respondents who reported 4-6 children (sig. 000) and above 6 children (sig. 000). Microcredit did not affect the family income of the

beneficiaries who reported their family members 1-4 members (sig. 500). Those borrowers who reported family members from 5-8 members and above 9 family members observed positive and significant effect upon their family income. Data indicate that access to microcredit increased family income positively and significantly among the three income groups i.e. 10000 and below (sig. 001), 10001-20000 (sig. 004) and 20001 and above (sig. 000). Access to microcredit increased family income highly (25.2%) among those borrowers who reported their expenditures from 10001 to 20000 as compared to other groups i.e. 10000 and below (14%) and above 20001 rupees (21.2%). Moreover, all the three groups were found statistically significant predictors of outcome variables. One unit increase in the access to microcredit increased family income by 17.5% among those respondents who availed microcredit by consulting their families while increase in family income is found to be 21.8% among the respondents who did not consult their families for availing microcredit. Both repeaters (sig. 000) and non-repeaters (sig. 005) observed positive and significant effect upon their family income when on unit access to microcredit was increased (Table-3).

Table-4 indicates the results of simple linear regression analysis of explanatory variable i.e. access to microcredit and outcome variables i.e. eradication of peshgi. Segregated data based upon the socio-demographic characteristics of the respondents indicated uneven results. Access to microcredit had positive and significant effect (sig.003) on eradication of peshgi. One unit increase in the access to microcredit eradicated peshgi by 11.5%. Both the variables, access to microcredit and eradication of peshgi were found to be positively correlated (.145). Microcredit eradicated peshgi of both men and women differently. Effects of microcredit were found better for female beneficiaries as compared to their male counterparts. One unit increase in the access to microcredit eradicated peshgi of the respondents by 7% among males while one unit increase in the access to microcredit eradicated peshgi among females by 19.3%. Access to microcredit and eradication of peshgi was found positively correlated for females (.305). Furthermore, access to microcredit had significant effect upon eradication of peshgi for the female respondents (sig. 000).

The results of regression analysis indicate that the access to microcredit significantly eradicated peshgi for the respondents who belonged to age group 18-28 years (sig. 021) and 29-38 years (sig. 001). Among all the three age groups, the highest eradication in peshgi was observed among the beneficiaries who belonged to the category of age group 29-38 years (B, .252). Correlation between access to microcredit and eradication in peshgi was found higher .217 for illiterate respondents while -.063 for literate respondents. Moreover, access to microcredit positively and significantly eradicated peshgi among illiterate respondents (sig. 000). Among married respondents, one unit increase in the access to microcredit

eradicated peshgi by (14.9%) while for unmarried borrowers one unit increase in the access to microcredit eradicated peshgi by 8.6%. It is also found that access to microcredit eradicated peshgi significantly for married respondents (sig. 006) but not for unmarried borrowers (sig. 127).

Access to microcredit eradicated peshgi positively and significantly by 24% and 14.9% for the respondents who reported 4-6 children (sig. 001) and above 6 children (sig. 047). Microcredit did not eradicate peshgi of the beneficiaries who reported their family members 1-4 members (sig. 163). The respondents who reported family members from 5-8 and above 9 family members observed positive and significant eradication in peshgi. The results claim that the access to microcredit eradicated peshgi significantly among income groups i.e. 10001-20000 (sig. 016) and 20001 and above (sig. 004).

Table-4 Access to microcredit and eradication of *Peshgi* among the beneficiaries

Category	B	Stan. Error	Standardized beta	t	Sig
All cases	.115	.039	.145	2.971	.003
Male	.070	.054	.082	1.290	.198
Female	.193	.048	.305	4.050	.000
18-28 years of age	.128	.055	.210	2.338	.021
29-38 years of age	.252	.077	.273	3.271	.001
39 years and above age	.022	.067	.026	.325	.745
Never attending school	.172	.047	.217	3.692	.000
Attended school	-.050	.068	-.063	-.730	.467
Married	.149	.053	.163	2.793	.006
Unmarried	.086	.056	.137	1.537	.127
Less than 3 children	-.017	.066	-.024	-.256	.798
4-6 children	.240	.068	.241	3.532	.001
Above 6 children	.149	.074	.204	2.016	.047
1-4 family members	.067	.047	.179	1.413	.163
5-8 family members	.120	.060	.136	2.000	.047
Above 9 family members	.311	.071	.355	4.410	.000
10000 and below income	.076	.064	.101	1.188	.237
10001-20000	.184	.076	.175	2.421	.016
20001 and above	.149	.050	.304	2.963	.004
10000 and below expenditures	.052	.053	.070	.978	.329
10001-20000 expenditures	.189	.057	.252	3.308	.001
20001 and above expenditure	.457	.171	.353	2.670	.010
Decision with family	.165	.045	.210	3.687	.000
Decision with other members	-.029	.078	-.035	-.370	.712
Repeaters	.040	.049	.049	.816	.415
Non-repeaters	.243	.059	.337	4.122	.000

Table-5 Access to microcredit and improvement in human wellbeing among the beneficiaries

Category	B	Stan. Error	Standardized beta	t	Sig
All cases	.132	.033	.195	4.036	.000
Male	.150	.044	.212	3.431	.001
Female	.102	.048	.165	2.118	.036
18-28 years of age	.198	.043	.395	4.613	.000
29-38 years of age	-.080	.076	-.091	-1.054	.294
39 years and above age	.150	.055	.212	2.739	.007
Never attending school	.132	.040	.194	3.296	.001
Attended school	.131	.056	.199	2.338	.021
Married	.117	.044	.153	2.635	.009
Unmarried	.115	.048	.214	2.399	.018
Less than 3 children	.046	.052	.086	.894	.373
4-6 children	.204	.060	.234	3.414	.001
Above 6 children	.106	.062	.171	1.729	.087
1-4 family members	.196	.092	.264	2.118	.038
5-8 family members	.099	.049	.137	2.000	.047
Above 9 family members	.258	.045	.435	5.718	.000
10000 and below income	.100	.050	.168	1.990	.049
10001-20000	.082	.068	.089	1.198	.233
20001 and above	.268	.043	.548	6.246	.000
10000 and below expenditures	.098	.044	.159	2.227	.027
10001-20000 expenditures	.184	.055	.254	3.336	.001
20001 and above expenditure	.203	.123	.218	1.656	.103
Decision with family	.134	.039	.196	3.430	.001
Decision with other members	.118	.062	.175	1.903	.060
Repeaters	.129	.042	.182	3.082	.002
Non-repeaters	.145	.050	.243	2.896	.004

Access to microcredit eradicated peshgi by 45.7% among the respondents who reported their expenditures from Rs. 20001 and above as compared to other groups i.e. Rs. 10000 and below (5.2%) and 10000-20000 rupees (18.9%). One unit increase in the access to microcredit eradicated peshgi by 17.5% among the respondents who availed microcredit by consulting their families. On the other hand, eradication in peshgi by 21.8% was found among respondents who did not consult their families for availing loan. One unit increase in the access of microcredit among repeaters eradicated peshgi by (4%) while one unit increase in the access of microcredit eradicated peshgi by (24.3%) among non-repeaters.

Moreover, access to microcredit significantly eradicated peshgi among non-repeaters (sig. 000) while it was non-significant for repeaters (sig. 415) (Table-4).

Table-4 indicates the results of simple linear regression analysis between access to microcredit and improvement in wellbeing of the beneficiaries. Data show that the access to microcredit positively and significantly effected wellbeing of the laborers (sig.000). One unit increase in the access to microcredit improved laborers' wellbeing by 13.2%. Access to microcredit and improvement in laborers' wellbeing were found to be positively correlated (.195). Access to microcredit improved wellbeing among both men and women borrowers. One unit increase in the access to microcredit improved wellbeing of the respondents by 15% among males while one unit increase in the access to microcredit improved wellbeing among females by 10.2%. Access to microcredit and improvement in laborers' wellbeing was found positively correlated for male (.212) and female (.165) beneficiaries. Furthermore, access to microcredit had significant effect on the wellbeing of male respondents (sig. 001) and female respondents (sig. 036). The results indicate that access to microcredit significantly improved wellbeing among respondents who belonged to age group 18-28 years (sig. 000) and 39 years and above (sig. 007). Among all the three age groups, the highest improvement in the wellbeing was reported by the beneficiaries who belonged to the category of age group 18-28 years (B, .198).

Access to microcredit and improvement in laborers' wellbeing were found equal for both the categories i.e. illiterate and literate respondents. Furthermore, access to microcredit positively and significantly improved wellbeing among both illiterate respondents (sig. 001) and literate respondents (sig. 021). One unit increase in the access to microcredit improved wellbeing of the borrowers by 14.9% among married respondents while for unmarried borrowers, one unit increase in the access to microcredit improved wellbeing by (8.6%). Access to microcredit improved laborers' wellbeing significantly for married respondents (sig. 009) and for unmarried borrowers (sig. 018). Access to microcredit improved wellbeing positively and significantly by 20.4% for the respondents who reported 4-6 children (sig. 001). All the three groups of family members i.e. 1-4, 5-8 and above 9 family members observed positive and significant improvement in their wellbeing. Access to microcredit improved wellbeing significantly among income groups i.e. 10000 and below (sig. 049) and 20001 and above (sig. 000).

Access to microcredit improved wellbeing by 20.3% among the respondents who reported their expenditures from 20001 and above, 10000 and below by (9.8%) and 10000-20000 rupees by (18.4%). One unit increase in the access to microcredit improved wellbeing by 13.4% among the respondents who availed microcredit by consulting their families. One unit increase in the access to microcredit improved wellbeing by 12.9% among those who availed microcredit more than once while one unit increase in the access to microcredit improved wellbeing by 14.5% among those who availed microcredit only once. Furthermore,

access to microcredit significantly improved wellbeing among repeaters (sig. 002) and (sig. 004) among non-repeaters (Table-5).

Discussion

After reviewing relevant literature, it is found that the effectiveness of microcredit among brick kilns workers in Pakistan has received limited academic attention (Ercelawn & Nauman, 2004; Ercelawn & Karamat, 2002; Usman et al, 2015). The present study quantifies the impact of microcredit to increase family income, improve the living standard and eradicate peshgi of bounded laborers who are working at brick kilns in two districts of Punjab province. The results are replicated by the previous studies about the effectiveness of microcredit to help the poorer and marginalized communities (Quibria, 2012; Sarumathi & Mohan, 2011).

Use of microcredit – investment trends

Brick kilns laborers are using the microcredit to invest in small-scale businesses or in livestock. Ahmad (2007) and Harper (2007) replicate the findings of present study. They find that the poorer people use microcredit to start small-scale businesses e.g. buying rickshaws, domestic animals, which help them to increase their family income and enhance quality of their life. The results of present study furthermore find that the laborers have opened grocery shops and shops containing basic items of living at brick kilns. Mostly the female family members who were not capable to perform manual jobs at brick kilns were running these shops.

Various studies conducted in Pakistani context highlight that the microcredit is used productively by the bounded laborers at brick kilns (Ahmad, 2007). Similarly, the present study finds that the laborers used loans in productive activities, which in turn enhanced the numbers of business related activities thus adding to their family income, improving their living standard and eliminating the burden of advance (peshgi). On the other hand, the laborers who did not consume the microcredit in productive manner experienced little change in their current situation (Ahmad, 2007; Usman et al., 2015). This implies that the present study strengthened the findings of the previous studies about the consumption patterns of microcredit and concluded that the microcredit is mostly used in productive activities.

Increase in family income

The effectiveness of microcredit to increase family income is evident from previous literature on the subject matter. Various studies conducted in both developing and developed countries confirm that the microcredit increase the family income of the beneficiaries. It is found to be an equally effective tool to increase the income of marginalized families and women (Roodman et al., 2012;

Sarumathi & Mohan, 2011; Wright, 2008). Similarly, the present study found that the microcredit increased the family income of the borrowers. However, its effectiveness is dependent upon the socio-demographic characteristics of the borrowers.

Microcredit increased the family income differently among male and female borrowers. Female beneficiaries experienced more increase in their family income as compared to their male counterparts. These results are consistent with the previous studies that investigated the effectiveness of microcredit among men and women borrowers (Garikipati, 2008; Karlan & Zinman, 2011; Panjaitan-Drioadisuryo & Cloud, 1999). The results of present study also show that the effectiveness of microcredit is found higher among aged, illiterate, married, families having more than 4 children, having more than 5 family members, family income more than 20000, family expenditure from 10000-20000, and those who adopted democratic decision making to avail the loan.

Multiple (taking loan more than once) loans were found more beneficial to increase family income of the laborers (Copestake et al., 2010; Garikipati, 2008; Noreen et al., 2011; Noreen, 2011; Panjaitan-Drioadisuryo & Cloud, 1999). As the number of loans increased, microcredit indicated better results. On the contrary, microcredit is found to be less effective for those laborers who avail the facility of microcredit once; for them, the microcredit is only the provision of financial aid with little increase in their family income. The present study found that both of the potential usages of loans, either in small-scale businesses or in livestock generated income, however, this is a slow process that flourishes with the passage of time. For example, the laborers who purchased animals were not able to get immediate benefits from their investment.

Improvement in living standard

Microcredit improved the social development of the borrowers by making them self-reliant (Quibria, 2012; Wright, 2008). For example, microcredit effectively improved the living standards of the beneficiaries in terms of enhancing the educational facilities for their children, health facilities for the family and meeting the necessities of life. These findings of present study are in consistent with a number of different studies conducted in national and international contexts (Ghalib et al., 2011; Heltberg et al., 2009; Montgomery & Weiss, 2011; Nader, 2008; Noreen et al., 2011; Noreen, 2011; Panjaitan-Drioadisuryo & Cloud, 1999).
Abbas et al. (2005) mention that the effectiveness of microcredit is correlated with socio-demographic characteristics of the borrowers and the context in which it is administered. Similarly, the findings of present study suggest that the laborers with different socio-demographic characteristics indicated different level of improvement in their living standard. For example, improvement in living standard was higher among male, younger, illiterate, married, 4-6 children, larger families,

higher family income, 10000-20000 family expenditure, consulted family members to avail microcredit and among repeaters.

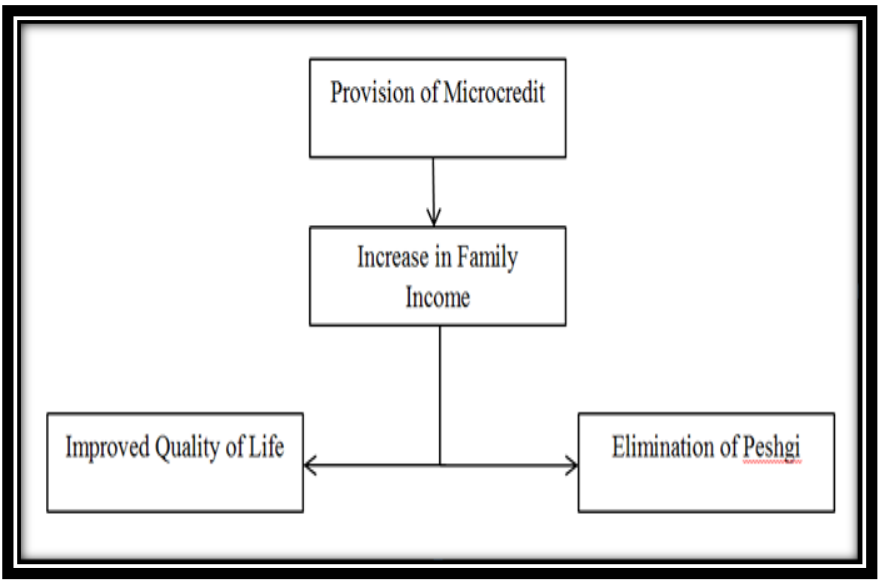
Borrowers also found improvement in terms of nutrition taken by their family members. Various other studies confirm the role of microcredit to improve the quality and quantity of nutrition taken by the family members (Panjaitan-Drioadisuryo & Cloud, 1999). Similarly, various studies claim that the borrowers use microcredit on leisure activities (Cr´epon et al., 2014). However, the productive use of microcredit and its effectiveness to improve the leisure activities have not been tested nationally or internationally. The findings of present study have also taken into account the increase in leisure activities when asking about the improvement in living standard. It is found that the microcredit enhances the leisure activities for the families of the borrowers working at brick kilns.

The pioneer of microcredit philosophy Yunus emphasized on the effectiveness of microcredit for poverty reduction and improving the living standards of the poor. Similarly, Marcus and Wilkinson (2002) mentioned that the microcredit was very effective tool to bring the marginalized communities out of deprivation and reduce their vulnerability. However, it was a time taking phenomenon and penetration of the effects of the microcredit was a slow process. The results of the present study are in consistent with the findings of Marcus and Wilkinson stressed that the respondents who borrowed microcredit more than once indicated higher level of improvement in their standard of living (Hamad & Fernald, 2012; Sarumathi & Mohan, 2011).

Eradication of advance (peshgi)

As mentioned previously, microcredit is an effective tool for poverty reduction and enhancing the living standard of the poorer people. Nevertheless, the effectiveness of microcredit for the eradication of peshgi among bounded laborers has not received much of academic attention (Ercelawn & Nauman, 2004; Usman et al, 2015). The role of microcredit to generate income is positive and has been tested by the previous studies as well as by the results of the present study (Grameen Bank, 2013; Hulme, 2007; Sarumathi & Mohan, 2011). Arguably, increase in family income decreases the burden of peshgi. Moreover, the effectiveness of microcredit to eliminate peshgi might be linked with its effectiveness to improve the living standard of the laborers. The effectiveness of microcredit to eliminate peshgi was found different among the laborers with different socio-demographic characteristics as claimed by Abbas et al. (2005). For example, the effectiveness of microcredit for eradication of peshgi was found higher among female, 29-38 years of age, illiterate, married, having 4-6 children, 9 and above family members, 20001 and above family income, 10001-20000 family expenditures, consulted family members to avail loan and beneficiaries who availed loan only once.

Figure-1 The flow of benefits from the provision of loan to increase in family income, improvement in quality of life and elimination of peshgi



The present study finds that the access to microcredit is positively correlated with the major objectives behind the provision of microcredit i.e. increase in family income, improvement in living standard and elimination of peshgi. Moreover, increase in family income and improvements in living standard are positively correlated with the elimination of peshgi. However, the results are not unidirectional but multidirectional such as the increase in elimination of peshgi increased family income, improved living standard and access to microcredit. This implies that the outcomes of microcredit are not single but multiple at a time. The present study indicates that the microcredit is truly an effective tool to increase the family income of the laborer communities working on brick kilns and it minimized the burden of peshgi and improved the quality of their life. The study also claims that the microcredit effectively eliminated peshgi through two interrelated phenomena i.e. increasing family income and improving living standard of the family.

Conclusion

This study has supported the findings of previous studies that microcredit is a useful tool of poverty reduction among the poorer segments of society. Brick kiln laborers who borrowed microcredit perceived an increase in their family income, eradication of peshgi and improvement in their wellbeing. The study also finds that the relationship between access of brick kiln laborers to microcredit and perception

about eradication of peshgi is significant. Similarly, the findings have suggested that access to microcredit and perception about improvement in wellbeing among the brick kilns laborers have significant association. Microcredit significantly increased the income, eradicated peshgi and improved wellbeing among the borrowers. Furthermore, segregated data indicated that female, married, aged, illiterate, beneficiaries having 6 and above children, beneficiaries having 9 and above family members, family income more than 20001, family expenditures more than 20001, beneficiaries who consulted their families and repeaters experienced more increase in their family income, eradication in peshgi and improvement in wellbeing. It is recommended that access of microcredit schemes, with minimal interest rate, should be improved in vulnerable segments of society for increasing their family income and enhancing their quality of life. Formal and non-formal lending institutions might acquire profit on one hand and facilitate the poorer to improve their quality of life on the other hand.

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