

Vulnerability of Micro-Entrepreneurs in Semi-Urban Punjab during COVID Times: A Comparison of Microfinance Borrowers and State-led Ehsaas Program Beneficiaries

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Abstract:

The Covid-19 pandemic has had a profound and widespread negative impact on the lives of millions of households around the globe. Particularly, hard hit were those households who were already marginalized and the beneficiaries of the credit interventions. In this backdrop, this thesis investigates the vulnerability of households in semi-urban Punjab during COVID times. These households were the beneficiaries of conditional transfers (microfinance borrowers) and unconditional transfers (state-led Ehsaas Program beneficiaries). We exploit primary household survey data of 508 micro entrepreneurs gathered in the summer of 2021 when the pandemic was at its peak. Using Food and Income vulnerability as dependent variables, this thesis examines whether access to microfinance loans and Ehsaas Program were instrumental in reducing the vulnerabilities of the households. Our findings shows that during the COVID pandemic, both food and income vulnerabilities have increased as compared to before pre-pandemic times. Further, an interesting finding pertains to the fact that beneficiaries of microfinance loans alone are more prone to an increase in income vulnerability compared to receiving the Ehsaas grant alone. However, as far as food vulnerability is concerned, both the microfinance and Ehsaas beneficiaries have significantly increased. Therefore, this study calls for hybrid credit interventions having a feature of both conditional and unconditional transfers to cater to the marginalized community during shocks like Covid.

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