

Role of Grameen Bank Microcredit Programme in Poverty Reduction

Naseer JAMADAR

Abstract

The purpose of this qualitative research is to examine the new trends of microcredit programmes for income-generating activities through self-employment of poor people at the grassroots level in Bangladesh. The Grameen Bank (GB) provides microcredit to the poor without any collateral to generate employment, income and self-esteem. The process that takes place in the Grameen Bank is better characterized as organizational development for people's direct participation in economic activities. This paper also analyzes the difference between the Grameen Bank's members and non-members at the same village who were living in the same socioeconomic conditions before joining the microcredit programme. Empirical findings of this qualitative research reveal that there has been a dramatic change in the Grameen Bank members' lifestyle, such as income, education, health and nutrition and so on. This highlights the fact that the poor are able to improve their own socioeconomic conditions given an opportunity through direct involvement in social development activities.

1. Introduction

Over the past decades, many developing countries development strategies followed a 'top-down' administrative approach. This was the main reason that the poor at the grassroots level could not participate in the social development process to become its beneficiaries. As a result, most of the population was neither able to improve their well-being nor taste the fruits of development of their countries. Poverty was not alleviated, and as a result, education, health and nutrition conditions are still very poor and literacy rates remain low. Presently, microcredit is becoming popular day by day as an instrument for the poor in the developing world, as the development institutions, development practitioners and the Non-Governmental Organizations (NGOs) hope to improve the socioeconomic conditions of the poorest of the poor through income-generating activities. The developing countries' governments also emphasize microcredit programmes in their rural development programmes parallel to NGOs programmes at the grassroots level.

The landless and the destitute could not avail of any credit facility from the existing conventional banking system, as they did not have assets to provide collateral (security). The concept of the microcredit programme of Grameen Bank originated through a pilot project, aiming at testing the hypothesis that if financial resources (credit) can be made available to the rural poor at reasonable terms and conditions, they can help generate productive self-employment without any external assistance. In general, conventional banks and other financial institutions

disburse their loans against collateral, so only rich people have access to the bank. The Grameen Bank goes to the poorest of the poor at the grassroots level and disburses their microcredit loans without any need for collateral.

2. Historical Background of the Grameen Bank

The Grameen Bank was not started as a bank or financial institution at the very beginning. It was established by a professor (Dr. Yunus, winner of the Nobel Peace Prize 2006, now known worldwide) of Economics at Chittagong University in Bangladesh. The idea of the Grameen Bank was initiated in 1976, by Yunus through a small action research project at Jobra, a village that is adjacent to the Chittagong University campus. In December 1976, the Grameen Bank Project (GBP) operations were launched at Jobra. Local arrangements were made with Janata Bank to extend loans to the landless. The landless and the destitute could not avail of any loan facility from the existing banking system, as they did not have assets to provide collateral.

Yunus found 42 such people, all of them together needing a total of US\$27. He felt quite dreadful at the time that society could not provide this US\$27 to the hard working poor women. His first reaction was to take it from his own pocket, but he realized that it was not a long-term solution. Then, he began searching for an institutional response to the dilemma. He went to the local bank branch looking for loan. He learned a lot about the banking practices and he saw that they have nothing to do with poverty alleviation. Finally he persuaded them by offering himself as a guarantor, then bank said that was the only way he could do it. He took loans from a bank in 1976 and lent the money to the poor people of the village. He wanted to make sure that the people would pay back of their loans, so that the banks would not stop the facility. The process that takes place in the bank is characterized as organizational development for participation. Yunus has expressed this view succinctly. “The most essential element I would emphasize in any development strategy is its focus on the human being.” Later, at the request of Yunus, Bangladesh Agriculture Bank opened an experimental Grameen Bank Project (GBP) branch at Jobra Village in March 1978. Gradually, GBP attracted the attention of the banking community. Bangladesh Bank and all other nationalized commercial banks started to support GBP in 1979. Eventually, in 1983, Yunus succeeded in setting up a separate bank; namely the Grameen Bank, which means ‘*Village Bank*’. Now the Grameen Bank is the biggest financial institution for microcredit programme in Bangladesh.

3. An Analysis of the Comparative Survey on GB Members and Non-Members

The intent of this survey was to get a clear evidence of the Grameen Bank members' socioeconomic achievement by their involvement in income-generating activities through microcredit programme. This survey was conducted during the period of February to March in 2010, and in August to September 2011, through interviews with some 354 female Grameen Bank members at three branches of the bank, in three different regions of Bangladesh-Tangail, Feni and Munshiganj districts. Tangail is located 100 Kilometer north of Dhaka, capital city of Bangladesh. Feni is 250 kilometer south-east of Dhaka and Munshiganj is about 55 kilometer south of Dhaka. The

field survey was conducted at three branches of the Grameen Bank, named Rakkhitbelta (Tangail), Pathannagar Chagalnaya (Feni), Joshlong Tongibari (Munshiganj), all of these regions are located in remote areas and basically depend on agricultural activities. However, they differ from each other in various ways. For example, in *Rakkhitbelta Tangail*, most of the Grameen Bank members are involved in agricultural activities, and very few of them use their loans in non-agricultural activities.

In Feni, on the other hand, a major portion of the Grameen Bank members are involved with handicrafts, because Pathannagar is a Muslim fundamentalist area where women are supposed to stay at home. In Munshiganj, a business oriented area, most of the Grameen Bank members are involved with small business such as shop keeping at the village. The survey was based on questionnaire, field observation and interviews with the cooperation of the Grameen Bank members as well as the bank's field level officer and staff. Higher management officials were also interviewed to get an overall view of the bank's operational activities. Analysis is drawn through personal interviews, photographs, and notes taken by the author about the bank members' participation in microcredit programme to improve their economic, social, cultural, and political conditions of their own society through income-generating activities.

During the field observation, the author stayed in the Grameen Bank's official residences, which are well equipped with dormitories for the bank workers and visitors. Staying at the branch was a good opportunity for a closer look and contact with the members and their income-generating activities. Every bank member was interviewed individually and at times with their groups in different places, such as the Grameen Bank's branch office, center, members' working places, and at their homes. The Grameen Bank members were asked about their intentions in joining the rural credit programme of the Grameen Bank as well as their income-generating activities, in order to get an overall picture of the bank's activities at the field level, where most of the Grameen Bank's operational activities have taken place.

Through the three Grameen Bank branches, the author conducted a questionnaire survey assisted with the interview method, covering 450 members but 354 members' responded to the whole question items. Among the three branches, the number of the interviewed members who responded was as follows: 129 (86%) at Joshlong

Table 1: Interviewed Grameen Bank Members through Questionnaires

Grameen Bank Branch	Questionnaire with interview	Questionnaire responded	Response Rate of questionnaires
Joshlong Tongibari	150	129	86.0
Rakkhitbelta	150	117	78.0
Pathannagar Chagalnaya	150	108	72.0
Total	450	354	78.6

Source: From Field Survey in 2010~2011

Tongibari, 117 (78%) at Rakkhithbelta, and 108 (72%) at Pathannagar Chagalnaya branch (Table 1). The bank members were also interviewed about the differences between their socioeconomic conditions before joining the microcredit programme and 3~5 years after joining. Among the 354 members, 63% of the members have been borrowing money from the bank since 2005, and rest of the 37% members started their business with the Grameen Bank from 2007.

4. Members Joining the Grameen Bank's Microcredit Programme

According to the surveyed members, they were informed about the Grameen Bank's microcredit programme by three kinds of sources, their neighbors, relatives and from the Grameen Bank worker. Most of the members stated the reason for joining the Grameen Bank's microcredit programme to be to improve their life through poverty alleviation, and very few of them responded that they just wanted to increase their income for a better life through income-generating activities.

In this area, 53% of the respondents decided to join the Grameen microcredit programme by themselves, 23% of members were influenced by their neighbors and rest of the 24% were motivated by the bank workers. "Income-generating activity reduces a women's vulnerability in the event of a breakdown; that is, she has less reason to dread the financial aspects of widowhood, desertion or divorce."¹ At the very beginning, they formed a group of five members from the same village with similar back grounds such as social status, education and financial conditions. The members responded: *"It was a very hard job for us to form a group of five members and the group chairperson. Even though we lived in the same village for a long time, we have never had such an experience. After many discussions finally we managed to form a group of five members."* After forming a group, they contacted the bank workers through the center to get recognition for their group under the rules and regulations of the Grameen Bank.

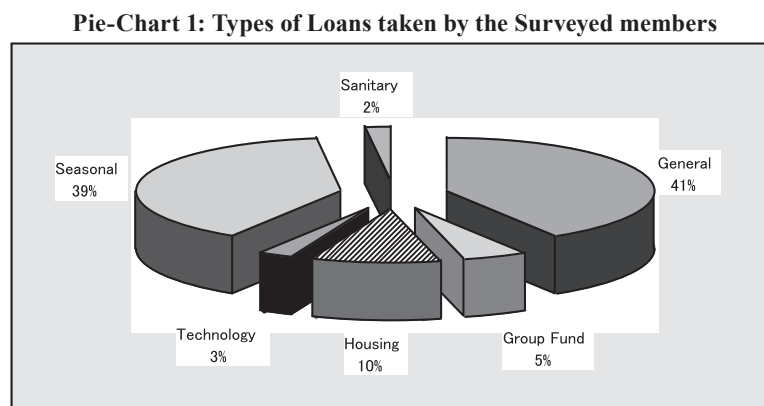
According to the Grameen Bank system, every individual member as well as their newly formed group must undertake a training phase. During this period, they had to familiarize themselves with the different procedures of the bank and the responsibilities of the group. The same system applied for the surveyed members too. Before disbursing loans to the borrowers group, bank workers inform them about many things, such as bank system, rules and regulations including its *Sixteen Decisions*. At this stage, with the help of bank workers the members also learn how to sign their names, because on principle the bank does not disburse any loans to the illiterate.

5. Types of Loans Received by the Surveyed GB Members

The Grameen Bank started its work as a specialized financial institution in 1983. Since then, the bank has

1. Rahnuma S, *'The Impact of Grameen Bank in Bangladesh, Grameen Bank' Dhaka, 2009, p. 101*

disbursed loans to the landless people, provided microcredit without any collateral and encouraged activities in traditional sectors, including both agriculture and non-agricultural. The members have total freedom to utilize their loans and can run any business as they wish. During the period 2010~2011, the surveyed members received different kinds of loans from the Grameen Bank for their income-generating activities, as shown in Pie-Chart 1. Over the past five years, the members received mainly five kinds of loans: 41% general loans, 39% seasonal loans, 10% housing loans, 5% group fund loans, 3% technology loans, and only 2% sanitary loans.

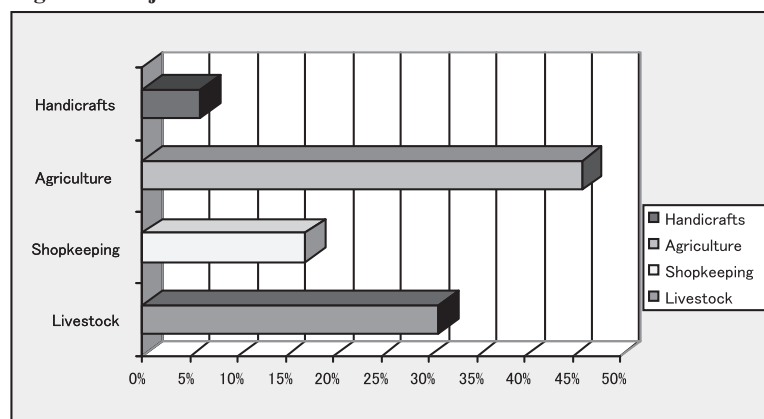


Source: From the Field Survey in 2010-2011

6. Loans Use by the Surveyed Members

Figure 1, shows that this survey found that 46% of the members used their loans for agriculture, 31% is used for livestock (e.g. cow fattening, sheep raising, and cow purchase), 17% of loans were used for small business (e.g. grocery, tailoring, and betel leaf shops). Only 6% loans were used for handicrafts products such as bamboo baskets, handicrafts and jute bag making. The four major areas are; (1) Livestock: poultry, cow fettering, sheep raising and cow purchase, (2) Shopkeeping: grocery shop, stationary shop, tailoring shop and betel leaf biri shop, (3) Agriculture: land lease, paddy cultivation, potato cultivation and wheat cultivation and (4) Handicrafts: cane works, bamboo baskets, jute bag making and nakshikantha making. The surveyed members in the three regions' livestock and agricultural activities were found common to every region, but Feni and Munshiganj were exceptional, a higher

Figure 1: Major Activities for which Female Members Used Their Loans



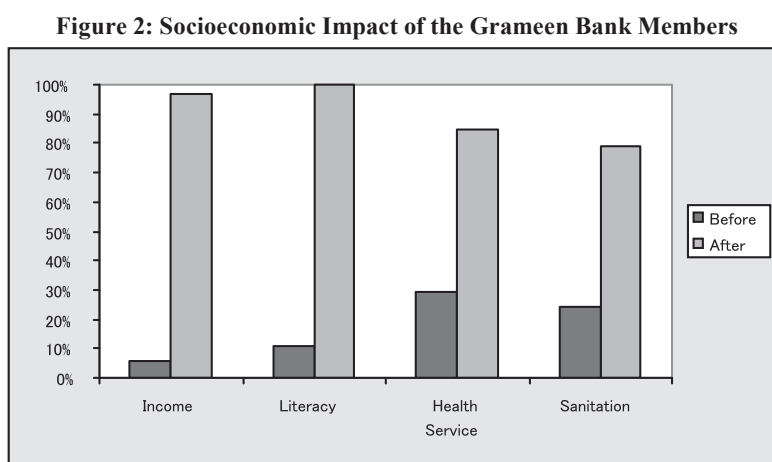
Source: From the Field Survey in 2010-2011

percentage of the members used their loans for non-agricultural activities. A major percentage of the loans were used in agricultural activities even though the Grameen Bank members are landless, because rural people are traditionally heavily dependent on agriculture. The landless borrow a piece of land from the land owner to produce vegetables and seasonal cash crops.

7. Socioeconomic Impact of the Grameen Bank Members

From the interviews of the bank members and the field observation of their income-generating activities in 2010 and 2011, very significant differences were observed in the bank members' socioeconomic conditions before and after joining the Grameen Bank. Within 3~5 years, through the rural microcredit programme, they have improved their standard of living through increased incomes, became literate, have better nutrition and have access to health services & sanitation.

Figure 2, shows that before joining the Grameen Bank, only 6% of the members were involved in some kind of economic activities; the literacy rate was only 11 percent, 29 % had access to health services, and 24% had sanitation facilities. Currently, the study reveals that 97% of the respondents are involved in economic activities. Some of the surveyed members responded: 'It is the first time in our life to earn cash income'. Their literacy² rate has improved to 100% and 85% of the members have access to health³ services and, at least now, they can pay for medicines, and 79% feel their sanitation conditions have improved.



Source: From Field Survey in 2010-2011

8. Marital Status of the Surveyed GB Members

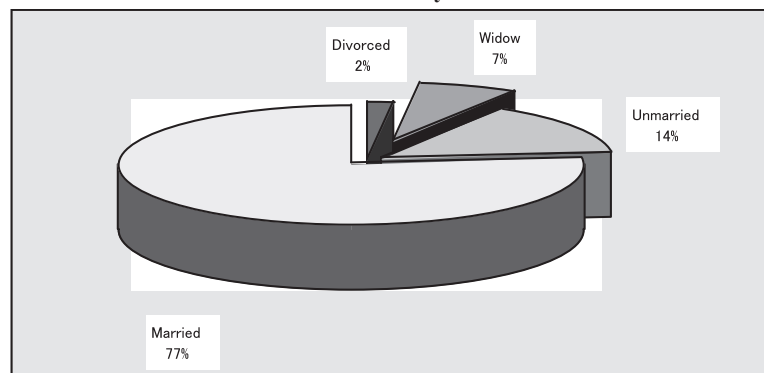
The marital status of the surveyed Grameen Bank members is, as shown in the Pie-Chart 2, that 77% were married, 14% unmarried, 7% widowed, and only 2% were divorced. Women of different social status have joined

2. Literacy: Here literacy means the GB members can read and write their own names and simple numeracy

3. Health: Means the GB members obtained health awareness and purchasing capacity of medicines when they need

to the Grameen Bank's microcredit programme to overcome their vulnerability by undertaking income-generating activities. There are some individual differences among the members both in terms of the amount in loans accepted and activities engaged in. Ideally, most of the surveyed female members have experienced a substantial impact in their daily lives. In Bangladeshi society, usually rural women are not involved in economic activities outside of the home but now they have come to understand that by accepting microcredit their jobs can also be of economic value. Their level of income reduces poverty and makes them financially self-supporting rather than dependent on others in the family. Many of them responded during the interview that the male family members listen to them since their involvement in cash income began. Needless to say, it's a good sign that in a Muslim society they are enjoying gender equality and empowering day by day.

Pie-Chart 2: Marital Status of Surveyed Grameen Bank Members



Source: From Field Survey in 2010-2011

9. Social Indicator Differences between the Grameen Bank Members and Non-Members

There are significantly strong differences between some social indicators observed in the field survey between the Grameen Bank members and non-members in the Kandarbari village of Munshiganj district. 50 households were chosen to be surveyed in February 2010, 25 households which were Grameen Bank's members and 25 households that were non-members. It is worth mentioning that both the Grameen Bank's members and non-members of the same village were living in the same socioeconomic conditions before joining the microcredit programme. In the members' own words, *'Our financial condition was as bad as the non-members present conditions are in our village. Through income-generating activities we are alleviating our poverty little by little since we got involved in the credit program. Now we have food to eat three times a day, we can send our children to school instead of depending on their labor, and we are able to pay for clothes and medicines. All these things we achieved just by our direct participation in the Grameen Bank's microcredit program.'*

This survey reveals that there has been a dramatic change in the Grameen Bank members' lifestyles. The differences in some social indicators (e.g. income, education, health and drinking water), between the two groups as shown in Table 2. The average monthly income of a Grameen Bank's member is Taka 6,965, while a non-member hardly earns Taka 1,980. Likewise, 98.6% of the Grameen Bank members' children go to the school while

Table 2: Differences in Social Indicators between the Grameen Bank Members and Non-Members

Social Indicators	Grameen Bank Members (N=25)	Non-Members (N=25)
Income	GB members average monthly income Taka. 6,965	Non-members average monthly income Taka.1,980
Education	98.6 percent of the GB members primary school-age children go to school	65 percent of the non-members primary school-age children go to school
Health	16.9 percent of the GB members suffered from some kinds of diseases during the last one year	25.4 percent of the non-members suffered from some kinds of diseases during the last one year
Sources of Drinking Water	89.3 percent of the GB members use tube wells for drinking and clean/safe water	62.8 percent non-members use tube wells for drinking and clean/safe water

Source: Source: From Field Survey in 2010-2011

35% children of the non-members' do not attend school. During the past years, only 16.9% of the Grameen Bank members suffered from some kind of disease, while 25.4 % of non-members did, and 89.3% of the Grameen Bank members use tube wells for drinking water whereas only 62.8% non-members do.

This highlights the fact that poor people are able to improve their overall socioeconomic conditions given an opportunity through their direct participation in microcredit programme at the grassroots level. Table 2 gives an example and shows that the Grameen Bank's members increased their income more than three times compared to the non-members in the same village through income-generating activities.

Microcredit intends to promote self-employment and the income of poorest of the poor through small-scale business and income-generating activities. Evidence, as mentioned earlier, shows that the Grameen Bank members, on average, experienced an increase in income their participation in a microcredit programme. However, it needs to understand the dynamics of their income-generating activities that might have an effect on the income change of the Grameen Bank members' lifestyle.

In general, it was found that many female members were found to engage more in self-employment and experienced tremendous socioeconomic change. On the other hand, non-members females in the same village engaged all day long in household work. Compared to the Grameen Bank members, non-members household social indicators (income, access to health services, children education and access to safe drinking water) were not satisfactory. This study endeavored to show whether participation in microcredit loan made any difference in the performance of women income-generating activities. This was done by comparing income-generating performance of microcredit loan of the Grameen Bank's borrowers and non-borrowers in three districts in Bangladesh. The findings in above figures show that the Grameen Bank borrower's socioeconomic and overall conditions are better than those of non-borrowers living in the same village.

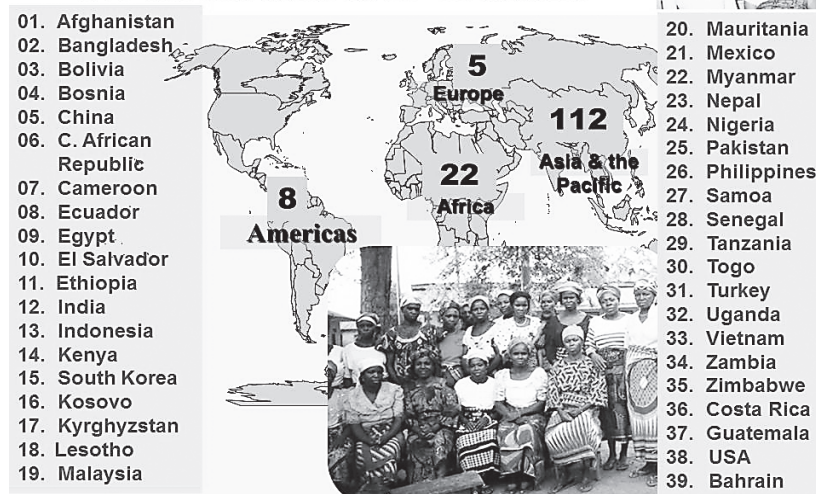
10. An Innovative Approach of the Grameen Bank in Microcredit Programme

The Grameen Bank believes that an innovative approach in its business should be done at the borrowers' door steps, because in rural area of Bangladesh, women stay at home or on their own for religious reasons. Conventional banks insist that staff must be available in the office until the end of office hours. In contrast the GB has a rule that: *'If any staff is seen in the office, it should be taken as a violation of the rules of the Grameen Bank.'* The Grameen Bank insists upon their staff: *'Just be with people'* at their door step. Again, the Grameen Bank's follows the idea *'The Borrower Knows Best.'* The Grameen Bank encourages its borrowers to take their own decisions. When a nervous borrower asks a Grameen staff: *'Please tell me what would be a good business idea for me'*, the staff knows how to respond to the request. The Grameen Bank workers are trained to respond in the following way: *'I am sorry I am not smart enough to give you a good business idea. Grameen has lots of money, but no business ideas. If Grameen Bank had good business ideas itself, do you think Grameen would have given money to you? It would have used the money itself, and made more money.'*

The process that takes place in the bank is better characterized as organizational development for people's participation. The Grameen Bank has created an institutional innovation in the microcredit programme, because the bank provides collateral-free loans to the poorest of the poor and maintains 98% loan recovery with 10% interest. At present, the bank has more than 8.5 million members, among them 97% are female and membership is increasing day by day all over Bangladesh. Over the last 31 years, the Grameen Bank has been playing an important role in alleviating rural poverty in Bangladesh and the Grameen Bank method has already been replicated by 147 Grameen Trust (GT) partners in 39 countries abroad. The replication of the Grameen Bank is steadily increasing worldwide, in Asia, Europe, Africa, and North & South American countries. The names of the countries and regions where the Grameen Bank replication microcredit programmes are ongoing (see Chart 1).

Chart 1: The Grameen Bank Replication Microcredit Programme Worldwide

Grameen Bank Replication Worldwide 147 GT Partners in 39 Countries



Source: Grameen Bank, Research and Development Department, 2012

11. The Grameen Bank Microcredit Programme Created Hope for the Poor

More and more women are being engaged in small-scale business in Bangladesh and other parts of the world. This is largely due to the poverty issue and traditional roles attached to them which limit their opportunities for employment in job markets. A large number of women are at a disadvantage in formal sector employment due to their exclusion from education and skills training, traditional concepts of sexual division of labor, and the incompatibility of wage employment with household responsibilities. Traditionally, in Bangladesh, men owned and controlled agricultural land in the rural areas.

The very few women who owned land did not control it, their husband, sons, or brothers controlled their land. Women inherited parent's property (land and others) but they usually passed those properties to their brothers or a part they received and joined with her husband property without any control. In the rural areas, women reared livestock, poultry, but the earnings from those are in most cases spent for their family needs. It is a criticism of Muslim society that daughters get only half of the share that their brother gets of the parents' property. In Muslim law men are responsible to take care of or feed the parents, children, and also wife, regardless of his economic conditions, but women/daughter are not responsible to take care their parents, children or husband. However it can be said that it is not the Muslim law, but society and traditions that make discriminations of property rights between men and women in Bangladesh. The Grameen Bank brought microcredit to the poor, women, the illiterate and the people who pleaded that they did not know how to invest money and earn an income. The Grameen Bank has created a methodology and an institution around the financial needs of the poor, and created access to microcredit on reasonable terms enabling the poor to build on their existing indigenous knowledge and skill to earn a better income in each cycle of loans. Now many poor people have an access to borrow money from the financial institution without any collateral/mortgages. The Grameen Bank microcredit system encourages the borrowers' social development to adopt some goals in social, educational and health areas.

Beside the Grameen Bank many NGOs also have been providing microcredit, education, skill training, awareness and capacity building programme and motivating them for greater participation in social development and income-generation activities to improve their overall socioeconomic condition. Today, things have greatly changed. In 2014 women constituted 97% of Grameen Bank members, their saving mobilized is quite high and recovery rates of loans is 98%. Most of the Grameen Bank's members have realized that their experiences had all helped them hone their skills in relation to resource/assets management. Microcredit loans had helped them realize economic value, gain self-confidence, building their capabilities and leadership to manage their small-scale business. They are also able to assert their rights as women. They have learned to value their social development (e.g. education, health awareness and gender equity). They are now involved in decision-making and other management functions. As a result, women no longer hesitate to articulate their ideas and can be confident in their acquired competencies.

12. Ten Indicators to Assess Poverty level of the Grameen Microcredit Borrowers

There is much debate on how to assess or define the poverty level of a person, because some factors are very much related to defining poverty by country or region, and by geographical condition and income and consumption. If an individual does not have place to sleep, three meals a day, clothes to wear, access to education and health services or lack of adequate subsistence due a minimum income level then it may considered living in poverty. “A poverty line is a tool for measuring poverty. Most poverty lines are based on income or consumption data. People are counted as poor when their measured standard of living (usually income or consumption) is below a minimum acceptable level.”⁴ The Grameen Bank has decided to assess their borrowers' poverty level through its own indicator. The Grameen Bank way to evaluate poverty level is quite different than the World Bank, Asian Development and the United Nations. Usually, the Grameen Bank workers visit their clients door to door for give a survey and apply the Grameen Bank's own indicators. “According to a recent internal survey, 68% of Grameen borrowers' families have crossed the poverty line.”⁵ Every year the Grameen Bank staff evaluates their work and check whether the socioeconomic situation of the Grameen Bank's borrowers is improving. The Grameen Bank evaluates the poverty level of borrowers using indicators. A borrower is considered to have moved out of poverty if her/his family fulfills the following criteria:

- “1. The family lives in a house worth at least Taka 25,000 or a house with tin roof, and each borrower of the family is able to sleep on a bed instead of on the floor.*
- 2. Family members drink pure water of tube-wells, boiled water or water purified by using alum, arsenic-free purifying tablets or pitcher filters.*
- 3. All children in the family over six years of age are going to school or have finished primary school.*
- 4. The minimum weekly loan installment of the borrower is Taka 200 or more.*
- 5. Family uses a sanitary latrine.*
- 6. Family members have adequate clothing for everyday use, warm clothing for winter, such as shawls, sweaters, blankets, etc, and mosquito-nets to protect themselves from mosquitoes.*
- 7. Family has sources of additional income, such as vegetable garden, fruit-bearing trees, etc., so they are able to fall back on these sources of income when they need additional money.*
- 8. The borrower maintains an average annual balance of Taka 5,000 in her savings accounts.*
- 9. Family experiences no difficulty in having three square meals a day throughout the year, i.e. no member of the family goes hungry any time of the year.*
- 10. Family can take care of their health. If any member of the family falls ill, the family can afford to take all necessary steps to seek adequate health care.”⁶*

4. The World Bank, 'Poverty Reduction Handbook' Washington D.C., 1993

5. Grameen Bank, 'Grameen Bank Annual Report' Dhaka, 2012

6. Grameen Bank, 'Grameen At a Glance' Dhaka, 2010

13. A Few Case Studies on Grameen Bank's Surveyed Members

13.1 Case One

In 2001, Ms. Hafeza Aktar (26) parents decided her marriage when she was 16 years old. She and her truck driver husband had a comfortable life. But in 2006, her husband died in a road accident in Chittagong city. By this time she had already given birth to a son. After her husband died she did not receive any cooperation from her husband's family, so she was destined to return to her parents as an additional burden to her family. In 2006, she heard from her neighbor that people were improving their financial condition through income-generating activities through microcredit loans that were initiated by the Grameen Bank. At the end of 2006, Ms. Hafeza Aktar has decided to join the Grameen Bank Microcredit programme in order to become self-reliant and to reduce her dependency on her parents' family. During the period 2006~2007, she used her loans (Taka 5,000) for fattening milch cows and sold them to the local market. Each time her net profit was about 2,500 ~ 4,600 Taka. During those days she repaid her weekly installment from handicrafts earning. In 2008, she borrowed technology loans from the bank and bought a sewing machine with her loans. By this time, she already mastered tailoring skills. More recently, Ms. Hafeza Aktar improved her tailoring skills through her work. Many villagers request her to make their clothes; they become regular customers and her monthly income was (Taka 3000~4500). Her son is now 9 years old and is going to school. She is still young but does not have any intention to remarry again. Ms. Aklima's own words; 'My son is my hope, dream and everything in my life, I am thinking about his education and future'.



Hafeza's tailoring business at home

13.2 Case Two

Ms. Khaleda Beuam (35) comes from a family of five which includes her husband and three children. Her daughter and two sons were 15, 12 and 8 years old. Her husband's income failed to meet the family's needs. Consequently, the family was having difficulties even in providing three meals a day. One day, she was persuaded by her friend to join the Grameen Bank microcredit program to alleviate her poverty. Later she joined with other four likeminded women to form a group in the same village. Her group got recognition from the Grameen Bank in 2006. Ms. Khaleda Beuam used her first loans (Taka 5,000) for handicrafts (bamboo works), and started to sell her finished products at the local market. She repaid her weekly installments from her cash income at the center meeting. The following year she took seasonal loans in addition to her general loan. After one and half years participating in income-generating activities through the microcredit programme, she has been playing an even important role in the family. Since then, three meals a day have been guaranteed as a result of the



*Khleda is now owner of three milch cows
(Photo: Provided by Grameen Bank)*

combined incomes of husband and wife. In 2007, she took out loans (Taka 10,000) for livestock (fattening cows) and in 2008 she took housing loans (Taka 12,000). Khaleda's own words: *"When we were very poor nobody cared about us in society. I have now improved our socioeconomic condition to some extent, however, now I am in a dilemma, because Grameen Bank's Sixteen Decisions say; 'We shall not give any dowry at our daughters' wedding', but I could not see any man here who will marry my daughter without any dowry".* She is looking for a husband for her daughter among the Grameen Bank members because the Sixteen Decisions also says; *"We shall not take any dowry at our sons' weddings; neither shall we give any dowry in our daughter weddings. We shall keep the center free from the curse of dowry, We shall not practice child marriage."*

13.3 Case Three

Ms. Rahima Khatun's (40) husband went to Pakistan in 2002 to work and never returned, because he died of tuberculosis in Karachi. She was left with three children to raise; two daughters 16 and 8 years old, and one son 12 years old. It was very tough for a widow to earn wages for four family members in the Muslim fundamentalist rural area where she lives. After her husband died, responsibilities for the whole family fall on her. She started earning



Rahima built a new house by loan

through making fishing nets and was also partially supported by her parents. However, her income was not enough to maintain family expenditures, so she had to stop her children's education. In the same year, the Grameen Bank opened a new branch adjacent to her village. She was motivated by the bank workers and joined the bank to improve her socioeconomic condition. However, some Muslim fundamentalists tried to stop her from

joining the bank saying "If you receive loans from the Grameen Bank then you will become a Christian". But the fundamentalists could not stop her strong will.

Today, some fundamentalists come to her, just to borrow money. Since 2004, Ms. Rahima Khatun became involved in different types of income-generating activities, such as handicrafts (cane work), poultry, raising and fattening goats and cows, and agricultural activities. In 2007, she took Taka 20,000 in housing loans from the bank, and in 2009, she bought a milch cow and earned a daily income by selling milk. Now she is borrowing seasonal and Group Fund loans, and her monthly income is (Taka 5,000-7,000). Ms. Rahima Khatun has already started sending her children to school again, and she is also planning to buy land for agricultural and cash crop activities.

14. Concluding Remarks

The main purpose of this study is to examine the role of microcredit in poverty reduction of poor people at the grassroots level in Bangladesh. Evidence shows that involving vulnerable people groups at every stage of their own social development through income-generating activities decreases the number of poor people in society. This

study also explored how the Grameen Bank's microcredit programmes play an important role which emphasizes women's participation in economic activities at the grassroots level. The field survey and the case studies of the Grameen Bank borrowers reveal that the social awareness, institutional and capacity building of the vulnerable groups at the grassroots level is steadily increasing, and the poor people are improving their socioeconomic condition because they are placed at the center of the participatory social development process.

Following the above discussions, the author concludes that the Grameen Bank microcredit programme approach in social development and self-employment has potential to create an impact on poverty reduction in Bangladesh. The Grameen Bank approaches place people in the mainstream of social development through microcredit programme. These approaches enable women to take part in every stage of their own social development such as socioeconomic, cultural and political areas.

Bibliography:

Grameen Bank Annual Report, 2012

Goez A.M., 'Who Takes the Credit? Gender, Power, and Control Over Loan Use in Rural Credit Programs in Bangladesh,' IDS, University of Sussex, United Kingdom, 1994

Jackson Henry, R. Rhyne E., 'Toward a More Market Oriented Approach to Credit and Savings for the Poor' United Nations University (ed.), Tokyo. 1991

Ray K. Jayanta, 'Organizing village for Self-Reliance: A Study of Gonoshastho Kendra in Bangladesh.' Orient Longman, India, 1985

Ray K. Jayanta, 'A Study of the Grameen Bank' University Press Limited, Dhaka, 1987

Shams M. Khalid, 'Raising Productivity of our Poor' Grameen Bank, Dhaka, 1992

S.Rahman, 'The Impact of Grameen Bank in Bangladesh' Grameen Bank, Dhaka, 1992

S. Rahnuma. 'The Impact of Grameen Bank in Bangladesh' Grameen Bank, 2009

The World Bank. 'Poverty Reduction Handbook' Washington D.C. 1993

Yunus Muhammad, 'Hunger, Poverty, and the World Bank' Grameen Bank, Dhaka, 1993