

Role of Micro-credit Program on Socio-economic Development of Slum Women: A Study in Dhaka City

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Abstract

Government and NGOs are operating different kinds of programs to improve socio-economic condition of slum women basically who are under privileged and placing at the bottom of the society. Micro credit is the most significant program that is greatly contributing for women empowerment. Currently this program is not only concerned to rural women, but it has also expanded its working area through urban community especially among slum areas. Along with NGOs like Grammeen Bank, BRAC, ASA several commercial banks and government agencies are also providing micro-credit services towards vulnerable portion of the community. Various studies demonstrate that micro-credit have been able to improve the social and economical situation of the poor. Studies also found that credit programs had a positive effect on several socio-economic variables including children's schooling, their nutrition level, lower fertility and increased use of contraceptives. Micro-credit has been called as one of the most significant innovations in development policy of the past 35 years and this movement aims to empower poor women borrowers and to facilitate income-generating self-employment activities and to ensure socio-economic development. This paper tried to identify the role of micro credit program on socio economic development of slum women. Through an explorative and informative sample survey with reviewing relevant literatures, study methods were carried out. Study explored the multidimensional consequences of micro-credit programs on its borrowers of slum women in Dhaka city.

Key Words

Micro-Credit, Socio-economic Development, Women Development, Non-governmental organization (NGO)

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Problem Statement

In Bangladesh, Non-Government Organizations (NGOs) started their activities basically after the liberation war in 1971 by participating in aid and rehabilitation programs. With the passage of time NGOs has expanded their activities in different ways and it is remarkable that in recent years NGOs are performing different developmental roles in line with their traditional roles and through this process they have been capable of contributing significantly in the socio-economic development of the country. Micro-credit is one of the most prominent programs of NGO's for ensuring socio-economic development that is provided basically for the poor and underprivileged people of the country. The advent of microfinance lending in the last two decades has been hailed as a key tool for reducing poverty, and that was marked notably by awarding the Nobel Prize for Peace in the year of 2006 to Grameen Bank and its founder Professor Dr. Mohammad Yunus of Bangladesh. Microfinance involves new banking institutions that work in poor communities aiming to achieve both financial viability and transformational social impacts. New credit contracts have been surprisingly led to high loan repayment rates (most established micro lenders claim repayment rates well above 95 percent) and economists have focused on the way that contracts mitigate adverse selection and moral hazard problems that undermined alternative attempts to lend to poor households without collateral (Ahmed, 2014).

Dr. Yunus, the founder of Grameen Bank and Micro-Credit said, "Credit is a human right and every individual should get it". Mainly many poor people have the capability of being productive and self-employed if they are given credit. In many countries, however, traditional financial institutions have failed to provide this service. Micro-credit has been developed to fill this gap. Its purpose is to help the poor becoming self-employed and thus escaping poverty. Small-scale credit programs, such as the Grameen Bank, BRAC, ASA and BRDB of Bangladesh promote targeted credit as a means of enabling the poor to break the vicious cycle of low capital, low productivity, low income, low saving, and consequent low capital (Ahmed, 2007). For productivity enhancement NGOs provide provision of training, technical advice, access to input, and other support services to members, which covers the sectors of irrigation, livestock, poultry, fisheries, social forestry and vegetable cultivation and sericulture. Credits are provided after completing training for the members so that they can engage in productive activities. In Bangladesh, NGOs basically work with rural poor people and NGO's micro-credit programs are usually being considered as the first and last resort to alleviate rural poverty. As a predominately rural economy more than 80 percent of 13.5 million people live in rural areas of 87928 villages, labor force grows by 2.4 percent annually (Bangladesh Bureau of Statistics, 2013).

Every day we observe the huge influx of new people coming to Dhaka. A total of 3.5 million people are living in 4,000 slums in the Dhaka metropolitan area (BBS, 2013). Slum life has never been easy for the urban poor in so far as housing and living conditions are concerned. Particularly for girls and women, the problems are acute. In slums across the world, there is a noticeable lack of basic infrastructure, services, and shelter. Women and girls living in slums are often susceptible to forced evictions by governments and other actors, and too often face gender-based violence before, during, and after eviction. Slum population is tending to be the lowest income earners. So they acknowledge their girl child as bad luck. Women are half of the world's population, receive one-tenth of the world's total income, account for two-third of the world's working hours, and own only one-hundredth of the world's property - ILO describes the status and position of women in the world in such an way (Amin and Pebley 1994). The position of women in Bangladesh is also an exception and where women constitute about half of the total population (BBS, 2014). But their status has been ranked the lowest in the world on the basis of twenty indicators related to health, marriage, children, education, employment and social equality. It is a well established fact that in 'patriarchal society' like Bangladesh, women are ascribed a lower status men who have sovereign power to control households and society as a whole, while women are often secluded in their homes (Chowdhury, 2000). Although around half of the total manpower is female still they are in backward condition from economical, social and political aspects. Women are the most vulnerable section of our population. The World Bank (WB) study in Bangladesh highlights that women have limited role in household decision-making, limited access and control over household resources, low level of individual assets, heavy domestic workloads, restricted mobility and inadequate knowledge and skills that are leading to women's vulnerability (BRAC, 2006). The discrepancy in the treatment of male and female starts at birth and it continues through different phases of life.

However, the fact remain that women living in the slums lead a vulnerable life and it is high time to think about their citizen rights. While the needs in the slums of Dhaka are enormous, urgent measures are required to address the vital needs

of the rapidly growing urban poor. Actions are needed to ensure, in general, the right environment to promote growth and poverty reduction in Dhaka, and in particular to improve access to employment, services, and a reduction in crime and violence for the poor. In this regard, microcredit program not only offers micro credit to the city's most vulnerable residents, but it also transforms them into self-sufficient entrepreneurs, and encourages these borrowers to strive for specific goals in educational, social, and health sectors. Under this situation, this study tried to find out the impact of micro-credit on both socio and economic development of slum women as well as to find out the existing limitations regarding to micro-credit program and to give some recommendations to be considered by the concerned authority.

Objectives of the Study

There are some specific objectives of the study mentioned as follows

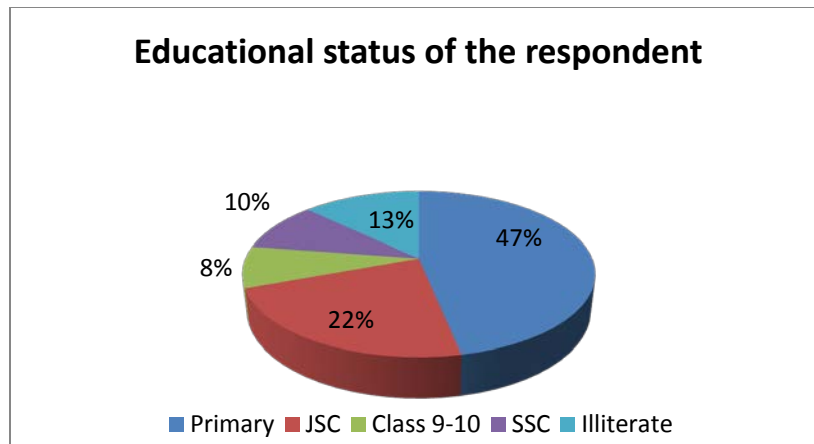
1. To know the demographic profile of respondent slum women.
2. To know the role of micro-credit in socio-economic development of urban women.
3. To know the opinion regarding the problems of micro-credit from both receivers and providers.
4. To give recommendations for increasing effectiveness of micro-credit on poverty reduction.

Methodology of the Study

Basic Method: This research is an explorative and informative sample survey. **Research Area:** Three distinct slums of Dhaka City namely Agargaon Slum, Mohammadpur House Building Slum, Kamrangirchar Slum were considered as research area. **Population and Unit Analysis:** All the women receiving micro-credit and all organizations providing micro-credit service from above mentioned slum areas were considered as population unit. Each of those service receiving women and micro-credit providing organization considered as the unit of analysis. **Sample and Sampling Technique:** Through using purposive sampling technique, 62 micro-credit receivers (women) were selected from these three slums and from each slum 21 respondents were selected. Along with this, nine agencies were also selected through same technique. **Techniques of Data Collection:** On the basis of research objectives, distinct interview schedules were formulated and these were the major tools of collecting data. First interview schedule was made for micro-credit receiving women and another one for micro-credit providing organizations. To make assure that respondent can easily understand the interview schedules, those were written in lucid Bengali language comprising of both structured and unstructured questions. Information also collected by direct interview. Along with these, observation technique also used a significant tool to make the information real and exact. **Data analysis, Processing and Interpretation:** After collecting raw data, these data classified and tabulated on the basis of their composition and characteristics through using different statistical procedure (e.g: mean, median, mode, percentage). The raw data posed through various processes until the interpretation of data.

Overview of the Study

The primary objective of the present study was to find out the role of micro-credit on socio-economic development of slum women in Dhaka City. In that case it was needed to explore demographic information. The study found from the given data that the majority of women belong to the (20-30) age group and their percentage is 45.50% and this group of women is the highest users of micro credit. Though most of the women were married but due to economic insolvency, they can't rely fully on husband to support family. Most of the respondents (80.64%) were Muslim. Among all the respondents the proportions of Hindu and Christian were 17.74% and 1.6% respectively.



The highest number of respondents' educational status is in primary level. Generally their educational statuses were not in satisfactory level of the micro credit receivers. Due to early marriage and economic insolvency, most of the women were unable to study during their early life as the study found.

They had to run with NGOs and involved with various small businesses and others wage earning activities. The study found the occupational varieties among all the respondents and the significant proportions are business, homemade servant, handicrafts and others were 44.19%, 26% 15%, 14 % respectively. Most of the family consists of 4-5 members. Economic insolvency led them to receive micro credit. Another study shows that 28% respondent's children are at secondary level and only 2% of their children are illiterate (Elahi and Danopoulos, 2013). The studies represents that the loan receivers are becoming more conscious and most of them send their children to school.

The study also shows that the majority of the respondents (48.38% among all) earned amount ranged between Tk. 3001-5000. The cases, 4.63%, 37.09%, 6.45%, and 3.22% respondents were found belonging to the loan range between Tk.2000-3,000, Tk. 5001-7000, 7001-10000 and above Tk10000 respectively. It was observed that most of the respondents (62.90% among all) expense amounts ranged between Tk. 3001-6000.

Table 1: Monthly Expense of the Respondents

Amount	Frequency	Percentage	Cumulative Frequency
1000-3000	4	4.45	4
3001-6000	39	62.90	43
60001-9000	12	19.35	55
9001-12000	3	4.83	58
12001-15000	4	6.45	62
Total	62	100	

During the study, women were found involved in more than one types of income generating activities outside of domestic work and among them maximum numbers were involved in business followed by 12 .90%. Most of the respondents received loan for business purpose and to face instant crises like economic insolvency. With regard to loan receiving, it was observed that maximum respondents (56.45% among all) received loan amounts ranged between Tk. 5000-100,00.Both the cases, 12.90%, 24.19%, 1.6%, and 1.6% respondents were found belonging to the loan range between Tk. 3000-5,000, Tk. 10000-15000, 20000-25000 and Tk. 30000 above respectively. And with regard to loan receiving times, maximum number of respondents (30.64% among all) received loan 2 times. The cases of 20.96%, 16.12%, 11.29%, and 2.96% respondents were found belonging to the range between 1,3,4,5 times respectively.

Table2: Purpose of Receiving Loan

Loan purpose	Frequency (f)	Percentage (%)
Business purpose	29	46.77
Family demand	13	20.96
To pay loan	6	9.67
To face instant crisis	14	22.58
Total		100

**One more answer was possible*

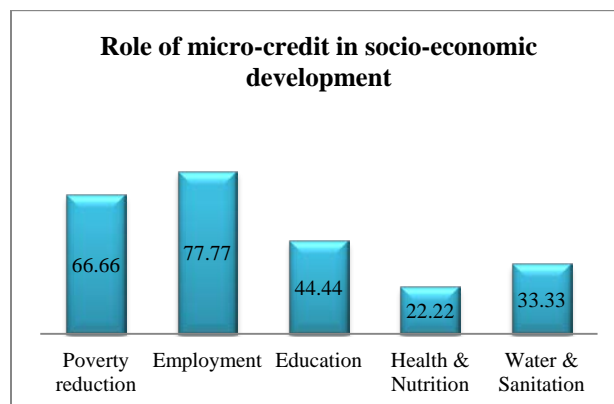
53.23% respondent slum women were unknown about the interest rate against loan money as study found. 62.90% respondents received loan from NGOs. Among others 27.42% got loan from government institutions and 9.68% from other private organizations. Regarding the opinion of micro credit playing role in the field of poverty reduction, 77.77% agencies urged role for employment, 44.44% for education, 22.22% for health and nutrition and 33.33% for water & sanitation. Maximum opinions represent the role for creation of employment. Along with these, one of the major findings is that maximum agencies provide awareness building programs (77.77%), consultancy or counseling programs (66.66%), promotional meeting (55.55%), and vocational training programs (33.33%). 22.22% agency replied that failure tendency of loan amount is high among the loan receiver slum women. In fact 44.44% agencies urged that this trend is low. Others 33.33% said that the trend is slightly low.

Table 3: Role of Micro-credit in Socio-economic Development of Slum Women (information from 09 agencies)

Particulars	Frequency	Percentage (%)
Poverty reduction	6	66.66
Employment	7	77.77
Education	4	44.44
Health & Nutrition	2	22.22
Water & Sanitation	3	33.33

**One more answer was possible*

According to a study (Biswas, Kabir and Roy, (2013) 7.27% women use boiled water and 1.82% drink tube well water. Another research on May 2008 also shows that 43.08% respondent of slum women use the semi-built toilet. A BRAC research examined the impact of poverty in wider dimension. The results showed that 52% of the BRAC member households were below the poverty line while a higher number (69%) of the comparison households was lying below the line (BRAC, 2006).



Proshika conducted a study in 1998-99 which found positive results of its programmes in terms of increased income, savings, school enrollment rate, and reduction in infant mortality and improvement in gender relations (Proshika, 1999). Another impact assessment of ASA's programme on its participants also showed positive results indicating an annual growth of 5-7% compared to the control group, increase in food consumption, improvement in health and child education, and higher increase in assets (Kumar, 2000).

As per the study findings NGO schools are mostly concerned about their education than the government schools. About 37.09% children of respondents are attending to the NGO schools as those are offering extra facilities than the government schools. 43.55% respondents consider micro-credit as effective tool and 6.45% thinks it plays satisfactory role for promoting the education of child. In case of habitat/housing pattern 48.39% respondent live in semi build house. 41.93% live in raw house and 9.68% live in build house.

Table 4: Means of Health Support for Respondents Slum Women

Name	Frequency	Percentage	Cumulative frequency
Govt. hospital	12	19.35	12
NGO's hospital	15	24.19	27
Private hospital	13	20.96	40
Traditional	20	32.25	60
Others	2	3.22	62
Total	62	100	

Water and sanitation status of slum area in large is unhygienic (43.55%). Others 32.26% live in slightly hygienic status and 24.19% in worsening situation as per the study found. Women and their family were found taking health support from one more places, among those, maximum respondents (32.25%) from Govt. medical colleges and hospitals, 24.19% from private clinics, 20.96% from traditional practices and others places as well.

With regard to controlling loan, it was observed that maximum number of respondents (67.47% among all) said that they had slightly control over loan. In both of the cases respondents were found controlling the loan in slightly manner and no controlling is 16.12%. Against the opinion of further plan 27.42% were found willing to receive loan 2 more times. Both the cases 4.29%, 25.80%, 12.90%, and 4.84 %, 17.74 % respondents were found 1, 3, 4, 5 times respectively. Regarding the participation in family decision making process, 32.25% said significant participation, but around half of the respondents (48.48%) are slightly participating. Even around 20% respondents mentioned they had no remarkable participation in family decision making process.

Study found that 45.16% loan receiver said about slightly missing against the regular installment, 11.29% satisfactory payment and only 4.29% often facing difficulties to pay regular installments. Regarding to this, due to pursuing innovative approach and a highly effective operational methodology, ASA's management has been successful in ensuring a high rate of repayment. Since 1995, ASA's rate of recovery has been above 99%. At the end of 2010, the rate of repayment was 99.80 % (ASA, 2011).

After studying on the Annual report of ASA, a renowned micro credit providing agency in Bangladesh, following information were taken:

Particulars	2010	2009	2008	2007
Total no. of groups	273,317	271,059	271,976	239,695
Yearly total loan disbursed (in millions)	68,486	61,495	61,108	48,365

Source: Annual Report 2011, ASA

Micro credit simply denotes the loan for vulnerable poor people. Most often we are hearing the news of such failure and it's punishment by loan providing agencies. According to this research findings 22.22% agency provided opinion that failure tendency of loan amount is high among the loan receiver slum women. In fact 44.44% agencies urged that this

trend is low and others 33.33% said trend is slightly low. So it is obvious to explore that around 75% more agency said that the failure tendency is low.

With regard to facing problem by loan receiver women, maximum numbers of respondents are facing no problem (62.90). Others cases 24.19%, 4.81%, 3.22% and 1.61% respondents face social ignorance, harassment, teasing, hammering and others. It is found that 32.26% women face difficulties in micro-credit operation due to short duration of installment period. 19.35% mentioned about hazards of loan circle and complexities of loan receiving procedure. On the other hand, 77.77% agencies agreed to the inappropriate use of loan amount which is one of the major problems. Other significant problems are lack of skill to use loan money (66.66%), lack of education (66.66%), false statement while receiving loan (66.66%), controlling loan by male family members (44.44%), no permanent income generation (44.44%), missing of installment (33.33%), unconsciousness & ignorance (33.33%), not disciplined (22.22%) and hazards of multi-cultural people (11.11%). Findings show that 77.77% agencies informed the way is to create awareness building programs, others 66% opinion goes to motivational program, 55% for monitoring & supervision, 44% for education and following 33% for vocational or any sorts of training those are necessary in this regard.

On the basis of research findings, study represents that 55.55% agency provided their opinion about the significantly increasing of the number of loan receivers. But 22% agencies differed and said that the trend is decreasing and rest of them said that they had not found significant change recently.

29.08% respondents recommend for removing complexities to receive loan and paying installments and 24.19% asks for extension of loan range. And also 16.13% demand for supportive services. The study found that 55.55% agencies recommend for the awareness building programs for both respondents and community as whole. Alongside of these, 44.44% recommended for active supervision or monitoring about the proper use of money, command of receivers women over money etc. Again 44.44% for to ensure the proper use of loan money, 33.33% for providing enterprise oriented loan to receivers, another 33.33% recommend for arranging vocational training for receivers to utilize their capacity in practical life. In fact, the following 22.22% agencies recommend for making the installments flexible.

In a nutshell, to alleviate poverty NGO's Micro-credit is being able to do something and it is essential for the wellbeing of the people especially of the women in the slum area. Some recommendations have come out from this research to overcome the limitations of micro-credit.

Conclusion & Recommendations

Micro-credit promises to help recipients achieving economic self-sufficiency and breaking vicious cycles of poverty by providing cash supply necessary to purchase productive assets. These assets, whether crops or durable goods, provide the basis for entrepreneurial ventures that can help recipients beginning to earn more money and thus micro-credit is playing an important role in poverty alleviation which is the most significant condition of development of a country. Micro-Credit institutions play a significant role on social aspect of its members' life also. Of course this initiative faces certain difficulties from multi-dimensional aspects. To make micro-credit program effective for all the destitute and vulnerable section of the population and especially to the slum women, government along with stakeholders should come forward. Beside this, from very much professional point of view being a group of young and potential researchers, we hereby recommend the following issues to handle:

- Professional services should develop so that the beneficiaries get support from the agency.
- There is a debate about the rate of interest. So logical and pragmatic level of interest rate comparing with other microfinance institutions to be considered.
- Theoretical knowledge is important before application. But the agencies sometimes neglect it. And the staff should be recruited from related disciplines.
- Sometimes the agencies emphasize on only microcredit and they overlook others. So the beneficiaries are always lack of holistic understanding.
- It is recommended highly to develop a proper monitoring System. Marginal people may be discouraged due to delay loan sanction. It should be prompted so that they can have access to loan easily.

- Education is a must to assess everything in the world either in societal or personal life, so it is essential to pay emphasis on related educational programs.
- To ensure women empowerment encouraging them to participate in programs.
- Small family leads a happy and healthy life. If the members are more, it creates different problems including economic burden. So they should be given support and advice to maintain a small family.
- They should be trained of proper use of loan and ensuring control over loan and having a good introduction with technology.
- Developing an attitude of savings so that they can form capital to use in different income generating activities.
- There is always a limited scope of emergency help from the agency. In case some cases arise when they become helpless. So, a welfare fund should be developed for emergency help.

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