

Micro Credit: The Empowerment of Women

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Abstract

All Micro-credit institutions of Bangladesh claim that they bring the poor women from dead end situation to a promising position by providing a very small size of loan, which is given in

cash. This paper attempts to critically examine the impacts of micro credit program of micro credit institution on the empowerment of the rural poor women. In this study some major indicators of women empowerment have been specified so as to make a judgment whether or not micro credit institution could actually reach the poor women. The details of the impact analysis in this sphere have been made by using both the qualitative and quantitative tools on the basis of secondary data. The estimates show hardly any significant relationship between micro credit institute operations and a strong position of the rural women in question.

However the gloomy findings of this paper are expected to create awareness of the policy makers about the long run impact of micro credit programs of micro credit institution and followers on the rural poor women.

Keywords: Banking system, ROI, CAMEL, Liquidity, Performance

1. Introduction

Micro credit is a tool for poverty alleviation. Bangladesh is renowned for its micro credit activities. 80% of the micro credit borrowers of the world live in Bangladesh. This country is the home of famous “Grameen micro credit model” micro credit programs of the Government, micro finance institution and banks are making positive contribution towards poverty reduction and community development in the country.

Micro credit refers to small amount of loans provided by the formal institutions, semi-formal institutions and informal sources. Micro credit is the major part of overall micro finance. The other parts of micro finance are micro savings, micro insurance and other financial services. A formal and semi-formal micro finance institution is referred to as an MFI which is involved in micro-credit delivery along with rendering deposit and other financial services. Semiformal MFIs are mostly Non-Governmental organization.

1.1 Difference between Micro Finance and Micro-Credit

Micro finance comprises micro savings, and micro lending. In economic parlance micro credit refers to transfer of purchasing power (or resources) in small amounts as loans without collateral security to the deficit households for income generating activities. It is unconventional money lending. Unlike formal commercial credit, micro credit is delivered at the doorsteps of borrowers.

Basically micro-credit is pro poor, collateral free, small in amount (TK.500 to TK. 10000 per credit, arbitrarily speaking), and short in duration (one year, or less). Before disbursement of small credit groups of MFI members are formed and oriented in credit and savings discipline. The credit is then closely supervised by delivery agencies (mainly the MFIs). The credit repayment rate of the successful MFIs consistently exceeded 95%.

Micro credit has progressed steadily in the informal sector of the economy in close association with micro savings. The rural poverty of Bangladesh has been the traditional market for micro credit. Based on the credit approaches of BRAC, Grameen Bank, and several other pioneers of micro finance, the government, donors, banks and over 1,000 semi-formal Micro finance Institution (MFIs) of Bangladesh have been fruitfully utilizing micro credit as a financial tool primarily for poverty alleviation, rural development, women empowerment and for overall social development. The poor in many countries of the Asia, Africa and Latin America are benefited by replicating or adapting micro-credit models of Bangladesh. In April 2012, 110 Grameen Bank replication technical assistance projects were on going in 28 countries. Micro-credit and micro-credit leaders of Bangladesh are well known in the financial world today.

1.2 What Is Women Empowerment?

A multidimensional and interlinked process of change in power relations.

Power within - Enabling women to articulate their own aspiration and strategies for change.

Power to - Enabling women to develop necessary skills and access the necessary resources to achieve their aspiration.

Power with - Enabling women to examine and articulate their collective interests to organize to achieve them and to link with other women's and men's organizations for change.

Power over- Changing the underlying inequalities in power and resources which constrain women's aspiration and their ability to achieve them.

These power relations operate in different spheres of life (e.g., economic, social, and political) and at different levels (e.g., individuals, household, community, market, institutional).

There are different types of empowerment:

Economic Empowerment: Economic empowerment means access to income, assets, food, market and decision making power in the economic sphere.

Social Empowerment: Social empower means access to certain bases of individual production such as financial resources, information, knowledge, skills and participation in social organization.

Political Empowerment: Political empower means the access of individual household members to the process by which decisions, particularly those that affect their own future are made.

Psychological Empowerment: Psychological power means the individual's sense of potency which is demonstrated in self-confident behavior and self-esteem.

1.3 Why Women Empowerment Is Necessary?

Bangladesh is one of the developing countries with potential resources. Here women enjoy very low socio-economic status. This is due to their negligible participation in the nation building activities, particularly in the area of economic activities. It is noted that here total population is 119 millions of which 61 million (51 percent) are male and 58 million (49 percent) are female. The overall male-female ratio is 106*100, the ratio in rural area is 103*100 and in urban areas is 126*100. The rate of literacy of women was 25.45 percent compare to 39.98 percent of men (BBS 1996). Their life expectancy is less than that of men. Majority of them are poor, illiterate and unprivileged due to limited access to socio-economic activities. Population census of 1981 revealed that in Bangladesh men make up 95 percent and women comprise only 5 percent of the civilian labor force (age 10 and above) in urban areas, the labor force participation rate of women is 7.8 percent in rural areas.

Rural women play a very important role in agricultural and nonagricultural production, and other works in family. A village woman has to cook, take care of everything from child to livestock, all assets and wealth. Some where they take part in high labor intensive production like cereal crops and vegetable production. Scat and Car (1965) studied on social system of rural Bangladesh and economic role of rural women and concluded that women had made a substantial contribution to agricultural production and recommended for the improvement of women's empowerment facilities. On the other hand, women in rural families also engage in non-agriculture production such as cottage industry and make a significant contribution to the work process. Women also devote a good many years of their lives to reproduction labor,

women married in their early age and birth child, have to be fed, cleaned and protected despite of bearing responsibilities to family, husband and society. Female deprivation results from what Herz et al. (1991) call vicious cycle of deprivation. Bangladeshi girls are expected merely to play traditional roles marry out early, many children, low productivity and low earnings and mothers fail to invest in their daughters' development. They don't expect their daughters to be able to make economic contribution to the family and their parents marry out their daughters early considering them burden to the family and by the name of social insecurity.

In an agrarian society, land is the most valuable income generating resource but Bangladeshi women own an insignificant proportion of land despite their significant contribution to the agricultural process. Women's limited access to productive resources and employment deny them from power, respect and independence subjecting them to the whims of the men upon whom they are dependent (Jeffery & Lyon, 1989). In this ground GOs and NGOs are working to improve the situation. The Grameen Bank, a specialized non-government financial institution and other NGOs gives micro credit through group approach. This institution is expected to have contributed to women's empowerment through group approach in particular and to rural development in general. A study was pointed out that the effectiveness of a credit program for empowering women depends on the success of worker's ability to challenge the constraints on women's empowerment that may exist in the borrower's country and support for this argument is found in the case of rural Bangladesh where credit leads to women's empowerment. This research was conducted to measure economic empowerment considering women's free access to income, employment, major resources, contribution to family expenditure and savings by utilizing their credit.

Empirical evidence has shown that women as a group are consistently better in promptness and reliability of repayment. Targeting women as clients of micro credit programs has also been a very effective method of ensuring that the benefits of increased income accrue to the general welfare of the family and particularly the children. At the same time women they benefit from the higher status they achieve when they are able to provide new income.

1.4 Indicators of Measuring Women Empowerment

In the present paper various indicators were identified as the criteria of measuring women empowerment. These are

- Self-employment
- Literacy status.
- Vocational knowledge status.
- Freedom in household level.
- Freedom in social level.
- Freedom in political level.
- Freedom in children's education.
- Legal rights.
- Health and nutrition.

- Contraceptive use.
- Mental oppression
- Physical oppression
- Divorce
- Separation.
- Early marriage.
- Dowry exchange.
- Husband's polygamy-inversely related to women empowerment.
- Purchasing Capacity.
- Control over loans
- Mobility

1.5 Objective of the Study

- To examine the impact of micro-credit program on the economic empowerment of the poor women.
- To examine the impact of micro credit on women's social empowerment.
- To examine the impact of micro credit on women's political empowerment.
- To examine the impact of micro credit on women's psychological empowerment.
- To find out micro-credits influential role on women empowerment by reducing their poverty level to have a better welfare society.

1.6 Methodology

The study has been conducted mainly on the basis of secondary data. The micro credit programs of some selected micro finance organizations have been organized from various secondary literatures.

An attempt was made to analyze the micro credit programs of these organization namely Grameen Bank, BRAC, etc. These organizations were selected because they are the top two organizations currently conducting micro credit operation in Bangladesh. Also these are the leading organization of Bangladesh in terms of their coverage, net savings, membership criteria etc.

Also in this paper the field survey conducted by the different organization has been widely analyzed.

1.7 Limitation

During the conduction of this study some limitations were faced which were unavoidable.

They are as follows:

- Time and resource constraints were the main obstacles in the preparation of this paper. Shortage of time handicaps to narrow down the study on many respects and fails to put the needed focus on the hard core poor issue in many cases as general discussion on rural poverty came unavoidably.

- All the analyses have been done on the basis of secondary data and many empirical evidences.
- The study purely focuses on the activities of some selected NGOs.

1.8 A Brief Outline of Existing Micro-Finance Organization

Bangladesh is a small country having a total area of 147,570 sq. km. and a total population of 128 million. About 48% of the people live below the poverty line. Poverty alleviation has been given the top priority by the public sector and other development agencies. Micro finance has emerged as small-scale financial services offered to the poor in order to reduce their vulnerabilities. Not only the NGOs and Grameen Bank, the public sector agencies have also been giving priority to micro finance program as an effective tool to combat poverty.

In fact, the magnitude of growth of the micro finance program undertaken by various agencies has brought Bangladesh at global focal point. Over time, the micro finance sector has grown to an industry and is unofficially treated as the third sector in the country. Basically, the micro finance program in Bangladesh has turned into product diversification in terms of flexibility in savings and credit operations during the last couple of years. This has demonstrated significant changes in designing savings and credit policies for the poor people. In this context, the changing trend of micro finance program can be looked into for deriving the future directions.

However, this paper is heavily focused on the study “Impact of micro credit in Bangladesh”.

2. The Key Actors in the Micro finance Sector with Coverage and Involvement

Grameen Bank is the pioneer of the micro credit concept. It is one of the largest micro finance institutions in the world, which was primarily started as a project in 1976 and formally began functioning as a bank since 1983 in Bangladesh. It has expanded its operation to 43681 villages up to December 2003 through its 1,149 branches around the country. Up to the same period, Grameen has an outreach of 3123802 members of which more members are women. Grameen's cumulative disbursement (up to December 2003) was Taka 191440.4 (30.4) million of which Taka 16017.4 million was outstanding. (Source-CDF Report, 2003)

The NGOs are also playing a key role as front liner in the sector. Although the exact number of NGOs operating micro finance is not known accurately, reports from different sources reflect that more than 1000 NGOs are operating micro finance program in Bangladesh who can be called as micro finance NGOs (MF-NGOs). These include some of the largest NGOs in the world like BRAC, ASA, Proshika etc. The recent CDF Statistics (December 1999) revealed that a total of 533 MF-NGOs organized about 9.4 million people as member (7.9 million female and 1.5 million male) of which 6.9 million are outstanding borrowers.

A number of public sector agencies are also engaged in micro finance operation in Bangladesh. Among these the Bangladesh Rural Development Board (BRDB) has the largest stake. According to the CDF Report 2003, BRDB has distributed about Taka 29425.7 million, having an outstanding amount of Taka 4446.432 million. The report further stated involvement of 13 different ministries of the government with micro credit operations. It has

revealed a cumulative disbursement made by all these public 1 BDT means Bangladeshi currency.

Palli Karmo-Shahayak Foundation (PKSF) is another organization in the sector playing an important role since 1990. PKSF is widely known as a second tier organization that lends to the micro finance NGOs for on-lending to the borrowers. It is mainly a government-initiated organization to promote and facilitate micro finance program in the country through the potential micro finance NGOs. Up to December 2003 PKSF has distributed BDT 16727.341 million. Among them female member is 4319451 (CDF Report 2003). According to the CDF Statistics, PKSF's contribution is 24% to the total amount of Revolving Loan Fund (RLF) of the micro finance NGOs in Bangladesh. It is now acknowledged as the most potential source of fund for the micro finance NGOs.

Nationalized Commercial Banks (NCBs): All the nationalized commercial and some specialized banks have micro finance program of their own. In general, these banks channel capital for micro credit through MF-NGOs as well as other agencies. But, some like Islamic Bank Bangladesh Limited are participating in poverty alleviation program by directly providing micro credit to the landless and small farmers. Its disbursement amount up to December 2003 is 79847.9 (12.7) (CDF Report 2003).

Donors in the Micro finance Program: Poverty alleviation efforts of the donors have been started many years back worldwide. During the early stage, the donors also contributed a lot in promoting micro-credit operation like other development components. The donors' nature of supports was mostly in the form of grants in building the Revolving Loan Fund (RLF) for the MF-NGOs. However, the donors have taken some strategies to channel fund to the poor people through different organizations by enhancing their capacity to provide better financial services to the poor. CDF Statistics (Volume 3, 5, 7 & 9) shows that the share of foreign funds to revolving loan fund (RLF) has been reduce to 19% in 1999 from 48% in 1996. And, a shift has taken place in channeling foreign fund to micro finance program as major grants are coming through PKSF (as soft loan). Also some international NGOs are still channeling grants to the micro finance field.

Table 1. Number of households borrowing from credit programs, by gender of borrower

	BRAC	BRDB	GB	ASA	PROSHIKA	Other NGO
Male	16	54	121	4	9	35
Female	273	72	545	105	29	183

In some households, both men and women borrowed. Also, some women borrowed from more than one program.

2.1 Explanation of the Impact of credit

Credit for female borrowers had a positive and highly significant effect on the factor encompassing in this paper (thus a representation of the “general level of empowerment”) and it had a significantly positive effect on most of the factors (the exception being the factor representing power in family-planning and child-rearing activities). Credit had a positive and significant effect on roughly half of the individual empowerment variables. Credit for male borrowers significantly reduced the overall empowerment factor, had a significant negative effect on most of the other empowerment factors and did not have a positive effect on any of them.

The factors are grouped into the following headings:

a. Economic decision making

The four economic issues were: (1) house repair and construction, (2) livestock sale and purchase, (3) borrowing money, and (4) transactions involving household equipment. For the last three issues, roughly half of women and their husbands jointly decided on the issue and implemented the action together (53, 54, and 47 percent, respectively). For the issue of housing repair/construction, the figure was about two-thirds. For all four issues were that the husband decided the issue and implemented alone or that the couple decided jointly but the husband implemented alone. For all four issues, it was very rare for women either that they alone decided and implemented their decision or that they decided alone and implemented jointly with the husband.

Credit significantly increases the factor representing a woman’s power to oversee and conduct major household economic transactions, and male credit reduces this factor. The likelihood that a wife spends money, for four major categories: housing repair, livestock purchase, household loans, and land/equipment transactions. In all four categories, credit affects women’s autonomy regarding decision-making and project implementation. The same is true for the likelihood that a woman spends money in every category except land/equipment transactions. Notably, the credit effects on women’s autonomy in deciding and implementing household finance decisions are especially high. Credit for male borrowers had a negative effect on wives implementing housing repair projects, livestock purchase projects, and land/equipment purchase or sale projects.

b. Purchasing capacity

For seven categories of common household purchases (food, toiletries, candies for the children, cooking were added from old villages to compensate for the loss. utensils, furniture, children's clothing, and own clothing) whether or not women (rather than someone else in the household) make the purchase and, if so, whether or not they make the purchase without their husbands' permission. The percentage of women that they make purchases themselves varies widely by category.

Table 2. The average change in land ownership and major resources in Taka owned by GB women member

Resource	Before joining	After joining	Change in percent (%)
Land area(acre)	0.123	0.139	13
Livestock and poultry(Tk)	595.52	10151.32	1606.05
House and modern amenities(tk)	702.25	2566.12	265.43
Ornaments (tk)	-	985.86	High increase
All Resources(Tk)	1297.77	13703.29	955.9

Source: Development Review, Volume-13, January and June 2012.

Credit use positively and significantly affects the latent empowerment factor describing women's autonomy with purchasing. In addition, Credit significantly augments women's ability to purchase items in this category. Female credit also increases the likelihood both that a husband states that his wife could buy assets on her own and that she could buy them without his permission. In contrast, husband's credit program participation has a statistically significant negative effect on the women's purchasing autonomy factor.

c. Control over loans

A growing literature in the field of micro-credit addresses the degree to which credit is fungible within the household. Of central importance is whether or not women retain control over their loans and management power of the activities for which the loans are used. In cases where wives had taken small loans, from any source, 78% of husbands use their wives' loan money to spend on their own income generating projects. Among women who had taken loans for income-generating activities, only 5% having total autonomous control over the money. 56% share control over the loan money with their husbands, and 38% husbands have sole control over the proceeds of the loan.

Credit significantly increases the latent factor representing a woman's access to and control over economic resources. It also affects several individual indicators, including the likelihood that wife has her own income, and having her own savings (it did not, incidentally, affect the likelihood that a woman had savings which she herself could control). In addition, credit increases the likelihood that a woman would be able to raise emergency funds from any source, and that she would be able to raise them specifically from (1) selling off assets, (2) getting money from her husband, and (3) borrowing from other people. Credit decreases the chances that it fights about money.

d. Control over income and savings

Traditionally, women in Bangladesh have very little contact with the labor market and generally do not have significant cash incomes of their own. This reflects customary and religious restrictions on women's mobility outside the home. 62% wives have no independent

source of income. Over 75% of women do not operate any income-generating activity of their own and 78% of women not having independent income that they could use at their own discretion (without consulting their husband). A sizeable number (42%) of women have their own independent savings, and if they did, husbands were aware of these savings 91% of the time. Wives having a low level of control over these savings, with 85% were not able to decide autonomously how to utilize them. Only around 15% of women having received money from their parents, siblings, or other blood relatives in the past 12 months. Of these, 95% cases their husbands knew that they had received this money. Only 17% had full control over deciding the use of that money: 62% reported partial control and 21% having no control at all. More the three quarters of women (78%) had at some point been forced to cede money to their husbands and 56% of women had forced by their husbands not to work outside the home. 81% would not be able to give their own money away at will.

Table 3. Overall changes in annual income and occupation of the Grameen Bank women members

Before joining the GB			After joining the GB			Overtime
Main Occupation	No of members	Annual income	Main Occupation	No of members	Annual income	Changes of annual income (%)
Unpaid domestic Work	45(64.28)	No access to direct income	Livestock & poultry rearing 34 paddy processing -9 Homestead-2	45(48.57+12.86+2.86)	23366	High increase
Wage labor	16(22.85)	9995(666)	Livestock & poultry rearing -10 paddy processing -6	16(14.28+8.57)	24257	142%
Hand loom	5(7.14)	19500 (1258.75)	Hand Loom	5(7.14)	819224	63%
Tailoring	4(5.71)	19105	Tailoring	4(5.71)	33073	73%
Total	70(100)	4769		70(100)	24735	418%

Source: Development Review, Volume -13, January and June 2012.

Table 4. Average Annual income of members involve in BRAC's credit program

Pre- BRAC	Present Average	Annual income	Changes of annual income (%)
30.8(147)	44.4(160)	2089	13.6%

Source: Empowering Women in Rural Bangladesh. Impact of BRAC's programe, by Dilruba Banu, Fehmin Farashuddin, Altaf Hossain, & Shahnuj Akter.

Credit significantly increases the latent empowerment factor associated with finance. In contract, Credit given to male reduces this factor. In case of BRAC's borrower income increases 13% and GB borrower it increases 418%.

e. Mobility

In Bangladeshi society, the physical mobility of women is often restricted. Traditions and family-imposed restrictions may forbid women from leaving the family compound, or may regulate when, where, and with whom they travel. Additionally, issues of safety often prevent women from traveling alone for even short distances. 83% wives never went alone to places such as the market, bank, health clinic, and so on. Of these, over half husbands or their sons always accompanied the wives when going outside the home and another 18% wives were accompanied by neighbors or relatives. Almost 9% of women never left the village at all. Most of the women had never visited their parents without their husband's permission.

g. Networking and friendships

Marriage in Bangladesh is characterized by patrilocal residence and village exogamy -when a woman marries, she leaves her home, family, and village and moves into the household of her new husband, in a new village. As a result, wives-and new wives in particular-may not have many close relationships outside the household. Women generally tended to express that they did have close friendships and relationships (possibly with their blood relatives) outside the household. 85% of women within their bari with whom they were close enough to share their feelings and 73% had such friends outside the bari.

Credit significantly affects the factor representing mobility/networking and also affects several individual measures of mobility, including the odds that wife travels alone outside the house, the odds that a woman traveling outside the house at all and traveling outside alone. It also has an effect in reducing the odds that a household will argue about the wife traveling outside and also the odds that a husband will cite a general ban on women leaving the household (as opposed to other reasons such as perceived lack of safety) as the reason his wife does not leave the house. Credit has a positive effect on several measures of women's physical mobility are remarkably high.

f. Political awareness and activism

Only few percent of women knew the name of their member of parliament. While an impressive majority of women voted in the last election, 74% of them had been influenced or compelled to vote for a certain candidate by their husbands. Less than a quarter of women have ever publicly protested against incidences of wife-beating.

Credit positively affects the factor relating to women's awareness and activism. Female credit affects the odds that a woman will be informed of (meaning able to list) the ways in which kabinnama (a pre-marital bridal contract) can be used to help a woman in the event of divorce. Credit also affects the probability that a woman knows the name of the Member of Parliament in her area, the probability that she voted in the last election and the probability that she voted independently (rather than under advice/pressure from her husband).

h. Family planning

In Bangladesh, women were more likely than men to be users of birth control. Among couples in their reproductive age, over 93% of men did not use any male birth control method. Among these 65% wives used a female birth control method, and 16% simply did not like to use birth control.

Credit significantly increases the fertility and parenting latent factor. Credit increases the likelihood that a woman initiates discussions with her husband about birth control use, birth control methods, and birth numbers. In addition, credit increases the likelihood both that husbands will initiate discussion and that wives will initiate the same discussion for issues of birth control use and children's education (implying a positive effect on the total likelihood of spousal communication on these two issues).

In case of GB borrower it increases 3.20% and BRAC 3.4%.

i. Attitudes

More than two-thirds of men believe their wives to be less intelligent than themselves. Most of the men do not consider their wives capable of making decisions pertaining to purchase or sale of major household assets. An overwhelming majority of women believe that their husbands are superior to them "in qualities and education" because the earning member of the household and that this makes him superior. What kind of impact women's empowerment would have (or was having) on society, men were fairly evenly split between positive and negative reactions. Roughly half of men positively by claiming that the primary impact of women's empowerment would either be the creation of a better society or that it would be economic improvement for the family. The other thinks negatively, that women's empowerment would cause chaos in society, problems bringing up children, or a disruption of peace within the household. What men perceived to be the greatest obstacles to achieving women's empowerment in Bangladeshi society, lack of education as the primary obstacle, lack of safety, and religious restrictions? As secondary obstacles, men also cited religious restrictions, lack of income generating activities, lack of safety and the social structure. The main obstacles cited by women were lack of education, lack of safety, and religious restrictions.

j. Spousal arguments and abuse

Women describe the nature of arguments that tended to arise within the household. The most commonly cited topics of arguments were children, money, and household chores. More than a third of women when such arguments occurred they were abused in some way: 20% verbal abuse and 16% physical abuse. Of that physical abuse, 17% injuries from the abuse had been severe enough to require medical attention.

Credit significantly increases the factor relating to household attitudes and the factor relating to husbands' opinions and actions. Credit affects the likelihood that a man will describe his wife as intelligent and the probability that a woman will say that she does not view her husband as superior to herself. Credit increases the odds that a man listed a positive impact of

women's empowerment and decreases the odds that he a negative impact. Specifically, credit affects the odds that a man would cite the creation of a "better society" and "economic improvements for the family" as results from women's empowerment.

k. Education

Education is a very important factor for an individual to choose the best alternative available in rural areas in which he or she can invest the borrower fund profitably and efficiently for bringing enhancement in socioeconomic position. It is observed that the literacy status of the female borrowers remain s almost constant. It has improved in case of only 3.2% of the total respondents after joining the credit program.

The freedom of the female borrowers to educate the children was found to be increased in case of 7.98 percent respondents, whereas it decreased in case of 16.49 percent respondent after their joining the credit program.

Table 5. Educational status of the borrowers of GB

Education Level	At Present		Before Enrolled	
	No. of Respondent	Percentage	No. of Respondent	Percentage
Illiterate	96	51.06	100	53.19
Can put sign only	76	40.42	72	38.29
Primary level	13	06.91	13	06.91
Up -to Class eight	03	01.60	03	01.60
Total	188	100%	188	100%

Source: Bank Parikrama , Vol-17, No-4, December 2012.

l. Self-Employment

Before joining to micro credit program 64 percent of loanees working day were less than 150 man days in a year and 12 percent of loanees working days were above day in a year of which average was 136 man days.

After joining credit program 36 percent of loanees working time were 292 man days in a year & 39 percent of loanees working time were 325 days in a year. The loanees on an average worked 298 days in a year after joining the credit program and changed working days 199.9 percent than that of before joining.

Table 6. Employment status of Grameen Bank women members before & after joining the GB group

Before joining the GB Group			After joining the GB			Normal Changes in day	Per Percentage changes
Employment	Total no. of women member	Total working days in year	Employment	Total no. of women member	Total working days in year		
Less than 150 man days	45 (64.28)	148	Less than 260 man days	8(11.42)	257	162	199%
151-170 man days	4(5.71)	184	261-280 man days	10(14.28)	273		
171-190 man days	4(5.71)	184	281-300 man days	25(35.71)	292		
Above 190 man days	9(12.85)	202	Above 300	27(38.57)	325		
Total	70(100)	136			298		

Source: Development Review, Vol-13, January and June, 2012.

m. Contribution to family expenditure & savings

Credit bring a significant positive change in women contribution to family expenditure and savings. Before joining the credit program women couldn't contribute family expenditure and they couldn't save any amount by which they can do something. After joining the credit program women's contribution increases tremendously. In case of food it increases 241.74 percent, Clothing 567.18%, Children education high increase and health care also high increase. Savings increases 625% after joining the credit program.

Other results and discussion

Female credit affects the chances that a woman has at least one close friend living outside her bari (family compound) "with whom [she is] intimate enough to share [her] feelings." In addition, female credit affects the frequency with which women have contact with such friends (meaning they are more likely to say they have daily contact and less likely to say that this contact is only monthly). However, for friendships within the bari, female credit had no effect. A possible explanation for these findings has to do with the nature of intra-bari versus extra-bari relationships. One conjecture that explains this finding is that in the absence of credit program participation, women still tend to have friends within their baris (85% of women in the sample had such friends), and thus there is little room for credit program participation to increase the rate of friendships.

Typically, the members of a bari are related patrilineal: a bari frequently consists of several brothers, their parents, and their wives and children. Thus, any given woman's friendships within her bari are likely to be limited to those to whom she is related by marriage (for example, a sister-in-law).

Friendship outside the bari is, in general, more rare, and thus credit program participation can have a real effect in increasing the tendency for women to have extra-bari friends. Since most women within a savings and lending group are typically not from the same bari, participation in a credit program is likely to widen the scope of social contact for these women.

While female credit had a very significant positive effect on the likelihood that a woman had independent savings, it did not have an effect on the likelihood that a woman had savings that she herself could control. Unfortunately, because of the way the question was phrased, we have no way of knowing who controlled this savings in cases where the respondent herself did not. It is possible, then, that a lack of respondents' control over their savings does not imply that the respondents' husbands controlled the savings, but rather that someone else (a third party) had control. This is plausible in the context of the credit programs in question, which require women to make periodic savings (thus, just as one would predict, highly increasing the odds that a woman has her own savings) but which do not allow women complete control over their savings. This is because savings become working capital within credit groups and are lent out to other members. As a result, it is quite plausible that a woman would have her own savings as a result of joining a credit program, but would not have savings that she herself (solely) controls.

Credit has a negative effect on the odds that a woman reports having "received money from parents/brothers/sisters or other relatives outside the household in last 12 months." These results are in agreement with Pitt and Mc. Kernan's (2000) evidence that net remittances from participants in credit programs to their relatives (meaning the excess of remittance from participants to families over the remittance from families to participants) fall as a result of program participation. This result is actually not overly surprising, and should not necessarily be interpreted as being "bad for empowerment." Although receiving remittances from her own relatives can be financially beneficial to a woman (and thus "Empowering"), the need to accept money from one's kin (rather than, say, earning it oneself) may actually be a sign of a low degree of command over economic resources. Thus, the explanation for these results could be that participation in a credit program allows a woman to earn her own income and thus reduce her dependency on her own family in order to get money. When the story is told in this way, this result suggests an empowering rather than a disempowering effect of credit. It is also possible that it is not women's need for parental remittances that declines as a result of credit program participation, but rather the willingness of the parents to remit money to the daughter. Since we do not have the necessary data to discern whether the decrease in kin remittances caused by female credit are the result of decreased demand or decreased supply, the result is best described as "ambiguous" in terms of its potential effects on women's empowerment or well-being.

Female credit use positively affects the chances that a woman cited "household chores" as a subject over which members of her household argue. The question was phrased in such a way that in order to answer the question, the respondent had to pick one argument topic out of a list, and "not arguing about anything" was not an option. Thus, the female credit effect on "arguing about household chores" is more appropriately interpreted as the effect on "arguing about household chores as opposed to the other argument topics on the list of possibilities,"

and thus is not an unambiguous measure of empowerment.

Table 10. Women empowerment status of Grameen bank borrowers

Empowerment indicators	Changes in status		
	Constant	Increase	Decrease
Self-employment	179(95.20)	09(4.80)	-
Literacy	182(96.80)	06(3.20)	-
Vocational knowledge	185(98.40)	03((1.60)	-
Freedom in household decision making	164(87.23)	14(7.45)	10(5.32)
Freedom in social level	164(87.23)	14(7.45)	10(5.32)
Freedom in political choice	169(89.89)	09(4.79)	10 (5.32)
Freedom in children education	142(75.53)	15(7.98)	31(16.49)
Legal rights	181(96.80)	05(3.20)	02(1.06)
Health and nutrition	150(79.79)	09(4.79)	29(15.43)
Contraceptive use	182(96.80)	06(3.20)	
Mental operation	156(82.98)	26(13.83)	06(3.19)
Physical Oppression	172(91.50)	14(7.40)	-
Divorce	184(97.90)	04(2.10)	-
Separation	178(94.70)	10(5.30)	-
Early marriage	148(78.72)	40(21.28)	-
Dowry	144(76.60)	44(23.40)	-
Husband polygamy	181(96.28)	07(3.72)	-

Source: Bank Parikrama, Volume-27, No-4, December 2012 (pp.110).

2.2 Are Women Empowered by Credit

Women's empowerment is a relatively new and complex concept which is difficult to define and assess (Rowlands, 1997; Mayoux, 1997; Friedmann, 1992).

In relation to the definitions of empowerment and the analysis of the empirical data this research finds that access to credit has not been effective in empowering women economically. Disaggregated data on income, assets, control over decision making in economic sphere, access to the market and food availability and their relations with women's access to credit reveals that the impact of credit on women's economic empowerment is insignificant. Although women take credit in these cases commonly they neither utilize nor control it. Therefore, the question of women's economic empowerment does not arise as in most cases (97%) the loan is used and controlled by their husbands or other male relatives.

Credit is empowering women socially to a limited extent. Although credit itself does not have

much impact, often programmes of GB and BRAC have some positive impact on the women's education, health and family planning. Impact is limited mainly because of women's disadvantaged position within and outside the household. The existing socio-cultural norms are the major obstacles to the claimed positive impact of credit.

Although the programmes of GB and BRAC have limited positive impact on enhancing women's political awareness and political participation, in general the impact of credit on women's political empowerment is limited. Due to deep-rooted socio-economic and political causes changes in women's level of political awareness and participation because of credit intervention is negligible.

Findings of this research suggest that credit have some positive impact on women's psychological empowerment. Although assessing psychological empowerment is a very complex and difficult process, in this research it is done through analysing women's individual sense of potency, their subordination, their self-confidence, their challenging or compromising attitude, their legal awareness and consciousness. Usually the educated and young women have more changed psychologically than others. The concluding argument is that "credit cannot be the sole element of an empowerment strategy for women".

2.3 Claims and Realities

Under the traditional banking system it is nearly impossible for poor rural women to get loan because of collateral requirement, male guarantor requirement, loan application transaction costs, the requirement to be literate due to complex application procedures, restrictions of mobility and the gender division of labour. Worldwide only approximately 5% of the credit provided by multilateral banks reaches rural women (UNDP, 1995) and the proportion is even worse in Bangladesh. GB and BRAC made it possible for women to access credit by replacing some requirements and waiving others. There is no doubt that the credit schemes of GB and BRAC for the first time in Bangladesh enabled poor rural women to access credit. On the organisational part this is definitely a noble step to reduce gender discrimination, as women are the main target group of these organisations. Goetz (1997) also argues that innovations in financial intermediation demonstrate positive gender-sensitive impact.

Poverty reduction, as an objective requires a long-term process of graduation from one level to the upper level. Achieving poverty reduction through credit intervention is difficult, as well as measuring the impact of credit on it is difficult and complex. From a narrow and short-term point of view credit may be observed to be effective, especially if dropouts are ignored. Poor rural people frequently face financial crisis due to their high susceptibility to the aspects of intangible deprivation. Moreover, they are prone to seasonal financial crisis. This research reveals that credit schemes can be helpful in these types of situations to cope with immediate financial needs. Prior to formal financial intermediation for poor rural people, loan was mainly available from informal moneylenders, relatives or neighbours. Such borrowing commonly used to involve excessive interest rate and exploitation. Furthermore, that type of borrowing can be socially degrading as it gave chance to the lender to exercise suppression. Informal moneylenders often used to oppress the borrowers, causing social subordination and exploiting their crisis. On the contrary, borrowing from credit schemes

involves neither any hidden exploitation nor any social subordination. Instead, joining these programmes increase social value of the borrowers and as the organisations charge a specific interest rate and follow particular rules, the question of undue exploitation does not arise.

In those cases where credit is not invested for some sort of productive activity, but used to meet other needs, are also benefiting the borrowers by providing comparatively easy access to credit, protecting them from economic and social oppression and meeting the financial crisis at least for the short-term. Moreover, as the credit programmes are mainly targeting women for their schemes, poor people consider this as an important issue because, whoever uses it, the money is coming in the household through the hands of women. This in effect raises women's status and value to some degree within the household and in the society which in turn reduce gender differences and inequalities to marginal level.

There is a miss-match between GB and BRAC's theory and practice of the poverty reduction and empowerment process. Theoretically GB and BRAC claim that they are reducing poverty and empowering women through creating virtuous circle with credit and by encouraging group formation. However, in reality credit does not always create virtuous circle. The credit groups seldom function as solidarity groups. Most female borrowers are not earning any money from utilisation of the credit as they have given the money to their male relatives. Only 3% of the borrowers and dropouts utilized credit on their own and analysis of their cases demonstrates that they can only be said to be empowered in certain respects. Thus, GB and BRAC's credit schemes are reducing poverty to some extent in some cases and empowering only a limited part of the females that they target. Findings in different aspects indicate that BRAC has comparatively more impact on poverty reduction and women's empowerment than GB. BRAC's impact is more mainly because it favours the 'credit plus' approach. BRAC's role in increasing women's access to market is also greater than that of GB. BRAC's RDP, NFPE, HRLE, IGVD, health, FP-F, advocacy and paralegal programmes helped it to achieve more impact on poverty reduction and women's empowerment.

The evidence available from case studies of this research indicates that credit has a mixed impact. In relation to poverty reduction, in some cases it reduces women's poverty situation, whereas in other situations it creates a ratchet effect of poverty. In terms of women's empowerment, in some cases it improves gender relations by reducing gender differences and inequalities, whereas in other cases it reinforces gender inequalities. These adverse impacts are usually missed out or overlooked by many researchers, as the negative impacts are not taken into account by their analytical frameworks. None of the previous studies has included dropouts into their sample; therefore, they missed a most crucial side of the story. Some of the case studies of this research indicate that credit is in fact disempowering women and this can be explained using the idea of "debt" and "debt capacity". Debt entails a promise to repay principal and interest on a loan (Davis, 1992: 4).

Lenders are able to recover loans on schedule only when the repayment capacity of the borrower equals or exceeds debt service, which consists of principal and interest due for payment. Borrowers are able to repay their loans on time without suffering hardship only when their repayment capacity equals or exceeds the debt service due according to the loan

contract (Von Pischke, 1991: 177).

To maintain the organisational goal of achieving high repayment rates there is a tendency to select borrowers who have sufficient debt capacity. When loans are provided to the very poor they suffer hardship to repay the loan, because they do not have “debt capacity”.

The final argument is that the “minimalist” or “credit alone” approach of GB is not appropriate for attaining the objectives of poverty reduction and empowerment of women. Although BRAC favours the “credit plus” approach it does not pursue this as extensively as is desirable. For this reason BRAC also fails in most cases to bring changes in women’s poverty situation and in empowering them. The argument is that proper application of the “credit-plus” approach is essential to attain the objectives and these objectives are so robust that the organisations should actually follow the “credit with social development” approach which is necessary to make a breakthrough. Wood and Sharif (1997) have similar opinion, although they mentioned that “existing evidence, however, does not give us any clear indication on the exact outcomes of these two models on poverty removal” (Wood & Sharif, 1997: 378). This research presents ample evidences, which indicate that “credit-alone” approach is not effective to achieve the objectives of poverty reduction and women’s empowerment. NGOs which do not follow the “credit alone” approach such as Proshika, ASA, BURO Tangail, Save the Children, USA/Bangladesh Field Office (SCB) and Shakti are more innovative in designing their programmes and they provide different additional services (Ackerly, 1997; Hedrick-Wong, Kramsjo, & Sabri, 1997; Rashid, 1997; Wright, Hossain, & Rutherford, 1997).

In the context of credit schemes of MFIs in Bangladesh, it has become an ambitious claim to reduce poverty, when in reality credit can only play a partial role in the long-term process of poverty reduction. Moreover, in recent years among MFIs it has become fashionable to talk of women’s empowerment and to over emphasize on the power of credit to empower women, but when it comes into practice it is found that credit is at best only one small element of an empowerment strategy for women. Therefore, the argument of this paper is that the claims of poverty reduction and women’s empowerment are unrealistic in relation to GB and BRAC’s existing policy approach and programme attributions.

3. Conclusion

This paper examines the effects of women’s participation in group-based micro-credit programs on various indicators of women’s empowerment using data from a survey carried out in rural Bangladesh. The results are consistent with the view that women’s participation in micro-credit programs helps to increase women’s empowerment. Credit program participation leads to women taking a greater role in household decision making, having greater access to financial and economic resources, having greater social networks, having greater bargaining power vis-à-vis their husbands, and having greater freedom of mobility. Female credit also tended to increase spousal communication in general about family planning and parenting concerns.

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Glossary

MFI- Micro Finance Institution

GO- Government Organization

NGO- Non Government Organization

GB - Grameen Bank

BRAC- Bangladesh Rural Advancement committee.

BRDB -Bangladesh Rural Development Board.

CPD - Credit and Development Forum

Kisti - Instalment

PKSP- Palli Karmo-Shahayak Foundation

NCBs- National Commercial Banks

UNDP- United Nation Development Program

RDP- Rural Development program

NFPE- Non Formal Primary Education

HRLE- Human rights and legal Education

IGVGD- Income Generation for Vulnerable Group Development

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