Women’s Participation in Microcredit programme: Some Evidence in Bangladesh

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Abstract: Microcredit programmes provide small loans to the very poor in order to undertake self employment and other financial and business activities giving them the ability to care for themselves and their families and thus, achieve a level of independence. Microcredit is also referred to as microfinance and micro lending which has demonstrated to be an effective tool in the ongoing struggle against poverty and enables those without access to lending institutions to borrow and start small business. This paper shows how microcredit programmes contribute to women’s participation in microcredit programme for their development. The paper also discusses women’s participation in microcredit programme of NGO’s (Non Government Organisation) activities such as GB, BRAC, ASA and PROSHIKA. The study concludes that microcredit programme contributes to the development of socio-economic status of rural women in Bangladesh through adequate and timely availability of credit for income generating and productive activities.

Key words: Non Government Organisation, rural women, microcredit programme, Bangladesh.

INTRODUCTION

Bangladesh is one of the least developing countries in the World. Almost 80% people live in rural areas (BBS, 2006). Women are almost half of the total population of this country (BBS, 2006). The status of women is an important factor affecting the socio-economic development of our country. There are many microcredit programmes in Bangladesh for rural poor women for their development. Microcredit programmes provide small loans to the very poor in order to undertake self employment and other financial and business activities giving them the ability to care for themselves and their families and thus, achieve a level of independence. Microcredit is also referred to as microfinance and micro lending which has demonstrated to be an effective tool in the ongoing struggle against poverty and enables those without access to lending institutions to borrow and start small business (ABS, 2005). In Bangladesh, the major microcredit programmes engaged by government organizations such as Bangladesh Rural Development Board (BRDB), Grameen Bank (GB), Pallil Karma Sahayak Foundation (PKSF), and Non government organization like Bangladesh Rural Advancement Committee (BRAC), Association for social Advancement (ASA), PROSHIKA, Palli Daridro Bimochon Foundation (PDBF). In a study, Bernasek (2003) found that participation in Grameen Bank microcredit programme has increased women’s income and their contribution to overall family income. Another study conducted by Ali (2008) also revealed that the average household income of Grameen Bank members is about 50% higher than the target group in the control village and 25% higher than the target group non-members in Grameen Bank villages. Hossain (2002) also revealed that the status of women in Bangladesh has improved over the last 30 years and the number of female workers has increased. In (Pitt, 1998), Pit and Khandker found that microcredit programme participation positively impacts the welfare of poor households, particularly those headed by women.

This paper shows how microcredit programmes contributes to women’s participation in microcredit programme. The paper also discusses women’s participation in microcredit programme of NGO’s (Non Government Organisation) activities such as GB, BRAC, ASA and PROSHIKA.

Women’s Participation in Microcredit Programme:

Microcredit programme in Bangladesh has emerged as an important financial instrument to reduce poverty
and unemployment through creating income-producing or self-employment activities. About 1200 microfinance institutions (MFIs) are operating in Bangladesh (Ahmed Kaniz Fahmida, 2003), extending credit to about 8 million people, of whom 90% are women. Most of the borrowers are self-employed and engaged in various income-producing activities. Grameen Bank, BRAC, ASA and PROSHIKA are some of the prominent MFIs in Bangladesh. These institutions are working tremendously for the last few decades towards empowerment, poverty reduction and improvement of living standards for the poor people of the country. It is mentionable that they are not only working in Bangladesh but also providing help and support, and are the source of motivation to other MFIs around the world. The following sub-sections discuss women’s participation in microcredit programme conducted by some well recognized MFIs in Bangladesh.

Grameen Bank (GB):

The word grameen in Bengali literally means rural or village. The Grameen Bank is a rural bank established with the objective of extending credit to poor people in rural Bangladesh who have no physical collateral. The story of the Grameen Bank is almost a legend. Dr Yunus, a former economics professor, is the founder who returned to Bangladesh in 1972 with his doctorate from Vanderbilt University, USA. He joined Chittagong University, which is located in a rural area among many villages. During his tenure at the University Dr. Yunus was confronted by the poverty that overwhelms many of the poor people in rural Bangladesh who live in a world of debt alongside the rich people; the poor are kept in an omnipresent poverty circle (Yunus, Mohammad, 1997). Through Dr Yunus’s direct encounter with rural people he was inspired to consider microcredit as a means of alleviating rural poverty.

Before the institutional credit for poor people was introduced there were primary two credit sources available in rural Bangladesh – commercial banks and moneylenders. The commercial banks do not give loans to the poor because the poor are unable to provide collateral, whereas moneylenders will lend money but with very high interest rates. Both of these arrangements are incompatible with the return in small business. Dr. Yunus realized the implications of microcredit for the first time in 1976 through his interaction with a poor woman in the village Jobra who used to make bamboo stools for a living. The woman could not afford to buy bamboo herself and borrowed money from a trader on the condition that she must sell her product to the trader at a price he decided. Because the woman could not sell her finished product to anybody else, the trader took advantage of the situation and paid a price which barely covered the cost of the raw material. The socio-economic circumstances of the woman led Dr Yunus to think that if the woman had a small amount of working capital then she could work for herself, retaining the surplus now appropriated by others. All she needed was “small-credit” necessary for working capital.

Grameen Bank was initiated in 1976 by professor Muhammad Yunus as an action research project of Chittagong University. In a village near the university called Jobra, he found that the poor did not have access to small amounts of capital to engage or build on their tiny livelihood activities. The only source of capital was loans for money-lenders at exorbitant rates of interest. As an experiment, he began a project to provide small loans to poor women in Jobra to engage in income generating activities. In all cases, the poor women took loans from the project, invested their money and generated enough income to pay back their loans and keep a profit. In 1983, Grameen Bank (GB) was established as an independent specialised bank to provide collateral-free loans to the poor as a way to reduce poverty. The Bengali word grameen stands for rural or countryside. Therefore, the GB means the rural or the countryside bank. It is, indeed, a unique financial institution and the largest provider of micro lending services in Bangladesh. Thus Grameen bank is one of the largest non-governmental organization in Bangladesh. It was first introduced the micro credit to the rural people. Grameen Bank gives loan to rural poor people for cow rearing, paddy husking, rural trading etc. and organizing production in small scale. This bank always prefers women rather than men to provide microcredit. Because it is found that women are more conscious then men about the savings children’s diet, family health and nutrition. However the most important objective of the bank is to provide loan to the poorest first.

Staff and officials of the Grameen Bank have found women more motivated and compliant with rules and procedures. They also have found women more consistent in their concern for the welfare of the family. Women invest their loans properly and utilize income for the welfare of the members of the family [Hashemi and Schuler (1997); Rahman, (1999); Goetz and Sen Gupta (1996), Pit and Khandker (1996)]. These reasons motivated staff and officials of the Grameen Bank to give women preference. As of February 1997, 94 per cent of 2.07 million Grameen Banks’ members were women. At 2009, Grameen Bank had cumulatively to 7.93 million borrowers, 97 percent of whom are women (Grameen Bank, 2009).
Loan Transaction of the GB:

Grameen Bank has a systematic disbursement and recovery mechanism. The target group of GB are the rural households that own either less than 0.5 acres of cultivate land or have family assets with an equivalent value of less than one acre medium quality land in the area. The identification of the poor families is done by the professionally trained GB worker who walks around the villages and come to know what has been cooked in one’s house. Grameen Bank does not require any collateral for sanctioning a loan to poor people. Grameen Generalised System (GGS) has been built around one prime loan product - called Basic Loan (Yunus, M., 2002). The most visible change in GGS is the disappearance of Group Fund. There are no more joint accounts. Each borrower will have three obligatory savings accounts such as: a) Personal savings account, b) Special savings account, and c) Pension deposit account (obligatory only for borrowers borrowing above Tk 8,000 or US$ 116).

GGS continues with five percent obligatory savings, deducted from the loan amount, at the time of disbursement. Half of this five percent obligatory savings goes to a personal savings accounts, the remaining half goes to a “special savings accounts”. A borrower can withdraw any amount from her personal savings account any time she desires. Weekly saving still continues and goes to personal savings account. Grameen Bank credit delivery system has the following main features:

- There is an exclusive focus on the poorest of the poor.
- Borrowers are organized into small homogeneous groups.
- Special loan conditionalities which are particularly suitable for the poor.
- Simultaneous undertaking of a social development agenda addressing basic needs of the clientele.
- Design and development of organization and management systems capable of delivering programme resources to targeted clientele.
- Expansion of loan portfolio to meet diverse development needs of the poor.

Loan is delivered to the member’s right at their door steps. The borrowers need not come to the town, they do not require incurring any extra expenditure to get loan. The loanee can use the credit in any productive activity of his/her choice. The loan is to be repaid in weekly installments of the loan amount. A close supervision is made by the GB worker, so that loan is utilized properly. There is a group pressure for loan repayment. Thus, close supervision and group pressure are the main cause of success of the GB loan recovery.

GB Loan Programmes:

Previously, Grameen had offered more than a dozen kinds of loans, including seasonal, family and general loans. In order to avoid the confusion and needless redundancy resulting from this breadth of offerings, Grameen II (which was conceived in 1999 and implemented from 2000 to 2003) starts three loan categories which are discussed below. The main changes to the classic Grameen system included simplifying loan classifications and offering greater flexibility for loan repayments.

Basic Loan:

The Basic Loan matures in one year and carries a fixed interest rate of 20 percent. The borrowers have to repay the loan on installment basis in every week. Women who are unable to meet their repayment schedules for any reason immediately restructure their obligations into a Flexible Loan contract, which allows for greater variability in loan maturity and weekly payments. The Flexible Loan process also offers customized credit for borrowers who encounter unexpected difficulties in the course of their loans.

Previously, women who defaulted on their loans were cut off from taking further loans and unable to renegotiate payments. Flexible Loans ensure that borrowers will be more successful in repaying defaulted loans more quickly. The new system treats as late payments what in the old model would have been considered defaulted loans. Flexible Loans have a high percentage of overdue loans (see Figure 1) compared to the old system (although still in single digits). However, Yunus (2003) contends that these loans (even those that have been written off) end up being paid because of the strong disincentive for staying out of the system. As a consequence, the effective repayment rate exceeds 98 percent.

In addition to increasing flexibility, Grameen Bank also implemented a new system for recognizing non-performing loans in response to earlier criticism from the media. Loans are now declared overdue upon the borrower’s failure to pay either the installment for 10 consecutive weeks or to clear the outstanding balance within a six month period without moving into a Flexible Loan. In the latter case, the bank declares the loan to be in default and makes a loss provision for 50 percent of the unpaid principal and interest. If the arrears extend to a full year, the bank writes off 100 percent of the loan.
Source: Grameen Bank Monthly Updates (Grameen Bank, 2007).

**Fig. 1:** Percentage of overdue loans for the different loan types in Grameen Bank II.

**Housing Loan:**
Grameen Bank introduced housing loan in 1984. It became a very attractive programme for the borrowers. This programme was awarded Aga Khan International Award for Architecture in 1989. Maximum amount given for housing loan is TK 15,000 (US $ 218) to be repaid over a period of 5 years in weekly installments. Interest rate is 8 per cent. 674,435 houses have been constructed with the housing loans averaging TK 13,093 (US $ 190). A total amount of TK 8.83 billion (US $ 208.63 million) has been disbursed for housing loans. During the past 12 months (from August’08 to July’09) 15,138 houses have been built with housing loans amounting to TK 194.37 million (US $ 2.81 million).

**Higher Education Loan:**
Students who succeed in reaching the tertiary level of education are given higher education loans, covering tuition, maintenance, and other educational expenses. By July’09, 36,201 students received higher education loans; of them 34,281 students (95%) are studying at various universities; 404 (1%) are studying in medical colleges, 651 (2%) are studying to become engineers, 579 (2%) are studying in other professional institutions.

**Scholarship Programme of GB:**
Scholarships are given, every year, to the high performing children of Grameen borrowers, with priority on girl children, to encourage them to stay ahead to their classes. Upto July’09, scholarships amounting to US$ 1,681,108 have been awarded to 92,049 children. During 2009, US$ 714,000 will be awarded to about 27,000 children, at various levels of school and college education.

**Struggling (Beggar) Members Programme:**
Begging is the last resort for survival for a poor person, unless he/she turns into crime or other forms of illegal activities. Among the beggars there are disabled, blind, and retarded people, as well as old people with ill health. Grameen Bank has taken up a special programme, called Struggling Members Programme, to reach out to the beggars. About 111,645 beggars have already joined the programme. Total amount disbursed stands at Tk. 136.56 million (US$ 1.98 million). Of that amount of Tk. 102.26 million (US$ 1.48 million) has already been paid off.

**Grameen Savings Schemes:**
Grameen Bank offers very attractive rates for deposits. Minimum interest offered is 8.5 percent. Maximum rate is 12 percent.

- Grameen Pension Schemes
- Fixed Deposits
- 7- Years Deposits
- Special Savings Funds
- Monthly Profit Schemes

By the end of December, 2006 total deposit in Grameen Bank stood at Tk. 44.27 billion (US$ 633.31 million). Member deposit constituted 62 percent of the total deposits. Balance of member deposits has increased at a monthly average rate of 3.00 per cent during the last 12 months.
Recent Development in GB:
97 percent Women:
  Total number of borrowers is 7.93 million, 97 per cent of them are women.

Branches:
  Grameen Bank has 2,558 branches. It works in 84,573 villages. Total staff is 23,338 (Grameen Bank, 2009).

Over Tk 465 Billion (US$) Disbursed:
  Total amount of loan disbursed by Grameen Bank, since inception, is TK 465.29 billion (US $ 8.26 billion). Out of this, TK 414.27 billion or 89 percent (US $ 7.34 billion) has been repaid. Current amount of outstanding loans stands at TK 51.02 billion (US $ 738.84 million). During the past 12 months (from August’08 to July’ 09) Grameen Bank disbursed TK 72.98 billion (US $ 1060.42 million). Monthly average loan disbursement over the past 12 month was TK 6.08 billion (US $ 88.37 million). Projected disbursement for year 2009 is TK 75.00 billion (US $ 1091 million), i.e. monthly disbursement of TK 6.25 billion (US $ 90.92 million). End of the year outstanding loan is projected to be at TK. 55.00 billion (US $ 800 million) (Grameen Bank, 2009).

Recovery Rate 98 Percent:
  Loan recovery rate is 97.89 per cent (Grameen Bank, 2009).

Deposits Rates:
  Grameen Bank offers very attractive rates for deposits. Minimum interest offered is 8.5 per cent. Maximum rate is 12 per cent.

Deposits:
  By the end of July, 2009 total deposit in Grameen Bank stood at TK. 70.98 billion (US$ 1027.95 million). Member deposit constituted 58 per cent of the total deposits. Balance of member deposits has increased at a monthly average rate of 2.21 cent during the last 12 months (Grameen Bank, 2009).

Crossing the Poverty Line:
  According to a recent internal survey, 68 per cent of Grameen borrowers' families have crossed the poverty line. The remaining families are moving steadily towards the poverty line from below (Grameen Bank, 2009).

Bangladesh Rural Advancement Committee (BRAC):
  Bangladesh Rural Advancement Committee (BRAC) was initiated in 1972 by Fazle Hasan Abed at Sulla in the district of Sylhet as a small-scale relief and rehabilitation project to help returning war refugees after the Bangladesh Liberation War of 1971. In nine months, 14 thousand homes were rebuilt as part of the relief effort. Several hundred boats were also built for the fishermen, medical centres were opened and other essential services ensured (BRAC, 1990). At the end of 1972, when the first phase of relief work was over, BRAC turned towards long-term development needs and re-organised itself as a multifaced development organisation focusing on the empowerment of the poor and landless, particularly women and children. By 1974, BRAC had started providing micro credit and analyzing the usefulness of credit inputs in the lives of the poor. Till the mid 70s, BRAC concentrated on community development through multi-sectoral village development programmes that included agriculture, fisheries, cooperatives, rural crafts, adult literacy, health and family planning, vocational training for women and construction of community centres. A Research and Evaluation Division (RED) was set up by BRAC in 1975 to analyse and evaluate its activities and provided direction for the organisation to expand and evolve. In 1977, BRAC shifted from community development towards a more targeted approach by organizing village groups called Village Organisation (VO). This approach targeted the poorest of the poor – the landless, small farmers, artisans and vulnerable women. Those who own less than half an acre of land and survive by selling manual labor were considered as BRAC’s target group.

Outreach of BRAC:
  Now BRAC is one of the largest and leading MFIs in Bangladesh. The outreach of BRAC has spread almost all over the country- 64 districts, 509 upazillas/ thanas and 69, 421 villages which cover approximately 110 million people. Up to 2007, the organization has provided loan facilities to 4.91 million borrowers. The
organization is carrying out its microcredit programme through 28 regional offices, 226 area offices and 2806 branch offices all over the country. It is opening new branches in remote rural areas of the country to provide loan facilities to the ultra poor and vulnerable people. BRAC has also increased its outreach by opening branches in few foreign countries, for example, Afghanistan.

Table 1: Outreach of BRAC.

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Districts</td>
<td>64</td>
</tr>
<tr>
<td>Upazillas / Thana</td>
<td>509</td>
</tr>
<tr>
<td>Villages</td>
<td>69,421</td>
</tr>
<tr>
<td>Population covered</td>
<td>110 million (estimated)</td>
</tr>
<tr>
<td>Total Borrowers</td>
<td>4.91 million</td>
</tr>
<tr>
<td>Regional Office</td>
<td>28</td>
</tr>
<tr>
<td>Area Office</td>
<td>226</td>
</tr>
<tr>
<td>Branch Office</td>
<td>2806</td>
</tr>
</tbody>
</table>

Source: (BRAC, 2009)

**Job Creation of BRAC:**

By providing microcredit to the poor and unemployed people, BRAC is contributing significantly in creating jobs and consequently reducing unemployment in Bangladesh. The organization provides some loan facilities to create jobs in various and diverse sectors of the economy such as poultry, livestock, agriculture, social forestry, fisheries, horticulture, sericulture, handicraft Producers, small enterprises, small traders and others. According to the statistics of BRAC, 2007, it has created a total of 69,11,421 jobs in various sectors of the economy of Bangladesh, among which the highest number of jobs have been created in small traders (26,35,212) or (38.2%), and poultry (17,90,791) or (26.0%) sector. On the other hand, the organization has produced the lowest number of jobs in sericulture (25,755) or (0.4%).

Table 2: Job creation of BRAC

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Total</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poultry</td>
<td>17,90,791</td>
<td>26.0</td>
</tr>
<tr>
<td>Livestock</td>
<td>6,98,426</td>
<td>10.1</td>
</tr>
<tr>
<td>Agriculture</td>
<td>9,08,644</td>
<td>13.2</td>
</tr>
<tr>
<td>Social Forestry</td>
<td>88,612</td>
<td>1.3</td>
</tr>
<tr>
<td>Fisheries</td>
<td>2,77,864</td>
<td>4.0</td>
</tr>
<tr>
<td>Horticulture</td>
<td>1,89,758</td>
<td>3.0</td>
</tr>
<tr>
<td>Sericulture</td>
<td>25,755</td>
<td>0.4</td>
</tr>
<tr>
<td>Handicraft Producers</td>
<td>60,200</td>
<td>1.0</td>
</tr>
<tr>
<td>Small Enterprises</td>
<td>1,36,159</td>
<td>2.0</td>
</tr>
<tr>
<td>Small Traders</td>
<td>26,35,212</td>
<td>38.2</td>
</tr>
<tr>
<td>Total</td>
<td>69,11,421</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: BRAC, (2007)

**Education Programme of BRAC:**

BRAC’s non-formal primary education programme provides five-year primary education course in four years to poor, rural, disadvantaged children and dropouts who cannot access formal schooling. These one room schools are for children between eight and fourteen years of age. Each school typically consists of 33 students and one teacher. Core subjects include Mathematics, Social Studies and English. The schools also offer extracurricular activities. As of June 2008, 37,500 primary schools and 24,750 pre-primary schools have been established by BRAC enrolling nearly 3 million children, 65% of whom are girls. The schools have a dropout rate of less than 5% (BRAC, 2006). BRAC has set up centres for adolescents called Kishori Kendra that provide reading material and serve as a gathering place for adolescents where they are educated about issues sensitive to the Bangladeshi society like reproductive health, early marriage, women’s legal rights etc. BRAC has also set up community libraries 185 out of 964 of which are equipped with computers (BRAC, 2006).

**Impact Studies on BRAC:**

There are a number of studies shown the impact of AIM operations from the various aspects which are discussed in this section. The majority of microcredit clients are female and there is substantial evidence that income earned by women is, on average, more likely to be spent on household consumption, thus reducing income/consumption poverty more than money earned by men (Pitt, 1998; Zaman, 2000). The increased benefit to the household is only an ex post facto justification for microcredit institutions focusing on women, though. In the early 1980s, women made up less than 40 percent of the client-base for industry leaders BRAC and
Grameen Bank (Murdoch, 1999). Within ten years three-quarters of BRAC’s clients and 94 percent of Grameen Bank’s clients were women due, in no considerable part, because women are, in general, more reliable in repaying their loans (Murdoch, 1999; Swain, 2008; Hulme, 1996).

A study found 13 percent of the Women who were continuing their pre-existing activities stated that after receiving assistance from BRAC, they were able to undertake these activities on a wider scale and more efficiently. However women who were engaged in small trading before joining BRAC could not run their business smoothly due to lack of capital. Sometimes they had to take loans from mohajans (money lenders) at very high interest rate. As such, they could not earn desirable profits and often incurred loss. After receiving BRAC loans, they had adequate capital to run their business and earn more profits. Traditionally, rural Bangladeshi women are conditioned to consider family interests as their own well-being interests (Kabeer, Nalia, 1999). Involvement in BRAC brings about wide scale changes in the lives of such women. Within the household, they are able to enjoy an improved status due to their monetary contribution to household expenditure. Outside the household, they gain exposure to new ideas and knowledge through their attendance of different village organisation (VO) meetings, and participation in awareness building and legal education training sessions. These changes will assist them in acquiring clear perceptions of their own well-being.

There are various aspects of women’s contribution to family well-being, in terms of asset accumulation, improved standard of living, health and sanitation, increased credit worthiness and other important issues. The following comments voice the opinions of male family members regarding the socio-economic changes that they believe group members and their families had experienced as a result of women’s involvement with BRAC:

- Some members had to starve at one time or other during the year, but now they get food three times a day. Women used to live in straw houses before, now through the efforts of BRAC, they can live in tin houses.
- Women who are divorced, deserted, widowed or otherwise live on the last rung of society now have a chance to improve their lives.
- Women have kindled the light of education in the households after their involvement in BRAC and earning an extra income. They become independent. They have learnt counting and to sign their names. They can move around freely.
- Before women could not get even one taka from other people, but now they can borrow any amount of money from the villagers.
- Women are now more conscious about themselves, and their power of understanding has increased.
- Husbands can no longer always behave as they wish. Household violence has now reduced and husbands dare not be too violent.
- Many women do not care for purdah and disobey their husbands. Women are being lured out of purdah with money.

Participation in microcredit programme with BRAC also appears to act as a change agent in reducing women’s economic dependence on their husbands and other male kin. Women reported that they now have an independent source of income; they no longer need to rely solely on their husbands for the purchase of personal and household items. Women have also reported an improvement in their relationships with their husbands, primarily because they provide them with capital for investment purposes. As for women’s mobility, BRAC involvement has had positive impacts to some extent. Many women never even ventured outside their own locality prior to BRAC involvement, let alone travel to a local market. Traveling to BRAC local offices has given these women opportunities to communicate with the outside world and at the same time has helped them overcome their fear and timidity in dealing with stranger.

**Association for Social Advancement (ASA):**

ASA, one of the largest indigenous NGOs in Bangladesh. ASA began its journey in 1978 at Tepra, a remote village in Manikganj, with a mission to raise the standard of life of the poor, deprived and neglected people. At the initial stage the main focus of ASA’s activities was to build awareness and organize the poor and deprived people society in realizing their rights. Besides, ASA provided legal aid and ran training programmes. At that time the programme succeeded in raising awareness among the grassroots level people and created quite a stir. However, despite achieving a noteworthy success this programme of ASA could not advance much further due to various administrative and social barriers.

In 1991 ASA introduced a new model of microcredit different from the existing microcredit models. One of the specialties of this programme is to reach the financial service to the doorstep of the poor following a
very easy and straight process. In this process, personal guarantee was introduced instead of group guarantee. This relieved the members of additional mental pressure. The rigor of attending weekly group meeting was relaxed and maximum cost effective policy for credit management was adopted. The main objective of this programme is to free the rural and grassroots level poor from the grip of local money lenders, to provide financial assistance to women, backward and landless people so that they can gain employment and self-reliance. ASA extends credit facilities to the female members of the poor households for investment in various income-generating activities. The major income-generating activities receiving support under the Income Generation through Credit Programme (IGCP) are paddy husking, cow/goat rearing, poultry farming, small trading and handicrafts.

**Outreach of ASA:**

Nowadays ASA is one of the largest and leading MFIs in Bangladesh. The outreach of ASA has spread almost all over the country- 64 districts, 515 upazillas/thanas and 72,204 villages which cover approximately 7.1 million members. Up to 2008, the organization has provided loan facilities to 5.6 million borrowers. The organization is carrying out its microcredit programme through 3324 branch offices all over the country. It has total loan disbursed 284,686 million Tk., loan outstanding 33,904 million Tk., no of workers 27,426 and rate of recovery 9.48%. It is opening new branches in distant rural areas of the country to supply loan facilities to the very poor and vulnerable people.

**Table 3:** Outreach of ASA:

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of Branches</td>
<td>3,324</td>
</tr>
<tr>
<td>No. of total Village</td>
<td>72,204</td>
</tr>
<tr>
<td>No. of Thana/Upazilla covered</td>
<td>515</td>
</tr>
<tr>
<td>No. of Districts covered</td>
<td>64</td>
</tr>
<tr>
<td>No. of Members</td>
<td>7.1 million</td>
</tr>
<tr>
<td>No. of total Credit recipients</td>
<td>5.6 million</td>
</tr>
<tr>
<td>Total Loan disbursed (accumulated)</td>
<td>284,686 million</td>
</tr>
<tr>
<td>Loan outstanding (with service charge)</td>
<td>33,904 million</td>
</tr>
<tr>
<td>Total no. of Workers</td>
<td>27,426</td>
</tr>
<tr>
<td>Rate of recovery</td>
<td>99.48%</td>
</tr>
</tbody>
</table>

**Source:** ASA, (2008)

**Impact Studies on ASA:**

Seventy one percent of ASA’s microcredit clients are women, most of these members are landless. At the initial stage rural women are given credit amounting to 70-110 US dollar and urban women, 150-310 US dollar. The income generating projects where the women generally invest the credit money are; farming, cattle and poultry rearing, livestock, paddy husking, handicrafts, pisciculture, small trading etc. The tenure of this credit is one year, repayable in weekly installment. Because of its being encumbrance free and easy availability women feel comfortable with this credit. Till June 2008 ASA has reached its service to more than 7.1 million people through 3324 branches ASA, (2008).

After participating at ASA’s microcredit programme women can generate income for family need and also save surplus money. It increases their social status. Now male and female equally participate in family activities ASA’s microcredit programs brought social well-being to the poor households. One impact assessment on how the poor are being benefited out of their efforts made in their own business has been done through a questionnaire by the ASA research section. Ahmed, M. (2003) found that the borrower’s status in their own household families has been improved satisfactorily. The capital increased 90.58 percent, income increased 91.05 percent, quality of food intake increased 89.27 percent, literacy rate increased 87.88 percent and savings increased 96.14 percent. For income generating activities, job has been created which reduced the unemployment problem and makes the programme sustainable. In the same time ASA’s Microcredit program helps to improve the life of rural people and increase their income. Members invest credit amount into income generating activities and they can expand project through credit and their saving deposits. Member can get new loan soon after old loan repayment. These small-scale economic enterprises have created employment opportunity for their neighbor who is unemployed.

**Proshika Manobik Unnayan Kendra (Proshika):**

Proshika Manobik Unnayan Kendra (Proshika centre for human development) in short Proshika and started working in a few villages of Dhaka and Comilla districts in 1976. Proshika is an acronym of three Bangla words, proshikkhan (training), shikkha (education) and kaj (action). Its mission is to create self-employment
opportunities for the poor in order to both bring households out of poverty and increase literacy. Initially it fulfilled its social intermediation objectives through group formation and consciousness rising, rather than service provision. Among its activities today are skills and management development training, hands on technical advice and marketing assistance (Proshika, 2008). According to data from 2006, Proshika was active in 23,475 villages and 2,101 urban slums in 57 districts of Bangladesh. The organization now works with nearly 1.75 million members (CDF, 2008).

Proshika programmes include building organizations of the poor, training in skill development, universal education, promotion of self-reliance through employment and income generating activities and provision of credit, small enterprise development, natural resource protection and environmental regeneration, development support to communication, health education and infrastructure building, integrated women’s development, development policy analysis and advocacy, patronage to indigenous culture and its use in mobilization of the mass people in social movements, disaster preparedness and management and assistance to other organizations.

Conclusion:
For the last two decades Bangladesh has been drawing attention of the world for its successful microfinance initiatives. Most famous microcredit initiative in Bangladesh is that of Grameen Bank (Chowdhury, 2006). According to the Prof. Yunus, Grameen Bank brought microcredit to the poor, women, the illiterate and the people who pleaded that they did not know how to invest money and earn an income. The Grameen Bank’s conviction that credit is a human right inspired peer lending banking models in over 70 countries (Auwal, 1996) including US, UK, Canada, France, Malaysia, China, Norway and Finland. The Grameen Bank model of credit delivery to the rural poor – especially to women has proved that the poor can lift themselves out of poverty through their own efforts and industry provided they are given access to capital. The application of the model has been successful in countries such as Kenya, the Philippines, Ethiopia and Malaysia (Kamaluddin, 1993). In addition, the experience of the four microcredit programmes shows that microcredit is the most important instrument in efforts to the development of socio-economic status of rural women in Bangladesh. Therefore, it can be concluded that microcredit programme helps the rural poor women to be economically independent and financially solvent in their society.

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