Micro-credit generates higher jobs, wages in rural areas

Micro-credit using households are experiencing 19 percent higher employment than the families out of the coverage of micro-credit at the rural areas of Bangladesh, speakers at a seminar said on Wednesday. On average, every household that borrowed from micro-lending institute enjoyed 53 person-day of employment in a year. Employment of female members of micro-credit using households is higher than male. Employment accounted for females is 29 percent against 17 percent for males. Apart from raising employment at the household level, micro-credit also exerts a significant positive effect on the wages. A 10 percent spread of micro-credit in a village would raise the wage by 4.6 percent. “The employment and wage hike at rural areas were the result of access to finance,” said S. R. Osmani, Professor of Development Economics of Ulster University, UK, while presenting the keynote paper. The seminar titled “Micro Credit and the Rural Labour Market in Bangladesh” was organised by the Institute of Microfinance (InM) at Bangabandhu International Conference Centre (BICC) in the city. Dr. Qazi Kholiquzzaman Ahmad, Chairman of Palli Karma-Sahayak Foundation chaired the seminar while Professor M. A. Baqui Khalily, Executive Director to InM, delivered welcome speech. The key-note speaker says the extent of employment effect differs depending on the use of micro-credit. “Households use loans mainly for productive purposes to gain more employment compared to the households that uses their loans in unproductive means,” he said. Dr. Mahbub Hossain, Professor of BRAC University, Dr. Rizwanul Islam, former special Advisor on Growth, Employment and Poverty Reduction of ILO, Dr. Rushidan Islam Rahman, Research Director of BIDS, Dr. Selim Raihan, Professor of Department of Economics, University of Dhaka and Dr. Sajjad Zohir, Executive Director of Economic Research Group (ERG) spoke as panel discussants. In his course of speech, Dr. Qazi Kholiquzzaman Ahmad said only credit cannot be the solution to poverty reduction. “Along with credit, the micro-credit operation needs to be designed for counseling on health, education, human-skill training and other relevant matters helpful to generate employment. It will be more effective,” he said.