

Micro Credit Program of NGOs: Its Impact on Women

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Abstract

There are some autonomous and non formal groups, communities, societies, agencies or organizations engaged in reducing the sufferings of the masses and they are known as Non Government Organizations (NGOs). Thus we see, NGOs are not only non – governmental but voluntary also. Some of them are successful in organizing the rural poor and eradicating poverty. With credit support, NGOs have motivated their poor beneficiaries to undertake such activities as fish cultivation, livestock, poultry, sericulture, nursery preparation and development, apiculture, weaving, irrigation, etc. The study finds that through credit system of Bangladesh Rural Advancement Committee (BRAC) and Association of Community Development (ACD) the women have access to money. The money helps them raise their position in the family. As a result their practical needs are largely fulfilled and their strategic needs are recognized by family and the community. The credit programs have a visible impact on women's empowerment. The women's bargaining position in the home increases as they enhance their economic contribution to the family. The strength of earning together with the strength of belonging to group helps women establish new roles for themselves.

Introduction

About 20,000 NGOs are working in various development fields in Bangladesh. They have extended their activities that cover about 15.2 percent of the total target group households in the country (Begum: 2003). NGOs are implementing their activities according to their planned activities and the needs and demands of their target people. It is almost a Herculean task to describe fully the whole scenario of development activities undertaken by NGOs. But according to a database profile

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prepared by ADAB in 1990 about 613 member organizations have been implementing their activities in 397 Thanas of 63 Districts. They have been playing increasingly significant role in the development of the national economy. According to ADAB one lac and ten thousand paid staff and one lac volunteers have been working in various development programs of NGOs. In addition, a considerable number of poor and landless people are being benefited under other programs like social forestry, poultry and livestock, village based small cottage industry, food for works etc. It should also be specially mentioned that during disaster like drought, floods, and epidemics, the NGOs demonstrate considerable promptness and efficiency in reaching the distressed people and in contributing to relief and rehabilitation programs (Shailo, 1994: 14). Perhaps one of the most significant contributions of NGOs lies in enhancing the income of the poor beneficiaries through providing credit support and facilitating their involvement in collective economic activities in various sectors that are within their means and management capabilities. The poor are generally considered band credit risks owing to their inability to show necessary collateral and, therefore are denied access to existing institutional credit. In the absence of such support, the poor are forced to borrow from money-lenders or mahajans who generally impose exorbitant interest rates on the poor, ultimately enmeshing them in the exploitation-trap. Through provision of credit, NGOs have freed the poor beneficiaries from the clutches of money-lenders, and have enabled them to generate income on their own through collective economic activities planned, implemented and managed by the poor themselves. However, prior to credit support, the beneficiaries have to mobilize on their own and show the capabilities of establishing and operationalising financial norms and disciplines (Haque: 2002).

Objective and Methodology

On the basis of primary and secondary data this paper attempts to examine the impact of BRAC and ACD's micro credit programs on poor women. More specifically it highlights how far these two NGOs have succeeded in realizing their objective regarding improvement of women through their micro credit programs.

Both survey and case study methods were used in this study. BRAC, a national NGO and ACD, a local NGO have been selected for case study.

Random sampling was used to select the respondents from the NGOs. During the fieldwork, the researchers interviewed 40 women beneficiaries through a questionnaire containing 42 unstructured questions. They are from different age groups and their social, educational, religious and occupational backgrounds are not the same.

Two working area of selected NGOs have been chosen for the study. One is *Tanore Uporpara of Talundo Union of Tanore Upazila*, which is

one of the operating areas of ACD and another one is *Panchoboti Area of Motihar Branch office of BRAC* in Rajshahi district.

The study was conducted on the basis of primary as well as secondary data. Primary data was collected from NGO officials and the beneficiary women group. Important Primary data was collected through content analysis of relevant documents, published and unpublished papers, reports of the NGOs and document files. Primary data have also been collected through a structured interview guide having closed and open ended questions. In order to collect desired information, informal and unstructured discussion sessions were held with knowledgeable people other than the group mentioned earlier. In addition, direct observation was also employed as another major source of collecting primary data. Secondary sources basically included different books, research reports, journals, thesis, relevant publications, reports of the NGOs, newsletters and daily newspapers.

Discussion

Credit and installment situation:

The NGOs provide credit so that the vulnerable women member may become involve in different types of income generating activities (IGAs) and bring about meaningful changes in their lives. All the BRAC and ACD members have access to the credit. Table 1 shows the credit situation of the respondents.

Table 1: Credit situation

Credit Situation	Options	Respondents	Percentage
Receive loan from the NGOs	Yes	39	97.5%
	No	1	2.5%
Amount of loan	Sufficient	30	75%
	Not Sufficient	10	25%

Source: Field Survey

97.5% of the respondents received loans from the NGOs. Many of them received the loans several times, 2.5% of the members did not receive any loans from the NGOs because they did not have sufficient income to repay it. According to them, many members fear to receive the loan. The reasons for not taking loans from the NGOs are:

- Can not repay the loan.
- Do not possible to give extra labor to use the loan money.
- Do not have ability to utilize the money profitably.

75% of the respondents said, the loan amount is sufficient for them. They can take loans from the NGOs when necessary. But 25% said, the

loan amount is not sufficient. They mentioned that the NGOs offer credit to landless and destitute poor women. Maximum limit of such credits is Tk. 10,000 for the first time which is too little to start and to expand any business. They have to repay this money by installments of 15 day. Respondents mentioned, ‘inadequate credit supply’ and ‘credit installment’ created great problems for them to start a new and well independent business. The following table exhibits the amount of credit received by the members of the two NGOs.

Table 2: Amount of loans received by member

	Amount of loan	No. of Borrowers	Percentage
ACD (n=20)	1000-5000	10	50%
	6000-10000	06	30%
	11000-15000	0	0%
	16000-20000	01	5%
	20000 up	03	15%
BRAC (n=20)	1000-5000	14	70%
	6000-10000	03	15%
	11000-15000	02	10%
	16000-20000	0	0%
	20000+	01	5%

Source: Field Survey

Users of credit:

Women are still depended on the male counterparts or seek their assistance in using the loan money. This study revealed that only 10% of the women use the loans themselves. More than 55% mentioned that their husbands use their loans. The rest of the loan users are – both borrowers and their husbands 25%, borrowers father-in-law 7.5% and 2.5% loans are used by other family members of the borrowers. By the following table we can see the real picture of the loan users.

Table 3: Users of loans

User of Loans	No. of Borrowers (n = 40)	Percentage
Self	04	10%
Husband	22	55%
Self and husband	10	25%
Father-in-law	03	7.5%
Other	01	2.5%

Source: Field Survey

In response to the question, why they hand over the money to their husbands, fathers or other family members, they replied:

- We don't have the ability to utilize the money profitably.

- The NGO field staffs do not provide suggestions for proper investment of the money.
- The men have better options to invest money and earn comparatively more than we can earn.
- We have fear in our mind to invest the money ourselves. If we don't make profit, then where from we pay the installment and saving deposits on time. That is why we have no option but to depend on the male members of our family to utilize the money.

45% of the respondents said that they face problems to give their credit installment.

Table 4: Number of credit holders who face problems in giving installments

Facing problem to give the credit installment	BRAC	Yes	10	50%
		No	10	50%
	ACD	Yes	08	20%
		No	12	80%

Source: Field Survey

After taking the credit from NGO, they can not understand how to use the money properly. In such a situation, the poor find them confound. Before ending the confusion, client has to start repayment of the installment and that was very tough for the poor. There is no flexibility in repayment weekly installment of BRAC. The respondents of BRAC said, the BRAC's staffs never try to understand their condition, he always came to collect the installments, even in the off season, it is very difficult for them to repay the loan. The NGO staffs do not understand the seasonality. The poor women said, "We are not going away with their money. We will repay it when we have money in our hand". The poor respondents mentioned when the loan amount is beyond the capacity of them to make proper utilization, they cannot generate the expected income. Consequently, as because they could not make productive use of the money and they have to pay the installment in time, this situation made them more vulnerable.

The respondents also said that many times the loans given to them are captured by men. They take it and use it but the women have to pay the installments. Many times their husbands denied giving the money of installment and the women fall in a great trouble. On the other hand, 55% of the respondents mentioned that they do not face any problem to give the installment. After receiving loans from NGOs, they had adequate capital to run their business and to make more profits and by this profit they can easily give their installment.

Purposes of using the credit:

After receiving credit from NGOs, respondents or their family members use the money for different purposes. The researchers listed these purposes where the credit money is used:

- Family consumption
- Loan repayment
- Small trading
- Crop production
- Dowry and wedding of daughter
- Poultry and livestock
- Purchasing rickshaws for husband
- Buying sheet for the house
- Assets accumulation

Various outcomes of the credit:

Women are involved in various income generating activities (IGA) after joining NGOs. The researchers observed that 68% of all the members are presently involved in IGAs, but the increment rate was not consistent over time. A few of them were also involved in IGAs before joining NGOs. Through their involvement in BRAC or ACD, some women become involved in IGAs for the first time, while others have been able to expand their traditional activities which included poultry and livestock rearing, “*kantha*” (quilt) stitching, vegetable cultivating, fishing net making and paddy husking etc. Many members have also become involved in various non-traditional activities such as shop keeping, small trading, crop production and cocoon rearing. Some members are found to be engaged in these non-trading activities along side their existing traditional ones. According to survey 13% of the members are also involved in multiple IGAs that is, economic activities in which they are simultaneously engaged at the time of survey. Women who are engaged in various IGAs are very much confident about themselves. They said that they have to work harder than before but they are happy. At least they can earn some money and now they have meal for three times a day. Respondents reported that many women were already involved in poultry rearing and in vegetable cultivation before joining NGOs, but a few of them could meet their family needs with that. But later when they engaged in these activities commercially, as they received training and credit support from NGOs, the mortality rate of poultry birds had

reduced. So they can earn more profit than before. Similarly, the respondents who previously reared goats and cows on a share-rearing basis, as they could not afford to purchase them on their own, are able to rear their own livestock and able to make profit.

Economical changes after receiving credit:

The respondents mentioned some economic changes that occurred in their lives after joining NGOs economic program. These are:

Figure 5: Economical changes

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|---|
| <ul style="list-style-type: none"> • Have three meals a day. • Can wear better clothes. • Do not need to seek job as servants in rich people’s house. • Can start independent business. • Can invest in activities of personal choices. • Can bear the expenses of children’s education • Can supplement husband’s income. • Can save money. • Can buy things for the family independently. • Have less dependence on husband. • Can buy land. • Can spend money independently. • Can face less economic hardship. |
|---|

Source: Field Survey

Assets owned by the beneficiaries:

The respondents also mentioned that they own some assets after involving NGOs whether the assets are very little or much. One old respondent said, “If you properly and intelligently use your credit money it will not impossible to achieve some assets. But it is dependent on how you can use your money.” In this regard, 90% of the respondents mentioned that they owned some assets after joining NGOs. But 10% said, they are not benefited from economic program. By the inadequate credit they are not able to start or invest money in any profitable business.

Table 6: Assets owned after joining NGOs

Assets ownership	BRAC (n = 20)		Perce ntage	ACD (n = 20)		Percen tage	Total (%)
	Yes	17	85%	Yes	19	95%	90%
No	03	15%	No	01	5%	10%	

Source: Field Survey

The credit program can not bring them out of the cycle of poverty. They said after taking credit from NGOs, many of them fall in the cycle of installment policy and the helpless poor becoming more vulnerable.

Length of membership and its effect:

By the following table the researchers have shown the length of membership of the respondents in NGOs.

Table 7: Length of membership of the beneficiaries

Length of membership in month	BRAC (n=20)	Percent age	ACD (n=20)	Percentage	Total (%)
1 – 11	01	5%	01	5%	5%
12 – 23	01	5%	02	10%	7.5%
24 – 35	03	15%	06	30%	22.5%
36 – 47	09	45%	03	15%	30%
48+	06	30%	08	40%	35%

Source: Field Survey

It has been mentioned earlier that after joining NGOs women owned some assets, little or much, In this regard, the respondents also said, that assets owning depends on the length of membership in NGOs. Respondents who have received loan several times from NGOs, use the credit money properly, and engaged themselves in any income generating activities are able to make some assets. The Table-8 is an example of the remark.

The researchers observed that the women have become aware of having property in their own names and they are trying their best to establish their rights in ownership of property. Respondents mentioned in this regards that they have got the registration of their own property in their own names. They no longer want to depend on their husbands and sons and are ready to give their daughters the ownership of their property.

Member’s control over assets by length of membership:

The researchers found that, the control over assets, both productive and non productive have increased significantly over time. The survey shows that, 50% of the respondents have control over productive and non productive assets when their length of membership ranges from 1 to 10 months, 66.67% has control when the membership period ranges from 12 to 23 months, 61.12% has control when the membership range is 24 to 35 months, 79.16% has control when range is 30 to 47 months and 89.28% has control when length of membership ranges from 48 months to above.

Table 8: Member's ownership over some assets by length of membership

Name of the NGO	Length of membership in month			Type of assets					
	month	No. of member (n=20)	%	Land	House	Hand-loom, rickshaw, tree, sewing machines etc.	Poultry and livestock	Jewelry	Other
B R A C (20)	1 – 11	01	5	0	0	0	01 (100%)	0	0
	12 – 23	01	5	0	0	0	01 (100%)	0	0
	24 – 35	03	15	0	0	02 (66.67%)	01 (33.33%)	0	0
	36 – 47	09	45	01 (11.11%)	05 (55.56%)	03 (33.33%)	0	0	0
	48+	06	30	04 (66.67%)	01 (16.67%)	0	0	01 (16.66%)	0
A C D (20)	1 – 11	01	5	0	0	0	01 (100%)	0	0
	12 - 23	02	10	0	0	0	01 (50%)	0	01 (50%)
	24 - 35	06	30	0	02 (33.33%)	02 (33.33%)	02 (33.34%)	0	0
	36 - 47	03	15	01 (33.33%)	02 (66.67%)	0	0	0	0
	48+	08	40	06 (75%)	02 (25%)	0	0	0	0

Source: Field Survey

Table 9: Member's control over productive and non productive assets by length of membership

Length of membership	Productive assets		Non productive assets		Control over total assets (%)	No control over total assets (%)
	Control (%)	No Control (%)	Control (%)	No Control (%)		
01 – 11 (5%)	2.5	2.5	2.5	2.5	50%	50%
12 – 23 (7.5%)	5	2.5	5	2.5	66.67%	33.33%
24 – 35 (22.5%)	12.5	10	15	7.5	61.12%	38.88%
36 – 47 (30%)	25	5	22.5	7.5	79.16%	20.84%
48+ (35%)	32.5	2.5	30	5	89.28%	10.72%

Source: Field Survey

The respondents mentioned that,

- Some old (membership length was 48 months) members had purchased land in their own name but usually seek the concurrence of their husbands before selling or transferring it as they lack knowledge about land laws and legislation.
- They are able to control the sell of both poultry and goats but for selling cows they have to depend on their husbands.
- They have little say in matters relating to the buying or selling of house although they have more frequent and active contributions to make the house or repairs.
- Women have less control over their other non-productive assets as well.
- For small trading such as grocery shop, women have to depend on their husbands to buy the goods for their shop.
- Lack of education compels them to depend on the male members of their family for counting the loss or profit of their trade or business.

Awareness about savings:

All women respondents said that, both of the two NGOs give emphasis on savings. They answered that they have learned the following things about savings from NGOs:

- Saving is always important for human life and it is even more significant for the poor.
- They can accumulate both cash and kind savings and made use of these during both anticipated and unanticipated crisis periods.
- By the saving money the women can easily start a business independently and their dependency on husband must be decreased.

Researchers found that, because of saving program women become aware of their savings, self identity and status. An old respondent (membership length was 48 months) said, “Some people who are not members of any NGO always tell me that I have no tension in my life. I am rich because I have savings by which I can do whatever I like.”

Members are found to spend their savings mainly to purchase small assets such as chicken, hand looms, swing machine, goat, husking pedal, cows etc., contribute to household expenditure, meeting children’s education, purchase small personal items, medical need, dowry payment, non productive item such as radio, television, payment of loan installments and cope with crisis. It was also found, that dependency on husbands in depositing savings has decreased with length of membership.

The respondents mentioned that during major crisis like the death or illness of main income earner or during the agricultural lean months, they try to survive their family by using their savings. Through such contributions, women stated that they have acquired the confidence to manage household affairs. A respondent said, “During the crisis period, we can take care of family expenses ourselves. It is a great relief for us that at least we are able to manage our foods and cloths.”

On the other hand a woman member said, “I have no control on my saving. My husband always captures my saving and credit money. I never use it in my own choice.

Findings:

The study has some observations about national and local NGOs. Most of the NGOs both national and local, nowadays have been working towards the common aim of alleviating poverty and empowerment of the poor'. The objective of the program is to save the poor from the moneylenders, who have been charging a high interest on loans given to the poor people in rural Bangladesh. BRAC as a national NGO is one of the ‘big player’ to serve the purpose. On the other hand, ACD, the local NGO works in a very small area compared to BRAC with the same purpose. In Bangladesh, women are more vulnerable than men but men are also vulnerable. But NGOs are always concerned with women. Now the question arises—why NGOs always choose women as their clients? Why not men receive the micro credit? It is observed that the objectives of the NGOs are really great but there is a business mentality behind these objectives. In business everyone likes to invest money where there is no risk. To make their investment risk free, NGOs have been chosen women as clients. In this regard, World Bank study also reveals that “Defying conventional wisdom, who make up about 90 percent of the total borrowers, have proven to be excellent credit risks, with a rate of default that is less than one third that of man” (Saifullah, 2001: 167). So it can not be said that the NGOs work for women without any interest. But from the observation of the study it can be said that BRAC is more business and profit oriented than ACD. Even the interest rate of BRAC is higher than ACD (BRAC 15%, ACD 12%).

If we consider poverty based on the extent of receiving credit, it is also revealed that compared to the local NGO, BRAC’s performance is not so satisfactory. It is found from the study, that the record or result of BRAC is worst than ACD.

An extensive research study shows the vulnerability of the NGO credit Programs. Sometimes it shows some improvement but in common

practice it is not sustainable in the long run (Saifullah, 2001: 174). This study also agrees with this comment. Both of the NGOs do not have any long term planning or programs by which the poor women can permanently get rid from the poverty cycle. They take credit from NGOs and pay them back, again they have to go back to NGOs for new credit. A dependency syndrome has been developed. If the NGOs really want to make the women aware, empowered and make them self-reliant they should take such kind of programs which have a long term effect. But local NGOs have some limitations in their capacity to do the same. Because local NGOs like ACD is fully dependent on donors for fund and from the discussion with the NGO staffs it is revealed that the donors have no interest in long term activities. They impose some conditions while they give fund to the NGOs. So the NGOs have to fix their programs according to donor's priority. But it is not a problem for BRAC. BRAC is the largest NGO in Bangladesh in respect of coverage, human resource, commercial activities etc. So it can survive without the help of donors.

It is true that BRAC's micro-credit system raises its member's income and creates employment opportunities, develop their level of empowerment and make them aware but sometimes the loan recovery system of BRAC become very tough for the poor. If they fail to give the installment in proper time for any reason, BRAC try to recover it by any means. But the study found that ACD is very flexible in this matter. If anybody does not give the installment in time, the ACD's fields staffs try to know her problem, motivate her to give the installment or give her enough time to repay the installment. So BRAC also should have some alternatives like ACD to recover the loan that would not be so harsh. The reasons for which the credit-holders can not give the installments in proper time should be properly investigated. Then the alternatives should be applied on the basis of the investigation result. What BRAC and ACD need is to ensure that changes by them can be expedited and sustained in the long run. One major impediment may be the existing socio - cultural norms, values and practices in rural Bangladesh, which are generally not receptive to these programs, may be initiated at the community level to improve the awareness level among rural people in this regard. These two NGOs need to assess whether, apart from changing women's life, these can also play an effective role in bringing about changes in the mind set of society to ensure that their poverty alleviating and empowering the poor interventions can be sustained in the long run. Both the NGO should be careful about the fact that their images and activities will not be used by the political parties.

It is found in the study that the high installment rate has created many problems for the poor women after receiving credit from the NGOs. Poverty alleviation is the main target of all the NGOs and all the activities of them centre round the 'poorest of the poor'. So for their own interest they want to keep poor alive. But the study found the NGOs applied a few common unfair tactics to collect the loan money or installment.

It has been found that, the installment collecting system of the NGOs is very rigid. Especially in BRAC, many members feel fear to receive credit from NGOs. They realize that if they fail to repay it on time anything might be happened. It has been found in the study that sometimes the beneficiary leaves the village for fear by being harassed by NGOs staff. The proclaimed mission of NGOs is poverty alleviation, there should be some human face in it. It is not fair to say that NGOs are trying to alleviate poverty through creating such tragic situation for a destitute and in this way poverty will be eradicated. But if the poor fled away from the village, then who will be self-reliant and sustainable by NGO intervention (Saifullah, 2001). It is found that if the poor beneficiaries fail to use the credit money profitably, they become more vulnerable. The reason is that whether or not the clients can make productive use of the money, they have to pay the installments in time.

The programs of NGOs specially the credit programs have a visible impact on the women's empowerment. The women's bargaining position in the home increases as they enhance their economic contribution to the family. NGOs programs have paved the way for women's income side by side give an opportunity to belong to a group which increases the sense that 'unity is strength' 'capacity to earn' on the other hand 'group strength' encouraged them to play a new role not only in family but also in society. Through the credit group the women have access to money. The study found that the money borrowed from the NGOs helps them to raise their position toward their husband and other house hold members and their self confidence has increased. As a result their practical needs are largely fulfilled and their strategic needs are recognized by the family and the community, as both their conditions and positions began to change. But it was also found that women have a very little control over the use of loan and they are still depending on the male counterparts in using the loan money. Maximum women hand over the loan savings money to their husbands. In most cases the responsibility for loan repayment is also felt by husbands and defaulting rate is rare. In every case, women still consult with men. Women themselves willingly hand over their income to them, thinking that men are better equipped in handling monetary transactions. Nevertheless, their husbands often

consult with them about how to spend the income received from the income generating activities. Both of the NGOs, BRAC and ACD fail to bring a high degree of changes in the mentality of women by which the women can boldly establish full control and right on their own income, saving or property.

Conclusion:

In this study researchers tried to highlight the impact of the programs adopted by BRAC & ACD and strategies followed by them on vulnerable section of the society, especially women. From the above discussion, it has been found that living standard of women has improved after joining NGOs. They become aware of child rights, women's rights and above all human rights. Women can now understand the reasons behind their present conditions and gain ability to initiate social movement against these cause especially violence against women. Saving mentality has also increased. They are now capable to specify activities for strengthening institutional capacity. In brief, now they are more organized, self confident and powerful. The fact which, has been revealed in this study is that women have been freed from the chain of their traditional role in family.

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