

Effect of Grameen Bank Micro-Credit Program on Change in Socio-economic Condition and Empowerment of Rural Women

MD. Siddique -E- Azam¹, M. Zamshed Alam²

1. Sher-e-Bangla Agricultural University, Sher-e-Bangla Nagar, Dhaka-1207, Bangladesh.
2. Sher-e-Bangla Agricultural University, Sher-e-Bangla Nagar, Dhaka-1207, Bangladesh

* E-mail of the corresponding author: siddique_hstu@yahoo.com

Abstract

Nine selected personal characteristics of women were described, which include- age, education, family size, family annual income, credit availability, duration of involvement with GB micro-credit program, personal independent savings, organizational participation and level of aspiration in life with dependent variable of Effect of GB microcredit program on women beneficiaries. The result of analysis on change pattern of livelihood status in nine dimension namely 'change in family annual income', 'change in clothing', 'change in food consumption', 'change in sanitation', 'change in mobility', 'change in housing', 'change in decision making ability', 'change in purchasing capacity' and 'change in spousal arguments and abuse' in terms of before and after involvement with GB microcredit program were found significant. Null hypotheses were tested to explore the relationship between nine independent variables and change in livelihood status. Five null hypotheses out of nine were rejected. Among these age, education, family income, credit received and level of aspiration in life were significantly related. On the other hand family size, organizational participation, duration of involvement and personal independent savings didn't show any significant relationship with the Effect of GB micro-credit program. This implied that the GB micro-credit program had a positive Effect on change in socio-economic condition and empowerment of rural women.

Keywords: Effect, Micro-credit, Socio-Economic condition, Empowerment and Rural women

1. Introduction

In recent years, governmental and non-governmental organizations in many low income countries have introduced credit programs targeted to the poor. Many of these programs specifically target the women based on the view that they are more likely than men to be credit constrained. Women have restricted access to the wage labor market and have an inequitable share of power in household decision-making. The Grameen Bank of Bangladesh is perhaps the best-known example of these small-scale credit programs for the poor, and over 90 percent of its clients are women (source: World Bank Policy Research Working Paper, 2003). At present Bangladesh women constitute about 49% of the population and about 8% of all the households in Bangladesh are headed by women (BBS, 2009). To fight against poverty NGOs in Bangladesh have taken micro-credit program as way of poverty alleviation. Grameen Bank(GB) plays an important role for poverty alleviation in rural areas and it has now become a successful model for uplifting the socio-economic condition of the rural women in many countries. As of 2010 it has 8.30 million active borrowers and 96.80% of whom are women with 20566 branches of GB throughout the whole country (www.grameen-info.org/). Recently it has become a controversial topic that Grameen Bank micro-credit program has more negative Effects than positive and it has become totally commercial. The present study will be helpful to clarify the concept about the present condition of Grameen Bank micro-credit program in rural areas. Furthermore, the findings may also be helpful to the field level agricultural extension service providers to improve the strategies of action for empowering women. The researcher intended to take an attempt to realize how the rural women beneficiaries could uplift their socio-economic condition being in the vicinity of Grameen Bank micro-credit program. The main focal point of the research work was to realize the Effect of Grameen Bank microcredit on women beneficiaries. This is why the following objectives were framed out in order to give an appropriate track to the research work.

1. To determine and describe the selected personal characteristics of rural women beneficiaries:
2. To determine the Effect of Grameen Bank micro-credit program on women beneficiaries.
3. To explore the relationship between the selected characteristics of women beneficiaries with the Effect of Grameen Bank microcredit program and
4. To identify the problems confronted by the women beneficiaries after involving with Grameen Bank micro-credit program.

2. Methodology

The research work was conducted in 16 villages under Sujalpur union of Birgonj upazilla in Dinajpur district. There were 996 beneficiaries under Sujalpur union of Birgonj municipality which constituted the population. 100 beneficiaries from all villages were randomly selected. In order to collect valid and reliable data from the GB women beneficiaries an interview schedule (questionnaire) was designed keeping the objectives in mind. The collected data were coded, tabulated and analyzed in accordance with the objectives of the study. Various statistical measures like number, percentage distribution, Range, mean, standard deviation etc. were calculated for describing the selected characteristics of the respondents and the Effect of GB micro-credit program. To find out the relationship between the selected characteristics of the respondents with their Effect of GB micro-credit program correlation co-efficient was used. One and five percent level of probability was used as the basis for rejection/acceptance of any null hypothesis. All the calculation had been done using SPSS software. In this research work dependent variable was "The Effect of Grameen Bank microcredit program on change in socio-economic condition and empowerment of women beneficiaries". To reveal this Effect the researcher considered nine (9) aspects of living under two headings namely socio-economic condition and empowerment of rural women. The change pattern of livelihood status in nine dimensions namely 'change in annual income', 'change in clothing' and 'change in food consumption', 'change in sanitation', 'change in mobility', 'change in housing', 'change in decision making ability', 'change in purchase capacity' and 'change in spousal arguments and abuse' in terms of 'before' and 'after' involvement with GB micro-credit program.

3. Result and Discussion

3.1 Independent variables (Personal characteristics)

Age of the rural women ranged from 18 to 55 years with a mean of 32.34 years and standard deviation of 9.45. Table 4.2 revealed that 52.00 percent of the respondents were young, 38.00 percent were middle aged and the rest 10.00 percent were young. During the study the researcher came to know that young women are more likely to receive micro-credit and Grameen Bank also encourage them specially. According to national standard of classification, among the respondent rural women, 15 percent had no education, 19 percent could sign only, 32 percent had education at primary level, 23 percent had education at secondary level and 11 percent had education at higher secondary level. The researcher found that 28 percent of the respondents had small family size, 48 percent of them had medium family size and 24 percent had large family size. The observed ranged of the annual family income of the rural women varied from 25.7 to 198 thousand taka with a mean of 78.91 thousand taka and standard deviation of 35.67 thousand taka. Finding reveal that most (82%) of the respondents had medium to low annual family income indicating the present status of the rural women beneficiaries. The score of credit received by the respondents ranged from 2 to 50 thousand taka with a mean of 18.60 thousand taka and standard deviation 10.00 thousand taka. The observed range of the duration of involvement of the rural women varied from 1 to 5 years with a mean of 3.13 years and standard deviation of 1.19 years. Personal independent savings score of the rural women ranged from 0 to 5. The average and standard deviation were 2.08 and 1.4 respectively. The observed data showed that the most of the rural women (48%) had low saving, while 27, 19 and 6 percent of them had medium, no saving and high saving respectively. The observed range of organizational participation of the rural women varied from 0 to 1 score with a mean of .530 and standard deviation of .50. The highest proportion of the respondents (53%) showed low participation while 53 percent of them showed no participation. Level of aspiration in life of rural women ranged from 11 to 22. The average and standard deviation were 16.96 and 2.62 respectively. The observed data showed that the most of the rural women (82%) had medium aspiration about their life, while 16 and 2 percent of them had high and low aspiration respectively. Aspiration in life is an important aspect to make development and step ahead. The persons who are more aspirated and planned about their life they are more successful to fulfill their needs and dreams. The researcher found that the micro-credit program of grameen Bank had a significant Effect on rural poor women to become aspirated.

3.2 Dependent variable (Effect of GB Micro-credit program)

Effect of Grameen Bank micro-credit program on rural women beneficiaries ranged from 21.7 to 58. The average and standard deviation were 36.84 and 8.67 respectively. On the basis of Effect of Grameen Bank micro-credit program the respondents were categorized into three categories namely Poor, medium and high Effect (positive). The observed data showed that the most of the rural women (62%) had medium Effect of Grameen Bank micro-credit program, while 22 and 16 percent of them had Poor and High Effect respectively

shown in table-1. Effect of GB micro-credit was determined by considering changes in nine aspects of life of the respondents. Scores of all changes were summed up for each respondent and they were categorized according to their obtained score.

The researcher found a significant change in all nine aspects of living regarding socio-economic condition and empowerment of rural women after involving with GB micro-credit program.

The percentage of low incoming beneficiaries decreased from 43 to 28 after involving with GB micro-credit program. Whereas percentage of both medium and high incoming beneficiaries increased from 52 to 64 percent and 5 to 8 percent respectively after involving with GB micro-credit program.

The percentage of low clothing beneficiaries decreased from 82 to 60 after involving with GB micro-credit program. Whereas percentage of medium clothing increased from 16 to 36 and high clothing beneficiaries from 2 percent to 4 percent respectively after involving with GB micro-credit program.

The percentage of beneficiaries having poor food consumption decreased from 62 to 9 after involving with GB micro-credit program. Whereas percentage of beneficiaries having better food consumption increased from 38 to 91 after involving with GB micro-credit program.

In case of change in sanitation the researcher found that percentage of beneficiaries using open place and ash or soil for sanitary purpose decreased from 12 to 3 and 62 to 32 percent respectively after involving with GB micro-credit program. The researcher also found that the percentage of beneficiaries using half sanitary and sanitary toilet increased from 48 to 36 and 40 to 61 after involving with GB micro-credit program. It was also observed that the percentage of beneficiaries soap after sanitation increased from 38 percent to 68 percent after involving with GB micro-credit program.

It was observed that there was an increase in the percentage of women beneficiaries regarding their mobility for relative's house from 87 to 96 percent, out of own village from 54 to 74 percent, NGO office from 48 to 62 percent and other district from 12 to 16 percent after involving with GB micro-credit program.

The findings revealed that percentage of women beneficiaries having no house at all and straw & plastic made house decreased from 2 to 0 percent and 18 to 6 percent respectively after involving with GB micro-credit program. It was also observed that percentage of women beneficiaries having tin made house and brick building increased from 38 to 46 percent and 42 to 48 percent respectively.

To find out the Effect of GB micro-credit program on decision making ability of the respondents the researcher determined the percentage of the beneficiaries considering their importance during decision making in four categories namely no effect, poor importance, moderate importance and strong importance during before and after involvement with GB micro-credit program. It was revealed that in case of both no effect and poor importance categories percentage of women beneficiaries decreased from 23 to 11 percent and 26 to 18 percent respectively after involving with GB micro-credit program. On the other hand percentage of women beneficiaries increased in case of both moderate and strong importance categories from 39 to 52 percent and 12 to 19 percent respectively after involving with GB micro-credit program.

To find out the Effect of GB micro-credit program on purchasing capacity of the respondent the researcher determined the percentage of the beneficiaries considering their nature of purchasing capacity in four categories namely no capacity, poor capacity, moderate capacity and strong capacity during before and after involvement with GB micro-credit program. It was revealed that in case of both no capacity and poor capacity categories percentage of women beneficiaries decreased from 12 to 2 percent and 38 to 21 percent respectively after involving with GB micro-credit program. On the other hand percentage of women beneficiaries increased in case of both moderate and strong capacity categories from 45 to 65 percent and 5 to 12 percent respectively after involving with GB micro-credit program. This was because their personal independent savings increased after taking the micro-credit program which improved the purchasing capacity of the respondents.

To find out the Effect of GB micro-credit program on spousal arguments and abuse of the respondents the researcher compared the percentage of the beneficiaries during before and after involvement with GB micro-credit program. To make this comparison, respondents were categorized into five according to the nature of arguments and abuse namely respondents faced physical torture, verbal torture, mild arguments and no arguments. Another category was used for the respondents who faced physical abuse when arguments occurred with husband. The researcher revealed that the percentage of women beneficiaries who reported that their husband commit physical torture and verbal torture decreased from 12 to 6 percent and 32 to 16 percent respectively after involving with GB micro-credit program. It was also observed that percentage of women for the category mild argument and no argument increased from 35 to 48 percent and 21 to 30 percent respectively after involving with GB micro-credit program. The percentage of women who agreed that physical torture

occurs during arguments with their husband also decreased from 27 to 11 percent after involvement with GB micro-credit program.

4. Relationships between independent and dependent variable

Nine null hypotheses were tested to explore the relationship between nine independent variables and effect of GB micro-credit program. Four null hypotheses out of nine were rejected. Among these education, family annual income, credit received and level of aspiration in life were positively significant. Age was negatively significant. On the other hand family size, duration of involvement, personal independent savings, and organizational participation did not show any significant relationship with the effect of GB micro-credit program. Table-2 shows the relationships.

5. Problem confrontation

The respondents were categorized into four categories according to their problem confrontation. These are confronted no problem at all, confronted low problem, confronted medium problem and confronted high problem. The researcher considered six aspects of problems for the research work. Data presented in table-3 indicated that overall Problem Confrontation Index (PCI) scores ranged from 19 to 135 against the possible range of 0 to 300. According to PCI high rate of interest ranked first followed by lack of sufficient amount of credit, limited for income generating activities, religious belief, credit disbursement is delayed due to longer process and Credit receiving is delayed due to irresponsibility of the concern staff.

6. Conclusion

As the highest proportion of the respondents fell into young to middle aged group, it can be expected that young and middle aged women are more likely to engage in income generating activities. A respondent with more education was found to be more aware to solve her problem more efficiently. Credit availability is very important to mobilize IGAs which ultimately increase livelihood status. Level of aspiration in life is an important aspect to make improvement in life. If a person is conscious about his/her activities and aspired about something, that person surely will achieve it at maximum level. The study also found that more aspired women were more likely to make improvement in their life. Change in decision making ability of women beneficiaries was remarkable after joining micro-credit program of GB. It was possible because women participating in micro-credit program find them important person in their family as well as society since they were incumbent. Changes in other aspects of life were also found significant. High rate of interest was identified as the no. one problem faced by the respondents involved with GB micro-credit program.

Suggested future works include working with both male and female beneficiaries so that a comparison can be drawn. This study was conducted on a small area as it was a masters' level research. So, future study can be done on large area or the whole country.

References

- BBS.(2009), Statistical Yearbook of Bangladesh. Bangladesh Bureau of Statistics, Ministry of Planning, Government of the People's of Republic of Bangladesh, Dhaka.
- Khan A. Md. 2006, Impact of Grameen Bank Micro-Credit Program Towards Uplifting The Socio Economic Condition of Rural Women Beneficiaries, Department of Agricultural Extension and Information System, SAU.
- Kohinur S. 2007, Impact of Grameen Bank Micro-credit on Change in Livelihood Status and Decision Making Ability of Women Beneficiaries. *M.Sc. (Ag.Ext.Ed.) Thesis*. Department of Agricultural Extension Education, Bangladesh Agricultural University, Mymensingh, Bangladesh.
- Pitt, Mark M., Shahidur R. Khandker and Jennifer Cartwright. (2003) Does Micro-Credit Empower Women? World Bank Policy Research Working Paper, 2998.
www.grameen-info.org/

Table 1: Distribution of the respondents according to the Effect of Grameen Bank micro-credit program on them

Category	No. of respondent	Percent	Mean	Standard Deviation
Poor(≤ 30)	22	22	36.84	8.67
Medium (31-45)	62	62		
High (>45)	16	16		
Total	100	100		

Table-2: Relationships between dependent and independent variables

Dependent variable	Independent variable	Computed value of "r"	Tabulated value of "r"	
			At 5% level	At 1% level
Effect of GB micro-credit program	Age	-0.269(**)	± 0.196	± 0.256
	Education	0.228(*)		
	Family size	0.069		
	Annual income	0.268(**)		
	Credit received	0.371(**)		
	Duration of involvement	0.170		
	Personal Independent Savings	0.176		
	Organizational Participation	0.174		
	Level of Aspiration	0.189(*)		

** Significant at 1% level of probability

* Significant at the 5% level of probability

Problem Confrontation Index:

Table-3: Ranking of problems according to descending order

Sl. No.	Problems	Extent of problem confrontation				PCI	Rank order
		High (3)	Medium (2)	Low (1)	Not at all (0)		
1	High rate of interest	7	45	24	24	135	1
2	Lack of sufficient amount of credit	5	16	21	5	68	2
3	Limited for income generating activities	0	19	18	63	56	3
4	Religious belief	4	7	16	73	42	4
5	Credit disbursement is delayed due to longer process	0	4	24	72	32	5
6	Credit receiving is delayed due to irresponsibility of the concern staff	0	4	11	85	19	6