

Microcredit Program for Rural Poverty Alleviation: A Study on Microcredit Borrowers of BRAC of Jalirpar Village

KALYANKAR MISTRY*

Abstract: *This study is an endeavour of searching the reasons for which the villagers take microcredit; how they utilize it and what is its impact on poverty alleviation. The study reveals that the villagers take and utilize microcredit for multiple reasons and microcredit helps in alleviating poverty in many ways.*

Key Words: *Micro Credit, Rural Poverty, Alleviation, BRAC, Borrowers.*

1. Introduction

Microcredit has been worldwide recognized as a ‘poverty driven tool (PDT)’. In Bangladesh, microcredit program has been working for alleviating poverty since the independence. It is established that microcredit has been contributing in alleviating rural poverty. There are around 15,000 NGOs registered in Bangladesh, of these, nearly 1000 NGOs are dealing with microcredit programs. BRAC is the largest microcredit operating NGO in the country. According to BRAC’s annual report-2016, BRAC has disbursed a total amount of 8.4 billion USD to its borrowers under the microcredit program. Around 97% of the borrowers are women. 1.3 million extreme poor could able to change their life. 16.7 million people use sanitary latrine (BRAC, 2016). So, microcredit program is very important for alleviating rural poverty. In this perspective, an endeavor has been taken in order to find out the reasons for which the villagers take microcredit; how the borrowers utilize borrowed money and how they bring changes that affect in alleviating poverty. In this perspective, the microcredit borrowers of BRAC of Jalirpar village have been selected for this study.

* Kalyankar Mistry, Ph.D Researcher, University of Dhaka and Development Researcher.

2. Literature Review

Rural poverty has always been a threat to socio-economic development of Bangladesh. After the independence, the health, food, shelter, education, and overall condition of rural people were miserable. In 1972, the poverty rate was 92.7 per cent. Hossain Zillur Rahman and Mahbub Hossain edited a book named “Rethinking Rural Poverty—Bangladesh as A Case Study” where issues related to the causes of rural poverty have been studied elaborately. An article of Omar Haider Chowdhury entitled ‘Nutritional Dimensions of Poverty’ was published in that book. He (1995) wrote, “only asset a poor man has is his labour power. He is unemployed most of the time because he is unskilled and/or sick. Access to health care and education can turn this poor unemployed labourer into a healthy productive labour force.” The principal reasons of rural poverty are lack of resources and capital, skilllessness, poor health condition, lack of talent and wisdom for generating new income sources and entrepreneurship, as a result the rural people led an extremely inhuman life. Moreover natural calamity added fuel to the fire as Hossain Zillur Rahman wrote in his article ‘Crisis and Insecurity: The ‘Other’ face of Poverty’. He (1995) found that rural households in Bangladesh are routinely subject to a variety of crisis which significantly affect the households’s ability to sustain current welfare levels let alone sustain any welfare increases. Landlessness was a crucial factor that remains the poor people to be poor. Mahabub Hossain studied on ‘Socioeconomic Characteristics of the Poor’. He (1995) wrote, “the bulk of the poor households belong to the land-poor category.

The incidence of poverty is about 78 per cent for households having no cultivated land and 71 per cent for the marginal land-owners compared to 31 per cent for medium farm households and only 9 per cent for households owning more than 5 acres.”

Dr. Binayak Sen studied on ‘Rural Poverty Trends, 1963-64 to 1989-90’. His (1995) view is that a multi-dimensional approach would take into account both income and non-income dimensions of poverty. It includes a range of quality of life variables, such as nutrition, health and sanitation, housing, security, access to state distribution system, participation and institutional capability and crisis-copying capacity. Dr. Binayak Sen also studied on ‘Selected Living Standard Indicators’. In this study he (1995) also argued, “A complete assessment of trends in rural poverty should take account of several dimensions of poverty, of which income or consumption levels per head is only one. Equally relevant are factors, such as access to adequate clothing and shelter, longevity, access to health and

education facilities and security of consumption levels from extreme shocks.” In such a situation, microcredit came to the poor as a blessing. Regarding microcredit, Muhammed Yunus (1996) wrote, “credit offers a poor person an opportunity to convert his/her energy and creativity into income-generating activities. Credit plays such an important role in creating self-employment for the poor. ‘BRAC Development Strategy’ also directs the same way. In this regard, Shahidur R.Khandher and M. A. Baqui Khalily studied on ‘The BRAC’s Credit Programs: Performance and Sustainability’. They (1995) wrote, “The BRAC’s development thesis is that economic dependency, disempowerment, and the lack of access to credit are the major causes of rural poverty. Due to low levels of education and other forms of human capital, the poor are not fully aware of the state and causes of their poverty and thus require social and human development inputs to reduce their dependency on exploitative rural economic and social structures.” For alleviating poverty and gaining economic development, Micro Credit Programs have been operating. M. Mark Pitt studied on “ The Effect of Non-Agricultural Self-employment Credit on Contractual Relations and Employment in Agriculture: The Case of Microcredit Programmes in Bangladesh.” He (2000) stated that in recent years, government and non-governmental organizations in many low-income countries have introduced credit programmes targeted at the poor. He viewed of microcredit contributes to the process of poverty alleviation.

For achieving economic development and establishing peace in society, poverty needs to be alleviated. The poverty rate has been gradually declining for which the role of microcredit is praiseworthy. In 1990, 2000 and 2010, the poverty rate was 58.84%, 48.90% and 31.50% respectively. There are still 24.5 per cent (revised of 31.5%) of total population are under poverty line (BBS, 2011). In respect of rural poverty reduction, the role of microcredit is world-wide recognized. Hundreds of NGOs like Grameen Bank, BRAC are working with microcredit program (MCP). BRAC has disbursed a total amount of 8.4 billion USD to its borrowers under the microcredit program (BRAC, 2016). Islam (2005) found in the study that 37% respondents took loans from BRAC, 21% from ASHA, the rest from others. Rowshan Ara Begum did her M. Phil thesis on “Income Sources of Village Women” at the University of Dhaka in 2003. Begum (2003) found in her study that —23% village women are the members of BRAC, 20% of Grameen Bank, 19% ASHA.

Why do the people take loan from NGOs? Many studies found that people usually take loan from NGOs for various reasons of which the principal reason is poverty. Other reasons are: (i) starting new business, (ii) helping husband’s business, (iii)

building new house, (iv) repairing house, (v) buying cow/goat/poultry, (vi) buying agricultural land, (vii) cultivating, (viii) recovering previous loan and (ix) children marriage/dowry, etc. Ahidul Islam conducted a study on “The impact of Micro Credit on Women Empowerment: A Study in the Two Villages”. Islam (2005) found in his study that 28% borrowers took loans for poultry firms, 10.5% for paying debt, 22% for giving their husband, 24.5% for small business, and 14% for agricultural works. The purpose of taking loan, Rowshan Ara Begum (2003) found in her study, 13.75% borrowers used loan for business, 6.67% for dairy, 5% for agricultural purpose, and 1.67% for sewing. The recovery rate of loan is satisfactory. Mohammad Habibullah did his M. Phil degree on “Monitoring and Control System of Grameen Bank and its Effect on the Recovery Rate” at the University of Dhaka. He (2000) found in his study that 95.20% respondents with regular repayment habit, and 29.66% repay regularly in order to obtain new loans.

Development researchers and experts conducted many research projects on whether microcredit can help the poor people in alleviating poverty or not? In this regard, Md. Elias Hossain and M. Mosatdequr Rahaman (2009) conducted research on “Impact of Microcredit on Economic Indicators of the Borrowers: An Empirical Analysis”. They found in their study that microcredit appears as a significant determinant of income for the overall poor and the higher income poor, it is a significant determinant of income for the hardcore poor section. Md. Abdul Wadud (2012) conducted research on “Impact of Micro Credit on Farm Income in Bangladesh: A Propensity Score Matching Approach”. He found, “It is difficult for them to accumulate capital for meeting the production expenditure. As such a large number of farmers in rural Bangladesh depend on micro credit. Microcredit increases firm income. It indicates poverty decreases and microcredit makes poor people empowered”. Selim Rayhan (2015) conducted a study on “The Contribution of Micro Finance to GDP”. He found in the study that Micro Finance’s contribution to GDP is 5.76 per cent to 7.85 per cent. and in rural economy, it stands 8.14 per cent to 10.91 per cent. Islam (2005) found that 84.5% respondents expressed that a positive change is occurred due to loan and 15.5 said no comments. —95.5% thought that microcredit has been playing a role in empowerment of women. Analysts came to the conclusion that a small amount of money works as a miracle in a cash-hungry society and significantly raises the woman’s power in the family (Zaman, 1998; Hashemi et al., 1996 — as cited by Chowdhury and Bhuiya, 1999).

Finally, microcredit has been playing an important role in alleviating poverty (Islam, 2005; Khalily, Imam & Khan, 1995; Rayhan, 2015), decreasing gender inequity, empowering the poor especially woman (Mahmud, 2000; Amin &

Pebley, 1994; Steele, 1998), increasing nutrition (Chowdhury & Khandher), health (bhuiya, 2009), education, income, savings (Khandker, 2000), consumption capacity, household-welfare on a long term basis and awareness about the environment which ultimately have a very positive impact on rural poverty reduction as well as economic and social development of Bangladesh (Sen, 1984; Abed, Yunus, 1996; Zaman, 1998; Hussain, 1998; Khandher, 1999; Abed, 2000; Martin, 2000; Bhonsle, 2007). In this perspective, this study intended to examine of why the villagers took microcredit; how the borrowers utilized the borrowed money and how rural poverty was alleviated by using microcredit.

3. Objectives of the Study

1. To find out the reasons for which the villagers take microcredit from BRAC.
2. To observe how the microcredit borrowers of BRAC utilize the borrowed money.
3. To examine the impact of microcredit in alleviating rural poverty.
4. To formulate recommendations for the improvement of efficiency of microcredit program.

4. Rationale of the Study

In literature review, it is found that the most of the previous researchers agreed that rural poverty is being reduced by using microcredit. Thus, microcredit has become an important issue in respect of poverty alleviation, socio-economic development, and empowerment of women in Bangladesh. The role of microcredit for alleviating rural poverty demands more extensive and intensive research. How are the borrowers of microcredit utilizing the loan and how are they trying to reduce the poverty and finally how are they bringing the light of development to their respective families and making the brighter future for their children need to be studied for the greater interest of the nation. This researcher has chosen the microcredit borrowers of BRAC of Jalirpar village in order to examine why the villagers took microcredit; how the borrowers utilized the borrowed money and how rural poverty was alleviated by using microcredit. This research is important in the perspective of socio-economic development of Bangladesh and will help the microcredit operating NGOs in formulating policy and taking decision. The future researchers will also get guidelines from this study.

5.0 Methodology

5.1 Target Population and Sampling Method

The microcredit borrowers of BRAC of Jalirpar village were the target population of the study. A survey was conducted among the target population during 22 December 2016 to 28 December 2016. The respondents have been selected using convenient sampling method. Convenience sampling method is a non-probability sampling technique. This technique was selected because it helped in getting the basic data regarding this study. There are 90 respondents have been interviewed both in written and verbal. The officials of BRAC branch office of Jalirpar were interviewed verbally in order to fulfill the objectives of the study.

5.2 Data Used in the Study

In this study, both primary and secondary data have been used. Primary data have been collected through a survey among the microcredit borrowers of BRAC and officials of BRAC office of Jalirpar. Secondary data have been collected from different sources like a. journals and research papers, published or non-published dissertation on this field. b. publications of BRAC. c. newspapers' report and d. Websites on Internet.

5.3 Data Collection Technique

Field-survey was conducted among the microcredit borrowers of BRAC of Jalirpar village using questionnaire during 22 December 2016 to 28 December 2016. In order to achieve the objectives, both structured and open-ended questions were included in the questionnaire. Likert Scales having five scales—Strongly Agree, Agree, Not Agree, Strongly Disagree, and No Comment was used. Open-ended questions were needed to be included for getting opinion based-answer of the respondents. The officials of BRAC were also interviewed verbally.

6. Working Definitions and Observation

6.1 Microcredit

Microcredit, in simple terms, can be described as small loans offered to poor households to foster self-employment and income generations. The loans largely go to rural landless, disadvantaged women and marginal farmers who depend largely on selling their labour. The terminology of 'microcredit' has undergone a change in recent time. Practitioners in many countries call it 'microfinance' for its wider dimension (Abed, 2000; Hossain, 1998; Yunus, 2003). Muhammad Yunus

has also given a description about ‘microcredit’. According to his view, Micro Credit is: a. traditional informal Micro Credit (such as, moneylender’s credit, pawn shops, loans from friends and relatives, consumer credit in informal market, etc.); b. microcredit based on traditional informal groups (such as, tontine,); c. activity-based microcredit through conventional or specialized banks (such as agricultural credit, livestock credit, fisheries credit, handloom credit. ect.); d. rural credit through specialized banks; e. cooperative microcredit (cooperative credit, credit union, savings and loan associations, savings banks, etc.); f. consumer microcredit; g. Bank-NGO partnership based microcredit, and h. Grameen types microcredit or Grameencredit (Yunus, 2003).

6.2 Human Development Index (HDI) of Jalirpar Village

Jalirpar is a village and a union that established in 1634. It is situated under Muksudpur Upazila in the district of Gopalganj. The total area is 3 square kilometer and its population is about 20,912 (BBS, 2011). The location of Jalirpar is good. There are 2 primary schools, 1 secondary schools, 1 Union health sub-

Human Development Index (HDI) of Jalirpar

Perticulers	
Area	3755 Acres
Population	20,912
Population Density	1376 sq/km.
Literacy rate	52.5 (M-54.8%, F-50.5%)
Access to Drinking Water	96.3%
Sanitation	83.8%
Access to Electricity	43.0%
Housing condition	2.6% puka house, 13.6% Semi-puka house, 82.3% Kutcha house and 1.5 others.
Occupation	Agricultre, Small business, Shopkeer, Fisheries, Carpenter, Cottage industry, Service
Govt. Offices	Bank, Post Office, Toll Office, Land Sub Office
Non-governmental organizations	<u>BDAO</u> , <u>BRAC</u> , <u>CCDB</u> , <u>ASA</u> , <u>World Vision</u> , and <u>HCCB</u>

Source: HISH-2011, Ministry of Planning, and Survey on BRAC’s Borrowers of Jalirpar Village-2016.

center, 1 Toll office, 1 Sub-settlement office, 1 Bank, 1 post office, 1 bazar, 1 specialized market for cottage industry, 1 Jute mill and some private rich mills. There are two missionaries in Jalirpar. Most of the people depend on agriculture. Small business, shopkeeper, fisheries, carpenter, cottage industry, service, day labourer, industrial labourer, shop-helpers, agri-farms and labourers, diary, rich mill business, etc are the sources of income of the inhabitants of Jalirpar village. A little river flows across Jalirpar and it divides two parts-Nourth and South. Non governmental organizations including BRAC, Grameen Bank, CCDB, ASA, World Vision, etc. are working at Jalirpar.

6.3 BRAC, Jalirpar Branch Office

BRAC Branch Office, Jalirpar covers Jalirpar, Nanikhir and Vannabari of Satpar union. A branch office works under an area office which is conducted by the regional office and the head quarters is the supreme authority for all. But the branch office is the key instrument for managing microcredit programs. There are some officials and staff working in a branch office. A manager is leading all activities of the branch office. Program Assistant (PA)/Program Officer (PO) and Customer Service Assistant (CSA) are also working at BRAC branch office.

Particulars	
Total Micro Credit Borrowers/Members	992 (in November'2016)
Total Loan Disbursement	BDT 1,98.59 lac
Rate of Loan Refund	95%
One Program Officer Supervises	496 VO members
Savings	BDT 82.90 lac
Good Customer Loan	BDT 14 lac

Source: BRAC Branch Office, Jalirpar

6.4 BRAC and Microcredit Program Management (MCPM)

BRAC conducts two types microcredit programs- a. DABI program b. Progoti program. DABI includes all kinds of microcredit program that is directly involved in poverty alleviation. DABI includes 1. Good Customer Loan 2. Migration Loan 3. Recover Loan 4. Death Facilities 5. Loan Security. BRAC also conducts some programs that are directly and indirectly involved in socio-economic development of the country. These are: 1. Wash program 2. Health program 3. Ultra-poor 4. Micro Finance program 5. Human Rights program

BRAC has also been operating large programs in health, education and some other activities along with micro credit programs. BRAC programs are targeted to

the poor and focused on women. A total of 400 upazilas or sub-districts out of 464 of the country, are covered by BRAC microcredit programs (Abed, 2000). Basically BRAC is operating Micro Credit programs for rural poverty alleviation in Bangladesh. BRAC's Microcredit activities are operated through its Rural Development Program (RDP). RDP comprises two broad types of activities-economic development and social development. RDP lays importance on enterprise development of the borrowers which is supported by credit, training, input and extension support and often marketing assistance. The social development activities comprise elements of essential health care and awareness development on social issues including legal rights. BRAC Branch Office (BBO) is the key point that directly involves the operation of microcredit program at grass root level.

6.5 How to Get Micro Credit

Village Organization (VO) is the primary organization through which rural women can be member of VO and take microcredit from BRAC. Women are usually members of VO. There are 15-40 members of the Village Organization (VO). Village Organization (VO) consists of a group of village women who maintain an association under a BRAC branch office, but Village Organization (VO) is a voluntary organization not a part of BRAC. A chairperson leads the VO. A woman who interested to be a member and want to borrow loan from BRAC, firstly she needs to be a member of Village Organization (VO). BRAC branch office staff help the village women about admission to the VO. With the copy of National Identification Card (NID), one has to communicate with the chairperson of VO. She has to describe the purpose of becoming the member of VO. The chairperson investigates her house and others related issues. If the chairperson initially satisfies and agrees to recommend positively, then the program officer (PO) investigates for second time. If the field officer satisfied, she can be a member of VO. One has to pay Tk. 20 (Tk. 10 for admission fee and Tk. 10 is for pass book.). After being the member of VO, one can apply for loan. Before allowing loan, the Program Officer (field officer) and the Branch Manager (BM) both investigate the applicant's house, property, income source, belongings, relatives, the surroundings etc. If they satisfy, the applicant will be allowed to have loan. The Branch Manager (BM) can approve loan amounting Tk. 12,000-25,000. The Area Manager (AM) approves above Tk. 25,000. A program officer (PO) monitors more or less 450 borrowers. The Customer Service Assistant (CSA) gives training to the new borrowers. The program officer visits the borrowers' house regular basis and monitors the activity of the borrowers. The Branch Manager (BM) also visits and when needs, the Area Manager visits the field.

6.6 Observation

The researcher talked to some VO members who came to the BRAC branch office at Jalirpar from different places. The VO members consider ‘microcredit’ a tool for facing different types of social crisis and poverty at the time of the necessity. Those who are really poor want microcredit for doing something income generating small business. But a good number of VO members who are not in the category of poor take microcredit for avoiding some social problems and hazards. As per an example: Taking cash-loan from any relative may lead to a quarrel and risk of maintaining good relationship and social status. In society, taking loan from relative is treated as an ‘act of disgrace’. Sometimes it becomes an issue of social degradation. That’s why well off and semi-well villagers simply choose to take microcredit from NGOs. Some take loan for facing seasonal-need like cultivation and bad time in business. Some cases study are stated here:

Case Study-01: Granty Bala (30), husband name-Bikash Bala (45), is a microcredit borrower from BRAC, Jalirpar branch office. Her husband runs a small business. She has two children-one is daughter and one is son, both of them go to school. She feels proud as her children are learning and subsequently will have brighter future. Currently she has borrowed Tk. 20,000/-(Twenty thousand) only from BRAC. In the past, she also took loan from BRAC. She expressed her gratitude to BRAC authority for getting loan as it was needed. She would hand over the borrowed money to her husband. Her husband will invest it as capital in business.

Case Study-02: Ahulla Biswas (32) is also a microcredit borrower from BRAC, Jalirpar branch office. Her husband has a small business. She has two children-one is daughter and one is son, both of them go to school. She feels proud as her children are learning and subsequently will have brighter future. Currently she has borrowed Tk. 20,000/-(Twenty thousand) only from BRAC.

Case Study-03: Unnati Bakchi (25) comes from Vennabari to the BRAC branch office (BBO), at Jalirpar for taking loan. She lives at Bakchibari of Vennabari with her family. The distance between Vennabari and BRAC branch office is near about 10 km. She has 3 children of whom 1 is female and 2 are male. Her husband, Krisna Bakchi (37), is a carpenter. She told this is the third time she applied for microcredit of Tk. 10,000. Firstly she took loan Tk. 20,000 and then Tk. 30,000. She admitted that with the borrowed money she personally did nothing, she just gave it to her husband. The loan helped her husband in dealing the familiar affairs. She strongly admitted that microcredit helped her family in earning money. For microcredit, her husband does not have to take loan from mahajan or other relatives. Unnati Bakchi told that this time she took loan for

giving her husband for cultivating because the period December to January is the season for cultivation. This year her family would cultivate about 1.5 acre land. In rural areas of Bangladesh, poor farmers have to take hand-loan (cash money) from *Mahajans* at a high rate of interest. As Unnati Bakchi could be avail to get the loan from BRAC, so her family did not have urgent to take loan from Mahajan. That's why Unnati Bakchi got relief from being harassment of Mahajan and her family became tensionless as the expenditure for cultivation was ready. If they cannot cultivate land, their food security and income will be decreased which will ultimately increase their poverty. As their capital for cultivation is secured by microcredit, so they will be able to work without facing any big crisis. This is how microcredit program help the villagers in order to alleviate poverty.

Case Study: 04 Rubi Begum (29) is also a microcredit borrower of BRAC. She comes from Uttarpara of Nanihkir union. Moham Shaikh, her husband, is a contractor. She has two male children of whom one is studying five and another is four. Rubi Begum took loan from BRAC for five times. She has a good record of refunding loan. She also helps her husband for his business. She, herself, does not spend the borrowed money, but she believes that her husband spends the borrowed money for the betterment of their business and family.

Case Study: 05 Kamla Bairagi (50) has 6 children. Her daughter is a teacher of government primary school. Her husband, Fanindra Bairagi (74) is an agricultural-worker. Kamla Bairagi came to BRAC for taking loan that is needed for her husband to complete cultivation works.

7.0 Finding of the Study and Analysis

7.1 Reasons for Taking Microcredit

The respondents of the study approved that they have to take microcredit for multiple reasons. Amongst these, helping husband's business (43.33%) stood first in the list. Cultivation (16.67%), poverty (10%), starting new small business (3.33%) are also important reasons.

7.2 Occupation of Micro Credit Borrowers' Husband

The socio-economic status of the microcredit borrower is that of the microcredit borrower's husband. For this reason, occupation of the microcredit borrowers' husband was needed to be identified in order to determine their socio-economic status. The table No. 2 shows that 23.33% of the respondents' husband work as carpenters. Total 31.11% of the respondents told that their husbands' income sources depend on agriculture, farmers, agri-related works and day labourer.

Table 1: Frequency Distribution of Microcredit Borrowers by Responses on Reasons for Taking Microcredit

Perticulers	Number of Respondents	Percentage (%)
Poverty	9	10
Starting new business	3	3.33
Helping husband's business	39	43.33
Building new housing	4	4.45
Repairing house	4	4.45
Buying cow/goat/poultry	5	5.56
Buying agricultural land	2	2.22
Cultivation	15	16.67
Recovering previous loan	3	3.33
Medical treatment	2	2.22
Children's education	2	2.22
Children's marriage and dowry	2	2.22
Total:	90	

Source: Survey on BRAC's Borrowers of Jalirpar Village-2016

Table 2: Frequency Distribution of Microcredit Borrowers by Responses on Occupation of Microcredit Borrowers' Husband

Perticulers	Number of Respondents	Percentage (%)
Small shopkeeper	6	6.67
Farmer	14	15.56
Carpenter	21	23.33
Cottage industry	3	33.33
Agricultural Works	9	10
Labourers	3	3.33
Day labourer	2	2.22
Fisherish	3	3.33
Private Service	4	4.44
Single Dairy	4	4.44
Tea Stall	6	6.67
Business	5	5.55
Occasional Emplyment	2	2.22
Vendering	8	8.89
Total:	90	

Source: Survey on BRAC's Borrowers of Jalirpar Village-2016

7.3 Microcredit Borrowers' Occupation

The most microcredit borrowers are basically housewife. 15.57% respondents are the helpers to their husbands' business where the number of housewife and workers of cottage industry is 14.44. Beside, the respondents are engaged in different kind of small entrepreneurship and firming. The village poor women also choose to be shopkeepers (3.33%), helper of carpenter(6.67%), dairy (3.33%) or poultry (4.44%) or tea stall (1.11), or vegetable firm owner (5.55%) for fighting against poverty in order to bring a change to their families.

Table 3: Frequency Distribution of Microcredit Borrowers by Responses on their own occupation

Particulars	Number of Respondents	Percentage (%)
House Wife	13	14.44
Helper to Husband's Business	14	15.57
Shopkeeper	3	3.33
Worker of Cottage Industry	13	14.44
Owner of dairy/goat firm	4	4.44
Tea Stall	1	1.11
Part time Worker	12	13.33
Small Food-Shop	2	2.22
Helper of Carpenter	6	6.67
Farmer	9	10
Poultry Firm	3	3.33
Vegetable Firm	5	5.55
Private Service	1	1.11
Domestic worker	3	3.33
Others	1	1.11
Total:	90	

Source: Survey on BRAC's Borrowers of Jalirpar Village-2016

7.4 How Borrowed Money Spend

One of the basic objectives of the study is to know how the borrowed money is spent by the microcredit borrower. The study found that the respondents have to spend the borrowed money for multiple purposes. 32.5% respondents of the study admitted that they handed over the borrowed money to their husbands for helping their husbands' business while 17.5% for cultivation purpose. 7% respondents of the study used the some of the borrowed money for refunding the previous loan. 2.5% of the respondents used the loan for starting new small business.

7.5 Spending Borrowed Money for Single or Multiple Purposes

41.11% respondents of the study admitted that they used the borrowed money for more than one reason while 28.87 for thrice reasons. The study suggested that the microcredit borrowers spend the borrowed money for multiple purposes.

Table 4: Frequency Distribution of Microcredit Borrowers by Responses on How Borrowed Money was Spent

Particulars	Number of Respondents	Percentage (%)
Helping Husband's Business	65	32.5
Purchasing Land	4	2
Building New House	7	3.5
Repairing Old House	9	4.5
Starting New Business	5	2.5
Purchasing Goat/Cow/Poultry	7	3.5
Cultivation	35	17.5
Buying Food	9	4.5
Children Education	11	5.5
Children's Marriage/Dowry	8	4
Medical Treatment	5	2.5
Vegetable Firm	21	10.5
Refunding Previous Loan	14	7
Total	200	

Source: Survey on BRAC's Borrowers of Jalirpar Village-2016

7.6 Increasing Income

The respondents of the study admitted that microcredit helps them in respect of increasing their income. 44.11% of the respondents expressed their opinion that their income is increasing while 25.56% expressed the same opinion strongly. 12.22% of the respondents did not agree that their income is increasing due to microcredit while 21.11% respondents remained silent. It stands that 69.67% respondents agreed that with the help of microcredit their income is increased while 12.22% did not think so.

7.7 Poverty Reduction

The respondents of the study admitted that microcredit helps them in alleviating poverty. 23.33% respondents agreed that poverty is being alleviated while 15.56% agreed strongly. 20% of the respondent strongly disagreed that their poverty is being alleviated while 31.11% respondent made on comment regarding this. It

Table 5: Frequency Distribution of Microcredit Borrowers by Responses on Spending Borrowed Money for Single or Multiple Purposes

Particulars	Number of Respondents	Percentage (%)
Single Reason	15	16.67
Twice Reasons	37	41.11
Thrice Reasons	26	28.87
Multiple Reasons	12	13.33
	90	

Source: Survey on BRAC's Borrowers of Jalirpar Village-2016

Table 6: Frequency Distribution of Microcredit Borrowers by Responses on Increasing Income

Particulars	Number of Respondents	Percentage (%)
Strongly Agree	23	25.56
Agree	37	44.11
Not Agree	8	8.89
Strongly Disagree	3	3.33
No comments	19	21.11
Total:	90	

Source: Survey on BRAC's Borrowers of Jalirpar Village-2016

stands that 38.89% respondents think poverty is being alleviated with the help of microcredit while 30% respondents did not think so. The number of respondents who believe that microcredit can alleviate poverty is bigger than the number of respondents who do not believe so by 8.89%.

7.8 Training and Monitoring for Proper Utilization of Microcredit

The respondents were asked whether they need training and monitoring for utilization of microcredit. The almost all respondents (93.33%) strongly urged that training and monitoring are needed for properly utilization of microcredit.

7.9 Key Observation

In the table No. 7.9, some observations have been made on the basis of field-survey, discussion with the stakeholders of microcredit and BRAC officials and the findings of the study.

Table 7: Frequency Distribution of Microcredit Borrowers by Responses on Poverty Reduction

Particulars	Number of Respondents	Percentage (%)
Strongly Agree	14	15.56
Agree	21	23.33
Not Agree	9	10
Strongly Disagree	18	20
No comments	28	31.11
Total:	90	

Source: Survey on BRAC's Borrowers of Jalirpar Village-2016

Table 8: Frequency Distribution of Microcredit Borrowers by Responses on Necessity of Training and Monitoring for Proper Utilization of Microcredit

Particulars	Number of Respondents	Percentage (%)
Strongly Agree	57	63.33
Agree	27	30
Not Agree	0	0
Strongly Disagree	2	2.22
No comments	4	4.44
Total:	90	

Source: Survey on BRAC's Borrowers of Jalirpar Village-2016

8.0. Limitation and Direction for Future Research

Rural poverty reduction is not a small job. It's a nation-wide program. Micro Credit program has been contributing positively in reducing rural poverty. A lot of researchers have already done study on this issue. Even that, due to its importance in regard of socio-economic issues of the country, much more research needs to be done. So, extensive research and follow-up research need to be conducted for gaining the real picture of rural poverty reduction by utilizing Micro Credit. This research program has been financed by the researcher himself, as such needless to say that financial limitation was the main barrier of this study. Time was also a factor that did not allow this researcher to go to the field again and again. The future researcher may formulate more extensive research program so that what this researcher could not do might be done which may be able to fulfill the objectives completely.

Table 9: Key Observation of the Study

Issues	Number of Respondents
Why the Villagers take microcredit?	Because 1. They need money and they get it easily. 2. Microcredit helps them at the time of crisis.
Why housewife usually takes microcredit?	Housewife is just being used as a tool of taking microcredit in favour of husband. Because male is not allowed to microcredit.
Reasons for taking microcredit and How it is used	1. Multipurpose reasons for taking microcredit 2. No match between objectives of taking microcredit and its utilization.
Target of BRAC branch office	1. Increasing of VO members/borrowers 2. Refund of loan
Training and monitoring, BRAC offers	1. How the borrowers refund the loan 2. Ensure of refund of loan.
Does microcredit alleviate poverty	1. Yes:38.89% 2. No:30% 3. No comment:31.11%

Source: Survey on BRAC's Borrowers of Jalirpar Village-2016

9. Conclusion and Recommendations

9.1 Conclusion

It is found in the study that the village poor women, directed by their husband, usually take microcredit for multiple reasons and they hand over the cash to their husband. The findings of the study suggest that the microcredit borrowers are benefited with microcredit programs and it helps them in alleviating poverty. If training and monitoring system can be established and maintained properly, then the poverty will be alleviated more effectively. Thus, on the basis of the findings and observation of the study, a. Integrated Approach Plan (IAP), b. Objective Based Monitoring (OBM) and c. Training For Achieving Goals (TAG) Program have been recommended for gaining the real objectives of Microcredit i.e. alleviation of poverty.

9.2 Recommendations

9.2.1 Integrated Approach Plan (IAP)

Integrated Approach Plan (IAP) has been formulated based on the observation of the findings of this study. In this study, it was found that one can easily get microcredit and without giving any account the borrowed money can be spent. As

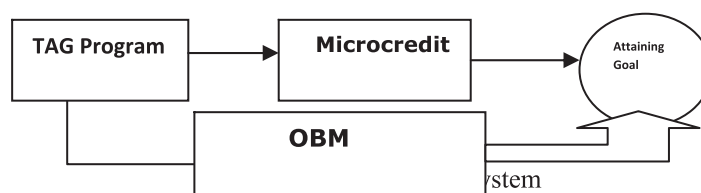
a result the borrowed money are not being utilized purposefully. Besides, training that are supposed to give the VO member by the BRAC Branch Office (BBO) is not effective and result oriented. The Branch Office needs to ensure that the VO member spends the borrowed money for the purpose as stated in the application form. The borrowers take loan with a declaration of purpose of taking loan, but in practical they do not utilize the borrowed money according to their declaration. Purpose of taking loan and utilization of that loan needs to be adjusted. In this regard, the BRAC Branch Office (BBO) can take necessary steps so that the borrower money must be utilized according to the declaration stated in the application form that signed by the member at the time of taking loan. Some steps can be considered: (i) Instead of giving the loan in cash, the Branch Office can supply the material or the desired goods of the VO member. (ii) The VO member must spend the borrowed money with the written consent of the BBO and the representative of the BBO will present at the time of spending borrowed money. The representative of the BBO will ensure in written that the VO member spends the borrowed money as stated in the application form. Before allowing microcredit, the VO member must participate in the TAG program. The training module must be realistic, practical, and result oriented.

9.2.2 Training For Achieving Goals (TAG) Program

Currently BRAC Branch Office arranges an orientation on 'Financial Training' for the new entrants of microcredit and regular training for the borrowers. 'Financial Training' deals how a VO member takes and refunds the loan. BBO also conducts training for the borrowers 4 days in a week. Even it gives allowances Tk.70 to each participant. But training is not effective enough to utilize the microcredit objectively. There is no training arrangement for those who want to take loan and start a new small business for generating income. BRAC can take new initiatives of launching TAG program. Under this program, those who want to start new business will give at least 6 month practical training. Suppose, one VO member wants to start a dairy firm will be attached to a dairy firm for gaining practical training. All expenditure will be bore under the TAG program. After completion of the training the loan will be disbursed. The BRAC branch office must ensure that the borrowed money will be spent for establishment of dairy firm. How 'Training for Achieving Goals (TAG) Program' and 'Objective Based Monitoring (OBM)' will work for attaining the goal is seen below:

9.2.3 Objective Based Monitoring (OBM)

It is perceived that the monitoring system of BRAC branch office depends on the refund of the borrowed money. If installation of loan is collected regularly, the BBO will keep silent. If installation of loan is not collected regularly, the BBO will be seriously active to recollect the installation. Such kind of monitoring system will not help the VO member in gaining their objectives. The BBO must be aware of how the VO member refunds the loan. If the refund money is the income from the investment, then the real purpose of the BRAC would be served.



How a VO member utilizes the microcredit and tries to make a change with the microcredit must be monitored by the BRAC branch office.

BRAC should establish 'Objective Based Monitoring (OBM)' which will significantly help in gaining the targets of the borrowers. OBM refers such kind of monitoring system that will be engaged to perform all activities for achieving the objective. As far an example: A VO member wants to take microcredit for starting a glossary shop. Monitoring activities will start from the beginning of starting the shop and will continue for achieving the objective. In truly, BRAC's target is focused on only the collection of installment from the borrowers. But if BRAC is committed to its vision and mission, then the borrowers' target should be the BRAC's target that is how poverty is alleviated. Thus, TAG and OBM should be established. If OBM and TAG can be established and maintained properly, poverty will be alleviated more effectively. The investment in establishing and conducting of TAG and OBM will surely be a successful project in context of poverty alleviation program of BRAC.

References

- Abed, F. H. 2015. "Lecture at a conference of Rotary Club of Dhaka Buriganga", Dhaka, 29th July, 2015.
- Abed, F. H. 2000. "Microcredit, Poverty and Development : The Case of Bangladesh". In *Behind the Headlines*. Vol. 57, No. 2/3, pp. 12-19.
- Abed, F. H. 1999. "The BRAC Story : Development and Change in Bangladesh". as Paper presented as David Bell Lecture Series at the Harvard Centre for Population and Development Studies, USA, December 1999.
- Begum, Rowshan Ara. 2003. "Income Sources of Village Women", M. Phil Thesis (unpublished), University of Dhaka, Dhaka.
- Bhonsle, Rahul K. 2007. "South Asian Security Trends", Atlantic publishers & Distributors (P) Ltd. New Delhi. pp 35-36.
- Bhuiya, Md. Alangir Hossain. 2009. "Utilization of the Government Primary Healthcare Service: A Microcredit Level Study on Married Women and Children", *Bangladesh Journal of Political Economy*, Vol: 25 No: 1 & 2, pp 424-440.
- BRAC. 2000. "BRAC's Poverty Eradication Strategy 2001-2005: Focusing on the Poorest". A policy paper designed as new strategies for development of the ultra poor. Dhaka : BRAC.
- Chowdhury, Omar H., & Khandher, Shahidur R.1995. "Do Targeted Credit Programs Improve the Nutritional Status of the Poor?", in "Credit Programs for the Poor: Household and Intra-household Impacts and Program Sustainability" edits. Latif, Muhammad Abdul, Khandher, Shahidur R., Khalily,& Khan, Zahed H., Volume:ii, pp.207-237.
- Chowdhury, Omar Haider. 1995. "Nutritional Dimensions of Poverty", in "Rethinking Rural Poverty—Bangladesh as a Case Study", eds. Hossain Zillur Rahman and Mahabub Hossain, University Press Limited, Dhaka, pp. 74-98.
- Chowdhury, A.M.R., and Bhuiya, A. 1999. "Do Poverty Alleviation Programmes Reduce Inequalities in Health? The Bangladesh Experience", In : Leon and Walt (Eds.). "Poverty inequality and health". Oxford : Oxford University Press.
- Chowdhury, Afsan. 2000. "Macro Story of Micro-credit". In *Himal*. March 2000.
- F. Steele et al. 1998. "The Impact of an Integrated Micro-credit Program on Women's Empowerment and Fertility Behaviour in Rural Bangladesh", Policy Research Division Working Paper No. 115, The Population Council, New York, p. 79.

- Habibullah, Mohammad. 2000. "Monitoring and Control System of Grameen Bank and its Effect on the Recovery Rate", M. Phil Thesis (unpublished), IBA, University of Dhaka, Dhaka.
- Hossain, Mahabub. 1995. "Structure and Distribution of Household Income and Income Dimensions of Poverty", in "Rethinking Rural Poverty—Bangladesh as a Case Study", eds. Hossain Zillur Rahman and Mahabub Hossain, University Press Limited, Dhaka, pp.57-73.
- Hamid, Shamim. 1995. "Gender Diminutions of Poverty", in "Rethinking Rural Poverty—Bangladesh as a Case Study", eds. Hossain Zillur Rahman and Mahabub Hossain, University Press Limited, Dhaka, pp. 132-154.
- Hashemi, S. M. 1997. "Those Left Behind: A Note on Targeting the Hard-core Poor." In Wood G. D. and Sharif I. A., (eds.) *Who Needs Credit? Poverty and Finance in Bangladesh*. Dhaka. The University Press Ltd.
- Hossain, Mahabub. 1995. "Socioeconomic Characteristics of the Poor", in "Rethinking Rural Poverty—Bangladesh as a Case Study", eds. Hossain Zillur Rahman and Mahabub Hossain, University Press Limited, Dhaka, pp.157-169.
- Hossain, Md. Elias & Rahaman, M. Mosatdequr. 2009. "Impact of Microcredit on Economic Indicators of the Borrowers: An Empirical Analysis", *Bangladesh Journal of Political Economy*, Vol: 25 No: 1 & 2, pp 380-398.
- Hossain, Mahabub. 1995. "Socioeconomic Characteristics of the Poor", in "Rethinking Rural Poverty—Bangladesh as a Case Study", eds. Rahman, Hossain Zillur and Hossain, Mahabub, University Press Limited, Dhaka, pp.157-69.
- Husain, A.M.M. (Eds.). 1998. "Poverty Alleviation and Empowerment: The Second Impact Assessment Study of BRAC's Rural Development Programme". Dhaka : BRAC.
- Islam, Ahidul. 2005. "The Impact of Micro Credit on Women Empowerment: A Study in the Two Villages", M. Phil Thesis (unpublished), Institute of Research and Social welfare, University of Dhaka.
- Khandker, Shahidur R. 1998. "Fighting Poverty with Micro-credit: Experience in Bangladesh". New York : Oxford University Press.
- Khandker R. Shahidur. 2000. "Savings, Informal Borrowing, and Microfinance", *The Bangladesh Development Studies*, Special Issue on "Micro Finance and Development: Energizing Issues", eds. Rushidan Islam Rahman & Shahidur R. Khandker, Volume xxvi, June-Sept.2000, Nos.2 & 3, pp.49-78.
- Khandher, Shahidur R., Khalily, M. A. Baqui. 2000. "The BRAC's Credit Programs: Performance and Sustainability, in "Credit Programs for the Poor: Household and Program Sustainability" eds. Khandher, Shahidur R., Khalily, M. A. Baqui & Khan, Zahed H., Volume: i, pp.135-246

- Martin, Imran. 2000. "Rapid Credit Deepening and A Few Concerns: A Study of a Branch of Grameen Bank", *The Bangladesh Development Studies, Special Issue on "Micro Finance and Development: Energizing Issues"*, edits. Rushidan Islam Rahman & Shahidur R. Khandker, Volume xxvi, June-Sept.2000, Nos.2 & 3, pp. 147-172.
- Mia, Md. Abdul Hannan. 2000. "Non-government Organization's Support Services for the Promotion and Development of Micro Enterprises: An Analysis of their Effectiveness in Bangladesh." Ph.D. thesis, Department of Management, DU, Dhaka.
- Rahman, Hossain Zillur. 1995. "Crisis and Insecurity: The 'Other' face of Poverty", in "Rethinking Rural Poverty—Bangladesh as a Case Study", eds. Hossain Zillur Rahman and Mahabub Hossain, University Press Limited, Dhaka, pp. 113-131.
- Rahman Rushidan I. & Khandher, Shahidur R.2000."Role of Targeted Credit Programs in Promoting Employment and Productivity of the Poor in Bangladesh", "Credit Programs for the Poor: Household and Intra-household Impacts and Program Sustainability" edits. Latif, Muhammad Abdul, Khandher, Shahidur R., Khalily,& Khan, Zahed H., Volume: ii, pp.12-27.
- Rayhan, Selim. 2015. "The Contribution of Micro Finance to GDP", Institute of Micro Finance, A Report published on The Prothom Alo on 15 September 2015, Dhaka.
- Sen, Amartya (1984), "Poverty and Famines: An Assay on Entitlement and Deprivation", Oxford University Press, New Delhi.
- Sen, Amartya (2009). "The Idea of Justice", chapter: Lives, Freedoms and Capabilities, Allen Lane, an imprint of Penguin Books, India, p. 249.
- S, Amin and A. Pebley. 1994. "Gender Inequality within Households: The Impact of a Women's Development Programme in 36 Bangladeshi Villages", *Bangladesh Development Studies, Vol.22, No. 2&3:121-154*.
- Sen, Binayak. 1995. "Selected Living Standard Indicators", in "Rethinking Rural Poverty—Bangladesh as a Case Study", eds. Hossain Zillur Rahman and Mahabub Hossain, University Press Limited, Dhaka, pp. 99-112.
- Sen, Binayak. 1995. "Rural Poverty Trends, 1963-64 to 1989-90", in "Rethinking Rural Poverty—Bangladesh as a Case Study", eds. Rahman, Hossain Zillur and Hossain, Mahabub, University Press Limited, Dhaka, pp.39-54.
- Pitt, M. Mark,. 2000. "The Effect of Non-Agricultural Self-employment Credit on Contractual Relations and Employment in Agriculture: The Case of Microcredit Programmes in Bangladesh", *The Bangladesh Development Studies, Special Issue on "Micro Finance and Development: Energizing Issues"*, edits. Rushidan Islam Rahman & Shahidur R. Khandker, Volume xxvi, June-Sept.2000, Nos.2 & 3, pp.15-48.

Wadud, Md. Abdul. 2012. "Impact of Micro Credit on Farm Income in Bangladesh: a Propensity Score Matching Approach", paper presented at the 18th Biennial Conference "Global Economy and Vision 2012" of the Bangladesh Economic Association (BEA), 13-15 September 2012 at IEB, Dhaka.

Yunus, Muhammad.1996."Towards Creating a Poverty Free World", The Great Advocacy, New York, Issue No. 25, April 1996,pp.70-72.

Zaman, Hassan.1998. "Assessing the Impact of Micro-credit on Poverty and Vulnerability in Bangladesh". Policy Research Working Paper. Development Economics, the World Bank, Washington D.C., USA.

Survey Report of Bangladesh Bureau of Statistics (BBS) on Household-2011.

BRAC Annual Report-2016.

BRAC Website: www.brac.bd.com