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Microcredit for Socioeconomic Well-being: Impact Analysis of Selected Beneficiaries from Prime Minister's Youth Business Loan Scheme

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Abstract

For developing countries, reducing poverty and upgrading living standards remain a crucial issue. To address these issues, microcredit is an important pillar of poverty reduction strategies. Therefore, the current study centered on the impact of microcredit on the socioeconomic well-being of selected beneficiaries of the Prime Minister's Youth Business Loan (PMYBL) Scheme. Social well-being indicators incorporated in this research included children's education, health status, water facilities, sanitation facilities, and housing conditions. On the other hand, economic welfare indicators were income and consumption. The study used a questionnaire to collect data from the borrowers of Rawalpindi and Islamabad. The data from 120 clients was collected using a simple random sampling technique. Descriptive analyses as well as parametric tests were employed. After analyzing the data, the results indicated that using loans significantly upgrades the borrowers' living standards.

Keywords: economic well-being, microcredit, poverty, social well-being

Introduction

Poverty has become a dreadful problem and a burning issue in developing countries. It is a global issue and all countries are facing serious threats due to poverty. The majority of inhabitants of a county who are unable to afford the necessities dictated by nature are termed as poor. The world is characterized by the division of who have and who have-nots. The haves lead luxurious lives, while the have-nots suffer from a lack of decent lives (Abebe, [2006](#)). Conventionally, poverty was seen only as a material

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hardship living with low income, low consumption, low saving, and lack of access to education, poor sanitation, and low employment opportunities portrayed by poor sustenance and poor living conditions. Due to a large population, and a lack of resources, capital, skills, entrepreneurial activities, and industries, Pakistan is also facing these socioeconomic issues (Islam, [2007](#)). The gap is on a steady rise between the ‘haves’ and the ‘have-nots.’

Across the world poverty mitigation and upgrading the standard of living are the main agendas. To reduce poverty and improvement of living standard microcredit is considered as one of the main tools. Moreover, microcredit schemes have empowered poor houses to get easy conditional loans for developing business skills and to get out of the vicious cycle of poverty (Hassan & Ibrahim, [2015](#)).

Dwivedi and Dwivedi ([2022](#)) stated that the supply of microcredit economically empowered the women and enhanced their socioeconomic standing in society and their families, and brought a favorable change in their personality. Although, microcredit encouraged female entrepreneurship and revenue generation for higher household income and spending, no impact was identified on female household decisions and mobility in several Arabian nations including Yemen (Al-Shami et al., [2021](#)). Furthermore, Khan et al. ([2021](#)) explored the socioeconomic impact of participation in Akhuwat microfinance on poverty eradication and women empowerment. The study postulated that microcredit significantly impacts poverty reduction and empowerment of women. Moreover, in the Sargodha district, Asab et al. ([2023](#)) examined the impact of national rural support program on the socioeconomic well-being of people. Results showed that microcredit has a significant impact on the economic and social well-being of people.

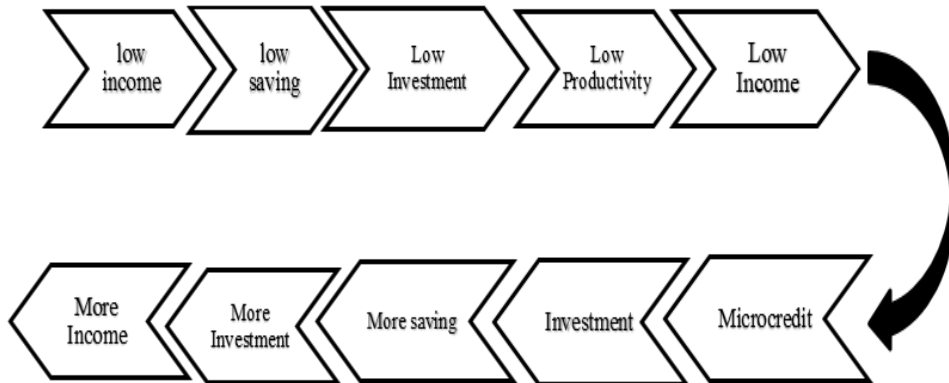
Different researchers hold different views on the role of microcredit. It has become a role model worldwide to create businesses and develop entrepreneurial skills, thereby increasing sustainability (Limier et al., [2013](#); Nag & Das, [2015](#)). The basic idea of the Grameen Bank (GB) is the provision of loans to the members of society who are not economically well-off and do not have any collateral. Moreover, these organizations work with the objectives to reduce poverty, enhance living standards, and social mobilization.

According to Yunus ([2004](#)), in the informal economy, loans are given to support income-generating activities. Microfinancing helps in the

creation of entrepreneurs in society which leads towards more investments. Eventually, people have more income and high living standards in society as shown in Figure 1. The microenterprises run by low-income households hire many unemployed people, thus improving their lives and boosting households' multidimensional well-being.

Figure 1

Linkages of Microcredit and Income



Note. Source: (Yunus, [2004](#))

Currently, there are a wide range of organizations that are involved in providing microcredit services to low-income groups. These include microcredit institutions (government and non-government), banks, and rural support programs. These institutions aim to improve people's socio-economic conditions through small financing. Prime Minister's Youth Business Loan (PMYBL) Scheme is one of the government programs that provide credit like another microcredit institution.

To analyze the impact of microcredit on socioeconomic well-being, a PMYBL scheme was chosen. The basic purpose of this program was to provide loans to educated unemployed people so that they could start their own businesses effectively. Moreover, it would also help alleviate poverty by providing quality and cost-effective services to low-income households in order to enhance their income and make their families self-reliant. The population of the study comprised those borrowers who belong to Islamabad and Rawalpindi and are clients of the PMYBL scheme. The study aimed to investigate the impact of microcredit on the socioeconomic well-being of selected beneficiaries from the PMYBL Scheme in Islamabad and

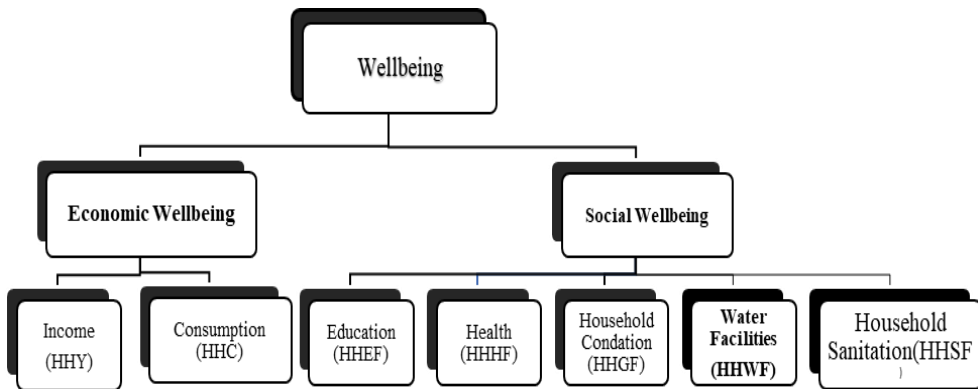
Rawalpindi. The objective was to empirically explore the linkages between microcredit and social and economic well-being.

Microcredit is a crucial pillar of poverty reduction strategies and development goals. Now, there is hardly any donor agency that is not active in the microdot field. The United Nations General Assembly, in appreciation of the significance of microfinance in reducing poverty and achieving the Millennium Development Goals (MDGs), nominated 2005 as an international year of microcredit. Moreover, the present research is valuable for policymakers and government. Because it provided real findings about the relationships between microcredit and socioeconomic well-being. Results would provide management insights into what should be improved or scrapped from the loan policies. Furthermore, the study is worth not only for academics but also for government and non-government organizations. The government must make decisions about the development of microcredit organizations to make the market more efficient. Additionally, this is a worthy impact to the literature on financial and development economics which may guide researchers, policymakers, managers and bankers, to decrease poverty in order to improve the performance of firms and improve economic growth.

Theoretical Framework

Poverty is among the top burning issues. Several researchers attempted to investigate the sources of poverty. Welfare is considered as the well-being of people in both states, socially as well as economically. Many economic development programs focus to enhance the social welfare condition of the people by reducing poverty. To determine the impact of microcredit on well-being, different welfare indicators and measurements need to be considered. In this section, the impact of PMYBL on the client's well-being was examined and a theoretical framework was established. This theoretical framework is based on literature. After considering the literature, the framework used in the current study measured well-being through main factors. The first part includes the economic outcome, whereas the second consists of social outcome. Economic outcome contains household income and household consumption. Social outcome contains the health status of a family, education status of children, improvement in household condition, clean drinking water facilities, and sanitation facilities.

Figure 2
Sources of Well-being



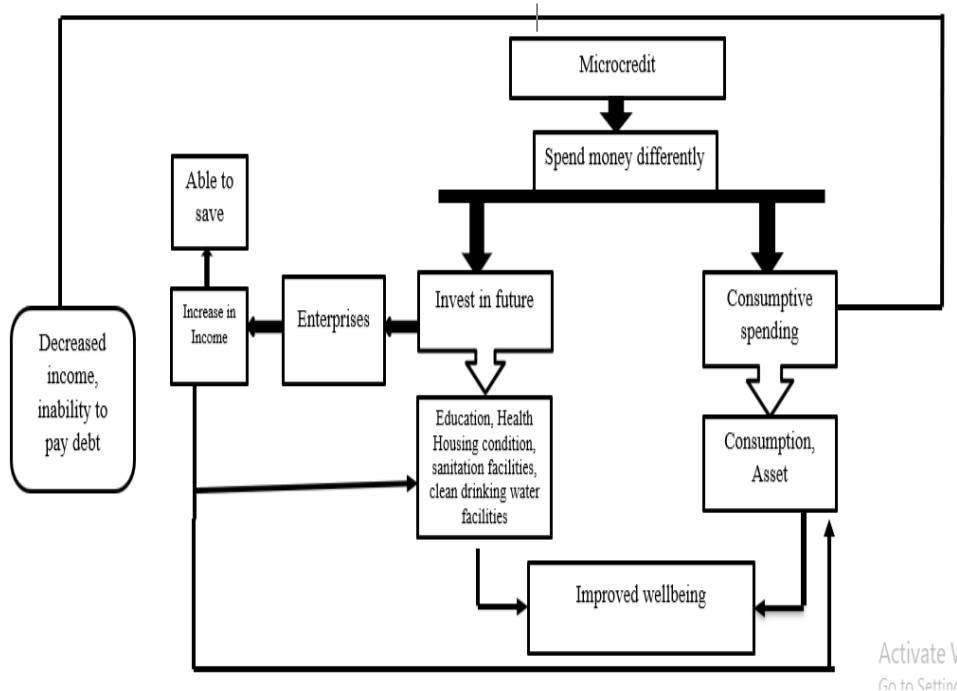
The current study focused to determine the relationship between microcredit and socioeconomic well-being. The model explained that microcredit, when collaborated with these well-being indicators, not only increases the income and living standards, however, also reduces the poverty as a result of which an economy grows. Credit is an important tool to improve the welfare of the poor directly (consumption smoothing) as well as it enhances their productive capacity through financing investment in human capital (Khandker et al., [1995](#)). How people spend their money is divided into two ways. They invest in the future and also have higher consumptive spending. Furthermore, their investments may include spending on businesses or other productive assets, such as land, or they might also invest in education, health, nutrition, or housing. It is noteworthy that microcredit clients can save more and spend more and spend differently, once those loans are repaid (Stewart et al., [2010](#)).

According to Beck and Demirgüç-Kunt ([2008](#)), access to financial services allows poor people to increase their household incomes, assets, improved health outcomes and better nutrition, such as higher immunization rates. It allows poor people to prepare for their future and send their children to school. For example, increased expenditures on food may suggest improved nutritional status and well-being of household members. Likewise, industrialists of low-income households also use loans for household needs, such as medical treatment, daily consumption needs, school fee, and social and holiday expenses amongst others.

When poor people access loans for productive purposes, they establish or expand their businesses (Littlefield et al., 2003; Nghiem et al., 2012; Rooyen et al., 2012) by investing in greater productivity-enhancing assets (Ellis et al., 2010) or by purchasing inputs in bulk. Such investments allow them to increase their production and productivity and reduce costs. The outcomes of these investments boost the economic well-being of clients. Saving facilities also enable low-income earners to accumulate savings (Rooyen et al., 2012). This may increase their abilities to consume social services and material goods (Khan et al., 2007) and reduce their vulnerability to income and consumption shocks (Robinson, 2001; Littlefield et al., 2003). Microcredit for education and those accompanied by social services, such as education, nutrition, and healthcare enhance households' human capital (Imai et al., 2010). These social services may influence the way poor people manage their finances, spend, and save which consequently affects their economic and social well-being (Rooyen et al., 2012).

Figure 3

Relationship between Microcredit and Well-being



Microcredit plays a vital role in reducing poverty (Brandsma & Chaouli, 1998; Posner, 2007; Shastri, 2009). Different researches have shown that microcredit leads towards an increase in job opportunities, an increment in household income, consumption, savings, and assets, and an increase in household welfare (Bakhtiari, 2006; Felix, 2007). Since microcredit empowers women, education improves available health facilities and enhances the standard of living (Singh, 2004; Felix, 2007).

Data Collection

For the analysis, primary data was collected from the regions of Islamabad and Rawalpindi. The data about the clientele was gathered from the National Bank of Pakistan (NBP) for the years 2014-2017. Eighteen banks are working under this scheme out of which three are public sector banks (NBP, FWBL, and Sindh Bank Limited). While, the remaining fifteen are private sector banks. Data was collected randomly during 2018 and only 120 clients were interviewed out of 200 by a simple random sampling technique. Other respondents refused to complete the questionnaire or were unavailable. Open-ended and close-ended questionnaires were developed to collect the data. Various questions were asked regarding the target variables. The questionnaire comprised four sections. The first section consisted of personal information and the second section consisted of information regarding the loan details. The third section included information regarding the income and assets, whereas, the last section provided information regarding the use of loans.

The descriptive analysis of data provided a general picture, such as frequency distribution and cross tabs among variables. These statistics help in understanding the nature of the data thoroughly. Figure 4 shows the distribution of respondents in terms of gender. Out of 120 borrowers, 24 were females and 96 were males which reveals that more than half of the respondents were males. From the income generation point of view, type of business plays a vital role. Figure 5 shows the type of business selected by the respondents. A total of 4% of the respondents were indulged in poultry raising, 16% of the respondents were engaged in livestock raising, and 9% of the respondents were involved in educational services. It is interesting to highlight that most of the PMYBLS clients were involved in household enterprise¹, that is, 68% and the remaining 3% had other businesses.

¹In household enterprise include business general store, medical store, tailoring shop etc.

The socioeconomic characteristics of the respondents in terms of age, marital status, family type, gender, education level of the borrower, type of business, and experience are summarized in Table 1. The age profile of the borrowers represented that age ranged from 20 years (minimum age) to 45 years (maximum age). Findings showed that 28.33% of the borrowers belonged to the 21-30 age group. Approximately, 48.33% were between the age interval of 31-40 years and the remaining 23.33% were above 40-years age bracket. It can be inferred that the majority of respondents were young. Moreover, 77.50% of borrowers were married, 22% were single, and the remaining 2.50% were widowed. Findings of this study reported that the majority of the borrowers were married.

Figure 4

Distribution of Respondents Concerning Gender

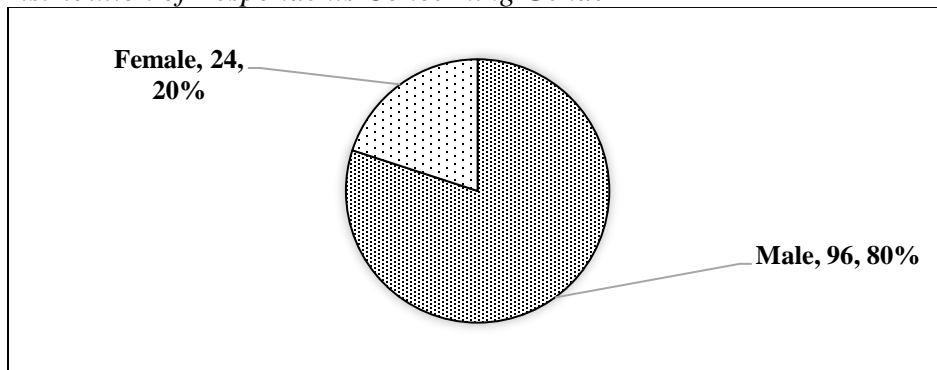
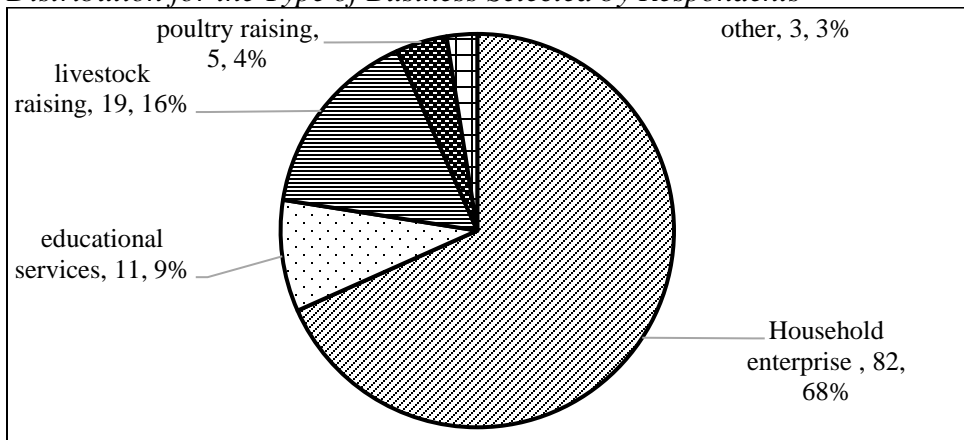


Figure 5

Distribution for the Type of Business Selected by Respondents



For the socioeconomic development of a country, education is an important determinant. Results on education status show that 0.8% never attended school, 4.17% had primary education, 37.50% had secondary education, and 57.50% of the borrowers had a higher qualification. In the case of the highest education of the family members, 60.83% had higher education. Most of the respondents reported that they were living in a joint family system. Further statistics revealed that 62% of the clients lived in urban areas and 38% in rural areas. Moreover, pertaining to business experience, 57% of the respondents had previous business experience and the remaining 43% of the respondents had no business experience. Descriptive statistics of the loan characteristics in terms of the amount of loan, amount of installment, interest rate, duration of loan, and reasons to take a loan from the PBYBL Scheme are presented in Table 2.

Table 1
Descriptive Statistics of Respondent's Demographics

	Factors	Frequency	Percentage
Age	21-30	34	28.33%
	31-40	58	48.33%
	Above 40	28	23.33%
Gender	Male	96	80 %
	Female	24	20 %
Marital Status	Single	24	22.00 %
	Married	93	77.50 %
	Widowed	3	2.50 %
Family Type	Nuclear	46	38.33 %
	Joint	59	49.17 %
	Extended	15	12.50 %
The Education Level of the Borrower	Illiterate	1	0.83%
	Primary	5	4.17 %
	Secondary	45	37.50 %
	Above Secondary	69	57.50 %
Highest Education Level of the Family Member	Primary	2	1.67%
	Secondary	21	17.50%
	Above Secondary	24	20.00%
	Higher Education	73	60.83%
Business Experience	Yes	69	57 %
	No	51	43 %

	Factors	Frequency	Percentage
Residence Area	Rural	46	38%
	Urban	74	62%
	Total	120	100%

Table 2 shows the amount of loans disbursed to the borrowers. The maximum amount of loan was 1650000 and the minimum amount was 250000. About 10.83% of the respondents borrowed loans from the range Rs. 100,000-500,000, 29.17% borrowed loans from the range Rs. 500,000-1000000, 27.50% of clients borrowed loans from Rs. 1000000-1500000, and the remaining 32.50% respondents borrowed loans greater than Rs.1500000. Table 5.3 also reveals the number of installments repaid by borrowers. Approximately, 38.33% of borrowers were paying back installments from the range Rs 1000-10000, 37.50% of borrowers were paying back from the interval Rs 10000-20000, 22.50% borrowers were paying back Rs.20000-30000, and the remaining 1.67% of borrowers were pay greater than 30000 number of installments.

Table 2 also shows reasons to take loans from the PMYBL Scheme. There were several reasons to take a loan from the PMYBL Scheme and every individual chose more than one option. Moreover, in the case of reasons for taking a loan from the PMYBL scheme, 51.67% indicated a lower interest rate as a reason.

Table 2

Descriptive Statistics of Loan Characteristics

	Factors	Frequency	Percentage
Amount of loan	100,000 -500,000	13	10.83%
	500,000 -1000000	35	29.17%
	1000000 -1500000	33	27.50%
	>1500000	39	32.50%
Amount of installments	1000 -10000	46	38.33%
	10000 -20000	45	37.50%
	20000 -30000	27	22.50%
	>30000	2	1.67%
Interest rate	6%	103	85.83%
	8%	15	12.5%
	11%	2	1.67%

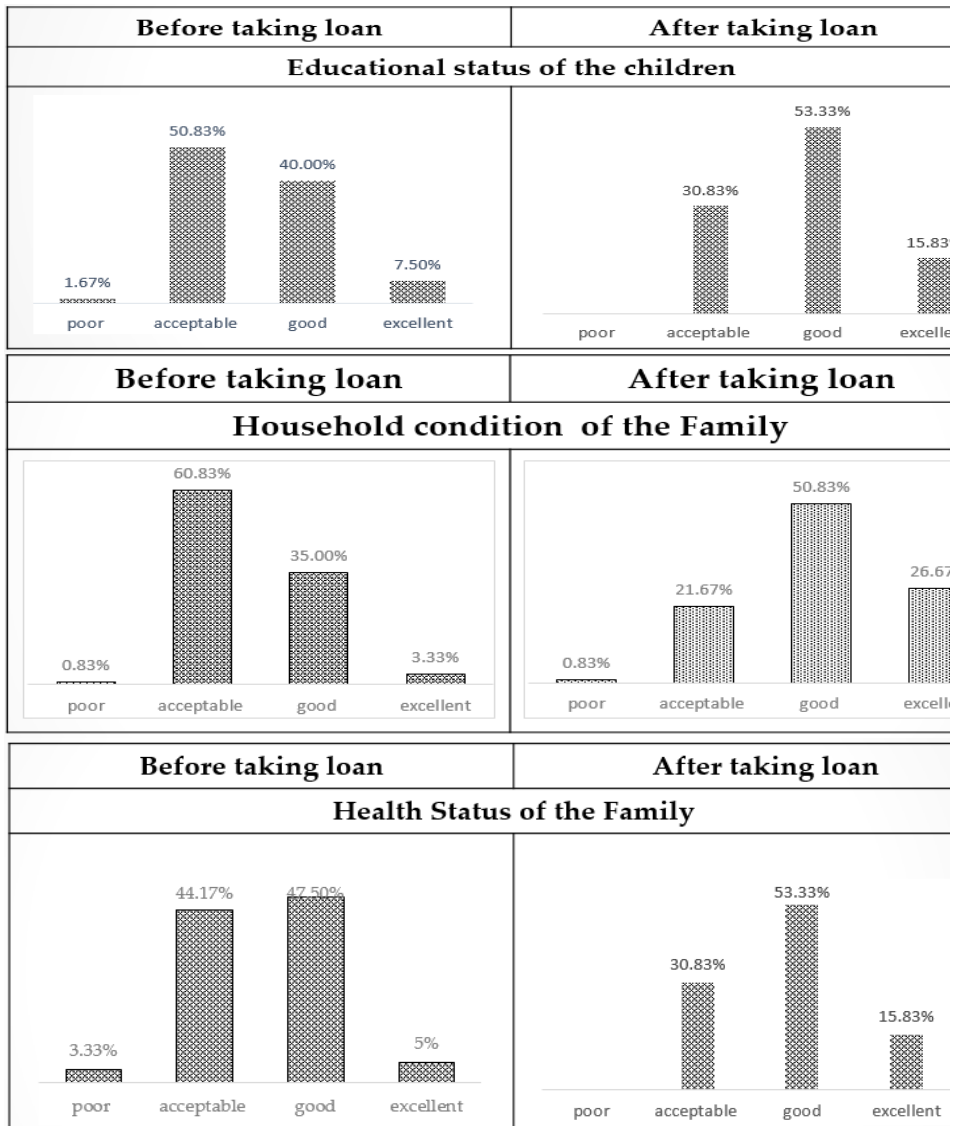
Factors		Frequency	Percentage
Duration of loan	7 years	120	100%
	No collateral demanded		
	Simple procedure	18	15.00%
	Quick processing of a loan	15	12.50%
Reasons for taking a loan from PMYBLS	Home-based loaning	2	1.67%
	Lower interest rate	62	51.67%
	Lump-sum amount of loan	5	4.17%
	No alternate Other	18	15.00%
	Friend	31	25.83%
The idea of taking a loan	Bank	11	9.17%
	Add	3	2.5%
	Brother	105	87.50%
Amount of loan used for specified purpose	Yes	1	0.83%
	No	112	93.33%
Total		8	6.67%
		120	100%

Furthermore, during the data collection, questions were asked regarding the idea of taking a loan. About 9.17% were told about the scheme by a friend, 2.5% got the idea from the bank, 87.50% of respondents got the idea from ads (newspaper, TV), and 0.83% claimed knowing about the idea of taking a loan from brothers. Most of the respondents got the idea from the bank. Furthermore, statistics show the amount of loans used for specified purposes. The results revealed that 93.33% of the borrowers used loans for specified purposes and the remaining 6.67% did not use loans for specified purposes. The reasons for not using the amount of loan for specified purposes were medical purposes and dowry.

Results and Discussion

Figure 6 shows the social indicators of the family before and after taking a loan. Improvement in social well-being is measured by the education status of children, the health status of family, household's general facilities, quality of sanitation, and quality of transport facilities.

Figure 6
Distribution of Social Indicators of the Family



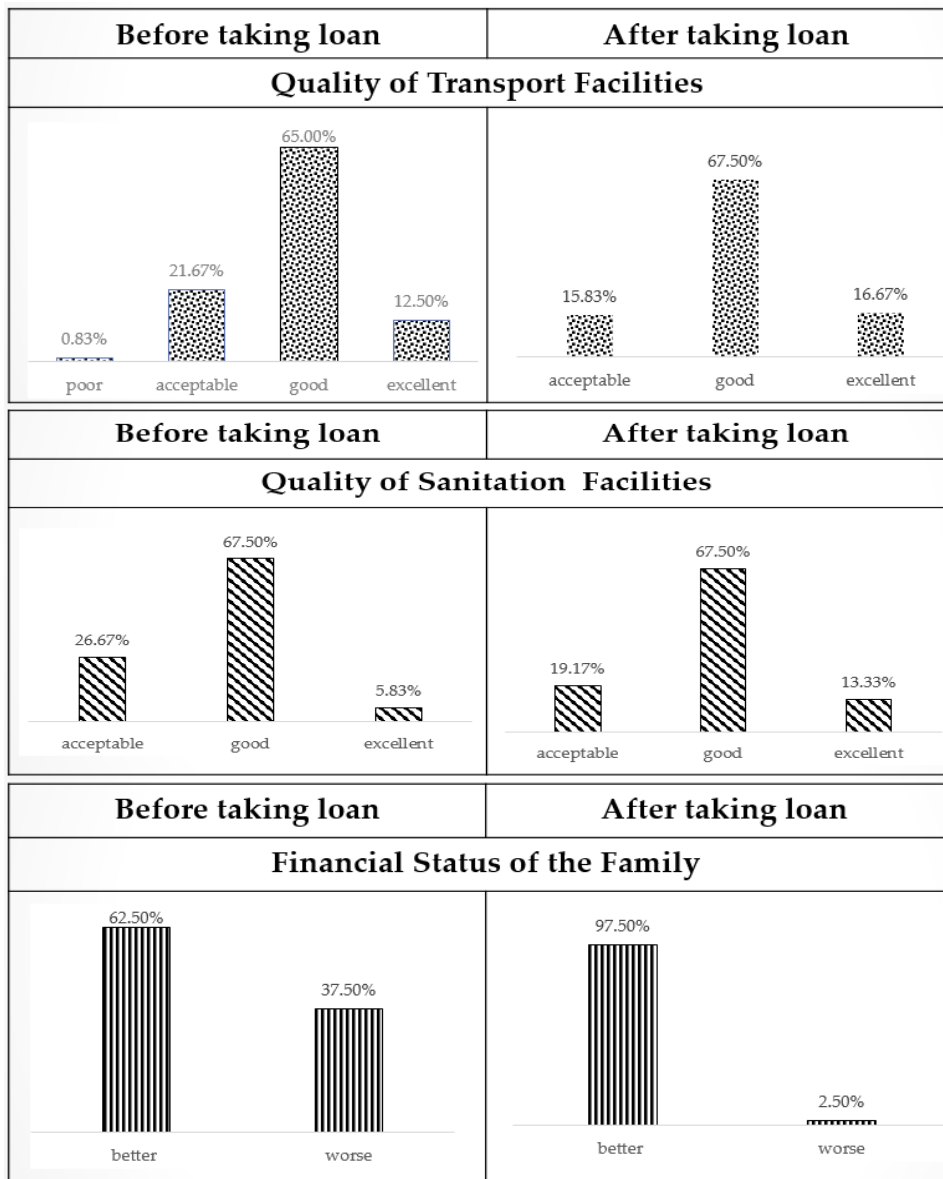


Figure 6 depicts that before associating with PMYBL, the majority of borrowers were unable to send their children to schools. Before the loan, 1.67% of the children had poor education status, 50.83% had acceptable education status, 40% had good, and only 7.50% had excellent education status. Education is a significant factor in influencing the well-being of

individuals and their families. Following participation in the microcredit program, the majority of borrowers perceived an increase in their children's education, with 53.33% having good education status and 15.83 percent having excellent education.

Furthermore, health is one of the sole determinants of well-being. Good health always leads towards more satisfaction than bad health. During the data collection, health questions were asked. Before taking a loan, 3.33% had a poor health condition, 44.17% had acceptable health facilities, 47.50% had good health, and 5% people were capable of going to private hospitals. The findings conclude that health is an important factor that enhances well-being. After participating in the microcredit program, the majority of families were capable to afford good quality health facilities. Therefore, PMYBL program improved the health status of families.

Housing quality is a key determinant of household welfare. Before taking a loan, 60.83% of borrowers were living in acceptable conditions, 35% were living in good conditions, and 3.33% were living in excellent conditions. The household conditions improved after joining PMYBL Scheme, 21.67% of respondents were living in acceptable household conditions, 50.83% were living in good conditions, and the remaining 26.67% were living in excellent conditions.

Improvements in the quality of transportation facility were also used to measure social welfare involvement in microcredit scheme. Before taking a loan, 65% of people reported that transportation quality was good and 12.50% reported excellent quality. After the loan, the percentage improved to 67.50% and 16.67%, respectively. To increase social welfare, sanitary facilities must be of high quality. The quality of sanitary facilities increased from 5.83% to 13.33% as depicted in Figure 6.

Figure also shows the financial status of families. Before associating with PMYBL Scheme, 37.50% of respondents had poor family financial status and 62.50% had acceptable family financial status. Findings indicate that the majority of borrowers' status associating with microcredit family improved. When a borrower was asked about her family status, she replied: *"I am grateful to PMYBL Scheme for its support which enabled me to improve my standard of living"*.

Table 3
Responses of Relatives and Friends before and after Taking a Loan

	Before Taking Loan	After taking Loan
Do your relatives and friends lend you money before and after getting the loan?		
Yes	57 (47.50%)	102 (85%)
No	63 (52.50%)	18 (15%)
How frequently did your relatives visit your place before and after getting the loan?		
Never	4 (3.33%)	3 (2.50%)
Once a month	62 (51.67%)	58 (48.33%)
Once a year	11 (9.17%)	6 (5.00%)
Frequently	36 (30%)	41 (34.17%)
Daily	7 (5.83%)	12 (10.00%)
What is your opinion about the behavior of relatives before and after getting the loan?		
Don't want to meet	1 (0.83%)	4 (3.33%)
Humiliating	3 (2.50%)	2 (1.67%)
Show hatred	1 (0.83%)	1 (0.83%)
Positive behavior	39 (32.50)	82 (68.33%)
Normal respect	76 (63.33)	31 (25.83%)
How do you feel about the attitude of people living in your surroundings?		
Better	74 (61.67%)	103(85.83%)
Worse	14 (11.67%)	1 (0.83%)
Not sure	32 (26.67%)	16 (13.33%)
Do your family and friends invite you to functions?		
Yes	72 (60%)	97 (80.83%)
No	3 (2.50%)	0 (0.00)
Sometimes	45 (37.50%)	23 (19.17%)
Do your family and friends involve you in solving issues and problems?		
Yes	78 (65%)	104(86.67%)
No	8 (6.67%)	1 (0.83%)
Sometimes	34 (28.33%)	15 (12.50%)
Is there any involvement of women in your family's decision-making?		
Yes	105 (87.50%)	117 (97%)
No	2 (1.67%)	0
Sometimes	13 10.83%)	3 (2.50%)

Relatives and Friends Lending Money

Findings indicate that before associating with the PMYBL Scheme, borrowers were living in poor economic conditions. Moreover, 52.50% of the respondents responded that their friends and relatives did not assist them before the loan when they were in a difficult situation. However, after taking a loan from PMYBL Scheme, they became financially strong and the ratio declined to 15%. This shows that microcredit improved the standard of living statistically and significantly².

Enhanced Inclination of Relatives

Table 3 shows that how frequently relatives visit your place before and after taking a loan. Before associating with the PMYBL Scheme, they were not financially strong enough to meet their relatives. Approximately, 3.33% of the respondents reported that they did not go to see their relatives due to poor financial conditions. Only 9.17% of respondents were visited by their relatives once a year. While, after participating in microcredit, people became financially strong. About, 48.33% visited once a month, 5% visited once a year, 34.17% visited frequently, and 10% were visited by their relatives daily.

Behavior of Relatives

Table 3 also portrays the behavior of borrowers' relatives before their participation in microcredit. The results depicted that 0.83% of borrowers did not want to meet their relatives due to poor financial conditions. Approximately, 2.50% of borrowers were humiliated by their relatives, 32.50% showed positive behaviors, and 63.33% showed normal respect. After associating with the loan scheme, the behavior of relatives changed. The ratio of positive behavior increased from 32.50% to 68.33% and the ratio of normal respect declined from 63.33% to 25.83%. While interviewing a borrower, Mr. Israr Hussain responded that: *"I feel financially independent now and I feel that relatives respect me more now"*.

Attitude of People in Surroundings

The findings indicate that before associating with loan scheme, 11.67% of borrowers had a worse attitude. After participating in the microcredit program, the ratio of worse attitude declined from 11.67% to 0.83%. Hence

²Results based on Wilcoxon signed rank sum test are presented in Appendix A.

it was observed that PMYBL had significantly positive impacts on the lives of borrowers.

Family and Friends' Invitations

Table 3 shows that how frequently borrowers were invited to events by their relatives before and after participation in the microcredit program. The results depicted that 2.50% were not invited, 28.33% were invited sometimes, and only 65% were invited regularly. After taking loan, the majority of respondents indicated that their financial position improved and were invited by those friends who did not invite them before the loan.

Family and Friends Involving You in Solving Issues and Problems

Table 3 also shows the involvement of family and friends in solving problems before and after being associated with the microcredit program. Before associating, 65% of family and friends were involved in solving issues and problems and 6.67% were not involved. However, after participating in microcredit program, the ratio increased to 86.67% since they were strong economically.

Involvement of Women in Family Decisions

Table 3 shows the involvement of women in household decision-making. Findings indicated that 87.50% of the women were involved in family decision-making before joining microcredit program, 1.67% of the women were not involved in household decision-making before taking loan when they were poor. After associating with the PMYBL Scheme, 2.50% of the women were not involved in family decision-making, 97% of the respondents indicated that access to microcredit significantly increased the involvement of women in family decision-making. This is because the financial position of the borrowers was improved. Similar findings were reported by Yunus (2004).

Furthermore, various tests were employed to determine the statistical significance of the differences before and after taking loan. The results of t test are represented in Table 4. The main objective of this study was to examine the impact of microcredit on socioeconomic well-being. This impact was measured using variables, such as household income, household food expenditure, child education expenditure, household health expenses, and expenditure of improvement in household and transportation expenses. Improvement in household income is an important indicator of well-being.

Statistics indicated that there was a significant difference in the household income before and after the utilization of microcredit. Participating in microcredit positively impacted the economic welfare, that is, income inequality was decreased and an increase in income was witnessed. The majority of respondents reported that PMYBL Scheme significantly improved the household income and living standards. Similar results were reported by Mahmood et al., (2016) and Akram and Hussain (2011).

Furthermore, the monthly household food expenditure was also compared before and after access to microcredit. The findings are based on the alternative hypothesis that there was a significant difference in monthly household food expenditure after the financing. Results indicated that the overall financial condition had a positive significant impact on the quality of life. Furthermore, microcredit enabled clients to increase expenditures on food which may suggest improvements in the economic welfare of household members. Microcredit loans positively impacted the food consumption. Similar findings were reported by Husain (1998), Zaidi, (2007), Imai and Azam (2012), and Naeem et al. (2014). During the interview, a respondent was asked about food expenditure and she said: *“With increase in household income, I buy better quality food for my children. Sometimes, I can even afford meat for their proper nourishment”*.

Health is an important determining factor for societal prosperity. Results suggested that there was a significant difference in improvement in health status before and after participating in loan scheme. Due to better utilization of loan and income generating activities, people are better capable to spend on their health. The positive relationship between microcredit and household expenditure is supported by Zaidi (2007).

Child education is also an important determinant of social welfare. Moreover, the children education expenditure was compared before and after financing. The result showed that there is significantly enhancement child education expenditure after utilization of microcredit. The efficient utilization of loan increases the income level which enables the borrowers to spend on their children’s education. This confirms that microcredit helped the borrowers to provide education to their children. Participating in PMYBL Scheme was also found to have a positive influence on children’s education, enrolment, and attendance. A study conducted in Ghana (Adjei et al., 2009) showed that participation in microcredit schemes increased clients’ household expenditures on children’s education. During an

interview, a borrower, Mr. Shabbir Ahmed responded that he could not send his son to college but now, with the increase in income, he is able to educate his children in college.

Table 4
Impact Analysis of Microcredit on Expenditures

Hypotheses	Before	After	p-Value
	Loan Mean (S.D.)	Loan Mean (S.D.)	
H ₀ : before and after loan there is no change in household income. H ₁ : before and after loan there is change in household income.	33218 (27650)	65126 (39057)	0.000***
H ₀ : there is no change in household food expenditure. H ₁ : there is change in household food expenditure.	16817 (9173)	18933 (10535)	0.000***
H ₀ : before and after loan there is no difference in household health expenditure. H ₁ : before and after loan there is difference in household health expenditure.	1087 (1686)	1243 (1706)	0.062*
H ₀ : before and after loan there is no difference in education expenditure H ₁ : before and after loan there is difference in education expenditure	5455 (9551)	6619 (13795)	0.058**
H ₀ : there is no difference in transport expenditure before and after loan H ₁ : before and after loan there is difference in transport expenditure	2973 (4489)	3192 (4445)	0.000**
H ₀ : before and after the loan there is no change in housing expenditure. H ₁ : before and after the loan there is a change in housing expenditure	638 (1821)	1113 (2341)	0.001***

Improvement in social welfare is also measured by improvement in transportation facilities/costs. Microfinancing is helpful to create

entrepreneurs in a society which leads towards more investments. Eventually, people have more income and can afford the transportation cost as well. The P-value of t-statistics validated that the H_0 was rejected at 1% level of significance. The results revealed that there was a significant improvement in transportation expenditure after participating in PMYBL Scheme.

Housing quality is another important determinant of household welfare. T-test was used to determine the impact of microcredit on housing conditions. A significant difference was observed in the housing expenditure (conditions) after taking loan. This is because microloan enables households to improve housing quality and other amenities.

Conclusion

For developing countries, reducing poverty and improving living standards remains a crucial issue. To address these issues, microcredit is an important pillar of poverty reduction strategies and upgrading the living standards (Akram & Hussain, [2011](#)). Today there is hardly any donor agency that is not active in the field of microcredit. The United Nations General Assembly in alleviating poverty and achieving the MDGs, selected the year 2005 as an international year of microcredit. The objective of this study is to investigate the impact of microcredit on socio-economic wellbeing of selected beneficiaries from Prime Minister's Youth Business Loan Scheme. Sample of 120 clients is taken under consideration."

In order to address the above-mentioned prevailing issues, econometric technique and parametric test were employed. The results revealed that microcredit has a significant impact on the socioeconomic well-being indicators. It was determined that PMYBL Scheme significantly increased the income of poor families and raised their living standards.

In nutshell evidence validates the facts that microcredit impacts well-being positively. The study confirmed earlier results that income plays a vital role in promoting the well-being of families. Income increases and boosts households' multidimensional well-being, such as availability of better health facilities, and education (Adjei et al., [2009](#); Felix, [2007](#); Singh, [2004](#)). Due to an increase in income, households are able to fulfil their requirements by enhancing their consumption patterns. The study concluded that PMYBL Scheme significantly impacted the socio-economic conditions of the borrowers. Microcredit investments in the enterprises lead

towards the betterment of socioeconomic circumstances and enable the poor to attain the level of entrepreneurs. The following policies were recommended on the basis of findings:

- Government can ensure interest free loan schemes.
- Amount of loan must be sufficient. An increase in loan size would have a greater multiplier effect on households' income through profits from income generating activities.
- Business and technical skills must be provided with loans.
- After the provision of loan, the MFI staff should closely monitor their client's business operations and guide them in case of any difficulty.
- Govt should take more actions to generate income-related activities and provide friendly environment.

Conflict of Interest

The authors of the manuscript have no financial or non-financial conflict of interest in the subject matter or materials discussed in this manuscript.

Data Availability Statement

Data associated with this study will be provided by corresponding author upon reasonable request.

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Appendix A: Wilcoxon Signed Ranks Test

Sr.#	Test Statistics	z
1	Relatives and friends lends you money after loan-	-6.429
	Relatives and friends lends you money before loan	(.000)
2	Visit of relatives after loan	-2.321
	Visit of relatives before loan	(.020)
3	behavior of relatives after loan	-4.581
	behavior of relatives before loan	(.000)
4	Attitude of people living in your surrounding after loan	-4.283
	Attitude of people living in your surrounding before loan	(.000)
5	Family and friends invite you on functions after loan	-4.740
	Family and friends invite you on functions before loan	(.000)
6	Family and friends' involvement in solving issues and problems after loan	-4.685
	Family and friends' involvement in solving issues and problems before loan	(.000)
7	Involvement of women in your family decisions after loan	-3.276
	Involvement of women in your family decisions before loan	(.001)
