



## **Impact of microcredit on women empowerment in Ishwarganj upazila of Mymensingh district in Bangladesh**

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### **Abstract**

Women are considered as a medium to provide microcredit in Bangladesh, who are at the same time culturally less recognized, face social obstacles and economically more vulnerable. However, many researches indicated that the status and power of women has much improved since Grameen Bank opened its doors forty years ago. Despite some critics, majority of the scholars reached to the conclusion that microcredit loans encouraged poor women and significantly increased their self-esteem and self-worth, and thereby empowered them. This study evaluates the effects of microcredit on women empowerment at Ishwarganj upazila of Mymensingh district in Bangladesh. The data was collected by using a structured questionnaire. A total 60 sample respondents were selected purposively. Empowerment was measured by five domains (production, resources, income, leadership and time). The score was positive as maximum of them achieved the desired score. The results showed that most of the females who availed the facility of microcredit finally got socioeconomic empowerment through acquiring the self-esteem, confidence level, decision making power, etc., but the question is: is it the same voice that the researchers and the researched people speak? The findings showed that microcredit might play significant impact on the uplift of socio-economic empowerment of the borrowers but we must be careful before reaching to the conclusion.

**Key words:** Impact, microcredit, women empowerment, Ishwarganj upazila, Bangladesh

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### **Introduction**

Bangladesh has been the pioneer in the field of microfinance movement since its inception since 1980s. Many studies and surveys have found strong evidence that functioning of MFIs have helped the people in meeting their daily needs and at the same time building their assets. Dobra (2011) argues that microcredit not only open up the opportunity of self-employment, but also contributes to the improvement of the situation for the entire household. Furthermore, microcredit positively affects the social situation of poor individuals by promoting self-

confidence and expanding the capacity to play a more important role in society (Dobra, 2011, p. 135, 136). One of the advantages with microcredit over other financial services is the possibility of receiving a group based loan where member's work as each other's collateral. Microcredit has become the core program for many NGOs working with women which is considered as a way of delivering loans to poor individuals and very often suggested to be a way out of poverty (Armendáriz de Aghion and Morduch, 2005, p. 8). In Bangladesh, microcredit programs are

implemented by NGOs, different state-owned commercial and private banks, and as specialized programs of some ministries of Bangladesh government. The World Bank (2012) has stressed that long-lasting gender inequalities, characteristic of many developing countries, etc. restraints on economic growth and development. With the aim to reduce female fragility and poverty, there has been an increasing expectation on microcredit and other poverty strategies to positively affect women's empowerment.

What is empowerment? The World Bank (2009) defines empowerment as "the process of increasing the capacity of individuals or groups to make choices and to transform those choices into desired actions and outcomes. Central to this process is actions which both build individual and collective assets, and improve the efficiency and fairness of the organizational and institutional context which govern the use of these assets". Amartya Sen (1993) explained that the freedom to lead different types of life is reflected in a person's capability set. A person's capability depends on a variety of factors including social arrangements and personal characteristics. However, the full accounting of individual freedom goes beyond the capabilities of personal living. For example, if a person does not have the courage to choose to live in a certain way, even though she could live that way if she chose to, can it be said that she do have the freedom to live that way (Sen, 1993, p. 31, 32)? Kabeer (2005) mentioned that one way of thinking about power is the ability to make choices. To be disempowered means to be denied choice, while empowerment refers to the processes by which those who have been denied the ability to make choices acquire such ability. She also pointed that empowerment entails change. People who exercise a great deal of choice in their lives may be very powerful, but they are not empowered.

***How does microcredit lead to women's empowerment?*** Microcredit enables women empowerment by placing capital in their hands and

allowing them to earn independent income and contribute economically to their households and communities (Cheston and Kuhn, 2002, p. 14). In theory, women invest the microcredit in their own income earning activity, either in the form of a microenterprise or agricultural production, and accordingly their income, which they themselves control, increases. In other words, involvement in a successful income generating activity should translate into greater control and economic empowerment. Women's economic empowerment is then expected lead to increased well-being for themselves and also their families. Furthermore, this economic empowerment is seen as enabling women to renegotiate changes in gender roles, which may lead to social empowerment (Mayoux, 2001, p. 438,439). Microcredit may also lead to increased women empowerment through increased power in decision making. Browning and Chiappori (1998) show in their collective decision making model that if behavior in the household is Pareto efficient, the household's objective function takes the form of a weighted sum of individual utilities.

There are innumerable numbers of studies on the impact and other aspects of microcredit programme of different NGOs working in Bangladesh. But how much of its women members are benefited qualitatively and quantitatively yet to be assessed. Based on the above mentioned statement, the overall objective of this study is to assess the effects of microcredit on women empowerment. It is expected that the study would add new dimension to the government, policy planners and independent researchers for setting alternative programmes to the changes in the socio-economic status of the rural women and formation of effective rural women development policies which would help the country to empower women more.

## **Materials and Methods**

The study was conducted in two purposively selected villages from of Ishwarganj upazila of Mymensingh

district namely: Ashrabpur and Majhiyakandi. The reasons for selecting these areas for the present study are: the availabilities of credit receiving people, well communicated for the researchers which helped in free movement and co-operation from the respondents. The sample survey for this study was conducted during February - March, 2017. Stratified random sampling was applied for sample selection.

In this study, two groups were selected from Society for Social Service (SSS) and RSS programmes. SSS is an NGO which started microcredit program in 1991 to establish justice and peace in the society through socio-economic enhancement of rural and urban people. The RSS project was launched as a pilot project in 1974 which is particularly designed for the vast majority of by-passed groups to organize them and to build their capacity to fight against poverty, illiteracy, ill health, unemployment and the population explosion. The vision of RSS is to create a better life for people of Bangladesh through social welfare, protection, empowerment and development for the poor and vulnerable (mainly the children, the youths, the women, the landless families and other disadvantaged groups who do not directly get benefit from other development activities in the rural areas).

The questionnaire survey of the total of 60 sample respondents (50 from SSS and 10 from RSS) were conducted by direct face to face interview by using a pre-designed questionnaire. Since the respondents of Bangladesh do not usually keep any written records and account of their farm operations, interview method fits well to achieve the main objectives of the study.

Collected data were classified, tabulated and analyzed in terms of the objective set for the study. Descriptive statistics such as percentage and arithmetic mean were taken into account to analyze the socio-economic characteristics of the respondents. Some parts of data have been analyzed by following qualitative technique. For doing this, narrative analysis was used.

**Women empowerment index:** Empowerment is not directly observable, and it may be valued differently

depending on the views of individuals. As briefly shown above, empowerment is a complex concept with many definitions. In this study, empowerment is measured via an empowerment index. The index is built on the empowerment issues perceived by the respondent themselves (based on their narratives) while collecting qualitative information, which in turn are derived from the respondent's answers on the thirteen empowerment questions in the questionnaire. To be able to measure the respondent's answers to these questions; a yes is transformed to a 1 and a no is transformed to a 0. The values for each of the respondent's empowerment indicators are then summed into an aggregate index with one point increments. An individual with a high aggregate empowerment index is considered to be more empowered than an individual with a low aggregate empowerment index score. This study also conceptualized the term 'Women empowerment' considering basically five important domains of women empowerment (Alkire et al., 2012). The domains of the women empowerment cover a wide range of attributes.

### **Production**

**i) Input in productive decision:** The indicator, input in productive decisions, is constructed from answer regarding participation in production decision-making as: 1) Whether woman had sole or joint input into making decisions about farming like food crop, cash crop, livestock raising, fish culture, growing vegetables etc. and 2) The extent to which the woman feels that she can make her own personal decisions about the aspects of farming like agricultural production, inputs to buy, types of crops to grow, when and who would take crops to market, whether to engage in livestock raising etc.

**ii) Autonomy in production:** This indicator probes woman's own understanding of the situation and how she balances different motivation. It also reflects the situation in joint households - a joint decision may be more/less autonomous, depending on circumstances.

### **Resources**

It includes ownership of land and assets, whether a woman reports having sole or joint ownership of land, livestock, fish-pond, farm equipment, house, transport, etc and whether a woman can make decision regarding the purchase, sale or transfer of land and those assets.

### **Income**

It includes permission to earn money from outside of house; and decision about the use of income generated from own earning, food crops, cash crops, livestock production non-farm activities.

### **Leadership**

Through this domain it meant whether a woman belongs to an economic or social group, whether she is comfortable speaking up in public to raise voice against injustice and to protest the misbehavior of authorities; and whether she is able enough to build group solidarity among women within her locality to be evolved as anti-injustice authority.

### **Time**

This indicator consists of two points measuring the allocation of time productive and domestic task and satisfaction with the time available for leisure activities. The first indicator, productive and domestic workload is derived from a detailed 24-hours' time allocation. The other indicator asks whether a woman is subjectively satisfied with her available time for leisure activities such as visiting neighbors, watching TV, listening to the radio, seeing movies or doing sports etc. A woman is adequate on this indicator if she is satisfied with the time available for leisure.

## **Results and Discussion**

### **Socioeconomic characteristics of the respondents:**

Socioeconomic characteristics of the respondents play important role to get credit from the institutional sources, repayment and utilization of credit. In case of this study, the major socioeconomic characteristics are

age, education, occupation, family size, annual incomes, land holding status, credit utilization etc.

**Age:** About 56% of the respondents were between 36-50 years in SSS group and it was 70% in RSS group which implies that most of the respondents were economically active (Table 1).

**Educational level:** Though there was no illiterate member among the borrowers but 91% could sign only, 7% had primary and only 2% had secondary level education (Table 1).

**Family Size:** In this study, a family was considered as a group of individuals living together, taking meals together and living under the control of one head. It included husband, wife, son, father, mother, brother, sister etc. Family size of the respondents ranged from 2 to 9 members. Most of the respondents had 4-6 members (Table 1).

**Occupational status:** It was found that the earning members of respondent's family were engaged in many occupations such as service, day labor, garment labor, grocery shop, business, farming, car driving, rickshaw puller, contractor etc. It was observed that most of the people have changed their occupations. Once their main occupation was agriculture (76%) but today agriculture has become their secondary occupation due to their extremely diseconomies farm size. Now day labor is the main occupation of the respondents. A significant number of respondents (10%) were involved in business as their main occupation (Table 1).

**Land ownership pattern:** The average cultivated own land of the respondents was nearly 20 decimals which means they had not enough land to cultivate or utilize it for economic activities.

**Average annual income:** Average family income has been calculated by adding up farm sources (crop, livestock, fisheries, homestead gardening, and forest) and nonfarm sources (business, labor sale, day labor and job). It was found that about 70% of the respondents were within the low income categories.

**Table 1.** Distribution of respondents *according* to their age.

<b>Age groups (years)</b>	<b>18-35</b>		<b>36-50</b>	<b>Above 50</b>
No. of Respondents in SSS	16 (32)		28 (56)	6 (12)
No. of Respondents in RSS	1 (10)		7 (70)	2 (20)
<b>Level of education</b>	<b>Illiterate</b>	<b>Can Sign only</b>	<b>Primary</b>	<b>Secondary</b>
No. of Respondents in SSS	-	46 (92)	3 (6)	1 (2)
No. of Respondents in RSS	-	9 (90)	1 (10)	-
<b>family size (Categories)</b>	<b>Small family (1-3)</b>	<b>Medium family (4 - 6)</b>		<b>Large family (above 6)</b>
No. of Respondents in SSS	2 (4)	35 (70)		13 (26)
No. of Respondents in RSS	1 (10)	5 (50)		4 (40)
<b>Primary Occupation</b>	<b>Agriculture</b>	<b>Business</b>	<b>Day laborer</b>	<b>Job</b>
No. of Respondents in SSS	38 (76)	5 (10)	5 (10)	2 (4)
No. of Respondents in RSS	7 (70)	1 (10)	2 (20)	-

Source: Field Survey, 2017.

**Receiving loan and utilization:** Different categories of loans were provided to the respondents. It is depicted that 40% SSS respondents received more than Tk. 20,000 but all of the RSS respondents took small amount of loan (less than Tk. 5000). The purpose of taking loan was different of the respondents. Most of the respondents took loan for cow rearing (60% and 70% for SSS and RSS), and Paddy growing (26% and 20%) and 6% of SSS respondents took loan for beef fattening. Almost 50% SSS respondents took loan for 1-2 times and 50% of them borrow loan for 3-5 times. In RSS group, 60% respondents took loan for 1-2 times and 40% respondents took loan for 3-5 times. About 70% respondents were being member for 1-2 years and 30% respondents for was being member for 3-5 years of SSS. About 60% respondents were being member for 1-2 years while 40% were being member for 3-5 years of RSS (Table 2).

**Credit users:** Though microcredit is taken by women but they are not always beneficiaries. Loans are not always used by only them. They mostly transfer the loan to their husband, son or other one. In total, 32% of respondents used the loan by themselves while 70% loan was used by someone else in the family (50% by their husbands, 14% by their sons and other 4% was

used by their brothers or relatives). The respondents who uses the loan directly by themselves has more chances to use the loan properly and in a planned way than other users. It may not be good or bad to transfer the loan but when it is a tradition or conception that women cannot use the loan, then it might create huge burden on women.

**Empowerment indicators:** This study defines women empowerment as the process in which women challenge existing norms of the society, in which they live to improve their well-being. This study uses women's perceptions of their own situation to accurately capture women's empowerment. For example, if a woman believes that she has no part in decision making in the household, she will most likely not participate in household decisions, even if other members of the family believe that she has a part to play (UN DESA, 2009). Furthermore, this study defines women's empowerment by decision about small purchase, major purchase, savings, having number of children, send them to school, buy or sell property, land ownership, personally own property /valuables (e.g. jewelry), feeling comfortable in giving opinion in presence of husband and people in the village, comfortable in going to the local market,

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neighboring village, hospitals without asking for permission from husband or other family members. To be able to measure the respondent's answers to these

questions, a yes is transformed to a 1 and a no is transformed to a 0.

**Table 2.** Amount of loan taken by the respondents.

<b>Categories according to loan (Tk.)</b>	<b>Small Loan (up to 10000)</b>	<b>Medium Loan (10,001-20,000)</b>		<b>High Loan (&gt;20,000)</b>
No. of Respondents in SSS	19 (38)	11 (22)		20 (40)
No. of Respondents in RSS	10 (100)	-		-
<b>Loan utilization purpose</b>	<b>Only Cow rearing</b>	<b>Cow rearing &amp; Paddy growing</b>	<b>Beef fattening</b>	<b>Others</b>
No. of Respondents in SSS	45 (90)	13 (26)	3 (6)	2 (4)
No. of Respondents in RSS	7 (70)	2 (20)	-	1 (10)
<b>Loan taking times</b>	<b>1-2 times</b>		<b>3-5 times</b>	
No. of Respondents in SSS	25 (50)		25 (50)	
No. of Respondents in RSS	6 (60)		4 (40)	
<b>Years of membership</b>	<b>1-2 years</b>		<b>3-5 years</b>	
No. of Respondents in SSS	40 (80)		10 (20)	
No. of Respondents in RSS	8 (80)		2 (20)	
<b>Actual credit users</b>	<b>Own self</b>	<b>Husband</b>	<b>Son</b>	<b>Others</b>
No. of Respondents in SSS	16 (32)	25 (50)	7 (14)	2 (4)
No. of Respondents in RSS	2 (20)	6 (60)	1 (10)	1 (10)

Table 3 reflects that before taking loan, 13% and 3% respondents would give decision about small purchase and major purchase respectively and after taking loan, the scores were changed to 50% and 13%. Similarly, all the indicators showed a positive change. But frustrating is that very less number of women have their own land. Table 3 depicted that before taking loan, only 20% respondents had independent savings, which is now 80%. It might not mean that they keep their savings in bank, rather it would mean that there is a forced saving system while borrowing microcredit which may be literally considered as unconscious savings. Though we found that more women can now speak in front of their family members but cultural change and living in the unique families could also be the reasons of comfortable giving opinion in public. In Bangladeshi culture, it was forbidden to get out from home even to neighbor's house without permission let alone to the hospitals or markets, but along with many

other reasons, due to compulsory participation in weekly meetings, the microcredit borrowers can go to neighbours house, even they travel to long distance.

Table 4 depicts that empowerment scores were 14.52, 13.75, 11.28 and 18 for production, resources, income and leadership domains for SSS respondents where the scores were 14.97, 17.9, 9.8, and 18.6 for SSS respondents. The fifth domain Time's score was 18 for both SSS and RSS while target score was 20. After calculating the total score, members of RSS scored more than SSS. Overall score of the beneficiaries is almost 80 and it reveals that maximum members were empowered. By individual scores, 60% of them feel more empowered than before.

The study found that women borrowers take credit after fulfilling the conditions of the NGOs. Sometimes the reason behind taking credit does not serve its actual purpose. They take credit for one reason but use it for

another. Most of the time, they take credit on their name but give it to the other family members. The family considers credit as family resource even they take loan to repay the installments of their past unpaid

loans. Credit may increase their productive resources. But if beneficiaries do not use it for the right purpose, it becomes the reason of losing present resources, as they sell them for money to pay debt.

**Table 3.** Empowerment indicators and changed condition in society of the respondents in percentage.

Empowerment indicators	Change in society (%)	
	Before	After
Decision about small purchase	13	50
Decision about major purchase	3	13
Have a say in how many children to have	10	27
Have a say in whether to buy or sell property	10	30
Have a say in whether or not to send children to school	20	60
Land ownership in own name	5	8
Personally own property and/or valuables (e.g.: jewelry)	8	32
Have independent savings	20	80
Comfortable giving opinion in the presence of husband	10	50
People in the village listen to ideas and opinions	10	30
Comfortable going to the local market without asking permission from husband or other family member	10	40
Comfortable going to the neighboring village without asking for permission from husband or other family member	10	40

Source: Field survey, 2017.

**Table 4.** Women's empowerment score by 5 domains.

Domains	Indicators	Target score	SSS	RSS
Production	1. Input in productive decisions	10	8.82	7
	2. Autonomy in production	10	5.7	7.97
Resources	3. Ownership of assets	6.7	3.4	5.6
	4. Purchase, sale, or transfer of assets	6.7	3.65	5.67
	5. Access to and decisions on credit	6.7	6.7	6.7
Income	6. Control over use of income	20	11.28	9.8
Leadership	7. Group member	10	10	10
	8. Speaking in public	10	8	8.6
Time	9. Workload	10	10	10
	10. Leisure	10	8	8

Source: Field survey, 2017.

By using family resource, they can buy any asset, necessary things or can invest it to any other economic activities. In that case, all members of family start to confer them priority in decision making. In the

borrowers families, microcredit is being used as a mean of fulfilling immediate demands. In case of loss, they are being affected by different types of problems. Very

often, financial vulnerability makes their life more miserable.

In every microcredit providing organizations, it's compulsory for every member to attend the weekly meeting regularly. For attending the meeting, they have to go to outside of the home. From there, mobility might be developed. Every group has a leader. Leader is selected from the group members. Maximum groups change their leader in every week or in every month. This is the reason why every member has to come in front of all and to talk to as a leader. It develops their fluency in speaking and capability of giving opinion. This capacity might enable them to give opinion in the family matters. It helps them to develop their confidence level and self-esteem.

To dig the empowerment level of the borrowers, qualitative data sometimes showed different result. There are many success stories found in the researches done, but there are innumerable examples, who are suffering, which are quite hidden in the literature. One of the story could be provided here as follows:

**A case study:** Jubeda Khatun is a poor woman lives in the area of Asrabpur, Ishwarganj. She had been passing very hard time with her husband and 4 children. Her husband was a day labor. By seeing various activities of SSS she became member and took loan .With the loan money her husband bought a rickshaw and able to pay the installment of the loan. Their condition became well than before but one day the rickshaw had been stolen and they become helpless. They had to repay the installments regularly in every week. But as they lost the rickshaw which was their life carrying asset, they became puzzled. At that moment her husband suggested her to take loan from another organization to repay SSS's loan. Having had no option she again took some loan but as they had no such income earning activity, they couldn't continue it for more days. Pressure of loan repayment was increasing day by day, finally her husband insisted her to work out to repay the loan and the loan was also increasing gradually with interest rate. Members of the microcredit

organisations started to create pressure for repaying the loan soon. Now she has listed as defaulter. She has been carrying pressure of loan repayment, misbehave of her husband, financial vulnerability - everything. So sufferings for microcredit are not less even it is more challenging and in some cases it crosses all limits.

### **Conclusion and Recommendation**

This study empirically evaluates the impact of microcredit on women's empowerment at Ishwarganj upazila, in Mymensingh, Bangladesh. The findings, derived from them study suggest that microcredit has a positive impact on women's empowerment. The results indicate that microcredit strengthens women's family standing represented by their greater role in the household decision making process. Though our result shows that microcredit has a positive effect on women's empowerment within the household is in line with the findings from Kabeer (2005), still further qualitative research needs to get serious attention. This study was conducted on very small scale and the sample size and respondent is not enough to represent the real picture of microcredit and the method of measuring women empowerment should be more broad. So for further study, these issues should be taken into consideration.

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