

An economic evaluation of BRAC's micro credit program

A Dissertation

By

Mohammad Nazmul Hasan

ID No. 08272019

**Submitted to the
Institute of Governance Studies
BRAC University
Dhaka**

**In partial fulfillment of the
requirement for the degree of
MA in Governance and Development**



**Institute of Governance Studies
BRAC University, Dhaka.
15 November, 2009**





Institute of Governance Studies
Brac University
Savar, Dhaka.



An economic evaluation of BRAC's micro credit program

A Dissertation

By

Mohammad Nazmul Hasan

ID No. 08272019

Approved as to style and content by

Professor M. Nurul Hoque
Supervisor

Jahangirnagar University
Savar, Dhaka



Institute of Governance Studies
Brac University
Savar, Dhaka.



Statement of the Candidate

I hereby declare that I am the sole author of this thesis.

Mohammad Nazmul Hasan

ID No. 08272019

I authorize the Institute of Governance Studies and BRAC University to lend this thesis to other Institutions or individuals for the purpose of scholarly research.

Mohammad Nazmul Hasan

ID No. 08272019

I further authorize the Institute of Governance Studies and BRAC University to reproduce this thesis by photocopying or by other means, in total or in part, at the request of other institutions for the purpose of scholarly research.

Mohammad Nazmul Hasan

ID No. 08272019

Abstract

Micro-credit has become a fashionable cure-all for most non-governmental organizations (NGOs) in Bangladesh. In fact micro-credit program is running on in the world lead by Bangladesh. BRAC, one of the biggest NGO of the world, happens also to be the pioneer institution in the field of micro credit. BRAC published every year the success history of its micro credit program. But when we observe the poverty scenario of our country, we find a huge range of gap between the success history of BRAC and the real scenario. This paper undertakes BRAC's microfinance program to critically evaluate what they say, they do against what they actually do in practice.

This paper presents microfinance activities of BRAC within entire domain of microfinance as practiced in Bangladesh. It has been comprehensive in presenting also the other activities of BRAC. This study has made an attempt to explore the impact assessment of BRAC's micro credit program on poverty and socio-economic condition of BRAC's borrowers by pre and post conditions analysis. The issues of women empowerment and the views of borrowers about the nature of BRAC's program also have been studied. The impact assessment results of this study failed to scare the mark as often the authorities of BRAC claim. Nevertheless there are some positive aspects of the borrowers about different social awareness including education and health. Borrowers are not fully satisfied with some issues related to BRAC's micro credit program like interest rate and savings money. This paper also reports the effective interest rate of BRAC's micro credit program as compared to another non-government microfinance institution (ASA) and one government microfinance institution (BRDB). This paper also reports some critical findings of BRAC's micro credit program and also put some recommendations for the betterment of both BRAC and its borrowers with a view to make being about changes at the policy level in order to make the program more user friendly and least costly to the credit members.

Micro credit program has already become one of the most popular subjects for getting different popular global awards. And already many countries of the world have taken this program into action for alleviating poverty in then respective countries. And in reality it is true that the service takers are happy which receiving credit in easy way, it is also true that the way repayment system is designed is very much complex and coercive for the poor and their initial happiness fickle fades away. A large number of people already have been engaged in micro-credit programs in the world for changing bringing sustainable changes in their levels of living.

Acknowledgement:

This note of acknowledgement deserves to be starter with expressing my heartiest thanks and gratitude to the poor borrowers of micro credit from whom I collected data. Certainly those 200 poor borrowers will never go through this paper but they are the ones who made immense contribution by providing data from their real life experiences with micro credit. Without their contribution writing this dissertation would never have been possible.

I would like to take this opportunity to thank Proffesor M. Nurul Hoque, Jahangir Nagar University, who inspired me and always provided proper guidance and support to complete the task. His presence was a blessing for me. Without his guidance and suggestions this paper would have never been possible. In spite of his tremendous busy schedule, he provided enough time whenever I demanded. When I fall into any problems in writing this paper, my supervisor came up with fruitful academic guidance and valuable suggestions. I had several lively and fruitful discussions with him on the relevant topic. Not only academic guidance, Professor Hoque also provided mental support to me by making generous and encouraging comments on my efforts during my struggling days with the study.

I am also indebted to Dr. M. Emdadul Haq, Professor and Course Coordinator, MAGD Batch # 3, for his support and guidance for preparing this paper. And thanks him giving me support by sharing knowledge and information and also his constant inspiration to complete this paper in a more organized manner. My sincere and heartfelt gratitude to Dr. Rezwan Khair, academic co-ordinator , IGS, BRAC University who made his sincere and painstaking efforts to enrich this paper. I am also indebted to Barrister Manzoor Hasan , Director , IGS, BRAC University, for his keen attention to all of us to submit this paper properly and in due time.

Furthermore, I especially convey my thanks to Mr. Chowdhury , Director, micro credit , BRAC for his cordial help in allowing me to visit any micro credit branch office of Bangladesh for collecting data. I also want to give special thank to the program coordinator , micro credit , BRAC for his sincere cooperation and sharing with me his experiences on the present topic.

This note of acknowledgement shall remain incomplete if I do not express my thanks and gratitude to the branch manager and all other staffs of BRAC's micro credit program of Katiadi branch, Kishoreganj and Natore Sadar branch, Natore for their sincere help in carrying out the field survey. I want also give my thanks to Mr. Saiful Islam and Naznin Sultana who put their all time effort for collecting data from the field.

Table of Contents

page no.

Statement of the candidate	3
Abstract	4
Acknowledgement	6
List of tables	10
List of figure	11
Chapter one	
1.1 Introduction	14
1.2 Literature review	15
Chapter two	
2.1 Rationale of the study	24
2.2 Objectives of the study	25
2.3 Concepts and variables used in the study	26
2.4 General description of the study area	27
2.5 Rationale of selecting the study area	28
2.6 Research methodology and Study design	29
2.7 Limitations of the data:	30
Chapter three	
3.1 Microfinance:	32
3.2 Principles of microfinance:	33
3.3 Clients reached in microfinance worldwide:	34
3.4 Women clients reached worldwide:	36
3.5 Development of micro-credit sector in Bangladesh:	39
3.6 Structure of microfinance in Bangladesh:	41
3.7 Disbursement of micro credit by sectors in Bangladesh	42
Chapter four	
4.1 Its mission , vision and values	44
4.2 BRACs' advancement	46
4.3 BRAC's program	47
4.4 International Initiatives of BRAC	48
4.5 Partners	49
4.6 BRAC in Microfinance Operation	49
4.7 Loan Application, Processing and Disbursement Procedure	53

4.8 Installments and Savings Collection, Documentation and Reporting Procedure	54
4.9 Components of BRAC Microfinance Program	55
Chapter five	
5.1 Impact on income and poverty	58
5.2 Impact on women empowerment	70
5.3 Other social impact and socio economic characteristics	76
5.4 Assessment of BRAC's micro credit (loan, savings and interest rate)	81
5.4.1 BRAC's micro credit interest rate	83
5.4.2 Savings and interest rate of BRAC's micro credit savings	91
5.5 A case study	93
Chapter six	
6.1 Income based poverty:	95
6.2 Women empowerment	98
6.3 Socio economic impact	99
6.4 Borrowers view on BRAC's micro credit	100
6.5 Positive and negative patters of BRAC's micro credit	101
6.6 Future Challenges for BRAC's micro credit	104
Chapter seven	
7.1 Conclusion	108
7.2 Recommendations	109
7.3 Some important issues for further research	109
Bibliography	111
ANNEXTURE 1 Questionnaire	113

List of table**page no.**

3.1 State of microfinance summit campaign	35
3.2 State of microfinance summit report 06	36
33 Structure of microfinance in Bangladesh	41
5.1 Pre and post condition of income level	60
5.2 Duration of respondents with BRAC	60
5.3 Borrowers loan taking time/times	61
5.4 land ownership of borrowers	68
5.5 eligible and non eligible borrowers	70
5.6 Number of borrowers of Grameen Bank and BRAC	71
5.7 Income status in family and change status of profession	73
5.8 Impact on social aspect (use of loan).	74
5.9 Impact on social aspect (decision making in family)	75
5.10 Major socio- economic attribute	76
5.11 Major health and recreation related attributes	78
5.12 Major hygienic attributes	80
5.13 Loan and its nature	82
5.14 Comparison of loan activities	84
5.15 Respondents view about BRAC loan	88
5.16 Respondents view about savings	91

List of figure**page no.**

3.1 How microfinance works	34
3.2 Growth in microfinance institutions in Bangladesh	40
3.3 Disbursement of micro credit by sector wise in Bangladesh	42
6.1 Poverty trends	96

Chapter one

1.1 Introduction

1.2 Literature review

1.1 Introduction

The emergence of the microfinance industry in Bangladesh presents a tremendous opportunity to extend financial services to the vast majority of the poor people. The word 'microfinance' and 'micro-credit' are the buzz words in the world. Microfinance programs are one of the most important interventions in developing country efforts to reduce poverty. Recent years there have seen a huge growth of this sector in terms of numbers and size of organizations, numbers of clients and provision of subsidized donor funds. A large proportion of Microfinance Institutions (MFIs) include poverty reduction in their mission, and donor funding is allocated to microfinance on this basis. At the most basic level there is a need to understand the impact of microfinance as a key way to reduce poverty and bring economic development. In Bangladesh, poor people have traditionally been denied access to the formal banking system, as they are unable to provide collateral for loans and typically deal in small amount of money. This attitude leads microfinance program to success in our country. Bangladesh micro-finance sector is regarded as the largest and relatively efficient in the world. We still lead the global microfinance industry both in terms of its sheer size and productivity. Several efficiency indicators are quite in favor of Bangladeshi Microfinance Institutions (MFIs). From being development partner-supported entities, increasingly the Bangladeshi MFIs are moving towards self-sufficiency through commercialization of financing sources and improving internal control mechanism. But it is true that our poor people cannot overcome poverty line significantly only on the basis of microfinance. Moreover the percentage of people under poverty line is increasing day by day. Now it is time to evaluate microfinance institutions' effectiveness to eradicate poverty from our country. It is also important factor to evaluate the stakeholders financial condition so that we can come to know that who are the real stakeholders. It is seen in the microfinance institutions that when stakeholders go for loan, they cannot come out from the vicious cycle of credit receipts and repayments. Since we are the leader of microfinance institutions in the world, we should make the policy more 'poor-centric' for the betterment of the country. It is now perfect time to evaluate and monitor the microfinance activities in our country for the sake of betterment both poor people and microfinance institutions.

1.2 Literature review

It has been discussed in many studies about the impact of micro credit on the social and economic situation of the poor. The wider impact of micro credit institutions on society at large has been subject to some debate. There are some studies in favor of the impact of micro credit on society and there are also some studies about the controversy of the impact of micro credit on society.

The major objective of Micro credit is to create income among poor households and thereby alleviate poverty. It is important whether micro credit leads to an improvement in income and second whether the increase in income is sufficient to lift them above the poverty line. There is also a third aspect related to the second, that is whether poverty alleviation takes place on a sustained basis. Most studies consider the total impact of growth in income and do not examine whether a redistribution of credit fund has a trickle down impact on poverty income and income of households.

Hossain (1985) provides a comparison of income of the credit- participants and non-participants in his sample. The study had undertaken a regression exercise to control for the other characteristics of the households and to isolate the impact of credit on household income. He showed that per capita income of the participants was about 31 per cent higher compared to the control group. Within the project villages, the income of the Grameen Bank (GB) members was about 18 per cent higher compared to the non-members. Both per capita income and household income were found to be positively correlated with the amount of credit obtained from GB.

Hossain (1988) again presented a comparative picture of the impact of GB on income and expenditure of rural households. On the basis of borrowers' perception, 91 per cent were found to have improved their economic condition after joining GB. Finding from in-depth household survey confirms this positive contribution in his study. The findings of

the study indicated that GB contributed indirectly to the growth of income of non-participant households through an withdrawal of supply from the labor market on the part of GB members.

BIDS (1990) provided a comparative picture of the impact of various poverty alleviation programs. The study focused mainly on economic impact. The indicators used in the study included: household income expenditure, type of expenditure, food intake, employment, land transactions and housing. The findings of this study indicated a positive impact of all types of program (Govt. and NGOs) on households' economic conditions. Some indicators like household income showed a greater response compared to consumption expenditure to housing situation. Statistical tests for the difference in the mean were significant between members and non-members. The study also examined how far the program participants come from the target group. It was revealed that a significant proportion of non-target households have been included in most programs.

.Alamgir (1994) attempts an assessment of the impact of micro-credit on household income on the basis of perception of the respondent who are borrowers from a number of NGO's financed by PKSf. A direct measure of income has not been provided in this study. He showed that about 43 percent borrowers reported a substantial increase in household income whereas 54 percent reported a fair increase. The study does not provide a cross-sectional comparison of household income among the different categories of households. Incomes accruing to households from different activities have been compared across programs. Such comparisons cannot however provide a meaningful picture because the sample sizes for each activity are small. Method of calculation of income have been different for some of the activities. The link between variation of income and total labor force in an enterprise has not been taken into account.

A multivariate analysis by Pitt and Khandakar (1995) on the impact of credit for rural poor show that the amount of credit taken from Grameen Bank has a positive impact on household expenditure specially of the expenditure on food. The same data set provides a comparison of the extent of poverty in the areas where the NGO programs operate with

areas where they do not. It shows a lower percentage of poverty in the areas covered by NGO's. The study also shows that the extent of poverty gradually declines as the landless households got repeat loans. Poverty among households who obtained five or more loans is substantially lower compared to new borrowers or non-members. However, households with 0-1 loans from GB and BRAC have a higher percentage of poor compared to non-member households.

A study by Sen (1996) shows the comparison of the micro-credit participants and non-participants on the basis of panel data. The study shows that the participants started with lower per capita income (PCI) and reached a slightly higher level after five years. They achieved a 3.2 percent rate of growth of PCI compared to 0.2 percent by the non-participants. It did not attempt an analysis of the correlates of credit which contribute to the enhancement of income. The impact of the amount of credit, the organization involved, other inputs etc. should also be examined through the use of panel data.

Rushidan (1996) carried out a study on "Impact of credit for rural poor: an evaluation of PKSf credit program" to evaluate the impact on the poor borrowers. The analysis was carried out based on cross sectional comparison of household who had borrowed and those who had not. A stratified random sampling method was followed for selection of PO (Program Organizations) of different size. The findings of the study were that the borrowers from PKSf came from landless men and women with no usual feature. Credit has been found to enhance household income. A few case studies revealed that women could be very active and enterprising when they were provided with opportunities for investment

There are some studies about the controversy on assessing the impact of micro credit on poverty. The research of Hulme and Mosley (1998) shows in their study that the impact of credit on BRAC members' monthly income has been limited. Particularly when inflation is taken into account, income increases of members are negligible. Hulme and Mosley, however, nuance their statement by acknowledging some success among the relatively wealthier poor households.

Zaman (1998) recognizes in his study that micro credit can contribute to poverty reduction, but only if the poor have achieved a certain economic level. Morduch (1998) is even more radical in his conclusions. He explicitly attacks Khandaker's (1998) impact study. He demonstrates that positive results are to a large extent attributable at Khandker's measuring of the income of members who do not belong to the specific target group of Grameen Bank and BRAC. According to Morduch, 30 percent of them would be too rich to be part of target group. Consequently with the same data, but after adjustments, he cannot find any proof of an increase in income.

Micro credit institutions have opened up new opportunities for rural women which were quite unthinkable for them. Uneducated and asset less poor women becomes recipient of institutional credit by virtue of micro credit activities. Among 4 million landless members who obtain credit from micro credit institutions, 90 percent or more are women. There has been a number of researches on the impact of micro credit on women's status. But unfortunately none of them looked at the question of why micro credit has been currently working among only women and what are the implications of developing a credit program on the basis of only female borrowers.

Rahman (1986) used a number of indicators to examine the impact of Grameen Bank membership on the awareness among women and their decision making power. It was observed that the female borrowers had a grater decision making power compared to the wives of male borrowers. Rahman (1986), Rahman and Khandker (1995) and Pitt and Khandker (1995) have showed in their respective study that female labour supply shows a positive response to micro credit supply. Self employment of women and thereby total household employment is higher in villages with NGO credit programs. Several studies provide definite evidence of improvement in women's situation resulting from access to NGO credit. Schuler and Hashemi (1995) provide evidence on women's empowerment through Grameen Bank and BRAC credit.

Up until now we have put forward a lot of positive effects of microcredit programs on the status of women; however, opinions are more diverse when it comes to women's control over loan use and domestic violence. Goetz and Sen Gupta (2000) have investigated whether female members of Grameen Bank, BRAC, TMSS, actually have control over their credit. They showed in their study that 63 percent of the women involved in these programs have only "partial," "very limited," or "no control." Goetz and Sen Gupta further indicated that the results were confirmed by the research of Rahman, White, and Ackerly. Although Hulme and Mosley agree on women's minor control over loan uses, they observed that credit does not encourage emancipation at all. Female members' better status could be observed only when it is compared with other women's status, not when it was compared with that of men.

A number of social impact of micro credit has been studied in different studies. Diverse social impact indicators were examined in these studies. Chowdhury and Khandker (1995) examined the nutrition status among recipients of loan from Grameen Bank, BRAC, BRDB. However this study did not provide any comparison with a control group and therefore the impact of program could not be identified. Grameen Bank borrowers were in a better situation compared to other programs.

Mustafa et.al .(1996) measures the impact of Rural Development Program (RDP) inputs (credit and other inputs) of BRAC on material well-being using different indicators. The indicators are size of living quarter per person, value of livestock per household, value of house per household, total asset per household, food expenditure, number of deficit months, food stock in peak and slack season, non-RDP savings, percent of household with all weather roofs. The study compares impact of micro-credit by different sizes of loan and by gender of borrower. The study attempted to identify a critical mass of NGO input as a combination of length of membership (more than 2.5 years) and the amount of loan (more than Tk. 2500) and tested which indicators of impact respond to such critical level. Statistical tests demonstrated that the value of housing structure and total assets were significantly higher for male members who were above the thresholds. However, other indicators of material well-being, namely, cash earning, food stock and expenditure

did not vary significantly for the two categories, those above and below the threshold. For female members of the groups, the difference in the values of most of the variables was found significant. The results also indicated that the improvements have not been induced by better initial endowment of the members. It was also observed that for the female members, positive impact took place at a slightly lower level of NGO inputs, compared to male members. The study adopted the method of project control comparison for assessment of impact of BRAC inputs and the sample was designed accordingly.

A study on BRAC (Mustafa et.al.1995) revealed that households' vulnerability to seasonality and the situation of food security were responsive to the length and amount of credit. Data on the distribution of food security showed that the proportion of households in the severe food deficit category declined from 39 percent for the no-loan category to 12 percent for the greater than Tk 10,000 credit category. The proportion of food surplus households increased from 11 percent to 28 percent for the respective loan categories. Improvement in seasonal vulnerability was observed to be more systematically related to the amount of credit among female members.

Hadi, A., Nath, S.R. and Chowdhury, A.M.R (1996) examined the impact of membership of BRAC and other NGOs on per capita expenditure and other social and health related standards enjoyed by households. The study was based on the sample survey method. The study reported a small improvement in both food and non-food expenditure among BRAC members compared to non-program target group.

Rutherford's (1995) study on the institutional aspect of a large NGO (The Association for the Social Advancement) ASA provides useful insight on the impact of credit. This study has correctly pointed out that the positive social impact of credit has not yet been unambiguously established. Micro credit often increases the use of child labor. Micro credit schemes do not provide adequate scope for savings mobilization and do not provide their clients a ready access to the group fund savings to meet emergency requirement.

BRAC's official targeting criteria are households who have less than 0.5 acres (50 decimals) of land and whose main occupation is manual labour. In practice, the land criterion is the one that is more closely adhered to in the field. Several studies show that between 15 – 30 percent of BRAC members are from non-target household measured in terms of land (Mustafa et. al 1996, Montgomery et al 1996, Zaman 1998, Khandker 1998). However these households are typically marginal farmers and can be considered part of the vulnerable non poor group, prone to transient bouts of poverty (Zaman 1998). On the other hand there are a large proportion of extremely poor households in BRAC groups (Khandker 1998, Zaman 1998, Husain 1998). For instance in Khandker's sample 65 percent of BRAC households had no agricultural land compared to 55 percent for Grameen members and 58 percent for a comparable Government run micro credit program. Moreover non-land indicators of extreme poverty (number of income earners, illiteracy, female headedness, disabled household head) also point to the fact that BRAC targets a significant number of extremely poor households (Halder and Husain 1999).

Alamgir Hossain (2008) studied on "beneficiary selection for BRAC's microfinance program: examining some evidence based on field reality". This study attempts to investigate the major implementation status of the microfinance program of BRAC in terms of beneficiary selection, whether BRAC's micro-credit intervention follows its principles and objectives in selecting membership. This evaluation is based on primary data collected through field investigation fully covering two programs. The findings show mixed evidence suggesting that BRAC has partially been successful in selecting membership. It also reveals that the poorest of the poor are not joining micro-credit in recent times. Findings also indicate a recent trend of BRAC in recruiting the relatively less poor as members of its micro-credit program indicating clear evidence that there is a tendency for 'poverty targeting' to become less strict over time.

In primary stage micro credit institutions started their operation based on the focus of poverty alleviation. Now a days micro finance institutions have a tendency to creep into commercialization of their program. Large micro finance institutions have already entered into corporate arena, and most of the larger micro finance institutions are slowly

coming out of their original goal. Anu Muhammad (2009) showed in his study that the shift to commercialization of NGO programs therefore had blessings from global capitalist centre and was a response to the inner necessity of finance capital. At the first international micro credit summit (Washington,1997) , World Bank, USAID, International American Development Bank , UNDP and Citibank among others declared about their special fund for micro credit. In the last decade, not only Grameen Bank model had been spreading in other countries, mainstream Banks have also started introducing micro credit in its operation (Anu Muhammad, 2009).

This study is intended to focus on the impact of BRAC's micro-credit program as measured by the changes in the overall standard of living that include both economic and non-economic factors. For this a questionnaire based survey method was adopted on randomly selected group of beneficiaries to assess the selected attributes in a pre and post program participation design.

Chapter two

- 2.1 Rationale of the study
- 2.2 Objectives of the study
- 2.3 Concepts and variables used in the study
- 2.4 General description of the study area
- 2.5 Rationale of selecting the study **area**
- 2.6 Research methodology and Study design
- 2.7 Limitations of the data:

2.1 Rationale of the study

Thirty to forty years ago, a group of development revolutionaries created a new strategy for attacking global poverty by providing small, uncollateralized loans to some of the poorest people in the world. Families were able to start or expand tiny businesses and, as a result, many found a dignified route out of poverty. The name of the new strategy is micro-credit. It includes a range of financial services such as credit, savings and insurance for people residing below the poverty line with special focus on women. And Bangladesh is the birth place and global center of excellence in micro-credit. It is home to some of world's leading microfinance institutions and has been recognized internationally as the "University of Microfinance". BRAC is one of the leading NGO's at home and abroad in the field of microfinance. It covers now almost 22 percent of total micro-credit clients in Bangladesh. BRAC started its initial experiments on self-reliance based on local resource mobilization. Then it slowly expanded its business oriented activities in different field. It is now in the process of forming alliances with multinational corporations and it works with UNOCAL and Monsanto. Thus we observe that it is growing from big to bigger. The question we confront is about its own declared success of micro-credit activities in Bangladesh. But the reality appears to be rather different. Bangladesh is still now fighting for poverty alleviation. A large portion of people are still living under poverty line. So it is time to examine how micro-credit activities are operating in our country and who are its target beneficiaries. The performance of clients is also the vital question to us. Then we can find out the reason whether micro-credit tool for poverty alleviation is effective or not. Since Bangladesh is a leading country in microfinance operation and BRAC is one of the largest NGO's in both home and abroad, success of micro-credit depends largely on the success of BRAC. It is therefore important to study about inner and outer domains of BRAC's microfinance activities. The study is approached to help BRAC to make its operation more effective and this study will also be helpful for further future research initiatives in this field.

2.2 Objectives of the study

BRAC loans are aimed at generating income earning opportunities among the rural poor. It lends funds to rural poor women who invest this for expanding self employment and /or to improve the productivity of existing self-employment. The ultimate usefulness of this credit supply lies in the impact of loan on the socio-economic condition of the beneficiaries. The scope of the present study is the assessment of the impact of BRAC credit on the beneficiaries.

General objectives

General objective of the study is to know about the impact of micro-credit on socio-economic development of the beneficiaries.

Specific objectives

The present study moves setting with some specific objectives. The specific objectives of the study are in the following:

- To assess the pre and post income condition of micro credit borrowers and to assess poverty by using head count measure
- To assess the impact of micro credit on women empowerment.
- To know the impact of credit on socio economic condition of the borrowers of micro credit.
- To evaluate the perception of borrowers about the nature of BRAC's micro credit program.

2.3 Concepts and variables used in the study

Micro-credit: In this study, micro-credit means the amount which is provided by BRAC to its member for self employment so that the household members could earn something to fill up the basic needs of the family.

Socio-economic development: It means a satisfactory living standard of rural borrowers of BRAC.

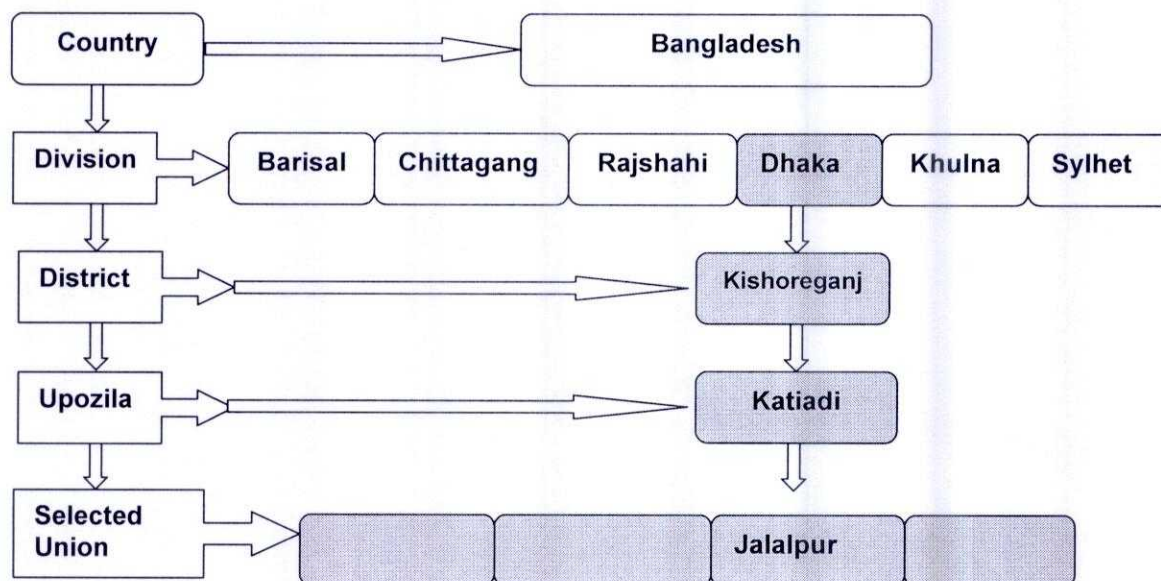
Rural poor women: Rural poor women indicate the credit borrowers of BRAC.

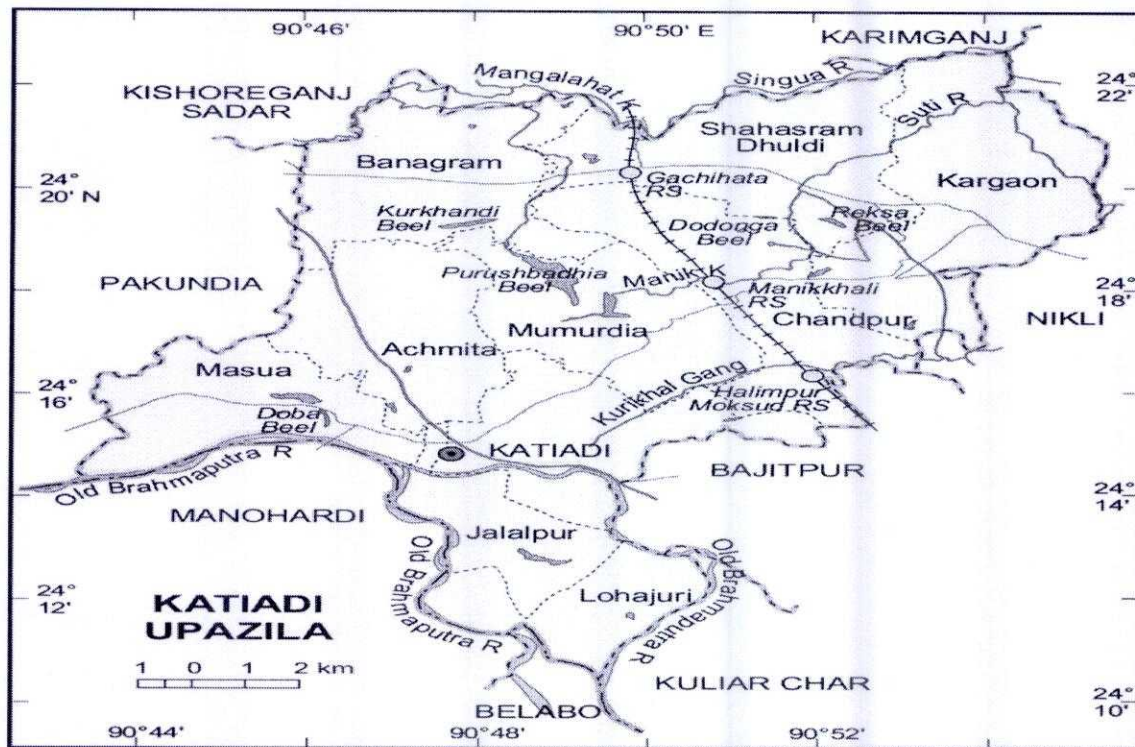
BRAC: BRAC was born in 1972 as a small charitable group helping to reconstruct a small corner of Bangladesh after the terrible upheavals of the country's liberation war. It initially worked to help resettle refugees in the Sulla area of Sunamganj district in northern part of Bangladesh.

2.4 General description of the study area

Two districts have been selected from two divisions. One is Natore from Rajshahi division and another is Kishoreganj from Dhaka division.

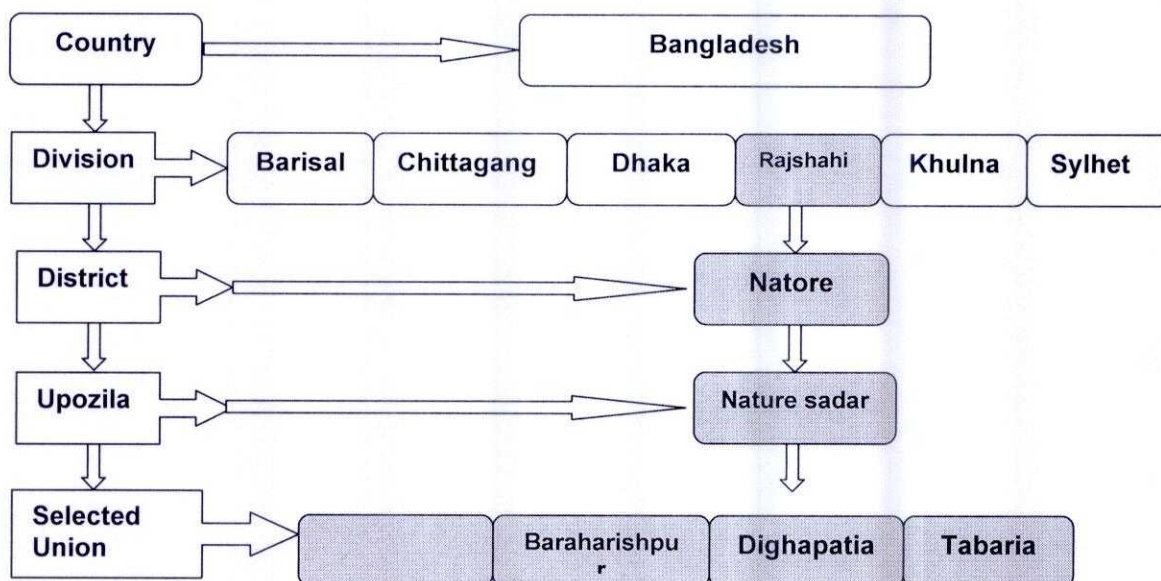
Selected area for Dhaka divisio

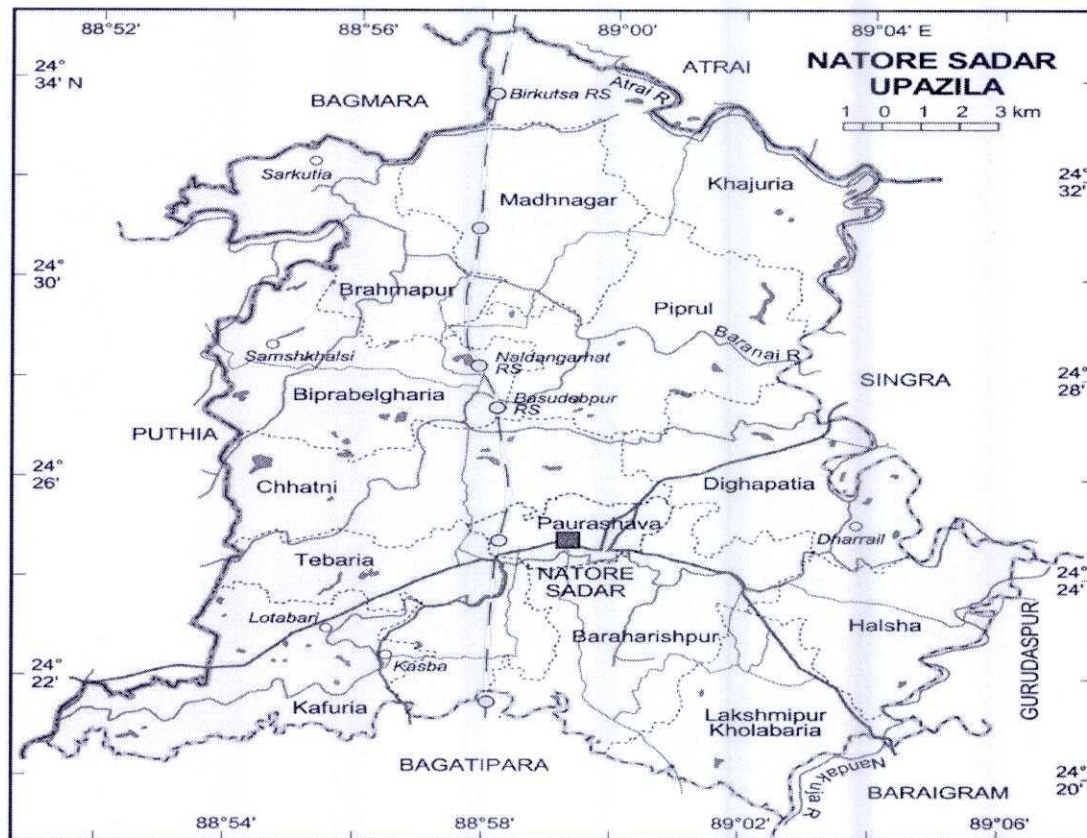




total population of Katiadi Upazila is 264501; male 50.24 percent, female 49.76 percent and Muslim 94.26 percent. Total number of beneficiaries of BRAC is 1440.

Selected area for Rajshahi division





Total Population of Natore sadar Upazila is 369136; male 51.65 percent, female 48.35 percent and muslim 89.83 percent. Total number of beneficiaries of BRAC is 1543

2.5 Rationale of selecting the study area

Facing acute time constraint I have selected only two districts from two divisions for my research purpose. One part of Rajshahi division is 'monga' prone area. Another part is comparatively better than 'monga' region. Natore district is in the middle position in perspective of socio economic condition. Kishoreganj district has been selected for the geographical variation and characteristic. Katiadi upazilla is mixed both river and plain landscape. The living condition of the poor people of these two upazilla has variations for

different reasons. So it will be interesting to scrutinize the attributes of the poor people of these two areas with micro-credit loan by BRAC.

2.6 Research methodology and Study design

Research method is the functional action strategy to carry out the research in the light of the guiding research objectives. In the present study to get the result of the research objectives both open ended and closed questionnaire have been used for qualitative and quantitative data. Within the closed questionnaire, some contingency questions were also included. Besides this, observation, interview method and case study method were also used to collect the primary data.

Primary data

A questionnaire survey was conducted by direct interview method among the borrowers of micro-credit. The borrowers of the micro-credit from BRAC program were interviewed during the data collection in the field. The period of the survey covered August 01 to August 10, 2009. The survey was conducted by the researcher himself and one former staff of BRAC and one recent university graduate. The source of all tables used in this paper comprises the questionnaire survey. Information was collected on working hours (employment), food consumption, health and hygiene, sanitation, school enrollment, women empowerment, problems of getting credit, group meeting and behavior of the staffs of MFIs and above all the satisfaction of the borrowers. Total 200 borrowers were interviewed. All of them were female borrowers. Among 200 borrowers, 111 borrowers were from Natore district and the remaining 89 borrowers from Kishoreganj district.

Secondary data:.

Secondary sources of data mainly collected from different government publications and reports, articles, seminar papers, research journals, working papers and database available on the internet.

2.7 Limitations of the data:

The main limitation of this research was time. Due to time constraint, only two upazilla have been selected for collecting data. BRAC's micro-credit is one of the largest program in our country. It would have been better for the study if I could select one upazilla from each division. Besides, if I could select a government micro-credit program and another NGO's micro-credit program for comparison with BRAC micro-credit program, it would also be better for this research work. Another limitation of the data is that the borrowers do not have documented income statements, we had to rely on then memory recall method.

Chapter three

- 3.1 Microfinance:
- 3.2 Principles of microfinance:
- 3.3 Clients reached in microfinance worldwide:
- 3.4 Women clients reached worldwide:
- 3.5 Development of micro-credit sector in Bangladesh:
- 3.6 Structure of microfinance in Bangladesh:
- 3.7 Disbursement of microcredit by sectors in Bangladesh:

3.1 Microfinance:

Microfinance refers to the provision of financial services to low-income clients, including consumers and the self-employed. The term also refers to the practice of sustainably delivering those services. Microcredit (or loans to poor microenterprises) should not be confused with microfinance, which addresses a full range of banking needs for poor people. More broadly, it refers to a movement that envisions a world in which as many poor and near-poor households as possible have permanent access to an appropriate range of high quality financial services, including not just credit but also savings, insurance, and fund transfers. Those who promote microfinance generally believe that such access will help poor people out of poverty.

In the current development discourse, microcredit and microfinance are two popular words. Although they are ordinarily used synonymously, these concepts have significantly different meanings. Proper appreciation of the key differences is very important to assessing their theoretical soundness and policy implications. So we often raise confuse between the word microfinance and micro credit. Basically, microfinance refers to loans, savings, insurance, transfer services and other financial products targeted at low-income clients. Micro credit refers to a small loan to a client made by a bank or other institution. Micro credit can be offered, often without collateral, to an individual or through group lending. Microfinance became popular among the third world countries for three basic reasons:

1. Scarcity of financial capital
2. The inability of the formal system to reach the functionally landless poor
3. The limited ability of the informal financial market to meet the needs of the majority of poor people striving to survive in the off farm sector.

3.2 Principles of microfinance:

There are not many bright lines that can sharply distinguish microfinance from similar activities. There are some mentionable principles of microfinance which can distinguish from other financial activities.

1. Poor people need not just loans but also savings, insurance and money transfer services.
2. Microfinance must be useful to poor households: helping them raise income, build up assets and/or cushion themselves against external shocks.
3. Microfinance can pay for itself. Subsidies from donors and government are scarce and uncertain, and so to reach large numbers of poor people, microfinance must pay for itself.
4. Microfinance means building permanent local institutions.
5. Microfinance also means integrating the financial needs of poor people into a country's mainstream financial system.
6. The job of government is to enable financial services, not to provide them.
7. Donor funds should complement private capital, not compete with it.
8. The key bottleneck is the shortage of strong institutions and managers. Donors should focus on capacity building.
9. Interest rate ceilings hurt poor people by preventing microfinance institutions from covering their costs, which chokes off the supply of credit.
10. Microfinance institutions should measure and disclose their performance – both financially and socially.

Microfinance can also be distinguished from charity. It is better to provide grants to families who are destitute, or so poor they are unlikely to be able to generate the cash flow required to repay a loan. This situation can occur for example, in a war zone or after a natural disaster.

How Microfinance Can Change the Way of poor

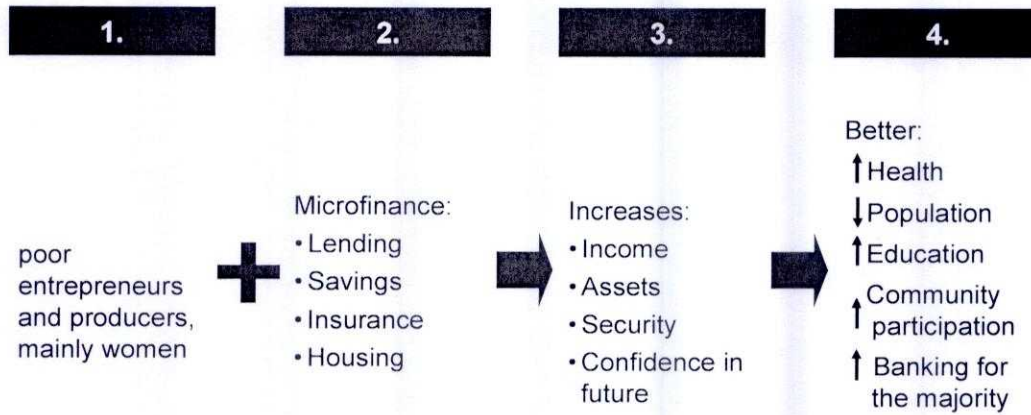


Figure: how micorfinance works?

3.3 Clients reached in microfinance worldwide:

For the last forty years microfinance institutions are operating their activities for alleviating poverty. The number of clients of micro-credit is growing year by year worldwide.

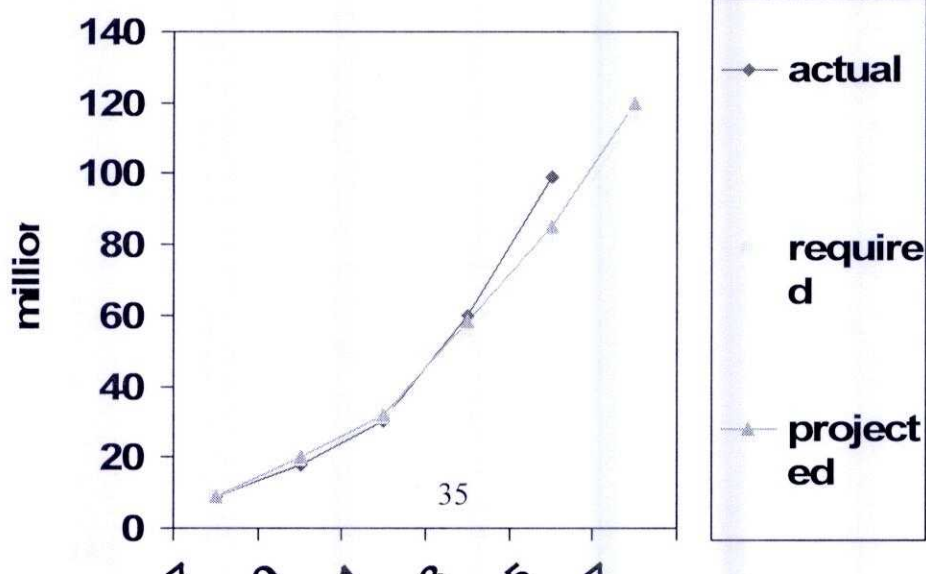
Table : 3.1

Progress over the last eight years			
Year	Number of program reporting	Total number of clients reached	Number of poorest clients reported
12/31/97	618 institutions	13478797	7600000
12/31/98	925 institutions	20938899	12221918
12/31/99	1065 institutions	23555689	13779872
12/31/00	1567 institutions	30681107	19327451
12/31/01	2186 institutions	54932235	26878332
12/31/02	2572 institutions	67606080	41594778
12/31/03	2931 institutions	80868343	54785433
12/31/04	3164 institutions	92270289	66614871
12/31/05	3133 institutions	113261390	81949036

[Source: state of microfinance summit campaign report 2006, Sam Daley – Harris]

following figure shows the trajectory of growth in poorest clients reached since 1997 versus growth that is required to reach 100 million poorest clients by 2005 and a projection on growth until 2007

REACHING 100 MILLION POOREST



There are few large microfinance institutions in the world now. Most of them are found to operate in Bangladesh. The following table shows the breakdown in size of the 3,133 institutions.

Table 3.2

Poorest clients of microfinance institutions			
Size of institutions (in terms of poorest clients)	Number of institutions	Combined number of poorest clients	Percentage of total poorest
1 millio or more	9 institutiions	26856854	7600000
100000-999999	46 institutiions	11775843	12221918
10000-99999	299 Institutiions	8176554	13779872
2500-9999	553 institutiions	2667531	19327451
Fewer than 2500	2223 institutions	1305970	26878332
Networks	3 institutions	31166284	41594778

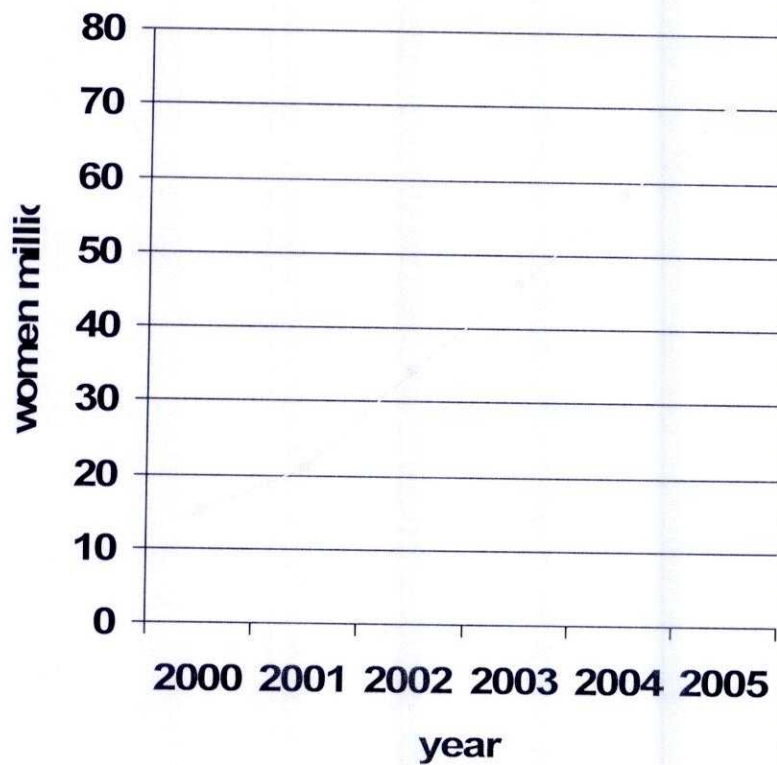
[Source: state of microfinance summit campaign report 2006, Sam Daley – Harris]

3.4 Women clients reached worldwide:

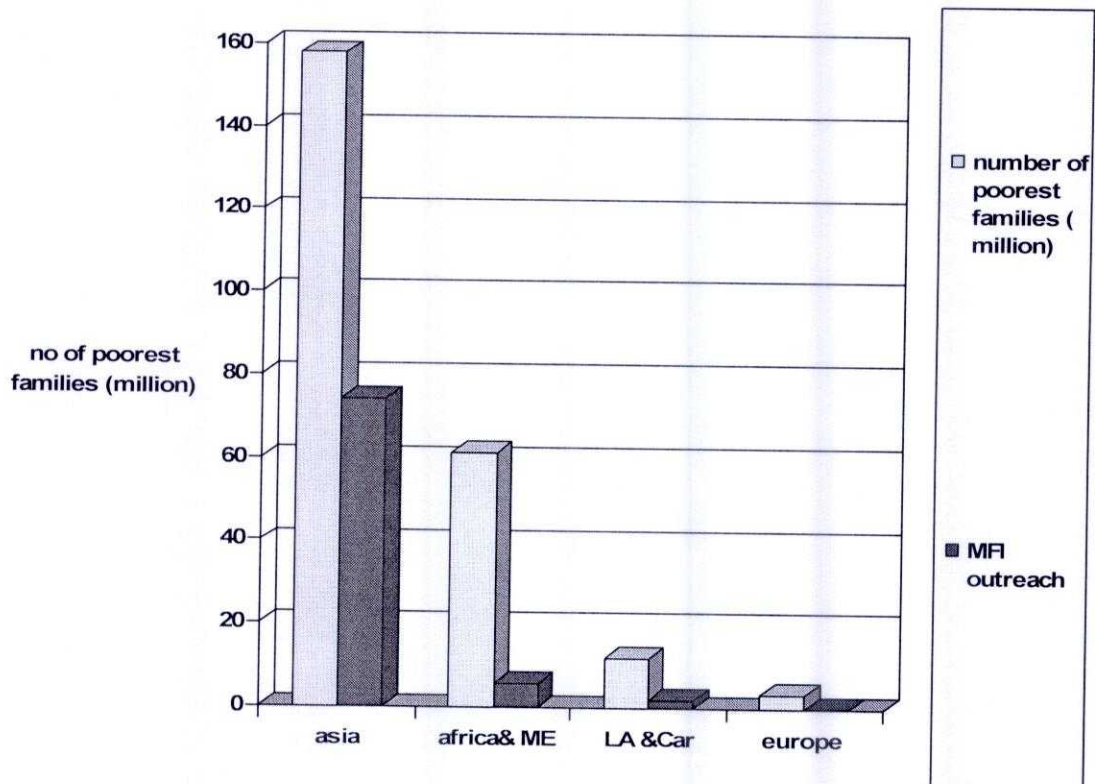
A total of 81.9 million poorest clients reached at the end of 2005 where 85 percent or 69 million are women. The growth in the munber of very poor women reached has gone from 10.3 million at the end of 1999 to 69 million at the end of 2005. This is a 570 percent increase in the number of poorest women reached from 1999 to December,2005. The increase represents an additional 58.7 million poorest women receiving micro loans

at the last six years. The following figure shows the growth of the number of poorest women reported as receiving micro loans in the last six years.

REACHING POOREST WOMEN (MILLION)



Regional Breakdown of Access to Microfinance



Microfinance institutions covers 47.1 percent of Asian poorest people and in such way Africa and Middle East 9.4 percent, Latin America and Caribbean 14.9 percent and Europe and NIS 2.3 percent.

3.5 Development of micro-credit sector in Bangladesh:

Bangladesh micro-finance sector is regarded as the largest and most efficient in the world. We still lead the global microfinance industry both in terms of its sheer size and productivity. The concept of collateral free microcredit originated in Bangladesh around the beginning of the 20th century when Rabindranath Tagore founded the Kaligram Krishi Bank in Patishar village in the district of Naogaonin 1905.

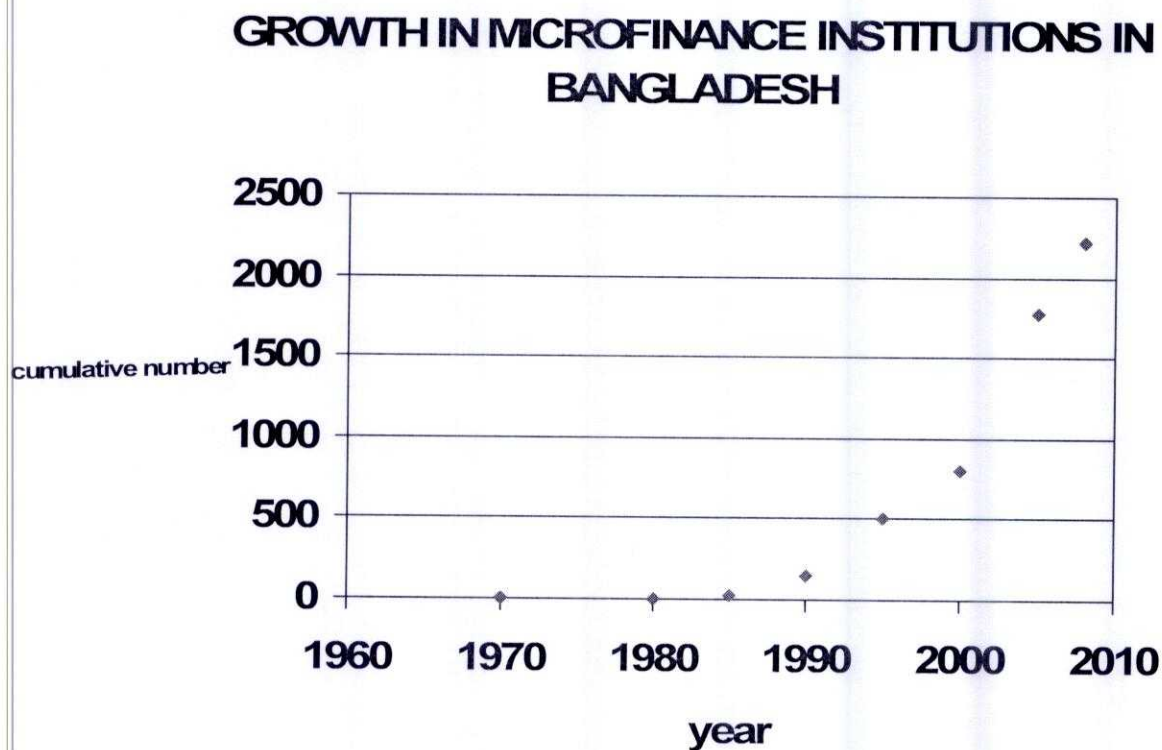
The earliest effort of reaching the poor with credit were made by micro-credit were cooperative societies before independence in 1971, which was rapidly expanded nationwide during the late 1970s and early 1980s. The Bangladesh Rural Development Board (BRDB) promoted this growth by organizing the cooperative societies into a two tier structure, with primary cooperatives at the local village level and others at the Upazila level.

The institution that has shaped much of modern day micro-credit is the Grameen Bank, commencing in 1976 as an experimental project and established as a formal bank for the rural landless in 1983 (by a separate ordinance of the Government of Bangladesh). BRAC also started its micro-credit activities during the middle of 1970s. Basically the success of Grameen Bank encouraged others to start micro-credit activities as a continuous program with single focus on the poor. For the last two decades, Bangladesh has been drawing attention of the world for its poor-focused micro-credit initiatives. In Bangladesh, there are four main types of institutions involved in micro-credit activities. These are 1) Specialized Banks 2) Non-Government Organizations (NGOs) 3) Commercial Banks 4) Government Agencies. Over the last 15 years hundreds of specialized micro-credit NGOs emerged adopting different versions of Grameen model, either to provide micro-credit

services exclusively or to add micro-credit as key component to their development agenda. The country experienced a massive expansion of micro-credit activities during the 1990s. In recent years, microfinance institutions are showing strong symptoms of moving from the margins of the financial system towards the mainstream. It is now widely accepted that the larger part of the population traditionally excluded by the formal financial sector can, in fact, be a profitable market for innovative banking services.

Figure 2 below shows the increasing trend of microfinance institutions in Bangladesh between 1960 to 2010.

Figure : 2



We see that after the year 1990 the increasing rate is high. Now almost all NGOs are directly or indirectly engaged with microfinance activities. 93% NGOs are engaged with this task.

3.6 Structure of microfinance in Bangladesh:

The structure of microfinance in Bangladesh is given below:

Table 3.3

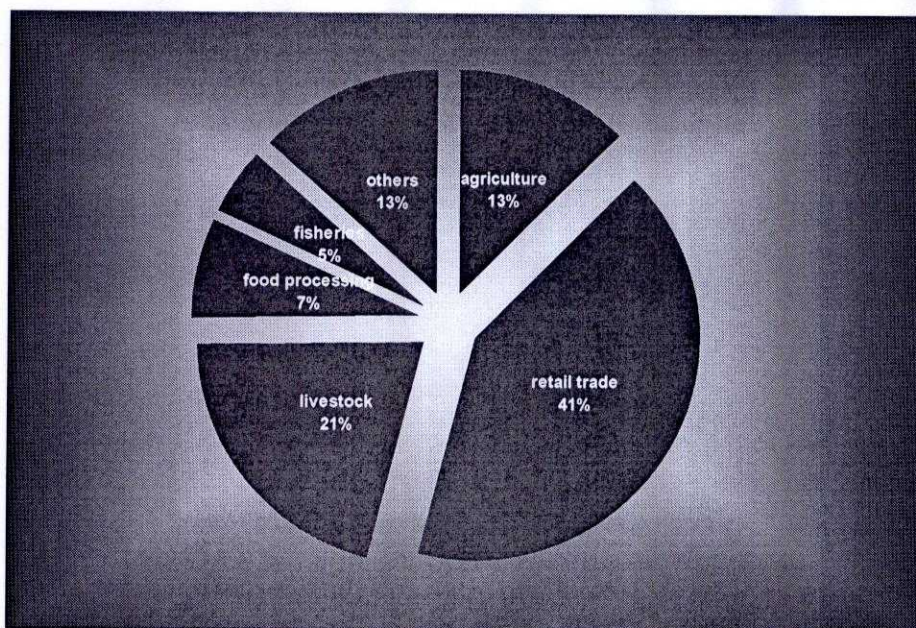
Structure of microfinance in Bangladesh

Microfinance institutions	Total active members (%)	Total net savings (%)	Cumulative disbursement (%)
Grameen	12.54	48.55	40.48
Brac	18.50	19.06	21.36
ASA	10.44	8.30	12.03
Proshika	13.92	6.77	5.67
BRDB	18.98	0.00	5.81
others	25.62	17.32	14.65
Total	100	100	100
Source: Credit and Development Forum, MFI Statistics, June 2006			

3.7 Disbursement of microcredit by sectors in Bangladesh:

The disbursement of microcredit by sectors in Bangladesh is in the following :

Disbursement of microcredit by sectors in Bangladesh



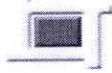
Source: CDF statistics, vol-10,11 &12 CDF , Dhaka

The above pie chart depicts disbursement of micro credit by sector in Bangladesh.

Chapter four

- 4.1 Its mission , vision and values
- 4.2 BRACs' advancement
- 4.3 BRAC's program
- 4.4 International Initiatives of BRAC
- 4.5 Partners
- 4.6 BRAC in Microfinance Operation
- 4.7 Loan Application, Processing and Disbursement Procedure
- 4.8 Installments and Savings Collection, Documentation and Reporting Procedure
- 4.9 Components of BRAC Microfinance Program

About BRAC:



4.1 Its mission , vision and values

Through its years of struggle against chronic deprivation, hunger and injustice, Bangladesh has been home to many innovations in tackling poverty. BRAC, a development organisation founded by Fazle Hasan Abed in February 1972, soon after the liberation of Bangladesh, has acted as both the initiator and catalyst for many such innovations and change.

BRAC started in 1972 as a small relief and rehabilitation effort to support Bangladeshi refugees returning home after declaration of independence in December 1971. It then stood for Bangladesh Rural Assistance Committee.

By mid 70s, BRAC realized that more long term, sustained effort was needed for change the lives of the poor. The focus shifted from rehabilitation to development, and BRAC was renamed to stand for Bangladesh rural Advancement Committee.

BRAC aims to do so by empowering the poor so that they can build sustainable capacities to fight poverty

-Today, BRAC stands for ***Building Resources Across Communities.***

The vision of BRAC is “ just, enlightened, healthy and democratic societies free from hunger, poverty, environmental degradation and all forms of exploitation based on age, sex, religion and ethnicity”.

BRAC has its own mission. To achieve its vision BRAC sets its mission. .BRAC works with people whose lives are dominated by extreme poverty, illiteracy, disease and other

handicaps. With multifaceted development interventions, BRAC strives to bring about positive changes in the quality of life of the poor people of Bangladesh.

BRAC firmly believes and is actively involved in promoting human rights, dignity and gender equity through poor people's social, economic, political and human capacity building. Although the emphasis of BRAC's work is at the individual level, sustaining the work of the organisation depends on an environment that permits the poor to break out of the cycle of poverty and hopelessness. To this end, BRAC endeavours to bring about change at the level of national and global policy on poverty reduction and social progress. BRAC is committed to making its programmes socially, financially and environmentally sustainable, using new methods and improved technologies. As a part of its support to the programme participants and its financial sustainability, BRAC is also involved in various income generating enterprises.

Poverty reduction programmes undertaken so far have bypassed many of the poorest. In this context one of BRAC's main focuses is the ultra poor. Given that development is a complex process requiring a strong dedication to learning, sharing of knowledge and being responsive to the needs of the poor, BRAC places a strong emphasis on their organisational development, simultaneously engaging itself in the process of capacity building on a national scale to accelerate societal emancipation.

The fulfilment of BRAC's mission requires the contribution of competent professionals committed to the goals and values of BRAC. BRAC, therefore, fosters the development of the human potential of the members of the organisation and those they serve.

In order to achieve its goal, wherever necessary, BRAC welcomes partnerships with the community, like-minded organisations, governmental institutions, the private sector and development partners both at home and abroad.

Like the other institutions BRAC has its own values. The values of BRAC are in the following:

- Concern for people, especially the poor
- Human dignity
- Belief in human capacity
- Gender equity
- Fairness
- Honesty and integrity
- Discipline
- Creativity and innovation
- Participation
- Accountability
- Cost consciousness
- Teamwork
- Openness
- Sharing information
- Transparency
- Professionalism

4.2 BRACs' advancement since 1972:

Timeline:

1972- Relief and reconstruction – a new country
1973-Rebuilding lives-long term community development
1974-First loans, first borrowers
1975-Pioneering new approaches
1977-Heart of BRAC- Village organizations
1977- Retail enterprises- Women artisans
1977-Shasthyo Shebika-Voluntary Health Workers
1977- First Training Centre
1978- Poultry and Livestock
1979- Protecting children-Home treatment for diarrhea
1980s-Generation our own income-Support Enterprises
1984 Tuberculosis control pilot
1985-First BRAC schools for the poorest children
1986- Speaking Out-Human Rights
1989- National success story-One decade later

1991-Mother and child-healthy pregnancies
1994-Tackling tuberculosis-treatment and cure
1994—Asia to Africa-south-south replication
1995- Shushasthyas Health centres
1998- Resolving conflict –legal advice
1998-Fair price of milk –helping dairy farmers
1998 Adiashis- Malaria prevention programme
1990s-Scaling up- going national
2001- Commercial banking-supporting small and medium enterprises
2001-World Class University
2002-Targeting the Ultra Poor-positive changes
2002-Afghanistan, Sri Lanka-rebuilding after devastation
2003-Adolescent girls- training and microloans
2005-Millennium Development Goals-working in health and hygiene
2006-Going to Africa
2007-Pakistan, Indonesia

4.3 BRAC's program

BRAC's main program

- BRAC Development Program (BDP)
- BRAC Education Program (BEP)
- Health, Nutrition & Population Program (HNPP)
- BRAC Training Division (BTD)
- Research and Evaluation Division (RED)

BRAC development program

- Microfinance
- Employment and Income Generation (e.g. poultry & livestock, fisheries, social forestry)
- Social Development, Human Rights & Legal Services
- Health
- Education

Other institutions and business programs of BRAC:

- ❖ Aarong
- ❖ Brac dairy and food project
- ❖ Brac agri business
- ❖ Brac printer

- ❖ Brac tea estates
- ❖ brac net
- ❖ Brac print pack
- ❖ Brac University
- ❖ Brac Bank limited
- ❖ Documenta limited
- ❖ Delta Brac housing limited

Coverage

Districts-64

Upazilas-509

Villages-69,421

Population Covered- 110 million

Full Time Staff- 51,914

Aarong+AAF+APC - 1221,

BEP Teachers- 63,932

4.4 International Initiatives of BRAC

In late 2001, after the fall of Taliban regime, the new Afghan Government invited BRAC to work in Afghanistan. BRAC Afghanistan was set up in 2002 and today works in 24 out of 34 provinces in Afghanistan in the major fields of microfinance, health and education

In 2005, BRAC responded to the Tsunami victims in Sri Lanka with relief and livelihood reconstruction support. BRAC International Initiatives, with the aim of attaining the MDGs by working together with governments, civil society organizations in Africa, BRAC started its operations in Uganda and Tanzania in second half of 2006. BRAC also initiated microfinance program in Southern Sudan in early 2007. In late 2006, replications of TUP program through partnership in Haiti and in India (West Bengal) were launched.

4.5 Partners

BRAC has two donors' consortia, one each for the BRAC Education Program and the Ultra Poor Program. The consortia conducted their own audits and external reviews and met twice in 2007 to discuss findings. The consortia donors are the European Commission, Department for International Development (UK), Embassy of the Kingdom of the Netherlands (EKN), CIDA (Canada), NOVIB (the Netherlands), AusAID (Australia), NORAD (Norway) and the World Food Program (WFP).

4.6 BRAC in Microfinance Operation:

In Bangladesh, the poor have traditionally been denied access to the formal banking system, as they are unable to provide collateral for loans and typically deal in small amounts of money. This means that they have few opportunities to save, borrow and invest. Moneylenders in the informal credit markets charge very high interest rates which also restricts people's access to credit. BRAC believes that making credit, which can be invested in productive activity, universally available is essential in reducing poverty.

BRAC's approach differs from that of other microfinance institutions - it utilizes a credit-plus approach where loans are accompanied by various forms of assistance for the borrowers, such as skills-training, provision of higher quality inputs and technical

assistance as well as marketing for finished goods.

It organizes its members into village organizations (VO) of 30- 40 women. Its members are encouraged to use BRAC's credit facilities to start new enterprises or expand existing ones and as they increase their business, they progressively graduate to larger loans. Aside from microfinance, these VOs act as a gateway for members to other interventions in health, education and social development.

BRAC offers two different microfinance products: micro-loans (group-based, exclusively for women) and micro-enterprise loans (individual loans for both men and women) under three different schemes which are Dabi, Unnoti, and Progoti. Group based small loans are particularly designed for the lower end poor to assist them in undertaking income generating activities. Micro-enterprise loans are available for small entrepreneurs to offer scope for expanding their businesses and capital base.

Objectives of BRAC Microfinance

The major objectives of microfinance program are to:

- # Provide easy, reliable and efficient access to institutional financial services for the poor that include credit and savings;
- # Leverage the 'process capital' of organizing the poor for microfinance to create a credit plus approach to helping them become economically solvent;
- # Contribute towards attaining the Millennium Development Goals of 50 percent reduction in poverty by 2015.

Classification of BRAC Microfinance

BRAC continues to play a pioneering role in providing diversified financial services to serve different segments of the population who face difficulties in accessing institutional financial services such as savings and credit. These services are usually classified into mainstream programs and other components. The mainstream programs cover the majority of its microfinance clients.

DABI - Poverty Alleviation for Poor Landless Women

Dabi is the core component of BRAC's microfinance program. It organizes landless groups of women in rural, semi-urban and urban slums into self-selected groups commonly known as VOs. These VOs including savings, credit, health, education, social development and livelihood support, serve as platforms for various financial and non-financial development activities. Dabi members have access to micro-loans and savings schemes that help reduce their vulnerability and support their self-employment initiatives.

The loans are used to support a wide range of activities that the poor engage in to sustain their livelihoods. These range from agricultural activities such as growing rice, maize or vegetables and livestock rearing to non-farm activities such as running a restaurant or grocery store. All Dabi members are women and the average loan size ranges from Tk. 7,000 to Tk. 60,000.

DABI (Economically Active Poor)

Members (in mil)	6.65
Borrowers (in mil)	5.32
Loan Disbursement (in mil)	TK 244,852 (USD 4,218.68)
Outstanding (in mil)	TK 20,231 (USD 297.51)
Average Loan Size	TK 9,916 (USD 145.82)

UNNOTI – Micro-enterprise Development for Marginal Farmers

The goal of Unnoti is to provide financial services to meet the specific needs of small and marginal farmers. Agriculture is the backbone of Bangladesh's economy and to a large extent drives the livelihoods of the poor, either directly or indirectly. Crop diversification, growth in the non-crop sector and maintaining high productivity are therefore of great importance for food security, pro-poor growth and livelihoods of the poor. There is plenty of scope for intervention in agriculture and the introduction of new ideas and enterprises. BRAC provides support to marginal farmers who own more than one acre of land - a group that is not being targeted by the mainstream microfinance programs. These marginal farmers do not need a huge amount of money to support their projects; loan size ranges from Tk. 15,000 to Tk. 100,000.

UNNOTI (Small Agri Producers)

Members	1,211,482
Borrowers	815,007
Loan Disbursement (in mil)	TK 34,620 (USD 517.68)
Outstanding (in mil)	TK 6,417 (USD 94.37)
Average Loan Size	TK 18,723 (USD 275.34)

PROGOTI - Small Enterprise Development for Businesses

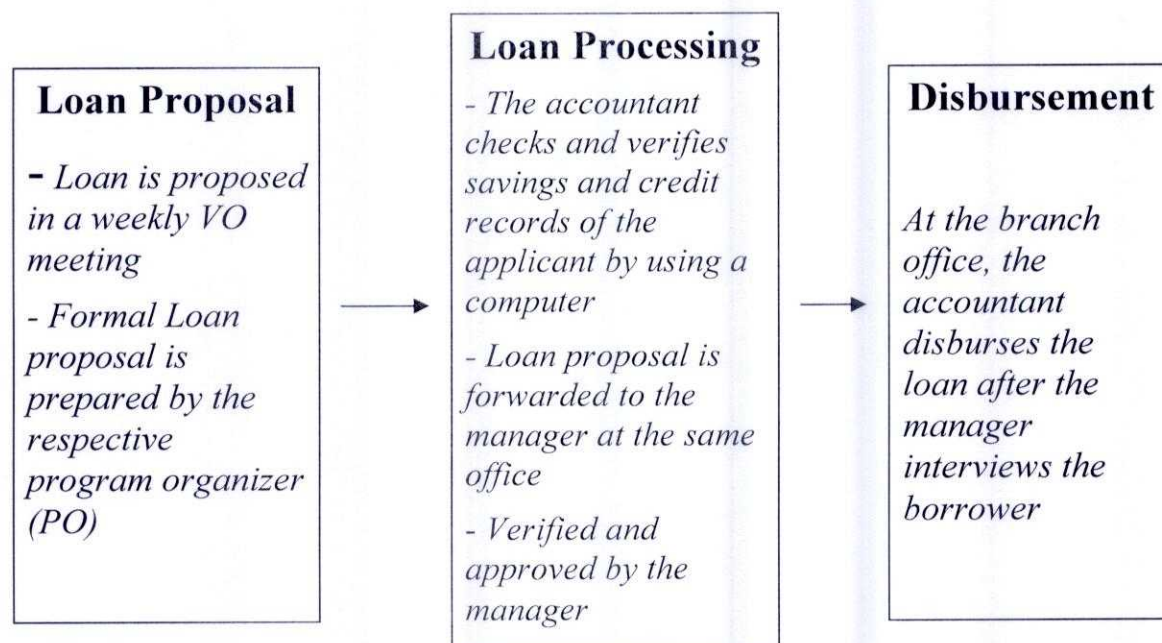
Progoti addresses the credit needs of small entrepreneurs in Bangladesh who require loan facilities to expand their commercial enterprises or to meet the needs for working capital to run their businesses. These small entrepreneurs are known as the 'missing middles' who have difficulty accessing credit facilities from institutional sources as they neither fall into the category of commercial banks nor into the landless group members of a typical microfinance program. Since its inception, the Progoti program has disbursed

over BDT 44,586 million and, as of December 2007, the number of outstanding borrowers was 199,442. BRAC also introduced the Women Entrepreneur development Program (WEDP) in 2000 solely for women entrepreneurs. The average loan size ranges from Tk 50,000 to Tk 400,000.

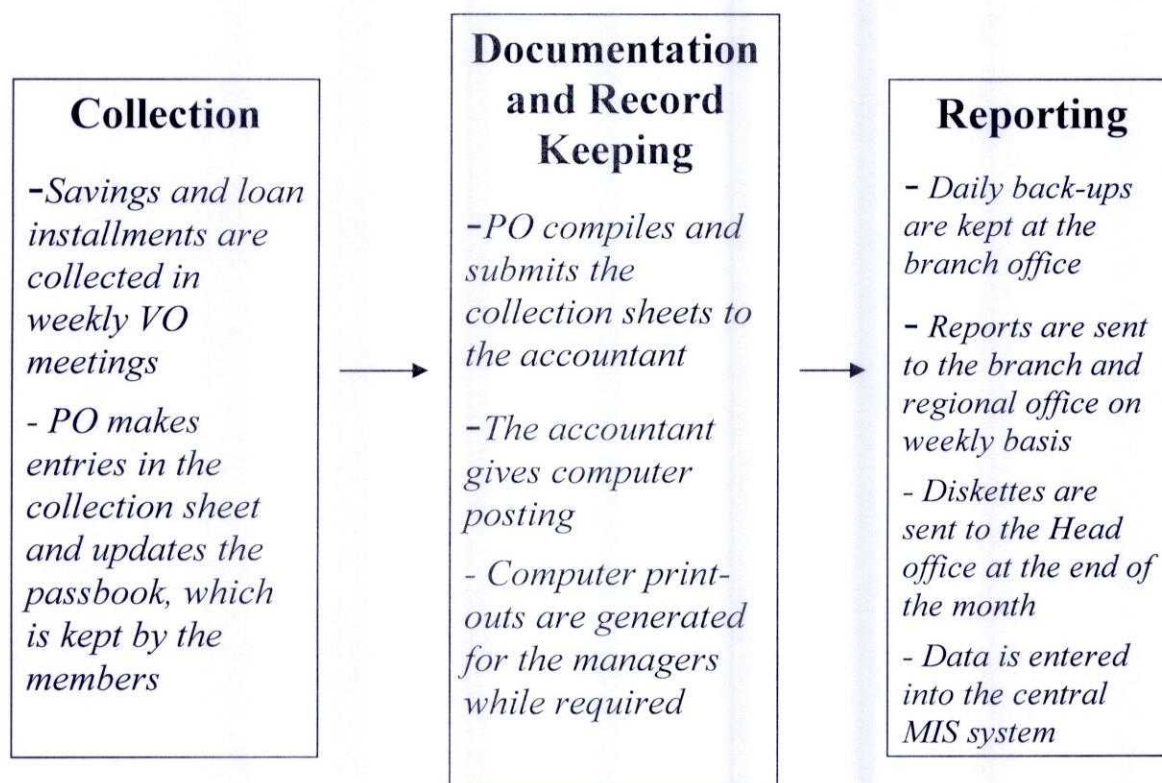
PROGOTI (Small & Medium Entrepreneurs)

Borrowers	228,321
Loan Disbursement (in mil)	TK 75,555 (USD 1,140.88)
Outstanding (in mil)	TK 18,255 (USD 268.45)
Average Loan Size	TK 119,025 (USD 1,750.37)

4.7 Loan Application, Processing and Disbursement Procedure



4.8 Installments and Savings Collection, Documentation and Reporting Procedure



- During the disbursing of loan to borrowers, BRAC authority keeps 5 percent of loan money as the savings money of borrowers. So borrowers do not get total loan money for their small business.
- Savings and loan installments are collected in next immediate weekly VO meeting after taking loan. So loan takers do not get proper time to utilize this money.

4.9 Components of BRAC Microfinance Program

Group Based Products:

Poverty Alleviation (MF 1) (dabi)

Employment and Livelihood for Adolescents (MF 1)

Economic Development (MF 2) (unnoti)

Individual Products:

Micro Enterprise Loans (MF 3) (progoti)

Women Entrepreneur Development Program (MF 3)

Microfinance for the Extreme Poor:

Challenging the Frontiers of Poverty Reduction –Targeting the Ultra Poor (CFPR-TUP)

Income Generation for Vulnerable Group Development (IGVGD) – Collaborating with the government and WFP

BRAC Microfinance Services

	Urban (20%)	Rural (80%)
Better-off		0
Vulnerable Non-poor		62%
Moderate Poor		28%
Extreme Poor		10%
Destitute		0

Microfinance program of Brac: source: Brac website date:10.08.2009

Village Organisations (VO)	293,016
VO members (in mil)	8.09
Total Borrowers (in mil)	6.37
Cumulative (in mil)	TK 355,026.88 (USD 5,877.24)
December 2008 (in mil)	TK 84,289 (USD 1,239.54)
Outstanding Loan (in mil)	TK 44,903 (USD 660.34)
Repayment Rate	99.29%
Average Loan Size	TK 16,669 (USD 245.13)

Chapter five

- 5.1 Impact on income and poverty
- 5.2 Impact on women empowerment
- 5.3 Other social impact and socio economic characteristics
- 5.4 Assessment of BRAC's micro credit (loan, savings and interest rate)
 - 5.4.1 BRAC's micro credit interest rate
 - 5.4.2 Savings and interest rate of BRAC's micro credit savings
- 5.5 A case study

Impact assessment of the study:

This study endeavors to assess the impact of micro-credit on income of borrowers, pre and post poverty condition of borrowers, women development and overall socio-economic condition based on primary data. Primary data also reveals the credit borrower's opinion on BRAC's micro-credit (specially its' interest rate and savings money),

5.1 Impact on income and poverty:

The major objective of micro-credit is to create income among poor households and thereby alleviate poverty. In this respect the question can be asked at two levels, first whether micro-credit leads to an improvement in income and second whether the increase in income is sufficient to lift them above the poverty line. There is also a third aspect related to the second, which is whether poverty alleviation takes place on a sustained basis. The present study mainly attempts to scrutinize the pre and post income condition of the borrowers.

The study shows on the basis of pre and post condition assessment of their income that income level has been changed of the micro-credit borrowers of BRAC. Table 5.1 shows that before taking loan 18 percent of borrowers belonged to the higher income group (10000 + monthly income in taka). Now it has increased by 5.5 percent to 23.5%. So we can infer that whatever positive changes that have acquired before of pre and post income of the BRAC belong to high level (ineligible) borrowers. Only 1.5 percent of the total borrowers represent the bottom part of income level (3000 less monthly income /taka). The scenario of post condition is only 0.5 percent of the total borrowers belongs the same income level. Thus we can also infer that BRAC borrowers have acquired the ability to enhance their income after taking loan. The other groups also show little positive impact on the income of the borrowers. Other income groups have shown only partial income changes, and only 3 percent of borrowers who belonged to the second

lower income (taka 3000 – 5000 per month) group have their income decreased between pre and post level of the study. It is also observed that 2 percent of borrowers in the income group (taka 5000 – 7000 per month) have their income level increased whereas 3.5 percent borrowers income in income group (taka 7500 – 10,000 per month) have been decreased between pre and post period of study.

The overall assessment of the income changes in the positive direction happened to the higher income group (taka 10,000 per month).

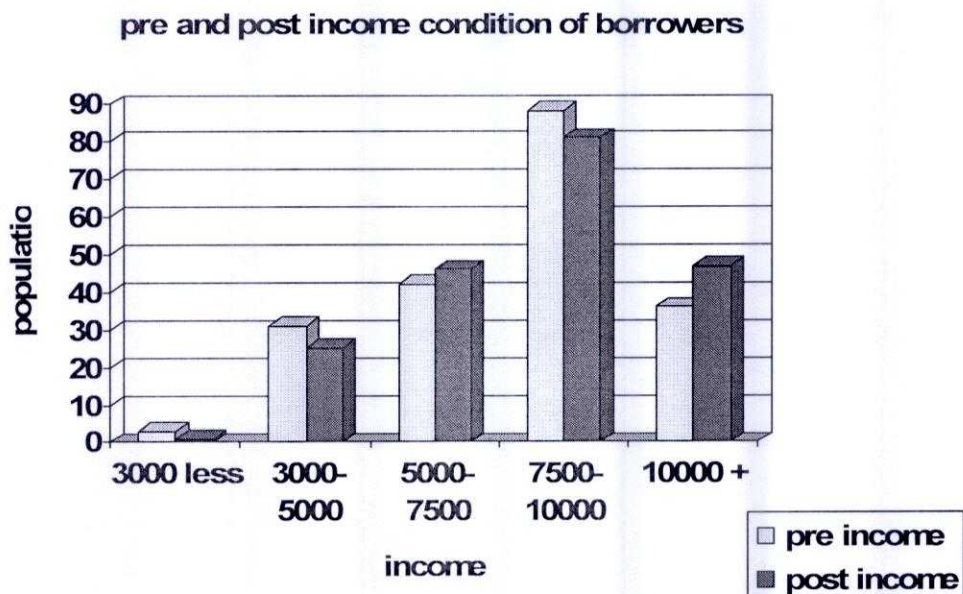


Table – 5.1

Income level Per month/tk	% of borrowers pre condition	% of borrowers post condition	Increased rate	Decreased rate	
3000 less	1.5 %	0.5%	-	1 %	
3000-5000	15.5 %	12.5 %	-	3%	
5000-7500	21%	23 %	2%	-	
7500-10000	44 %	40.5 %	-	3.5 %	
10000 +	18 %	23.5%	5.5 %	-	
	100 %	100 %			

We see from table 5.1 that only 7.5 percent of the borrowers income levels have increased while 7.5 percent of borrowers income level have, in fact, declined. Hence the net income changes are almost zero. 15 percent of borrowers' income levels have been shifted to higher level. So other 85% of borrowers could not change their income level. Present study shows though initially we think 15% of stakeholders have changed their income level after taking loan from BRAC. But it is also important that majority 85% of stakeholders could not change their fate.

Table – 5.2

Duration	Number of borrowers	Percentage of borrowers	Cumulative percentage of borrowers
5 years +	94	47%	47%
3 years – 5 years	54	27%	74%
1 year to 3 years	30	15%	89%
6 months to 1 year	16	8%	97%
Less than 6 months	6	3%	100%
Total	200	100%	

Table 5.2 shows that cumulative percentage of clients who were engaged with BRAC 3 or more years is 74% and 1 or more years is 89%. In this study new members are only 3%. So who are already matured in BRAC's loan we tried to incorporate them in this

study. Most of the beneficiaries included in this study have had taken loans more than one. The following table 5.3 depicts the scenario of the numbers of taking loans.

Table 5.3

Times of taking loan	Number of borrowers	Percentage	Cumulative percentage
7 times or more	66	33%	33%
5 times to 6 times	48	24%	57%
3 times to 4 times	44	22%	79%
1 time to 2 times	42	21%	100%
Total	200	100%	

In table 5.3, it shows that only 21 percent of clients have taken BRAC's loan once, 33 percent of clients have taken BRAC's micro-credit seven times or more. 57 percent of clients of the present study enjoyed BRAC's micro-credit 5 times or more and respectively 79 percent of clients 3 or more times. A larger segment of clients has taken loan more than 3 times. So the respondents are already matured and experienced enough about BRAC's micro-credit. But the success rate of this program does not show the smiling face of the borrowers. Earlier we showed from the study that only 15 percent of loan users of BRAC's micro-credit were successful to shift their position positively about their respective household income (table 5.1). Thus we can not come to the conclusion that BRAC's micro-credit really helped to enhance the income level of the households. For those borrowers who reported attaining higher income status already belonged to the upper income class. Other factors may act as key factors for their household income boost up. There may be other members' contribution in the family to add more values to the households' total income. Year after year governments' different initiative and then cumulative impact might have contributed to the increase in household income. In this research however we could not capture the impact of public expenditures as complementary factors due to various limitations. Nevertheless, it is important that only 3

percent of direct borrowers are the main earning members of their respective family. 81 percent of borrowers' husbands and 16 percent of borrowers' son are the main earning member of their own family.

We can say from the study after assessing the pre and post income condition of the borrowers that BRAC's micro-credit is partially successful to improve the income scenario. But the rate of success is not satisfactory at all.

We can relate income with the poverty alleviation of the respondents of BRAC's micro-credit. After the liberation war, with the passage of time poor people are trying to come out of the poverty line the poverty line in which they are trapped. Despite all out efforts of various government and non-government initiatives, it appears that poverty situation remains underline. On average 40 percent of our total population always remain at the margin of subsistence with no education and skills. We explain poverty in two separate ways- one is income poverty and another is human poverty. In our country micro-credit is playing the key role to alleviate poverty. The magnitude of increase in income and corresponding alleviation of poverty depend on the length of operation of micro-credit in an area. In this study, 89 percent of total respondents are engaged with BRAC's micro-credit for more than one year and 47 percent are engaged with the same program for more than five years. Therefore, we can measure the income poverty of BRAC's micro-credit borrowers with the consideration of duration of their membership.

We may measure poverty of BRAC's micro-credit borrowers by the head count index. We may use the Foster- Green- Thornbecke (FGT) index – a broad index that meets both the headcount index and a normalized poverty gap. It is most widely used measure of poverty. It simply measures the proportion of the population that is counted as poor, often denoted by

$$Po = \frac{N_p}{N} \times 100$$

Here ,

Po = poverty rate

Np = number of poor people

N = total population

We obtained the poverty (low poverty, medium poverty and high poverty) information from the BRAC's micro-credit borrowers.

Low poverty:

We can calculate now low poverty rate of BRAC's micro-credit borrowers and we can also assess pre and post condition of low poverty rate of BRAC's micro-credit borrowers. Here we consider as low poverty (monthly income context) whose monthly income is less than 5000 taka. So pre and post low poverty rate of BRAC's micro-credit borrowers is calculated below:

Pre low poverty rate:

$$\begin{aligned} Po &= \frac{Np}{N} \times 100 \\ &= \frac{34}{200} \times 100 \quad [\text{here } Np = 34 \\ &\quad N = 200] \\ &= 0.17 \times 100 \\ &= 17 \% \end{aligned}$$

So pre low poverty rate is 17%

Post low poverty rate:

$$\begin{aligned}Po &= \frac{N_p}{N} \times 100 \\&= \frac{26}{200} \times 100 \quad [\text{here } N_p = 26 \\&\quad N = 200] \\&= 0.13 \times 100 \\&= 13\%\end{aligned}$$

So post low poverty rate is 13% of BRAC's micro-credit borrowers in this present study.

We can now assess the pre and post poverty rate of BRAC's micro-credit borrowers. We can get the scenario of direct impact of micro credit on poverty alleviation of the clients. We see here that only 4 percent ($17\% - 13\% = 4\%$) of poverty among lower income groups has been reduced after the post evaluation.

Middle poverty:

We can also calculate middle poverty rate of BRAC's micro-credit borrowers and we can also assess pre and post condition of middle poverty rate of BRAC's micro-credit borrowers. In this present study we consider middle poverty (monthly income context) with monthly income less than 7500 taka but greater than 5000 taka. So pre and post middle poverty rate of BRAC's micro-credit borrowers is calculated in the following:

Pre middle poverty rate:

$$\begin{aligned}Po &= \frac{N_p}{N} \times 100 \\&= \frac{76}{200} \times 100 \quad [\text{here } N_p = 76 \\&\quad N = 200] \\&= 0.38 \times 100 \\&= 38\%\end{aligned}$$

So pre middle poverty rate is 38%

Post middle poverty rate:

$$\begin{aligned}Po &= \frac{N_p}{N} \times 100 \\&= \frac{72}{200} \times 100 \quad [\text{here } N_p = 72 \\&\quad N = 200] \\&= 0.36 \times 100 \\&= 36\%\end{aligned}$$

So post middle poverty rate is 36% of BRAC's micro-credit borrowers in this study.

We can also assess the pre and post middle poverty rate of BRAC's micro-credit borrowers. We can get the result of direct impact of micro credit on poverty alleviation of

the clients. The scenario is not so satisfactory. We see here that only 2 percent (17%-13%= 4%) of middle poverty has been decreased during the post evaluation.

High poverty:

We can again calculate the high poverty rate of BRAC's micro-credit borrowers and we can also assess pre and post condition of high poverty rate of BRAC's micro-credit borrowers. We consider high poverty (monthly income context) with monthly income is greater than 7500 taka up to 10000 taka. So pre and post high poverty rate of BRAC's micro-credit borrowers is calculated in the following:

Pre high poverty rate:

$$\begin{aligned}
 Po &= \frac{N_p}{N} \times 100 \\
 &= \frac{164}{200} \times 100 \quad [\text{here } N_p = 164 \\
 &\quad N = 200] \\
 &= 0.82 \times 100 \\
 &= 82\%
 \end{aligned}$$

So pre high poverty rate is 82%

Post high poverty rate:

$$Po = \frac{N_p}{N} \times 100$$

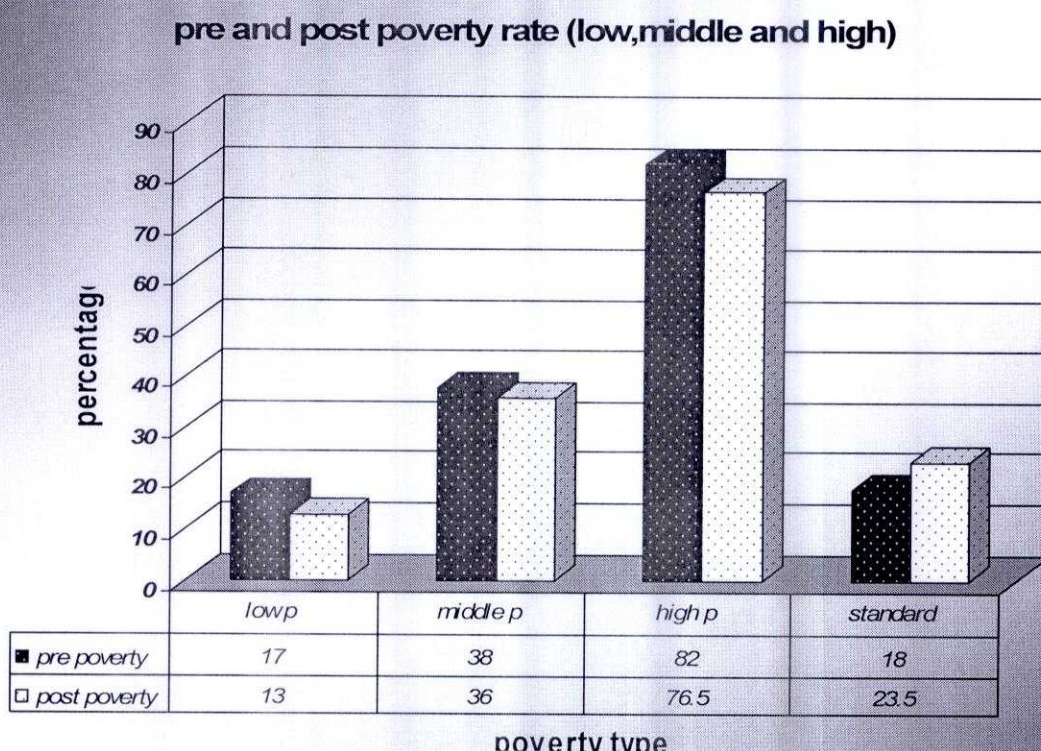
$$\begin{aligned}
 &= \frac{153}{200} \times 100 \quad [\text{here } N_p = 153] \\
 &= 0.765 \times 100 \\
 &= 76.5\%
 \end{aligned}$$

$N = 200$

So, post high poverty rate is 76.5% of BRAC's micro-credit borrowers in this present study.

We can now assess the pre and post high poverty rate of BRAC's micro-credit borrowers. We can get the result of direct impact of micro credit on poverty alleviation of the clients. The scenario is not so satisfactory in this stage also. We see here only 5.5 percent ($82\% - 76.5\% = 5.5\%$) of poverty has been decreased among the related higher income group during the post evaluation.

This is the total pre and post poverty scenario of BRAC's micro-credit borrowers. Total success of micro credit in the field of poverty alleviation is 11 percent where 5.5 percent of borrowers belonged to higher income class. A clear deviation is observed in on sample study that more and more ineligible clients are taking advantage of the "easy money" made available through micro credit programs.



The land ownership of BRAC's micro credit borrowers:

BRAC's official targeting criteria are households who have less than 0.05 acres (50 decimals) of land. Since BRAC's main target is to alleviate poverty of the poor, we can consider the selection criteria of BRAC's member as the definition of poor from BRAC's point of view. By this we mean,

“ a household is considered poor having land $\leq$ 50 decimals”

Again we can calculate pre and post poverty rate of BRAC's micro-credit borrowers on the basis of land ownership. Before calculating poverty rate, the total scenario of land ownership of BRAC's micro credit borrowers has been shown in the table 5.4 below.

Table 5.4

AMOUNT OF LAND (DECIMAL)	NUMBER OF RESPONDENTS		PERCENTAGE OF RESPONDENTS (BEFORE)	PERCENTAGE OF RESPONDENTS (AFTER)
	Before	After		
Less than 10 decimals	15	13	7.5%	6.5%
10 to 30 decimals	37	39	18.5%	19.5%
31 to 50 decimals	64	62	32%	31%
More than 50 decimals	84	86	42%	43%
Total	200	200	100%	100%

Pre poverty on the basis of land ownership

Pre high poverty rate:

We calculate poverty rate on the basis of land holding attribute of micro credit borrowers of BRAC who have less than 50 decimals of land before joining BRAC.

$$\begin{aligned}
 Po &= \frac{N_p}{N} \times 100 \\
 &= \frac{116}{200} \times 100 \quad [\text{here } N_p = 116 \\
 &\quad N = 200] \\
 &= 0.58 \times 100 \\
 &= 58\%
 \end{aligned}$$

So pre poverty rate is 58% (on the basis of land ownership)

Post poverty rate:

We calculate poverty rate on the basis of land ownership of micro credit borrowers of BRAC who have less than 50 decimals of land after joining BRAC and incorporated themselves with the micro credit program.

$$\begin{aligned}
 Po &= \frac{N_p}{N} \times 100 \\
 &= \frac{114}{200} \times 100 \quad [\text{here } N_p = 114 \\
 &\quad N = 200] \\
 &= 0.57 \times 100 \\
 &= 57\%
 \end{aligned}$$

So, post poverty rate is 57% of BRAC's micro-credit borrowers in this present study on the basis of land ownership.

We observe here that only one percent gap of poverty rate between pre and post condition of program beneficiaries. And it is very important information here that these are 58 percent of respondents have land not more than 50 decimals. But there are 42 percent of respondents who possessed more than 50 decimals of land before joining in this program. We can see the clear picture that BRAC included 42 percent of micro credit participants who are not eligible (non target group) as the BRAC's criteria but officially incorporated in this program as poor. The member of eligible and non eligible respondents is shown in the table 5.5 below which is observed in this study.

Table 5.5

Eligible / non eligible	BRAC's micro credit program	
	Number of respondents	Percentage of respondents (%)
Eligible member	116	58%
Non – eligible member	84	42%
total	200	100%

The table 5.5 shows that BRAC incorporates non eligible members as the large fraction of their stakeholders perhaps due to the non risk institutional attitude. Whatever may the reason, this scenario clearly depicts that BRAC has failed to reach 42 poor households out of every 100. This reflects a clear violation of BRAC's fundamental principles embedded in its objectives.

5.2 Impact on women empowerment:

Microfinance institutions have opened up new opportunities for rural women, which were quite unthinkable for them. Uneducated and asset less poor women become recipients of institutional credit by virtue of microfinance institutions activities. This has enabled them

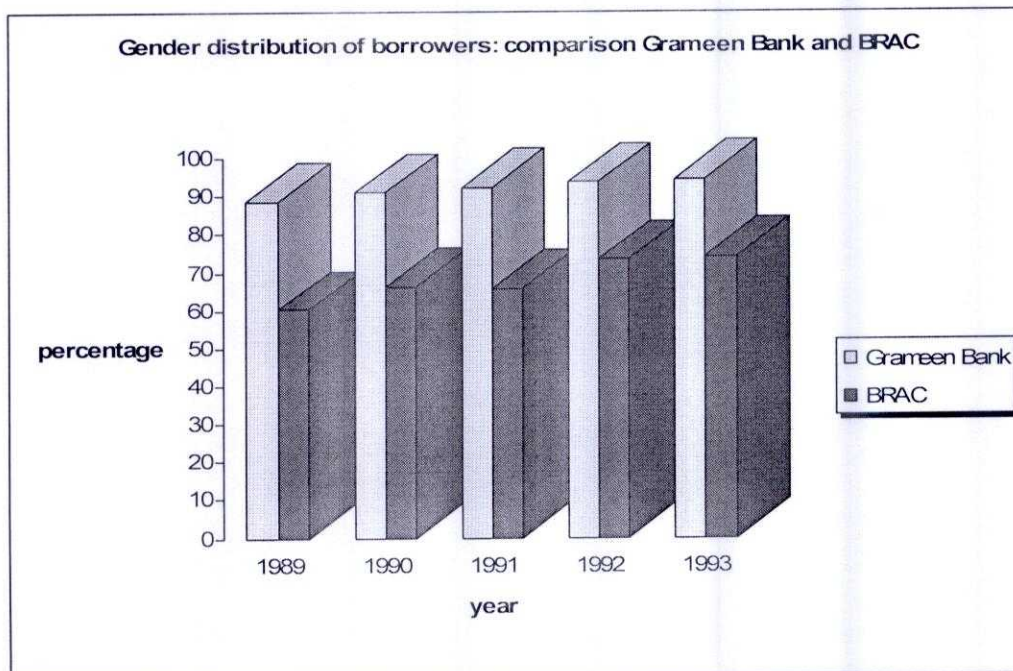
to achieve what may be considered as a fundamental right. There are about 95 percent women among the total stakeholders who indulge in micro credit activity in Bangladesh. The essence of women empowerment is the hot talk in the present world. In developing countries like Bangladesh microfinance institutions are playing a vital role for ensuring women empowerment through making them economically solvent. Commonly, women empowerment is described as a process whereby women become able to organize themselves to increase their own self reliance, to assert their independent right to make choices and to control resources which will assist in challenging and elimination of their own subordination (Rowlands, 1997)

During the initial years of its inception, Grameen Bank micro credit program mostly served men. In 1983 women members were only 45 percent of total members. The percentage of female borrowers increased rapidly during the late eighties and early nineties. From 1993 more than 90 percent borrowers were women. BRAC maintained more or less a balanced distribution of male and female borrowers for a long time. During the late eighties female borrowers were around 65 percent which increased to 74 percent in 1993 (table 5.6).

Table 5.6

Year	Number of borrowers (Grameen Bank)		Number of borrowers (BRAC)		Percentage of women	
	Male	Female	Male	Female	Grameen Bank	BRAC
1989	73150	575117	81932	124198	88.69%	60.25%
1990	77075	775547	82955	163301	90.97%	66.31%
1991	79482	962148	142152	272189	92.37%	65.69%
1992	88766	1296558	115694	315462	93.53%	73.17%
1993	97431	1585483	137724	391983	94.21%	74.00%

[Source: Khandaker and Khalily 1995]



We see from table 5.6 that Grameen Bank always advances than BRAC in gender-wise distribution of women borrowers. Now there are almost 99 percent women stakeholder in both Grameen Bank and BRAC. The main objectives of incorporating women in micro credit activity are to utilize family's female labor force who would be otherwise underemployed. Social and cultural barriers and lack of wage employment opportunities for women impose constraints on the way to fuller utilization of women's labor even if the poor families are in desperate need to raise family income through intensification of family labor use. Women in Bangladesh already have captured the micro credit market. But it is important now to go deeper into the examination of how far the micro credit program is successful in empowering Bangladeshi women.

Women's employment can be considered as a step towards empowerment will depend on the interlinked changes that take place with the changes in employment. A control over income and asset and the improvement of consumption etc can be considered as

components of empowerment of women which could be achieved through women's greater involvement in income earning activities.

In this study we look for female-respondents status in earning family income. We also look for collecting data to how many have changed their employment status after joining micro credit. We observe the picture more clearly if we see the table 5.7 below:

Table 5.7

Status	Number of respondents	percentage	Change status of profession	Number of respondents	<i>percentage</i>
Main earning member of the family	6	3%	Creating new employment	26	13%
Separate earning member of the family	47	23.5%	Continue previous employment (no change)	62	31%
Directly help to the business of his family members.	134	67%	Invest in business of other family members	97	48.5%
Expenses in other activities	13	6.5%	Expenses not in business	15	7.5%
Total	200	100%		200	100%

Table : income status in family and change status of profession.

We see from the above table 5.7 that only 3 percent of respondents are the main income earners of their families. There is also only 23.5 percent of respondents are engaged with separate earning members in their family. 67 percent of respondents are directly engaged in the business of their family members and 6.5 percent of respondents admit that they invest money in other business which is based on filling up their family needs. Members of micro credit still depend on their family members and they prefer to invest their money that is depended on their family business. On the other hand only 13 percent of women were able to create new opportunities for their additional income. So we can say from this study that women still like to depend on their male family members in fostering IGAs. It is in conformity with culture and tradition of this subcontinent. In present era women are coming out of the conventional wisdom to take part in different income generating activities like micro credit.

Use of income and participation in major family decision are also important component to assess women empowerment. We also assess in this study the use of borrowed money and participation in major family decision in borrowers' family.

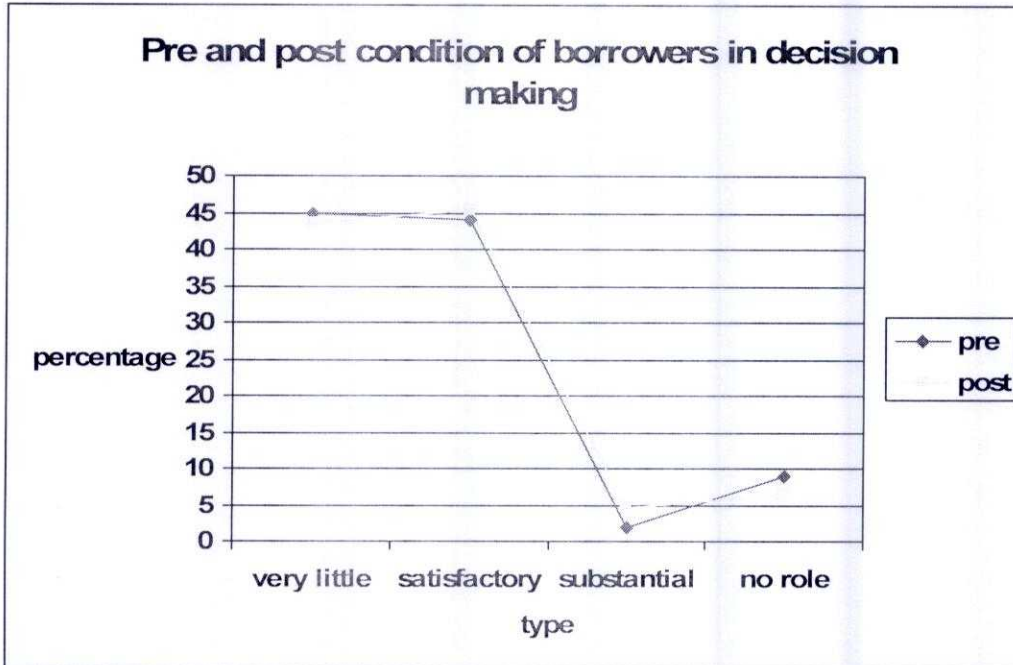
Table 5.8 :Impact on social aspect (use of loan)– 1

Organization	Can borrowers take decisions independently regarding use of micro credit	Number of Clients	Percentage
B R A C	Yes	42	21%
	No	69	34.5%
	Partial	89	44.5%
	Total	200	100%

Table 5.9: Impact on social aspect (decision making in family) -2

Organization	Participation in major family decisions	Number of Clients		Percentage	
		Pre loan	Post loan	Pre loan	Post loan
B R A C	Very little	90	87	45%	43.5%
	satisfactory	88	91	44%	45.5%
	substantial	4	9	2%	4.5%
	No role	18	13	9%	6.5%
	Total	200	200	100%	100%

We see from above table 5.8 and 5.9 (table: use of loan) that only 21 percent of women borrowers can take decisions independently regarding use of micro credit in their family. On the other hand we see 44.5 percent of borrowers can take decisions partially regarding use of micro credit in their family. So we can say about half of borrowers can take partial decision in using income of family. So, women empowerment is getting slow impetus in a positive direction day by day. From next table 5.9 we assess pre and post condition of women's participation in family decision. We see from table 5.9 that there is not much difference observed between pre and post (involvement with micro credit) condition of borrowers participation in decision making. We also observe here the traditional characteristics of women depending on their male counterparts in taking major family decisions. Women participants are learning how to be emancipated from the clutches of male domination, but the process of learning is pretty slow, perhaps due to lack of access to other entitlements.



We see from the graph that there is little change between pre and post condition of micro credit borrowers in family decision making.

5.3 Other social impact and socio economic characteristics:

Results of the salient socioeconomic characteristics of the respondents are presented in the table below. Most of the respondents fall in the age range 26 to 35 (41%). While

Table 5.10 : major socio economic attributes of the respondents

Variable	Frequency	Percentage (%)
Age (years)		
15 – 25	18	9%
26 – 35	82	41%
36 – 45	74	37%
46 +	26	13%

Total	200	100%
Family size		
1 – 3	2	1%
4 -6	93	46.5%
7 – 9	99	49.5%
10 +	6	3%
Total	200	100%
Educational level		
No formal education	39	19.5%
Primary school not completed	61	30.5%
Primary school completed	76	38%
Secondary school not completed	20	10%
Secondary school completed	4	2%
Tertiary	0	0%
Total	200	100%
Marital status		
Unmarried	1	0.5%
Married	189	94.5%
Separated	3	1.5%
Widow	7	3.5%
Others	0	0%
Total	200	100%

about 78 percent fall between 26 to 45 years. The recipients are relatively young and belong to their productively active years. The gender distribution is not mentioned in this table. 100 percent responses are from women.

Most of the respondents (49.5%) have family size of between 7 to 9. And 96% of total respondents have family size of between 4 to 9. In terms of educational attainments 38 percent of total respondents have completed their primary education, 88 percent of total respondents could not complete secondary education. It is mentionable that among them 19.5 percent of the respondents have no formal educations. Only 2 percent of the total respondents have passed secondary school certificate and none of the respondents could attain tertiary level education. Thus we can assert that the majority of BRAC micro credit borrowers are educated by primary level education. In terms of marital status 94.55

percent of total respondents are married and 3.5 percent are widowed, 1.5 percent are separated and only 0.5 percent are unmarried.

Table 5.11

Variable	Frequency		Percentage (%)	
	Before	After	Before	After
Residence infrastructure				
Pacca house	8	24	4%	12%
Kacha house	24	20	12%	10%
Mud house	114	70	57%	35%
Fence house	40	60	20%	30%
Tin house	14	26	7%	13%
Others	0	0	0%	0%
Total	200	200	100%	100%
School going children of borrowers				
School going continue	100	114	50%	57%
Irregular school going	54	22	27%	11%
Left education for a job	30	42	15%	21%
Others	16	22	8%	11%
Total	200	200	100%	100%
Recreation and communication amenities				
Television	7	32	3.5%	16%
Radio	152	193	76%	96.5%
Mobile	39	113	19.5%	56.5%
Motorcycle	1	4	0.5%	2%
Bicycle	42	118	21%	59%
Impact on family life				
Variables	Frequency		percentage	
Very little	53		26.5%	
Satisfactory	78		39%	
Substantial	34		17%	
No role	35		17.5%	
Total	200		100%	

The table 5.11 shows residential infrastructure, the number of school going children, family recreation tools and impact on family life of BRAC's micro credit borrowers. We assess in this study the before and after condition of residential infrastructure of the respondents. Most of the respondents (57 percent) belong to mud house and then fence

houses (20 percent) before joining BRAC's micro credit. After program assessment, we see the same ranking but proportion has been changed. In post program assessment, most of the borrowers (35 percent) belong to mud houses and 30 percent of respondents still live in fence houses. We can assert that borrowers are more inclined to rebuild their houses.

We see also from the study that half of the respondents' kids (50 percent) were regular school going while 15 percent of respondents' kids already left education and joined in a job due to family needs. This data of the respondents represent situation before taking loan. After program assessment we see the rate of regular school going kids of the respondents has been increased by 7 percent (after program rate is 57 percent). But it is alarming that the rate of kids drop-out of education and taking jobs has been increased by 6%. So we can say from this study that though the rate of regular school going children has been increased for the consciousness of the respondents but on the other hand the rate of drop outs also has been increased alarmingly.

We see from the table 5.11 that most of the respondents (76 percent before taking loan and 96.5 percent after taking loan) have radios as their recreation media only. 19.5 percent of the respondents have used mobile cell phone before taking loan and 56.5 percent of the respondents now use mobile cell phone after taking loan. The rate of using mobile phones has been increasing rapidly with the passage of time. 39 percent of the BRAC's micro credit borrowers have put their comment that the impact of micro credit on their family life is satisfactory while 17.5 percent of the borrowers put their comment that there was no role of micro credit on the impact of changing their family life for the better. And there are also 26.5 percent of the borrowers who inform that there is very little impact of micro credit on their family life. So the data from this study raise question about the success of micro credit.

Table 5.12

Variable	Frequency		Percentage (%)	
	Before	After	Before	After
Toilet use				
Sanitary	38	156	19%	78%
Kacha toilet	92	22	46%	11%
Open place	60	22	30%	11%
Others	10	0	20%	0%
Total	200	200	100%	100%
Washing after toilet				
Use soap	18	78	9%	39%
Use only water	66	12	33%	6%
Use ashes	92	102	46%	51%
Others	24	8	12%	4%
Total	200	200	100%	100%
Washing before taking meal				
Use soap	2	18	1%	9%
Use water	198	182	99%	91%
Without washing	0	0	0%	0%
Total	200	200	100%	100%
Source of drinking water				
Tube well	102	196	51%	98%
Dig water place (kua)	98	4	49%	2%
River water	0	0	0%	0%
Others	0	0	0%	0%
Total	200	200	100%	100%
Change in food consumption				
Change	Change in food consumption			
	Number of borrowers		Percentage	
Increased	134		67%	
Decreased	0		0%	
Not changed	66		33%	
Total	200		100%	

We see from above table 5.12 that the pre and post condition of borrowers for different variables those reflect socio economic changes. We see in pre situation that 46 percent of respondents would use kacha toilet while only 19 percent of respondents would use sanitary toilet. We see a different scenario in post condition of borrowers. 78 percent of borrowers are now habituated in using sanitary latrines while only 11 percent of them

now use kacha latrines. Regarding washing after toilet, we see that before joining this program 46 percent of borrowers would use domestic ashes while 33 percent of borrowers would use water and only 9 percent of them used soap. Now borrowers are found much more concern about hygienic matters. 51 percent of borrowers use ashes for washing after toilet and 39 percent of the borrowers use soap for the same task. Only 6 percent of them use now only water.

On the other hand, as regards washing hands before taking meal, only 1 percent of borrowers revealed washing hands with soap and other 99 percent of borrowers took meal washing hand with water only. The scenario has not been changed vastly after joining the program of borrowers. Only 9 percent of borrowers now use soap for washing hands before taking meal. More than half of the borrowers (51 percent) have access to tube well for safe water. Now, almost all (98 percent) borrowers inform that they are habituated to drinking water from their own or nearer tube well. We can assert that after joining this program borrowers are now much more conscious about their hygienic matters. We see from the present study that 67 percent of borrowers said that there have been increase in food consumption, but 33 percent of borrowers have denied any change in food consumption.

5.4 Assessment of BRAC's micro credit (loan, savings and interest rate):

The main task of microfinance institutions is to provide loan with service charges. It is said from the critique part that microfinance institutions are taking a lot of service charge in the guise of exorbitant rate of interest. We assess the view of micro credit borrowers about the interest rate of BRAC microfinance. There is an important component of micro credit savings. Borrowers express their opinion about the nature of savings of BRAC's micro credit in this present study.

BRAC's loan : We assess in this study about BRAC's loan and its nature and behavior of borrowers to the nature of loan.

Table 5.13

First information about BRAC's micro credit			
Information from	Number of borrowers	Percentage	
Other borrowers	160	80%	
BRAC's employee	15	7.5%	
Neighborhood /relatives	22	11%	
BRAC office	3	1.5%	
Others	0	0%	
Total	200	100%	
Reason for in micro credit			
Reason	Number of borrowers	Percentage	
To meet an emergency need	54	27%	
Micro business	144	72%	
Inspired by BRAC's employee	2	1%	
Others	0	0%	
Total	200	100%	
Money (micro credit loan) spent			
Sector	Number of borrowers	Percentage	
Micro business	74	37%	
meet an emergency need	44	22%	
Half for meeting emergency need and half for micro business	38	19%	
Housing	43	21.5%	
Others	1	0.5%	
Total	200	100%	
Take loan from other micro credit organizations (except BRAC).			
Organization	Number of borrowers	Percentage	
ASA	74	37%	
PROSHIKA	24	12%	
Grameen Bank	78	39%	
Other gov or ngo organizations	23	11.5%	
Do not take loan from other MFIs.	38	19%	

The table 5.13 shows information about loan , reasons for the participation in BRAC's micro credit of borrowers, how loan spent by the borrowers and from which organizations except BRAC , borrowers take loan (for overlapping measures). We assess in this study that 80% of the respondents have informed about BRAC's micro credit in purpose of joining this program by other borrowers and 11% of the respondents informed by neighborhood and relatives. Only 7.5 percent of the respondents are informed by BRAC's employees. So we see here most of the borrowers are joining BRAC's micro credit from getting information by other borrowers. 72 percent of the borrowers inform us in this study that they showed their interest in getting loan for establishing micro enterprises or investing in micro business. It is important that 27 percent of the respondents said that they showed interest for meeting an emergency need. We tried to assess also how borrowers practically have spent their loans. We see that only 37 percent of the respondents have spent their money in micro business while 22 percent of the borrowers met their emergency needs and 21.5 percent of the borrowers built or reconstructed their houses. 19 percent of the borrowers said that half of the loan money they spent for meeting emergency needs and the rest for micro businesses. So there is mentionable difference between before taking loan and after taking loan condition in respect of uses this loan money. The success of micro credit will fall into question when we see that about 44 percent of the borrowers spent loan for housing and meeting emergency family needs. Overlapping loan taking is a common scenario among micro credit borrowers. BRAC's micro credit borrowers also have the same characteristics. 81 percent of the borrowers admit that they have taken loan from other microfinance institutions. We see from this study that respectively 39 percent and 37 percent of BRAC's micro credit borrowers have also taken micro credit from Grameen Bank and ASA. It is also seen that borrowers are less interested in going to government microfinance institutions (11.5 percent of borrowers also combined with small NGO's).

5.4.1 BRAC's micro credit interest rate:

BRAC also faces like other microfinance institutions a criticism that interest rate charge for micro credit is very high. Microfinance institutions generally charge an interest or

service charge at the rate of 12.5 percent in flat method that would be near about 25 percent by declining balance method. Some microfinance institutions like BRAC charges an interest or service charge at the rate of 15 percent in flat method that would be near about 30 percent by declining balance method. It seems high compared to commercial banks and formal financial sector. We see below table 5.14 the interest rate of BRAC, ASA and a government organization BRDB for comparison in the loan activities.

Table 5.14 : Comparison of Loan Activities of Three Different Organizations

Name of Organization	Name of Programs	Rate of Interest	Number of Installment (week)	Loan Ceiling	
				Lowest	Highest
BRAC	Dabi	15.00 %	41 weeks	7,000.0	60,000.0
	Unnati	15.00 %	52 weeks	15,000.0	1,00,000.0
	Progati	15.00 %	52 and 78 weeks	50,000.0	4,00,000.0
ASA	Small Loan Program(Female)	12.5%	45 weeks	1,000.0	40,000.0
	Small Business Loan Program	12.5%	52 Weeks/ 12 Months	10,000.0	80,000.0
	Ultra-Poor Loan	12.5%	52 Weeks/ 12 Months	1,000.0	5,000.0
BRDB	Integrated Poverty Alleviation Program	11.00%	36 months	7,000.0	20,000.0
	Comprehensive Village Development Program	11.00%	36 months	5,000.0	10,000.0
	Productive Employment and Development Program for Rural women	11.00%	12 months	7,000.0	15,000.00

Commercial Banks, leasing companies and other financial organizations provide different types of loans for their customers. Beside that, non-profit organizations known as Non-Governmental Organizations (NGOs) provide loans in order to reduce poverty, specially,

in the rural area. In case of commercial banks, except consumer loans, interest calculation of all other loans (business and entrepreneurial etc.) are done in degradation method.

On the other hand, microfinance organizations or non-profit organizations or non-governmental organizations (NGOs) calculate their loan interest in a different method called Flat Interest Rate by them. For example, in case of Dabi Program of BRAC provide loans at the rate of 15.00 percent interest and repayment period is 41 weeks. In this program, if any person takes an amount of loan of Tk. 15,000 within 41 weeks he/she should repay an amount of Tk. 16,875. BRAC argues that they take interest at the rate of 15.00 percent/annum. If we calculate this loan in degradation method, which the commercial banks and other financial organization applied, the interest rate becomes 31.00 percent.

Formula of calculating interest in degradation method is given below:

I =	$P \times r \times (n + 1)$
	$2 \times 100 \times N$

Where, I= Amount of Interest

P = Principal Amount

r = Rate of Interest

n= Number of Installments

N = Number of weeks/months in a year

The formula by what BRAC and other non-profit organizations (NGOs) calculate interest is as follows:

I =	$P \times r \times n$
	$100 \times N$

Where, I= Amount of Interest

P = Principal Amount

r = Rate of Interest

n= Number of Installments

N = Number of weeks/months in a year

Interest Calculation: BRAC perspective (calculating without time, savings and other costs)

Suppose, one person takes Tk. 5,000.00 loan from at 15% interest rate and repay the loan including interest within 46 weeks. How much interest he/she will pay other than principal amount?

In Flat System:

$$\text{Interest} = \frac{P \times r \times n}{100 \times N}$$

Here,

P = Principal Amount

r = Rate of Interest

n = Number of Installment

N = Weeks in a Year

$$\begin{aligned} &= \frac{5000 \times 15 \times 46}{100 \times 52} \\ &= 663.47 \\ &\equiv \text{Tk. } 664.00 \end{aligned}$$

In Degradation Method:

$$\text{Interest} = \frac{P \times r \times (n + 1)}{2 \times 100 \times N}$$

Here,

P = Principal Amount

r = Rate of Interest

n = Number of Installment

N = Weeks in a Year

$$\begin{aligned} & \frac{5000 \times 15 \times (46 + 1)}{2 \times 100 \times 52} \\ &= 338.94 \\ &\equiv \text{Tk. } 339.00 \end{aligned}$$

In flat system borrower will pay : Tk. 664.00

But, in degradation system borrower will pay : Tk. 339.00

In flat system borrower pay interest Tk. 664.00, if it is calculated in degradation method the interest rate will be:

$$\text{Interest} = \frac{P \times r \times (n + 1)}{2 \times 100 \times N}$$

Here,

P = Principal Amount

r = Rate of Interest

n = Number of Installment

N = Weeks in a Year

$$\Rightarrow 664 = \frac{5000 \times r \times 47}{2 \times 100 \times 52}$$

$$r \equiv 30.00 \%$$

we see though BRAC said their interest rate is 15 percent, actual interest rate of BRAC's micro credit (without calculating time cost , savings charge cost and other costs) is 30 percent.

By this above mentioned formula they calculate total interest on principal amount and add it to the principal and divided by total repayment period (Weeks/ Months). In this method, borrowers have to pay the interest on total principal amount even at the last installment. In the process of repayment, principal amount which a borrower paid is not considered in the case of interest calculation. Both for the first and last installment borrower should pay interest on the total principal amount. In this case, borrowers don't become well-off for the whole repayment period in same way it started. But in degradation method the principal amount included in every installment is adjusted every time. So, at first installment the borrower pays interest for the whole principal amount and at the time of last installment the borrower pays interest for the residual amount of principal. The basic difference is, microfinance operating organizations impose and collect interest from the borrower what he/she did not consume but in degradation method the borrower paid interest only for the amount that he/she consumed.

Table 5.15

Interest rate of loan:		
Rate	Number of borrowers	Percentage
12%	2	1%
15%	126	63%

20%	2	1%
30%	0	0%
Can't count interest rate	60	30%
I don't know	10	5%
Total	200	100%
Interest rate is -		
Type	Number of borrowers	Percentage
High	196	98%
Low	0	0%
Average	4	2%
Total	200	100%
Opinion about weekly (from very first week) repayment		
Opinion	Number of borrowers	Percentage
No problem to repay weekly	4	2%
Face problem to repay weekly	102	51%
Severe problem	78	39%
Average done	16	8%
Total	200	100%
In case of failure of weekly installment		
Nature	Number of borrowers	Percentage
Helped by other members	14	7%
Pressure given by BRAC	159	79.5%
Time given with increasing interest rate	0	0%
Harsh attitude by BRAC employee	27	13.5%
Total	200	100%
Time/ times failure to repay installment		
Time/times	Number of borrowers	Percentage
Never missed	44	22%
1 – 3 times	66	33%
4 – 6 times	76	38%
7 or more times	14	7%
Total	200	100%
Suggestion to launch installment after taking loan		

Days / month	Number of borrowers	Percentage	
Conventional system (as it is)	4	2%	
After 15 days	138	69%	
After one month	52	26%	
After two months	6	3%	
Total	200	100%	

The table 5.15 shows opinion of BRAC's micro credit borrowers about interest rate and repayment system of BRAC's micro credit program. Only 60 percent of the borrowers has given the right answer in reply of a question – "what is the interest rate of this program?". 30 percent of the borrowers replied that they could not count interest rate and 5 percent of the borrowers informed that they do not know the interest rate. The scenario depicts that most of the borrowers are in dark about the nature of micro credit due to lack of their proper education or information. But 98 percent of the borrowers informed that the existing interest rate is too high for them and only 2 percent of the borrowers said the existing rate is average. 51 percent of loan takers of this study faced problem to repay loan from very first week and 39 percent of loan takers face severe problem for the same cause while only 2 percent of the loan takers do not feel problem in the same action. 79.5 percent of the borrowers have been put under pressure by BRAC if they fail to repay weekly installments and 13.5 percent of the borrowers have been behaved harshly for the same happening. 7 percent of the borrowers informed that other members of the group would help when they fall into problem to repay loan. 38 percent of the loan takers failed four to six times to repay installment to BRAC and 78 percent of the borrowers failed once or more to repay installment while the rest 22 percent of the borrowers never failed to repay installment to BRAC. 69 percent of the borrowers suggest that it will be better for them if repayment of installment commenced after 15 days from loan taking and 26 percent of the borrowers suggest for one month for the same action while only 2 percent of the borrowers do not want reschedule of repayment time. We can assert from this study that almost all of the respondents think interest rate is very high and they face problems of repayment from the very next week after receiving the loan.

5.4.2 Savings and interest rate of BRAC's micro credit savings:

Savings as important as credit for micro credit operation, because it acts as a source of finance for micro loans and demand for this service is high in the rural areas. On average microfinance institutions of our country offer mostly 5 percent to 6 percent interest on deposits from the members; a few of them offer more than 7 percent. Some institutions have already started different term deposit schemes with higher interest rates, which is encouraging savings mobilization in rural areas. BRAC offers 6 percent interest rate on deposit from the members and it is mandatory for all borrowers. Borrowers have mixed opinion about BRAC's savings schemes.

Table 5.16

Opinion on savings money which formed by the credit money of borrowers.			
Opinion	Number of borrowers	Percentage	
Yes	46	23%	
No	154	77%	
Total	200	100%	
Availability of savings money when it is necessary for the borrowers			
Type	Number of borrowers	Percentage	
Easy to get savings money	12	6%	
Not easy to get savings money	188	94%	
Total	200	100%	
Interest rate of savings money on deposit			
Rate	Number of borrowers	Percentage	
5%	0	0%	
6%	180	90%	
10%	0	0%	
Do not know	20	10%	
Total	200	100%	

We see from the table 5.16 that 77 percent of the BRAC's micro credit borrowers do not support making savings money by their own credit money. Due to savings money schemes borrowers do not get total credit money to their hand for fulfilling their

requirements. BRAC separate 5 percent of total credit money for making savings money for the borrowers. In reality they formulate another fund with this savings money for providing credit for the other borrowers. So BRAC authority tries to discourage borrowers for demanding savings money. 94 percent of the borrowers said that it was not easy to get their own savings money when it was necessary. BRAC offers 6 percent interest rate of savings money of borrowers' deposit. But 10 percent of the borrowers do not count interest rate which BRAC offers on borrowers deposit.

Thus overall we have attempted to assess BRAC's micro credit program from different perspectives on the basis of primary data. There are both positive and negative impacts of BRAC's micro credit on borrowers' socio economic and other social conditions. We asked borrowers on the basis of their negative comment on BRAC's micro credit "why are you going to BRAC for taking loan while you may fall into problem?". Almost all of them replied that only the quick responses and availability of credit are the main reasons to become BRAC's micro credit participants/ borrowers. Micro credit is not all about success stories, but it has bear rather successful in establishing that every individuals has the right to access credit even if he or she is not credit worthy in normal banking terms.

5.5 A case study

Micro credit: tarpped in a vicious cycle for Safura

Safura, a poor woman, lives in the village of Katiadi in Kishoreganj district. Her husband is a day laborer. She has two sons and two daughters. They live in a low land area of that region. Three years ago Safura had joined in BRAC's micro credit program. Few days later she got four thousand taka from BRAC. She wanted to buy a rickshaw for his husband. But within a short period of getting loan from BRAC, river water inandated their house. Then the entire household falls into miserable condition. She could not invest loan money anywhere on the other hand; she spent some money while they were in problem with water. By this this, she had to start repaying installment form very next week of taking loan. Then pressure came on also her husband also. They fall in deep problem. She started giving BRAC's repayment form her loan money weekly. She requested BRAC authority not to take installment for few days. But authority rejected her request. When few days later water had removed from her homestead she also spent some money for buying fence. Now she has neither money for repaying installment nor money for investment in any micro business. Moreover BRAC's pressure was continue to repay weekly. She was continuing her installment both from her own accord and taking loan from neighborhood. She has taken second loan from BRAC after one year of taka 7000 (seven thousand). Very first she has given money to her neighborhood which she took form them. Now she bought a rickshaw with the rest of the money and taking another loan from ASA in the same time. Now problem came from all around. She faced a great challenge to repay installment of two institutions and to meet basic needs of her family. The income from rickshaw did not cover all. Safura has no money but has a full life with her husband, two daughters and two sons. Now she is trapped in the vicious cycle of micro credit game.

Chapter six

- 6.1 Income based poverty:
- 6.2 Women empowerment
- 6.3 Socio economic impact
- 6.4 Borrowers view on BRAC's micro credit
- 6.5 Positive and negative patters of BRAC's micro credit
- 6.6 Future Challenges for BRAC's micro credit

Findings of the present study:

The present study has been accomplished setting some objectives. We tried to assess the pre and post socio economic condition of the borrowers of BRAC's micro credit. We have found out the borrowers view about the BRAC's micro credit program from different corner. We tried to assess in this study also the scenario of women empowerment. On the basis of primary data from the respondents there are some findings discussed below.

6.1 Income based poverty:

The borrowers' household income situation has been shown in this study. There are little impact of micro credit on borrows household income on the basis pre and post income analysis of the borrowers household. Only 15 percent of the borrowers were successful to uplift their household income depending on micro credit. 89 percent of the borrowers are engaged with BRAC's micro credit for one year or more. Among all borrowers 47 percent are engaged with this program for five or more. So it was enough time to be proved a successful program for micro credit by shifting to higher income level of its borrowers. 79 percent of the borrowers have been tested by providing micro credit three or more times for generating income in order to alleviate poverty. 33 percent of the borrowers have been tested seven or more times for the same action. In this present study we calculate poverty rate by head count index measure. We calculate poverty rate by three category; low poverty, middle poverty and high poverty. Totally 11.5 percent of the borrowers are successful to alleviate three category of poverty line combined. We calculate also poverty on basis of land ownership of the borrowers. In this perspective only 1 percent of the borrowers have been uplifted poverty line. This calculation have been done before and after condition (joining in BRAC's micro credit program) of the borrowers. So finding of the study in perspective poverty alleviation that superficially it is seen micro credit is working successfully but the real scenario is not satisfactory to the researcher. It is also another finding that in perspective of household income, borrowers (85 percent) are stagnant in a fixed level. If we see the overall poverty situation of our

country, the picture will be clear to us about the responses of micro credit to poverty alleviation.

But what is the real scenario in the performance of poverty alleviation in our country of microfinance institutions of our country. The poverty trend in our country has been shown in the below

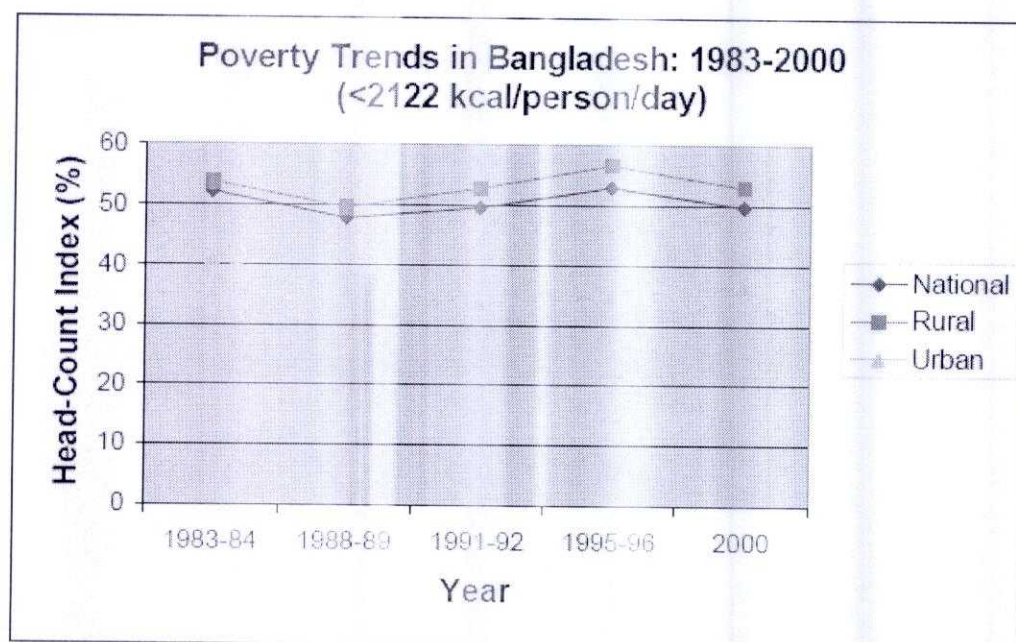


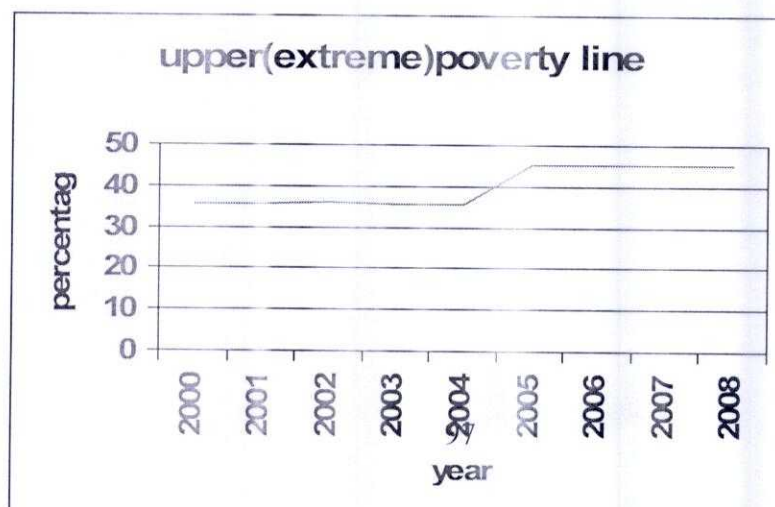
Figure 1: Poverty Trends in Bangladesh 1983- 2000
Source: Based on Sen 2003; BBS 2002

In 1971, 73 percent of total population was under poverty line. After the liberation war the poverty rate was increased rapidly. But the different initiatives of government and huge foreign aid help our country to face the problem partially successfully. We see from the above figure that the poverty rate decreased in 1983 from 73 percent to 53 percent. In 2000 we see poverty rate is around 50 percent. From the 1980s' microfinance institutions came to field for their action. In 1990s' the action was accelerated in our country for

poverty alleviation by microfinance institutions. From this figure we can infer that government was successful to eradicate poverty from 73 percent to 53 percent without the action of microfinance institutions. But after the introduction of microfinance institutions poverty rate is stagnant in a position. So it is really an important question about the performance of microfinance institutions for poverty alleviation of our country. Now world recession is running. So it is the prime time to show better performance about poverty alleviation in our country. But what we see in the recent trend about extreme poverty line.

Year	Population below poverty line (%)
2000	35.6
2001	35.6
2002	36
2003	35.6
2004	35.6
2005	45
2006	45
2007	45
2008	45

Source: World Bank,2008



With the above information and the result of present study shows BRAC and other microfinance institutions are partially successful about the poverty alleviation of their borrowers. BRAC keeps its borrowers in a stagnant situation.

Recently the question has been raised in micro credit program about the target groups of the institutions. BRAC is not also exempted from this question. 42 percent of the BRAC borrowers are non-eligible members in micro credit program. Today BRAC and other microfinance institutions are much more interested in incorporating rich poor for their no risk theory. So institutions are coming out now from their main objective. And slowly some big microfinance institutions like BRAC are trying to engage with corporate business.

6.2 Women empowerment:

Empowerment process evolves over several dimensions and through different pathways, material, cognitive and relational. One of the most visible recent changes in the lives of rural women in Bangladesh has been a significant in their access to credit. Hundreds of thousand of women in the last 15 years have become more visible members of the rural society. Micro credit programs make women come to the center meetings and that helps to build their confidence. But still now our women like to tend to depend on their family head.

From this present study, it is an important finding that 67 percent of the micro credit borrowers are rather interested in investing loan to their family business than creating a new business with own efforts. Finding also shows that only 3 percent of borrowers are the main earning member of their family. 13 percent of the borrowers create new employment after getting loan. The nature and attitude of the women of this subcontinent are important factor for showing success of this program. Dependency and vow to the husband are the common scenario for the women of this region. It is also true that

sometimes this traditional attitude keeps congenial environment of the family. 34.5 percent of BRAC's micro credit borrowers have no role to take decision of using loan. 21 percent of the borrowers have full freedom to take decision of using loan. About half of the borrowers have very little opportunity to participate in major family decision. We see near about the same scenario after assessing pre and post condition of this program. So can not say from the finding of the present study that women empowerment has to go much further as we conventionally say. But it is true that women have gained more power and freedom in the field of family planning, children's marriage, sending kids to school after getting money in hand from microfinance institutes. So now they are much more conscious about their rights and it slowly to empowerment of them.

6.3 Socio economic impact:

With the growing of consciousness about health and education and other social matters we see some positive impact on the borrowers family of the concerning matters. Where only 19 percent of the borrowers were used to use sanitary toilet before joining this program, the rate increased 78 percent after assessing the post condition of this program. It is the output of the consciousness of the borrowers in this concerning field. 39 percent of the borrowers use soap for washing hands after toilet. Before joining this program the rate was only 9 percent. 91 percent of the borrowers wash their hands before taking their meal. Though, only 9 percent of the borrowers wash their hands with soap before taking their meal. Almost all of stakeholders are habituated now to taking drinking water from tube well. 67 percent of the borrowers have changed their food consumption after joining this program. So women are now more conscious about their family hygiene. So this program is success from this part point of view. It is also positive finding that regular school going kids of the borrowers have been increased by 7 percent.

21.5 percent of the loan borrowers have spent their loan money for housing. So the rates of pacca house borrowers have been increased by 8 percent. And others tried to reconstruct their house with own accord. Borrowers maintain an intention that they would rather make their house beautiful than create a new income generating employment.

Borrowers are also much more conscious about engage themselves with new technology. About 57 percent of the borrowers belong to cell phone connection for their communication purpose. Near about all of the borrowers' radio for their recreation and 16 percent belong to television. About 60 percent of the borrowers belong to bicycle for transportation while 2 percent belong to motorcycle. Borrowers usually rather go for fulfilling other needs than alleviate fundamental fixed poverty.

6.4 Borrowers view on BRAC's micro credit:

About 80 percent of the borrowers take loan in the name of micro business. But only 37 percent of the borrowers were engaged directly or indirectly with micro business. 22 percent of the borrowers met emergency family needs. So due to lack observation of the authority borrowers are not utilizing their money on the right track. Overlapping is a common scenario among the borrowers. Except 19 percent of the borrowers, all admit that they have overlapping loan over BRAC. It is finding from the study that overlapping is being done for not getting sufficient money from BRAC for fulfilling their purpose like daughters' marriage ceremony, house construction etc. It is also finding that sometimes they are taking loan to repay another MFI.

35 percent of the borrowers either can not count interest rate or do not know how much interest rate BRAC imposes on borrowers loan. Almost all of the borrowers seem interest rate is very high to them. From the very first week of taking loan borrowers are supposed to launch repay their loan. From researcher point of view it not logical. Due to time constrain (five to six days) borrowers can not generate any income sourcing activity. 90 percent of the borrowers face problem for repaying loan to BRAC. So 78 percent of the loan takers could not repay their installment on right time. When loan takers were failure their installment, they (90%) were pressured by the BRAC employee. Among them 13.5 percent borrowers grouse that they were behaved very harshly by the BRAC employee. 98 percent borrowers suggest if first installment starts at least after 15 days of loan taking they could be beneficiary. The calculation of interest rate is very critical in microfinance institutions. The rate of service charge or interest on loans has been found varying from 5

percent to 25 percent in the flat method and 10 percent to 50 percent in the declining balances method. Basically BRAC shows they offer 15 percent interest rate on their loan but if we count simple declining balance method we find 30 percent interest rate of BRAC's micro credit program.

About 80 percent of the loan takers do not support initially formed savings money by their own loan money. Because when borrowers are taking loan then BRAC authority curtails 5 percent of loan money mandatory as savings money. But borrowers count interest rate on total money (including curtail money). Suppose a borrower takes loan from BRAC tk 10000 (ten thousand), he/she will get tk 9500 (nine thousand and five hundred) but he/she has to count interest rate on tk 10,000. In reality BRAC saves money from borrowers and they distribute again this money to new borrowers. In this way we see from the present study one third distributed money are from borrowers savings money. 94 percent of the borrowers do not get easily their savings money when it is necessary. 10 percent of the borrowers do not know how much interest rate they will earn from their savings money.

6.5 Positive and negative patters of BRAC's micro credit

Nobel Laureate Amartya Sen is convinced that women can take part in household decision making and improve their status considerably if they contribute to family income. It is in this field that the micro credit program of BRAC and other MFIs can contribute to women's emancipation. Combined with a social program of skills training, education, and social awareness, micro credit not only improves the situation of women but may also positively affect the entire family.

Overall some Positive Implication of BRAC's micro credit

- The village banking method's most valuable feature is that it offers a long-term solution to some of poverty's worst suffering - malnutrition, preventable disease,

illiteracy, inadequate housing - by helping the poor create their own solutions with dignity and self-reliance.'

- A significant way to reduce vulnerability is to increase members' net worth. For instance, assets can be sold in case of dire need. They can also increase the creditworthiness of clients. It has been found that despite high indebtedness among program participants, their net worth is still greater than among non-participants in all program areas. The "oldest" members of BRAC have, on average, higher value of non-land assets. It has been found that BRAC members invest particularly in productive capital (e.g., rickshaws, poultry, and grocery shops) and in nonagricultural activities. Savings can be very important to hedge against incase of economic recession and business failures. In recent years, BRAC and other MFIs have come to realize that savings are necessary in reducing vulnerability and have made their saving institutions much more accessible to their members.
- Females, however, are not the only people to be affected by BRAC micro credit program. In one way or another, nonmember groups in the villages can be touched by the micro credit institutions.
- A more direct effect of micro credit will be felt in the credit market since the supply of total credit available will increase, leading to a decline in the interest rate. A similar effect can potentially be observed when it comes to rural wages. This increase would be due to BRAC's enabling of self-employment, which reduces labor supply and consequently raises the wage rate. Wages remain at this higher level if the program increases members' income and induces a larger demand for food and other local products.
- Poverty is a multi-dimensional concept. The literature by and-large argues that micro-credit has contributed to non-income dimensions of poverty such as children's education and nutritional status both through the impact of increased incomes and the social mobilization messages delivered during group meetings.

Some negative Implications of BRAC's micro credit

Despite Microfinance providing a useful tool for alleviating poverty and economic development, there are some questions regarding its activities which are as follows:

- Many micro credit clients are reduced to 'imitator' behavior, everyone selling the same thing, and more sellers saturating the market as more micro credit is made available. In this sense, expanding micro credit can actually lower incomes.
- As more and more operators have got involved, the quality of micro credit operations has deteriorated just as the serious expert players have reached the point of perfecting their lending techniques.
- In many cases the repayment money may come from other borrowing, from remittance income donated by a relative working abroad, or from a wage earner in the family. In others the ease of repayment may reflect the fact that the client is fairly well-off and not really poor. The group simply does not know in the majority of cases whether the client's repayment means the client is using her 'business' activity as the source of repayment.
- When inflation is taken into account, income generation of members by microfinance is negligible.
- Women's minor control over loan use, even stating that credit does not encourage emancipation at all. Female members' better status can be observed only when it is compared with other women's status, not when it is compared with that of men.
- Loan repayment remains the major difficulty when it comes to women's control over loan use. When a man makes sure that his wife can pay back her loan, there is not much of a problem; however, since the wife remains responsible for the repayment to the center, things become more serious when a husband refuses to

pay back money he has used. Moreover, the tensions that this situation brings may escalate into domestic violence.

- Harsh and coercive methods to push for repayment and excessive interest rates are a serious problem to the debtors.
- Very short time for loan repayment and curtail money from borrowers credit money create vital problem for the loan takers.
- Overall business attitude of BRAC and other MFIs are one of the fundamental problems for micro credit.

6.6 Future Challenges for BRAC's micro credit

Time-consuming activities such as paying registration fees, saving, attending group meetings, and participating in training sessions are often impossible for poor members. They need to spend all of their time and assets in surviving the day. Would-be members of BRAC often do not want to take the bottom poor into their group. They regard them as too risky. BRAC itself often prefer the richer poor as clients since they are more likely to assure the sustainability of the organizations.

When the group focuses on the client-related barriers, self-selection or self-exclusion is regarded as one of the major obstacles. The bottom poor often consider a loan to be too risky. Having few assets and fearing an even greater burden of debt, they do not want to take part in a micro credit scheme. Even when they take a loan, they can get into trouble if the returns from investment fall short of the cost of borrowing. This gap is then filled by one (or more) of five options, depending on the pre-loan endowment of the borrower:

- Borrowing from moneylenders,
- Using savings or selling assets,
- Reducing existing consumption levels,
- Negotiating to reschedule the loans, or
- Simply defaulting.

Some defaults, in turn, energize a demonstration spiral, and many households practice self-exclusion. The net result is that the poorest fall through the net.

Like any growing institution, MFIs in Bangladesh are facing new challenges. Evaluation of the impact of micro credit on poverty and household income and the assessment of success of targeting reveals a number of emerging problems of MFIs. The challenges are often critical because, they involve certain dilemmas. For example,

- To increase the size of operations MFIs must enhance their resources, which may require that interest rates are raised; this may discourage the poorest clients and encourage the border line poor. Similarly, with limited resources it may be difficult to cater to the credit needs of both men and women.
- MFIs may resort to larger loan sizes to increase the degree of financial sustainability. This may lead to worsening repayment performance and exclusion of the poorest.
- Achievement of financial sustainability of an MFI Branch requires an increase in the number of clients within that branch. This may imply investment in less profitable activities, thus reducing the impact on poverty alleviation and reducing the demand for loans.

These problems are not intractable and an early identification of these trade-offs may enable the MFIs to adopt suitable strategies. The remedies involve an appropriate balancing between the two conflicting objectives.

MFIs made significant progress in providing collateral free loans to asset-less households and achieved impressive loan repayments. MFIs solved the problems that baffled the traditional commercial banks who could not reach the poor. Institutions with such innovative approaches to banking can also be expected to succeed in facing the emerging challenges. Balancing will be required to achieve proper combinations of the poorest and

less poor among the target group, between small and medium loans, and between male and female clients.

Chapter seven

7.1 Conclusion

7.2 Recommendations

7.3 Some important issues for further research

7.1 Conclusion

Currently there are more than 2000 NGO- MFIs (microfinance institutions) directly or indirectly operating micro credit program in Bangladesh. About more than 60 countries in the world are also operating micro credit in order to alleviate poverty from their country. FAO (Food and Agricultural Organization) of United Nations reported in 2009 that about 1000 million of world people (mostly from Africa and Asia) are passing day for starving this year. The number of this part of people is increasing day by day. But we are getting noble prize and highest civil award of USA and other renowned award by different institutions for operating their micro credit program in order to alleviate poverty. FAO report 2009 must raise question about the success of microfinance institutions of the world. In Bangladesh, the father country of modern micro credit program, micro credit program is operating for last thirty years actively, but still now half of the population are under poverty line. Now a days, the word micro-credit is using like the cover page of book. So it is discussed question raised that is it (micro credit program) a good product for some big microfinance institution like BRAC for growing their corporate business purpose. Since huge money, people and employer are engaged with this program, it must take the lead the world poverty alleviation. There are some positive inputs by operating micro credit program in the form of knowledge, awareness, and better practices of health, sanitation and family planning. It is true one portion of borrowers are benefited by using loan from BRAC or other microfinance institutions for their poverty alleviation by income generation. Finding the negative natures of the program for the borrowers should make effective and fruitful. Interest rate, target group short gap between loan taking and repay installment are common debatable issues among the policy makers. Present study also shows different negative areas including these problems. Government supervision is also a vital issue now. If we can go rightly with the borrowers friendly policy for micro credit program and can face successfully future challenges of microfinance operation in our country, then we can achieve our ultimate outcome.

7.2 Recommendations

To meet the future challenges and present system more efficient the following recommendations can be considered:

- BRAC should reduce Interest Rate and it should be poor friendly rate. BRAC can offer loan with 10% interest rate for their borrowers. Then it will be win-win situation for both BRAC and borrowers.
- Internalization of inflation during interest should be calculated by BRAC authority. Otherwise borrowers will be looser indirectly.
- Government should play as a monitoring body. Government can play vital role monitoring over the activities of microfinance institutions. Borrowers will be benefited by such role of government.
- Moratorium Period Should be given for easy repayment for borrowers. On the basis of borrowers opinion the gap between loan taking and installment for repayment should be three weeks.
- Proper investment of loan should be ensured through proper monitoring by BRAC microfinance program authority.
- Deposit from loan in the name of security should not be taken. Entire loan should be provided for borrowers by the authority.

7.3 Some important issues for further research:

The priorities for future research on micro credit need not centre around the traditional impact assessment which examines the impact on major economic or social variables. We

- Cash income, family consumption and investment components should be compared, this will reveal whether expenditure saving and subsistence production declines with cash credit flows.
- Impact on the extent and forms of saving (cash or kind) and rate of returns from each type of saving should be examined.
- Who (men or women) the burden of repayment.
- Impact on family violence.
- Whether a social change is occurring.
- Attitude of male family members about women's role in the society and family.
- Impact on power relationship, patron-client relation, laborer-employer and inter-linked market relation.
- Impact on informal social support provided to poor households by the rich households in the case of social and economic crisis.
- Impact on child labor use in self employment.
- Attitude about the value of male and female child

The above mention issues are still now untouched area in micro credit program in our country. The issues will help the researchers to find out something new for the development of micro credit program in Bangladesh.

Credit and Development Forum, Bangladesh, Volume 16, December 2003.
"Microfinance Statistics." Dhaka 1212, Bangladesh.

Farhad Hossain, Tonya Knight, February 2008. "Financing the Poor: Can Microcredit make a difference? Empirical observations from Bangladesh." IDPM, School of Environment and Development, University of Manchester, UK.
www.manchester.ac.uk/bwpi

Golam Mortoza, February 2006. "Fazle Hasan Abed O BRAC." Maowla Brothers, Dhaka, Bangladesh.

Graham A N Wright, 2000. "Microfinance Systems, Designing Quality Financial Services for the Poor." The University Press Limited, Dhaka 1000, Bangladesh.

Hashemi, Syed M., Sidney R. Schuler and Ann P. Riley. 1996. "Rural Credit Programs and Women's Empowerment in Bangladesh." *World Development* 24 (April):635-53

Khandker, Shahidur R. 1988. *Fighting Poverty with Microcredit: Experience in Bangladesh*. New York, NY: Oxford University Press for the World Bank.

Malcom Harper, 2003. "Practical Microfinance, A Training Guide for South Asia." The University Press Limited, Dhaka 1000, Bangladesh.

Morduch, J. 1999. "The Role of Subsidies in Microfinance: Evidence from the Grameen Bank." *Journal of Development Economics* 60 (October): 229-248.

Salehuddin Ahmed, M. A. Hakim, 2004. "Attacking Poverty with Microcredit." The University Press Limited, Dhaka 1000, Bangladesh.

Shahidur R Khandakar, 1999. "Fighting Poverty with Microcredit-Experience in Bangladesh." The University Press Limited, Dhaka 1000, Bangladesh.

Thomas Fisher, M. S. Sriram, 2004. "Beyond Micro-Credit, Putting Development Back into Micro-Finance." Vistaar Publications, New Delhi, India.

সাধারণ তথ্যঃ

তারিখঃ

Code

- ১। উত্তর দাতার নামঃ
- ২। লিঙ্গঃ ১ = পুরুষ, ২ = মহিলা
- ৩। বর্তমান বয়সঃ
- ক. ১৫-২৫ বছর, খ. ২৬-৩৫ বছর, গ. ৩৬-৪৫ বছর, ঘ. ৪৬ তদূর্ধ্ব
- ৪। শিক্ষাগত যোগ্যতাঃ
- ১= প্রথম শ্রেণী থেকে পঞ্চম শ্রেণী পাস, ২= ষষ্ঠ থেকে অষ্টম শ্রেণী পাস,
- ৩ = নবম থেকে এস,এস, সি পূর্ব, ৪= এস,এস,সি/সমমান, ৫= এইচ,এস,সি/ সমমান,
- ৬= স্নাতক/ স্নাতকোত্তর, ৭= অক্ষরজ্ঞান সম্পন্ন
- ৫। বৈবাহিক অবস্থাঃ
- ১=বিবাহিত, ২=অবিবাহিত, ৩. তালাক প্রাপ্ত, ৪= বিধবা/বিপত্নীক, ৫= অন্যান্য।
- ৬। গ্রামঃ ৭। ইউনিয়নঃ
- ৮। উপজেলাঃ..... ৯। জেলাঃ

পারিবারিক তথ্যঃ

- ৯। পরিবারের লোক সংখ্যাঃ
- ক. ১-৩, খ. ৪-৬, গ. ৭-৯, ঘ. ১০ ও তদূর্ধ্ব,
- ১০। পরিবারের প্রধান আয় উপার্জনকারীঃ
১. পিতা ২. স্বামী ৩. ভাই ৪. নিজ ৫. অন্যান্য

Code অনুযায়ীঃ

- ১১। নিজ পেশাঃ
১. কৃষক (Farmer)
২. জেলে (Fisherman)
৩. পশু পালন (Animal)

৭. অকৃষি শ্রমিক (Day labor Non-agriculture)

৮. মুচি (Cobbler)

৯. গৃহিণী (Housewife)

১০. মাঝি (Boatman)

১১. সরকারী চাকুরে (Govt.office Job)

১২. বেসরকারী চাকুরে (None-Govt. office Job)

১৩. এনজিও কর্মী (NGO wacky)

১৪. রিক্সা/ভ্যান চালক (Rickshaw/van Puller)

১৫. হকার (Hawker)

১৬. ড্রাইভার (Driver)

১৭. দোকানদার/ব্যবসা (Small Entrepreneur)

১৮. দর্জি (Tailor)

১৯. গৃহভৃত্য (Domestic Servant)

২০. কারখানা শ্রমিক (Industrial labor)

২১. ভিক্ষক (Begger)

২২. গৃহস্থলি (Grihostholi)

২৩. ছাত্র (Student)

২৪. অন্যান্য (উল্লেখ করণ)

১২। পরিবারের প্রধান আয় উপার্জনকারীর পেশাঃ (১১ নং প্রশ্নের Code অনুযায়ী)

১৩। পরিবারের আরো অন্য কোন সদস্য আয় উপার্জনকারী হলে তিনি?

১. ভাই, ২. বোন, ৩. ছেলে, ৪. অন্যান্য, ৫. প্রযোজ্য নয়.

১৪। তার/তাদের পেশাঃ ১১ নং প্রশ্নের Code অনুযায়ী

১৫। পরিবারের মাসিক আয়ঃ (টাকায়)

বর্তমান

ঝন গ্রহণের পূর্বে

১. ৫হাজার অনূর্ধ্ব, ২. ৫-১০ হাজার, ৩. ১০ হাজার তদূর্ধ্ব,

১৬। পরিবারের মোট জমির পরিমাণ একর হিসেবেঃ

বর্তমান

ঝন গ্রহণের পূর্বে

বর্তমান

১. ২ বেলা আহার গ্রহণ, ২. কোন রকমে ৩ বেলা আহার, ৩. মোটামুটি ৩ বেলা আহার,

৪. সকল সময় ভালোভাবে আহার গ্রহণ,

১৮। আপনার বাড়ির অবকাঠামো :

ঋণ গ্রহণের পূর্বে

বর্তমান

১. পাঁকা বাড়ী, ২. কাঁচা ঘর, ৩. মাটির ঘর, ৪. বেড়ার ঘর, ৫. অন্যান্য

ব্রাক এবং ক্ষুদ্র ঋণঃ

১৯। আপনি প্রথম কিভাবে ব্রাকের ক্ষুদ্র ঋণ সম্পর্কে জানেন?

১. অন্য ঋণ গ্রহীতাদের কাছ থেকে, ২. ব্রাকের কর্মীদের মাধ্যমে,
৩. আপনি ব্রাক অফিসে গিয়ে নিজেই জেনেছেন, ৪. অন্য উপায়ে,

২০। কেন ঋণ নিতে আগ্রহী হলেন?

১. তাৎক্ষণিক পারিবারিক প্রয়োজন, ২. ক্ষুদ্র ব্যবসার উদ্দেশ্যে,
৩. ব্রাক কর্মীদের দ্বারা উদ্বুদ্ধ হয়ে, ৪. অন্য গ্রহীতাদের দেখে, ৫. অন্য কোন কারণে,

২১। ব্রাকের সদস্য হওয়ার কতদিন পর ঋণ পান?

- ১= ১৫ দিন পর, ২=২ মাস পর, ৩= ছয় মাস পর, ৪= এক বছর ও তদূর্ধ্ব,

২২। ঋণ পাওয়া ও সদস্য হওয়ার মধ্যবর্তী সময় কি কাজে ব্যয় হয়েছে?

১. প্রশিক্ষণ কাজে, ২. সচেতনতামূলক কার্যক্রম, ৩. সঞ্চয় গঠনের কাজে
৪. ঋণ গ্রহণের উপযুক্ততা যাচাই, ৫. অন্যান্য

২৩। ঋণ গ্রহণ ছাড়া ব্রাকের অন্য কোন কোন কার্যক্রমে অংশ গ্রহণ করেছেন?

১. সচেতনামূলক কার্যক্রম, ২. শিক্ষা, ৩. আইনগত বিষয়,
৪. স্বাস্থ্য সেবা, ৫. সবগুলো,

২৪। প্রথমবার কত ঋণ গ্রহণ করেছেন?

- ক. ১০০০-২০০০ টাকা, খ. ২০০০- ৩০০০ টাকা,
গ. ৩০০০ - ৪০০০ টাকা, ঘ. ৪০০০-৫০০০ টাকা, ঙ. ৫০০০ তদূর্ধ্ব,

২৫। কোন খাতে ব্যয় করার জন্য ঋণ নিয়েছিলেন?

১. কৃষি খাতে, ২. ক্ষুদ্র ব্যবসা,
৩. সেলাই, ৪. অন্যান্য,

৩. কিছু টাকা পারিবারিক এবং কিছু টাকা ব্যবসা খাতে, ৪. মহাজনী কারবারে ব্যয় করেছেন, ৫. অন্যান্য
- ২৭। ঋণ নেওয়ার পূর্বে আপনার পেশা কি ছিল?
১. গৃহস্থলীর কাজ, ২. কিছুই না, ৩. বর্তমানে অবস্থায়,
- ২৮। বর্তমানে আপনি কতদিন ধরে ব্রাকের সদস্য হিসেবে আছেন?
- ক. ৬ মাস, খ. ৬ মাস থেকে ১ বছর, গ. ১ বছর-থেকে ৩ বছর,
ঘ. ৩ বছর-থেকে ৫ বছর, ঙ. ৫ বছর তদূর্ধ্ব,
- ২৯। এই পর্যন্ত কতবার ঋণ নিয়েছেন?
- ক. ১-২ বার, খ. ৩-৪ বার, গ. ৫-৬ বার, ঘ. ৭ বা তদূর্ধ্ব,
- ৩০। ঋণ নেয়ার ক্ষেত্রে অন্য কোন খরচ হয়েছে কিনা?
১. হ্যাঁ ২. না
- উত্তর হ্যাঁ হলে কোন কাজে প্রদান করেছেনঃ
১. ব্রাকের অফিসের জন্য, ২. ব্রাকের কর্মীদের জন্য,
৩. অন্যান্য উল্লেখ করণ,
- ৩১। আপনার ঋণের সুদের হার কত?
- ১= ১২ %, ২= ১৫ %, ৩= ২০ %, ৪= ৩০ %, ৫. আরো বেশী,
- ৩২। ২য় ঋণ নেয়ার ক্ষেত্রে (যারা ২য় বা তার বেশী ঋণ নিয়েছেন)
১. প্রথম ঋণের সম্পূর্ণ কিস্তি পরিশোধের পরে, ২. কয়েকটি কিস্তি বাকী থাকতে নিয়েছেন,
৩. ঋণ পরিশোধ করতে না পারায় তা পরিশোধের জন্য পরবর্তী ঋণ নিয়েছেন,
- ৩৩। ঋণ পরিশোধ পদ্ধতিঃ
১. সাপ্তাহিক কিস্তি, ২. মাসিক কিস্তি, ৩. দ্বিমাসিক কিস্তি, ৪. বাৎসরিক,
- ৩৪। ঋণ নেওয়ার কতদিন পর থেকে কিস্তি শুরু হয়ঃ
১. পরবর্তী দিন, ২. পরবর্তী সপ্তাহে, ৩. ১৫ দিন পর, ৪. ১ মাস পর,
- ৩৫। ব্রাক ছাড়া অন্য কোন প্রতিষ্ঠান হতে ক্ষুদ্র ঋণ নিয়েছেনঃ
১. আশা, ২. প্রশিকা, ৩. গ্রামীণ ব্যাংক, ৪. অন্য কোন প্রতিষ্ঠান থেকে ঋণ নেইনি,
- ক্ষুদ্র ঋণের প্রভাব :**
- ৩৬। ব্রাকের সুদের হার সম্পর্কে মতামত :
১. বেশি, ২. কম, ৩. মোটামুটি,

৩৮। প্রতি সপ্তাহে কিস্তি প্রদান করতেঃ

ক. কষ্ট করে প্রদান করতে হয়, খ. ব্যবসায় লাভ হওয়াতে সমস্যা হচ্ছে না,

গ. প্রদান করতে সমস্যা হচ্ছে, (বিনিয়োগকৃত অর্থ হতে কিস্তি প্রদান করা সম্ভব হচ্ছে না)

৩৯। কিস্তি সঠিক সময়ে প্রদানে ব্যর্থ হলেঃ

১. দলের অন্য সদস্যরা সাহায্য করেন, ২. ব্রাক দ্রুত প্রদানের জন্য তাগাদ দেন,

৩. সুদের হার বাড়িয়ে সময় বাড়িয়ে দেন, ৪. অন্যান্য,

৪০। এ পর্যন্ত আপনি কতবার সময়মতো কিস্তি প্রদানে ব্যর্থ হয়েছেনঃ

১= একবার ও না, ২= ১-৩ বার, ৩= ৩-৬ বার, ৪= ৭ বা তদূর্ধ্ব বার,

৪১। অন্য প্রতিষ্ঠান হতে ঋণ নিয়ে কখনো কিস্তি প্রদান করেছেন কি?

১. হ্যাঁ ২. না

৪২। ঋণ গ্রহণের কতদিন পর কিস্তি প্রদানে আপনাদের সুবিধা হবেঃ

১. প্রচলিত নিয়মেই সুবিধা, ২. একমাস পর, ৩. দুইমাস পর, ৪. ছয়মাস পর,

৪৩। ঋণ গ্রহণের পর এক সপ্তাহ বিনিয়োগ করার জন্য যথেষ্ট সময় কিনা?

১) হ্যাঁ ২) না

৪৪। সদস্য হওয়ার প্রথমেই নিজস্ব টাকা সঞ্চয় গড়ে তোলার সমর্থন করেন কি?

১. হ্যাঁ ২. না

৪৫। ঋণের কিছু অংশ টাকা সেভিংস মানি হিসেবে সংরক্ষণ না করে যদি সম্পূর্ণ টাকা আপনাদের দেয়া হতো

তাহলে আপনারা কি উপকৃত হতেন?

১. হ্যাঁ ২. না

ক্ষুদ্র ঋণের ফলে পারিবারিক জীবনের প্রভাবঃ

৪৬। ক্ষুদ্র ঋণ কর্মসূচীতে অংশ গ্রহণের পরে আপনার পারিবারিক অবস্থা কি ধরনের পরিবর্তন হয়েছে?

ক. পরিবাবে সচ্ছলতা এসেছে,

খ. ঋণে আবদ্ধ করে গেছেন,

গ. পরিবার থেকে আর ঋণ গ্রহণ না করতে বলা হয়েছে,

ঘ. অন্যান্য,

৪৭। ব্যক্তিগত কত সঞ্চয় করার পর ঋণ গ্রহণ করেনঃ

ক. ১০-১০০ টাকা,

খ. ১০০-২০০টাক,

গ. ২০০-৫০০টাকা,

ঘ. ৫০০ তদূর্ধ্ব,

৪৮। পরিবারের স্কুল গামী উপযোগী সন্মানের শিক্ষা ব্যবস্থাঃ

বর্তমান

ঋণ গ্রহণের পূর্বে

ক. নিয়মিত বিদ্যালয়ে যায়, খ. অনিয়মিতভাবে বিদ্যালয়ে যায়,
গ. পড়ালেখা বন্ধ করে অন্য কাজ করে, ঘ. অন্যান্য,

৪৯। আপনার পরিবারের পুষ্টিকর খাদ্য গ্রহণ :

বর্তমান

১= পুষ্টিকর খাবার সম্পর্কে সচেতন এবং সাধ্যমত গ্রহণ করে,

২= খাদ্য পুষ্টি সম্পর্কে সচেতন নয় এবং অনিয়মিত আহার গ্রহণ করে,

৫০। বিনোদন ও যাতায়াতের যেসকল জিনিস পরিবারে বিদ্যমানঃ

বর্তমান

১. টেলিভিশন, ২. রেডিও, ৩. মোবাইল,

৪. মটর সাইকেল, ৫. বাইসাইকেল,

৫১। আপনার পরিবারের টয়লেট ব্যবহারঃ

বর্তমান

১=স্যানিটারী, ২= কাঁচা, ৩= উন্মুক্ত স্থানে, ৪= অন্যান্য,

৫২। টয়লেট ব্যবহারের পর হাত ধোয়াঃ

বর্তমান

১=সাবান দিয়ে, ২= শুধু পানি দিয়ে, ৩=ছাই দিয়ে, ৪= অন্যান্য

৫৩। খাবারের পূর্বে হাত ধোয়াঃ

বর্তমান

১=সাবান দিয়ে, ২= শুধু পানি দিয়ে, ৩= ছাই দিয়ে, ৪= হাত ধোয় না, ৫= অন্যান্য

৫৪। খাওয়ার পানির উৎস কী?

১=টিউবওয়েল, ২= কুয়া, ৩=নদীর পানি, ৪. অন্যান্য

৫৫। আপনি কি ঋনের কিস্তি বিনিয়োগকৃত অর্থ থেকে দিচ্ছেন?

১) হ্যাঁ ২) না

৫৬। ব্রাকের ঋন পরিশোধ করার জন্য পরিবারের অন্য কোন সদস্যের মাধ্যমে অন্য প্রতিষ্ঠান হতে ক্ষুদ্র ঋন নিচ্ছেন কি না?

১) হ্যাঁ ২) না

৫৭। সরকার যদি সহজশর্তে একইভাবে ঋন প্রদান করে গ্রহণ করবেন কি না?

১) হ্যাঁ ২) না

৫৮। আপনি নিচের কোন কোন বিষয় সম্পর্কে জানেন?

১=বার্ড ফ্রু, ২= এইডস, ৩= পরিবার পরিকল্পনা,

ঋণ গ্রহণের পূর্বে

☐☐

ঋণ গ্রহণের পূর্বে

☐☐

ঋণ গ্রহণের পূর্বে

☐☐

ঋণ গ্রহণের পূর্বে

☐☐

ঋণ গ্রহণের পূর্বে

☐☐☐☐☐☐☐

৫৯। আপনার মতে ক্ষুদ্র ঋণ দারিদ্র বিমোচনে কতটা সহায়ক?

উত্তরঃ



আপনাকে ধন্যবাদ