MICROCREDIT TOWARDS ACHIEVING WOMEN EMPOWERMENT: FROM THE PERSPECTIVE OF RURAL AREAS OF BANGLADESH

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Abstract
Development agencies, non-government Organizations (NGOs) and government organizations around the world aim for the betterment of women in all spheres of their life, i.e. family life, social life and so on. Empowerment has been considered the main focal point towards the achievement of the well-being of women. Different donor agencies working in Bangladesh and the government of Bangladesh also have given priority to microcredit as a means to reach women through involving them in social and development activities. In Bangladesh, as a developing country, gender discrimination is an obstacle to its development. The neglect of women in Bangladesh has become clearer following the report of the gender gap Index of the World Economic Forum, 2007. Only 55% Women in Bangladesh, according to the report, participate in the workforce compared to men with 88%.

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INTRODUCTION

The emergence of microcredit aimed to promote self-dependency and income generating activities of landless people, disadvantaged women and marginal farmers of rural dwellers through providing small financial assistance in the form of small loans. Over the past two and half decades, there has been tremendous growth of microfinance institutions (NGOs) in Bangladesh because of poor-oriented features like collateral free small loans (guaranteed by groups), access to larger loans depending on successful repayment of previous loans, close monitoring to ensure the proper utilization of the loans and so on. There is an encouragement of these programs from both the government of Bangladesh and donor agencies working in Bangladesh due to their aims of poverty alleviation and women’s empowerment through microcredit programs in Bangladesh (Abed 2000).

In the past, poor men and women of rural areas around the world had to depend on money lenders to get a loan and money lenders often used to exploit the borrowers since there were no specific rules to regulate these transactions. To get rid of their dependency and bring about the wellbeing of rural poor women, Friedrich Wilhelm Raiffeisen and Jonathan Swift first developed the concept of microfinance or microcredit programs with a purpose of providing small loans with short term interest and since the 1870s, microfinance institutions around the world have expanded rapidly (Global Vision 2006). After its independence, Dr. Muhammad Yunus in 1976 initiated the concept of microcredit programs in Bangladesh as a mean to alleviate poverty and improve living conditions of poor people of the country (Grameen Bank 2012). Moreover, the historical event of ‘Microcredit Summit’ of 1997 held in Washington D.C by the United nations’ General Assembly further boosted the popularity of gender-based microcredit and empowerment approaches that claimed to ‘free’ poor men and women and to liberate women from male domination (Fernando 2006). Microcredit is also believed to alleviate poverty, which will ultimately lead to women’s empowerment and the programs for women are increasingly seen by development agencies to have a positive impact on social development (World Bank 2000). ‘While most of the world’s finance for small business continues to go to men’, (UNDP 1995) microfinance programs have targeted significant numbers of women excluded by formal credit institutions.

WOMEN AND MICROCREDIT; WHY THE FOCUS ON WOMEN?

It has been argued that if a group of people or an individual has less access of money/loan, they will have more return to investment (Lott 2009). Lower rates of mobility and higher risk averseness could be other reasons of being higher rate of repayment. Since women are given loans while they are in a particular group, getting a loan for one member is subject to the repayment of previous loans given to other members of that group. Therefore, while a loan is given to one member, other members monitor the proper utilization of the loan and ensure the
repayment of the loan in due time which ensures obtaining a loan for another member. In that case, lower rates of mobility make it easy to monitor each member and ensure the repayment of the loan. Conservative expenses sometimes help proper utilization of the loans and the reasons mentioned above ensure that women repay their loans in established timeframe (Armendariz 2005).

As discussed earlier, most microcredit organizations believe that women’s household income level is improved by lending money to them. They also believe that increased household income will not only lead to increased livelihood diversification and increased activities but also to better education and health for their children (Hulme et al. 1996). Some argue that apart from income earning capabilities, lending to women develops confidence to challenge existing gender discrimination in the society (Pitt. et al. 2006). Other studies find that though the impact of lending to women on their household might be positive, the impact on women themselves is not certain (Kabeer 2001), in fact it may enhance women’s dependency on male households for loan instalments and/or give rise to domestic violence, since the loans given to women are often controlled by their husbands (Goetz et al. 1996). If microcredit loans are only to benefit the households of women then, the main aim of microcredit loans, the empowerment of women, seems to be diverted from “women’s welfare” to “household’s welfare” and the aim of microcredit may fail if women’s lack of control over their family assets is not challenged (Garikipati 2008). Women are thus targeted in the majority of microfinance programs with the explicit goal of empowering them, since they are seen amongst the poorest and the most neglected. It is based on the belief that ‘investing in women’s capabilities empowers them to make certain choices, which is valuable in itself and also contributes to greater economic growth and development’ (Swain et al 2009). Another reason for the focus of microfinance institutions on women may be due to the belief that women are better and more trustworthy borrowers and according to the grass-root-level microcredit practitioners report women’s repayment rate, on average, is significantly higher than men’s in Bangladesh (Khandker 2003).
Broad Areas of NGOs Intervention (Zohir. et al. (2004))

EMPOWERMENT

In Bangladesh, men are given preference in terms of making decision, especially, in terms of major household decisions. This kind of male dominance is more acute in rural areas of Bangladesh and as a result, women in these areas are lagging behind in terms of education, work, wealth and social exposure to life outside of their homes. Having focused on these issues, many development organizations around the world are considering gender issues (in the form of gender inequality, gender disparity, gender discrimination, women’s participation in work field, women’s empowerment and so on) in their agendas. Women’s empowerment seems has been considered a vital issue among all the elements of gender and included in the Millennium Development Goals (MDGs) of the United Nations, which aim to reduce poverty and improve the socio-economic conditions of underdeveloped countries around the world by 2015. To assess the economic status of women and to explore the impact of development programs on women’s empowerment, numbers of studies have been carried out by national and international donor agencies. In 1999, the World Survey on the Role of Women in Development, for example, examined the role of globalization towards women’s empowerment and poverty reduction (Ramani et al. 2007).

In general, women’s empowerment can be considered in two ways: on an individual level – a woman achieves more control in family decision-making; and, on collective level – women as a group work together for changing social structures not in favour of them (Young 1997). According to the Human Development Report,
empowerment is women’s expansion of choices and ability to exercise those (UNDP 1995). ‘Empowerment, in a
generic sense, is the expansion of assets and capabilities of poor people to participate in, negotiate with,
influence, control and hold accountable institutions that affect their lives’ (Deeja 2002).

From the above definitions, we can assume that empowerment is not the final result of any development
initiative or a state that can be attained within defined time-frames. It is, instead, a dynamic, time consuming and
on-going process that can only be located on a continuum.

**DOES MICROCREDIT REALLY EMPOWER WOMEN, ESPECIALLY VERY POOR RURAL
WOMEN?**

Measuring empowerment is a difficult task and the meaning, goals and outcomes of measurement vary
depending on different cultures, social, economic and political background of a particular area. Mayoux (2005)
does believe that microcredit programs have the ability to bring about change in women’s socio-economic life
and women can empower themselves by joining the programs. But at the same time the benefits of the programs
might be minimal and even, as Mayoux claims, women might be disempowered because of that. Supporting the
claims that the outcome of empowerment varies according to the culture and socio-economic and political status
of a particular country or area, Haque and Yamao (2008) argue that poor women of Bangladesh do not benefit
from microcredit programs; only the women already having some access to assets, income or land may be
empowered by accessing microcredit loans. Zaman (1999) goes further, saying that microcredit programs can
only alleviate poverty for those members who have achieved a certain economic level and programs are less
successful in reaching the vulnerable poor. A study conducted by Patrick Develtere (2005) suggested some of the
possible barriers to poor women obtaining loans. Develtere divided those barriers into (a) program-related
barriers and (b) client-related barriers.

- Program’s deficiency
- Conditions of becoming members
- Group members expectations
- Fulfilment of NGOs goals
- Lack of resources
- Not capable to attend group meetings
- Lack of education to maintain their loans
- Lack of interest

Poor can’t/ doesn’t want to get the microcredit facility
In developing countries like Bangladesh and neighbouring India, women’s empowerment through microcredit programs is really a questionable issue. The socio-economic status of women as well as cultural and political circumstances in these regions hamper women’s empowerment through microcredit programs and there may be no impact of microcredit programs on women’s income or decision making process in India (Banerjee, et al. 2009). Other studies conducted by Shillabeer (2008) and Sugg (2010) explain the failure of microcredit programs towards achieving women’s empowerment in Bangladesh. Shillabeer in a recent study claims that microcredit programs are doing nothing more than creating indebtedness among poor women. Sugg conducted two studies with the members of two large microcredit organizations in Bangladesh, namely Bangladesh Rural Advancement Committee (BRAC) and Grameen Bank, to find out the effects of microcredit programs on women’s development or women’s empowerment. In this study, BRAC’s female members showed a negative correlation between access to assets and microcredit membership and some reported that they had to repay the loan by selling their own assets. Similarly, in another study, members of Grameen Bank revealed negative experiences in terms of the impact of microcredit programs on their wellbeing.

Though some of the literature suggests the possibility of women’s empowerment through microcredit programs, often very poor women in society are not reached by these programs. It is revealed in a study that in order to reduce risks and to ensure organizational sustainability, microcredit organizations prefer disbursing loans to wealthier women rather than poor women (Swope 2010). In a patriarchal society like Bangladesh, women’s main responsibility is understood to take care of her children and her husband. Joining microcredit programs may further increase a woman’s level of work and responsibility. A woman then needs to do other work to repay the loan besides fulfilling her main role of taking care of her family (Cheston et al. 2002). The impact of microcredit programs on women empowerment or wellbeing of women in Bangladesh is clearly articulated in a study conducted by Haque and Yamao (2008). The findings of this study showed that, due to a shortage of money, about 95% of female members of microcredit programs cannot afford to access medical facilities and 71% of members mentioned that there is no correlation between microcredit and an enhanced living standard. There is a clear indication of the inability of microcredit programs to bring about women’s empowerment when a study revealed that 73% of female microcredit members in Bangladesh are still below poverty line and the first microcredit client of Grameen Bank in Bangladesh, a woman named Sufia Begum, died in hunger and without basic needs. Ali and Hatta (2012) concluded their study by saying that women’s empowerment in Bangladesh cannot be achieved through dependence on microcredit programs unless and until prevailing patriarchal traditions are challenged.

CONCLUSION

Women have been the focus of microcredit programs for their betterment and empowerment. But it still debatable whether microcredit programs really empower women or whether they increase disputes between women and men. There are doubts about women’s empowerment through microcredit programs and, even if in some cases women financially benefit from microcredit programs, it’s still questionable whether these programs really challenge existing patriarchal structures or may actually encourage the domestic activities associated with women. Apart from focusing on women’s empowerment through microcredit programs, we, at the same time, ought to think of bringing about change in women’s income-generating activities; shifting their activities from indoor to outdoor; exposing them to the outside world. Rather than having long term benefit or effects, microcredit programs solve the day to day needs of their members or satisfy minimal requirements like buying goods for households, buying small pieces of furniture for the family and so on. According to Ali and Hatta (2012), empowerment in fact, depends on various factors like (1) a members’ background (family background, educational background, self-awareness level, health consciousness and so on), (2) nature of the loan (residing place of the members, goal of the lending organization like, whether the organization works for women empowerment, improving the consumption level of its members or bringing about family wellbeing, amount of the loans given etc) and (3) utilization of the loans (controlling of the loans, spending authority of the loans and accountability and responsibility of repayment of the loans). Asadul Islam (2011) supported this argument and mentioned in one of his articles that the effects of microcredit programs on women empowerment, their consumption level and household wellbeing may depend on the location of the organization, the overall circumstances of the members and the design and goal of the program. In that situation, the burning question we need to think about is: can microcredit programs really empower women and do women need to think or use other sources besides microcredit programs to become ‘empowered’.
REFERENCE


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