

# Multiple Borrowing through Microcredit and Its Impact on Loan Repayment: Study in Bangladesh

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## Abstract

This descriptive research on the microcredit industry of Bangladesh is an attempt to explore the multiple borrowing scenarios and its impact, especially on the loan repayments of the borrowers. This study is mainly a primary data-based descriptive research based on 150 sample respondents from Khulna region of Bangladesh. Convenient sampling method was used and one structured questionnaire had been used to collect response of the respondents. Data was collected through face to face interview. A noticeable portion of the microcredit borrowers (71% of the survey respondents) are somehow involved in multiple borrowing. The main reason for multiple borrowing is the small size of loans from MFIs. About 69% of the respondents admit of being late somehow in their loan repayments. People with multiple loans are having more trouble in timely repayments.

**Keywords:** Micro-credit, MFIs, Bangladesh, Multiple borrowings

## 1. Introduction

Bangladesh, a South-Asian developing country, has experienced rapid growth in the micro-credit sector since 1990. Many NGOs experimented with the Grameen Bank (Nobel Peace Prize winner) micro-credit delivery system at the beginning and gradually they developed their own micro-credit delivery system (such as BRAC and ASA). Even before entering the twenty-first century, Bangladesh experienced more than 1,000 NGOs to operate micro-credit programs in this country (Rahman, 1999). But this growing industry consequently faces critical problems like multiple borrowing in the country. Existence of this problem in Bangladesh is evident (Chaudhury and Matin; 2002). Impact of this multiple borrowing is mixed on loan repayment and sustainability of MFIs.

Therefore, this paper aims to examine empirically the status of multiple borrowing in Bangladesh and their impacts on the borrowers, especially on the loan repayments. This study is expected to add new knowledge to the existing literature on consequences of multiple borrowing and help the microcredit policy-makers to avail new insights.

## 2. Theoretical Background

### 2.1 Microcredit and Its Origin

Microcredit had been considered as one of the most influential factors for poverty alleviation, especially in the developing and under-developed countries. Though the core concept of microcredit is the same, microcredit is defined from different angles. Microcredit refers to small scale credit, provided to micro or small enterprises (Choudhury, *et al*, 2008). Micro enterprises are business enterprises which are operated at family level in the informal sector with a limited number of workers (Mwenda & Muuka, 2004). Nyariki and Wiggins (1997) commented that poor societies depend on livestock keeping, fishing or other farming activities which all are associated with micro-enterprises. In the early stages, informal sectors like NGO-MFIs used to provide microcredit, but in the recent time, it has emerged in the commercial sector. Government and policy makers initiated providing the micro-financial services in the formal sector (Hulme & Moore, 2006). It is a significant instrument for the overall economic expansion and poverty alleviation because of the fact that it has reached out in several countries on earth (Wilkes, 2005). For this reason, above ninety two million borrowers are from different developing countries. Micro finance organizations have been originated from the Grameen Bank which has diffused around the world (Hulme & Moore, 2006).

In the discussion of the origin of microcredit, the name “Bangladesh” should come up at the first place. It can be considered as pioneer in the microcredit revolution in the world. Grameen, the Nobel Peace Prize winning organization, has been imitated worldwide and has encouraged more than 7,000 microcredit institutions in Asia, Latin America and Africa. They serve about 25 million poor clients (Chemin, 2008). Microcredit concept was originated and introduced to help the poorer sector of the society through the access to funds. The microcredit concept argues that for the overall economic growth of a society, the access to credit for the poor is a key. But the banks are reluctant to lend to public without collateral. This may cause poverty traps (Banerjee and Newman, 1993). So, microcredit concept basically peeps at this point. It shows ways to give loans to poor people without collateral which ultimately can lift a country out of poverty. So, microcredit introduced a unique arrangement for the poor people. It guided the voluntary formation of small groups to ensure mutual, morally binding group guarantees as the replacement of the collateral required by conventional banks. So, microcredit or micro-lending became the most widespread micro-financing instrument, which is the issuance of small, unsecured loans to persons or groups for the purpose of starting or growing businesses. Microcredit aims to eradicate poverty by accelerating economic growth through entrepreneurial initiative.

Since the initiation of the concept, microcredit organizations took different arrangements and dimensions. So, microcredit organizations are quite diverse in operations. Most of them are private or involve private–public partnerships. An increasing number of the total is for-profit (Battilana and Dorado, 2010). Undeniably, the potential market for micro-financing is significant, as more than half of the world’s population are living without access to banking or other financial services (Beck et al., 2008; Chaia et al., 2009). As the number of micro-lending institutions has extended (Swibel, 2007), so the overall microcredit loans on earth are more available.

### *2.2 Contradictory Consequences of Microcredit*

In general, the impact of microcredit is positively appreciated globally. It plays significant role in the advancement of the small entrepreneurs’ lives and secures a better prospect to them. Microcredit stimulates entrepreneurship community to develop the small business and thus improve status of their families and their children in term of standard of living on the one hand and level of access to social service on the other (Murthy and Varalakshmi, 2011). But as a whole, the empirical evidence on the impact of microcredit on poverty is very mixed (Edgecomb and Barton, 1998; Morduch, 1998, 1999; Schrieder and Sharma, 1999; Sebstad and Chen, 1996; Coleman, 1999; Hossain, 1988). Some impact studies have found that access to credit by the poor has a large positive effect on living standards. On the contrary, other studies have found that poverty is not reduced through microcredit. Even some scholars stated some shocking facts. Rahman (1999) cited the example of the poor woman who hanged herself with her own Sari (traditional Bangladeshi dress) from the ceiling fan who was reportedly locked in a bank room. So, some believe that poor households basically become poorer for the added burden of debt. So, it is extremely important to carefully evaluate whether or not “small loans for poor people” in fact works.

In recent period of time, impact assessment on the poor people’s living standard has become an increasingly significant aspect of development activities. Again, microfinance programs and organizations have become a critical component to reduce poverty or encourage micro and small enterprise development. So, the primary focus is on them. But knowledge about the achievements of such initiatives remains questioned. A group of studies arguing that microfinance has very positive economic and social impacts (Khandker, 1998; Schuler, Hashemi & Riley, 1997; Holcombe, 1995; Otero & Rhyne, 1994; Remenyi, 1991; Hossain, 1988). On the other side, authors who disagreed with such positivity have pointed out the negative effects that microcredit can have in different ways (Buckley, 1997; Wood & Sharrif, 1997; Montgomery, 1996; Rogaly, 1996; Adams & von Pischke, 1992). Some scholars may be marked as staying in the middle. “In the middle” are those works identify the favorable impacts but claims that microcredit does not support the poorest, as it claims in general (Mosely & Hulme, 1998; Hulme & Mosley, 1996).

### *2.3 Multiple Borrowing in Microcredit*

Scholars have focused on another important aspect of microcredit which is the loan overlapping or borrowing from numerous microcredit sources. The areas where there is concentration of MFIs, multiple borrowing is becoming a general practice for most microcredit participants or borrowers (Wisniwski, 2010). Taking loans from multiple MFIs is principally prohibited in established MFIs. But some scholars have already stated that overlapping loan practices are widespread in Bangladesh (Chaudhury and Matin; 2002). This problem has impact on both the poor people and the microcredit industry. Prior works illustrate that multiple borrowing for average or below-average clients increases the incidences of over-indebtedness and therefore rises failure to pay on loans (Gwendolyn, 2001; Vogelgesang, 2003). Intrinsically, poor clients can be poorer through multiple borrowing sometimes and simultaneously impend the MFIs’ sustainability (Gwendolyn, 2001; Vogelgesang, 2003).

### *2.4 Multiple Borrowing: Reasons and Impacts*

As Wisniwski (2010) stated, key reasons for multiple borrowing are clients rustling and loan pushing from the MFIs side and loan recycling from the borrowers’ side. There are contradictory results on the effects of multiple

borrowing on the borrowers and the MFIs. Few studies find that multiple borrowing has a positive influence on loan repayment and sustainability of MFIs (Krishnaswamy, 2007). But number of studies like the works of Mpogole et al (2012), Chaudhury & Imran (2002), Johnson (2004), Rhyne (2001) and Wisniwski (2010) show that the influence is negative. Krishnaswamy (2007) argues about the direct positive impact of multiple borrowing on loan repayments. He found multiple borrowers performing equally or better in loan repayment than those who had single loan in the same villages.

But this findings is not quite consistent with the other works on the similar topics. A number of occurrences of failure to repay because of multiple borrowing have been found by different researchers which is very much contradictory with the findings of Krishnaswamy (2007). For instance, Chaudhury & Imran (2002) found that there had been dramatically increasing households in Bangladesh those take multiple loans from different MFIs and their repayment rate had been declining. Occurrences like these had been found in Bolivia, Morocco, Bosnia, Herzegovina and Nicaragua (Rhyne, 2001; Wisniwski, 2010). It had been found from different studies that multiple borrowers had increasingly high debt levels and repayment obligations, which they frequently could not bear out because of over-indebtedness. Such as, Wisniwski (2010) found a relationship between over-indebtedness as measured by number of credit contracts and risk of default as measured by over 30 day unpaid loans. Individuals with more credit contracts were at a higher risk of defaulting. In contrast, Vogelgesang (2003) discussed that lower repayment rates may lead to less favorable credit conditions for the poorest borrowers, for instance, when interest rates are raised, which may therefore lead them to drop-out from the loan portfolio of the MFI.

Prevalence of multiple borrowing and its impacts have not been well studied and published in Bangladeshi context. Therefore, this study attempted to bridge this knowledge gap and to propose ways of managing loans for sustainability of the microfinance sector and the informal business sector.

Considering all these issues, the evaluation of microcredit programs claims to be an important issue for policy makers, researchers and development practitioners (Hulme; 2000). So this study attempts to discover some empirical findings on the multiple borrowing situation of Bangladesh and how this multiple borrowing affect the loan repayments of the borrowers.

### 3. Objectives of the Report

The research is conducted keeping these objectives ahead:

- To discover the prevalence of multiple borrowing among micro credit borrowers.
- To measure the effects of multiple borrowing on loan repayments of micro credit borrowers.

### 4. Methodology

This study is mainly a primary data-based descriptive research. Both the qualitative and quantitative approaches have been applied in this research. The study was conducted at Khulna district in Bangladesh. The location was purposively selected for its characteristics of urban and semi-urban features.

*4.1 Sampling:* Convenience sampling method had been used in this study under the non-probability sampling technique. Total of 150 female micro-credit borrowers were surveyed for this purpose.

*4.2 Sources of Data:*

*4.2.1 Primary Source:* Primary source of data is the microcredit borrowers from the Khulna district who are involved in any sort of micro-credit programs for last few years.

*4.2.2 Secondary Source:* Different articles from journals, books, websites and published reports had been reviewed for this study.

*4.3 Instrument:* For primary data collection, a structured questionnaire was developed based on a theoretical framework from the previous literatures. The survey was conducted through Bangla (the national language of Bangladesh) questionnaire and later translated into to English. The questionnaire was comprised of both “simple-dichotomy questions” and “determinant-choice questions”. The survey questionnaire included questions on: demographic information of the respondents such as age, level of education and number of dependants in the family; whether had loans from more than one institution; reasons for taking more than one loan; repayment schedule; whether repays on time and their perception on multiple loans.

*4.4 Research Hypotheses:* Four hypotheses were set to check the level of relationship among different variables. The hypotheses were tested through Chi-square test. Significant level applicable for this testing is 0.10. The hypotheses of this study are following:

H<sub>01</sub>: There is no significant relationship between age of the respondent and number of loans from MFIs.

H<sub>a1</sub>: There is significant relationship between age of the respondents and number of loans from MFIs.

H<sub>02</sub>: There is no significant relationship between educational qualification and number of loans from MFIs.

H<sub>a2</sub>: There is significant relationship between educational qualification and number of loans from MFIs.

Ho<sub>3</sub>: There is no significant relationship between number of dependents in the family and number of loans from MFIs.

Ha<sub>3</sub>: There is significant relationship between number of dependents in the family and number of loans from MFIs.

Ho<sub>4</sub>: There is no significant relationship between multiple loan participation and incidence of late repayment.

Ha<sub>4</sub>: There is significant relationship between multiple loan participation and incidence of late repayment.

**4.5 Data Collection:** Data was collected through face to face interviews with the micro-credit borrowers of Khulna region. The main survey was conducted between June and July, 2014.

## 5. Analysis

This research is a descriptive study pointed toward obtaining a general depiction of the prevalence of multiple borrowing, reasons for multiple borrowing and associated effects of multiple borrowing. To attain the objectives of this research, this part of the study analyze the collected responses of the respondents against a structured questionnaire. Statistical analysis like frequency distribution, cross-tabulation, Chi-square test and other graphical tools (bar chart, pie chart etc.) had been used to conduct and present the analysis on collected data.

The “Analysis” part of this study is comprised of three major phases:

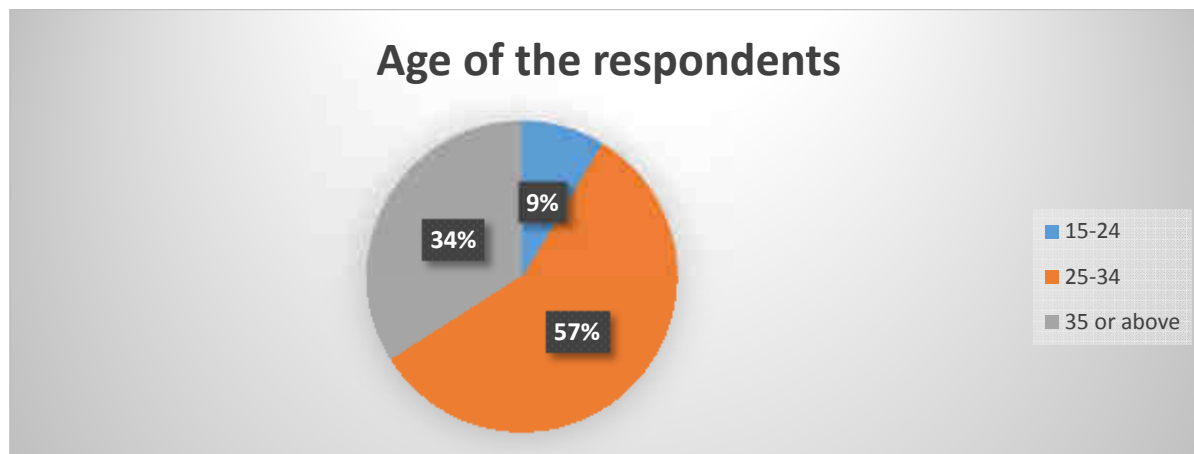
- Description of respondents
- Multiple borrowing scenario in Bangladesh
- Impact of multiple borrowing on loan repayment

These phases are discussed hereafter.

### 5.1 Description of respondents

Here, different attributes of the respondents of this research is presented. Survey questionnaire was comprised of features like age, gender, educational qualifications and number of dependants in the family. But in case of Bangladesh, gender is not a functioning factor in this case as the conventional microcredit institutions provide loans only to the women.

Women of different ages go for microcredit loans for different purposes in this country. Especially young women in the current industry are the mostly active participation in microcredit borrowings.



**Figure 1: Age of the respondents**

57% of the survey respondents are aged from 25 to 34 years old which indicates the women in this range are in higher need of small or microcredit loans for their living. There are also noticeable participants from the age group of 35 or above. They cover the 34% of the total respondents. Naturally, respondents aging below 25 are the least.

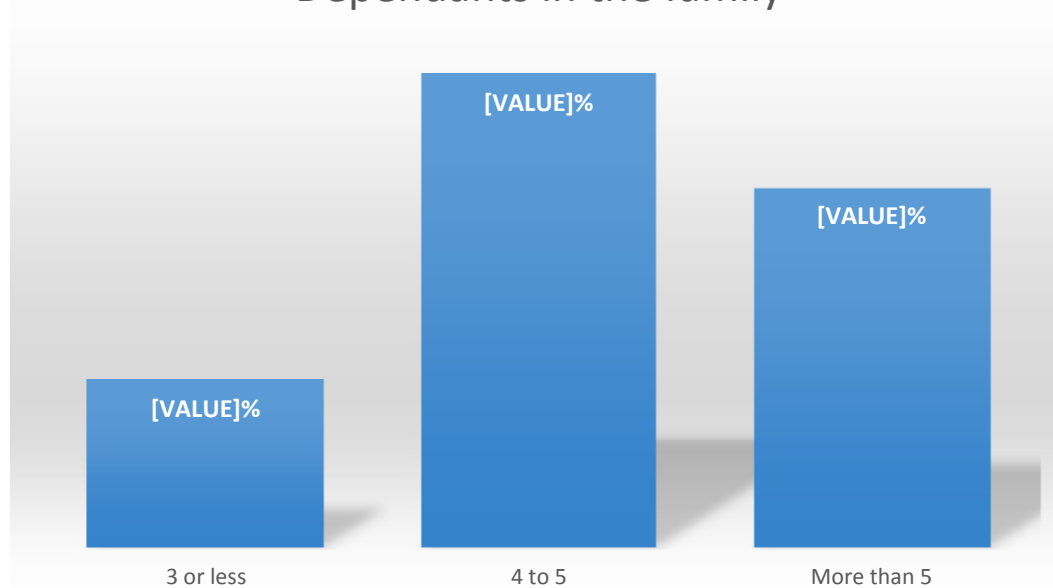
Respondents are selected irrespective of their educational qualifications. This study segmented the educational qualification into five different segments starting from “No formal education” to “Higher secondary or above” level of education as indicated in figure 2. Half of the respondents (50%) of this research had education up to primary level. A large portion (about 27%) of the respondents is with the academic qualification of secondary schooling. One the other hand only about 11% of the respondents are well-educated those took higher secondary education or went to any college or university.



**Figure 2:** Educational qualification of the respondents

In Bangladesh, number of dependents over the earning members of a family is still high on an average. Most of the respondents (about 47%) of this study have 4 to 5 dependents in the family. Even, a large portion (36%) have more than 5 members depending on the earning member/members of the family.

### Dependants in the family



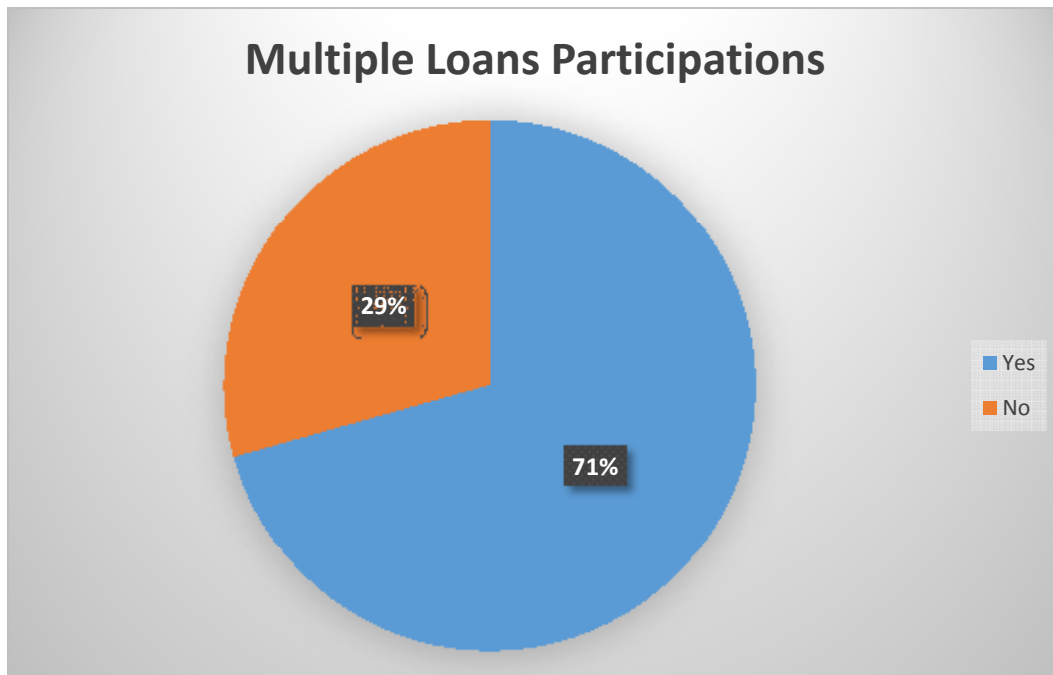
**Figure 3:** Dependents in the family of the respondents

Undoubtedly, the number of dependents in a family is a key factor that influences the overall economic condition of any family.

## 5.2 Multiple borrowing scenarios in Bangladesh

### 5.2.1 Prevalence of multiple borrowing

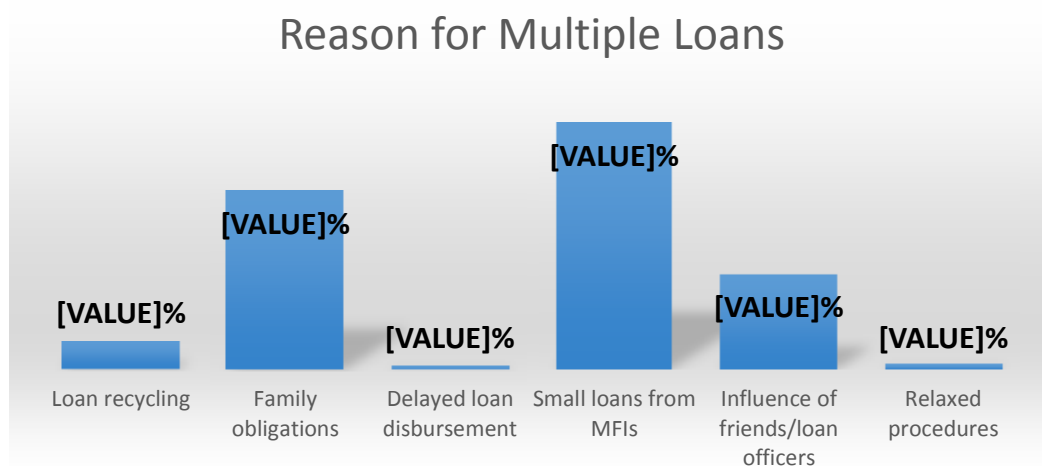
This study attempted to measure the prevalence of multiple borrowing by asking the respondents directly about the number of MFIs they are involved simultaneously for borrowing. Their collective response shows that 71% of the survey respondents are somehow involved in multiple borrowing. These respondents admit that they hold two or more loans at the time of survey. 29% of the respondents have single loan from any of the microcredit organizations. This discovery indicates the existence of multiple borrowing in Bangladesh microfinance industry.



**Figure 4:** Number of loans from MFIs

#### 5.2.2 Reasons for multiple borrowing

Borrowers of multiple loans have different reasons for their own. But most of the borrowers (31%) claim that the loan amount is too small to meet their intended need. The fact behind this issue is that the family sizes are not same for the poor women of Bangladesh whereas the loan size is standardized for all the borrowers. Moreover, a number of women apply for loans at a time. The lenders need to split their intended amount among many. So, the individual loan amount becomes smaller. For this reason they need to go for more than one loan from different microfinance institutions. Though there are some other reasons for going to multiple MFIs, borrowers pointed to family obligations as another very influential factor. About 23% of the survey respondents blame 'family obligations' for multiple borrowings. In different situations, the other family member, especially the husband, forces to manage loans from MFIs.



**Figure 5:** Reason for multiple loans

Other respondents mention 'influence of friends or loan officers', 'loan re-cycling', 'delayed loan disbursement' and 'relaxed procedures' as their reason for multiple borrowing. Of these factors, 'influence of friends or loan officers' is a noticeable one for the reason that 12% of the respondents blame this one as their reason for borrowing more than one loan.

#### 5.2.3 Age and multiple borrowing

This cross-tabulation analysis describes the connection between ages of the respondents and their behavior in case of multiple borrowing.

The following table shows that borrower's behavior towards multiple borrowing is not noticeably affected with



their ages. Women behaviors toward multiple borrowing seem to be indifferent irrespective of their ages.

**Table 1:** Cross-tabulation Analysis (Age of the Respondent vs. Multiple Loans Participations)

			Multiple Loans Participations		Total
			Yes	No	
<b>Age of the Respondent</b>	15-24	Count	7	6	13
		% within Age of the Respondent	53.8%	46.2%	100.0%
	25-34	Count	66	20	86
		% within Age of the Respondent	76.7%	23.3%	100.0%
	35 or above	Count	33	18	51
		% within Age of the Respondent	64.7%	35.3%	100.0%
<b>Total</b>	Count	106	44	150	
	% within Age of the Respondent	70.7%	29.3%	100.0%	

Source: Researcher's own calculation from field survey, 2014

The first hypothesis ( $H_1$ ) is tested at this stage to check if there is any relationship between age of the respondents and their tendency to take multiple loans. Chi-square test is used at 0.10 level of significance to test the hypothesis. Degree of freedom in this case is 2  $\{(3-1) \times (2-1)\}$ . Critical value for degree of freedom 2 at significance level 0.10 is 4.605. Null hypothesis will be rejected if calculated chi-square value is above 4.605 and will be accepted when calculated value is below 4.605.

**Table 2:** Chi-Square Test

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	<b>4.181</b>	2	.124
Likelihood Ratio	4.081	2	.130
Linear-by-Linear Association	.064	1	.800
N of Valid Cases	150		

Value of chi-square is found 4.181 which is below the critical value. So, the null hypothesis ( $H_{01}$ ) is accepted. That means, there is no significant relationship between age of the respondent and their multiple loans participations.

#### 5.2.4 Education and multiple borrowing

The following table shows the connection between the level of education of the respondents and their behavior toward multiple borrowing. Here, relatively higher educated (higher secondary or above) women show less interest in multiple borrowing from the others. In fact, participations of these groups of women is low even in the microcredit industry. Expectedly, they are concerned about the consequences of this problem.

**Table 3:** Cross-tabulation Analysis (Educational Qualification vs. Multiple Loans Participations)

			Multiple Loans Participations		Total
			Yes	No	
<b>Educational Qualification</b>	No formal education	Count	13	5	18
		% within Educational Qualification	72.2%	27.8%	100.0%
	Primary	Count	51	24	75
		% within Educational Qualification	68.0%	32.0%	100.0%
	Secondary	Count	31	9	40
		% within Educational Qualification	77.5%	22.5%	100.0%
	Higher Secondary or Above	Count	11	6	17
		% within Educational Qualification	64.7%	35.3%	100.0%
<b>Total</b>		Count	106	44	150
		% within Educational Qualification	70.7%	29.3%	100.0%

Source: Researcher's own calculation from field survey, 2014

Here, the second hypothesis ( $H_2$ ) is tested to check if there is any relationship between educational qualification of the respondents and their tendency to take multiple loans. Degree of freedom in this case is 3  $\{(4-1) \times (2-1)\}$ . Critical value for degree of freedom 3 at significance level 0.10 is 6.251. Null hypothesis will be rejected if calculated chi-square value is above 6.251 and will be accepted when calculated value is below this critical value.

**Table 4:** Chi-Square Test

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	<b>1.471</b>	3	.689
Likelihood Ratio	1.505	3	.681
Linear-by-Linear Association	.008	1	.927
N of Valid Cases	150		

Calculated Chi-square value (1.471) is less than the critical value. The null hypothesis ( $H_{02}$ ) is accepted. That means, there is no significant relationship between educational qualification of the respondents and number of loans from MFIs. Moreover the cross tabulation analysis also fails to present any vivid relationship.

#### 5.2.5 Dependents in the family and multiple borrowing

Connection between number of dependants in the family and number of loan taken is shown hereafter through cross-tabulation.



**Table 5:** Cross-tabulation Analysis (Number of Dependants in the Family vs. Multiple Loans Participations)

				Multiple Loans Participations		Total
				Yes	No	
<b>Number of Dependants in the Family</b>	3 or less	Count	9	16	25	
		% within Dependants	36.0%	64.0%	100.0%	
	4 to 5	Count	53	18	71	
	% within Dependants	74.6%	25.4%	100.0%		
	More than 5	Count	44	10	54	
	% within Dependants	81.5%	18.5%	100.0%		
<b>Total</b>		Count	106	44	150	
		% within Dependants	70.7%	29.3%	100.0%	

Source: Researcher's own calculation from field survey, 2014

Here, women those have 3 or less dependants in the family, only 36% of them have multiple loans. On the other hand, women with higher number of dependants in the family (4 or above) are participating more in the multiple loans. This indicates a relationship between the number of dependants in the family and women's participation in multiple loans.

To check if there is any relationship between number of dependants in the family of respondents and their tendency to take multiple loans, third hypothesis ( $H_3$ ) was set. Degree of freedom in this case is 2  $\{(3-1) \times (2-1)\}$ . Critical value for degree of freedom 2 at significance level 0.10 is 4.605. Null hypothesis will be rejected if calculated chi-square value is above 4.605 and will be accepted when calculated value is below 4.605.

**Table 6:** Chi-Square Test

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	<b>18.084</b>	2	.000
Likelihood Ratio	16.716	2	.000
Linear-by-Linear Association	16.722	1	.000
N of Valid Cases	150		

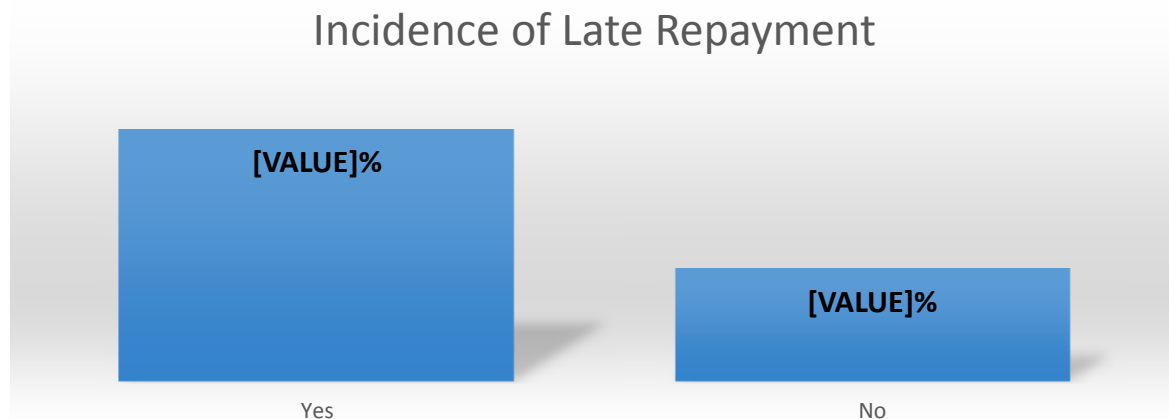
Value of chi-square is found 18.084 which is above the critical value. So, the null hypothesis ( $H_{03}$ ) is rejected. It can be concluded that there is significant relationship between number of dependants in the family of respondents and their participation in multiple borrowings.

### 5.3 Impact of multiple borrowing on loan repayment

#### 5.3.1 Incidence of late repayment

Before going to the discussion of how multiple borrowings affect the loan repayment of the borrowers, it is necessary to measure the incidences of late repayment among the sample group of borrowers.

About 69% of the respondents admit of being late somehow in their loan repayments. The reasons behind this failure to timely repay their debts will be discussed afterwards in this analysis section.



**Figure 6:** Incidence of late repayment

5.3.2 Multiple loans participations and incidence of late repayment

Through the following cross tabular analysis, the relationship between number of loans and incidence of late repayment is shown. More specifically, this table attempts to show if multiple borrowing causes late repayment for the borrowers.

**Table 7:** Cross-tabulation Analysis (Multiple Loans Participations vs. Incidence of Late Repayment)

					Incidence of Late Repayment		Total
					Yes	No	
<b>Multiple Loans Participations</b>	Yes	Count			81	25	106
		% within Participations	Multiple Loans		76.4%	23.6%	100.0%
	No	Count			23	21	44
		% within Participations	Multiple Loans		52.3%	47.7%	100.0%
<b>Total</b>		Count			104	46	150
		% within Participations	Multiple Loans		69.3%	30.7%	100.0%

Source: Researcher’s own calculation from field survey, 2014

This is clearly visible from this analysis that people with multiple borrowers are having more trouble in timely repayments. Above 76% of the borrowers those have two, three or more loans from MFIs, admit their failure to repay their debts timely. On the other hand, women having single loan are seemed to be more successful in their loan repayments.

One of the key objectives of this research is to measure the impact of multiple borrowings on loan repayments. The fourth hypothesis ( $H_4$ ) is tested at this stage to check if there is any relationship between multiple loans participation and incidence of late repayment. Degree of freedom in this case is 1  $\{(2-1) \times (2-1)\}$ .

Critical value for degree of freedom 1 at significance level 0.10 is 2.706. Null hypothesis will be rejected if calculated chi-square value is above 2.706 and will be accepted when calculated value is below 2.706.

**Table 8: Chi-Square Test**

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	<b>8.524</b>	1	.004		
Continuity Correction	7.426	1	.006		
Likelihood Ratio	8.212	1	.004		
Fisher's Exact Test				.006	.004
Linear-by-Linear Association	8.467	1	.004		
N of Valid Cases	150				

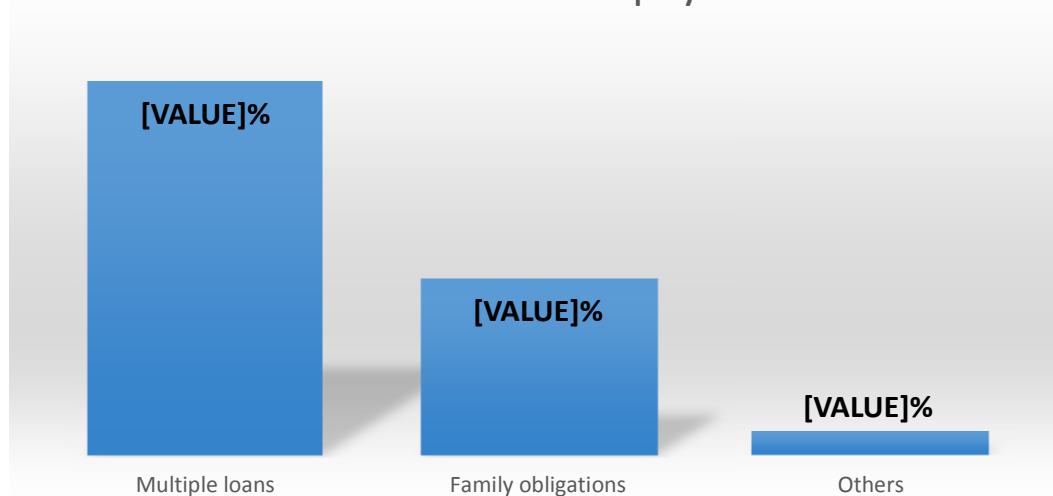
The calculated value of chi-square (8.524) is above the critical value. So, the null hypothesis ( $H_{04}$ ) is rejected. This indicates that there is significant relationship between multiple loans participation and incidence of late repayment. So, this study outcome proclaim that the multiple borrowing is a hindrance for timely repayment for borrowers.

### 5.3.3 Reason for late repayment

There may be diversified causes for the late of borrowers in loan repayment. The major reasons behind late repayments are discussed here.

Multiple loans can be easily ranked as the prime reason for late repayment. About 45% of all the survey respondents accused multiple loans as their reason for late repayment. Second vital reason is the family obligations. About 21% thinks that the reason behind their late repayments is different family obligations. The rest of the respondents those declared about being late (less than 3%), have some other reasons behind.

## Reason for Late Repayment



**Figure7:** Reason for late repayment

Of the other reasons for late repayment, women mentioned the fact that unexpected business losses caused them to be late in loan repayments. Even the women have to suffer for the losses their husbands cause in business.

## 6. Findings

The major findings of the analysis is summarized and pointed out here in this section. The following key findings are retrieved from this research:

- Major portion (57%) of the microcredit participants are aged around 30 years. Half of the respondents are still primarily educated and they are mostly (about 83%) having at least 4 dependants in the family.
- A noticeable portion of the microcredit borrowers (71% of the survey respondents) are somehow involved in multiple borrowing.
- The main reason for multiple borrowing is the small size of loans from MFIs. Family obligation is the second vital reason.
- “Age” and “Level of education” are not significantly related to multiple borrowing. But number of dependants in the family influences the women to be involved in this practice.

- About 69% of the respondents admit of being late somehow in their loan repayments.
- People with multiple borrowing are having more trouble in timely repayments.
- “Multiple loans” is marked as the prime reason for late repayment by the borrowers. A mentionable portion (21%) of the respondents blames family obligations as their reason for being late in loan repayments.

## 7. Conclusion

Multiple borrowing practices by the women Bangladesh is in alarming stage. Women are much habituated with this multiple borrowing culture. The borrowers claim that the size of the loan is too small to meet their need. Even, they go for multiple borrowing for family obligations and friend's influence. Aftermath is the late repayments. Large portion of the women conceded the fact of being late in repayments and they blamed multiple loans mostly. To improve the scenario or to solve this multiple borrowing problem in Bangladesh, coordination among the MFIs is a prerequisite. They should collaborate and work on the fact that the loan size is noticeably small. Moreover there should be some central tracking system to check the multiple borrowing attempts by the borrowers. The microcredit regulatory authority can encourage the lenders to provide some consultancy services to the borrowers and also to ensure the proper utilization of the provided funds.

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