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# Micro Credit Program of Selected NGOs: An Empirical Study on Rural Poor Women

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### ABSTRACT

*Women development is a very important issue in the developing country like Bangladesh. Both NGO's and Government have taken different entrepreneurial program for rural poor women development for their empowerment, education, social awareness, health and alleviating poverty level. The study has evaluated the entrepreneurial program of reputed Non-government organization (NGO) and identifies the problems facing the selected women entrepreneurs. Therefore, the study has come out with important policy measures for making the entrepreneurial program effective.*

**Keywords:** Women, Development, Entrepreneur, Bangladesh

### INTRODUCTION

Women in Bangladesh are contributing substantially to their households and to the country's economy. The majority of women workers are primarily involved in the informal sector of the economy. Within the formal sector, a large number of women work in export-oriented industries (e.g., garments), the source of 70 percent of Bangladesh's foreign exchange. A significant number of women also work as teachers, lawyers, journalists, government employees, and for nongovernmental organizations (NGOs). Their activities, in turn, contribute to the transformation of traditional values and gender roles of Bangladeshi women. There are over 1,000 local and national organizations in Bangladesh that generate self-employment opportunities for over 8 million poor, mostly women, through micro credit and training in literacy, technical skills, and legal rights. Civil society, particularly women's organizations, has been a strong force in bringing forward women's issues and interests onto the country's development agenda. Moreover, Bangladesh has more than 18,000 registered NGOs of a diverse nature working on a broad range of development issues. Recent years have witnessed an increasing awareness of women's productive roles, mobility, and their contribution to development. Ever since the First World Conference on Women in Mexico (1975), gender issues have increasingly become a predominant theme of the worldwide development discourse. Bangladesh was one of the first developing countries to establish a Ministry of Women's Affairs in 1978, three years after the Mexico Conference. Concerted efforts by national and international development agencies, and the Government's own commitment to both national and international pledges, paved the way for the enhancement of women's position and status in society. The Government has already prepared a National Policy for Advancement of Women and made some noteworthy progress in implementing the National Action Plan, prepared in response to the Beijing Platform for Action (PFA). In spite of these achievements, the majority of women in Bangladesh have yet to be empowered to participate actively in the social, cultural, economic, and political life of the country. Gender discrimination is widespread in all spheres and at all levels, as indicated by official statistics on health, nutrition, education, employment, and political participation. The Constitution of Bangladesh guarantees equal rights to all citizens, but in family matters such as marriage, divorce, custody, maintenance, and inheritance, laws discriminate against women. The policies and programs of the Government, some NGOs, and other institutions do not sufficiently address the need for women's empowerment (ADB Reports, 2001).

### **STATEMENT OF THE PROBLEMS**

Women entrepreneurship in Bangladesh is considered as recent phenomenon. After liberation (1971), different governments in Bangladesh have been giving importance to the empowerment of women for their effective role in socio-economic development. Bringing women in ongoing development process is one of the main strategies of the fourth five year plan in conjunction with earlier emphasis and different steps taken thereof. Some NGOs are collaborating with the Government to initiate several schemes in order to promote the entrepreneurial skills of unemployed women and provide ways for enterprising women. A recent estimate shows the number of women entrepreneurs to be around 3000, which represents only 2% of the total entrepreneurs in the country although women constitute about 49% of population (Ahmed P, P.35). Micro Enterprise serves as the seedbed of entrepreneurship. Such enterprises are vital force and constitute the backbone of a nation's economy. It plays a pivotal role in the development of rural economy by generating income for the unutilized and underutilized rural women as well as creating employment for the unemployed rural men. On the other hand, 76 percent of the total population of Bangladesh lives in rural areas. Of its total population, 50 percent are women of which most are unemployed (World Bank Report 2000). A few of them are involved with different income generating activities like cane and bamboo work, weaving pottery, fishing net making, poultry raising, yard farming, etc. in a and non-organized way. If these rural women get enough training, market information, financial and technical assistance from the Government as well as NGOs, they can be able to initiate and run micro enterprises successfully and thus develop their socio-economic conditions. Therefore, the researcher believes that these potential women can realize their full potential if they get the necessary financial and logistic & training support in running enterprises. (Johur S, 2000). Therefore, the present study is an attempt to evaluate the different entrepreneurial programs of some selected NGOs for women development in Bangladesh. Thus, it will help the policy makers of the country in designing appropriate policy measures for the development of its rural poor women folk.

### **OBJECTIVES OF THE STUDY**

The principal objective is to evaluate the different entrepreneurial programs of some prominent NGOs for women development. To accomplish this, the study has covered the following specific objectives

1. To examine the different entrepreneurial programs of some selected NGOs for women development.
2. To identify the problems facing selected sample women in their entrepreneurial development.
3. To suggest some policy measures for women development in Bangladesh.

### **SCOPE AND METHODOLOGIES OF THE STUDY**

The study has covered the entrepreneurial programs of two prominent NGOs like BRAC and Proshika. Both primary and secondary data have been used in this study. The primary data has been collected by interviewing the selected 60(sixty) women entrepreneurs with the help of pre-structured interview guides. The secondary data has been collected by consulting existing literature, textbooks, annual reports, program bulletins, government publication etc. The data thus collected have been tabulated manually and analyzed with relevant techniques.

### **LIMITATIONS OF THE STUDY**

The study was confined to five villages of Chittagong district in Bangladesh due to time and resource constraints at the researcher's disposal, because it was a self-financed research. Therefore, the small coverage may nevertheless be incomplete on the whole depiction of women development progress through building micro enterprises. The study covered very limited number of sample women who is relatively illiterate. Sometimes responded were not interested to express their honest opinion. To overcome these limitations, an intensive study of existing literature in this field, foreign journal, relevant publication by Government and other private agencies were studied.

### **ANALYSIS OF FINDINGS**

The major findings of the present study are analyzed as follows-

### EVALUATION OF ENTREPRENEURIAL PROGRAM FOR SELECTED NGOS FOR THE WOMEN DEVELOPMENT

Selected NGOs – BRAC and Proshika have been found to provide both micro credit and management development programs, training & development for effective use of micro credit through micro enterprises for entrepreneurial activities.

#### A. Micro credit programs for women development

More than hundreds of NGOs in Bangladesh have been operating various kind of socio-economical activities for women development through building micro enterprises and as a final point, for the diminution of poverty of the rural women. Women development begins in an individual's life with education and training from their respective family and lastly, Government and Non-government organizations are very much engage with the development program of women development. In this perspective, women development involves those who live in under the poverty line for deprivation of basic education, training, paucity of finance and other essential facilities. However, women development implies promoting rural women's personalities, dignities, skills, capabilities, knowledge, and understandings (Jucius, 1979).

Table 1 shows that there are several activities which is running on for women development through micro credit by the sample NGOs in Bangladesh. This is called employment and income generating activities. Here the researcher fined that sample NGO-BRAC has a larger area or activities than sample NGO-Proshika. Proshika are confined to fish culture project, cattle rearing and vegetable export activities that are absent. It is clear that BRAC has launched many ideas by taking women development projects rather than Proshika. Most of them are micro credit or micro finance program, which helps a lot for those who are getting these types of finance to develop a micro enterprise that might, helps the women especially. Here, some of the activities which are as follow -

**Table – 1:** Showing Employment & Income generating activities for women development

Types of activities	BRAC	Percentage	Proshika	Percentage
Agriculture	Y	18%	Y	17%
Cattle Rearing	Y	55%	N	-
Fish Culture Project	Y	07%	N	-
Handicrafts	Y	85%	Y	77%
Housing	Y	09%	Y	14%
Irrigation Project	Y	02%	Y	01%
Micro enterprise lending	Y	42%	Y	43%
Nursery Preparation	Y	16%	Y	23%
Poultry & livestock	Y	62%	Y	69%
Rural Service	Y	12%	Y	19%
Sericulture	Y	23%	Y	32%
Social forestry	Y	29%	N	-
Vegetable Export Program	Y	33%	N	-
Weaving	Y	72%	Y	59%

Sources: (i) Annual Reports of BRAC & Proshika  
(ii) Field survey

#### Micro credit Program

The micro credit program of BRAC & Proshika is a tool for poverty alleviation, empowering and develop micro enterprise for developing women. Lack of access to the formal banking system deprives them of the

facilities to borrow, save and invest in productive activities, and this is a major reason why poor people remain poor. The formal banking sector also requires collateral. Making credit available to the rural poor enables them to become involved in different income generating activities that, in turn, allows them to become economically self-reliant. Through this process, BRAC's & Proshika's micro credit program works to create a self-sustaining and reliable financial service program for the poor.

### **Employment and Income Generation (EIG) Program**

BRAC & Proshika has learned that besides lack of access to finance, the two major constraints that have prevented the poor from improving their lives are the absence of self-employment opportunities and lack of skills to sustain those activities. BRAC & Proshika realized that if different employment opportunities were created, along with sufficient training and refreshers for capacity development, the poor could be linked to the mainstream economy that would ultimately bring them out of poverty.

### **Poultry & Livestock Program**

Approximately 70% of the rural landless women are directly or indirectly involved in traditional poultry rearing activities. The Poultry and Livestock Program is composed of several components: poultry and livestock extension program, poultry farms and hatcheries, feed mills and feed analysis laboratories, bull station and the disease diagnosis laboratories. Till to date, 1.96 million people have been involved in this program in all over the Bangladesh. The key persons under poultry and livestock extension program are i) Poultry and Livestock Extension Worker ii) Chick Rearer iii) Key Rearer iv) Cage Rearer v) Broiler Rearer vi) Egg Collector vii) Model Cow Rearer viii) Model Goat Rearer and ix) Artificial Inseminator.(www.brac.org)

### **Fisheries**

The Fisheries Program, started in 1976, is now developed into one of the most promising and profitable EIG activities for rural women. The key components of the program are pond aquaculture, open water fisheries management, and fish and prawn hatchery.

### **Social Forestry**

The social forestry program is being implemented since 1988 to make the people aware of the necessity of planting trees and to increase the number and variety of trees not only to meet the basic needs such as timber, fuel and fruit but also to restore the ecological balance. The program components are horticulture nursery, grafting nursery and agro-forestry. One of the objectives of the program is to encourage people to plant trees throughout the country.

### **Agriculture**

The agricultural extension activities can be broadly categorized into vegetable cultivation and crop diversification (rice, maize, wheat, cotton, sunflower). This program has been undertaken to increase the nutrition and income levels of the households by increasing agricultural production of VO members through technology transfer. Under these program VO members, who have less than 0.5 acres of land in each area, receive training, technical support, inputs like HYV and hybrid seeds, fertilizers, and have access to micro credit to obtain the resources for investing in farming. Interested small farmers, who have land between 0.5 and 3 acres, also receive training and technical support.

### **Sericulture**

Sericulture is a labor-intensive agro-industry. Sericulture Program links the rural producers with urban markets. The main components of the program are:

(a) mulberry cultivation (roadside, homestead and bush), (b) silkworm rearing, (c) reeling and weaving, and (d) marketing.

## **B. Training and Development Program for women development**

To develop women, it is necessary to trained up them. Both the sample NGOs have intensive program to develop women through building micro enterprise. This programme is the critical aspect of women development to cope with the rapidly changing environment with the changes in four major forces as demography, role of public sector, educational background technology, and structural adjustment.

Training and management development programmes is inevitable not only for trainee but also for trainer (Gani,1988).

Both the sample NGOs have their own training centers and customized management development programmes on various matters. BRAC and Proshika provide training to their own staffs, target group members, other organization's member and government organization's workers and finally the women who are under the projects. There are many programmes those are directly or indirectly involved with the development of women is as follows:

❖ women Development Training	❖ Health Infrastructure Building Programme
❖ Practical Skill Development Training	❖ Health Education Programme
❖ Urban Poor Development Programme	❖ Small Enterprises Economic Development Programme
❖ Institute of Development Policy Analysis and Advocacy	❖ Development Support Communication Programme
❖ Employment and Income Generating Activities	❖ People's Cultural Programme
❖ Ecological Agriculture Programme	❖ Disaster Management and Preparedness Programme
❖ Livestock Development Programme	❖ Policies For Risk And Vulnerability Management
❖ Fisheries Development Programme	❖ Integrated Multi-sectoral Women's Development Programme
❖ Social Forestry Programme	❖ Impact Monitoring and Evaluation Cell
❖ Irrigation Sericulture Development Programme	❖ Assistance to Other Organizations Programme
❖ Tilling Technology Service Programme	❖ Research and Demonstration Project
❖ Apiculture Development Programme	❖ Human Resource Department
❖ Housing Programme	
❖ Material Development Cell	
❖ Computer in Development Programme	
❖ Information and Documentation Resource Cell	
❖ Education Support Programme	

Source: www.brac.org & www.proshika.net

These entire programs are the base of women development and as women development in various sectors. It makes indirect contributions to socio economic development in Bangladesh. There are two types of training like (i) Human/Woman development training (ii) occupational skill development training. Human development training aims at providing participants with scientific outlook and enabling them to comprehend the essence of development problems. Human development training has significant influence on all other programs of the select NGOs. Again, occupational skill development training is to equip participants with relevant knowledge and skills so that they can undertake different employment. Both the sample NGOs are providing these training to their target participants. The major area covered by the women development courses are:

Table 2 shows that various development program which launched by the both the NGOs. It is seen that most of the trainings are target oriented.

**Table 2: Women development courses provided by the NGOs**

BRAC	PROSHIKA
❖ Entrepreneurship Development	❖ Teachers training
❖ Management training	❖ Health and nutrition
❖ Development of communications	❖ Credit management
❖ Consciousness building	❖ Technical training
❖ Leadership Development	❖ Sustainable development
❖ Moral educational development	❖ Entrepreneurship Development

❖ Social awareness training	❖ Management Training ❖ Accounting and finance related training
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Source: Field Survey

**Identification of Problems**

It is reported that there are some major constraints associated with women development programs, which are directly responsible for lopsided development of women entrepreneurs in Bangladesh. In the present study, women entrepreneurs under the study have identified these constraints. The opinion of the sample respondents regarding the constraints associated with women development is tabulated below:

- 1. Difficulty in getting loans:** This problem was viewed by 48 respondents (80%) out of total 60 respondents. There is too much hassle to get a micro credit loan for micro enterprise. Respondents also alleged that credits are not easy to get what they think and heard of it.
- 2. Inadequate and unintegrated supply of fund:** 58 respondents (96.66%) out of total 60 respondents viewed this problem. Inadequate supply of credit is their key problem and does not serve the purpose of the borrower fully. Moreover, another outlook is that the credit is not multidimensional.

**Table 3:** Identifications of the problems by sample respondents

SL	Problems	Percentage of Respondents
1	Difficulty in getting Loan	80.00%
2	Inadequate and unintegrated supply of fund	96.66%
3	Too much Formality to get such a small loan	90.00%
4	Higher rate of Interest	71.66%
5	Premature recovery loan	50.00%
6	Lack of education among the women entrepreneur	63.33%
7	Inadequate training facilities	63.33%
8	Lack of marketing knowledge	100.00%
9	Lack of Government activities	100.00%
10	Lack of freedom	40.00%

Source: Field Survey

Table 3 shows that there are so many problems around the development of women. The percentage exceeds 100 because a single respondent choose more than one problems at a time.

- 3. Too much Formality to get such a small loan:** 54 respondents (90%) out of total 60 respondents viewed this problem. Most of the respondent is giving their opinion against the too much formality for such a small loan.
- 4. Higher rate of Interest:** This problem was viewed by 43 respondents (71.66%) out of total 60 respondents. The lending organizations charge higher rate of interest on loan as compared to nationalized commercial banks. Researchers have found on investment in traditional income generating activities is slightly higher than the rate of interest as charged by those NGOs.
- 5. Premature recovery loan:** 30 respondents (50%) out of total 60 respondents viewed this problem. The responsible officers of lending organizations are found give loan recovery drive earlier at investment stage putting the women entrepreneurs into big finance crisis. Respondents also alleged that credits are not made available in time resulting the diversion of credit to other unproductive purpose.
- 6. Lack of education among the women entrepreneur:** 38 respondents (63.33%) out of total 60 respondents viewed this problem. Literacy rate of women is 13.20%, major portion of which belongs to the people elite and medium class of the society. The target group is here the poor women. That is why they are feeling very bad taste when they want to make a business through

micro enterprise. This lack of knowledge is troubling them to develop the micro enterprise and themselves as well.

7. **Inadequate training facilities:** This problem was viewed by 38 respondents (63.33%) out of total 60 respondents. As women are illiterate, they do not know anything about the technical side of business especially. They feel tremendous scarcity of training for their development of micro enterprise.
8. **Lack of marketing knowledge:** 60 respondents (100%) out of total 60 respondents viewed this problem. After investing money to the business, they do not know about where the output going on? How to sell? Where to sell? What is their target market? This question mark viewed us that they have feel the lacking of marketing knowledge. Without knowing marketing knowledge, they cannot survive in the competitive market with their products.
9. **Lack of Government activities:** 60 respondents (100%) out of total 60 respondents viewed this problem. In every occasion, the main allegation is that Government does not provide any help to them.
10. **Lack of freedom:** 24 respondents (40%) out of total 60 respondents viewed this problem. Women in Bangladesh are getting very little freedom from their family. Though they have a good entrepreneurial quality, they cannot do anything by freedom manner for their family restriction that is why they cannot keep significant role in decision making within the micro enterprise or their family. In our society, they are always treated as inferior to men.

## RECOMMENDATIONS

It is very much evident from the analysis of facts, procedures, system, and policies that the road for women development is not well designed and smooth to running on the development process. In this situation, women entrepreneurs do not come up with their activities that is why the researcher feels that the society need a very good policy to develop their women. Therefore, the following measures and policies are suggested in order to make the women entrepreneurs in Bangladesh so that they can play the significant role for the social and economic uplift and for overall development in the field of socio-economical and political arena of the country.

1. **Proper and adequate financial support:** Financial institutions like various NGOs, Banks and lending organization should raise the loan size in order to cater the requirements of women entrepreneurs. The institutions should measure their needs under specific projects. Besides, the rate of interest should decrease in descent level and the formalities should be easier to understand to women entrepreneurs. Again, loan recovery should be in time. Funding organization is suggested to design a unified system for their recovery programs so that the borrower can easily pay their installment with the interest amount out of return from investment. In this case, funding organizations official are suggested to monitor the whole project by birds eye view in order to ensure the productive use of loan and repayment of loan by borrow.
2. **Entrepreneurship development training:** Government agencies like relevant ministry or organizations, different NGOs and other organizations should have the combination about their own program that schedules regarding entrepreneurship development. The intensive entrepreneurship development training should unearth the potential entrepreneurs come out and act practically for the socio-economic development of Bangladesh.
3. **Management development training:** Woman entrepreneurs need to acquire new skills or to improve their traditional skills to adjust to new structure. To improve the skills of women entrepreneurs, management development training programme on how to start, run, how to lead and manage small enterprise or how to prepare a business plan-identify different step of formulating a plan etc. again effectiveness of management development programs depends on fundamental education of women entrepreneurs. Therefore, Govt., NGOs should take proper measures to bring more people under this program.

4. **Adopting modern approach for small business:** Education is the most important input for eradication of dependence and poverty provided it is helpful in the development of micro enterprises and small scale generating activities. Necessary and fruitful step should be taken by the Government and different NGOs and other organizations to develop the women literacy against small enterprises. So that they can arrange, manage and direct a small enterprise by own.
5. **Marketing support for products of women entrepreneurs:** Marketing has enormous importance in the business process. Before the women makes their products by taking loan from different agencies, they should have find out the target market, demand of the particular product, distribution channel and cost etc. firstly. In this point, they should have some marketing vision with some marketing knowledge. The success of a business enterprise is dependent on how efficiently and accurately a target market is identified. The following suggestions can help the women entrepreneurs to a great extent in exploring the market for selling product and thereby running business successfully:
  - a) Financial institutions provide women entrepreneurs with information about demand for the product, target customers, location of the market for purchase of quality input and sale of output, variation in demand, pricing mechanism, customer behavior, seasonal fluctuation of demand, etc. besides financial institutions may act as a broker or link up with the brokers between women entrepreneurs and big distributors.
  - b) A cooperative marketing formula should be established or spread out to the women entrepreneurs for their products that should spread out across the country through cooperatives.
  - c) Women entrepreneur should know about promotional activities because they have to sell their products with help of promotional activities.

## CONCLUSION

The women encompass about 50% of the total population of Bangladesh. If Bangladesh wants to develop her socio economic condition, then it must be include her women into the act. It is necessary to formulate necessary policies, initiate new strategy, programs and also introduce effective training program to develop its women who can able to contribute more than that through developing micro enterprises. Therefore, the growth of small enterprise is essential in this socio economic structure of Bangladesh. Small enterprise is very much suitable for urban as well as rural women. There has no problem with the culture. This can also create employment opportunities for gradually growing population of the country. Micro enterprises may bring economic independence for the women as well as the country, which will create self, stimulate to the women in Bangladesh.

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