

Research Title:

**" Institutional Credit and Rural Development in
Bangladesh:
An Anthropological Study "**

Thesis submitted by :

Rana Sultana

Ph.D Candidate

Department of Anthropology

The University of Dhaka

July 2008

Submitted to :

The Department of Anthropology

University of Dhaka

Bangladesh

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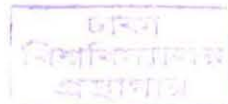
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Declaration

I, do hereby, declare that the doctoral dissertation entitled " Institutional Credit and Rural Development in Bangladesh: An Anthropological Study " is an original research work done by me under the direct supervision of Professor Dr. Anwarullah Chowdhury, Department of Anthropology, The University of Dhaka. Professor Dr. Anwarullah Chowdhury has approved the contents and presentation of findings of my dissertation. I do hereby also declare that this is my own work and that, to the best of my knowledge, it does not contain any unacknowledged material. I also declare that it has not been submitted to any other university for any other diploma or degree. This research work is original and it has been prepared for Ph.D degree by The University of Dhaka.

Submitted By :

Rana Sultana

436802

Rana Sultana

Ph.D Candidate

Registration No : 81 / 2003 -2004

Department of Anthropology

The University of Dhaka

Supervised By :

A. Chowdhury

Professor Dr. Anwarullah Chowdhury

Department of Anthropology

The University of Dhaka



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Abstract :

In this Sub-continent, including Bangladesh, micro credit is recognized as an important weapon for the eradication of poverty. The present research is just an attempt to understand the role of micro credit in the rural development of Bangladesh. The main objective of the present research is to know about the influence of programs of micro credit provided by government and non-government organizations. The present research tries to understand deeply how far these programs were effective in the rural development. The research work was conducted in the two villages of Tangail, namely Chalagao and Dhanpara. For the purpose of this research anthropological method or the participant observation method was applied. To understand the steps for the development and the eradication of poverty it is required to carry out the research work with an anthropological or holistic approach. When an anthropologist is involved in a research to understand the influence of micro credit in Bangladesh, the researcher should not see only the economic aspects of a village, i.e. the economic situation or the changes in it, but he or she should also collect information about rural family system, nature of kinship, social organizations etc.. along with the information related to micro credit. The main objective of this research is to discuss and analyze, on the basis of information collected from the field, how far the micro credit played effective role in the development of agrarian rural society of Bangladesh. To what extent micro credit plays a role in the rural economy is still a debatable question. But it is true that micro credit may be considered as a step toward rural development and poverty reduction only if the loan giving government organizations can remove the mismanagement in the process of giving loan and if the non-government organizations give up their commercial mentality.

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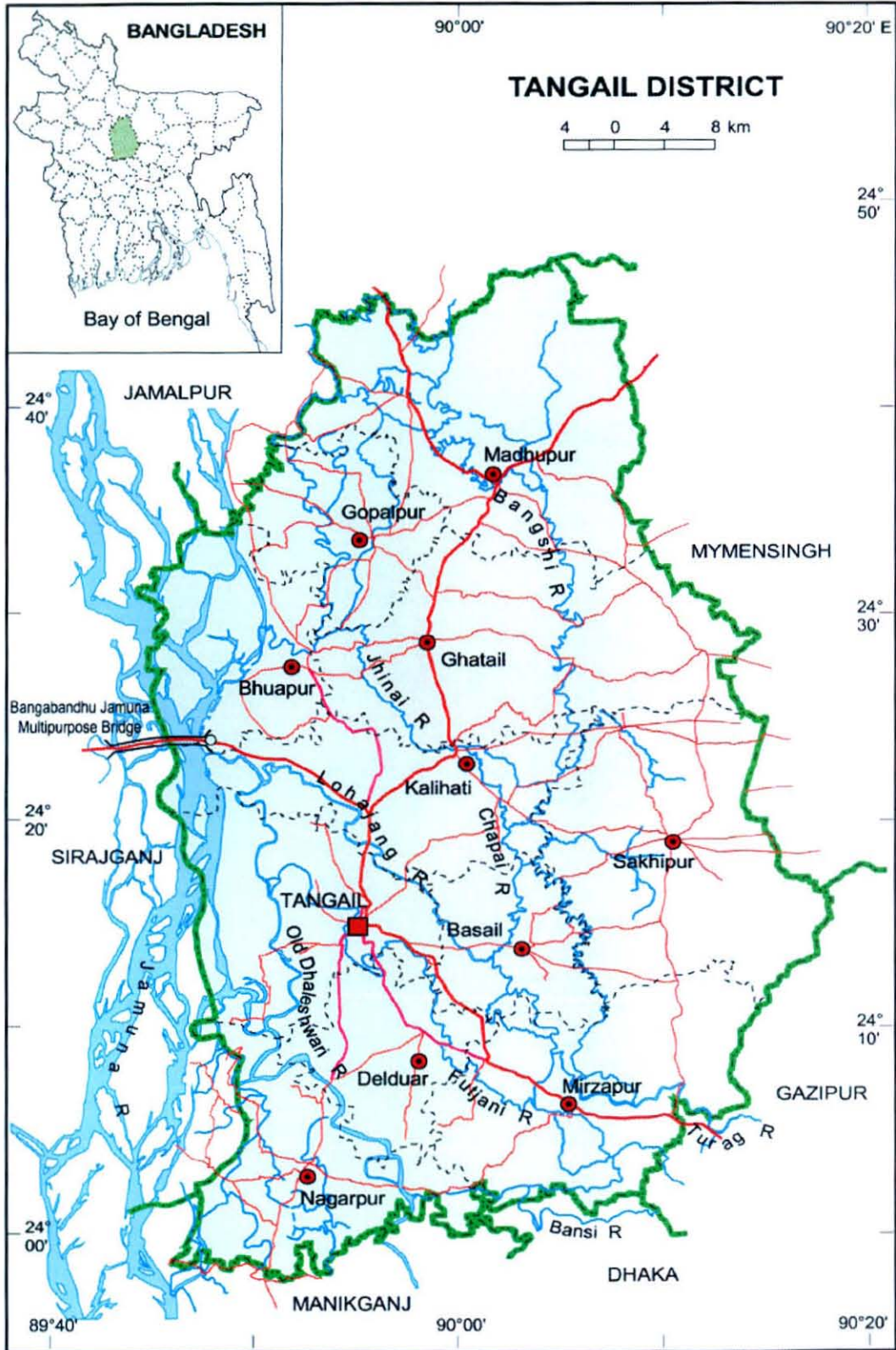


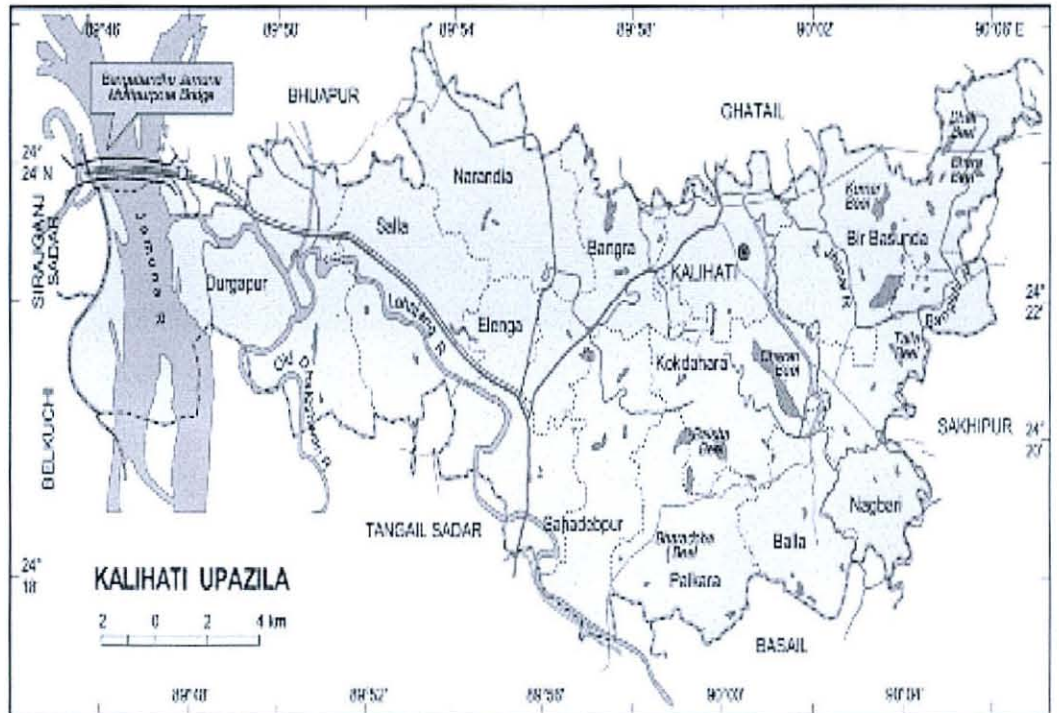
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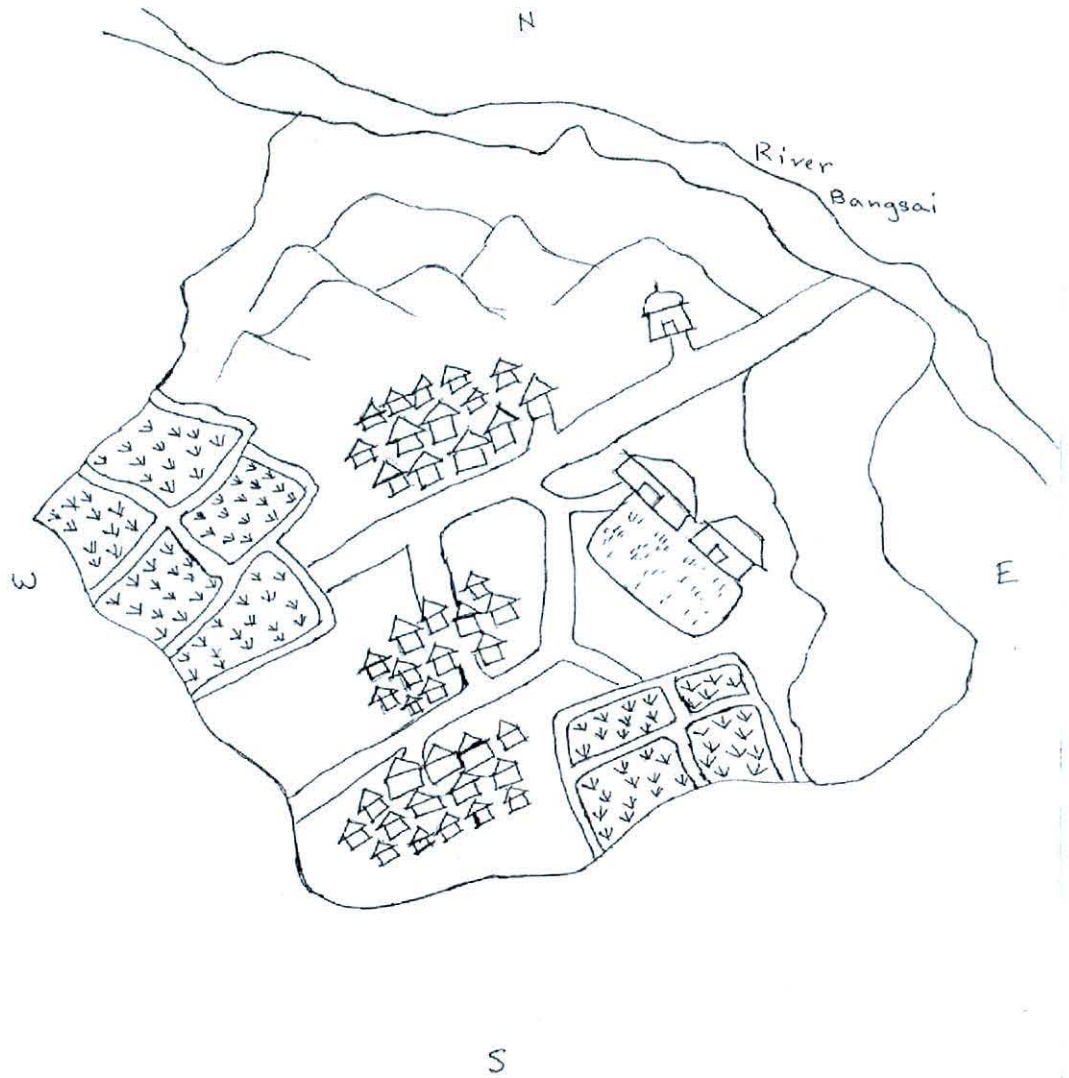








Map of Kalihati Upazila



Map of Village Dhanpara



-  - Land for Cultivation
-  - House
-  - School
-  - Mosque

Map of Village Chalagao

Chapter : I

- **Introduction :**

- (a) Proposition :

- (b) Scope and Importance of the study :

- (c) Objectives :

- (d) Methodology :

- (e) Literature review :

Proposition :

The present research work is just an attempt to understand the institutional approach to rural development of Bangladesh. Bangladesh is predominantly rural, and agricultural in its main economy. Therefore, the socio-economic development of the country depends on the rural development to a great extent. For the last 50 years, different government and non-government institutions had taken various initiatives at different point of times for achieving rural development. Among the programs taken for the rural development, institutional credit at the grassroots was very important. It can be said that credit program through bank and cooperative societies was the most widely used method for the rural development. We know that Grameen Bank, BRDB, Bangladesh Agricultural Bank and similar other organizations gave huge amount of credit for the purpose of increasing the production and the economic activities of various professional groups for the rural development. Moreover, such credit was given so that opportunity for new jobs could be created. The main purpose of the present research is to understand the influence of the micro-credit programs implemented by the government and non-government institutions. Besides, the research work tries to know deeply how far such programs were effective in case of rural development. Anthropological method or the method of participant-observation was followed in the present research.

Scope and Importance of the study:

Micro credit was recognized in Bangladesh as well as in other countries of the Sub-continent as an important weapon for poverty eradication. This was also mentioned with due importance by the food and agricultural organization of the United Nations in one of its observations. Mosharaff Hossain in his book *Agriculture in Bangladesh: Performanc,e Problems and Prospects* says that

Akhtar Hamid Khan, a prominent educationist and researcher, realized this long back. So he introduced agricultural development programme through cooperative system first in the Kotwali Thana of Comilla district, which was later, spread over the entire district. That program included the system of small-scale credit and savings by the small groups of people. Farmers were supplied necessary agricultural inputs according to their demand. Such agricultural development activities were conducted by the primary farmers association at the village level and by the central cooperative society at the Thana level. This cooperative system proved to be highly successful till the middle of the 70s of the last century. Then the Integrated Rural Development Program was adopted in order to spread this method of distribution of small-scale credit and savings throughout the country (Hossain : 1991, 178 -211). After that all most all the NGOs gave special emphasis on the distribution of small-scale credit to the non-agrarian sector of the rural economy as a part of their poverty eradication program. Need of loan for the purpose of economic development is hard to deny. And it is true that almost every entrepreneur more or less expects to get loan. But as the source of the loan is limited, so it is not possible to give the required loan to all at any given time. Normally there are two sources of credit- institutional and non-institutional.

For the institutional credit, it is required to produce security which many poor people, particularly landless and marginal peasant cannot fulfill. As a consequence poor rural families are forced to be dependant on non-institution loan, which is of course very expensive. How to overcome this unbearable situation? In order to find out a solution, during the second half of the decade of 70s of the last century expanded micro credit program was introduced and most of the NGOs got involved in it. Later on, nationalized banks and other government institutions started the program of the distribution of micro credit

with a goal of poverty reduction. Those who receive this micro-credit are the landless and marginal peasant families, particularly their female members. The amount of such loan is very small (normally 5-6 thousand taka) and for this no security is needed. However, a particular group remains responsible for repayment (something like security) and such yearly loan is to be paid back by weekly installments.

According to the facts provided by the reports of different institutional and research oriented articles, it is understood that micro credit has been successful so far the family-wise socio-economic improvement is concerned and also that the rate of repayment is around 97-98 percent, whereas nationalized banks and other financial institutions has hopelessly failed to recover loan money. However in spite of the successful contributions made by the micro credit in economic development, there are some valid questions too. The question is how far this is sustainable in the long run. It is also questioned whether all the poor families are benefited in the same degree. There are reasons to doubt the ability of the loan giving agencies to carry out their program in the same way in future. According to many, from the moral and political viewpoint, the capacity of the micro credit system is very limited so far the sustainable poverty eradication is concerned. There are already lots of debates as regards the role of micro credit in the economy of Bangladesh as a step toward development. The present work will try to evaluate the actual progress for the development made by the agencies of the micro-credit. The present research work will also try to see how far such micro credit contributed to the real empowerment by the female members of loan receivers. Lastly the research work tries to analyze how far this credit succeeded or failed to eradicate the rural poverty as a whole in Bangladesh.

Theoretical framework:

Matthew B. Miles and A. Michael Huberman, authors of the book *An Expanded Sourcebook : Qualitative Data Analysis* say that theory building relies on a few general constructs that subsume a mountain of particulars. Categories such as 'social climate', 'cultural scene', and 'role conflict' are the labels we put on intellectual 'bins' containing many discrete events and behaviors. Any researchers, no matter how inductive in approach, know which bins are likely to be in play in the study and what is likely to be in them. Bins come from theory and experience and from the general objective of the study envisioned. Setting out bins, naming them, and getting clearer about their interrelationships lead to a conceptual framework (Miles and Huberman: 1994, 18).

The theoretical framework automatically follows the established theories. Therefore in case of social research, proof of the existence of events and its explanation, justification of the research project to be implemented and theoretical framework play-leading role. One of the main tasks of the theory is to explain the changes of the variables and the prediction about the future changes of the same. Theory and research supplement each other. In human science or anthropology there is a close relation with research and the creation of theories and their analysis. Normally anthropologists do not go for a research with a preconceived theoretical idea. Rather they develop new concept from the experience earned while engaged in any research work on any society and go on further research based on such new concept.

Aim of our research is to find out the role of institutional credit as regards poverty eradication and human development. If we want to go for research on such a subject, from an anthropological point of view, then first of all we should have a clear idea about prevalent research approach regarding the two topics –

Poverty and Development. Poverty and development are two concepts, which are closely interlinked. The institutional credit system is one of the main models for the rural development and rural poverty eradication in Bangladesh.

The government and the NGOs consider our country Bangladesh as a laboratory for experimenting how to advance human development eradicating poverty. Different types of models are being selected and introduced through institutional management authorities. Classical anthropological methods are being applied in order to understand the concept of poverty and development and this has been found to be more appropriate and acceptable. Dr. Atiur Rahman, prominent economist of Bangladesh, analytically described the present micro credit based financial situation of Bangladesh. According to him we have observed many new dimensions for the last three decades while defining and explaining poverty and development. Now it is not enough to calculate per capita income only in order to measure the level of poverty and development. One more important factor is to be added and that is human development. This is the new concept. As a result the old one-sided concept of the economists has been changed too. The present conceptual framework therefore stands on a higher level than the earlier one. Now poverty is seen from many dimensions. There are many definitions of poverty and the methods of measuring poverty is also many. Normally economists and policy analysts want to measure poverty in terms of money only. They consider the situation relating to wealth or property as the only standard or the index for development in order to understand the life standard of any person. Thus a poverty line is determined. Anyone, whose income is below this line, is said to be poor. But it is again difficult to calculate and measure the income and expenditure. It is a highly difficult and complex process, as different social elements are linked with it. It would be incomplete and wrong if we try to understand any social development only by simply measuring the level of

poverty without having consideration for the social situation. However recently economists have been trying to look for a non-monetary method in order to measure the household welfare. One of them is the household asset index, which is widely applied. Here it is seen how far the essential household materials are available and how far there is scope to be the owner of such things. The method of measuring poverty solely on the basis of measuring the income and the expenditure of each household is a state concept, which does not depict the entire picture of the real life standard of any family. One can have only a limited idea about it. Whenever any family feels threat that its income may become uncertain or be reduced, immediately the family would reduce its expenditure on food, education, health, and cloth in order to save land, house, and similar fixed property. But if there is real attack on his or her income, then he or she is forced to leave such property i.e. to sell it. In order to understand the poverty situation and the development, one should understand such vulnerability and the livelihood strategy of the people. Only then it is possible to find out correct method to measure the level of poverty and the development, which may give more accurate picture. Here coping strategy of a family, whose life standard is under attack, is measured. In order to cope with the situation different families take different types of initiatives. They not only give labour, they also do other types of things. They make material investment (such as housing, buying land etc.). They invest in human capital (health and education). They strengthen social capital and other relations (friendship, family ties etc.). They try to store (such as food, money or any valuable thing like ornament). Officially in Bangladesh poverty is defined in two ways. One is based on family and the other one is based on per capita food intake. In each case there are two borderlines. Those who live below the bottom most line are considered to be hard-core poor and those living above that line are said to be general poor. To identify hard core poor, the calorie intake is determined as 1805 kilo caloric per person. For general poor it is

extended up to 2122-kilo caloric. The income lines determining the higher and the lower level of poverty are calculated by adding the expenses of basic needs with that of food providing the above-mentioned calori. Such method is not a correct one as it ignores the other factors for the human development such as education, health, and women empowerment. Only monetary standard can never be the correct scale for measuring the total poverty or development in any society. So in order to understand or evaluate the steps towards the development for the eradication of poverty what is required is the holistic approach. And for such research anthropological outlook is needed. To understand the holistic approach, first of all it is needed to discuss what Anthropology is. According to the known and established definition of anthropology, this discipline of knowledge includes human being as a living being, human society, human culture, mankind of all places and all ages, including the present and the past (Rahman : 2000).

As anthropology as a science observes and discusses all aspects of human life, so this discipline of knowledge is said to have holistic approach. One of its aims is to create world outlook among the anthropologists (that is to look into one's own society and other's society with equal interest and without prejudice). Such world outlook gives birth to both nationalism and internationalism.

According to David and Hunter and Philip Whitten, the editors of the *Encyclopedia of Anthropology* this discipline may be defined as the systematic study of the nature of human beings (Hunter and Whitten, eds : 1976,12) .

Nanda Serena, the author of cultural Anthropology defined anthropology as a comparative study of human society and culture. The aim of anthropology is to describe, analyze, and explain the various life styles and the culture of the different human groups and the societies and how they cope with the

environment. She further said that anthropology is a comparative study, because it tries to understand the similarity and the difference between the old and the present society (Nanda :1987, 5).

William A Haviland says, anthropology the study of humankind everywhere, throughout time, seeks to produce reliable knowledge about people and their behavior, both about what makes them different and what they all share in common (Haviland: 1999, 5) .

According to Plog, Jolly and Bates, anthropology not only gives attention to men of all places and all times, it gives attention to every aspects of human life starting from physical body construction of human being to other aspects of human life, such as their creations, world outlook, customs, behavior, instruments created and used by them. The authors therefore argue that anthropological outlook is holistic. Thus anthropology goes beyond the limits created by the other disciplines of knowledge that deal with particular aspect or aspects of human being (Plog, Jolly and Bates 1976,5).

For the last few decades there has been a tendency among some anthropologists to give emphasis on the research work not only about the backward people, but also about the advanced societies and their culture. Anthropology, as a modern branch of social science is engaged in research on all groups of people, all societies, and cultures. So its approach is said to be holistic. According to Naroll, it is holo-cultural study. He further says, "By holo-cultural study, I mean a worldwide survey of all known cultures or all primitive cultures" (Naroll: 1973,309).

Professor Anwarullah Chowdhury in his book *Nribighan* (A Study of Anthropology) analytically discussed about the importance of anthropological approach in the development of mankind. The economic theories and models of

development, which had once earned special importance, have recently been proved to be failure to bring about real development of rural societies. As against those development models, recently anthropologists have placed a new development paradigm. They have established a new approach namely indigenous knowledge system approach or the development from below approach. Modern anthropologists who hold such views laid emphasis on this approach while creating development strategy for the societies of the third world. Anthropological research can depict the true picture or the core essence of any people, society, or culture. That is why recently even in advanced society like America or Europe, there is a growing tendency to depend more on anthropologists while making and executing development and reform program. Even there is such dependency for implementing various types of action program taken by the social and cultural organizations. The universally recognized anthropological holistic approach has been applied in the present research work where attempts have been made to analyze the effectiveness of micro-credit in two villages of Bangladesh selected for this purpose. In this research work, it has been tried to show that the participation of the poor people in the on-going rural development strategy, which has been continuing for the last few decades, was not at all satisfactory. Therefore one can understand how great is the importance of development from the below approach as a new development paradigm suggested by anthropology. A researcher on micro-credit in rural Bangladesh will not see the economic aspect alone, he or she will have to gather deep information about the rural family system, types of clan relation, social organization etc.. side by side the facts about the pure economic data regarding micro-credit, because the credit system or the economic activity is deeply related with other social structures of the society. If the society established and institutional credit system is explained in the context of the rural social system, only then it is possible to analyze the real effect of the micro-credit. For such

analysis it is to be based on the interrelation between the different elements of the rural society or culture. An anthropologist should have total outlook. While collecting facts for ethnography an anthropologist performs his or her research work with this outlook. And this separates anthropology as a discipline of knowledge from other social sciences (Chowdhury: 1995,26,53).

The case of Kula ring of Trobriand Island studied by Malinowski is a classical example. In the introduction chapter of his book "Argonauts of the Western Pacific" Malinowski says that, the primary condition for any work on the theories of nationality is to pay attention to all aspects of any community, social, cultural, and mental, because these are interrelated. It is not possible to understand only one single aspect in isolation without having other aspects in consideration. In this respect he described Kula ring relation. Kula as he describes, is a typical type of exchange system which being very wide and broad unites the aboriginal islanders of the Trobriand Island. According to this system of exchange necklace made of red snail is transferred from one island to another in clockwise direction, whereas bangle made of white snail is exchanged in the anticlockwise direction. Such custom of exchange of ornaments among the inhabitants of the islands geographically situated in a circular way like a garland brings closeness among themselves. The methods of exchange of Kula materials are strictly controlled by the traditional rules and have specific features. The Kula though looks like an economic exchange system is in reality a formal custom and a symbolic exchange. Such formal exchange system has two significance, sociological and economic (Arefeen ,1992: 13-14) .

From this example it is understood that Malinowski linked the Kula system with cultural trends of the islanders as well as with their economic life, and the myth and magic of the island. Here we see Malinowski 's holistic approach. We also see that researcher is not supposed to concentrate only on one subject. The

researcher engaged in research on one subject has the freedom to include and relate other subjects for the purpose of the same research. In case of research works regarding human culture, the researcher does not analyze any subject in isolation. The subject under research is seen as a part of the integrated whole. Any subject however trifling may not be studied in isolation. Researcher should see it as a part of the whole, should find out interrelation with and the degree and the causes of the dependence on other parts. Such method of analysis separates anthropology from the other branches of social science.

On the one hand there are big differences among the various human societies. On the other hand there is commonness in all the human societies. Anthropological research takes both aspects into consideration. So the present research work on micro-credit gives equal importance to all aspects of rural life of the people of two villages under observation, social, political, cultural, economic, as well as customs, prevalent faith and ideas of the people.

Objective of the Research:

The main objective of the present research is to find out how effective is the role of micro credit for the development of the agro-based rural society of Bangladesh, based on the analysis and searching examination of fact provided by field level study. Besides the research also analyses whether from the point of view of institutional approach as regards rural development, the micro credit can at all be considered as a weapon for development. For the last 50 years many initiatives and attempts have been taken at different times by various government and non-government institution for the development of this agro-based society. Among these steps, one is the micro credit program performed by banks, cooperative societies and the NGO's and such programs are well known in our

country and abroad. The present research has tried to evaluate the institutional development programs with the aim of rural development.

The present research concentrates on the question of women empowerment, how far the micro credit contributed to the issue of real empowerment by the women in the family, society, and the economic activity. The research also focuses on the changes brought about by the micro-credit in the relation outside the family and within the kinship. How far the micro-credit could touch the professional life of the people has also been evaluated.

Research Methodology

Anthropology can be said to be a science based on research. By research we mean efforts in a scientific way following logically formulated principle with the aim to acquiring real knowledge about any particular subject. According to C.R. Kothan "*One can also define research as a scientific and systematic search for pertinent information on a specific topic. Infact, research is an art of scientific investigation.*" (Kothan: 1994). For anthropological research most important is the fieldwork on which depends the result of the research. In order to overcome the problems that appeared in the research works on both in one's own society and another society, anthropologists extended the limits of the field work so much so that there is no branch of knowledge regarding the individual human being where anthropological theories and concepts can not be applied. The present research work has been conducted applying the participant observation method. However some other methods have also been applied for the purpose of collecting facts. A short description of the method and the procedure used is given below.

Bangladesh is an agro-based country. Rural social structure and culture of the country has been developed on the basis of agrarian economic activity. At

present the introduction of much discussed micro-credit system has influenced the rural economy as well as social life of the people to a great extent. In order to find its effectiveness so as to overcome poverty and to ascertain whether it brings good to the people to eradicate poverty or causes harm, it is essential that there should be a thorough anthropological research on it, which should be an appropriate step in due time. The question thus raised can only be answered by a thorough analysis and explanation following anthropological method.

History of the anthropological research work is not a very old one in Bangladesh. Such research activities have not yet earned much maturity in our country. So far anthropologists have been trying to gather deep knowledge about various aspects of the human society. Now they are trying to apply the knowledge so acquired in order to solve the various social problems also.

As the data and the facts collected by the anthropological method are considered to be more reliable, recently there is a trend in the advanced countries to consult anthropologists while making plans for development work. Because the anthropologists can provide most reliable information as they have the ability to mix with people of both the developed and the underdeveloped societies thoroughly and thus they earn the confidence of the people, which is essential for collecting reliable information.

Below there is a list of research studies, which have been used in order to understand the society and the culture of Bangladesh. Those are - *A Bangladesh Village: A Study of Social Stratification* wrote by Anwarrullah Chowdhury, *Jhagrapur: Poor Peasants and Women in a Village in Bangladesh* wrote by J.Arens & J.V. Beurden, *Elusive Villages: Social Structure and Community Organization in Rural East Pakistan* wrote by P.J. Bertocci, *Changing Agrarian*

Structure in Bangladesh : Shimulia A Study of a peri-urban Village wrote by H.K.Arefeen etc..

In anthropological research various methods are used or it can be said that different methods are applied in different ways. For example, participant observation method, informal interviews and use of personal documents or some other method, all can be applied in the same research work simultaneously. The use of various types of methods depends on the subject of the research and the specific requirement of the researcher. The present research work has employed several methods, which are as follows:

- Participant - Observation
- Household Survey
- Informal interviews (Interview Schedule)
- Use of Key informant
- Use of field notes/ diary
- Case study
- Use of maps
- Use of books and documents
- Collecting information through Internet

Participant-Observation

Participant observation is a research methodology for human studies that place the researcher in direct contact with people in everyday life settings (Pelto: 1994). In participant observation, the researcher actively participates in the daily life of the group of people being studied. He/she watches events as they occurs, reactions of the members to those events, their behavior at the time of occurrence of the events etc. and interacts with them as naturally as possible. The

assumption is that the reality can be better comprehended through such a total involvement. If s/he is staying in the same group s/he belongs to, s/he is a genuine participant (Sufian :1998,97). This is one of the strategies adopted in the anthropological research work. In the present research this strategy has been used, because in-depth field study can be possible only by direct observation. Through this method It is possible to understand the influence of the micro-credit in rural society more effectively.

The researcher observed the villagers directly and very closely by staying in the study area, i.e. in the two villages of Tangail district for one year. By participant observation we mean that the anthropologist or the researcher should stay among the concerned people and be related with their behavior pattern and customs. In this case the researcher involves him/herself thoroughly with the daily life of the people concerned. As an active member of the particular community the researcher keenly observes the daily happenings, the behavior pattern of the people and any changes that may occur in their behavior pattern. Sometimes the researcher mixes up with the people so intensely that he or she can learn their language and conversational pattern. The task of the observation is to mix with the people concerned in such a way that the observer can get a total and unbiased view about their life style. So he or she should acquire such qualities that would help him or her to mix with a different group of people thoroughly. Such quality is of course dependant upon the nature and structure of the particular community of people concerned and also dependant on what is to be observed. If the researcher is tolerant and friendly then he or she can easily cope with the situation of the area under research. The present researcher is acquainted with the locality and many of her relatives live there. Therefore she did not face any mental obstacle to think herself as a member of the society of the area under research. The other members of the society were not particularly conscious about

her presence there. Therefore the researcher could easily and in a very natural way collect reliable information.

Household survey

Survey method is a well-established and important method for fact finding investigation in social research. Here the researcher decides beforehand what information he or she wants to collect. Researcher prepares the survey materials in such a way that information necessary for the research can easily be collected. In the present research work the household survey was conducted in two villages namely Dhanpara and Chalagao in Tangail district. Through each and every household survey it was possible to get a primary impression about the villagers. Through survey household information about the gender, age, educational qualification, main occupation, secondary occupation, religion, marital status, amount of land of the villagers were obtained. Further it was also known which of them took loan from banks or NGOs and from which organization. The information was collected in a correct and systematic way and they were placed in a well-planned table. The information collected by the household survey were analyzed and used for the purpose of research. The members of those households who took loan from government or non-government organizations were selected and separated from the rest. Then those who took loan were interviewed in an informal way. Each and everyone were interviewed separately. From the household survey and the informal interviews a clear picture about the household affairs of the people of the locality could be obtained. This information was later used for the analysis of the result of the research, which had enriched the result further. Among those who took loan, some appeared to be more interested. They were specially selected as a part of simple random sampling. In this way information were collected from 133 persons of the two villages under research. 100 persons from Dhanpara and 33 persons from Chalagao were thus

interviewed on the basis of the interview schedule. The information thus obtained through open questions and answers were analyzed afterwards and used for the purpose of the research.

Informal interview

Informal or unstructured interviewing can provide a greater breadth of data than the other types, given its qualitative nature. Malinowski's 'Day in the field' shows how very important unstructured interviewing is in the conduct of fieldwork and clearly illustrates the difference between structured and unstructured interviewing. Malinowski has some general topics he wishes to know about, but he does not use closed-ended questions or a formal approach for interviewing. What's more, he commits (as most field-workers do) what structured interviewers would see as two 'capital offenses' : (a) he answers questions asked by the respondents, and (b) he lets his personal feelings influence him , thus he deviates from the ideal of a cool, distant, and rational interviewer (Denzin: 2000, 652) . In case of informal interview who takes the interview does not have any pre-decided question generally. He or she takes interview of different persons in a very homely atmosphere. As there is no pre-decided question, so he or she has relatively more scope or liberty to ask questions while writing down the gathered information, that means there is more flexibility. Pre-determined strategy is relatively less used. Those who answer have also relatively more freedom in case of such informal interviews. The researcher also encourages them to answer freely. Those who answer are normally encouraged to give detail account of their experiences, their opinions, and other related subjects. While answering, they very often explain things in their own way. It is true that in anthropological research, informal interviews are more used. In the present research work, it was possible to get most information by this method.

Use of Key informant

In some society or community there are some persons, who because of his/her knowledge or experience or any other reason can provide wide range of reliable information about the community he or she belongs to. Such person is said to be well-informed informant. He/she is considered to be chief/key informant so far as the anthropological research is concerned. Researcher keeps regular contact with such person. Even after the fieldwork is completed, the researcher takes his or her help if needed. Participant- observation is essential for checking and evaluating key information data (Pelto : 1970, 98) . In the present research work a college student worked as key informant. He studies in a local college. He has a clear idea about all matters of the village. Because of his extreme eagerness he himself showed interest in the research work. In case of any crisis or danger he always stands by the side of the people. So he is known to be a good boy by all. With his help it was easily possible to go to the houses of the villagers and collect information.

He also tried his best to provide information and thus help the research work. Afterward the information he gave was compared with the other information given by others and it was found that most of his information were correct. He never tried to misguide the researcher by giving exaggerated report or unnecessary information. Even after the fieldwork was completed, the researcher had regular contact with him over phone. Whenever it appeared that some information is incomplete, he was immediately contacted to fill-up the gaps by providing more and complete information. Much deep information regarding family structure, various types of village contradictions, nature of kinship, economic activities, situation of the societies etc. was obtained from him. Without his help it would have been very difficult to get such information in a normal way.

However, in some cases if the researcher becomes too much dependant on the chief informant, then the validity of the information provided by him may be questioned. In some cases he or she works as an interpreter to the researcher within the first few days of his or her field work.

After mixing with the people sincerely, the researcher can find out someone as an honest and devoted chief informant. In most cases some energetic persons of the village may come forward to help. For any Bangladeshi researcher it is not difficult to find out one key informant if the researcher is well acquainted with the rural culture of Bangladesh. But for a foreigner it is a bit difficult to find out one reliable key informant. However, it is to be remembered that while talking to the informant, the researcher should show respect to the society under research work. The researcher should not say anything that might hurt that particular society or culture.

Use of field notes / diary

One of the main essential methods of field research is the use of field diary or notes. While engaged in the research, the researcher writes down in his or her diary or notebook whatever he or she sees in the surrounding and all the information he or she gets. Later the researcher reads and analyses them and tries to understand whether the information obtained are enough or not, whether there is any need for further search for more information or not. While writing the research paper the researcher may use the facts or information from the notebook. If each information is written down in diary or notebook while engaged in research at field level, then it becomes easier to write the research paper. There are two tasks for an anthropologist. The first one is to acquire direct experience by keenly observing daily life style of any particular group of people. And the next task is to write down all these acquired knowledge through direct

experiences and other observed things related to the subject of the research in a systematic way. While writing the notes all the names of places, time and the names of particular person or persons should be clearly mentioned. Thus the practice of writing in the daily diary in detail is not only needed for the particular research, it may also help others to develop new ideas beyond the subject matter of the research for which it is written. It remains as a valuable document.

Use of case study, maps, books and documents etc.

Using case study, photographs, maps and documents -such methods have also been used in the present research work. Case study is a widely used method in the social science. The meaning of case study is to separately study and write down any significant event in details which is some how related to the subject matter of the research. Alan Bryman in his book *Social Research Methods* wrote that the most common use of the term associates the case study with a location, such as a community or organization. The emphasis tends to be upon an intensive examination of the setting (Bryman: 2001,48). The research goes deep into the event and finds out detail information. Such case study helps the researcher to understand more clearly any particular aspect of the subject under study. In the present research work on micro-credit two case studies have been added. Besides, five maps (Bangladesh, Tangail district, Kalihati thana, Dhanpara and Chalagao) are attached to it so that geographical situation can be better understood. In any research work use of secondary sources or the use of books is important too. While preparing this paper many books, journals, information from internet and various research papers have been used. The sources or the books which have been used for the purpose of writing the present research work are mentioned in the references which are attached herewith.

Internet Sources:

Researchers regularly use facts and ideas from internet sources to complement those derived from traditional print sources. The internet is a vast international computer network originally developed in 1969 to facilitate the work of scientists and engineers at universities, laboratories, and such government agencies as the National Aeronautics and Space Administration (NASA). Even those who are familiar with the World Wide Web find that using it to do research requires practice and training as it is needed to use a library (Gibaldi : 1992,20) . In this present research information was collected from internet source.

Literature review

Anwarullah Chowdhury's - *Agrarian Social Relation and Development in Bangladesh* was published by Mohan Primalani Oxford IBH publishing co. New Dehli –11000 in 1982. The book was written by making synthesis of the secondary sources with the theoretical concept. In the first part of the book there is a discussion on the mode of production in an agrarian society and also on the agrarian class structure of the society. There is a critical review about class relation in the rural society, the role of kinship, and the rural power structure. This portion of the book is helpful to understand the mode of production in Bangladesh and the politics of the rural society. In the second part of the book the author makes a critical analysis of the rural development at different stages in Bangladesh. In the 5th chapter of the book the author reviews the historic perspective of the rural development. He gives a detail account of all the historic stages starting from permanent settlement act 1793 to the establishment of BARD and of the periods of rural development after the independence. In the 6th chapter there is an analysis of the programs of the government for the rural development. Reader can get a comprehensive idea about the institutional steps

taken for the development in our country. There is however no detail discussion on the subjects related to development at the non-government level.

Dr. Md. Abul Quasem - *Bangladesher Grameen Krishi o Grameen Orthoneeti* (A book on Agriculture and Rural Economy in Bangladesh) was published by Palok publisher from Dhaka-1000, in 2005. Writer is a well-known agro-economist of Bangladesh. He wrote this book having based on recently published research reports and essays. The book is helpful for all the readers, teachers, students, and research workers to understand the present situation in agriculture and to come to correct conclusion. The book deals with the subjects like introduction of modern technology and spread of the commercial activity in the agrarian sector since the decade of 90s, the increase of agricultural products and its market, necessary amendments in the agrarian policy, globalization, environment etc. which are related to agriculture as well as the entire rural economy. In the last decade the fast spread of the new agricultural technology made significant changes in the agrarian sector. The process of diversification of agricultures advanced much in Bangladesh and agrarian policies are being regularly amended to accelerate the process. According to the author, the policy makers of the country are quite aware of this situation and that is why government is providing financial help and institutional cooperation to private sector and the NGOs. He has given a description of the agrarian situation of the country having based on his personal experience and the information's obtained from the secondary sources. Moreover he has given a description of the distribution and the use of institutional agricultural loan in the agrarian sector. In the book the author upheld the necessity to be more active and efficient regarding timely distribution of institutional credit and its proper use, the increase of productivity and repayment of the loan. It is very important to make bank loan less expensive and easily available to the peasants, according to the

author. In this book the discussion is limited with the written periphery centering round the agrarian sector only.

Dr. Kazi Khalequzzaman Ahmed editor of the book titled *Socio-Economic and indebtedness-related impact of micro credit in Bangladesh* was published by The University Press Limited from Dhaka in 2007. The book tries to understand effectively about micro credit in Bangladesh based on research work on 2,501 borrowers from Grameen Bank, ASA, and BRAC. From the research work it was found that it is not correct to say that micro credit is ineffective, but its effectiveness as regard poverty eradication depends upon the approach toward giving loan. The focus of the research was to examine the effectiveness of the non-government credit. Loans given by the government institutions were not discussed.

Md. Abdul Mannan- *The role of micro credit in poverty alleviation*. This book is based on a research work, conducted by “Mass-line Media Centre” on micro credit in nine coastal districts (Noakhali, Feni, Lakshmipur, Potuakhli, Jhalakathi, Pirojpur, Borgune, Bhola and Barisal). The book was published by “Mass-line Media Centre” from Dhaka in 2002. Having based on the research Md. Abdul Mannan edited this book. The purpose of the research was to evaluate the role of micro credit and how far it was helpful in poverty alleviation. The research work was done in the conventional way (use of questionnaire, group discussion and the method of interview). A number of 547 borrowers took part in group discussions and responded through interviews. Thus they gave their opinions and supplied information. In this research the field workers of Mass-line Media Centre collected the information. In the research paper there is no discussion about government institutional credit. In this research the negative sides of the micro credit activities are more exposed. The book discusses only

about the credit given by non-government micro credit providing organizations. The discussion is limited within this subject.

Mahbub Hossain and Rushidan Islam Rahman - *Agriculture of Bangladesh and Rural Development* (Bangladesher Krishi O Grameen Unnyan). Writers are the well-known economists of our country. The book was published by The University Press Limited from Dhaka in 2003. The eleven chapters of the book discuss different issues regarding agrarian development. The authors wrote this book on the basis of their own experiences. In one of the chapters there is discussion on some of the rules and principles of the micro credit organizations of Bangladesh. In another chapter there is discussion on institutional credit system and its role in the agricultural development. The book compiles the activities of the micro credit institutions and other organizations in their attempts for the agricultural development.

Mosharaff Hossain - *Agriculture in Bangladesh*. The book was published by The University Press Limited, from Dhaka, in 1991. This is a research-oriented book, which deals with the problems of agricultural development. It is written based on the theoretical knowledge of the author himself. In the chapter titled as "Institutional credit to agriculture in Bangladesh" the author discusses in detail the institutional steps toward development before and after independence. Reading this book one can know about the history of the government credit and its perspectives.

Conard Phillip Kottak - *Anthropology-the exploration of Human Diversity*. The book was published by McGraw-Hill, INC, USA, in 1991. The first chapter of the book discusses about the subject matter and the area of Anthropology. The second chapter discusses about the anthropological method. Readers can get a clear idea about the strategy of field research such as participant observation method, conversation interviewing, well informed informants etc. by reading this book.

The micro credit for crisis coping: the Grameen Bank, experience in the 1998 flood :

This is a research paper, written by Zakir Hossain and published by Grameen Trust in 2000. In this paper there is a description of the activities of Grameen Bank as micro credit provider organization during the flood of 1998. From this research work one can understand what role these loan giving organization can play in the time of natural calamity. The discussion here is about the activity of one organization only i.e. Grameen Bank.

In an article under the title "Cooperatives in hundred years" compiled in the journal "*Cooperative*", the author Khandakar Mizanur Rahman describes the chronological history of gradual development of cooperative societies in our country. Many important information and historical facts can be known from this article.

In an article titled as "Palli Unnyaney Grameen Banker Abhiggata" (Experience of Grameen Bank in Rural Development) published in the journal "*Bank Parikroma*" by Dipal Chandra Barua describes the experience of Grameen Bank. But the author does not mention about the limitation of the bank.

In an article titled as "*The role of NGOs in rural development: An outline of the issues*" Hossian Zillur Rahman, discusses about the graduate development of NGOs activities and the circumstance in which it developed.

In an article "Micro Credit programs in Bangladesh: An overview" the author Md. Omar Choudhury reviews the micro credit activities in our country. Many facts were known and information obtained which were used in the present research paper.

Chapter – II

- **Socio- Economic Profile of the Study Area :**

- (a) Name and Location of the Villages

- (b) Demographic Situation

- (c) Settlement Pattern

- (d) Occupation and Income

- (e) Land Ownership Pattern

- (f) **Social Structure and Class Relation**

Description of the area under research:

For the present research work two villages under the Tangail district have been selected. The main reason for the selection of particularly these two villages is that the government and non-government credit program was introduced there many years back and since then this has been continuing till today. Moreover the researcher knows the area since long time back and therefore the researcher did not have to face difficulty to start the research work. It was decided that it would take one year for field level research. As such fieldwork was conducted from June 2005 to May 2006 that is for one year. Moreover whenever it was needed the researcher went directly to field to collect facts and information.

The area of the district Tangail is 3414.39 square kilometer. The district having border with Jamalpur on the north, Dhaka and Manikgonj on the south, Mymensing and Gazipur on the east and Sirajgonj on the west. The main rivers of the district Tangail are Jamuna, Dhaleshwari, Jhinai, Bangsai, Turag and Louhajang. Modhupur forest and the small hillock of Sakhipur and Ghatail are the special mentionable topographical and natural features of the district.

Name and Location of the Villages –Dhanpara and Chalagao

The research work was conducted in the villages known as Chalagao and Dhanpara under Kalihati Upazila of the district Tangail. The area of Kalihati Upazila is 301.22 square kilometers. The geographical situation of Kalihati is as follows. Bhuapur and Ghatail Upazilas on the north, Tangail Sader and Basail Upazila on the south, Sakhipur Upazila on the east and the river Jamuna and two Upazilas of Sirajgonj district, namely Sadar and Bolkuchi on the west. The main rivers are Jamuna, Louhajong, old Dhaleshari, Bangsai and Nawlal. There are 17 Bills and Hawors (kind of lake or marshy land). Among them Bilcharan, Baisha,

Kumar and Tala are prominent. The Upazila head quarter consists 3 Mozas, 9 wards and 17 Mohallas (These are administrative unites). The area of the town is 2.3 square kilometer.

Dhanpara and *Chalagao* villages were selected for the research work. The reason is that credit program by the government and non-government institution was introduced many years back which have been continuing till today, although these two villages are backward compared to nearby villages. These two villages are situated side by side and they are within the administrative area of Nagbari union. The village Chalagao is situated on the east of the village Dhanpara. Dhanpara is 2km long and 1.5km wide. Chalagao is one kilometer long and one kilometer wide. The idea of the area is based on the guess made by the villagers. No written document was found.

Demographic Situation:

Tangail District :

Tangail district consists of 11 Upazilas, 103 unions and 2431 villages. The total population of the villages is 32,53,961, 50.029% being men and 49.98 % being women. 91.52% of the population of the district is Muslim, 7.86% Hindu, 0.4% Christian and the rest 0.22% belonging to other religion. Among aboriginal peoples there are Garos, Bangsis and koks. Percent of literacy is 29.6%.

Kalihati Upazila:

As of 1991 Bangladesh census, Kalihati Upazila has a population of 3,54,959. Males constitute are 51.55% of the population, and females 48.45%. This Upazila's eighteen up population is 1,77,023. Out of the total population of the Upazila 90% Muslim, 9.2% Hindu, 0.14% Buddhist, 0.15% Christian and 0.49%

belonging to other religion. Kalihati has an average literacy rate of 27.5% (7+ years), and the national average of 32.4% literate.

Dhanpara and Chalagao:

The population of Dhanpara and Chalagao are approximately 2500 and 600 respectively. It has not been actually measured. There is no reliable statistics about the exact figure. There are 450 families in Dhanpara and 108 families in Chalagao. Out of three thousand and one hundred populations of the two villages (Dhanpara 2500 Chalagao 600) there are only three Hindu families living in Dhanpara. None in Chalagao. Rests are all Muslims. There are no men or women of any other religion. There is however division among the Muslim population - Hanafi and Ahle-Hadis. But such difference can hardly be noticed.

Table : 1

Percentage of education of theses two villages:

Only can sign	Up to primary level	Completed S.S.C	S.S.C and above
40%	35%	15%	3%

Source: Fieldwork in the two villages- Dhanpara and Chalagao.

It is to be noted that highly educated persons do not live in the villages. In Chalagao there is one registered primary school. In Dhanpara there is only one school. Namely Dhanpara Salpabayi Primary Biddalya. It is a private school. There are five clubs. There is no government school. Numbers of students are few. So the teachers do not pay proper attention, not do they get regular salary.

Settlement Pattern: (History, different institutions, transportation, market system, health situation etc..)

History of Tangail:

The famous Kagmari Conference (1957), Sannyasi revolt (1850) and Peasant revolt (1858) were originated from this district. During the Liberation War, Abdul Kader Siddiqui of Tangail independently led military operations against Pakistan army. His group, named Kaderia Bahini, led many successful guerrilla operations in this district. In 1870 Tangail was constituted as a sub divisional administrative unit. In 1969 Tangail was made as a district under Dhaka division. Kalihati thana was constituted in 1928. It was converted into Upazila in 1983. It consists of 12 unions, 267 mouzas, 314 villages, and one municipality. According to the historians, this area was under Pathan rule for a long time prior to British rule. In the Pathan forts there were elephants and horses. Thus it was named as Killa-I-Hati (Killa mean fort and hati is the Bangali name for elephant). Subsequently it was named as Kalihati.

Different institutions of Tangail:

Before the Liberation War, some educational institutions were established by famous persons in Tangail. In 1926, the Government Saadat College was established by Wazed Ali Khan Panni, a zamindar and educationalist of Tangail. He named it after the name of his grandfather Saadat Ali Khan Panni. Govt. M.M.Ali College established by Mr. Vasani at Kagmari (1 km away from main city) is one of the topest college in Bangladesh. Kumudini College established in 1943 by Ranada Prasad Saha (R.P.Saha), philanthropist of Tangail. He named it after the name of his mother Kumudini. Later the college was converted into Kumudini Government Women's College. He also established Bharateswari Homes in 1945 at Mirzapur. He named it after his grandmother Bharateswari Devi. Mirzapur Cadet College, the third cadet college of Bangladesh established

in 1963. The then president of Pakistan Field Marshall Ayub Khan took initiatives to establish this cadet college.

Currently, there are 5 Government high schools in the city. Among these schools, Bindubashini Government Boys' High School (1880) and Bindubashini Government Girls' High School (1882) were established by a zamindar of Santosh the famous Roy Chowdhury family who also are co-founder of East Bengal club of Calcutta, the Shibnath High School, the Ramkrishna Mission School are old schools and M.A.Karim High School established by Mr. Karim (Silimpur). Tangail has 341 non-government high schools, 86 satellite schools, 4 government colleges, 48 non-government colleges, 3 university colleges, 1 law college, 1 homeopathy college, 1 polytechnic institution, 1 medical assistant training school, 2 nursing institutes, 1 police academy, 201 madrasas, 40 junior schools, 937 government primary schools, 395 non-government primary schools, 1 teachers' training school, 146 community primary schools and 1304 NGO operated schools. There is also a science and technology university named Mawlana Bhashani Science and Technology University located at Santosh, Tangail. Tangail can boast of two of its sons, the Legendary Magician JaduSamrat P.C.Sarkar & First President of Swadhin (independent) Bangladesh Late Abu Syed Chowdhury son of Abdul Hamid Chowdhury.

Different institutions of Kalihati Upazila :

In this Upazila there are 397 mosques, 17 temples, 2 majars, and 2 shrines. There are 3 colleges, 34 high schools, 77 madrasas, 103 government primary schools, 30 private primary schools, and 3 vocational institutions.

Transportation of Kalihati Upazila :

Length of finished, semi finished road and unfinished are 42.65km, 4.50km and 305.30km respectively. There is 12.08-kilometer railway line. Transport systems

by the carriage drawn by horse or cow or the palky and the boat are almost extinguished. Rice mills, flourmills, and ice producing-mills are there among the industrial units.

Market System of Kalihati Upazila :

There are 26 hats (village marker) among which Balla, Vandeshar, Kastarypara, Elenga, Shewa, Isapur, Bagtia, Powjan and Kalibari are mentionable. There are occasional village fairs too. Bijay Dashami Mela, Baruni Mela, Fultala and Bangra, Chaitra Sankranti Mela, Sahderpur are notable. Banana, potato, onion, garlic, ginger, papaya, and jackfruits are exported to other areas.

Health Situation of Kalihati Upazila:

In this Upazila there are one health complex, 11 health and family planning centers, 2 privately owned charitable dispensary and 10 mother and children's health care centers. That is all provided for health service. (Islam : 2003,117-119)

Origin of Dhanpara and Chalagao :

These two villages were originated 200-250 years before. That time Dhanpara was well known for rice production. Huge amount of rice was produced there. In Bangla paddy is called Dhan. From that time for huge production of paddy the villages was named Dhanpara. The name Chalagao came from the word Chala. In Bangla locally Chala means small hill. That time the village was surrounding by small hills. From the information of the villagers after 60-50 years back the population of both of the villages was not that much. Because of high production rate of paddy and the low cost of the land last 50 years many people came from other villages to settle permanently. The village Dhanpara is divided into three blocks neighborhood, west, south, and north. There is no such division in Chalagao because the village itself is very small.

Transportation of Dhanpara and Chalagao :

The research work was conducted in the two villages known as Chalagao and Dhanpara under Kalihati Upazila .To reach Dhanpara one is to get down from bus at Kalihati Bazar and proceed toward Dhanpara either on foot or by 'van'. To reach Chalagao from Dhanpara one is to cross-river Bangsai. The river Bangsai flows by the south of Dhanpara and by the north of Chalagao. There are plenty of fish in this river. Though there is no fisherman community in these villages, still villagers almost every day catch fish for consumption. The river is the only route for traveling between these two villages. Country boats, boats run by shallow machine and trallers are seen on this river. Village roads are very bad. There is no finished road. Vans go through these roads. But for rickshaw it is difficult to drive. Vehicles like car cannot go through such roads.

Market System of Dhanpara and Chalagao :

There is no "hut" (village market) or even small bazar (market). For the purpose of going to market villagers go to the near by bazaar (market) such as Ratangonj Bazar, Maricha Bazar, Balla Bazar or Acolia Bazar. Villagers think that because of the existence of some bazar in nearby areas, no market could be established in this village.

House Pattern and health situation of Dhanpara and Chalagao :

No clay made house can be seen here. Most of the houses are made of tin foil. 90% of the houses have sanitary latrines. Thanks to the chairman and members of the union parishad who took special initiative that the sanitation system is relatively better. The member of the union parishad told the researcher that he was trying to introduce 100% sanitation system, which is good for public health. There is no health care centre in either of the two villages. There is one health complex at the head quarter of the Upazila and one satelite clinic at the union

parishad building. In these two villages ordinary medicine are available at the grocery (shop). Qualified doctors are available at Balla Bazar. Villagers got to Balla Bazar for doctors advice and treatment only when they feel acute medical problem. There are four village doctors who visit the houses of these two villages, but none of them live there. They sit in their poor chambers in the nearby Ratangonj Bazar. During the time of vaccination program by the government one vaccination centre was established in one of the two villager's house. He is Kamiluddin Sarker. He was once employee of the government health department. Now he is a retired service holder. There is no other government office in either of the two villages.

Modern Facilities of Dhanpara and Chalagao :

However there is electricity in the village Dhanpara for the last ten years. There is no electricity in Chalagao. Here solar electric project has been implemented under the rural electric project. But only 10 families get this facility.

Occupational varieties:

District Tangail :

Agriculture is the main occupation of Tangail district. About 49.53% people are involved with agricultural activities. Those who are engaged in other professions are day laboures, weaver, fishermen, transport workers, and industrial workers etc.. Among the peasants there is differentiation which is as follows; 27% landless, 29% small peasants, 24% marginal peasants, 17% middle peasants and 3% rich peasants. Those who engage in cottage industry are mostly weavers, potters, and blacksmiths. They work with brass, bamboo etc.. Agricultural main products are paddy, potato, jute, sugarcane, sesame, linseed, wheat, mustard seed and pulse. About 3,386.53 km² cultivable lands are available in Tangail. The main fruit products are mangos, jackfruit, bananas, litchis, and pineapples. Other

sectors, such as fisheries (446), diaries (189), industries, weaving and poultry farms (538) are also developing in the Tangail district. Tangail is the home of the weavers of world famous "Tangail Saree", a handloom saree made of both cotton and silk thread having handworked butti design or all over flowery design or contemporary art motiff appreciated, bought, and used by women's & girls of Bangladesh and Indian origin living all over the world. Tangail Saree is the most popular among all sarees. Some of the weavers have migrated to India after partition in 1947. Haridas Basak a leading saree merchant in Tangail who helped the weavers to settledown at Fulia, Samudragarh and Dhatrigram in west Bengal his saree shop is still in Tangail. Chamcham (a kind of sweet food made of milk and sugar) of Parabari (under Tangail district) is famous through out the country.

Kalihati Upazila :

The main profession of the people of the Kalihati Upazila is as follows. Peasants 41.35%, fishermen 1.4, agricultural workers 16.03%, non agricultural workers 2.9%, weavers 4.16%, industrial workers 3.96%, transport workers 98%, businessmen 10.93%, service holder 8.72%, and others engaged in other profession 8.58%. Cultivable land is 23103 hectorw. Faltered low land is 288 hectors. 60% of the cultivable land is under irrigation. The percentage of the different classes of peasantry is as follows; landless and marginal peasants 52.68%, small peasants 35.66%, middle peasant 9.60%, and rich peasant 2.1%. Per capita cultivable land is 0.07 hectors. Main crops are paddy, wheat, mustard seed, potato, eggplant, onion, ginger, garlic, various types of pulses Dal and verities of vegetables. Other crops like Til, Tishi, Kusum and muzdal are about to be extinguished. Main fruits are mango, jackfruits, jam, lichi, banana, papaya, watermelon, and others. Besides agriculture there are people of other professions such blacksmith, goldsmith, Carpenter, and they're who work on wood, bamboo,

sewing machine, welding machine or in a biri factory. There are many animal farm (cow, goat etc.), fishery, hatchery etc..

Two villages-Dhanara and Chalagao :

Main profession of the villagers of the two villages-Dhanara and Chalagao is agriculture. 90% of the populations are engaged in agriculture. Next comes business, the business of the cloth made by handloom. There are 500 weavers. 20 of them are the owners of the handloom. The rest are workers. There are 150 wearing machines, which are known as Chittaranjan. It is not known why machine was given such a name. But it is an old practice to call these machines by such name. This traditional profession is getting expanded. All the owners of the weaving machines have their land too. It can be roughly said that 25% of the population are engaged in weaving. There are weavers in Dhanpara, but none in Chalagao. It is seen that those engaged in weaving are also engaged in poultry farming. So the business next to weaving is poultry farming. This has very recently developed as an industry. There are 30 persons who are owners of the poultry farms, which employ 60-70 persons. In Chalagao there is business related to wood. But in Dhanpara there is no such wood business. In the villages there are grocers and day labourers. In Dhanpara there are 100-day labourers. But this figure is not static, varies with the seasonal changes. There are men from these two villages who work abroad, Malaysia, Saudi Arab, Singapore, Abu Dhabi, Italy Portugal etc..

Table : 2

Categorization of the farmers of Dhanpara :

Land Less –No Cultivaable land	Marginal farmer (Who has land upto one acre) 0.1 to 1 acre	Small farmer (Own 1.1 to 2 acres)	Middle farmer (Who has land upto seven acres) 2.1 to 7 acres	Rich farmer (Who has land more than seven acres) 7 + acres
2%	50%	25%	20%	3%

Source: Fieldwork in the two villages- Dhanpara and Chalagao.

Table : 3

Categorization of the farmers of Chalagao :

Land Less –No Cultivaable land	Marginal farmer (Who has land upto one acre) 0.1 to 1 acre	Small farmer (Own 1.1 to 2 acres)	Middle farmer (Who has land upto seven acres) 2.1 to 7 acres	Rich farmer (Who has land more than seven acres) 7 + acres
1%	40%	30%	25%	4%

Source: Fieldwork in the two villages- Dhanpara and Chalagao.

Income sceneries of the two villages:

Remittance from the foreign countries is a major source of income. About 200 persons work abroad. Their families live in the country. On average each of them send Tk. 25,000/- per month. Wavers get wages on piece rate basis. To complete one cloth one gets 80-120 taka. Women do the job of sowing thread by charka (Spinning wheel). For sowing 6-7 hours one gets Tk. 50/-. Agricultural daily laborers get a daily wage varying from Tk 70/- to Tk. 100. Workers in poultry farm get monthly wage Tk.2000 to Tk. 3500. 2-3 percent of the population takes meal only once a day.

Land Ownership Pattern:

The areas of the cultivable land in Dhanpara and Chalagao are about 3000 acres and 1000 acres respectively. There is no khas land in either of the two villages. The khas that was once there has already been leased out by the government. Previously very often there occurred contradictions among the villagers regarding the possession over abandoned Hindu property (land). There are about 1200 acres of non-cultivable hawor or bil in these two villages. In Dhanpara there are 2% of people are landless. 50% people have land upto one acar, we called them marginalize farmer. 25% people have land upto two acres, they are called small farmar. 20% are middle farmer, who has land up to seven acres. Only 3% people have land more than seven acres, they are known as rich farmar. In Chalagao there are 1% of people are landless. 40% people have land upto one acre, we called them marginalize farmer. 30% people have land upto two acres, they are called small farmar. 25% are middle farmer, who has land up to seven acres. Only 4% people have land more than seven acres, they are known as rich farmar.

In the river there are plenty of fishes. But there is no planned fish cultivation. However villagers cultivate fish in their own ponds. Main crop is rice, which is harvested three times a year (Boro, Aush and Aman). Besides villagers cultivate wheat, jute, mustard seed, sweet potato and normal potato, onion, chilly and different types of vegetables, Only 15 years ago there was bush and forest. Now there is no forest. But there are plenty of tree including fruit trees. Trees like Shishu, Mehegani and Minzium are available.

Different cultivation system:

There are different cultivation system depends on land ownership. They are shown in the following table :

Table : 4
Type of Cultivation

Type of Cultivation	Description of cultivation
Cultivation by landowners (mirzinalize, small, middle and rich farmers)	In this system landowner himself cultivate the land.
Share-cropping (Barga)	Many landowners who are far from village and want to avoid the hazard and risk of the production gives the land to a farmer for sharecropping. There are conditions between the sharecropper and the landowner. Normally landless or small farmers take land for sharecropping. Crop is divided fifty fifty within the owner and the sharecropper. Between them who give the seed, he gets the hay. Normally owner gives the cost of fertilizer. The person who provides water by shallow, he gets one forth of the crops.
Mortgage of	This system is increasing now a day. In the danger period

land	landowner give his land for mortgage against money. As long as he is not able to repay the money, he can't cultivate the land. Only after paying the money he can get the land back.
Leasing of pond	In this study pond leasing have been observed.

Source: Fieldwork in the two villages- Dhanpara and Chalagao.

Social structure and Class relation:

As we know, social structure means the relation between the social classes, because, it is the social classification which basically divides the society. In this context, it might be said that in the two villages namely Dhanpara and Chalagao, the society has been developed in the basis of social classes. The social structure of these two villages is influenced by social classification. The class relation of these two villages has been developed in the basis of production system. One of the main elements of the production system is land and the farmers have been divided in to the following five classes according to the land ownership:

- Landless
- Marginal farmer
- Small farmer
- Middle farmer
- Rich farmer

From this class distinction it is clear that there is social class distinction within these two villages in the basis of economic condition. Due to the economic variation, two different classes are found in these villages; 1) land owner/ owner of poultry farms or weaving mills, 2) day laborer/employee.

As the day laborers work under the landowners, the relationship between them is almost abusive. Similar thing happens in case of poultry business and weaving mills. The owners of poultry or weaving mills deprive the labors from getting fair wages.

As there is share cropping system in these two villages, 3 other types of relationships are also found here, i.e. 1) relation between land owner and share cropper, 2) relation between land owners, 3) relation between share croppers.

Moreover, there are 3 other types of relationships, i.e. 1) relation between the marginalized landowners and other people, 2) relation between day laborers/landless people and others, 3) relation between Mahajan (money lenders) and borrowers. All these relationships are depriving.

Education, power and status play most important roles in case of social structure of a village. The children of rich people use to study in the cities and some of them build up their career there. Most of them returns to the village and starts their own business.

According to the power structure there are five types of class distinction in the village, i.e. 1) Union Parishad Chairman and Member, 2) Village Morol/Mattobbor, 3) Faction leaders, 4) Leadership conscious and active village members, 5) insensible/uninterested village members.

Social status or the status according to family hereditary does no longer matter much in the social life of the villages.

Chapter : III

Historical Background of Institutional Credit in Bangladesh :

Historical Background of Institutional Credit in Bangladesh :

Before going into detail discussion on the influence of micro-credit in Bangladesh, we should first of all know the historic perspective how cooperative societies developed in our country. Because in this Sub-continent micro-credit system first developed through cooperative societies. For the purpose of the present research it is very important to know how an organization like Bangladesh Academy for Rural Development (BARD) came into existence basing on the concept of cooperatives. In the decade of 60s of the last century, Pakistan Academy for Rural Development (PARA) was established in Kotbari in the district of Comilla, which opened up a new horizon for the cooperative movement. Since institutional credit is an important step toward the development in Bangladesh, therefore we should have clear idea about the role of other government institution like Bangladesh Rural Development Board (BRDB), Bangladesh cooperative Bank Ltd, Bangladesh Krishi (Agricultural) Bank and other state owned banks regarding the expansion of credit system and then we can analyze how far these institutional credit systems was effective. In the decade of 70s and 80s credit programs of the government played the most important role in the process of development. But we do not find much of its positive influences. In the decade of 90s state owned banks conducted many micro-credit programs. Within few years such credit programs expanded very fast. However if we compare the micro-credit activities of state owned banks with that of NGOs like ASA and Grameen Bank, we can see that state owned banks lagged much behind in this respect. Organizations like BRDB, Bangladesh cooperative Bank Ltd, Bangladesh Krishi (Agricultural) Bank have various types of activities with the aim of helping poor people for general development, particularly in the agricultural sector. Besides other national banks these two

came forward with various types of credit program. But the state organizations failed to reach the goal (Hossain : 1991, 178 -211).

The present chapter discusses about how the Micro Finance Institution (MFI) originated and how they are functioning. This would help us to analyze the effect of micro-credit in the two above-mentioned villages. At the same time it is important to know what is meant by 'Micro-credit'. This is also discussed in this chapter. This chapter briefly discusses the development of micro-credit by both government and non-government organizations.

Micro Finance Institution (MFI)

A small loan varying from 5,000 taka to 35,000 taka is considered to be micro-credit. The creditor may be an institution like bank or cooperative society, or it may be a semi-institution like NGO or even it may be a non-institutional source, such as village mohajans (money lenders), relatives or friends. Micro-credit is an important part of the entire economic system. Small accumulation is also one of the important parts of the total economic system. By Micro Finance Institution (MFI) we mean only those institutions or semi- institutions that give such small loans to the people. These institutions provide small-scale loans, help accumulation and render other kinds of economic service. By formal MFI we mean the government organizations. And by semi-formal MFI we mainly mean NGOs. Besides, the non-formal credit system still exists in rural Bangladesh, which still plays very important role in the social and economic life of the people.

Formal/Institutional Credit

Any loan obtained from any institution is the institutional loan or credit. Demand for money is always more than the supply of the same that is availability of loans from the institutional sources. Most of the poor people both urban and rural do not have the opportunity to get institutional loans easily. Therefore in spite of the

establishment of new sources of institutional loans, the old traditional sources of non-institutional sources could not be destroyed. The experience of the micro credit activities in Bangladesh shows that poor people can accumulate more. They are capable of paying back. And amongst them number of women borrowers are more than the men borrowers.

The sources of institutional credit in Bangladesh are as follows:

1. Government of Bangladesh
2. Bangladesh Bank
3. Commercial Banks (Sonali, Janata, Rupali, Pubali)
4. Specialized Banks (Agricultural Bank, Industrial Bank, Cooperative Bank, Karma Sangsthan Bank)
5. Palli Karma Sahayak foundation (PKSF)
6. Non Government Organizations (NGOs) etc..

First of all let us have a clear idea about what is called micro-credit .

(Chowdhury : 2001, 30-56)

Concept of micro credit

The micro credit is defined as the credit given without security to the targeted poor people interested in raising the standard of their lives with the aim of socio-economic improvement of those people and providing them the opportunity for self-employment.

What is micro credit

Micro credit is a small amount of loan without security. It is given mainly to the poor owning less than one acre of land with the hope that they themselves would create job and income. By providing credit to the poor by various means, such loan giving institutions help them to increase their income and productivity. Micro credit programs aiming at the eradication of poverty have been able to

reach large section of people to take such loan with the goal of removing socio-economic imbalance which is now existing in the society to a great extent.

The English word 'credit' originated from the Latin word 'Cred'. Though it is now an economic term meaning loan, its original meaning is 'confidence', that is "a person's confidence on another persons (or organization)". Credit or loan is a kind of confidence that the money or the commodity given (or sold in advance) would be returned. Most of the loans are in the form of money. The creditor gives certain amount of money to the borrower who after some time returns the same along with interest. The term 'credit' suggests not only the loan, but also the capability of the borrower to pay back the loan.

The history of the transformation of loan is a long one. In the pre-historic age, in the period of the beginning of the era of agriculture and exchange economy, peasants who had the surplus used to supply food, crops and seeds to those who were in deficiency and afterwards, during the time of harvesting would take back not the same amount but a little more than the amount given. After the introduction of money, when commodities and services were bought and sold in exchange of money, market system developed very fast.

Demand for money was increasing for trade credit as well as for other reasons. To meet this demand there developed banking system as well as other financial institutions. However, those who contributed most to the development of credit system are the users, goldsmiths and traders. Since the ancient time interest was a part of credit system in Bangladesh too. It was the general practice that loan should be paid back along with interest. From the Artha Shastra of Kawtilla - it is learnt that in the Vedic period there was the system of non-institutional loan.

But at that time loan was taken or given only for the purpose of temples and other religions institutions. During the time of Manu, the system of giving or

taking loan appeared nearly as the modern banking system. It was the advice of Manu that people should deposit their money in safe custody of those who are honest, rich, respectable, and knowledgeable. The old Bengali literature such as *Mongol Kabba* gives the evidence that even in the ancient Bengal there was the practice of giving and taking money and material in the form of loan which included the custom of paying bank loan along with interest. Earlier Moghal rulers introduced the gold coin and encouraged people of different classes to use such currency for exchange and loan purpose. The local capitalists, bankers, traders and businessmen of various categories came forward in the financial business during the Moghal period. They played an important role in the development of credit system. During the beginning of the period of well-established credit system, there existed *Dadan* system, which is also a kind of credit system. In The *dadan* system weavers, local peasants or the producers of the industrial products used to take loan from the local and foreign traders for the production of certain commodity and after a fixed period of time they would pay back the loan along with the interest in the form of the commodities produced. In 1770 *Hindustan Bank* was established in *Calcutta*, which is a milestone in the development of credit system in our country. That was the first modern bank in the Sub-continent. In Bengal under Moghal rule there were well known moneylenders. One of them was the family of *Jagat Sheth*. In the early period of 18th century *mahajans* (money lenders) used to give loan to the peasants just before the beginning of the cultivation season. After harvest the borrower peasants returned the loan in the form of crop, which the money lenders stored in their store, and would sell it at the time advantageous to them at higher price to common people and thus earn huge profit. The English and Dutch East India Company engaged in exporting Commodities of Bengal to European and Asian markets and the Asian traders used to give short-term loan to the local producers so as to help them producing exportable items. Major positions of the peasants

and local artisans to meet the production cost depended on the local money lenders and the foreigners. On the other hand local mahajans, traders and bankers too used to take loan from the foreign company in order to make their fund. In Bangladesh loan system become institutionalized by the end of 18th century. During British period it developed to a higher stage. During British period 14 banks and 17 loan offices were established in Bengal.

There are several basis and methods for the classification of loan. The nature of the loan can be seen from different perspectives. These are different categories of lender and borrower. The loan can be classified keeping in view the purpose of the loan itself. Classification may depend upon the period of repayment. Loan can be differentiated according to the purpose of the borrower, such as personal loan, business loan, trading loan and government loan. There are many other kinds of loans such as consumer's loan, production loan, speculative loan, short term, midterm and long term loan, immediate or ready loan, or the loan to be used in agriculture, industry, trade or for the purpose of investment and so on. Loan can be classified as rural loan and urban loan. Non-institution loan or Credit is an inseparable part of the socio-economic system of Bangladesh and very often it is not limited within the financial transaction. Main institutional sources of the rural credit are different commercial banks and the rural branches of the cooperative banks as well as NGOs and other organizations providing micro credit. The non-institutional sources are friends, neighbors, relatives, local rich persons, mahajans, owners of lands, peasants producing surplus, shop owners etc.. Normally the rate of interest is very high in case of non-institutional credit. However in some cases there is no interest at all. Professional artisans get raw materials from the buyers of the products as loan without any interest. The owner of the land often gives inputs for the agriculture as loan but without interest. In such cases though there is no interest as an economic category, yet,

the borrowers are forced to remain hypothecated to the creditor. Following Islamic principles or the traditional cultural trend of our society many people give short term loan (known as karza or hawlat) to others suddenly fallen into economic crisis and this temporarily help the men or women in distress. But there is opposite picture too. The mahajans or even the rural rich give loan to the poor and people in distress at a very high interest rate. This is again in practice in Bengal for many centuries. Rural informal loans are taken to meet the consumption expenses to create primary capital for business to repay the earlier loan and also for the expenses due to marriage ceremony, medical treatment, construction of house etc..

(Islam : 2003, 44- 50)

Necessity of the institutional loan

1. It helps to find out scope for employment
2. It helps to come out of oppression by the mahajans.
3. It mobilizes internal resources.
4. It helps to provide necessary capital for economic activity
5. It plays an important role among members of groups taking loan to become self-dependant.
6. It helps to create avenue for the diversification of income and to increase the project based income through income generating activities.

Importance of institutional micro credit

1. The availability of fund creates mental strength among the poor distressed people by which they acquire the ability to fight poverty.
2. The institutional credit can save the poor people from the clutches of the oppressive users (mahajan) and those involved in dadan business.

3. Such credit helps the people of lower income groups to take more economic initiative as it helps them to increase interest or mental spirit to do job.
4. Such credit makes people self-confidant and self-reliant.
5. It helps in mobilizing credit and using local resources properly.
6. Such loan creates the hope among common people for a better life and it also helps them to improve their social standard of life and social status.

The main features of micro credit

- 1) The credit is for a targeted group of people
- 2) Credit without security
- 3) Credit under close supervision
- 4) Such credit is connected with accumulation
- 5) This credit is provided for institutional necessity
- 6) The loan is for short term and is payable by installments
- 7) It helps to increase family income
- 8) It helps to create job in due course
- 9) It helps to create social intimacy
- 10) It focuses the women
- 11) It helps in women empowerment

Difference between credit and micro-credit

Table : 5

Credit (traditional)	Micro credit
When any person or organization for the purpose of reaching certain economic goal, takes money or property under certain condition, the amount of the required money being more than what is already in his or her or its (in case of	Loan given to a targeted poor people without security for the purpose of improvement of their socio-economic condition as well as for creating job opportunity for them is said to be micro credit.

organization) possession, then such conditional taking of money or property is said to be credit.	
Loan is given with or without security.	Micro-credit is always given without security.
In case of loan the borrower is not provided with any other service.	In case of micro credit borrower is provided with various kinds of services.
Insurance facility is not provided.	Insurance facility is provided.
Loans given by institutionalized sector may not be environment friendly	Micro-credit is always provided in an environmental friendly way.
Anyone belonging to any class can talk the loan.	Only the targeted people can avail the opportunity of micro credit.
Loan might be given on long-term basis.	Micro-credit is for one-year term only.
To take or to repay the loan the borrower has to go to the institution giving the loan several times.	One who takes the loan goes to the institution dealing with micro credit only once while taking the loan. He or she does not need to go there at the time of repayment.
The conditions for the loan are normally not very easy.	Loans can be taken at easy terms.
After giving the loan the loan giving institution does not help the borrower in any way or supervise the activity.	The institution dealing with micro-credit helps or supervises the economic activities of the borrowers
Loans may create the scope for the employment of large number of people in established sector.	Micro credit does not create such scope for the employment of large number of people in any established sector.

Source: Micro Credit Manual of PKSF , 2006.

Now we shall briefly discuss about the history of the development of micro-credit.

Development of Micro Credit through Cooperatives:

In our country micro credit system has been developed through cooperatives societies. The concept of cooperative originated in the ancient period of history. In that pre-historic period in the hunting era and also in the period of transformation into agricultural era people felt that nothing could be done alone and everybody needed others cooperation. Thus the concept of collective effort developed. In all the ages of social transformation thousands of examples of such collective efforts could be found. In the early 20th century cooperative societies as a key element of economic development became a popular mass movement for the poor people in the undivided India. Even after the partition of the sub-continent, these cooperatives societies continued their activities and in due course they started to conduct credit activity. In Europe cooperatives appeared even before 19th century.

Origin of the cooperatives in Europe (before our Sub-Continent)

In the world micro credit developed through cooperatives. It is first in Europe in the 19th century cooperatives appeared through codified and formal organizations. Cooperatives through codified and formal organizations first appeared in Europe in the 19th century. In this respect England and Germany were ahead of others. Basically as a result of industrial revolution there developed a kind of humanitarian approach toward the landless peasants, which led to the formation of cooperative societies. At the same time industrial workers became victim of the class oppression by the owners of the industries. It is due to the private ownership of the industries. A conscious section of the workers took initiative to form cooperative societies.

However such initiatives for cooperative did not succeed much. In 1844, in the city of Rochdale in England egalitarians first universally recognized successful cooperative society. Even before that the people of Great Britain had started a sort of cooperative movement for the purpose of buying daily necessities and gradually cooperative movement became well established. In 1844, the establishment of Rochdale Lane store only advanced the earlier cooperative movement. To live together in own land in village, to work together in the factories, to remain away from unfair competition for industrialization and thus enter into a new moral world of mutual cooperation, social equality and fraternity- these were the ideal and the aim of the then cooperative communities or the villages of cooperation. As a consequence of industrial revolution there appeared scarcity of job facilities and wealth become concentrated in few hands. As a result of railway communication and advanced shipping system foreign market expanded. But the job market as well as business and trade became unstable. Then began the period of prosperity of the Victorian era. Trade unions and the cooperatives too transformed themselves to cope with the changed situation. Then there was a period of large expansion of new trade unionism and new cooperatives in which the citizens of Rochdale played the pioneer role. professor GDH Cole in his book "A country of cooperation before the Pioneers" discusses about the earlier cooperatives, i.e., the cooperative that had developed before the above mentioned pioneer cooperative appeared. The process of the development of cooperative movement is described here in the light of the work of professor Cole. Robert Owen who was considered to be a great man and leader by a section of the British working peoples, propagated to the British people about the ideals and the chief goal of pioneer cooperative of Rochdale. His followers were known as "Socialist" or "cooperatist". He had the scheme of a new moral world, which was known as "cooperative" or "socialism". From the mid 20s to mid 30s of the 19th century was the peak period for Owenism. In other

word, the Owenism had its golden period till the middle of the decade of thirties of the nineteenth century, which was just ten years before the establishment of the store by the Rochdale pioneers. Afterwards Chartism rather than Owenism had influence over the members of the cooperatives.

Chartism comes from the word Chartist movement that was a historic English working class movement of the early 19th Century on the demand for social and industrial reform. In 1839 when Chartism reached its peak, then the English working class forced the parliament to fulfill some of their demands by the threat of general strike. This caused the change of attitude among a large section of the working class. Incidentally that was time when the Rochdale pioneers established their store in the Tod Lane. Thus cooperatives started functioning in Europe with many ups and downs. In the same historic period Raiffesen in Germany started cooperative activity by establishing peoples Bank with the hope of reducing the debt burden of the peasantry (Talukdar : 2001)

Gradual Development of cooperatives in British period and in the then East Pakistan (till 1971)

In 1904 the British rulers started the cooperative movement in India. But long before it was thus structured in an institutional form, cooperative had developed in the Sub-continent. Below there is a brief sketch of the chronological development till 1971.

The Trend of gradual development of cooperatives (in the Sub-continent from 1875 to 1971)

Table : 6

Year	The trend of gradual development
1875-1876	The borrowers revolted against the creditors and as a consequence of the Decan riot for the first time the distressed condition of the peasantry crushed under the heavy burden of loan came to light. Decan Agricultural Relief Act was enacted.
1882	Sir William Wederburn suggested to the province Govt. of Bombay for establishing agricultural bank in order to give agricultural loan to the peasants.
1883	Improvements Loans Act was enacted by the initiative taken by the Famine Commission. This law failed to protect peasants, as it cannot provide security.
1884	Agricultural Loans Act of 1884 was enacted with the view to give Takavi loan in the basis of joint security. This law also did not bring any good to the peasantry. Government following the model of Rochdale pioneer (England) paid attention to introduce cooperatives.
1892	Government of India for the first time decided to introduce cooperative system to resolve the problems of the peasantry.
1885-1899	It was advised that credit cooperative societies of Raiffesen's model be introduced in India. It was also suggested to examine what kind of cooperative society would be appropriate.
1900	Cooperatives societies were established in different parts of India. In the December of this year a committee formed by the government in a meeting gave opinion in favor of village cooperative society following the model of Raiffesen.

1901	Indian Famine Commission strongly recommended for the establishment of agricultural bank having resemblance with the mutual credit association of Europe.
1904	Cooperative Societies Act of 1904 was announced on the recommendation of the committee formed by the Viceroy.
1909	In order to supervise the activities of primary cooperative societies and to supply credit to the societies, the necessity for forming central cooperative bank was realized. Such central bank was first established in Khelora in the district of Medinipur.
1912	With the participation of individuals and the cooperative societies, a mixed type central cooperative bank was established which played good role for the formation of capital on the basis of work experience. Decision was taken to amend the 1904 Act.
1914	To examine the activities of the cooperatives a committee was formed.
1917	Hemp producers cooperative society in Nowgona and milk suppliers society in Barasat near Calcutta were established which became widely known in the cooperative circles.
1918	Under the leadership of Sir Daniel Idamilton, the registrar of the cooperative of Bengal and Mr. J T Daneven (ICS) Bengal Cooperative Alliance was formed.
1919	In the context of the constitutional Reforms cooperatives were included in the agenda of the government.
1920	The first cooperative Bank in India was established in Jhang in the province of Panjab.
1922	Bengal provincial cooperative bank was established.

1926	Jute sale societies merged into a central organization and was reconstructed and renamed as wholesale cooperative society.
1928-29	Cooperative Colonization Society was formed in Badarkhali in Cox's Bazar.
1929	Disaster came in the activities of the societies. Decision was taken to organize the conference of the registrars throughout India. And in Madras Central Land Mortgage Bank was established.
1932	Following the example of the 1919 Act of limited provinces other provinces also passed the cooperative laws in their respective provinces. (Bombay in 1925, Madras in 1929, Bihar and Orissa in 1935, Mysore in 1935 and Lastly Bengal in 1940).
1934	Land Mortgage Bank was established with the help of the government cooperative.
1934-35	Central Cooperative Industrial Union and the primary weaver's cooperative association were established.
1935	As the laws enacted for the cooperative loans caused harm to the cooperative loan and as it was considered to be similar to the users loan, borrowers failed to repay. As a result, cooperative societies suffered. Then the slogan was raised "Save the peasantry".
1936	Bengal Cooperative Training Institute was established.
1937	ICA congress formally adapted the resolution that the principles of Rochdale cooperative would be considered as appropriate principles for cooperatives.
1940	Bengal cooperative Societies Act was passed.

1942-43	Due to the havoc of famine many members of the cooperative died. Quite India movement along with Pakistan movement created political unrest, which caused dissolution of many societies.
1944-1945	By the initiative taken by Mr. Anyanger, ICS, the district magistrate of Rangpur consumer's cooperative stores were established in all the unions of the district. To supply daily essential necessities at a reasonable price to the people in every union of Kishorgonj, Union Cooperative Multipurpose society was formed. The initiatives of these cooperative societies in Rangpur and Kishorgonj are considered to be successful. At that time government used the central cooperative industrial union and the primary weavers associations.
1947	After the division of the country resources and the responsibilities were not immediately divided. At that time the number of the earlier societies was 26,664. By 1957, 24,675 societies were liquidated.
1948	In the month of March East Pakistan Provincial Cooperative Bank was established.
1949	In Godnail of Narayangonj East Pakistan Cooperative Jute Mill was established which was renamed as Bangladesh Jatio Shilpa Sangstha after 1971.
1951	East Pakistan Cotton spinning mill was established in the month of June.
1952	Pakistan Agricultural Enquiry Committee formed in 1951-52, recommended for the establishment of the union cooperative multipurpose society under government control.
1952-53	The Union Cooperative Multipurpose Society earned reputation

	<p>because it could start business without government assistance. In 1958-59 the State Bank of Pakistan started distributing agricultural loan through cooperative societies with the intention to increase agricultural production. Thanks to the efforts given by East Pakistan Provincial Marketing Society. Jute market was created in Great Britain, France, Holland, Germany, Czechoslovakia, Poland, Russia, Italy, America and India.</p>
1959	<p>On 27 May Pakistan Academy for Rural Development (PARAD), presently BARD was established in Comilla.</p>
1960	<p>In January East Pakistan Cooperative Provincial Industrial Society was established. Under the jurisdiction of the project "Introduction of Mechanical Farming on Cooperative Basis" Mr. Akhter Hamid Khan started experiment on cooperative system. Thus started the 'Comilla Approach.' The model of the Comilla approach is the cooperative on two levels.</p>
1961	<p>East Pakistan Provincial Cooperative Marketing Society and East Pakistan Cooperative Union were established. The union as the representative of East Pakistan Cooperative earned the membership of ICA. Union started publishing its magazine 'Samabaya' .</p>
1962	<p>Govt. of Pakistan for the first time declared the principle of cooperative. East Pakistan cooperative society was established. The cooperative college, which was situated in Dhaka, was shifted to the campus of Comilla Palli Unnayan (Rural Development) Academy in the month of July. On 3rd June cooperative society took over the responsibility of Chittaranjan Cotton Mill.</p>

1965-66	Four Zonal cooperative educational institutions were established In the four divisions. Coordination between the central and the primary cooperatives of the sugar cane farmers was completed and East Pakistan Sugar Cane Growers Federation was established in February 1966. In March 1966 Cox's Bazar salt producers cooperative society was established.
1968	With the initiative of the department of cooperative following the Comilla pattern agricultural cooperatives at village level were formed under the jurisdiction of the Thana irrigation program at the end of this year.
1970	Under the jurisdiction of the Accelerated Rice Program of the Govt. of East Pakistan, agricultural cooperative societies at village level were formed.
1971	Because of the war of independence all development activities were stopped in this year. On 26 March a new country appeared on the map of the glob as Bangladesh. Thereafter there was fresh start in independent Bangladesh.

(Ullah : 2003)

Cooperative Societies Act of 1904 and the nature of cooperative movement :

From the above Table the trend of the gradual development of the cooperative movement can be clearly understood. Prior to independence, cooperative activities were conducted with the state patronization. Particularly to protect the rural poor from the clutches of usurers and to help them cooperative societies were formed by the initiative of the government. At first initiatives were taken by some British civilian officers in their respective work places at the district level and their efforts were proved to be successful. According to the Act of 1904 democratic system was introduced for the management of the cooperative

societies at district level. In the early years of the movement the fund for the societies was organized by the loan from the government and collections from private individuals. Also members deposited money upto certain amount. The government loan was free of interest. The society used to give rural agricultural loan to the appropriate individuals. Cooperative societies developed among the communities of the fishermen and weavers, among the consumers and among some urban communities. In all the sub-divisions and many thanas cooperative societies were established. Peasants and various professional groups showed great interest in it. In 1912 new cooperative act was announced. In 1918 Bengal cooperative Federation was established in Calcutta. In 1922 it was renamed as Provincial Cooperative Bank. Cooperatives were considered to be provincial matter as per India Act of 1919. As a result, in the decade of 1920 cooperative movement became a matter of great inspiration. In 1906-7 the total number of cooperatives in Bengal was 222. By 1928 the number increased upto 19742. In the same year there were 113 central cooperative banks. But in 1929 it suddenly collapsed. The worldwide economic recession touched Bengal too. Then another decrease came when cooperative act of 1935 was enacted. Under this act a settlement board was formed. The board put the total responsibility of repayment of the loan upon the cooperative societies and the borrowers. Again the borrowers suffered under the money lenders act 1929. According to this act the cooperatives were treated as money lending agency and many restrictions were imposed upon them. The total effect of all these events was that the once fast growing (in the decade 1920) cooperative movement became weak. In 1935-36 it came down to 2.3 million rupee. Because of the effect of the Second World War, famine of 1943 and communal riot, cooperative movement became weaker. Rouland committee declared the cooperative movement as nearly dead. In 1948 cooperative bank was established with the intention to revive it again. This bank dissolved 26000 rural cooperative societies and in their places the bank

introduced multi-dimensional union cooperative societies with limited responsibility. Till 1957-58 its activity expanded very much. During these years the earlier approach to give agricultural loan on village basis was abandoned and credit activity was introduced after establishing multipurpose cooperative societies at union level. The cooperative activities were reformed. As a result primary societies at village level and central cooperative banks at Thana level were merged in the union multipurpose cooperative societies. With this approach cooperative activities were again started with the government patronage. At that time government refrained from supporting and funding some of the non-profitable organizations. On the other hand WAPDA and BADC under various projects organized some beneficiaries through cooperatives whom they provided support service. Thus came new concept regarding cooperative (Ali, 2002, 5) .

The establishment of BARD

In the decade of 60s the village Agricultural and Industrial Development (V-AID) program was introduced with the intention of encouraging rural people to be self-reliant. In this program modern technology was introduced in agriculture, Animal husbandry and cottage industry. Following this, Pakistan Academy for Rural Development (PARAD) was established which is known for its "Comilla Model". A new model in the cooperative movement for rural development was presented. The initiative itself was a coordinated structure. Beginning of development expansion and the completion of this model is due to the efforts of Akhter Hamid Khan, the founder director of BARD and his co-workers. In this model group approach is applied and basing on such approach small credit is provided through cooperatives. In today's Bangladesh BARD situated in Comilla is an autonomous national institution, which is involved in training, research and experiment regarding rural development. Comilla model introduced two level cooperative method. The Comilla model tries to provide credit facility to all

including peasants and fishermen. At thana level agricultural cooperative society is formed which is called Thana central cooperative Association. Through these organizations arrangements are made to increase the accumulation among peasantry, to provide loan and to organize different type of training. This institution started experimenting on two- level cooperative with a new approach under four components which are as follows -

- a) Thana Training and Development Centre (TTDS)
- b) Thana Irrigation Project (TIP)
- c) Rural Works Project (RWP)
- d) Two-level cooperative.

In order to materialize the Comilla model coordinated Rural Development Program was adapted. But for the implementation of the four components various departments were created only after independence. As policy of two level cooperative central cooperative at Upazila level and primary society at village level were formed. Side by side property-less peasants and women were organized in the cooperatives and with them above program was largely introduced with government support. Its aim is:

- To increase agricultural production cooperatives of two level.
- Poverty eradication by increasing income and job opportunity.
- Development of women and their empowerment.

With the efforts by the department of cooperative other forms of cooperative activities under various development projects were being continued at the same time. In 1962 policy makers decided to give full support to the cooperative activities for the development of agriculture. New method of rural cooperatives was to give more emphasis on the training of the members, regular weekly meeting, small-scale accumulation and use of high yielding seed, fertilizer and irrigation. Uniting all the primary cooperatives of village level, Thana central cooperatives were formed at thana level. It has been proved that this type of two-

level cooperative gives better result. So at a later stage the same method was introduced under the direction of Bangladesh Rural Development Board for the improvement of thana training and development centres. A decentralized and coordinated administrative was planned.

In 1963 government decided to establish such centers throughout the country and subsequently such centers were established in all thana. For the improvement of the physical superstructure the academy involved the local council and the villagers through experimental projects, which was later known as rural works program. As it was successful the same was introduced throughout the country in 1962-63. While the academy was closely observing the management of the rural cooperatives in the sadar thana of Comilla which is the research area, the cultivation of a new rice was introduced. A new institutional system was developed as a result of the necessity of joint initiatives of all the officials at thana level for the purpose of implementing training program for management of the irrigation technology. In 1960 such system was known throughout the country as thana irrigation program and for a result cooperatives in country became over spreading. It was a great success that government organized thirty thousand cooperatives among the peasants. Government also promised to give full support to the member of the cooperatives in all of their economic activities. Other activities of BARD with the aim of eradicating poverty are as follows:

- Expansionist activity
- Post flood activity
- Improvement of physical super structure
- Training and development of human resources
- Exhibition and selling centre

Providing training to government and non-government officials is one of the compulsory tasks of BARD. The aim of the research conducted by the academy

is to collect socio-economic data and information for the purpose and planning and for making projects. The results of these researches are not only used as subject for training but also used by different ministries, planning commission and the policy makers. Besides the academy, universities and research institutions are involved in the task of evaluating important national rural development projects either alone or in collaboration with different government institutions. Since its beginning it has so far conducted 48 experimental projects regarding various aspects of rural development. Government support definitely encourages the formation of cooperatives in all the major or minor sectors of economy. However when the cooperative activities were analyzed during the last years of Pakistan period then it was found that the cooperative movement for loan distribution and poverty eradication failed to get desired goal.

(Obaidullah : 1993)

After independence: Rural financial assistance (Loan)

It is quite natural that during 1971 when people were involved in the war of independence there could not be any activity of the cooperatives. After independence cooperative initiatives were given the highest patronage. Even subjects like cooperative ownership and state patronage were mentioned in the constitution. Since 1972, these two types of cooperative principles being followed and practiced. They are as below:

1. Traditional cooperatives under the supervision of the department of cooperatives.
2. Integrated Rural Development Program (IRDP)

IRDP having full state patronage with the intention of rural development and poverty eradication started its activity in 1972, immediately after independence. IRDP followed the Comilla model and spread through out the country. Peasants were organized in two-level cooperatives. Loan and after benefits were distributed through cooperatives. This gave strength and encouragement to the marginal and landless peasants in getting themselves organized. Providing opportunity to get loan through formal and informal

cooperatives poor women were made self-reliant. Thus micro-credit was institutionalized at government level.

Self-reliant Program

To achieve the goal of self-dependence and self-sufficient Bangladesh a program namely Sanirvar karmasuchi meaning self-reliant program was adapted. It was Mahbub Alam Chashi, the director of BARD who started and led this movement. Immediately after independence he and some of his colleagues having same idea started this movement in 1973. In order to give support to these activities a special cell was formed within the Ministry of Agriculture and Mr. Chashi was appointed as its general secretary. The program with the slogan of self-reliance at a later stage spread throughout the country. The main goal of this movement was that every village should be self-dependant and self-sufficient. Mainly the target was to achieve self-sufficiency in food. So the self-reliant movement helped the peasants to increase production by the application of advanced method of cultivation, use of good seed, fertilizer and advanced technology through irrigation etc.. To distribute micro credit among the marginal peasants through IRDP was one of the tasks of this program. The program decided to make agriculture dynamic by establishing deep and shallow tubewells and water pump and by digging channel for the purpose of supply of water to the field. At that time food for work program was also introduced to help the peasants and the rural agriculture. Besides this program helped in developing rural health, education and communication system and creating or increasing job opportunities for the landless people (Chowdhury : 1982,70-100).

From IRDP to BRDB

Bangladesh Rural Development Board is the single largest government organization for the rural development and poverty eradication. Through a govt. ordinance IRDP was reconstituted and turned in to BRDB. There are new types

of two-level cooperatives under the jurisdiction of integrated rural development program.

BRDB is given the responsibility to increase food production through the spread of two-level cooperatives all over the country. As a result, there appeared many cooperative societies. One of the main features of this method is to organize rural peasants through two-level cooperatives, so that peasants can accumulate capital, get training loan, agricultural inputs and marketing facilities and thus increase production cooperatives at thana and village level, which organizes to teach the peasants about modern cultivation. Irrigation materials, high yielding seeds, chemical, fertilizers and pesticide are also supplied. Peasants are organized in the primary village based cooperative and then Upazila central cooperative society is organized as an open body. Through share distribution and accumulation process, members of the cooperatives can create capital, which can be invested. Besides, training on development and the use of modern technology is given. Loans for irrigation materials and crop loan at easy terms are given too. BRDB has been able to organize 22,55,000 peasants within the framework of cooperatives and its activity have spread in 448 thanas or Upazilas. Taka 84278.82 lacs (842 crores 78 lacs 82 thousand) have been given as crop loan to the members of cooperatives. The other kind of loans given to them amounts to taka 2165.58 lacs. BRDB also took up the program for the women in order to help them for their socio-economic development and empowerment. International and national experts consider that the management capability of the societies as well as the cooperative mentality of the members are of high level (Rahman : 2003, 189-291).

Nationalized Commercial Banks

Immediately after independence nationalized commercial banks established branches in the villages and increased the supply of institutional loans for

agriculture, which encouraged the peasants. Immediately after independence the amount of agricultural loan increased to a great extent, which brought significant changes in agriculture. Institutional loan increased from 55 million in 1960-61 to 326 million in 1971. In 1976 it amounted 865 million. In 1980-81 the flow of agricultural loan increased by 30 % and reached the figure of 3600 million. As advanced technology was introduced at that time it was thought that by 1990, the requirement for the institutional loan for farm-based production would reach 16500 million. In 1976-77 Ziaur Rahman introduced "Special Agricultural Credit Program" with a budget of Tk. 100 crore. This money was given through agricultural/ krishi bank and the 6 nationalized commercial banks. By the initiative of Major General Salam, the then GOC at Bagura, a program under the name of Matir Dak (call of the soil) was undertaken in some districts of Rajshahi division in 1977-78. The program included special loan activity of 100 crore taka. Such program did not have any approval either from government or from Bangladesh Bank. The program of short-term agricultural loan proved to be very effective. But as it was considered to be an extra job of the commercial banks, the repayments of the loan faced many problems and were disturbed. The government made the city-based banks to be conscious of their social responsibility and encouraged them to open branches in the villages. From a research carried out in 1983 it is learnt that the institutional loan in the villages were only 15% of the total loan (informal & formal) available in the rural areas. Till then the informal loan from mahajans (users) or relatives was the main source of loan. 25% of the loans were supplied by shopkeepers, small businessmen and well to do families. Only one-third of the borrowers used such loan for productive agriculture. Four-fifth of it were used for other purposes such as family expenses, food, medical treatment, various festivals, house construction etc.. In most cases repayment was done in non-monetary form i.e. through physical labor. In such cases the interest was too high, sometimes more than the

amount of loan taken. In most of such cases the land possessed by the borrower was considered to be the security.

BRDB initiated programs for the improvement of rural livelihood, which proved to be successful to certain extent. Such steps taken by government played important role in the program of eradicating poverty. There are such projects as Rural Livelihood project in 152 Upazila under 23 districts. It is financed mainly by ADB. At the beginning the project faced many problems. In a research paper it was seen that till 2002 there were 12472 primary cooperatives where 40% were the beneficiary who could accumulate Tk. 2900,39 lacs. A number of 1,10,317 persons including men and women were trained on subjects like staff development, cooperative management, skill development etc.. As a result, the job opportunity of the beneficiaries particularly of the women was increased. Main activity of the Rural Livelihood Project was to give loan to the absolute landless people who do not have land for household even. The amount of total loan given was about taka 53394.14 lac.

The rural poverty eradication program of BRDB distributed take 823.77 crore as loan to the people without any property till 1993. Under this project 296277 persons from 12,360 groups were organized. The members collected tk 25.81 crore as savings whose rate of repayment was 97%. Besides, advices were given for increasing consciousness about health and family planning, forestation, improvement of hearth etc..

(Chowdhury : 1991)

Sonali Bank so far distributed several thousand crore taka for the purpose of rural development and poverty reduction. There are more than ten thousands projects still functioning under loan giving program of Sonali Bank. More than few lacs of people are getting benefit out of these projects. According to these projects poor women are given loan without any condition for the purpose of women empowerment and to make them capable of earning. Loans on very easy terms

are given particularly to the physically incapable women or the acid victims. Sonali Bank played role for the women empowerment and in the formation of social capital.

Similarly the aim of the Janata Bank branch project is to survey over any area and to find out the scopes for creating jobs in that area. On that basis the bank provides loan to the rural people so that they can engage themselves in agricultural and non- agricultural occupations, such as small business, cottage industry, jobs related to irrigation equipment, crop raising, fisheries and livestock etc..

This is a picture about the loan distribution by the nationalized banks and about the repayment. Till December 2000 the loans disbursed by the six banks were Tk. 70,059.88 million and the rate of recovery was 88.55% which is quite satisfactory. Amongst them Sonali Bank gave the highest amount of loan, i.e. Tk. 36,991.60 million and the rate of recovery was 89.01%. Bangladesh krishi Bank (BKB), a specialized bank, whose task is to do banking only for the improvement of agriculture and rural development, disbursed taka 6684.60 million as loan, its rate of recovery being 77.89%. It may be mentioned here that this bank stands at the bottom position among the nationalized banks dealing with small loans. In this respect the position of Agrani Bank is third from the top, but its rate of recovery is as high as 95.93%.

Bangladesh Krishi (Agricultural) Bank :

Bangladesh Krishi Bank is the continuation of the Pakistan Agricultural Development Bank, established in 1961, which came into existence by the merger of two banks namely Agricultural Development Finance Corporation, established in 1952 and Pakistan Agricultural Development established in 1957. In 1992 Bangladesh Krishi Bank (BKB) introduced "Landless and Marginal Farmer's Credit Programme" for giving loan to landless and marginal peasants.

At that time this was introduced as a regular loan program in all its branches. Those people having only homestead land or having land less than 1.5 acres can apply for loan under this program. Borrowers need not go to the bank; field workers of the bank collect the installments for repaying going to the house of the borrowers. Moreover such staff of the bank would go to the house of the leader of the group to sit in the weekly meeting of the group and to give them the necessary training. The loan-giving program of the Palli Pragati Prakalpa under Rural Development & Cooperative Division is being implemented in all the Upazilas through Bangladesh Krishi Bank.

The Particular sectors where BKB gives loan to any person or organization are as follows:

- Crop Production
- Vegetable cultivation
- Forestation
- Fish Cultivation
- Rural collage industry (In some cases)

For the effective loan management and supervision of the branches, the bank introduced zonal audit system. At the time of foundation Bangladesh Bank provided money for the BKB. But now the bank has been able to increase deposit at a growing rate. So its dependency on Bangladesh Bank is lessened. The actual picture can be seen from the following data:

- In 1972-73 the rate of increase of deposit was 63% but from 1977-78 to 1980-81 it was 90%.
- In June 1982 the amount of deposit was Tk.1.761 billion, which increased upto Tk.31.431 billion in June 2000.
- The rate of increase of advance during 1977-78 to 1980-81 was 93%; whereas this rate during 1971-72 to 1977-78 was 70%.

The bank gives preference to the financial help for crop production. The other sectors where the bank gives financial assistance are :

- Processing of the products
- Storing
- For marketing of the agricultural products (For this purpose short term, medium term and long term loans are given)

The period for repayment depends upon the purpose of the loan and upon the time span needed to make income.

For example :

- Short term loan:
For seasonal agricultural productive activity.
- Medium term loan :
For shallow pump, hand driven pump, agricultural equipment, bullock cart, goat farm, poultry, cattle for plough, transport cost for agricultural commodities and other agriculture related matters.
- Long Term loan :
For mechanized plough or power tiller, shallow tubewell, establishment of ice making machine, establishment of agro-based industry, expansion of tea garden or vegetable garden, forestation and fish cultivation.

The period for repayment :

- Short term :18 months
- Medium term : 5 years
- Long term : more than 5 years.

The major sectors where loans were given (upto 30 June 1999).

- Agriculture, animal husbandry, forestation and fish cultivation (Tk. 25.785 billion)

- All kinds of industry (Tk.7.483 billion)
- Retail & wholesale business and hotel (Tk.1.262 billion)
- Insurance, land and business service (Tk.1.617 billion)
- Transport, communication and godown (Tk.613 million)
- Special loan program for poverty reduction (Tk.2.633 billion)
- Others (Tk.3.763 billion)

Besides, BKB gives financial assistance to many other projects and special programs. It provides money amounting Tk.14 billion per year for loan assistance in marketing for Betagi community forest project, for self reliant Bangladesh project for self employment of the educated unemployed youth etc..

The following are the projects or programs for which BKB gives financial assistance-

- Special agricultural loan program
- Agricultural farms having contracts with BADS
- Potato cultivation and preservation or tea plantation
- Hand driven pump
- Shallow and deep tubewell
- Experimental funding project
- Dairy farm
- Poultry
- Fish cultivation
- Tobacco or banana or cotton production

Cooperative Banking

After independence in 1971 this bank was given a national status and started cooperative banking activity with a new name as 'Bangladesh National Cooperative Bank Ltd.' At the time of partition of India in 1947 cooperative had to suffer because its headquarter was in Calcutta at that time. Therefore it was

required to reconstruct the bank. In 1948 three-level cooperative societies were formed under the name of East Pakistan provincial cooperative Bank.

The Three levels are as follows:

- Main bank formed at national level.
- 62 central cooperative banks formed at sub-division level.
- four thousand union cooperatives multipurpose society formed at union level.

In the context of the new situation and for the interest of the socio-economic development of Bangladesh, a new ordinance regarding cooperative societies was announced, annulling the Bengal Cooperative Society Act of 1940. At present all kinds of cooperative societies are regular by this law and by the cooperative rules of 1987.

As stated earlier, the bank was named as Bangladesh Samabay (cooperative) Bank Ltd in 1977. Now cooperatives are of three levels:

- On the top there is Bangladesh Samabay (cooperative) Bank Ltd.
- In the middle there are central cooperative banks and central societies.
- In the field level there are primary societies.

Main work of Bangladesh Samabay (Cooperative) Bank Ltd

Its main task is to supply money to provide fund from the central cooperative banks to the middle level cooperatives, so that they can invest the same in the primary groups. The primary groups invest the fund as loan to its members.

Difference between cooperative banks and normal banks

Following are the basic differences between normal banking and cooperative banking:

- Cooperative bank is not basically related to commercial banking activities. It is involved in the supply of small credit in the villages specially for the funding of agriculture.

- Commercial banks conduct their activities through the network of branches, which are controlled by the head office. Whereas on the other hand Bangladesh Cooperative Bank Ltd and the central cooperative banks work independently in their respective areas and are controlled and directed by respective board of directors.
- Cooperative banks are formed on the basis of cooperatives managed under the supervision of the members of the cooperatives according to the cooperative law and audited by the registrar of the cooperative societies. On the other hand commercial banks function as per company act and are controlled by the central Bank (Bangladesh Bank) of the country and audited by the officer appointed by the government.
- Commercial banks can give loan to the people and take deposit from them as per their own rules and system. Their banking system and principles of giving loan are very broad.
- Borrowers from commercial banks are not under the control of the bank.

On the other hand cooperative banks can give loans only to its members according to cooperative law and the loan policy of the cooperative department and also according to the direction of central banks. Same rules and principals are applied while taking deposits form the members of the cooperatives. Since the borrowers are the members of the banks they have their role and participation in the management of the cooperative banks. As per rules of Bank Company Act 1991, Bangladesh bank can inspect and control the activities of cooperative banks.

One of the most successful society out of 1,45,000 cooperative societies throughout Bangladesh is the Bangladesh Bank employees cooperative loan giving society established in 1948 having about 20 cores taka in its possession. Its membership is 4,613.

The following table gives a picture of financial activities of Bangladesh cooperative bank for the last few years.

Table: 7

Year	Loan disbursed	Total income	Total expenditure	Net Profit	Total Member
1993-94	3.78	3.99 4.15	1.47	2.68	465
1994-95	4.36	4.81 7.14	3.13	4.00	468
1995-96	4.18	3.89 4.39	1.53	2.86	474
1997-98	5.71	4.79 52.88	38.24	14.63	482

Source : Annual Reports of Bangladesh Samabay (Cooperative) Bank Ltd 2003 and Bangladesh Krishi Bank 2004

13 ministries and departments are directly involved micro credit activities. The following are the main government ministries and departments involved in the micro credit activities.

1. Finance Ministry
2. Department of Rural Development and Cooperative
3. Ministry of women and children affairs
4. Social Welfare department
5. Ministry of Labor and Manpower
6. Fish and Animal Resources Department
7. Ministry of Agriculture
8. Ministry of Industry
9. Ministry of Land

10. Ministry of Local self government

11. Ministry of Youth and sports

12. Textile and Handloom board.

13. Cabinet Division

How government plays the role regarding micro credit activity is given below:

Table : 8

Microcredit Program of Different Ministries. (As of December, 2003)

Sl. No.	Name of the Ministry	Cumu. Disbursement <u>Taka in Million</u>	Cumu. Recovery <u>(Taka in Million)</u>	Recovery Rate (%)
1.	Ministry of Finance	1,359.90	1,106.30	81.35
2.	Rural Development and Cooperative	30,374.30	25,880.00	85-95
3.	Ministry of Women and Children Affairs	2,353.10	1,589.70	64-100
4.	Social Welfare Ministry	5,503.50	5,002.20	90.89
5.	Ministry of Labor and Employment	147.20	376.30 (past due)	255.64
6.	Cabinet Division	89.90	76.90	85.54
7.	Ministry of Fisheries and Livestock	1,567.80	1,055.50	45-77
8.	Ministry of Industry	1,968.20	1,747.60	69-91
9.	Ministry of Agriculture	2,673.10	1,914.30	71-98
10.	Ministry of Land	684.60	554.30	80.97
11.	Ministry of Local Government	561.80	237.50	42.27
12.	Ministry of Youth and Sports	5,331.70	4,365.30	81.87
13.	Ministry of Textile	262.30	89.20	34.01
	Total	52,877.50	43,990.60	83.19

Bangladesh Economic Survey, 2004, Ministry of Finance

Table : 9

Microcredit disbursement by Banks as of December 2003

Name of the Bank	Number of Beneficiaries	Cumu. Disbursement (in million Taka)	Recovery Rate (%)
Sonali Bank	4,302,144	46,937.70	98.87
Agrani Bank	3,073,802	14,338.10	99.47
Janata Bank	756,901	18,317.40	89.83
Bangladesh Krishi Bank	1,507,863	9,488.80	86.26
Rajshahi Krishi Unnayan Bank	183,975	1,691.70	77.55
Rupali Bank	32,546	254.70	85.00
Answar VDP Bank	632,222	2,835.70	98.43
Social Investment Bank	3,279	232.70	94.00
National Bank	14,473	93.70	95.00
Islamic Bank	130,465	2,923.60	98.00
The Trust Bank Limited	30,000	1,564.90	95.00
Basic Bank Limited	159,576	673.30	98.00
Total	10,827,246	99,352.30	

Bangladesh Economic Survey, 2004

NGOs play an important role in micro credit activity. Below there is a brief discussion on NGO activities regarding micro credit. Micro credit is given mainly to the urban and rural poor so as to help them to create job and income. To get such loan no security or security guarantor is required. The members of a central or primary group remain as guarantor. Those who have land less than 0.5 acres can get this loan. Such persons are brought together to form a group. One of the pre-conditions for getting such loan is that they should undergo a period of one to six months for orientation process. All the members of the group collectively give guarantee for paying back the loan obtained by the members.

The members of the group compulsorily and regularly get together in a meeting. Normally there is weekly meeting. Normally loan is to be paid back within a year by weekly installments. The amount of installment and the period of repayment are dependant upon the policy of the loan-giving agency. Sometime there is the system of fortnightly or monthly installment. The field workers of the loan giving organizations keep a keen watch on the credit activity and how the installments are paid. Besides, each member of the borrowers group keeps an eye on others to find out whether they are paying the installment or not.

The rate of repayment is satisfactory for those semi formal micro credit institutions whose field level monitoring system is very intense. Sometimes this rate exceeds 95%.

NGO activities started in Bangladesh with the aim of eradicating poverty. According to statistics of 1995-96 the percentage of the population living below the normal poverty line in urban areas and villages are 49.7 and 47.1 respectively. The same ratio for the people living in extreme poverty is 27.3% in urban areas and 24.6% in rural areas. According to the Bangladesh Bureau of statistics poverty level on a national scale in 1999 decreased to 44.7% whereas it was 47.1% in 1996. In the same period of years the ratio for urban areas decreased from 47.1% to 44.9% and in rural areas from 44.4% to 43.3%.

Indicators of the poverty in Bangladesh

In one of its observations regarding development Bangladesh Institute of Development Studies (BIDS) pointed out the followings subjects for measuring poverty.

- Per Capita income/consumption
- Total expenses on consumption and the relative proportion of expenses on food

- Degree of inequality among population in the distribution of income
- Land per capita
- Per capita resources other than land
- Rate of accumulation and investment
- The amount of loan to be repaid
- Standard of education, knowledge and culture
- Housing situation
- Per capita intake of nutrition
- Physical and mental health
- Standard of health system
- Employment status and type of occupation
- Per capita consumption of fuel
- The use of dress, shoes etc..
- Expected average longevity
- Security situation
- Nature of participation in the social power
- Physical and social structures (transport, education, health, cultural institution)
- Events of natural and social disaster
- Disaster management system and capacity to overcome crisis
- Political, social and cultural rights and degree of freedom
- Standard of generally used technology in livelihood
- Degree of oppression in the social relation.

(Source : BIDS website)

The condition of poverty in Bangladesh

There are certain aspects of the society identifying the extreme poverty of Bangladesh, which are given below:

- 30% of the people are extremely poor who have no means of living at all. Women and children are worst among them.
- Average longevity of our country is 58 years, whereas in china it is 70 years.
- In Sweden a woman on average lives 81 years and it is 49 years for a woman in Bangladesh.
- In Bangladesh women live 2 years less than men (on average), every day women are being more and more deprived.
- As regards death at the time of birth, it is more in case of girl child.
- 75% of the infants up to the age of 4 years are less developed physically.
- Only one-fifth of the babies born, have the opportunity to grow up healthily in a normal condition.
- Calories taken by women or 29% less than that by men (on average).
- Natural calamities like flood, draught, river erosion, storm etc.. causes sudden worsening of the condition of women and children.

At present it is difficult to imagine that there is any village without any NGO there. NGOs are connected with rural life. But in 60s there was no NGO. Even in 70s there were only few NGOs in a very few places. NGOs started activities in the late 70s. In 80s they started to spread branches and in 90s they appeared everywhere.

In past there was mostly mahajan's loan, which still exists today, though to a lesser degree because of the presence of other kinds of micro credit. There were two types of mahajan's loan; commercial loan and the khoraki loan, which means loan for basic needs.

Work plan of the government for poverty eradication

The millennium development goal announced by UNO in 2000 and the subsequent goal declaration does not speak about total poverty eradication but

poverty reduction. The govt. prepared a document known as PRSP (Poverty Reduction Strategic Paper), which replace the 5-year plan. Instead PRSP is a strategic work plan with a limited goal and area of work, which would be reviewed after every three years.

There is promise to reduce poverty by improving the condition of the poor and deprived section of the population. The principle adopted in this regard by the govt. is as follows :

- A) Poverty reduction: to involve the backward and deprived people in the economic activity to create self-employed job opportunity through the supply of micro credit and to make houses for the homeless.
- B) Development of human resources: The main purpose is to increase work capability, efficiency and productivity of the poor. The issue of human resources also includes subjects like health care, education etc..
- C) Agricultural development: Poverty reduction is related with the overall economic development, which in turn depends to a great extent on the development of agriculture.
- D) More investments on social sector: Structural development and government investment on social sector will gradually reduce the poverty.
- E) Govt. expenditure for the benefit of the poor.

To increase govt. expenditure for the primary education of the poor children to ensure medical treatment and proper health care is important for social development as well as for poverty reduction.

Some programs taken by govt. for poverty reduction

There are some targeted programs of the govt. along with the goal of reducing poverty. These programs include making safety network for the poor (food security etc..), the creation of rural structure and its maintenance, rural development programs, primary women education program, micro credit programs etc..

Table : 10

Some programs taken by govt. for poverty reduction

Program for social security belt	Social programs
1. Food for work program	1. Shelter project
2. Development program for the distressed people	2. Old age allowance
3. Food for education program	3. Fund for housing
	4. Distressed women allowance
	5. Housing program for poor and helpless people (Shanti Nibals)
	6. Rearing of goat project

Source: Annual Report of BRAC - 2005

Micro credit as a part of the poverty eradication program:

Micro credit programs of both government and non-government institutions as a part of the poverty reduction program are in operation in Bangladesh. Below is the table showing the activities of the commercial banks as regards micro credit.

Table : 11

The activities of the commercial banks as regards micro credit

Organization	Year	District	Branch	Village	Beneficiary	Tk in million
Grameen Bank	1983-2000	60	1151	39875	23.61 lac	129.61
PKSF	1990-2000	63	189	13317	-	7.94
Commercial Banks	-2000	-	5	-	10.56 million	52.93
Karma Sangsthan Bank	1999-2000	-	24	-	1545 persons	50.78

Source: BBS Report 2000, Bangladesh Bank Report 1999

The activities of NGOs are also quite large. After the Second World War Community Development Model for the underdeveloped countries to be formed

under the leadership of United Nations and international development organizations of USA was given much importance. But Community Development Model failed to touch the larger section of population in the development process. As a result in the decade of 70s there were new programs to meet the basic needs of the people through UNO. Now the theoretical basis of the NGO activities is the attempt to reach the people by peoples' participation in the development process. After the cyclone of 1970 and after the liberation war in 1971 some foreign and national volunteer organizations came forward to serve the people and to help the government's effort in the reconstruction work of the war divested country. In the beginning they were involved only in the relief and rehabilitation activity, but later on these organizations got involved in other social activities particularly in the sectors of health, education, family planning and so on. At present more than eight thousand NGOs registered in the Ministry of Social Welfare are carrying on such activities. These organizations work with a declared goal of improving the conditions of the land peasants and other poor people of different professions, particularly the rural, neglected, poor women. The aim of their activities is to improve the socio-economic conditions of the poor people and to eradicate poverty.

The NGOs providing service in a small way cannot only create consciousness and the mentality to be self-reliant among some portions of the people. Such effort for development of the poor can succeed in a limited way but it is not possible to have total development and eradication of poverty in this way.

Before independence NGOs did not have any noticeable activity in our country. Prior to independence few non-government organizations used to do some kind of customary work in the field of religion and culture. Amongst them Baptist Missionary, CRM, Christian Missions are mentionable. But in our country CARE, and US Organizations were involved in implementing some kind of

development oriented rural projects with the approval of the government since the decade of 50s.

After the cyclone of 1970 and after the war of independence in 1971 quite a number of foreign and local NGOs got involved in the relief and rehabilitation work. They were engaged in distributing relief materials and medicine, providing health service and constructing shelter etc.. Since then activities of the volunteer organization increased gradually.

After 1980 the number of NGOs jumped, it started to increase at a fast rate. They were engaged in multi-dimensional activities. They had program regarding education, health care, medical support, preservation of the environment, eradication of poverty, social development and so on. Their service-oriented activities became quite visible.

Below there is a Table, which shows the gradual increase of the number of NGOs (both foreign and local)

Table : 12

Gradual increase of the number of NGOs

Year	Local	Foreign	Total
Upto 1991	395	99	494
1991-1992	127	12	139
1992-1993	75	15	90
1993-1994	148	8	156

Source: Directory of NGO 2003 - 2004

NGOs are registered in the different departments of the government such as Departments of Social welfare, Women affairs, Youth Development, Family Planning etc..

Palli Karma Sahayak Foundation (PKSF)

Through Palli Karma Sahayak Foundation (Rural Employment Assistance Foundation) NGOs have been working and claim to contribute to the eradication of poverty. PKSF, 'not for profit' organization, was established in 1990 by the Government with the main objective of providing financial and institution building assistance to the organizations implementing micro credit programs. Its ultimate goal is poverty alleviation. PKSF has spread its program all over the country through its partner organizations. PKSF provides loanable funds and institutional support to its partner organizations (POs), whose number as of December 31,2006 stood at 218. PKSF micro finance program, which includes both financial services and capacity building support, has expanded rapidly, particularly during last few years. Till 2006 more than one-third of the micro credit borrowers of Bangladesh receive PKSF's funding. PKSF is getting financial support from the government and development partners. It does not directly lend money to the poor borrowers; it reaches its target group through its partner organizations. Upto June 2006, PKSF has disbursed US\$ 434.20 million to its partners. Revolving this amount micro finance institutions have disbursed US \$ 3,314.00 million to 6.80 million poor people maintaining a recovery rate of more than 98%. More than 90% of the poor borrowers are women. PKSF charges 4.5% service charge POs under OOSA category (Organization operating in small areas) and 7% service charge from its BIPOOL category (Large micro finance institutions) POs. But the service charge from the POs under the Ultra Poor program is 1%. The POs take service charge 10% or below from the borrowers under the Ultra Poor programs, while in all other programs and projects the service charge is generally about 12.5%.

(Source : PKSF website and PKSF annual report 2006)

Areas of the activities of NGOs for poverty eradication are as follows:

- Population control
- Eradication of unemployment
- Creation of jobs
- Creation of the opportunity of self-employment
- Education program
- Forestation
- Activities related to health
- Supply of drinking water
- Sanitation
- Cyclone shelter management

NGOs played active role in the poverty eradication program side by side contributing in the present trend of socio-economic development. Their roles have long-range effects.

(Rahman :2001)

Brief introduction of the five NGOs: Grameen Bank, BRAC, ASA, Proshika, and Buro Bangladesh are given below :

Grameen Bank: Grameen Bank is a specialized microcredit bank of Bangladesh, which was launched by Professor Muhammad Yunus near Chittagong University in 1976 as a project. In 1983, it was transformed into a formal bank under a special law passed for its creation with the initial support from Bangladesh Bank. The poor borrowers of the bank who are mostly women own the bank. Borrowers of Grameen Bank at present own 94 % of the total equity of the Grameen bank. The Government owns remaining 6 %. Grameen Bank has 1537 branches (as report of June, 2005). It works in 54,022 villages of

61 districts in the country. Total number of borrowers is 4.76 million of whom 96 % are women. Total amount of loan disbursed by Grameen Bank, since inception, is Tk. 235 billion. Out of this, Tk.212 billion has been repaid. The amount of outstanding loans stands currently at Tk.23.48 billion. Grameen Bank members had saved Tk.16.7 billion in their savings account till June 2005. Grameen Bank finances 100 % of its outstanding loan from its own fund and the savings from its depositors. Over 71% of its deposits come from bank's own borrowers. For income generating loans Grameen Bank charges 10% interest on flat method, which would be about 20% in the declining method. To reach out to the beggars Grameen Bank has taken up a special program, called struggling members program, started from July 2002. The objective of the program is to provide financial services to the beggars to help them find a dignified livelihood, send their children to school, and graduate into becoming regular Grameen Bank members. Grameen Bank introduced a scholarship program for talented students of Grameen members in 1999. Priority is given to girls. Over 20 thousand students have received Tk.15.6 million as scholarships up to June 2005. Grameen model has been replicated in more than 100 countries around the globe.

BRAC was established mainly for relief and rehabilitation activities in 1972. BRAC is, at present, operating in a wide range of areas such as micro credit, non-formal education for both children and adults, primary health care, legal counseling on women's rights and many other development activities. Up to June 2005, a total amount of Tk. 148 billion has been disbursed as microcredit to its targeted clients beneficiaries (98 percent women) in 64 districts through 1373 branches, and the recovery rate is 99.63 percent. The amount of savings of the beneficiaries groups is Tk.8 billion up to June 2005. BRAC has outstanding loan amount of Tk. 16.6 billion to 4.17 million borrowers. BRAC has specialized programs for hardcore poor and micro entrepreneurs.

ASA was established in 1978; it started microcredit program in 1992. Its micro financial services include micro savings, small loan, small business loan, small entrepreneur loan, hard-core poor loan, education loan, interest free disaster loan, BDS & supplementary loan, loan insurance, member's security fund (life insurance) and health assistance to its members, 96% of them are women. As of June 2005, ASA rendered services to 5.47 million members (Among them Hardcore Poor member 0.11 million, Small Business Loan member 0.12 million and Small Enterprise Loan members 0.01 million) of 61 thousand villages in 511 upazilas (sub-districts) of 64 districts through 2,213 branch offices. Cumulative disbursement stands at Tk. 112 billion. An outstanding amount of Tk. 15.7 billion is owed by 3.6 million borrowers. ASA is maintaining 99.88% recovery rate, 246.90% Operational Self Sufficiency (OSS), 156.39% Financial Self Sufficiency (FSS) and its total savings accumulation reaches Tk. 2 billion. ASA claims that it succeeded to record a lowest cost per unit of money lent @ 3.3%. It finances its loan portfolio with its own equity, retained surplus, savings, and borrowed fund.

PROSHIKA established in 1976, PROSHIKA has been carrying out a range of activities including micro credit. Till June 2005, a total amount of Tk 29 billion has been disbursed as micro credit to about 2.8 million program participants in 57 districts through 193 branches. The amount of savings of beneficiaries groups is Tk. 2 billion up to June 2005. It has an outstanding loan amount of Tk. 4,732.46 million to 1.56 million borrowers and the recovery rate is 95%.

BURO Bangladesh is a national 'not-for-profit' organization that was set up in 1990 with a view to working for the poor on sustainable basis to reduce poverty. It is a specialized micro-finance institution that provides high quality flexible financial services to low-income people, particularly the women, who are regarded as its prime customers. They are indeed the medium for channeling

resources into the households for reduction of poverty. The organization is responsive to diverse financial needs of customers. To meet their ever-growing financial needs, it has launched six loan products, three savings products, and one insurance scheme. In addition, it provides agriculture loans to small and marginal farmers and stepped up loans to the graduated clients called enterprise loan. The organization has also a disaster mitigation program for the affected people in the microfinance system.

Chapter : IV

Role of Government and Non-Government Institutions in Achieving Rural Development in the Study Area

Role of Government and Non government Institutions in Achieving Rural Development in the Study Area

In the area under research a household survey was conducted. The information obtained from the survey has been analyzed in this chapter. Those households whose members have taken loan from any government or non-government institution and the borrower members have been selected for the purpose of research. Each one of them was interviewed by the method of informal interview. The household survey and the informal interview gave a complete picture of the lifestyle of the people of the area. Later the information thus obtained was used for the analysis of the result of the research, which enriched the results. Those members of the households who appeared to be more interested were selected by the method of simple random sampling for the informal interview. In this way information have been collected from 133 persons of two villages. 100 persons from Dhanpara and 33 from Chalagao were interviewed on the basis of interview schedule.

436892

Table-13

Occupation of the respondents

Occupation				Total
Housewife	Peasant	Business (Mainly weaving & Poultry)	Daily Labor	
47%	25%	19%	9%	100%

Source: Fieldwork in the two villages- Dhanpara and Chalagao.

Table-14

Age of the respondents

Age					Total
15-20	21-30	31-40	41 - 50	50 above	
4 %	41%	37%	14%	4%	100%

Source: Fieldwork in the two villages- Dhanpara and Chalagao.

From the information obtained through interview schedule, it is found that among those who answered belong to the age group 15-20 years 4%, 21-30 years 41%, 31-40 years 37%, 41-50 years 14% and above 50 years 4%. Thus it is seen that young people (age 21-40 years) are the highest number of borrowers. Amongst them 63 persons are women. Amongst them 47% are housewife, 19% are involved in weaving, poultry and other business, 25% peasants and the rest 9% daily labourer.

Table- 15

Sex of the respondents

Gender	Respodent Number	%
Female	63	47%
Male	70	53%
Total	133	100%

Source: Fieldwork in the two villages- Dhanpara and Chalagao.

Amongst those who answered 63 persons were female and the rest 70 persons are male.

Table– 16

Educational status of the respondents

Educational Qualification	Respondent %
Illiterate	8%
Literate	47%
Primary	26%
Secondary	15%
Higher Secondary standard	4%
More than Higher Secondary standard	No one
Total -133	100%

Source: Fieldwork in the two villages- Dhanpara and Chalagao.

Form this table it is seen that 8% of those who answered are illiterate. 47% literate, 26% having the primary education. 15% having educational level upto secondary standard and 4% upto higher secondary standard. So it is seen that over all educational level is very low. It is understood that lack of education is one of the causes of poverty in the rural Bangladesh. Where half of the borrowers are illiterate or just literate, that it is quite natural that most of them do not have any clear idea about the credit activity.

Table– 17

Yearly and daily income of the respondents

Yearly Income						Daily Income				
4000-12000	12000-16000	16000-20000	20000-24000	24000 More	%	10-30 Taka	30-35 Taka	50-80 Taka	80 Taka More	%
22%	17%	15%	12%	34%	100%	23%	18%	24%	35%	100%

Source: Fieldwork in the two villages- Dhanpara and Chalagao.

From the above table it is found that 22% of those who answered (that means the borrower) earn yearly Taka 4,000-12,000, 17% earn taka 12,000-16,000 per year, 15% earn taka 16,000 to 20,000 per year, 12% earn taka 20,000-24,000 per year and 34% earn more than taka 24,000 per year. Thus lower income groups are larger in number. This shows how critical is the economic condition of the borrowers.

The information obtained through interview schedule from 133 persons analyzed and the result is given below.

Table- 18

The institutional sources of micro credit of the villagers

Source of Loan	Number of the respondents	%
Grameen Bank	27	20%
BRAC	19	14%
Youth Development	3	2%
ASA	8	6%
Prosika	7	5%
Fish and Animal Resources Department	3	2%
BRDB	3	2%
Krishi Bank	34	26%
Buro, Bangladesh	14	11%
Sonali Bank	15	11%
Total	133	100%

Source: Fieldwork in the two villages- Dhanpara and Chalagao.

Those who answered said that they had taken loan from 10 organizations. If the information's related to rural development and micro credit then it is found that at present different government and non government development organizations and the banks are the main sources of credit or the medium through which credit

is available. Of the 10 organizations five are government organizations and other five are non-government organizations. The government organizations are department of Youth Development, Department of Animals, BRDB, Agricultural Bank and Sonali Bank. The non-government organizations are Grameen Bank, BRAC, ASA, Proshika and Buro Bangladesh. Amongst those who answered 27 took loan from Grameen Bank, 19 from BRAC, 8 from ASA, 7 from Prosika, 35 from Buro, 34 from Agriculutal Bank, 15 from Sonali Bank, 3 from BRDB, 3 from the Department of Animal and 3 from the Department of Youth Development. So it is found that from amongst the government organization it is Agricultural Bank and from amongst the non-government organizations it is Grameen gave loans to the highest number of people.

Table– 19

How people came to know about the micro credit and their sources

Media	Number of the respondents	%
Those who had earlier taken loan	10	8%
Mainly from field officer	75	56%
Members of the locality	6	5%
Members of the society/groups	34	26%
Field workers of the society/groups	2	2%
From husband	2	2%
From cousin	2	2%
Government officers employed by the Animal Department	2	2%
Total	133 Persons	100%

Source: Fieldwork in the two villages- Dhanpara and Chalagao.

After analyzing the information it is found that people came to know about micro credit and their sources mainly from field officer. 56% people knew from field officer. 26% knew from the other members of the society/groups. 8% of them knew from those who had earlier taken loan, 5% knew from members of the locality. 2% form the field workers of the society/groups. 2% from husband, 2% from cousin, and 2% from the government officers employed by the Animal Department. It is thus understood that the field officer of different NGOs are very active to encourage the people to take loan. The future career of a field officer depends upon his efficiency to motivate people to take loan. Their activities in the village are quite visible. Besides them those who had already taken loan encourage others to take loan. In some cases borrowers know about the sources of credit from relative.

Table– 20

To get loan/micro credit what borrower had to do

To get loan/micro credit what borrower had to do	Taka	Number of the respondents	%
Admission Fees	50 Taka	3	2.3%
	20 Taka	2	1.5%
	100 Taka	3	2.3%
	120 Taka	2	1.5%
	130 Taka	1	.8%
Savings	20 Taka	9	6.8%
	180 Taka	2	1.5%
	100 Taka	2	1.5%
	50 Taka	8	6.00%
	30 Taka	39	29.3%
	10 Taka	3	2.3%

	105 Taka	2	1.5%
	5 Taka	3	2.3%
3 Copies Photo		28	21.1%
2 Copies Photo		34	25.6%
1 Copy Photo		2	1.5%
Form Fillup		63	47.4%
Signature		63	47.4%
Put name in the list		1	08%
Deposit land documents		31	23.3%
Bribe	500/-	6	4.5%
	1000/-	3	2.3%
	200/-	3	2.3%
	2500/-	2	1.5%
One person didn't have to pay any bribe		1	.8%
Certificate from Chairman		2	1.5%
Put the name of their locality		2	1.5%
To be a member		133	100%

Source: Fieldwork in the two villages- Dhanpara and Chalagao.

To get loan borrower should compulsorily be a member of the group / society or bank as a pre condition to get credit. Besides the borrower is to deposit document of the land, entry fee, savings, photograph, certificate from the member and chairman of the union council. Only in case loan from banks it is necessary to deposit land documents. Entry fee is from take 50 to 100. The amount of saving to be deposited varies from taka 5 to 150. It is also known that there is even unofficial bribe, which is to be paid for getting loan. It has been found that amount of bribe varies from taka 200 to taka 2500. Taka 200, taka 500, taka 1000

and taka 2500 was paid as bribe by each of 3 persons, 6 persons, 3 persons and 2 persons respectively. All these persons were amongst the 133 persons interviewed. From the information obtained it is found one person didn't have to pay any bribe.

Table- 21

What kind of difficulties faced by the borrowers to get credit from banks / NGOs

What kind of difficulties faced by the borrowers	Number of the respondents	%
Didn't face any difficulties	112	84%
Since they paid bribe, didn't have any inconvenience	17	13%
No answer	2	1.5%
As they were the presidents of the societies, they didn't face problems	2	1.5%
Total	133 persons	100%

Source: Fieldwork in the two villages- Dhanpara and Chalagao.

112 respondents (out of 133) said that they did not face any difficulty to get credit. 17 persons said that since they paid bribe. So they too didn't have any inconvenience in getting the loan. Two of them said that they also didn't face difficulty, as they were the presidents of the societies. It is noticeable that there is no doubt about the practice of bribery in the process of loan. It is truer in case of government loan. In case of NGOs there is strict monitoring system and supervision over the field officers. If any irregularity is found in the function of the field officer, then that particular officer will be dismissed. But the monitoring system of the govt. administration at village level is not good. Since system of supervision over the employees of the state owned banks is not tight enough. So there is scope for bribery and many officers become dishonest. In case of loan from NGOs the process is simple not very complicated. There is always a pressure from the top upon the workers at village level to form groups/societies

and to distribute loans among the poor. So the NGO workers regularly go to the house of the villagers and inspire them to form groups /societies for taking loan. It has been found that because of the regular activities of the NGO workers people could take loan from the NGO so easily. There is no official complication in getting such loan.

Borrowers from NGOs were asked, "What kind of problem or unconvinced was there is getting loan (form NGO sources)"? There was no concrete answer to this question. Because actually there was no difficult or inconvenience.

Table-22

What kind of help needed to get the loan from other persons of the village

The person who helped	Types of help	Number of the respondents	%
No help was needed by other villagers	-	93	69%
Neighbors	Help to prepare the papers	7	5%
President of the groups	-	11	8%
	Went to office for getting credit	2	2%
	Helped to get the credit	5	4%
Secretary of the groups	Helped to get the credit	2	2%
Member of the village	Arranged training	2	2%
Cousin	Helped to prepare necessary documents	7	5%
Field officer	Helped to prepare necessary documents	2	2%
Ex member of UP	Pursued for credit	2	2%
	Total	133 persons	100%

Source: Fieldwork in the two villages- Dhanpara and Chalagao.

It is learnt from information that most of those interviewed or those who answered (93 persons) told that there was no need of help of any other persons of the village to get the loan. They got loan directly from the field officer. 7 persons told that while preparing necessary papers they took the help of neighbors. 18

persons got loan with the help of the president of the society. The village member arranged training for two persons on how to utilize the loan money. The relative of 7 persons prepared the paper necessary for the loan. Some times field officers also did the same thing. In case of 2 persons, former member of the union council gave recommendation.

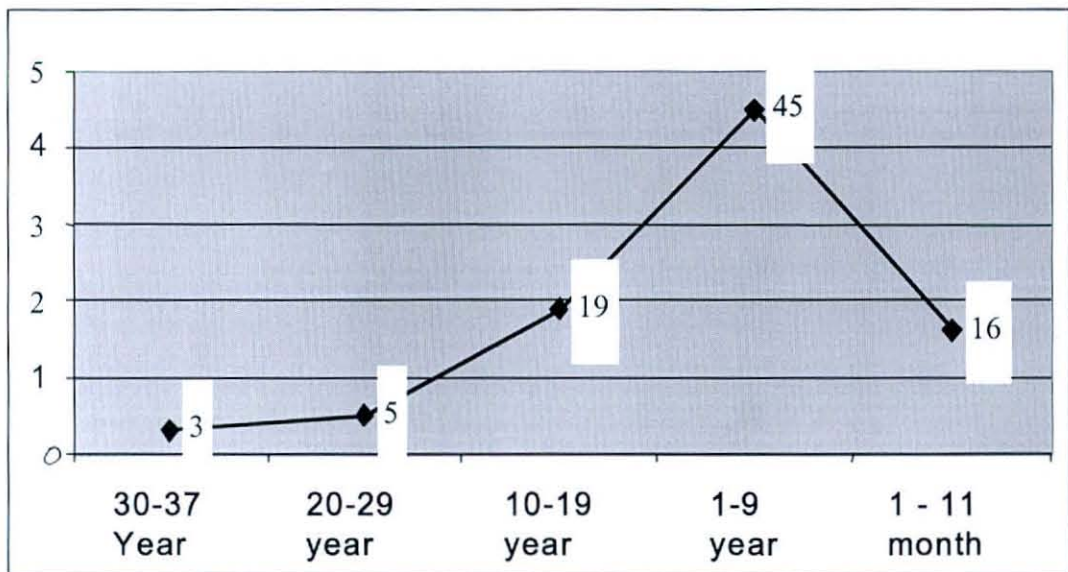
Table- 23

How long does a borrower takes credit from a bank/institutions

Bank/NGOs/ institutions	How long does a borrower involves	Number of the respondents
Govt. Institutions	30-37 years	3
	20-29 years	5
	10-19 years	19
	1-9 years	45
	1 months- 11 months	16
non-government Institutions	3- 5 years	1
	1- 2 years	20
	1 months- 11 months	28

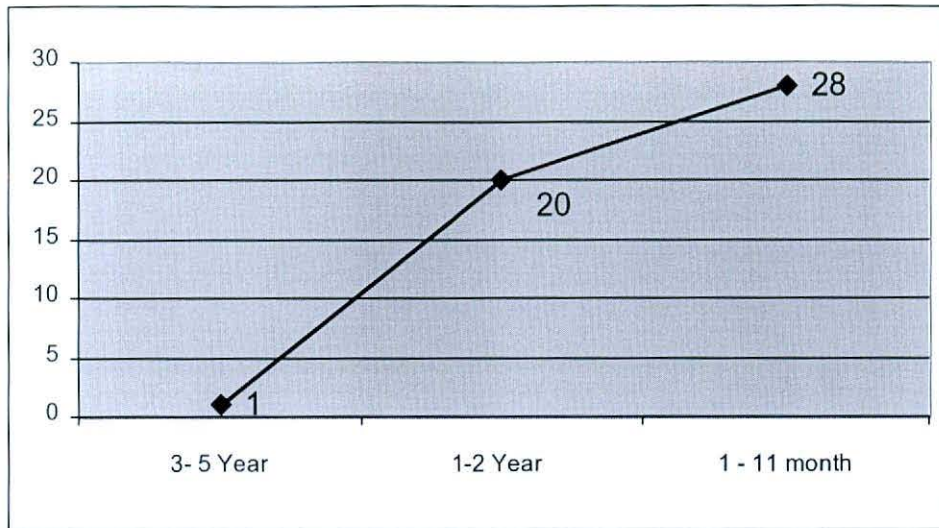
Source: Fieldwork in the two villages- Dhanpara and Chalagao.

(A graph of taking credit from Govt. Institutions)



Source: Fieldwork in the two villages- Dhanpara and Chalagao.

(A graph of taking credit from non-government Institutions)



Source: Fieldwork in the two villages- Dhanpara and Chalagao.

From the above graphs it is appeared that government loan-giving agencies give loan for a longer period and its rate of interest and installments are relatively within the tolerable range. So people are more interested to take loan from the government institutions. It is farther noticed that borrowers repay the government loan by installments over a long period of time. On the other hand the scenario of loans from NGOs are different. Since there is strict system of monitoring and it is easier to get loan and since there is monthly or weekly repayment system, so the borrowers repay within a short time. But the rate of interest in this case is very high. Also if the loan is not paid back in time then actions are taken against those who fail to pay installment. Borrowers are under pressure to pay back the loan. Pressure comes from the other members of the society/group too. It is also the system that the NGO worker who has taken initiative to give loan to a certain society/group has to repay the loan amount if any member of the society/group fails to pay it. Because of such strict rules NGO workers also always keep pressure on the members of the society/group to repay.

Table- 24

Did the credit giving organization provide any sort of training or not

Name of the organization	Subject of training	Number of the respondents	%
ASA	Poultry	2	1.5%
Youth Development	Fish cultivation and rearing of cattle and poultry	2	1.5%
BRDB	Rearing of cattle and poultry about rearing of goats; cultivation of potato and vegetable and how to sow seeds of vegetables and green crops	2	1.5%
BRDB	Training about the strategy of repaying loan by instalments, how to sow seeds of vegetables and green crops, rearing cattle	4	3.0%
Who got training		10	8%
Who didn't get training		123	92%
Total		133	100%

Source: Fieldwork in the two villages- Dhanpara and Chalagao.

From the information obtained it is known that 92% of those who were interviewed did not get any sort of training. ASA gave training 2 of them about poultry. Youth Development Department gave training only 2 of them about fish cultivation and rearing of cattle and poultry. 6 of them got training from BRDB about rearing of cattle and poultry about rearing of goats, about cultivation of potato and vegetable and how to sow seeds of vegetables and green crops. They also got training from BRDB about the strategy of repaying loan by instalments. These two departments of the government give training. But very few NGOs have training program after the loan is disbursed. Some of the NGOs have sort of training program but they hardly give training regarding how to properly spend or utilize the loan money in an honest and effective way. As a consequence of giving loan without training, it is found that the needy borrowers cannot utilize

the loan money properly. Very often they spend the money to meet the personal needs or daily expensed or to pay back another loan. So they fail to repay the loan in time. Therefore it is suggested that before giving loan the borrowers should be given training on how to utilize the loan money and what rules to be followed to repay in time. Then people would be more aware about repayment of the loan.

Table- 25

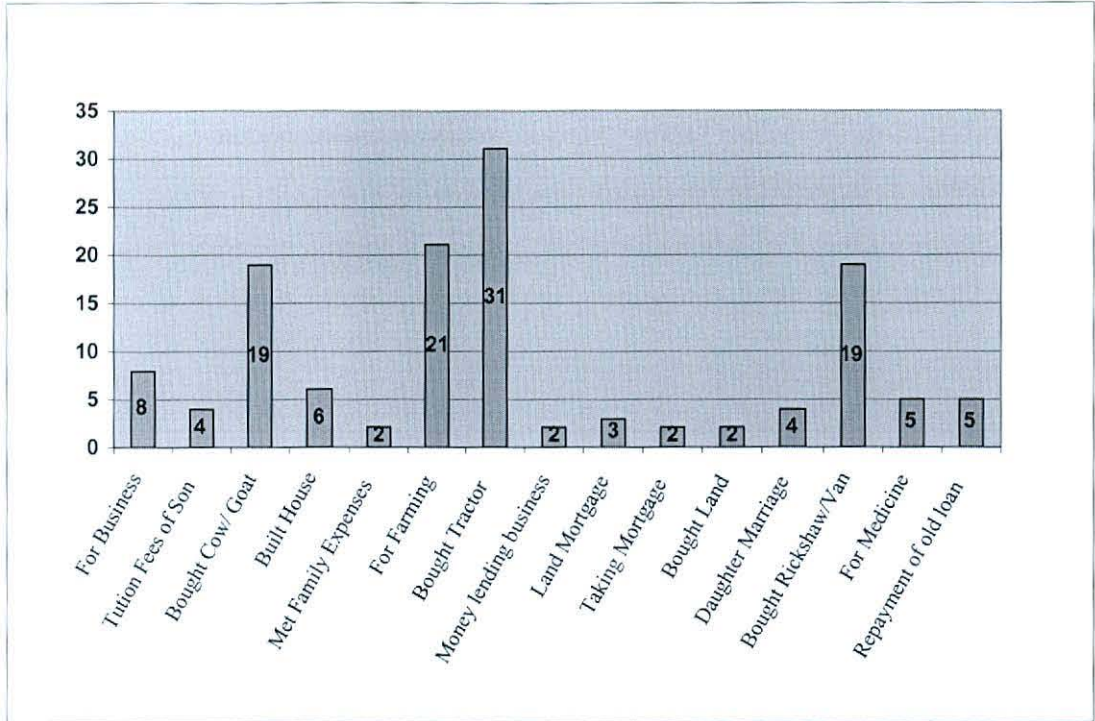
Reasons for taking credit and how the borrowers use the credit

Reasons for taking credit			How the borrowers use the credit		
Reasons for taking credit	Number of the respondents	%	How the borrowers used the credit	Number of the respondents	%
For agriculture / farming	61	46%	For agriculture / farming	21	17%
For potato farming	2	2%			
For small business (mainly weaving and poultry)	21	16%	For business	8	7%
For bussiness of paddy	2	2%			
Building house	4	3%	Building house	6	5%
Building house	2	2%			
Repairing house	2	2%			
Loan for mortgage purpose	4	3%	Loan for mortgage purpose	2	2%
For marriage of daughter	2	2%	For marriage of daughter	4	3%
For buying goat	4	3%	For buying cow	19	15%
For buying cow	19	14%			
For buying land	2	2%	For buying land	2	2%
For buying rickshaw	4	3%	For buying rickshaw	19	15%
For buying van	2	2%			
Repaying the earlier loan	2	2%	Repaying the earlier loan	5	4%
			For the education of son	8	3%
			For family expenditure	8	2%
			For buying tractor	31	25%
Total	133	100%	Total	133	100%

Source: Fieldwork in the two villages- Dhanpara and Chalagao.

63 persons (out of the 133 above mentioned) said that they took loan in the name of potato cultivation and agriculture but actually 21 of them used the money for that purpose. 23 persons took loan for small business and paddy business but only 8 of them used the money for that purpose. 8 persons took loan for the repair and construction of house but 6 of them used the money for that purpose. Though 4 persons took loan for mortgage purpose, only 2 persons used the money for it. Only 2 persons took loan with a plan to organize their daughter's marriage. Actually 4 persons spent the money for the marriage purpose. 23 persons took loan for buying cattle, but 19 persons used the loan money for cattle. 2 persons took loan for buying land; here the case is different from others. Both of them utilized the money for the purpose of buying land. 6 persons took loan for buying rickshaw and van. But here it is found that 19 borrowers used the loan money for the same purpose. Two persons took loan for repaying the earlier loan. Here 5 persons used the loan money for repaying the earlier loan. Besides many spend the loan money for different kind of family needs and for the education of the children. Again though there was no plan to buy tractors while taking loan, 31 persons spent the loan money for that purpose. In most cases people take loan without any plan for the expenditure and they spend or invest the money not in the sectors for which the loan was given. In many cases borrowers spend the money for daily necessities of the family for medical treatment, for the purpose of daughter's marriage, children's education or repayment of earlier loan. These are non-profitable and unproductive sectors. So they fail pay the regular installments. As a result they become more indebted. Result of the research is that such credit didn't improve the economic condition of the people. There is much information where it is found that some people take loan only to repay the earlier loan. This is a matter of great concern. If some one takes loan from any organization only to pay back the earlier loan, than such person can never

improve his or her economic condition in the entire life. Only s/he will be more and more indebted. Concern NGOs should look into the matter. It should ensure that the loan taken for certain purpose is used for the same purpose only.



Source: Fieldwork in the two villages- Dhanpara and Chalagao.

Table- 26

How many times credit was taken by the borrowers

How many times credit was taken	Number of the respondents	%
1 times	72	54.1%
2 times	31	23.3%
3 times	11	8.3%
4 times	2	1.5%
5 times	4	3.0%
6 times	4	3.0%
7 times	7	5.3%
20 times	2	1.5%
Total	133 persons	100%

Source: Fieldwork in the two villages- Dhanpara and Chalagao.

It is found from the information obtained that most of the borrowers took loan only once, while many others took loan several times, from 2 times to 7 times. Two of the

above mentioned interviewed persons said that they took loan as many as 20 times. Reasons for taking several times are that the borrowers thought it to be profitable. Yet they are temporarily benefited as they get ready money for daily uses. But in the long run they suffer as they are engulfed by the loans.

Table - 27

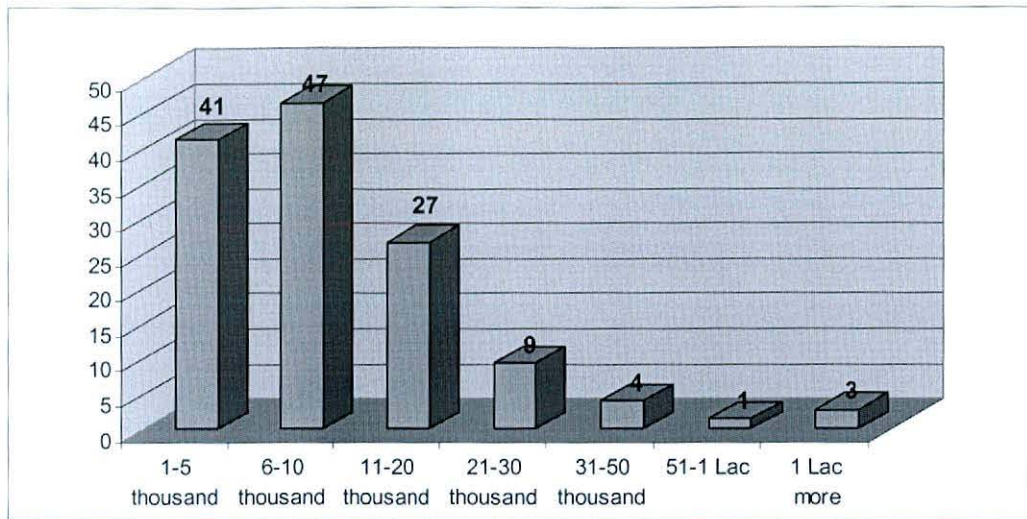
How many institutions was involved in credit giving

Number of the institutions	Number of the respondents	%
1	114	85.7%
2	17	12.8%
3	2	1.5%
Total	133 persons	100%

Source: Fieldwork in the two villages- Dhanpara and Chalagao.

Most of those who answered took loan from only one organization. Borrowers from two or three organizations are not much. So it can be assumed that people being involved with one or two micro credit activity cannot have comprehensive idea about the entire credit system. Loan giving organizations after they started their activities could not increase of much the number of borrowers taking loan more than once. Thus it can be said that since poverty eradication is a long process, it is not possible to remove poverty within such a short period of taking and repaying loan.

Graph : The amount of credit



Source: Fieldwork in the two villages- Dhanpara and Chalagao.

From the above table it is seen that number of those who took loan amounting 1-5 thousand taka a large in number. Two thirds of the persons interviewed took loan amounting to 1-10 thousand taka each. It is assumed that NGOs donot give loan of big amount. It may be questioned what role such small amount of money can play in eradicating poverty. There is a tendency noticeable among the borrowers that they think of reducing poverty with this small amount of loan, which is to be repaid quickly.

Table- 28

Possible to repay the credit timely or not

Those who have repay the credit in time	%	Those who haven't repay the credit in time	%
108 persons	81.2%	23 persons	17.3%
Non applicable for 2 persons, credit is continuing	1.5%		

Source: Fieldwork in the two villages- Dhanpara and Chalagao.

Most of those were interviewed and who answered the question could regularly repay the loan. 17.3 % of them failed to repay on regular basis. From this information it is

understood that village people are interested to repay the loan. But because various reasons and because of the lack of knowledge how to spend the loan money in a proper way, they fail to repay.

Table- 29

Steps taken by the authority of the credit giving institutions in the case of failure of repayment :

Steps taken by the authority of the credit giving institutions	Number of the respondents	%
Sent notice to the borroews residence	6	
Wanted to file case in the court	4	
Didn't take any action	7	
Field officer rebuked the borrowers	3	
Filed case against the vice president	1	
Field officer took the cow from the recidence of the borrower	2	
Total	23 persons	
Repaid the loan in time	108	
Still continuing the credit	2 persons	

Source: Fieldwork in the two villages- Dhanpara and Chalagao.

By analyzing the information obtained it is found that in most cases loan giving institutions or the banks send notice to the house of the borrowers if they fail to repay. 4 of them told that they were threatened that there would be court cases against them. 7 of them told that loan giving organizations didnt take any action against them. 3 persons who failed to repay told that field officers came to their residence and rebuked them. Two persons said that field officer took away their cows because of the failure to repay. Only in on special case, court case was instituted against the vice president of the group/society. The loan giving organizations should have carefully disbursed the loan rather than taking such harsh action afterward. The borrowers should have been given training about how to utilize the loan and there should have been strong monitoring system. Otherwise people may develop adverse opinion regarding loan.

Table– 30

What kind of problems faced by the borrowers in the case of failure:

Problems	Number of the respondents	%
Didn't face any problem	3	2.3%
Borrower fails to repay only once, then new loan cannot be get	4	3.0%
If some one of the society/group fail to repay in time, then other members of the society/group faces problem to give proposal for a new loan	3	2.3%
It is possible to repay the earlier loan by taking a new loan	15	11.3%
Not applicable	108	81.2%
Total :	133	100%

Source: Fieldwork in the two villages- Dhanpara and Chalagao.

3 persons told that there would be difficult in getting further loan, even if the loan is not repayed. 4 persons told that if a borrower fails to repay only once, then new loan cannot be got. 3 persons were of the opinion that if some one of the society/group fails to repay in time, then other members of the society/group faces problem to give proposal for a new loan. 15 persons gave a different opinion. According to them it is possible to repay the earlier loan by taking a new loan. However most of the borrowers didn't give definite opinion on this issue. But those who failed to property repay had to face problems in getting new loan.

Table– 31
Reasons for the failure to repay regularly

Reasons	Number of the respondents	%
Decided to repay the entire amount at one time	2	8.7%
Business failure	2	8.7%
Because of the crop failure	5	21.7%
Death of their husbands	2	8.7%
spent money for the medical treatment of their near relatives	2	8.7%
Crop was lost due to flood	4	17.4%
Could not mention any specific reason	4	17.4%
For various reasons could not work	2	8.7%
Total	23 persons	100%

Source: Fieldwork in the two villages- Dhanpara and Chalagao.

Reasons for the failure to repay regularly:

Reasons are as follows:

- 2 persons said that they decided to repay the entire amount at one time and that is the reason why they failed.
- 2 persons said that because of the business failure they failed to repay.
- 5 persons said that because of the crop failure they failed to repay.
- 2 persons (women) said that because of the death of their husbands, they failed to repay.
- 2 persons said that as they spent money for the medical treatment of their near relatives so they failed to repay.
- 2 persons said that due to various reasons they could not work so they failed to repay.

- 4 persons could not mention any specific reason for the failure.
- 4 persons said that the crop was lost due to flood; so they failed to repay the loan.

Analyzing this information it can be concluded that because of the lack of awareness and poverty are the main reasons for the failure to repay the loan.

Table– 32

What are the occupational changes are observed for micro credit in the life of the borrowers:

Sector of changes	Number of the respondents	%
Loan did not cause any change of occupation	87	65.4%
Bought tractors for cultivation	2	1.5%
Increased the amount of crops in their land	2	1.5%
Mortgaged the land	4	3.0%
Did good business	19	14.3%
Taken new loan, so it was not possible to understand the change of occupation	11	8.3%
Bought new land	8	6.0%
Total	133	100%

Source: Fieldwork in the two villages- Dhanpara and Chalagao.

According to the information given by 87 persons the loan did not cause any change of occupation for them. By investing the loan money, 2 persons bought tractors for cultivation, 2 persons increased the amount of crops in their land. 2 persons mortgaged the land, 19 persons did good business and 8 persons bought new land. 11 persons said that since they had taken new loan, so it was not possible on their part to understand whether it would any way effect the change

of occupation. In most cases credit did not cause any change of occupation, because most of the borrowers either used the money in their own occupation or just spent it for the daily necessities.

Table- 33

How much property had been possessed before taking credit

Properties	Number of the respondents	%
Own house, domestic animals and land	2	1.5%
Own house, land and domestic animals	37	27.8%
Own land	2	1.5%
Own house and domestic animals	74	55.6%
Own no property	6	4.5%
Own house	2	1.5%
Own house, land and bussiness	2	1.5%
Own house, bussiness, land and domestic animals	6	4.5%
Own land and domestic animals	2	1.5%
Total	133	100%

Source: Fieldwork in the two villages- Dhanpara and Chalagao.

The above table shows who had possessed how much property.

Table- 34

How much property the borrowers now possess after taking loan:

Description of the property	Number of the respondents	%
House and shop	2	1.5 %
Bought Land for house, morgage land, bought cattle	7	5.3%
House, land and domestic animal	26	19.5%
Bought Land and house	62	46.6%
Bought Land	2	1.5%
House, land and new house	2	1.5%
House, land and morgage land	4	3.0%
House, land and tractor	2	1.5%
House, land and goat	2	1.5%
House, land and van	2	1.5%
Bought Land	2	1.5%
New House, bussiness and land	2	1.5%
Land, tractor and land morgage	2	1.5%
New house, rickshaw and land	2	1.5%
House, bussiness and land	2	1.5%
Land and new house	2	1.5%
House and domestic animal	2	1.5%
House,domestic animal and land	2	1.5%
House,tractor,domestic animal and land morgage	2	1.5%
House,domestic animal, land and land morgage	2	1.5%
House,domestic animal and land morgage	2	1.5%
Total	133	100%

Source: Fieldwork in the two villages- Dhanpara and Chalagao.

The above table shows how much property is now possessed by the borrowers after taking loan. From these two tables it is understood that people (under

observation) had only house, homestead land, cattle and small business. Now after taking loan some of them (borrowers) possess rickshaws, vans, tractors, and some of them have constructed new houses. Many have invested money in small business or spent money in agriculture. So it can be said that credit caused increased property though not much.

Table-35

Substantial change (specially financial) in the life standard of the people by micro-credit

People's opinion	Number of the respondents	%
Economically benefited	99	74.4%
Financially suffered loses	19	14.3%
Took new loan	15	11.3%
Total	133	100%

Source: Fieldwork in the two villages- Dhanpara and Chalagao.

From the information available it appears that 74.4% the borrowers were benefited, whereas 14.3% were financially suffered loses. 11.3% took new loan. So it is not yet possible to assess the result. It is true that some of them gained financially. But there is doubt whether they would be able to successfully invest the gains so achieved. Because the credit did not make any substantial change in the life standard of the people.

Table- 36

The changes observed in the social status after getting micro-credit :

Sector of the changes	Number of the respondents	%
No change is visible	70	52.6%
Social status has been raised	42	31.6%
Social status has been reduced	21	15.8%
Total:	133	100%

Source: Fieldwork in the two villages- Dhanpara and Chalagao.

Below there is a list of the change in the social status of the borrowers after getting the loan.

Reasons why status has been raised:

- Villagers behave well and respectfully with them, as they could improve economically by using the loan.
- Business is going on well so people give them loan if wanted.
- In the time of danger or misfortune villagers come forward for help.
- Villagers know them well.
- Social status has been raised.
- If economic improvement can be achieved then people appreciate it.
- People consider it to be a good thing to take loan.
- Villagers know them as member of the society.
- In past villagers refused to give loan, now villagers have confidence in them and so give them loan.

Reasons for the downgrade of the status:

- Many villagers don't consider it as a good thing to take loan.
- If loan cannot be paid back in time, then people make adverse comments and criticize them.

- If loan cannot be paid back in time, then field officers goes to the house of the borrower and take away the cow, villagers see it and the borrowers become small in the eyes of the people.
- If loan cannot be paid back then neighbors too refuses to give loan.

Table- 37

Changes other than economic changes that occurred in the social life due to credit (such as social status, self reliance etc.)
Analysis of the influence of credit in rural life

Influence of credit in the specific parts of the rural life	Number of the respondents	%
People can invest money for bussiness	7	5.3%
People can increase their income	26	19.5%
People can decrease their family economical lack	12	9.0%
People can invest loan money in varies types of work	2	1.5%
People can use the money for treatment	2	1.5%
People can spend the money for agriculture	4	3.0%
People can use the money for danger period	11	8.3%
Those who can spend the loan properly, loan is helpful for them	43	32.3%
With small amount of loan, it is not possible to increase income	2	1.5%
Only big amount of loan can make any positive change	2	1.5%
Income can be raise by buying cattle and goat	2	1.5%
Borrower who don't use the loan properly, loan is dangerous for them	7	5.3%
Those who have less financial crisis, loan is helpful for them	2	1.5%
Loan can be spend in small bussiness	5	3.8%
Loan money can be invest in paddy bussiness	2	1.5%
Credit makes people aware	2	1.5%
Credit can be invest in money lending bussiness	2	1.5%
Total	133	100%

Source: Fieldwork in the two villages- Dhanpara and Chalagao.

The above table briefly shows the areas of the rural life of the people, which are influenced by the micro credit. 43 respondents (or most of the people) said that the micro credit could be beneficial if it is properly used. 12 borrowers said that, loan can remove family's want. 26 respondents said that it could increase income. 11 respondents said that it could be help while in crisis, danger or misfortune. 2 persons gave the opinion that credit is beneficial for those who have less want. According to the opinion of 7 respondents, people can do business by taking small-scale loan and the opinion of the 5 persons is that with such credit one can start small business. Besides other opinions are as follows:

- People can invest the loan money in different sectors.
- Credit can be useful in case of illness.
- With small loan it is not possible to make progress.
- If large amount of loan were available then it would be helpful and beneficial.
- It is possible to improve economically by buying cattle.
- Loan is beneficial for those who have less want in their family life.
- Loan can be invested for paddy.
- Loan can make one conscious.
- Taking loan it can be invested in money lending business.

Table-38

People's idea about the activists of the loan/credit giving organizations:

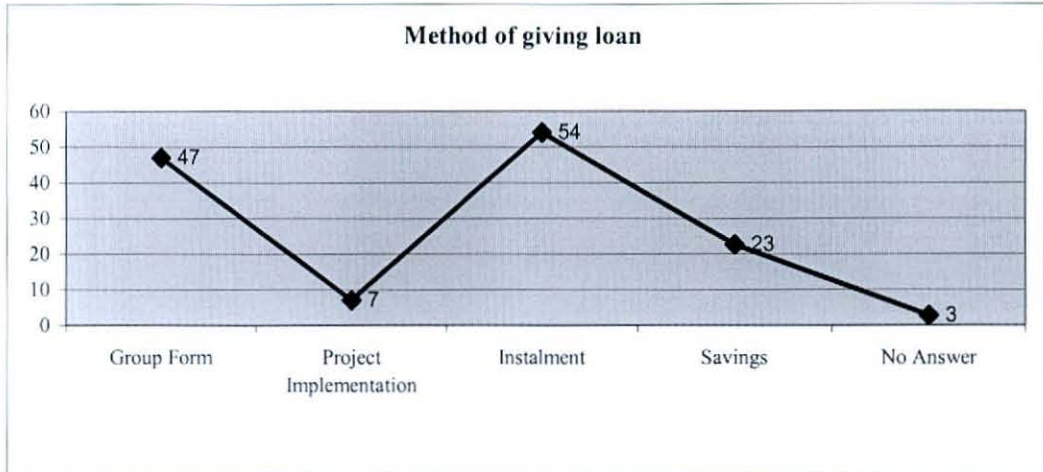
YES	No
94%	6%

Source: Fieldwork in the two villages- Dhanpara and Chalagao.

The opinion of the most of the respondents is that the task of the NGOs and banks is to give loan to the poor. Most of the people do not have any idea about areas of activities of NGO. 6% of the borrowers took loan without having any idea or knowledge about NGO. If this is the case that means if people don't have

any idea about the role and the activity of NGOs, then there are reasons to doubt about the effectively of NGOs in future.

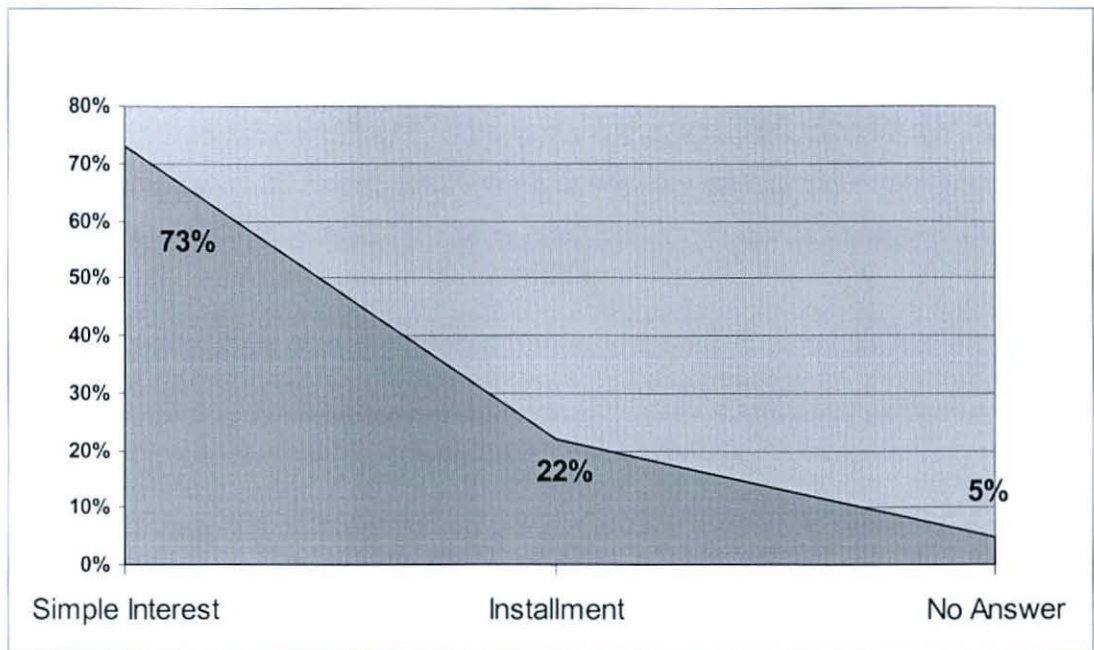
Graph shows the method of giving loan



Source: Fieldwork in the two villages- Dhanpara and Chalagao.

It is observed that the credit activities of almost all organisations are conducted by the method of forming groups and societies and repayment by instalments.

Graph shows that majority of the borrowers repay the loan in simple interest:



Source: Fieldwork in the two villages- Dhanpara and Chalagao.

Table-39

Process of repayment by instalments:

Weekly installment	Monthly installment	No Answer
77%	13%	10%

Source: Fieldwork in the two villages- Dhanpara and Chalagao.

In the process of repayment by instalments. 77% of the borrowers repay by weekly instalments and 13% by monthly instalments. 10% of the respondents did not want to make common or how the loan is repaid. It is understood that the system of weekly instalment is of advantageous for the creditor.

Information was collected through the household survey conducted in the two villages -Dhanpara and Chalagao for the purpose of research. The information was analyzed and those who appeared to be more interested in the process of survey were selected by simple random sampling as respondents. Thus much important information was obtained regarding micro credit from 133 respondents through the method of interview. Among those members of the households who borrowed money from either government or non government organizations, 100 persons were selected by the method of simple random sampling for informal interviews, from which some important information were obtained, which are as follows:

- All these who were interviewed (informal) have taken micro credit. Different government and non-government organizations conduct the credit activity and they give loans to the poor. It can be said that these organizations play some role in the development process and in the poverty eradication program.
- In each family there is only one earning member and other members depend on his/her income. It is not possible for a single earning member to meet the demand of other member and to maintain the family in a

decent way. So the earning member of the family becomes interested to take loan. That means in most cases members of the family take loan because of economic hardship.

- According to those interviewed, it is not possible to have a thorough idea about the micro credit activity and its management in a short time. Since the people of the locality have very little spare time to acquire knowledge about the management of the credit system, so they do not play proper role in the process of poverty eradication.
- Non-government organizations have been operating in a massive way in the present Bangladesh. Numbers of the organizations conducting credit activities are large in number. Therefore poor people taking loans from one or two, such organizations can have comprehensive idea about the entire credit system and they remain ignorant in this respect.
- According to many micro credit organizations does not give benefit to the borrowers in the same way. On the other some suffer loses.
- Based on the information given by those who were interviewed it can be said that the credit did not bring changes in the life style of the poor borrowers in the same way. Some commented that it did not bring any change at all.
- According to the interviewed persons there are almost equal number of male and female persons in the families. So this can be assumed that half of the entire populations are women. But in case of employment proportion of women there is less than half. And it is not possible to remove poverty in a family only with the income of male members. So there is a growing tendency among the villagers that women should take loan and thereby be involved in the income generating activity.
- The number of children in poor families are quite high and so there is always want and poverty in these families. Because of the want people are

forced to take loan. But even after taking loan they have neither time nor scope to bring basic change in the economic condition. Therefore the micro credit activities conduct among the poor people can be considered as a temporary help rather means to eradicate poverty.

- Even loan is taken for a particular project; normally the loan money is not invested properly in the said project. Because loan money is taken by one and spent by another.
- Among the borrowers of such small amount of loans, most of them do not use the money for an appropriate project. In some cases one who takes the loan, gives to another person the same loan.
- According to many the saving as required for the micro credit system is not a natural saving based on income. Because of the involvement in the micro credit activity the borrower is forced to save. Such saving cannot be considered to be real accumulation.
- Almost half of the borrowers in the area under research have negative impression about on going credit activity. Their idea about NGOs is also negative. If this is so then in the context of people's perception it can be said that micro credit cannot bring any good result regarding poverty eradication.
- Regarding the supervision of the loan giving organizations many opined that there are differences among the loan giving organizations regarding the policy or the method of supervision over the utilization of the loan money. But it seems that they give preference to the profitable aspect of it, i.e. profitable to the creditors. Basically they are more active in collecting the installments. That is how most of those who were interviewed evaluated the matter and collection of installments have been equated with supervision.

- If the information thus collected is analyzed then very important information is obtained. Those among the borrowers were very poor and hungry are now capable to arrange at least two meals a day. But in case of those who had little bit of property, no changes have occurred except that they have become indebted.
- Some of the borrowers said that they suffered loses, after taking loan from different organizations. It is found from the information collected that because of the lack of training on the subject for which the loan is given and because of the lack of idea about concrete program, the borrowers suffered. That means it is due to the negligence on the part of the creditor in performing their role, the borrowers had to suffer in many ways.
- Most of the borrowers do not have correct idea about the credit management system. That is why borrowers cannot properly use the loan money. This is what many have said.
- It is understood from the information given by many that most of the borrower faces different kind of problems while paying the instalment the credit did not improve their economic condition, rather it deteriorated. The borrowers simple move around the debt orbit.
- The question why borrowed fail to repay in time was answered by many who said that it is difficult to arrange money every week for weekly installment. According to them if installments are to be paid on weekly basis then it causes harm to business capital. Moreover it is not possible to pay for weekly installment by investing money in small business. If the loan money is invested in agriculture then it is not possible to pay for installments before harvest. Same is true for other long-term investment. As the profit from such investments come after a longer time it is not possible to pay for the installment at any earlier date.

Method of micro credit activity:

Based on information collected it appears that there is universal method of giving loan among the loan giving organizations. Different organizations have different methods. The ideas and principles of the organizations are reflected through the credit methods of the respective organization.

Among the organizations operating in the area under research one organization namely Buro pursue the method of organizing training on the subject for which loan is given. One of the concrete methods of ASA is to form group/society. Such group/society can have highest 30 members, but never below 10. Each of the 30 members is separately given loan. One of the officials of ASA told that one could do better and improve his or her condition if the loan is given to individuals. Regarding the policy followed by Proshika one of its local officer told that Proshika gives loan on basis of the occupation of the borrowers. Who should be given loan and what is their professions -these are the main concern of Proshika.

Credit incharge of BRAC of that locality also explained its concrete method of giving loan. Its policy is that loan is to be paid back in 46 instalments. The highest and lowest number of membership of the groups/societies formed by BRAC are 45 and 20 respectively. There is also another system regarding savings by the member. Every member is to deposit taka ten per week as saving. Besides BRAC gives bigger amount of loan, from twenty-thousand taka upto one lac taka at the highest level. Those are called big loan. Period of repayment is two years. Such loan is to be repaid by monthly installments.

Credit supervisor of the Department of Youth Development of the government told about the credit policy of the department. Here training is organized before giving loan. Normally loan is given for the poultry or for rearing of cattle or for

similar projects. Create scope for self-employment. Its task is to enthuse rural unemployed youth and give them training and thereafter the loan. The amount of loan varies from taka 20,000 -- taka 50,000. There are different period of repayment. Though the loan is given at a simple interest, yet at the end of the period it comes to a rate 20%. This is a very tricky matter in the prevailing micro credit system in our country. Borrower is to pay an installment calculating the part of the actual loan and the interest at a simple interest rate. But adding all the installments one can find the actual rate of interest, which is higher than the announced interest rate.

Youth Development Department does take any installment in the first three months. Its policy is that the borrower should be given at least three months time to invest accumulate fund in the interest of the project.

Training system for the borrowers:

Through the interviews taken information were obtained regarding the training of borrowers. In order to make the rural poor people self-dependent, non-government volunteer organizations provide micro credit to the poor people. Such organizations should also organize sufficient training for the borrowers on the subjects for which loan is given. For example Buro provides training as per requirement of the subject for which loan is given. ASA who conduct credit activity among other activities in the district of Tangail does not give any training on any specific subject, as reported by an official of ASA. One, who can perform good work, is given loan. The loan is given for certain economic activity in which the borrower has earlier shown better performance. But the policy of Proshika is different. Before giving any loan for any subject, borrowers are given training on the specific subject for which loan is allotted. In this case training is provided for social forestation, fish cultivations, poultry, animal husbandry, vaccination program etc.. The divisional coordination officer claimed this.

Proshika also materialize program for kitchen gardens, and nurseries such as tree nursery, fish nursery etc.. The local official of Proshika claimed that Proshika gives training by its technically trained trainers.

Local credit supervisor of the Youth Development Department claimed that even before the loan is given, project based training is provided to the borrowers. Normally it gives loan for the projects like poultry, animal husbandry and also for different projects for self-employment.

System for monitoring over the borrowers:

If has been found that in the district of Tangail monitoring system of the credit activities conducted by the different non-government organizations are different from each other. Regarding this issue the researcher had discussions with the local officials of some loan giving organizations. All of them claimed that their NGO or the organization is careful and active in this regard. According to the representative of the Buro, there is a system of preparing report about the financial position of the borrowers. From the reports it is tried to understand the progress of the project for which the loan is paid. The monitoring system of BRAC includes supervision of its field workers. They look after the projects whether it is running properly or facing any problem. They also evaluate the effect of the credit and make a comparative study of the economic conditions of the borrowers before and after taking the loan. About the monitoring system of ASA the organization claimed that they want to see whether loan money is properly utilized or not. It is also checked whether the loan money is used for the same purpose for which it is given. From the information obtained it is seen that Proshika has a different approach as regards the monitoring system. They make a time frame before the group or society is formed. The purpose of this time frame is to know what is the present economic condition of the borrowers and at what

stage. Then a survey for one to two years is carried out and the changes in the economic condition are noted. This is how the monitoring system of Proshika works as mentioned by the divisional coordinator of Proshika.

Roles of the loan giving organizations when borrowers fail to repay:

It is important to know the role of loan giving organizations when borrowers fail to repay the loan. Information regarding this was obtained from the interviews of the responsible officials of the organization conducting micro credit activity. On the basis of this information their roles are discussed below.

The officer responsible for ASA told that if the borrower spends the money in the proper project for which the loan is given, then it is possible to repay. It because of natural calamity the project is harmed then another new loan is given for that particular project.

According to the explanation given by the divisional coordinator of Proshika, it has its own system. Loans are in accordance with the system. Loans can be repaid by the mutual cooperation among the members of the society/group or among the societies themselves. If any problem arises, then the members of the group or the committee resolve the problem with the properties under control of the said group or the committee. Concerned officer of BRAC told about its role that if the contract with the organization is one and something different is done, then the organization couldn't do any help. In case any member fails to repay, other members jointly bear the responsibility. At the same time there are attempts to collect the money for repayment, keeping regular contact with the person who failed to pay.

After having discussions with the representatives of the organizations it became clear that in most cases, loan-giving organizations do not take any responsibility in case any borrower fails to repay. In some cases organizations put extra

pressure or force the members to repay. When any borrower fails to repay then he or she suffers in different ways and also the other members have to bear pressure.

Methods of collecting installments:

Information regarding the methods of collecting installments in the Tangail district was collected from the responsible officers of non-government organizations involved in the micro credit activity. The analysis of the information is given below:

A field worker of the Grameen bank told that different NGOs workers at field level are very active to enthuse people to take loan. The future career of his service depends on efficiency to make people interested in taking loan. More he or she can supply credit; more he or she is considered to be efficient. That is why there are huge activities of the field workers in the villages. There is always sort of pressure from the top to form societies/ groups and to give loan to them. So the NGO workers go to the houses and try to enthuse the villages to form society and take loan. It is because of the regular activity of the NGO workers. People can easily take loan and there is no official complication. But the rate of interest in case of such loans is very high. Moreover if the borrowers fail to repay, action is taken against him or her. So there is always a pressure on the borrowers to repay. Other members of the society/ group also put pressure to repay. As the rule of some NGOs the NGO workers through whom the loan was given is held responsible for the non-payment of installment by the borrower. Even that particular NGO worker is to pay back the loan. Because of such strict system then is always pressure on the members of the society/group to repay the loan.

From the officer responsible for Buro it is learnt that installments are collected from the borrowers on weekly basis. If the loan amounts to 20,000 taka then it is divided in to 50 installments. To its 15% profit (interest) or service charge (i.e.

interest) is added. The total amount is collected on a particular date, decided earlier. The divisional coordinator of Proshika said that they have their representatives in the villages. Representatives collect the installment due to the borrowers and then the representatives deposit the total amount in the local office of Proshika. No employee of Proshika collects the installment. It is further known that there is a system of meeting with the borrowers four days a month. Besides the representative of the organization makes inquiry about the matter once a month. Thus both the tasks of collecting installments and of monitoring are done simultaneously and easily. From the information collected it is learnt that in the district of Tangail, the methods of collecting installments by the different non-government organizations involved in the micro credit are different. For some organizations, the loan is to be repaid by 50 installments, for some it is 45 installments. Some organizations collect the installments by their own representative. The system of some other organizations is that it is to be paid by the borrowers themselves who should go to the local office of the creditor organization and deposit the sum due to them.

There is another system for some other creditor organizations where all members of the society/ group and the representative of the organization should meet at a fixed place on a fixed date in presence of the representative of the organization. There the members of the society/ group bring the money due to them, the employee of the organizations collects the fund so deposited. So the system of collecting the money for repayment varies according to the rules and structure of the loan giving organizations.

Supervision over the investment of the loan money by the borrowers:

The nature of the supervision by the loan giving organizations over the investments made by the borrowers could be clearly understood from the

interviews taken. A responsible officer of Buro told that the borrowers are explained why they should take loan. They are also explained so that they do not make loss. For each of the BRAC projects there is one local responsible officer in charge of the project. His task is to look after the project every month and supervise. In case of ASA credit supervisors go the areas of the society/group and see whether the loan money is properly invested. The type of supervision by Proshika is different. Two types of employees work at the field level on behalf of Proshika. One set of employees form organizations and look after the training of the organization and the activities of the society/group. This is done with the aim to increase the organizational power and the activity of the society/group. Another type of employees is involved in the credit activity. They look after the economic side of the organization. They are called economic development worker. They attend the regular weekly meeting of the members of the society/group and monitor the activities of the borrowers.

From these statements it is understood that different organizations follows different method regarding supervision. But it appears that in this regard all the organizations give main emphasis on those aspects, which is more advantageous for their profit. Their main interest is to get bank the loan money with interest.

Preference as regard giving loan:

Half of the population is women. Yet women's involvement in the economic activity of Bangladesh is limited. As half of the populations are alienated from economic activity, so the level of poverty as a whole is increasing every day. It is important to let people know who are given preference as regard the credit given by the non-government organizations involved in the micro credit activity. This is important from the point of view eradicating poverty and achieving self-sufficient economy. On the basis of the information obtained from the interviews

given by the officials of the organizations involved in the micro credit activity in the district of Tangail, the above-mentioned point is explained below:

The local representative of Buro told that members of this organization are all women, they started the activity with only women members. This organization does not give any loan to male. Responsible officer of ASA told that ASA give preference to poor women. As regard credit activity 95% of the members of these organizations are women. ASA thinks that if the neglected portion of the society can improve their economic condition, then it is possible to achieve development for the entire society, so women get preference.

The divisional coordinator of Proshika speaks in a different tone. According to him attempts should be made for the development of all irrespective of sex. So both men and women are included in their credit program.

If we look at the announced objective of these organizations then we see that most of them are giving preference to women. They are working with the concept of development, mainly of the women who are backward in all respect. But some criticize this view and give another reason why women are given preference. According to them these organizations involved in micro credit activity are more interested to give loan to women because of the fact that it is easier to get back the loan money from women.

The degree of service charges:

Having discussions from the representatives of the loan giving organizations the information about the degree of the service charges of the loan has been obtained. However these charges are changed from time to time. Below there is some information about the service charges or the rate of interest according to fieldwork in the two villages - Dhanpara and Chalagao.

Table : 40

The rate of interest according to fieldwork in the two villages

SL	Name of the organization	Rate of survice charge
1.	ASA	10%-15%
2.	BRAC	15%
3.	Proshika	14%
4.	Buro, Bangladesh	10%-15%
5.	Grameen Bank	0%-20%
6.	Dept. of Animal Husbandary	3%
7.	Krishi Bank	8%-14%
8.	BRDB	11%
9.	Youth Development Ministry	10% - 20%
10.	Sonali Bank	11%

Source: Fieldwork in the two villages- Dhanpara and Chalagao.

**The service charges are changed according to different decisions of the government and the non-government organization themselves from time to time.

From the above table it is seen that most of the non-government organization take service charge, which is added to the installment as a part of real loan. But some organizations take service charge. If compared with the interest rate of the government organizations, then it is obvious that NGOs rate of interest is too high. NGOs say that loan is given at simple interest rate. But because of the procedure to pay by installments and service charge, actual interest becomes high. It is to be observed that non-government organization function with a profit motive. If the interest or the service charge as they call it is declared to be simple interest, actually it comes out to be different. It is nothing but compound interest. If rate of interest is fixed at actual but because of compound interest it comes to

20%. Youth Development Dept. of the government does not take any interest in the first three months. They think borrower should be given some to invest and make profit. Rate of interest (simple interest) is 10% but again if calculated for the compound interest it comes to 20%.

Conditions attached to credit:

Different organizations impose different kinds of conditions upon the borrower for taking loan. The conditions of BRAC, ASA and Proshika are given as follows:

Conditions of BRAC

- a) Societies/ groups are to be formal
- b) There should be at least 20 members in the society/ group
- c) All the members should be age wise able persons

Conditions of ASA

- a) The loan money should be used in definite project
- b) Installments for repayment should be paid on weekly basis
- c) Payment of installment starts 15 days after taking loan
- d) Installments should be paid on particular day of a week earlier fixed

Condition of Proshika

- a) Borrowers must be members of societies/groups
- b) All the borrowers and members of a society/ group must work as a team
- c) The team must be insured

Buro, Bangladesh condition

- a) Borrowers must be a member of a group and save as a member of society/group.
- b) One borrower can get loan amounting to taka 20,000 highest (upper limit).
- c) Loan is to be repaid within one year by installments.

Agricultural Bank

Agricultural Bank gives loan under four projects. This credit can be get individually. For there is no need to form society/group. In this respect it is easier to get loan from Agricultural Bank. Moreover amount of loan is bigger. So it is the opinion of many that if such big amount of money is utilized properly then one can get benefit out of it.

The projects for which loan from agricultural Bank can be available are as follows:

- a) Agricultural loan: It is without any security. But amount depends upon the land possessed by the borrower. Basically loan is given to help the peasants in crop production. The amount of loan varies from taka 5000 to 30,000. It is to be paid back in one year by monthly installments with an interest of 8.5%.
- b) Fish cultivation: Amount of loan depends on the area of pond and land. In this case personally owned land or pond is to keep as security. Loan amounting to taka ten thousand to one lac can be given at the rate of 8.5% interest.
- c) Security loan: This loan is given on the basis of cattle under the possession of the borrower peasant. The loan is to be paid back in one year by four investments with interest at the rate of 8.5%. No security is needed for this kind of loan.
- d) Current Loan: This loan is given bases on different projects . Such loan is given for rice mil, poultry, weaving industry etc..

BRDB:

To have formed society/ group is a pre condition for taking loan from BRDB. The society is to be registered with BRDB. The process of getting here is slightly complicated. No one outside the society/ group can get loan. There is no other

visible activity of the society/ group. They only give loan and take back the loan with interest. The rule is that the loan is to be repaid within one year by monthly installments. The borrower is to go to the local office of BRDB to pay installment. There is no monitoring system of BRDB. BRDB does not look into the matter how the loan money is used.

From the information obtained from the research at ground level carried out in the two villages Dhanpara and Chalagao , it is found that in that area there is still the practice of informal credit, which is known as Mahajoni system or Mohajani protha. Mahajon is the Bengali name for users/ money lender. Below there is a brief discussion on mahajan system. Mahajani system or the system of informal credit, which can no way over looked. 15% of the families take loan from Mohajan (users/ money lender) in one way or other. Generally these mohajans are rich people in the villages. Their main income comes from the land. They are involves in agriculture. They are also known as big landholder or jotdars. Many of them are also owners of weaving mills. 150 persons are involved in this business of mahajan for the last 10 years. Nobody comes to this business on account of heredity. It depends upon the mentality of a particular person who is involved in such business. Many though financially capable do not want to get involved in such business. But there are some who were involved in mahajani bussiness, now they have given it up. Villagers in time of sudden need of money or in danger go to the users/ money lender for loan. The following are the causes for which villagers are forced to takes loan from mahajan:

- Son will go to foreign, so money is urgently needed
- In order to buy land big amount of money is needed
- In order to organized daughter marriage, urgent money is needed

To get this loan no official form is to be filled or no mortgage is needed. Here acquaintance is important. Sometime loan can be obtained through some other person acquainted with the mahajan. Verbal words and personal confidence are

good enough. There is no written document; Rate of interest is 5% per month, which is less than the interest of other institutional loans. There is no formal obligation to repay the loan. This loan is normally not paid back by installment. Borrower pays back the loan money (with interest) according to his suitable date all at a time. But there is exception too. Sometime if the borrower is not capable of paying the full amount he or she pays only the interest. People do not consider mahajans as good persons, because according to Islam it is forbidden (haram) to take interest. But people are engulfed by misfortune or in need of urgent money then they are forced to go to mahajan. Mahajan normally does not give small credit. They give bigger amount of money. They do not give money for daily necessities or for agriculture or domestic need. Mahajan before giving loan thoroughly considers the reasons what purpose loan is given. They give loan amounting to leave ten thousand to one lac. If for some reasons the borrower fails to pay back the loan money, then the villagers arranged a meeting that is called salish, to solve the problem. In this meeting villagers give their opinions, and then the judgment based on salish is accepted by all. Salish has no legal value, but it has customary importance. In some cases when repay the loan is absolutely impossible then the interest may be exempted, only the principle is to be paid. So far there has been no mentionable record of problem regarding repayment in the area under research. Because before giving loan mahajans thoroughly take account of the borrower about his or her capability to pay back. No tax is to be paid to the government for the mahajani business. Though it is in practice for many years, yet it has not got any official sanction by the government.

Now it is impossible to discuss about the economic activities of the rural Bangladesh without discussing the micro credit activity. There may be debate about the effectiveness of the micro credit, but its influence in the rural economy cannot be ignored. From the results obtained from the research it can be said that all the borrowers of the micro credit are poor and in constant want. As people do

not have little knowledge about the credit management, so micro credit does not play proper role in eradicating poverty. At present the NGO activities have been expanded in a large scale. There is a tendency among the villagers to encourage women to take loan. They want that women get involved in income generating activities by taking loan. Micro credit did bring changes in the life of the poor people in the some way. Micro credit activities conducted among the poor can be considered as temporary help to overcome immediate economic problem rather than as a weapon to eradicate poverty. As a part of the micro credit system borrowers become members of the society/group and some little amount of money by rule. But in reality neither the societies/groups nor the savings are effective. The loan giving organizations are basically interested in getting back the loan money (with interest) and they have a very intensive monitoring system only in this regard. And thus rate of recovery is very high. There is no such system of supervision in case of government loan. So there is a tendency among the borrowers not to repay the government loan. Moreover for the low-income groups of people it is very difficult to pay high rate of interest (particularly in case of NGO credit). Poor people whenever they get ready cash money, usually spend it for daily necessities. However if the amount of loan is reasonably large and if the period of repayment is long, then it can be gainfully used. In conclusion it can be said that the subject of micro credit is a very complicated and debatable subject.

Chapter - V

Institutional Credit : Situation of Women and Development

Interviews of 100 persons from the village Dhanpara and 33 persons from the village Chalagao were taken on the basis of the answers of informal interview method. Out of the 133 persons 63 were women. From the study and the analysis regarding the degree of the concept, knowledge and the awareness of the women regarding micro credit and the role of micro credit in the social relations. It is found that the rural women were once involved only in the domestic work. Now they being related to various activities conducted by the various development agencies, get the opportunity to know about and understand different subjects. Opportunities have been created for the rural women to know about the credit and their awareness has been increased, as they are more and more involved in the credit activity conducted by the banks and different types of government and non-government development agencies. As they are involved in the process of such credit activity their participation in the meeting and the groups/societies has increased. There are now more scopes for the communication among the women themselves. As a result they have acquired knowledge about the various sources of available loans and they have developed ideas about the effect of such loan. This helps them to solve many problems of daily life and the use of credit for the reduction of poverty has been effective to a certain extent. From various information it is found that the main sources of credit or the medium through which credit is available are banks and the various government and non-government agencies. Below there is a list of the medium through which rural women came to know about the sources of such credit.

- Field officers of different banks and development agencies.
- Members of different societies/groups
- Group leader of the society/group
- Chairman and members of the union council of the area
- Relatives
- Those who had already got loan

63 women of the two villages while answering questions gave the following information about how they knew about the sources of credit.

- 7.29% knew it from those who had already taken loans.
- 59.22% knew it from the field workers of the development organizations (both govt. and non govt.).
- 3.00% knew it from relatives.
- 27.16% knew it from members of different groups.
- 3.36% knew it from members of the locality.

So it is seen that 27.16% knew it from the members of different groups and only 7.29% knew it from those who had already taken loan. These figures are still very low. However gradually because of the increased participation of the women in the meeting and groups they have now more opportunities to know more about the credit.

As the rural women are getting more and more involved with the credit activity conducted by the various development agencies, communication among themselves has also increased. The net result of this is that they have the opportunity to know about many other subjects besides the credit. This has helped them to acquire knowledge and increase awareness. As the women become members of the groups through the credit process, this helps them to get united. Participating in the credit process they learnt about the strategy of credit management. They got training on various subjects and thus they learnt about production strategy of poultry, animal farms, fish cultivation and production of vegetables and seasonal green crops. This has given them the opportunity to come out of the credit barrier and take part in the income generating activities, which have also influenced the process of women empowerment.

Women in the decision-making regarding the taking of loan and the use of the loan money:

How far women have the freedom in the decision process as regard taking the loan and the use of it. How far they can participate in that process. These are discussed in the below in the light of the information obtained from the field.

Real situation of the women regarding the decision making process for taking loan:

It is found that those women who took loan, discussed the matter with the following persons:

- They discussed with husbands- 32.15%
- Husband and wife jointly took decision by mutual consultation-09.52%.
- Neighbors -07.35%
- Discussed with brother -09.72%
- Discussed with mother -01.59%
- Discussed with father -03.17%
- Consulted those who had already taken loan - 03.17%
- Discussed with nobody- 33.33%

The persons with whom women discussed as regards how to spend the loan money:

32.15% of the women said that their husbands took the decision as to how the loan money will be used. According to the decision of the husband, it was planned to invest the money for the following purposes:

- Business -10.52%
- Spending on agriculture 09.52%
- To buy richshaw 03.17%
- To buy cow 04.17%

- To buy goat 01.59%
- To repair house 01.59%
- To construct new house 01.59%

09.52% of the women answered that it was decided jointly by husband and wife to buy cow.

01.59% decided to lease land and they discussed the matter with their mothers.

After discussing with the neighbors 07.35% decided to buy land with the loan money and it was planned that the installments would be paid from the money earned by selling the crop.

After consulting with those who had already taken loans, 03.17% decided to do paddy business.

Consulting with the brothers 9.72% decided that:

- They would arrange marriage of their daughters.
- They would buy 'van'.
- It would be good if the money were invested in agriculture.
- It would be good if the money were invested in business.

03.17% consulted with fathers and decided to do pappy business.

- Many discussed with the members of the locality who did not suggest anything.

Analyzing the information obtained it is found 86.03% out of 63 borrowers took loan for agriculture, 15.87% for small business, and 14.28% for buying cow. Out of 63 women, 19 women discussed about the loan with husbands before taking the loan and 21 women did not discuss with their husbands about the loan. In 6 cases wife and husbands jointly discussed about the loan. Others consulted with

neighbors, relatives, even members of the locality. All of them were of the opinion that they can improve their economic condition if the loan is properly utilized. Analyzing the facts about utilization of the loan, it is found that even if borrower had any plan in this regard, most of the borrowers were not sure of the utilization of the loan as per earlier plan. Because it is not only the plan of the borrower, rather the desire and the opinion of the loan giving organization is more important in this respect. In most cases creditors give loan according to their own planning and rules. So in the decision making process of taking and using loan, there is no scope for women's participation or their freedom in this respect. Even in most of the cases where husband and wife jointly discuss the matter, wife's opinion does not get any importance; it is the desire of the husband, which is decisive. Basically women are used as the medium for getting loan. There is hardly scope for women's participation or their freedom in this respect. As the policy of the creditors in case of micro credit, is to give more importance to women with the aim of women empowerment, so the husbands, in most cases force their wife take loan.

Development agencies of government and non-government organizations are conducting micro credit activity. Government of Bangladesh patronizes the micro credit activity. Based on the information obtained it can be said that micro credit contributed to the national economy by improving the socio economic condition and life standard of the borrowers. Micro credit played important role in increasing the income of the poor. Women are now trying to achieve property and also raising the level of wages. Besides this, there are positive social effects too. Particularly in the life of rural women it has help to bring some positive changes. For example:

- Opportunities have been created for women to take part in various meetings and groups, which enhanced self-confidence among them.

- By taking part in this process women had the opportunity to learn about economic transaction and many things about financial management.
- Opportunity for the backward women to break the various circle of the traditional credit system (userer or mohajan) has been opened and there is new opportunity for them to invest and save and to participate in the income generating activity. This has also influenced and expanded the area of women empowerment.
- Job opportunities thus created also influenced the labour market, which help to get better wages or compitative wages.
- It helps the poor rural women to take part in the greater social movement.
- Social and family status has been enhanced in the society.

31.75% of the 63 persons of the two villages who were interviewed said that the credit had caused the enhancement of their family and social status in the society.

The reasons, they gave are given below in their own language:

- We could improve economic condition by taking loan, so people behave well with us and respects too.
- Our business is going on well. So other people of the village give loan if wanted.
- People come forward to help in case of crises or trouble.
- Village people now know me.
- Now I have social prestige in the village.
- To take loan is considered to be a good thing
- As I am member of the groups, so people think that I have the strength.
- In past I could not get loan from anywhere, now people have confidence in me and give loan.

The control over resource and ownership of assets :

Even after so many positive developments, control over the resources and ownership of the assets, earned by the utilisation of the credit have not been established by the women. Besides there is another opinion which says that landless poor class are deprived of this process of development activity. In most cases this class cannot avail the opportunity to get loan. Because they cannot fulfill the conditions for getting loan. In the two villages under this present research, 49.20% got loan after depositing the document of ownership over land. Since women have no property in their name, they cannot get government loan. Out of 63 persons of the two villages who were interviewed, 52.38% said that the credit did not bring any change in their life. 31.75% of them said that their social status has been enhanced, where as 15.87% said just the opposite who claimed that their social prestige has been downgraded, reason bring mentioned (in their own language) as follows:

- Many people of the villages do not think it proper to join the groups and to take loan therefore.
- In case I fail to repay the instalment in time, I become small in the eye of other people.
- When I fail to repay the loan, the field officer comes and takes away my cow. Other people laugh at me and criticize me.
- When I fail to repay the loan in time, the field officer rebukes me in front of others and I feel ashamed.
- When I fail to repay the loan in time, then even the neighbours refuse to give me loan.

52.3% of those interviewed consider that there is no connection between the credit and the social status. According to them credit does not play any role either in enhancing or down grading the social status or prestige. Because they

think that the loan if not properly utilised, cannot do any good or cause improvement.

In reality, because of the rules of the loan-giving organization, there is often delay in getting the loan. Also desired amount cannot be got. If the loan is not obtained in time and if the amount is less than what is needed, then such loan is of no use. Then it is spent for other purposes of the family and it becomes difficult for the poor people to repay. 65.07% of the interviewed persons said that the credit did not have any effect in the change of occupation. In the two villages, 65.07% of the people who took loan did not change their occupation.

So as regards the control of resource and ownership of assets, earned by utilizing the loan, the credit has no influence whatsoever. Because women do not have any scope to have control or authority over the resources thus earned. Though loan comes in the name of women members of the society, still male members of the family control over the loan money. Even any property earned by utilizing the said loan is not considered to be women's property. That means women do not own any property.

Conjugal Quarrel:

In many cases, micro credit is responsible for conjugal quarrel. There is often serious difference of opinion within the members of the family or the issue of how to use the loan money. Even on the question of timely payment of installment there is contradiction between husband and wife. There are cases like this -- the husband has used the money, but wife is to pay back by installment. It is particularly seen that there is often family quarrel just the day before the date for paying installment. All those women who were interviewed agreed that there was quarrel with the husband over the issue of micro credit. Since the matter is sensitive and women want to conceal this fact, so it was not easy to know about

the quarrel. However this has been learnt only after mixing with them very closely and intensely (in the above mentioned two villages).

Based on various information it can be said that the participation of the women in the micro credit process has brought about changes in the life of poor women, created opportunity for them for self employment and increased economic solvency. As against traditional credit program, both formal and informal, the credit activities done by the NGOs have added a new dimension. Now credit can reach the rural poor people. Various development organizations are conducting credit activity with the goal of socio-economic development by creating employment and by raising the productivity capacity of the poor population. These organizations claim to have played an important role in the struggle for the elimination of social and economic oppression by mobilizing and organizing the poor people. But it is still difficult to say correctly how far the micro credit played a role regarding women empowerment, since women have not yet been able to establish control over the use of the loan money and to take decision independently. It is not possible to come to a definite conclusion about the issue of women empowerment.

Case Study: 1

Sefali is the name of a woman from the village Dhanpara. She was married to her cousin (Mother's sisters daughter). Her husband is a small peasant. He is the owner of one acre of land. He works himself on the field. She is about 40 years old. She is illiterate. She does domestic work and never went outside for job. People talked bad about her, because even after many years of the marriage she did not give birth to any child. Husband threatened her that he would marry second time. After many years she became mother of three children. Two years back, on the advice of her husband she took loan of ten thousand taka from Grameen Bank. She had seen many taking loan. But she never wanted to take loan. She thought it to be a matter of botheration to be a member of group for taking loan. Because of request from husband she took loan. First she thought that she would rear the cattle. But it was not possible for her to do it. At one time her husband demanded the entire amount of the loan. Firstly she refused to give it to her husband. But under pressure from the husband she was forced to hand over to her husband the entire amount of the loan. Because her husband had told that he needed huge amount of money to pay to an agent (of the manpower business) in order to send his younger brother abroad. Sefali thought that younger brother of her husband would return the money after some time. But husband's brother did not do so. As a result Sefali failed to repay the loan money. In the beginning she told the other group members of the group that she would pay off the loan. But when she failed to do so, the other members of the group started avoiding her. The official's of Grameen Bank came to her house several times and rebuked her. On this issue there were often quarrels with her husband, sometime leading to fight with hands. After six months one day an official of Grameen Bank came to her house and took away domestic cow in the presence of her husband. She or her husband did not protest, because they understood that it was not possible to repay the loan.

Case study : 2

Majid Mia lives in the village Dhanpara. He is 50 years old. He studied in the school up to class eight. Few years ago he worked as an office assistant in an organization in Dhaka. He spends most of his time at the residence of his oldest son in Tangail district town. Considering the amount of land he possesses he can be considered as a middle peasant. For many years sharecroppers have been cultivating his land. So he can be considered to be an absentee landowner. He took a loan of 30 thousand taka from Krishi (Agricultural) Bank for the purpose of fish cultivation. He had to deposit the document of the land as the security for the loan. But he spent this money in the business of his son, because his son needed capital for the business. So he failed to repay the loan in time. But that bank did not put him in trouble for this failure. So it is seen that it is possible to get a loan on the basis of land property even if the loan money is not used on land or agriculture.

Chapter : VI

Conclusion : Major Findings

Conclusion : Major Findings

From time immemorial there has been a practice of loan system and of paying interest for loan. In this Sub-continent micro credit developed through cooperative societies. In 1947 after the partition of the country, as a successor of British Banking system, Pakistan got 637 branches of national and foreign banks and a banking and credit structure. The establishment of the Academy for Rural Development at Kotabair in Comilla opened up a new horizon of cooperative movement in the decade of 60's. In 1971, after the independence of Bangladesh our country received 1130 branches of 12 commercial banks as a successor of old Pakistan. At that time there were informal creditors in the credit system who were mainly mahajan, shop keepers and other groups who gave loans. Institutional credit is an important step toward the development of Bangladesh. So it is necessary to analyze the effectiveness of this step. And in order to do so,, attempt has been made in this research to analyze the activities of the government banks and other government institutions, like BRDB and agricultural Banks, in spreading the micro credit. In 70s and 80s of the credit era, programs conducted by the government played a most important role in development. But later on its influence was not that prominent. As a result, there is practically no cooperative activity in the present Bangladesh. In the decade 60s people were made to believe that there would be rural development through cooperatives movement. Now it is like a false story, as there is no trace of collective activity in the villages. For rural development and poverty eradication, the first important, significant and coordinated program was taken under the leadership of Akhtar Hamid Khan in the decade of 60s through the establishment of Rural Development Academy. This activity is more known and famous as a Comilla model. The ideological strength of this model is that villagers themselves are capable of solving their own problems. Particularly their direct participation in

the management of the irrigation, flood control and road development reduces the expenditure on production and construction. Also the management and maintenance of these public works are better in this way. In this model training is very important. And new types of two-level cooperatives can create social capital. These develop solidarity and fraternity among people. Working together can bring better results. It is more effective too. In short that was the first grassroots level organization for the rural development. As a result, the paddy production in the area under the program almost doubled. Even in the pilot project area in the Kotwali thana of Comilla paddy production rate was more than average production rate of the country as a whole till the decade of 80s. Though some research works point out some of its weaknesses (such as more benefit for the powerful persons, avoidance of the extreme poor, bureaucracy etc.) still such an initiative remains as a model. Attempts for the replication of this model were not very successful because of various complications and the lack of coordination. However the activities of IRDP (Integrated Rural Development Program) and later on BARD and TTDC, TCCA (at thana level) have basically been following that model. The essence of that experiment was adopted and further new experiments were conducted and still today new initiatives are being taken. The aim with which BARD started its activity in 60s still remains unachieved. People were made to dream of a green and golden Bengal. This is still far from reality. If the activities of Rural Development are analyzed, then it is possible to understand how lamentable the real condition of the BRDB is, particularly if its activities are compared with that of NGOs. In the decade of 90s, many micro credit programs were conducted through the government banking sector. Within few years the areas of the micro credit activities increased at a very fast rate.

(Chowdhury : 1991)

If the micro credit activities of the government-banking sectors are compared with that of NGOs, particularly ASA, Grameen bank etc., then it is obvious that the government banking sector is lagging behind, though there are various criticisms about the activities of NGOs.

The result obtained from the research work done in the two villages Dhanpara and Chalagao, is described below.

1. From the research conducted in two villages in Tangail it has been observed that those who are interested in taking loans have also shown interest in forming cooperative groups, only because it is the pre condition of getting a loan. Actually, such groups are ineffective. In cases of all NGOs it is compulsory that there should be a group. But these groups are formed only for getting loans. No loan whatsoever is utilized either on a collective basis or on the basis of mutual understanding among the members of the group. There is no collective activity nor collective initiative. Every body spends his or her money individually. Only on the day when the group is formed or on the date for giving installment they get together. Loan giving institutions also do not try to keep the groups active.

2. Educational qualification of most of the respondents were low. It is understood that lack of education is one of the main causes of poverty. Where half of the borrowers are completely illiterate or just literate, there it is quite natural that people do not have any clear idea about credit activity.

3. Among the respondents low income groups of people were a majority, whose yearly or daily income was very low. So it is understood that the economic condition of the borrowers was very bad and critical. Only one member of the family earns and the others depend on his/her income. So it is not possible to maintain and meet the demands of a family only on one person's income. The member who is responsible for earning takes the initiative to take micro credit.

Because of the poor economic conditions, most of the members of the family proceed to take micro-credit.

4. Main sources of the loan or the medium of loan for the rural people are different governmental and non-governmental development organizations and the banks. Grameen Bank, among the non-governmental organizations and Krishi Bank among the governmental organizations provide the largest amount of loans. Respondents said that they had taken loans from ten organizations. Analyzing the information obtained regarding rural development and micro credit, it is seen that out of those organizations five are governmental and five are non-governmental organizations.

Governmental organizations are: Dept. of Youth Development, Dept. of Animal Husbandry, BRDB, Bangladesh Krishi Bank and Sonali Bank. The non-governmental organizations are BRAC, Proshika, Grameen bank, ASA and Buro Bangladesh. Among the respondents 29 persons took loan from Grameen Bank, 19 persons from BRAC, 3 persons from Dept. of Youth Development, 8 persons from ASA, 7 persons from Proshikha, 3 persons from Department of Animal husbandry, 3 persons from BRDB, 35 persons form Krishi Bank, 14 persons from Buro and 15 from Sonali Bank. So it is known that Grameen Bank among the non-governmental organizations and Krishi Bank among the governmental organizations gave loans to the highest number of people. Now people take more loans from the non-governmental organizations, because recently non-governmental organizations are more active and effective.

5. It is only through field officers that people come to know about micro credit. The field officers of different NGOs are very active in making people interested to take loans. The future career of a field officer depends on how many persons he or she could organize for giving loans. So the field officers are very active in

the villages. Most of the borrowers said that they came to know about the sources of credit from the field workers of NGOs. So it is understood that the workers of the non-governmental organizations are much more active than the officials of the government institutions in organizing the people and encouraging them for taking loans.

6. To get loans from NGOs no official formality is required. But to take loans from government institutions it is necessary to submit documents of the land and give other information. So in this case process it is more complicated than that of NGOs. Moreover, it is alleged that to take loans from government institutions borrowers are to give bribes.

7. There is no good monitoring system of the state owned banks over its employees in the villages. So there is scope of bribery. On the other hand, in the case of NGOs there is always a pressure from the top on the workers to form groups and to give loans. So the NGO workers regularly go to the houses and inspire them to form groups and take loans.

8. It has been noticed that borrowers of the government organizations repay the loan money over a long period of time. The system of BRDB is that borrowers should go to its office and pay back the loan money. On the other hand, in the case of NGOs the picture is quite different. The monitoring systems of NGOs are very strong and it is easier to get loans. Also there is a system of paying weekly or monthly installments (along with interest). So the borrower repays the loan money within shorter periods of time. In order to collect the installments NGO workers always are present on time in the earlier fixed places where the members of the group meet to pay the installments.

9. From information obtained, it is found that 92% of the respondents did not have any kind of training. Proshika gave training to 2 people about poultry.

Department of Youth Development gave training to 2 people about fish cultivation and rearing cattle. Besides, 6 of the respondents said that they got training from BRDB about poultry, rearing of cattle, rearing of goat, cultivation of potato and vegetable and how to sow seeds of green crops and vegetable. They were also trained in strategies of paying installments to the groups. Some government organizations provide training, but very few NGOs have the training program after the loan is paid. Even if any NGO has any training program, it does not give training on how to use the loan money properly. So it is seen that poor people who are in constant need, cannot properly utilize the loan money. They often spend money for personal needs or daily necessities and thus, fail to repay the loans. It is therefore suggested that before giving loans, the poor borrowers should be given training about how to use the loan money properly and about what rules should be followed for repayment. Then people would be more aware about repayment of the loan.

10. Micro credit system could not improve the economic conditions of the people in a real sense. It has been learnt from the information that there are cases where one takes loan from one organization only to repay the loan given by another organization. If this is the situation then the borrowers can never improve their economic condition in their entire life. Only the burden of loan will increase. It is important that NGOs should pay attention to this aspect, because it is a common practice that one takes a loan with a definite plan in mind, but spends the same for another purpose outside the plan.

11. Two respondents took loans as many as twenty times. Reason explained by them is that, the loans could provide temporary benefit. Thus, the credit engulfs people.

12. Since eradication of poverty is a long drawn process, the practice of taking loans and repaying them within such a short time cannot contribute to the program for the eradication of poverty.

13. NGOs do not give a big amount of loan. It is contemplated, what role such a small amount of loan can play with regards to the eradication of poverty? Moreover there is a tendency among the borrowers to take small amounts of loan and to quickly repay them. They try to overcome poverty with this small amount of money, which is nearly impossible. On the other hand Krishi Bank gives larger amounts of loan, which can be used as a capital in the business to make profit.

14. Most of the respondents said that they were able to repay the loan. From this information it is understood that the rural people are eager to repay. But because of the many problems and lack of knowledge to properly utilize the money, sometimes they fail to repay.

15. In most cases loan giving organizations or the banks take strong punishable action against the borrowers who fail to repay. They should have trained the borrowers to spend the money properly before disbursing the loan. Also the monitoring system should be made strong, otherwise people would get an adverse impression about credit.

16. The main reasons for the failure of repaying loans are poverty and the lack of awareness.

17. Most of the borrowers said that the loan did not change their occupation, because most of them used the money either for their own occupation or for daily necessities.

18. Few people could slightly increase their property. Most of the people could not increase their property.

19. In many cases micro credit was responsible for family quarrel. There were often differences of opinion among the members of the family over the issue of how to use the loan money. There was even contradiction between husband and wife regarding the timely payment of installments. In many cases it so happened that the husband took away the loan money, but the wife had to pay the installment. Particularly on the day before the date of the payment of the installment, one can see family quarrel.

20. If the loan money is properly invested, then there should be growth of basic capital. But normally borrowers cannot accumulate capital after the payment of the installment. Some borrowers take loan again and again and thus get engulfed by the credit. Some become perplexed as they fail to repay the loan and suffer losses. It is true that some can gain by taking loans, but there is doubt whether they can invest the profit as capital thereafter. Credit could not bring any fundamental changes in the life standards.

21. It can be said that only those who have other sources of income for the family, can timely repay the loan with interest by properly utilizing the micro credit. But it is not possible to improve the economic condition depending solely on micro credit. Such rare cases of improvement were not found in the two villages.

22. A question was asked, whether the micro credit activity in Tangail district was helpful for the poor people to acquire self-sufficiency, or was it just a temporary help? Most of the respondents answered that they benefited but temporarily. It could not bring real improvement of the economic condition. Some were able to increase their property and to make progress of their

occupation but they could not hold it long. So people felt that in spite of some economic improvements, there were no major changes in the total economic condition of the people. But if the loan giving organizations provide training on how to properly use the loan side by side providing the loan, then it would contribute in improving their economic conditions. Borrowers should be made to understand how to re-invest the extra income or profit as capital, which has been earned by utilizing the loan money. If this cannot be done, then instead of temporary increase of income, in the end the loan will not help to change the economic condition of the borrower.

23. Though NGOs give loans mainly to women, still women's total control over the use of the money has not yet been established in most cases. They are not yet the decision-making authority. So it is difficult to say how far micro credit has contributed to the cause of women's empowerment.

24. Government organizations demand documents of land before giving out loans. Women normally have little land; therefore, they get fewer loans from the governmental organizations.

25. Lastly it can be said that because of the weaknesses of the governmental organizations and banks, NGOs started the credit activity. It is not correct to say that NGOs were the first to bring the concept of micro credit in our country. If the governmental organizations could properly give loans and recover the same amount, then there would not have been any micro credit activity by the non-governmental organizations.

From the above discussions it is understood that steps towards the development for the good of the people have been imposed from the top. In this respect, development means economic development only. By only such a standard of development social progress and maturity cannot be judged. It was conceived

that our country develops by just copying behavior patterns, aspirations, social values, internal compactness, and technologies of the developed nations. But this is wrong. On the other hand, the developed nations think themselves to be superior and most civilized nations; they come forward to help the underdeveloped nations both economically and technologically with a patronizing attitude. Attracted by the huge amount of foreign aid and highly developed technology of the advanced nations, the ruling class of the third world countries in most cases, turn the state into a client state of the big powers. A very thin upper layer of the populations i.e. a very small number of people manage to capture the state power and with the help of the foreign aid, become richer and more powerful at the cost of the interest of the larger population. The greater sections of the society are given false hope for development. People are tempted by the lofty words of development planning at the national level and of development decade at the international scale. As a result, the vast majority of the populations of the countries who are given the respectful name of "developing country" remain outside the development activity. The benefit of development does not trickle down to the majority of the people. The basic weakness of such kind of development is that the path of the self-transformation and the authentic progress of the society are thus blocked. In Bangladesh the attempt for such kind of development can be observed.

This approach of development, imposed from the top has time and again abstracted the path of real development. The basic problem of such approach is that in the planning for development there is no participation of those common people for whom the development is needed.

The national development planning is prepared in a conventional method, whose main aim is to achieve economic growth. It tries to measure the growth rate only. So the method of analysis applied or the materials and the information used for

this purpose are solely economic. In the development theories the human aspect of the development is neglected. No information for considering the human aspect is used. However, in the recent research works, the human aspect is getting importance. In these researches man is not considered as a material object. What is getting importance is giving respect to man as human being irrespective of his or her social status or class position. Now by development we mean sustainable human development. In the theories of development, good governance and poverty eradication is getting importance. Poverty cannot be defined by simply measuring the income below one dollar a day or by a certain amount of calorie intake. Non-income dimensions such as transport, communication system, equality, and equal rights for all etc., the basic needs of man to exist as man are taken into consideration.

The knowledge, which is applied for the on going conventional development process is often detached from the society. There is no participation of those people for whom the research works and the development activities are conducted. Here the foreign experts prepare the principles of planning and programs, where local experts have very little contributions. Another feature of this trend is the academic research. The demands of the common people are always neglected in the academic research or the plan prepared by the foreign experts. Even the policy makers of the country give no attention to the demands of the people.

There is lack of coordination in implementing the decision coming from the top. So it is essential to be attentive about the top down approach. Real development can never take place unless the participation of all in the development process is ensured. To achieve real development what is required is to identify the national demands and the demands of the beneficiaries and to harmonize these demands. Even today policy decisions taken at the national level are influenced by the

political considerations and thus, political purposes are served. The decision imposed from the top cannot yield good results. So it is understood that the anthropological approach or the development from below approach in the new development paradigm is very important. When an anthropologist works on research regarding the influence of micro credit in the society in Bangladesh, then he or she will not only look into the economic conditions or its changes in a village, but also collect all the information about rural family system, pattern of kinship, social organizations etc. along with the information regarding micro credit. This is so because the social structures of the society are deeply connected with the credit system or economic process. If the institutional and prevalent credit system is explained in the context of the rural social system, only then is it possible to analyze the influence of micro credit in a real sense. The analysis of the influence of micro credit in a village is to be done on the basis of interrelations among the various elements of the society or the culture. An anthropologist should have a holistic approach. While collecting information for ethnography, the anthropologist conducts his or her research work with this approach in mind. And this characteristic of anthropology makes it different from other branches of social science. Besides, the theories and the models, which for many years had pre dominance in economics, now proved to be a failure for the real social development. The anthropologists put forward indigenous knowledge system approach or development from below approach as a new development paradigm as against the different development models of economics or other social sciences.

Explaining the basic significance of this model Professor Ahmed Fazle Hassan Chowdhury said in a article titled "Indigenous knowledge System: A development paradigm in Anthropology" published in 1986 : "*Development springs from below and the essential ingredient is indigenous knowledge system.*

There should be a more realistic appreciation of the village life world and the development planners should take into account the accumulated knowledge as well as traditional skills and technology of the group among whom they work. Therefore, the utilization of anthropological knowledge may greatly help to achieve the desired goals of development in general. ” (Chowdhury : 1986 : 29)

The exponents of this model in modern anthropology paid much more importance to it while constructing the development strategy in the social reality of the third world countries. Each and every society has its own tradition and social value which are different from the others. Development activities are to be conducted on the basis of social values, knowledge, perception, demand, and the desires of the respective society, not by forcibly destroying the social values or tradition or the prevalent cultural uniformity. When any government wants to take steps for welfare of the rural people, then the government must make development plans with the participation of the people in it. If people are not involved in the preparation of the development plan, then people's role will be absent from the implementation of the planned projects. People remain isolated, so such activity cannot be successful. People feel alienated from the development project.

Analyzing the results obtained from the field it can be said that the hypothesis of the research proved to be correct to a great extent. In regards to the question, whether the concept of micro-credit based development was a collective one or an individualist one, the answer was that there were practically no cooperative activities in the villages under research. In the decade of 60s we were made to believe that there would be rural development through cooperative movement. However, nothing of the collective activity can be found today. For the purposes of taking loans people act in cooperation, or as a society/group. But after the loan is disbursed collective initiative vanishes. People spend loan money for personal

purposes. Another question for inquiry was whether the concept of micro credit based development was women centered or men centered. It is found that NGOs give loans to the women, but women do not have full control over the said money. She cannot take part in the discussion as to how the money will be used. So it is difficult to say correctly how far the micro credit played any role regarding the empowerment of women. The research work on the two villages cannot come to any definite conclusion in this regard. To take loans from any government institution, it is needed to produce documents related to land. Very few women legally possess any property. So naturally women get less credit from government institutions. Till today men have more control over the money obtained from micro credit and its spending. Though micro credit based development was conceptually women centered; yet in reality it has become men biased. How is the interrelation among the members of the society/group formed for the purpose of micro credit? Information was collected regarding this issue. It is found that there is actually nothing called group/society or cooperative society or any active collective work. It has been found by the research that the formation of the society/group is a pre condition for getting loans. But actually it is not effective. To get loans from NGOs it is necessary to form a group/society. So the society/group is formed only for getting loan money. No such money is spent collectively or by mutual understanding among the members of the society. There is no collective initiative or activity. Everybody spends money individually. Only on the day of formation of the society/group or on the day of paying installment members get together. The organization that pay the loan, do not try to keep the societies active. As a result, there is no interrelation among the members in that sense. However, if any member fails to pay the installments, then others put mental pressure on him or her, because all members are held liable for the failure of any one member. The next issue discussed in the research work was, whether the micro credit brought any changes in the relation between

man and woman and in the kinship, and if so, what was its nature? The result of the research work shows that micro credit in many cases causes quarrel within the family. With regards to how the loan money is to be spent, there is often difference of opinion among the members of the family. Even there is often contradiction between husband and wife over the issue regarding the timely payment of installments. Yet, there is no information about the changes of relation in the kinship. In regards to the changes of occupation or life style due to micro credit, most of the borrowers told the researcher that the credit did not bring any changes in the life style or in the occupations. Most of the borrowers used the loan money in their own profession or spent it for daily uses. Some people could slightly increase their wealth. For example, some of them constructed a house of tin. How do people look at micro credit? Why are they interested in taking loans? Most people said that they benefited by the credit; but that was only temporary. It could not improve the economic conditions of the people as a whole, even if it increased the professional income that could not be sustained. Before the credit was given it was important that the borrowers should have been told how to re-invest part of the profit or extra income that was available through the utilization of the credit. If this cannot be done, then it will not help to bring any significant change in the economic conditions of the people, even if the credit may contribute to the temporary increase of the borrower's income.

To what extent micro credit plays a role in the rural economy is still a debatable question. But it is true that micro credit may be considered as a step toward rural development and poverty reduction, only if the loaning governmental organizations remove the mismanagement in the process of giving loans and if the non-governmental organizations give up their commercial mentality. This research on the two rural villages of Tangail district reveals this truth.

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Appendix

Appendix - 1

Interview schedule :

১. গ্রামীণ মানুষের ঋণ প্রাপ্তির উৎস/ ঋণ গ্রহণকারী ঋণ নেওয়ার আগে কাদের সাথে পরামর্শ করেন।
২. ঋণ প্রাপ্তির উৎস সম্পর্কে জানার মাধ্যম।
৩. ঋণ নিতে গিয়ে কি কি করতে হয়েছে।
৪. ঋণ পাওয়ার ক্ষেত্রে সমস্যা বা অসুবিধাগুলো কি কি।
৫. যদি সমস্যা হয়ে থাকে তবে তা কি ধরনের সমস্যা/ অসুবিধা
৬. এই ঋণ নিতে কোন ব্যক্তি আপনাকে সাহায্য করেছে কি ; করে থাকে তবে তা কি ধরনের সাহায্য।
৭. একজন ঋণ গ্রহীতা কতদিন ধরে ঋণ নিয়েছেন।
৮. ঋণ প্রদানকারী সংস্থা কোন প্রশিক্ষণ প্রদান করে কিনা। প্রশিক্ষণ প্রদান করে থাকলে তা কি ধরনের।
৯. কি কারণে ঋণ নেওয়া হয়েছিল। প্রকৃতপক্ষে কি কাজে তা ব্যবহার করা হয়েছে।
১০. একজন ঋণ গ্রহীতা সর্বমোট কতবার ঋণ নিয়েছেন।
১১. ঋণ গ্রহীতার ঋণের টাকা সময় মতো পরিশোধ করতে পারেন কিনা।
১২. ঋণের টাকা পরিশোধ করতে না পারলে ঋণ দানকারী সংস্থা /ব্যাংক কি ধরনের ব্যবস্থা নিয়ে থাকেন।
১৩. ঋণ শোধ করতে না পারলে পরবর্তীতে ঋণ পেতে অসুবিধা হয় কিনা।
১৪. ঋণের টাকা নিয়মিত পরিশোধ করা সম্ভব হয়নি কেন।
১৫. ঋণ নেওয়ার ফলে কি ধরনের পেশাগত পরিবর্তন হয়েছে।
১৬. ঋণ নেওয়ার ফলে কি ধরনের সম্পদ বৃদ্ধি পেয়েছে।
১৭. ঋণ পেয়ে আর্থিকভাবে লাভবান হয়েছে নাকি আর্থিকভাবে ক্ষতিগ্রস্ত হয়েছে।
১৮. ঋণ পাওয়া পর সামাজিক মর্যাদাগত কি কি পরিবর্তন হয়েছে।
১৯. ঋণ প্রাপ্তির ফলে আর্থিক দিক ছাড়া সামাজিক জীবনের অন্যান্য ক্ষেত্রে কি ধরনের পরিবর্তন এসেছে।
২০. এনজিও/ ব্যাংক কার্যক্রম সম্পর্কে ধারণা কি।

Appendix - 2

How government plays the role regarding micro credit activity is given below:
 Small Loan Programms Under Administrative Government Departments
 Disbursement and Recovery Position

(Taka in Million)

Ministry	Agency		Cum	1996-97	1997-98	1998-99	Cumutive
			Jun-96				Jun-00
Fianance	Banking Wing	Disb(Tk)	53.3	91.1	128	165.8	617.4
		Recovery (%)	26.29	95.09	95.97	66.19	75.29
Rural Dev & Cooperatives Diision	BRDB	Disb(Tk)	5051.7	2314.2	2937.8	2780.6	16239.3
		Recovery (%)	82.27	88.91	96.46	96.00	88.06
	BARD	Disb(Tk)	25.41	86.1	75.9	89.4	594.7
		Recovery (%)	68.20	106.57	116.53	91.11	88.89
	RDA	Disb(Tk)	3.6	6.1	7.7	10.5	48.5
		Recovery (%)	91.67	94.55	96.51	97.9	94.37
Women & Children Affairs	Women Affairs Dept	Disb(Tk)	326.8	191.1	301.1	389	1458
		Recovery (%)	65.45	94.05	72.39	88.43	80.35
	Jatiya Mohila Samity	Disb(Tk)	10.00	9.80	4.50	8.40	3.25
		Recovery (%)	22.00	41.05	113.89	72.92	88.04

Social Welfare	Social Welfare Dept	Disb(Tk)	1075.00	74.8	57.6	159.9	1512
		Recovery (%)	95.83	97.07	93.68	91.66	95.25
Labor & Employment	BOMET	Disb(Tk)	107.20	49.20	39.7	21.50	217.50
		Recovery (%)	49.00	25.00	100.04	2.16	43.40
Cabinet Division		Disb(Tk)	600	5.00	7.9	2.7	28.40
		Recovery (%)	99.90	89.98	79.13	86.89	84.18
Fisheries & Livestock	Dept of Fisheries	Disb(Tk)	15.4	6.6	24.5	31.8	83.9
		Recovery (%)	44.4	58.76	40.57	41.00	28.73
	Dept of Livestock	Disb(Tk)	109.4	23.8	45.4	152.1	540.7
Industries	BSCIC	Recovery (%)	25.23	59.44	34.33	78.81	43.63
		Disb(Tk)	238.7	120	138.5	15.72	781.4
		Recovery (%)	21.74	82.36	90.16	87.34	67.46
Agriculture	Cotton Dev Board	Disb(Tk)	14	3.4	3.9	2.7	31
		Recovery (%)	105.71	105.28	102.09	102.09	98.48
	Agriculture Dev Board	Disb(Tk)	108.7	13.2	34.6	76.8	325.7
		Recovery (%)	126.97	40.15	56.94	62.5	91.55
Land		Disb(Tk)	126.9	12.6	00	00	139.5
		Recovery (%)	50.4	3.68	00	00	87.1

Local Govt	Local Govt Div	Disb(Tk)	38.00	2.10	15.00	1.00	66.10
		Recovery (%)	73.55	82.55	44.58	80	67.33
Youth & Sports	Dept of Youth Dev	Disb(Tk)	857.4	598.6	564.7	781	3502.1
		Recovery (%)	78.63	78.92	73.41	77.41	76.2
Textile	Handloom Board	Disb(Tk)				23.5	42.1
		Recovery (%)				0	9.76
Grand Total		Disb(Tk)	8078.80	3420.7	4178.30	4566.80	24974.10
		Recovery (%)	79.3	87.3	90.6	89	84.2

Source: GOB. Bangladesh Economic Review 2000, Finance Division, Ministry of Finance.