Introduction:
The available literature indicates that the access to finance has positive impacts on income and welfare of the people of a country and thus it has a negative impact on the poverty in the society. The reduction of poverty in the society does not necessarily reduce inequality in the society. There are evidences in the literature that the inequality in the society goes up even in the presence of a reduction in the levels of poverty. However, there are some available studies that have looked at the relationship between the financial development and the level of inequality in the society through using cross-sectional data sets. The financial development ensures an efficient credit allocation and that leads to the economic development and thus, reduces the inequality in the society. It is also argued that the financial development decreases the credit constraint on the poor and increases their ability to increase income and to increase productive assets which in turn contributes in the poverty reduction. (World Bank, 2001). Using a cross-sectional data set, Kazi and Hammer (2009) argued that the microfinance sector development has the potential to reduce inequality in a country.

Objective:
Considering the gap in the literature, this study intends to assess the role of the access to finance on the inequality in a society at the micro-level. In this paper, the access to credit has been considered as a proxy of the access to finance.

Data:
The analysis is based on a household-level survey randomly selected three thousand four hundred and eighty one (4,381) households from 140 villages in different parts of the country. Bangladesh Microcredit Commission, a survey collected detailed information from all households on a variety of other factors such as demographic information (age, sex, marital status, etc.) and socio-economic information (education, employment, assets, microcredit etc.). The survey also collected detailed information on the level of credit accessed by a household from the nearest primary school, secondary school, market and district headquarters, along with variables describing village infrastructure such as the presence of schools, markets, roads, electricity, etc.

Estimation Strategy:
Using multivariate models, this paper tries to assess the impact of the access to credit on the inequality at the household level. The following models have been formulated for achieving the objectives of the paper.

\[ Y = \beta_{0} + \beta_{1} \text{LOGGDP} + \beta_{2} \text{LOGP} + \beta_{3} \text{LOGGDP} \times \text{LOGP} + \epsilon \]

\[ Y = \beta_{0} + \beta_{1} \text{LOGGDP} + \beta_{2} \text{LOGP} + \beta_{3} \text{LOGGDP} + \beta_{4} \text{LOGGDP} \times \text{LOGP} + \epsilon \]

\[ Y = \beta_{0} + \beta_{1} \text{LOGGDP} + \beta_{2} \text{LOGP} + \beta_{3} \text{LOGGDP} \times \text{LOGP} + \epsilon \]

Analysis of Results:
Table 1 shows the estimated results of the equation 1. The results indicate that the access to credit (ACCESS) negatively determines the log mean deviation of per capita consumption expenditures of households and it is statistically significant. It means that an access to credit has a negative impact on the inequality in a society as it helps households to increase their income through investing in income generating activities. The similar results are also reflected in the results on table 2. The results show that the total amount credit (LOGA) of a household has a significant negative impact on the log mean deviation of per capita consumption expenditures of households. This result indicates that the amount of credit reduces inequality at the household level. The quadratic term of credit (LOGGDPXLOGP) has a positive coefficient and it is statistically significant. It means that the relationship between the amount of credit and the log mean deviation is non-linear and it is U-shaped. The increase in the total amount of credit reduces inequality up to a certain level and it increases inequality after that level. The reason might be that the amount of credit reduces inequality of those households, which have income below the mean level, through enhancing their abilities to invest in income generating activities and the same credit increases the inequality of those households who belong above the mean income level though increasing their income further above the mean level.

Table 3 shows the estimated results of the equation 3. The results indicate that out of seven credit sources, five sources have negative impacts on the income inequality of households and the remaining two sources have positive impacts on the same inequality. The credit from the formal sector commercial banks (LOGC) has a significant negative impact on log mean deviation of per capita consumption expenditures of households. The reason might be that the commercial banks are cheaper than other sources of credit in Bangladesh in terms of the interest rate. Surprisingly, loans from microfinance institutions (LOGMA) significantly positively increase inequality. This results indicate that microcredit loans make some households poorer and make some households richer. The probable reasons are that poorer households have lesser income generating opportunities due to poor capital base and they fail to make investment of their loans from microfinance institutions. Moreover, effective interest rates of loans from microfinance institutions are higher than those of loans from formal commercial banks and the repayment structure of these loans is totally different from that of loans from formal commercial banks.

Linen from commercial banks are repaid at the end of the maturity and loans from microfinance institutions are repaid on a weekly instalment basis and the repayment is made immediately after the repayment of loans. Households which do not have entrepreneurial qualities and enough investable opportunities, instead of making investment in these microcredit loans these loans and they make more microcredit to pay off existing microcredit loans and thus, they fall into a vicious cycle of microcredit loans. Through this process, these households become poorer and the level of inequality in the society increases. On the other hand, households, which have more investable opportunities due to higher levels of capital and income, use microcredit loans to increase their income. Through this process, these household become richer and hence, they go far away from the mean and the inequality as a whole in the society goes up. The results in Table 3 also indicate that loans from commercial based organizations (LOGCNSO), have positive impacts on the level of inequality in the society. It means that loans from commercial based organizations enable households to increase their income through investing in income generating activities and thus, these loans reduce inequality in the society. However, the coefficient of LOGCA is not statistically significant. Like loans from microfinance institutions, loans from NGOs (LOGANO) also have positive impacts on the inequality. Loans from NGOs are similar to loans from MFIs. Like the positive relationship between loans from microfinance institutions and inequality, probably the same reasons are also working behind the positive relationship between loans from NGOs and the inequality. The loans from money lenders (LOGM) reduce the inequality. But, the result is not statistically significant. Usually, money lenders are exploitative but in case ofGLISH, these loans from money lenders. The ease accessibility of these loans by households might be the main reason behind the negative relationship between these loans and the inequality as the easy accessibility enable entrepreneurial households to get the required amount of fund for starting income generating activities easily and quickly and thus, it reduces inequality. On the other hand, loans from families members and friends (LOGFAM) have significant negative impacts on the inequality. This result is logical in the sense that the majority of the household members and friends are closer and the interest rates are zero in most of the cases. These easy terms and conditions are likely to be the reasons behind the negative relationship between these loans and the inequality.

Finally, loans from suppliers (LOGS) have negative impacts on the inequality. But, it is statistically significant. In case ofグルスクス, households take extra loans from suppliers in land and these loans are paid back after selling the supplied finished product or finished product of the agricultural output. As these loans only benefit some households to earn some extra income without any additional capital or incurring any costs, the relationship between loans from suppliers and the inequality is negative.