

Changes in the Pattern of BRAC Loan Use and its Impact on Poverty¹

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Introduction

BRAC has been working since 1972 with the objective of poverty alleviation and empowerment of the rural poor. With this in mind BRAC provides credit and other human resource development inputs to them. The poor after receiving loan from BRAC use those for different income generating activities (IGAs). BRAC provides them skill development training so that they can utilize the loan efficiently and generate income. Investment of this loan in different sectors depends, among other things, on their entrepreneurial capacity, profitability of a particular sector, and good infrastructure and access to market.

In the absence of the micro-credit programme of BRAC or other NGOs poor people have virtually no other viable alternative but to borrow from informal moneylenders (*mohajons*) at a very high interest rate during emergency or for consumption. Borrowing from *mohajons* discourages productive investment as the interest rate they charge is too high to generate profit using the loan money. Findings of a study on BRAC's micro-credit programme in five villages of Jamalpur district showed that before BRAC intervention 77% of their loan money came from *mohajons* which reduced to 27% after BRAC intervention (Begum, 1995). BRAC supplied 66% of their loan money. Loan from friends, relatives and other sources was insignificant. In 58% cases the interest rate for loan from *mohajons* was over 200%, in 22% cases it ranged between 100%-199% and in 20% cases it was below 100%. Regarding loan use it was found that 19% of BRAC loan was used in agriculture, 40% in business, 14% in land purchase, 5% in consumption and 22% in others. Before BRAC intervention when loan from *mohajons* was prevalent, 5% and 61% of loan from *mohajons* were used for business investment and consumption respectively which changed to 32% and 35% respectively after BRAC intervention. Even those who were previously day labourers had the opportunity to do business. Due to BRAC intervention an avenue for involvement in IGA and consequently for generating higher income opened up.

Another study investigated the behaviours related to receipt, use and repayment of loans taken from BRAC by its members, and assessed profits made from these loans (Akter and

Rafi, 1996). A total of 338 loans delivered to the poor in the Jamalpur district during 1991-94 were investigated. About 40% of these loans were invested in productive schemes (i.e., investment which could yield profit), 23% in non-productive schemes (i.e., yield no profit) while 37% in schemes which were both productive and non-productive. An increasing trend of investment in the productive schemes was found as number of loan and membership length increased.

A comparative analysis of sectoral distribution of BRAC loan utilization in 1993 and 1996 respectively and the impact of loan use on participants' poverty level is presented in this paper.

The sectors where BRAC loan was used has been classified into three broad categories. Land purchase, land mortgage and crop production has been classified as farm (crop) sector; livestock, poultry and fisheries as farm (non-crop) sector; and rural transport, petty trade, food processing, productive asset accumulation as non-farm sector. The first two sectors constitute the farm sector in a broader sense of the term. Other major sectors where BRAC loan was used were housing, household consumption (food and non-food), loan repayment, and loan out to others. Some other categories where a small number of loans were used have been grouped into 'others' category. Some of the loans were used in multiple purposes. These loans have been incorporated into any of the above categories if major share of the loan was used in that sector. In cases where the total amount of loan went into several sectors with no sector receiving a significant percentage, for simplicity, no categorization has been made for that particular loan. Rather it has been treated under the head—'multiple use'.

Sources of Data

The first impact assessment study of BRAC's rural development programme (IAS-I) was conducted in 1993 and the second one (IAS-II) in 1996. In 1993, a total of 2,250 sample households of which 1,500 BRAC member households and 750 comparison households

were interviewed. In 1996, a total of 1500 households were surveyed of which 1250 were BRAC member households and 250 comparison households. There were 322 BRAC households which were common in both 1993 and 1996 surveys and some variables were observed in both periods which constituted the source of panel data (Husain, 1998). These panel data have been used for this paper.

Findings

A BRAC member can usually receive one loan at a time with the only exception being loan for housing. She² is eligible for another loan only after repaying the previous one. Therefore, the time gap between two successive loans is generally considered to be one year. Since the second survey was conducted three years after the first one, use of only last three loans was considered for 1996 to avoid overlapping of any single loan in both periods. To keep in line with that only last three loans for each member were considered also for 1993 to make a proper comparison. It is not necessarily true that all the members received three consecutive loans. Some of the members received less than three loans, even some members were found who did not receive any BRAC loan in both periods. They maintained membership for depositing savings and also for other human development inputs that BRAC provides.

Till 1993 only 214 of 322 sample BRAC members received loan and they received 557 loans. Of these we have considered only 406 loans taken during three years preceding 1993. Eighty five (62%) of those 138 members who did not receive any loan were in 1993 among the newly joined members with membership length of less than one year. A total number of 307 members received 894 loans between 1993 and 1996 but 15 members still received no loan (Husain, 1998).

² Over 95% of BRAC members are now female. BRAC has recently introduced a policy of including only female into its micro-credit programme. All of the samples in our sample were also female.

In 1993, the highest percentage of loan was used in petty trade (29.4%) followed by food processing (10.4%), food purchase (9.6%), livestock (9.4%) and crop production (6.4%). For housing 4.6% of loan was used. About 3% loan was used for each of land purchase, land mortgage and rural transport. In 1996, loan use in petty trade declined to 24.5% although this sector absorbed the highest percentage of loan among all categories.

Table 1: Changes in the pattern of BRAC loan use

Sector of loan use	Amount of loan (Taka '000)	
	1993	1996
<i>Farm sector</i>	319.5 (22.1)	824.5 (23.3)
<i>Farm (crop) sector</i>	169.5 (11.7)	581 (16.4)
Land purchase	40.5 (2.8)	102.5 (2.9)
Land mortgage	36 (2.5)	152.5 (4.3)
Crop production	93 (6.4)	326 (9.2)
<i>Farm (non-crop) sector</i>	150 (10.4)	243.5 (6.9)
Livestock	135.5 (9.4)	211.5 (6.0)
Poultry	14.5 (1.0)	32 (0.9)
<i>Non-farm sector</i>	679.1 (46.9)	1512.4 (42.9)
Rural transport	41 (2.8)	106.4 (3.0)
Petty trade	428.1 (29.4)	870 (24.5)
Food processing	150.5 (10.4)	528.5 (14.9)
Productive assets	59.5 (4.1)	16.5 (0.5)
Non-prod. asset	18.5 (1.3)	63.5 (1.8)
Household consumption	14.5 (1.0)	99 (2.8)
Loan out	---	65 (1.8)
Loan repayment/ Service charge	---	177 (5.0)
Housing	66.5 (4.6)	3,67.5 (10.4)
Food purchase	139.5 (9.6)	78 (2.2)
Others	209.5 (14.5)	348 (9.8)
Total	1,447.1 (100.0)	3,543.9 (100.0)

Figures in parentheses indicate percentage.

Loan use in food purchase declined sharply to 2.2% and in housing increased to 10.4% which was an indication of BRAC member households' increased economic security. Other sectors where loan use decreased were productive assets and livestock. Percentage of loan use in poultry was very low at about 1% both in 1993 and 1996. In 1996, 5% of loan was used for repaying loan borrowed from elsewhere and about 2% was lent to others in the informal money market. Loan use in rural transport was almost the same at 3% in both

1993 and 1996. About 7.5% of loan was used, in 1993, for multiple purposes which was reduced to 4.7% indicating that more percentage of loan was used for specific purposes. In terms of sectoral redistribution it was seen that loan use in farm sector as a whole increased marginally (2%). Although loan use in farm (non-crop) sector decreased (by 3%), an increased investment in farm (crop) sector pulled up the overall investment in farm sector. Loan use in non-farm sector decreased by 3%. Although loan use in food processing increased (by 5%) a decrease in petty trade (by 5%), which constituted the major share of non-farm investment, caused investment in non-farm sector to decline.(Table 1).

Membership length³ and loan use:

Newer members (in term of membership length) invested, in 1996, increased percentage of their loan in the farm (crop) sector than in 1993, while the older ones invested lower percentages (Table A.1). But loan use in farm (non-crop) sector decreased for both younger and older members. On the other hand, for newer members loan use in non-farm sector decreased. For older members loan use in non-farm sector increased with their membership length. Loan in household consumption decreased and in housing increased for members of all membership length categories.

It had been found that in many cases it was the household head not the BRAC member who used money borrowed from BRAC. Only about 11% of BRAC members, all of whom are female, headed their household. The household head who is usually a male used loan money, sometimes in consultation with the BRAC member. (Husain, 1998). Therefore, some traits of the household head such as his/her occupation and education level are likely to have an influence on which sector BRAC loan would be used.

³ Membership length has been measured in months a person had been a member of a village organization (Mustafa et al., 1996). This was calculated for 1993 and thirty six months should be added when considering for 1996 since the time gap between the two surveys were three years.

Education of the household head and loan use:

For illiterate household heads loan use in farm (crop) sector increased (by about 7%) and in the farm (non-crop) and non-farm sectors decreased by 4% and 5% respectively (Table A.2). With higher level of education of the household head investment in non-farm sector increased. Household heads with highest level of education (class-X+) did not use any loan, both in 1993 and 1996, for consumption. In 1993, these households did not invest any amount of loan in farm sector but in 1996 they invested about 23% of their loan in this sector with a major share of their investment going to farm (non-crop) sector. For this category investment in non-farm sector decreased as well.

Occupation of the household head and loan use:

Occupation of a person has been defined as the activity in which a person is involved for most of the time in a year and which usually provides him/her the major share of his/her income. Occupation has been classified in two broad categories—farm and non-farm. Those who were engaged in agricultural activities, in a broader sense of the term, including crop production, poultry and livestock, fisheries, etc., are said to be employed in farm activities. On the other hand, those who were engaged in all other activities except farm ones are said to be employed in non-farm activities. But these exclude household services which have been considered as a third category (Mallick, 1998).

Investment in the farm sector increased (from 31% to 37%) only when household heads were employed in the farm sector. Loan use in the non-farm sector for them decreased 35% to 32%. Loan use in consumption decreased from 16% to 3%, at the highest rate among all the categories. Interestingly, for household heads employed in the non-farm sector investment in the non-farm sector decreased (by 1%), though marginally. For household heads engaged in household activities loan use in the non-farm sector decreased from 50% to 33%. They used increased percentage of money for consumption. Among all

occupational categories these households invested highest percentage (6%) of loan money in the informal money market (Table A.3).

Landholding before joining BRAC and loan use:

Only the landless households used higher percentage of loan in the farm (non-crop) sector. On the other hand, households with higher amount of landholding invested, in 1996, lower percentage in this sector compared to that of 1993. Investment in the non-farm sector increased for households with landholding ranging from 26 to 100 decimals. Households with greater than 50 decimals of landholding did not loan out to others while the others did, rather the former used a percentage for loan repayment. BRAC loan was not enough for them and sometimes they borrowed from other sources (Husain, 1998) and used BRAC loan to repay those amounts. Households with smaller or no landholding used, in 1993, larger percentage of BRAC loan for consumption but they managed to lower this percentage significantly within the three years (Table A.4).

Non-land productive assets and loan use:

Non-land assets has been classified into two broad categories –productive and non-productive. Productive assets are those invested for income and profit generation. Non-productive assets do not generate income but are preserved as a store of value and can be liquidated at any time. The items which have been classified as productive assets are livestock, poultry, boat, fishing net, power tiller, tube-well, paddy husker, rickshaw and van. (Husain, 1998).

For households possessing no asset or with asset value less than Taka 500, loan use in farm (crop) sector increased at a faster rate than that of those who possessed higher value of productive assets. Households having higher value of assets invested lower percentage of their loan money in the farm sector in 1996 than in 1993. But for them investment in the non-farm sector did not increase. It is interesting to note that only those households with

asset value more than Taka 5000 invested a slightly higher percentage of their loan money in the non-farm sector. (Table A.5).

Village infrastructure and loan use:

A composite variable 'economic vibrancy' has been used to explain rural infrastructure and marketing facilities. This variable was created using village level information for 1996. The variables used to calculate the composite variable include distance from all weather road, distance from nearest bus stop, distance from nearest *hat*, *bazaar* and bank, number of shops per households in the village and ratio of households using electricity to total households in the village. These variables have been assigned scores and these scores were added to calculate the village level vibrancy (Husain, 1998). High vibrant area indicates villages with good infrastructure and marketing facilities while low vibrant area indicates poor infrastructure and marketing facilities.

Households living in the low vibrant areas invested 22% of their loan money in farm (crop) sector in 1993 which increased to about 40% in 1996 while for those living in the medium vibrant areas these percentages, for the two respective periods, were only about 12% and 14%. On the other hand, in the villages with good infrastructure and marketing facilities percentage of loan money invested in farm (crop) sector decreased from 14% and 10%. Investment in farm (non-crop) sector declined in all areas. Finally, investment in farm sector as a whole increased only in the areas suffering from lack of good infrastructure and marketing facilities. On the contrary, in the areas connected with developed infrastructure and having good marketing facilities loan use in the non-farm sector increased from only about 7% in 1993 to above 51% in 1996. In the low vibrant areas it decreased by about 11% and in medium areas by only 3% (Table A.6).

Impact on poverty

Poverty level is estimated using income or expenditure data. Higher income/expenditure level indicates greater likelihood of moving above the poverty line. We do not have data on income from each of the sectors. Therefore, we have used expenditure data as a proxy for income. Another rationale for using expenditure data is that it is easier to collect compared to income data because people tend to underreport their actual income. Furthermore, income level, especially that of the poor people in a rain-fed agrarian economy, fluctuates all over the year. But people always try to smoothen their expenditure (Ravallion, 1992). Therefore, expenditure level has been considered as an estimate of poverty.

A multivariate analysis has been made to find out the comparative contribution of loan use of different sectors to the expenditure level. Per capita monthly total expenditure in 1996 has been used here as the dependent variable. The independent variables are amount of loan received from BRAC between 1993 and 1996, amount of non-institutional loan in 1996, different sectors where BRAC loan was used in 1996 (dummy), training from BRAC, involvement in IGAs, family size, amount of landholding before joining BRAC, value of productive assets, amount of savings and village level infrastructure and marketing facilities.

Findings reveal that the contribution of loan use in farm (crop) and farm (non-crop) sectors compared to non-farm sector to per capita monthly total expenditure was higher. Again, it was higher for those using loan in farm (crop) sector than farm (non-crop) sector. This contribution was the highest for those using their loan in housing. The reason might be that the poorest usually invest their loan in IGAs. After ensuring a certain level of income required for subsistence they go on investing in housing. Therefore, comparatively better-off households invested in housing. Per capita monthly total expenditure was also higher for those who invested their loan money in 'others' (loan out, non-productive assets etc.) compared to farm and non-farm sectors. These households are also better-off. Other variables contributing significantly in this regard were family size and total value of

productive assets. For households with large family size, per capita monthly total expenditure was lower and with higher productive asset value it was higher (Table A.7).

Conclusion

An increasing trend of BRAC loan use in the farm sector has been found. Loan use in the farm (crop) increased at a very high rate while that in the farm (non-crop) and non-farm sectors decreased. Loan use in housing increased and in consumption decreased indicating BRAC member households' better economic security than before. In 1996, some members used their loan for repayment of loan they borrowed from elsewhere and for on-lending in the informal money market. Investment in the farm sector increased when household head was employed in the farm sector. Interestingly, for household heads employed in the non-farm sector investment in the non-farm sector decreased. Investment in the non-farm sector increased only in the areas having developed infrastructure and marketing facilities, investment in the farm sector increased elsewhere.

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ANNEX

Table A.1: Changes in the pattern of BRAC loan use for different membership length categories.

Sector of loan use	Amount of loan (Taka '000)							
	Panel (1-11)		Panel (12-29)		Panel (30-47)		Panel (48+)	
	1993	1996	1993	1996	1993	1996	1993	1996
<i>Farm sector</i>	36.5 (19.7)	391 (30.2)	19 (12.8)	93 (19.6)	151.5 (26.3)	211.5 (20.3)	112.5 (21.0)	129 (17.7)
<i>Farm (crop) sector</i>	17.5 (9.5)	277 (21.5)	8.5 (5.7)	82 (17.3)	71.5 (12.3)	141 (13.5)	72 (13.4)	81 (8.1)
Land purchase	3.5 (1.9)	26.5 (2.1)	8.5 (5.7)	9 (1.9)	6 (1.1)	40 (3.8)	31 (5.8)	27 (3.7)
Land mortgage	5 (2.7)	51.5 (4.0)	---	35 (7.4)	27 (4.7)	38 (3.6)	4 (0.7)	28 (3.8)
Crop production	9 (4.9)	199 (15.4)	---	38 (8.0)	38.5 (6.7)	63 (6.1)	37 (6.9)	26 (3.6)
<i>Farm (non-crop) sector</i>	19 (10.2)	114 (8.8)	10.5 (7.1)	11 (2.4)	80 (13.8)	70.5 (6.8)	40.5 (7.5)	48 (6.6)
Livestock	18 (9.7)	97 (7.5)	10.5 (7.1)	6 (1.3)	66.5 (11.5)	70.5 (6.8)	40.5 (7.5)	38 (5.2)
Poultry	1 (0.5)	17 (1.3)	---	5 (1.1)	13.5 (2.3)	---	---	10 (1.4)
<i>Non-farm sector</i>	64.5 (34.8)	383.9 (29.4)	87 (58.6)	240 (50.6)	246.6 (42.8)	458.5 (43.9)	28.1 (52.3)	439 (60.1)
Rural transport	2 (1.1)	30.4 (2.4)	2.5 (1.7)	12 (2.5)	23.5 (4.1)	47 (4.5)	13 (2.4)	17 (2.3)
Petty trade	52 (28.0)	253 (19.5)	78.5 (52.9)	167.5 (35.3)	162.6 (28.2)	281 (26.9)	1.35 (25.1)	1.68 (23.0)
Food processing	7.5 (4.1)	95 (7.3)	2.5 (1.7)	60.5 (12.8)	40.5 (7.0)	125.5 (12.0)	100 (18.6)	247.5 (33.9)
Productive assets	3 (1.6)	5.5 (0.4)	3.5 (2.4)	---	20 (3.5)	5 (0.5)	33 (6.2)	6 (0.8)
Non-prod. asset	5.5 (3.0)	40 (3.1)	---	6 (1.3)	9 (1.6)	17.5 (1.7)	4 (0.7)	---
Household consumption	2.5 (1.4)	43.5 (3.4)	1 (0.7)	11 (2.3)	4 (0.7)	44.5 (4.3)	7 (1.3)	---
Loan out	---	26.5 (2.1)	---	14 (3.0)	---	17.5 (1.7)	---	7 (1.0)
Loan repayment	---	63 (4.9)	---	40 (8.4)	---	56 (5.4)	---	18 (2.5)
Housing	6 (3.2)	178.5 (13.8)	---	18 (3.8)	29 (5.0)	92.5 (8.9)	31.5 (5.9)	78.5 (10.7)
Food purchase	22 (11.9)	20.5 (1.6)	10.5 (7.1)	14 (3.0)	51 (8.9)	31 (3.0)	56 (10.4)	12.5 (1.7)
Others	18 (9.7)	82.7 (6.4)	28 (18.9)	8 (1.7)	32.5 (5.6)	54.5 (5.2)	22.5 (4.2)	35 (4.8)
Multiple use	30.5 (16.4)	65.8 (5.1)	3 (2.0)	30 (6.3)	52.5 (9.1)	60 (5.8)	22.5 (4.2)	12 (1.6)
Total	185.5 (100.0)	1,295.4 (100.0)	148.5 (100.0)	4.74 (100.0)	576.1 (100.0)	1,043.5 (100.0)	537 (100.0)	7.31 (100.0)

Figures in parentheses indicate percentage.

Table A.2: Education of the household head and loan use

Education level of the household head	Year	Amount of loan (Laka '000)								
		Farm (crop)	Farm (non-crop)	Non-farm	Consumption	Housing	Loan repayment	Loan out	Others	Total
Illiterate	1993	105.5 (9.2)	135 (11.7)	553.5 (48.1)	132.5 (11.5)	52 (4.5)	---	---	173 (15.0)	1151.5
	1996	448 (16.3)	203 (7.4)	1,181.9 (43.0)	119.5 (4.3)	311 (11.3)	130 (4.7)	46 (1.7)	311.7 (11.3)	2,751.1
Class (I-V)	1993	22 (18.0)	13 (10.6)	62.5 (51.0)	4 (3.3)	2 (1.6)	---	---	19 (15.5)	122.5
	1996	51 (14.3)	26.5 (7.4)	132 (36.9)	30 (8.4)	12.5 (3.5)	40 (11.2)	13 (3.6)	52.8 (14.8)	357.8
Class (VI-X)	1993	35 (26.4)	2 (1.5)	41.1 (31.0)	16.5 (12.4)	4 (3.0)	---	---	34 (25.6)	132.6
	1996	73 (22.6)	3 (1.0)	162 (50.2)	17 (5.3)	22 (6.8)	4 (1.2)	6 (1.9)	36 (11.2)	323
Class (XI+)	1993	---	---	1.5 (42.9)	---	---	---	---	2 (57.1)	3.5
	1996	4 (7.1)	9 (16.1)	26 (66.4)	---	11 (19.6)	---	---	6 (10.7)	56

(Figures in the parentheses indicate percentages)

Table A.3: Occupation of the household head and loan use

Occupation of the household head	Year	Amount of loan (Laka '000)								
		Farm (crop)	Farm (non-crop)	Non-farm	Consumption	Housing	Loan repayment	Loan out	Others	Total
Farm employment	1993	74 (16.3)	66 (14.5)	161 (35.4)	71 (15.6)	11 (2.4)	---	---	72 (15.8)	455
	1996	341 (28.1)	107.5 (8.9)	381.5 (31.5)	37.5 (3.1)	112.5 (9.3)	84.5 (7.0)	23.5 (1.9)	124.3 (10.3)	1,212.3
Non-farm employment	1993	72 (9.0)	59.5 (7.4)	423.6 (52.8)	66.5 (8.3)	38.5 (4.8)	---	---	142 (11.7)	802.1
	1996	184.5 (9.4)	105 (5.3)	1,017.9 (51.8)	98.5 (5.0)	207.5 (10.6)	74.5 (3.8)	19.5 (1.0)	259.2 (13.2)	1,966.6
Service employment	1993	23.5 (12.4)	24.5 (12.9)	94.5 (49.7)	16.5 (8.7)	17 (9.0)	---	---	14 (7.4)	190
	1996	53.5 (15.2)	31,000 (8.5)	122 (33.4)	41 (11.2)	47.5 (13.0)	18 (4.9)	22 (6.0)	28 (7.7)	365

(Figures in the parentheses indicate percentages)

Table A.4: Pre-BRAC land holding and loan use

Pre-BRAC landholding	Year	Amount of loan (Laka '000)									
		Farm (crop)	Farm (non-crop)	Non-farm	Consumption	Housing	Loan repayment	Loan out	Others	Total	
No land	1993	33.5 (11.5)	14 (4.8)	139.8 (55.0)	37.5 (12.9)	18.5 (6.4)	-----	-----	27.5 (9.5)	290.8	
	1996	96 (15.6)	36.5 (5.9)	266 (43.1)	30.5 (4.9)	73.5 (11.9)	25 (4.1)	7 (1.1)	83 (13.4)	617.5	
1-25 dec.	1993	62.5 (9.7)	51 (7.9)	297.3 (45.5)	90.5 (14.1)	43.5 (6.8)	-----	-----	102.5 (16.0)	642.3	
	1996	241 (13.1)	145.3 (7.9)	746.9 (40.6)	116 (6.3)	211 (11.5)	118.5 (6.5)	47 (2.6)	210 (11.4)	1,835.9	
26-50 dec.	1993	38.5 (17.9)	25 (11.6)	101 (47.0)	6.5 (3.0)	-----	-----	44 (20.5)	215		
	1996	115 (22.0)	21 (4.0)	279.5 (53.4)	18 (3.4)	31 (5.9)	9 (1.7)	11 (2.1)	38.5 (7.4)	5,23,000	
51-100 dec.	1993	5 (3.7)	37 (27.1)	57.5 (42.1)	4.5 (3.3)	4.5 (3.3)	-----	-----	28 (20.5)	136.5	
	1996	69 (25.4)	8 (2.9)	121 (44.5)	7 (2.6)	33.5 (12.3)	2.5 (0.9)	-----	31 (11.4)	272	
100+ dec.	1993	30 (18.5)	23 (14.2)	68.5 (42.2)	15 (9.2)	-----	-----	-----	26 (16.0)	162.5	
	1996	60 (20.3)	32.5 (11.0)	108 (36.6)	5.5 (1.9)	18.5 (6.3)	22 (7.5)	-----	49,000 (16.6)	295.5	

(Figures in the parenthesis indicate percentages)

Table A.5: Value of non-land productive assets and loan use

Value of productive assets	Year	Amount of loan (Taka '000)									
		Farm (crop)	Farm (non-crop)	Non-farm	Consumption	Housing	Loan repayment	Loan out	Others	Total	
No asset	1993	1	---	51.2	4.5	4	---	---	17.5	78.2	
	1996	23	5.5	146.5	(5.8)	(3.1)	4	---	(22.3)	246.3	
Taka 1-500	1993	27.5	21	163.3	(8.1)	(10.8)	(1.6)	---	(8.4)	373.3	
	1996	188	40.5	445.4	(14.3)	(8.0)	70	39	(20.9)	1049.9	
Taka 501-2500	1993	35	10	156.6	(4.8)	(10.3)	(6.7)	---	(10.3)	280.6	
	1996	145.5	58.5	275	(12.5)	(10.2)	15	17	(10.5)	696.2	
Taka 2501-5000	1993	19	14	65	(2.7)	(10.2)	(2.2)	---	(13.8)	154.5	
	1996	40.5	33.5	172.5	(19.4)	(2.6)	27	---	(14.6)	459	
Taka 5001+	1993	87	105	243	(8.3)	(14.9)	(5.9)	---	(17.2)	560.5	
	1996	184	105.5	482	(18.7)	(6.7)	61	9	(14.4)	1092.5	

(Figures in the parenthesis indicate percentages)

Table A.6: Village level infrastructure and loan use

Village level vibrancy	Year	Amount of loan (Taka '000)									
		Farm (crop)	Farm (non-crop)	Non-farm	Consumption	Housing	Loan repayment	Loan out	Others	Total	
Low	1993	15.5	5.5	20.5	11.5	2	---	---	16.5	71.5	
	1996	137	12	62.5	(16.1)	19	21	6	(23.1)	344.3	
Medium	1993	143	122	600.6	(5.5)	(9.0)	(6.1)	---	(16.2)	1,244.6	
	1996	406.5	200	1,267	(10.7)	(4.3)	143	55	(15.4)	282.7	
High	1993	11	22.5	5.8	(4.6)	(10.1)	(5.1)	---	(12.0)	78.8	
	1996	37.5	31.5	191.9	(7.4)	(14.4)	13	4	(24.8)	372.4	

(Figures in the parenthesis indicate percentages)

Table A.7: Contribution of sectional loan use to material well-being:

Dependent variable: Per capita monthly total expenditure in 1996

Independent variables	Coefficient
Amount of BRAC loan received between 1993 and 1996	0.01 (0.003)**
Amount of non-institutional loan in 1996	0.005 (0.004)
Sectors where BRAC loan was used between 1993 and 1996	
Farm (non-crop)=1, otherwise=0	-58.88 (44.83)
Non-farm=1, otherwise=0	-7.90 (33.52)
Houseing=1, otherwise=0	79.94 (41.86)*
All other sectors except farm (crop)=1, otherwise=0	19.47 (34.41)
Whether received any loan from BRAC	-21.63 (23.72)
Family size	-48.74 (6.10)***
Landholding before joining BRAC	0.08 (0.09)
Whether involved in any IGA	47.95 (23.54)**
Value of non-land productive assets	0.01 (0.002)***
Amount of savings	0.01 (0.01)
Village level infrastructure and marketing facilities	-0.43 (2.56)
Constant	784.13 (65.45)***
R ²	0.18
Adjusted R ²	0.17
F statistic	9.14

(Figures in the parenthesis indicate standard errors)

* Significant at 10% level, ** Significant at 5% level, *** Significant at 1% level