

ANALYZING ROLE OF MICRO CREDIT TOWARDS SOCIO-ECONOMIC DEVELOPMENT OF RURAL WOMEN IN NORTHERN AREAS OF PAKISTAN

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ABSTRACT

World over, the pursuit of rural development has taken the direction of enhancing the agricultural productivity. But the role of these women in impeded because they are usually marginalized and hold a low status in many developing countries. In the history of development process, development practitioners have tried to identify strategies that could promote the level of women participation in the race of development. Among various interventions, micro-finance lending has been identified as a powerful tool to improve the women's socio-economic levels of development. The present study was conducted to explore on much debated question of the role of micro finance as a financial intermediary for enhancing the socio-economic development of women. A primary survey was carried out to capture the realistic experiences and observation from the beneficiaries of micro finance institutions of AKRSP in Northern Areas of Pakistan. The empirical findings of the study suggest that microfinance has a profound influence on the socio-economic status, decision making power, knowledge and self-worthiness of women beneficiaries.

Analyzing Role of Micro Credit Towards Socio-economic Development of Rural Women in Northern Areas of Pakistan

Keywords: Women Empowerment, Financial Support, Income Generating Activities, Non-Governmental Organizations

INTRODUCTION

The term microfinance stipulates the offer of financial services i.e. supply of loans, savings and insurance, to impoverished people for self-employment and to generate income for themselves. As it is very difficult for the poor people to approach commercial banks for the small loans because commercial banks have their own collateral requirements and interest, but Micro financing do not have such collateral requirements. Microfinance is a program that visualize a world where poor people have access to an appropriate range of high quality financial services i.e. credit, savings, insurance, and fund transfers (Christen, R. P., Rosenberg, R., and Jayadeva, V., 2004). Microfinance is the provision of financial services to low-income clients, including consumers and the self-employed, who traditionally lack access to banking and related services. Microcredit, or microfinance, is banking thumbnails, bringing credit, savings and other essential financial services within the reach of millions of people who are too poor to be served by regular banks, in most cases because they are unable to offer sufficient collateral. In general, banks are for people with money, not for people without money (Sarumathi and Mohn, 2011). Over the last decade, substantial improvements have been seen in socio-economic conditions of human around the world. However, despite such improvement, to combat poverty remains one of the main challenges of today's world economy (Midgley, 1995; World Development Report [WDR], 2000/2001). Micro-finance plays a crucial role in fighting not only against poverty but also as a capable area of supporting for the banks, financial organizations and NGOs (Amin et al. 2008). The main characteristics of the microfinance small loan given to impoverished people to help them become self-employed but Murray and Boros (2002) explained several characteristics of micro finance i.e..

- Providing financial services i.e. Small amounts of loans, fund transfer, insurance and savings.
- Short- terms loan for one year
- Payment schedules attribute frequent installments (or frequent deposits).
- Installments made up of both amortized principal and interest.
- Higher interest rates on credit
- Easy entrance to the microfinance intermediary saves the time and money of the client and permits the intermediary to have a better idea about the client's financial and social status.
- Application procedures are simple.
- Short loan processing periods
- The clients who pay on time become eligible for repeat loans with higher amounts.
- No collateral is required contrary to formal banking practices.

Micro finance is present in different countries since early '70s. Since the start in Bangladesh by the NGOs, in

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the late 1970s, it has spread all over the world and is now believed to be a successful method of poverty alleviation. Microcredit create livelihood opportunities for the poorest citizen power, especially for the women who are about 94 percent of their client. (Thente, 2003). Now it is the most powerful tool for empowering women as they play important role in generating income in the rural areas of Pakistan.

The microfinance company analyzes the need of their target customer and provide them small loans to retain their small enterprises.

There is a wide range of micro financial institutions. NGO's provide micro credit and micro finance services too and in most cases these financial NGO's are not allowed to capture saving deposits from general public. Similarly, some commercial bank is also providing microfinance along with their routine financial activities. Some other community based financial intermediaries such as credit union; cooperative housing societies and some other are owned and managed by the local entrepreneur and municipalities are kind of MFI's. The type of institution is varying from country to country (Rehman, 2007).

Now nearly 70 million poor people are getting benefits from 2500 micro finance institutions in over 100 countries by microfinance (Sengupta and Aubuchon, 2008). These facts show us how important MFI's are in reducing poverty. Micro financing is not only beneficial in not only support for small scale business but also a path Way to international foreign capital (Khavul, 2010).

Interest is prohibited in Islam either you are giving or accepting it, however we can share the profit, which we get from the business with the lender. In Islam money is not an asset for earning profit (Duhmale and Sapcanin, 2008). Rather than interest, Islam encourage to earn profit because it will involve us profit and loss sharing between lender and borrower (Dhumale and Sapcanin, 2008). The Islamic microfinance institution provide loan to people without any interest. This is helping the poor people because interest rate of the micro credit is relatively high.

Recently, micro-credit known as micro-finance, has become favored mediation for poverty alleviation in both the developing & developed countries. According to Ahmad (2000), people living in poverty are naturally capable of working their way out of poverty with dignity, and have abilities to make their situation better in right environment and opportunity. Major enterprising solutions are required against Poor marginalization in developing countries microfinance was originally initiated to which function on to first would supply more appropriate credit and the and other financial services to overcome that double –bottom line (Siwale & Ritchie 2012). The poverty was more felt and observed during the decade of 1990s, as the overall economic growth slowed down which leads to poverty, the trickle-down effect once thought to improve living conditions, did not reach the lowest level owing largely to lack of accessibility of institutions, unjust and non-poor policies (Waheed, 2001). MFI's really reduce the poverty by empowering the poor people. Various studies demonstrate that rapid and sustainable poverty reduction depends on interaction of a wide range of policy measures and interventions at macro and micro levels (Ahmed, 2002).

Imai et.al (2012) suggest that micro finance has play a major role in reducing poverty.

Microfinance is an emerging tool for economic development, poverty alleviation, empowering of low income communities and contributing a new role in micro entrepreneurship. A range of financial instruments fall under micro financing i.e, credit, savings, insurance, mortgages, and retirement plans. Micro financing objective is to alleviate poverty, by supporting an entrepreneurial activity that stimulates economic growth (Khavul, 2010).

Microfinance provides empowerment to the women 's. Misra describes empowerment as a power to the people and self-governance. Researcher quoted Empowerment builds self-sufficiency and strength, prepare towards gathering the capability to determine the choice of life. According to Agier& Szafarz (2013) micro credit mechanism is gender-blind and it can benefit and provide wider opportunities to the rural women. But probably women have to face more challenges then men in both social and economic sphere.

Microcredit helps in reducing poverty by providing the poor with credit facility to start a small business. It not only supports the economic condition of the poor people but also has positive impacts on their social life through better standard of living with greater access to education and health facilities and empowerment to participate in decisions of the society

Micro credit and Women Development

The issue of women development has become the corner stone of every discussion on developmental planning in third world countries for poverty reduction. The main component of such developmental planning is financial strengthening of women both at government and private level. Here the microfinance schemes are playing a pivotal role in mobilizing and organizing the women at the grass roots levels and provide access to supportive services. Women contribution of women in labor force is very less although the government has taken many steps to boost the contribution of women in labor force but still due to the discriminatory and the societal standards the country is not able to match the international standards of and trends of women in business towards the benefit of the economy (Weiss, 2001).

The main aim of microfinance is to empower women. Women make up a large proportion of microfinance beneficiaries. Traditionally, women (especially those in underdeveloped countries) have been unable to readily participate in economic activity. Women empowerment and also development takes place at different levels like individual, household, community and societal and these levels of empowerment are further facilitated by providing women exposure to new income generating activities (ESCAP, 2003). Further, UNDP (2001) identified two vital processes which are considered vital for women development. The first is social mobilization and collective agency, as poor women often have lack of basic capabilities and self-confidence to encounter and challenge existing disparities and barriers against them. Second, the process of social mobilization needs to be accompanied by economic security because those disadvantaged who suffers from economic deprivation and livelihood insecurity, they will not be in a position to mobilize.

For the empowerment of women, Hashemi et al. (1996) identified eight indicators as: mobility, economic security, ability to make small purchases, ability to make larger purchases, involvement in major decisions, relative freedom from domination by the family, political and legal awareness, and involvement in political campaigning and protests. Women empowerment in economic sense is very much important as observed by Sosibo (1999) who conducted a research study in Eastern South Africa and concluded that the women were empowered because they had gained subsistence income that enabled them to maintain their families. They also acquired a sense of self-sufficiency which they said eliminated their economic dependency on husbands (Kamal et al. 1992 and Yunus, 1991). Moreno, (2005) reported that economic empowerment is fundamental for the achievement of gender equality, overall empowerment of women and the eradication of poverty worldwide.

The economic empowerment to the poorest women leads automatically to their social empowerment, and they become financially independent of their husbands. Micro-credit programs to women also raise their prestige and status in the eyes of their husbands and of their local community (Bayes, 2005). A lot of research studies claimed that the micro-credit schemes of different banks, NGOs and other organizations reduced poverty, increased mobility and strengthened networks among women who were previously confined to their homes (Pitt and Khandker, 1996; Latif 1994; Rahman, 1990). In Pakistan, microfinance is gaining importance as an effective tool to social mobilization and poverty alleviation. Currently in Pakistan, Govt. institutions, different NGOs and govt. sponsored rural supports programs are delivering microfinance to the poor community. But these microfinance schemes are still underdeveloped and serve only 7 to 8 per cent of poor population. Similarly, to achieve the Pakistan dream of Poverty alleviation and strengthening of poor people, AKRSP works in northern Pakistan since 1984 where it specifically addresses the needs of poorer rural population through a focus on poverty reduction and increased income (Shahnaz and Mahmood, 2009).

Socio-economic Development

Socio-economic development is a process through which individuals gain control over matters that concern them most for socio-economic empowerment. It is also, a multi-dimensional process that enables people to expand control over their own survives (Page & Czuba, 1999, as cited in Nabavi, 2009). Economic development refers to financial safety of their survivals (Irobi, 2008). Ere (2001, as cited in Nkpoyen & Bassey, 2012) focused that the upgradation of local cooperative societies and socio-economic development for income enhancement in rural areas is very crucial. Girigiri (2000) stated that a noteworthy link exists between the up gradation of local cooperative societies and socio-economic development of people in rural areas. According to Taga (2013), poverty can be reduced by making rural people more productive through economic empowerment. The socio-economic empowerment of people plays a very crucial role in the development of a society. Prevailing literature specifies that there is a significant connection between micro-lending and economic development through provision of financial capital (Nkpoyen & Bassey, 2012). Through micro-lending programs, women have become empowered to make choices that have resulted in increased recognition of their productive roles and by extension poverty reduction (Ahmed et al., 2004; Bayes, 2005; Sosibo, 1999, as cited in Nkpoyen & Bassey, 2012).

Statement of the problem

Women of any society play a crucial role in economic development. They have a potential to do income generating activities for their sustainable livelihood. Same is the situation with women of Northern Areas of Pakistan but they need financial assistance for their income generating activities. By keeping in view, the women role in development, AKRSP has been practicing many sustainable developmental projects since 1980. This development model has received massive support and encouragement from government and many donor agencies of the world. Initially it was launched with great expectations as a superior model for development. Now there are many questions like, how far these expectations been realized? How women are empowered in reality for sustainable rural development? Have poor women been benefitted from financial support program? Whether this model could be replicable for other poor women in rest of the country? These questions have remained unexplored scientifically and comprehensively. The present research paper is an endeavor to estimate the role of micro-finance of AKRSP on socio-economic development of poor women and hence

improvement in their status in Northern Pakistan. So, the present study is conducted under the umbrella of following objectives:

To study the socio-economic conditions of rural women of Northern Areas of Pakistan.

To estimate the role of micro-finance in socio-economic development of rural women in Northern Areas of Pakistan.

To arrive at policy recommendations for future improvement

LITERATURE REVIEW

Aghion and Morduch (2000) Microfinance is mostly used for socioeconomic upliftment and hence poverty reduction of poor's. Microfinance achieve the objective of poverty alleviation through providing timely credit and promoting small and medium enterprises.

Adnan & M.Ahsan (2010) conducted research on "Role and Performance of micro credit in Pakistan: A case study of Ruler Ghana ". Results of the study depicted that microcredit is effective in eliminating poverty level and helps in improving the living standards of people and study also concluded that there is huge potential of increasing the business of micro credit in Pakistan and one can improve the microfinance sector by hiring highly educated and skillful employees and by increasing investment level in this sector.

Balal idrees et al (2012) carried a research focusing on women development by using micro credit and results of their study depicts positive and significant relation between micro credit and income creating activities and showed that micro crediting through institutions like NGO's boost up the economic development and empowerment of women in ruler areas of the country.

Munish et al. (2016) carried out a research on "Impact of Microcredit on Women Empowerment in India: An Empirical Study of Punjab State". Study outcome was that microcredit has significantly upgraded the income of the women respondents. So, microcredit has supported the women empowerment. The fallouts of regression analysis direct that the effect of microcredit is highly significant and established constructive relationship with empowerment index in the rural area of Punjab.

Yousaf & Mansur (2016) conducted study on micro finance and they concluded that that there is a significant impact of micro finance on economic growth of Bangladesh and their results also depict that there is bi-directional relationship among micro finance and economic growth. So, their results showed that micro finance should be regulated by proper framework and institutions.

Kerstin & Magdalena., 2017 held a research on "Causal Relationship between Microfinance and economic development: Evidence from Transnational Data". Study used vector autoregressive model and Granger causality test in methodology and results depicted that there is a bidirectional causal relation between both MFIs' social and financial performance and economic development.

Murad & Adewale (2017) carried out research on micro finance by considering Nigerian economy and results of their study depicted that micro finance loans have positive impact on country's economic growth in short run and it boosts the consumption per capita in short run where as in long run these loans do not play a significant role. So, they concluded that micro finance institutions should provide loan in short run to improve consumption pattern and in long run they should improve investment and other capital accumulation.

Imrab Shaheen et al (2018) conducted a research on economic empowering of women via micro crediting by taking study area Lahore and results showed that women empowerment is linked with social guidance and enterprises development which seems to have a lasting impact in achieving financial independence. Findings also confirm that micro-finance may serve as a catalyst towards economic empowerment.

MATERIALS AND METHODS

Sampling Frame work

The study was conducted in Northern Areas of Pakistan where AKRSP is working since 1982. Northern Areas of Pakistan consists of seven districts, of which three districts namely; Gilgit, Ghanchi and Skardu were purposively selected. From each selected district, 100 Women Organizations (WOs) of AKRSP were selected at random and from each selected WOs, 2 women respondents were purposively selected thus making a total sample size of 600 respondents. Data was taken for two-time periods i.e. before and after the program for with and without program respondents to filter the impact of the program. Primary Information was collected from respondents (both registered and non-registered) for 2001 (base year) and for 2012 (current year) through well-constructed and pretested questionnaire (Wingenbach et al. 2003). Published reports, annual reviews, and research papers related to operational strategies and community organizations of AKRSP have been generally studied for authenticating major findings and finally drawn conclusion.

Methodological Framework for Data analysis

As women development is a multidimensional concept it enables women to realize their potential in development process. Thus the key indicators of women development are:

- a. Reduction in work load
- b. Ability to participate in income generating activities
- c. Ability to access financial and economic institutions
- d. Ability to improve the education and health conditions

As regard the methods of analysis about women development were compared on the basis of selected variables, which were developed from the available literature on micro credit, socio-economic development of women and AKRSP. In the present study the dependent variable is average monthly income of respondent's family which is measured by six indicators such as age, education, marital status and average monthly income of respondents, number of earning persons in respondent's family and credit amount.

The collected data was analyzed after sorting with the help of suitable computer software (SPSS) (Bonne et al., 2002; Davis et al., 2004). In order to see the role of micro credit in socio-economic development of rural women, multivariate regression model was used. The reason of choosing this model is that this model is extremely flexible and easily used function for prediction/forecasting in economic analysis. Hagerty and Sriniasan (1987) explained that multivariate regression analysis is most commonly used method for multivariate data analysis.

Multiple Regression Analysis

Multivariate regression analysis is one of the most commonly used techniques in econometric work (estimation). Multivariate regression analysis is that technique that allows additional factors to enter the analysis separately so that the effect of each can be estimated. This model is valuable for quantifying the impact of various simultaneous influences upon a single dependent variable. The dependent variable is quantitative measure of some condition or behavior. It is concerned with multiple linear regression models which may or may not be linear in variables but linear in parameters (Gujrati, 2005).

Multiple regression model is specified as:

$$Y = \beta_0 + \beta_1 AG + \beta_2 EP + \beta_3 I + \beta_4 CRD + \beta_5 D1ED + \beta_6 D2M + \mu$$

Specification of Variables

Y= Average monthly income of respondent's family

AG= Age

EP= Total number of earning persons

I= Monthly income of respondents

C= Credit amount

ED= Dummy for the variable of education (Value is one if respondent is educated, Zero otherwise)

M= Dummy for marital status (Value is one if respondent is married, zero otherwise)

β_0 = Constant term

β 's= Coefficient of independent variables

μ_i = Error/disturbance term

Specification of Variables

Age

Age is measured in years and it is referred to the period of time from birth to the time of interview.

Total Number of Earning Persons

Total number of earning persons in the family was considered as variable because as number of earning persons increase in family, the income of family also increases.

Monthly Income of Respondents

Monthly income of respondents was measured in Rupees on the basis of her total earning from farm and non-farm resources of respondents.

Credit Amount

Variable of credit amount was taken in rupees. It included those amounts which were taken by respondents from AKRSP for the enhancement of income generating activities.

Education

As status of women education have strong and positive relationship with development. So this variable was included in model.

Marital Status

It is generally observed that married women were more actively participate in income generating activities as compared to single women. So, this variable was included in model.

RESULTS AND DISCUSSION

Salient Features of Respondents

Socio-economic status of respondents may have an important bearing on the receipt of loan from the institutional sources. However, this part of the present study taken into the consideration the following statuses of women respondents enjoying microfinance credits by summarizing the socio-economic statistics such as age, literacy status, family size, size of land holdings, number of earning and dependent persons and average monthly income of family. The study found that average age of the respondents is about 39 years implying that most of the members receiving loans are middle aged. Values for the literacy rate varies from 0 to 1 where 0 denotes the illiterate member and 1 for the literate, the results indicated that most of the members are literate. Average family size is about five persons out of which two are employed on average. As far the family earnings are concerned the average monthly incomes of the WOs members are 9703 rupees (domestic currency). Likewise, the land holdings of the members' families are about 2.5 kanals on average. However, the number of dependent persons is about 3 in the study area suggesting the low financial burden on employed members per respondent's family (Table 1).

Table 1: Salient Features of Respondents

Variables	Measures	Mean	Standard Deviation
Age	Years	38.79	10.281
Literacy Status	1=yes, 0= otherwise	1.62	.486
Family Size	Number	5.37	1.341
Landholdings	Kanals	2.46	.730
Earning Persons	Number	2.04	.599
Dependent Persons	Number	3.33	1.178
Average Monthly Income	“000”PKR	9703	5182.266

Distribution of Respondents involved in different Income Generating Activities

It is worthwhile to mention here that traditionally majority of the women of project area were already involved in income generating activities and AKRSP here just enhanced their potential to expand their business by performing different activities like credit, Human resource Development and by providing improved variety seeds, trees in agriculture etc. Farming and small business enterprises are important occupation of women in the study area. In the present study the term farming includes the agricultural activities like sowing of crops, horticultural practices, vegetable gardening and livestock rearing. The term small business enterprises include poultry birds rising, small village shops, tailoring etc.

Table 2 shows that majority of the respondents were involved in more than one occupation to meet their household requirements. A vast majority (35.25%) of respondents was in house wives+farming+small business enterprises category, while minimum number (2.08%) of respondents was in government servant category. These results are matched with that of Mansoor et al. (2007) that majority of beneficiaries' (69 %) of SRSP were involved in farming and small business enterprises.

Table 2: Distribution of Respondents involved in different Income Generating Activities

Income Generating Activities	NO.	%age
House wives	31	2.58
House wives + farming	73	6.08
House wives + farming + small business enterprises	423	35.25
Govt. Servant	25	2.08
Govt. Servant + farming	48	4.0
Total	600	50

Loan Amount

The betterment in living conditions of poor people of developing countries is achieved by enhancing their purchasing power. In this way their poverty will be reduced and rural development process is empowered. This could be done through by providing micro-credit to rural communities. Micro-credit is proved to be an essential tool in enhancing the purchasing power of rural poor and their socio-economic upgradation. In Northern Areas of Pakistan, the AKRSP is providing micro-credit with the aim to reduce poverty through sustainable rural development. There is no maximum or minimum limit of loan provided by AKRSP but loan limit depends upon saving of particular VO/WO. Table 3 reveals that an overwhelming majority (20%) of

registered members obtained loan from Rs. 16000-Rs. 25000 while only 8.7 per cent of registered members obtained loan >45000.

Table 3: Loan Amount

Amount of loan received	Frequency	% age
5000-15000	200	16.7
16000-25000	240	20
26000-35000	54	4.5
36000-45000	2	0.2
>45000	104	8.7
Total	600	50

Purpose of Loan

Micro credit plays a vital role in rural development through providing facilities for income generating activities for rural communities. Taking in consideration the significance of micro-credit, AKRSP has disbursed micro credit for purchase of vital agricultural inputs such as fertilizers, seeds, farm equipment's, purchase and developing of poultry farming and livestock and small enterprises. Details concerning the purpose of obtaining credit by the respondents are out lined in table 4.

The data illustrate that an overwhelming majority (15.1 per cent) obtained loan for developing livestock sector followed by 14.7per cent of the respondents who obtained loan for expansion of agri-business. While 9.9 %, 6.1 %, 2.7%, 1.0 % and 0.5 % obtained loan for agri inputs, to establish new business, to fulfil social needs, for expansion of business and for basic needs respectively. This finding tallies with that of Rajendran and Raya (2011) that vast majority (31.7 %) of the respondents were obtained loan for livestock production.

Table 4: Distribution of Respondents According to the Purpose of Loan Obtained

S.No	Category	NO.	%age
1	To establish new business	73	6.1
2	To expand the business	12	1.0
3	To expand the agri-business	176	14.7
4	To buy agri-inputs	119	9.9
5	To establish/expand livestock business	181	15.1
6	To fulfil social needs	32	2.7
7	To fulfil basic needs	7	0.5
8	Total	600	50

Utilization of Micro Credit

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5	To establish/expand livestock business	181	15.1
6	To fulfill social needs	32	2.7
7	To fulfill basic needs	7	0.5
8	Total	600	50

Empirical Results

The estimated results of multivariate regression analysis are summarized in Table 6. Overall estimated results are satisfactory because it fulfills the following criteria of good results. First, adjusted R² (which is the measure of goodness of fit of the estimated regression model) value .568 depicts that 56% variations in our dependent

variable is due to all independent variables. Further, the observed R value 0.757, R² value of .572 and F test shows that dependent variable is related to each specified explanatory variable. Secondly the all of the estimated coefficient are statistically significant. To identify the occurrence of multicollinearity, the correlation matrix of the explanatory variables is studied which shows that the results of this multiple regression analysis involving no multicollinearity, that is ensuring no two independent variables has a correlation in excess of 0.80.

Table 6 shows that all of the explanatory variables are significantly related with average monthly income of respondents. Variable of age of respondent's (X1) is considered an important determinant of the respondent's family monthly income. The sign of its coefficient is found to positive and highly significant ($p < 0.01$). The determinant, variable of number of total earning persons in respondent's family (X2) is proved to be statistically significant and positively related to respondent's family income. If other factors remaining the same, the positive coefficient of X2 shows that if the more earning members of the family, the amount of respondent's family income also higher. As one of the most crucial determinant of household income, the average monthly income of respondents (X3) is considered in this model as an important determinant of average monthly income of household. The sign of its coefficient is found to be positive and highly significant at 1% level of significance. The positive coefficient of variable of credit amount (X4) at 1% level of significance indicates that rural women who have access to AKRSP micro-finance loans received and savings will have a significant increase in their family income and agricultural production and other income generating activities.

Respondent's status of education (D1) shows a positive and significant relation with the respondent's family income. The positive relation shows that respondents who have received formal education will be likely to make more income in their family than those respondents who have not received formal education. In this model, respondent's status of marriage (D2) proves statistically significant ($p < 0.01$) and positively effecting the respondent's family income.

Table 6: Result

Variables	Estimated coefficients(β)	Std.Error	t- statistics	Sig
Constant	2692.227	390.955	6.886	.000
Age	38.291	8.166	4.689	.000
Earning Persons	234.299	133.633	1.753	.080
Monthly income of respondents	.474	.050	9.481	.000
Credit Amount	.020	.004	4.878	.000
Education	1580.915	170.250	9.286	.000
Marital Status	2708.438	229.318	11.811	.000
No. Of observations	600			
df of regression	6			
R	0.757			
R ²	0.572			
Adjusted R ²	0.568			
Standard error of estimates	1858.744			
F-values	132.324 (.000)			

CONCLUSION

Microcredit is an effective tool, which offers an extensive range of financial services, especially savings accounts, to the deprived. The United Nation declared 2005 the "International year for micro credit". As in 2012, microcredit is broadly used in emerging countries and is presented as having "massive potential as a device for poverty assuagement. Microcredit is an instrument that can be helpful to possibly shrink feminization of Poverty in emerging countries.

Empowerment of women is supposed as essential to the progress and growth of family and community. Economically empowered woman is presumed to be high in importance as she goes about her day-to-day doings, as an esteemed sponsor of her household, she consider her inner-self and enjoy a new eminent status. In today's world, empowerment will goes to those who can acquire fresh things promptly and earn livelihood for themselves and also for their clans. The above outcomes suggest that microfinance plays a significant role in economic empowerment of women.

This study dedicated on only one of feature of empowerment i.e., microfinance. Women empowerment is quiet a wide-ranging term as it needs to be sightseen from more perspectives like character of microenterprises and also the social entrepreneurship.

The result of the study has proved that micro-credit has significantly impact on socio-economic empowerment of women. Socio-economic status of rural women of Northern Areas of Pakistan significantly improved by increasing their participation in income generating activities through providing loan in their door steps and also by modifying their skills by different interventions of AKRSP. It was also concluded that besides credit

there are some other influential factors age, education of respondents, marital status and number of earning persons in family etc. which effect income level of respondents.

Age, education and marital status of rural women significantly affects the income level and ultimately improves their socio-economic status as aged women are much mobile and they have more access to resources and education enhance their decision making power. Similarly married women were more likely to retain loan as compared to young and unmarried women.

Another most important conclusion is that loan amount contributes large towards socio-economic empowerment of rural women but its impact can also be enhanced further if credit in reasonable amount is available on easy installments with low interest rate and without any collateral.

POLICY RECOMMENDATIONS

Following policy recommendations are put forward in the light of current study:

- i. Resource poor women should be more strengthen by expanding loan amount on easy interest rates
- ii. Mode of installments should be link up with income strain of respondents.
- iii. Women lanes should be trained to utilize credit in proper business.
- iv. Women of the project area should also be empowered in terms of awareness, health, education, safe drinking water because the empowerment in such terms lead to real economic development
- v. Potential developed among women through training needs to be exploited by follow-up programs in the study area.

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