

# **“Women empowerment”**

## **A case study on Grameen bank, Bangladesh**

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### **Introduction**

From Bangladesh to Paris and from Nairobi to New York, women everywhere are becoming empowered. The profound structural changes taking place in the economics of the developed world providing new opportunities for women. Women constitute a significant role in the development of the world. They produce half of the world's food supply, account for 60 percent of the working force, contribute up to 30 percent of the official labour force, receive 10 percent of the world economy, but surprisingly own less than one percent (1%) of the world's real state.

Although, women represent bulk of the labour force especially in the developing economics of Asia, Latin America and Africa, however, are not yet brought under the fold of main stream of the development and have been given appreciation of their considerable contribution. Growing cognizance has previewed among the civilized nations that, if the operation of social and economic change has to be guaranteed, it is the women who has to be mobilized and may all means can be very effective agents of change for a better home, society and ultimately a better economy.

### **Grameen Bank Experience:**

In order to build up women entrepreneurship on a small scale in the rural areas of Bangladesh, the role of Grameen bank is unique. It is true that Grameen bank is engaged in bringing dramatic changes and improvements in the socio-economic condition of rural Bangladesh. Accordingly, by providing credit through its non-traditional credit delivery system Grameen bank has been successful in developing women entrepreneurship and thereby empowering them economically. The Grameen bank project was born in the village of Jobra, Bangladesh, in 1976. In 1983, it was transformed in to a formal bank. The bank is owned by the poor borrowers of the bank who are mostly women. As on September 2009, the total number of borrowers of the bank has reached 7.95 million, out of which 97 percent are women.

Some of the basic features of the Grameen Bank loans are as below:

- i. Low interest rate on loans, viz, 20% for income generating loan, 8% for housing loans, 5% for students loans and 0% (interest free) loans for struggling members. All interests are simple interest, calculated on the declining balance method.
- ii. Types of loans are-housing loan, Micro-enterprise loan, Education loan, basic loan etc.
- iii. All loans are collateral free, and based on mutual trust.
- iv. All banking transactions are done by the borrowers at centre
- v. All the banking transactions are recorded at the branches by the staff.
- vi. In order to obtain loan, a borrower must join in a group of borrowers.
- vii. The group will recommend the bank for loan delivery to a new member.
- viii. A new loan can be received, only after repayment of previous loan.
- ix. All loans are to be paid back in installments (weekly, or bi-weekly)
- x. All the loans are covered under “Loan Insurance program”

Grameen Bank-a bird eye view: Statistics as on September 2009 (Amount in TK Million)

1. Cumulative amount of loans disbursed:	TK 476,490.69 million
2. Cumulative amount of loan repaid:	TK 424,970.74 million
3. Outstanding loans:	TK 51,519.95 million
4. Rate of recovery:	97.66%
5. Number of borrowers: Male: 2,42,229, Female: 77,07,415	Total: 79,49,644
6. Number of Groups:	12,42,052
7. Number of Centers:	1,43,392
8. Number of Villages:	84,691
9. <u>Number of Branches:</u>	<u>2559</u>

**Status of women in Bangladesh: A profile:**

Bangladesh is one of third world nations where women enjoy a very low socio-economic status. The economy is poor and vast majority of the people still live below poverty line. The most vulnerable of the poor class is the women, who are already in a dis-advantage position, so economic empowerment of the women is the main way to uplift the pitiable condition of the poor women. Women in Bangladesh generally spend their time and energy in performing household activities and helping in agricultural works. Similarly, majority of the women of Bangladesh have little education to understand the needs of the hour for development. Opportunity for development is a few for the women and most of them are treated as the burden of the family. Grameen Bank, since its establishment has been working for women empowerment by providing collateral free loans at their doorsteps.

## Review of Literatures:

- Poverty is not created by the poor. Nor it is sustained by them. The roots of poverty can be found in our institutions, concepts and theoretical framework-*Professor Mohammad Yunus*.
- Credit is merely a lubricant for the economy. It plays a very important role in how a society is constituted. Credit in the final analysis, is a powerful economic weapon. Credit can equip a dispossessed person to fight the economic odds. It creates an opportunity for self-employment, in which the poor person can control his economic destiny.-*The New York Times, April 2, 1990*.
- A positive change in the status of a women is characterized by-a better breakdown position, a clear perception on the part of the women of her own individuality and her interests and a clear perception on her part as well as on the part of her family contribution to the joint welfare of the household-*Prof. Amartya Sen*.
- Women have two eyes, ears, hands and feet like a man, but most of the Bangladeshi man do not like to recognize that-thesis “*social impact of Grameen Bank*” by *Elora Shehabuddin, Harvard University, 1991*.
- Many little things done in many little places by many little people will change the face of the world. Micro enterprise offers an alternative to the conventional strategy for bringing development to poor nation-making large loans to governments for massive power or infrastructure projects. More investment in smaller local industries could bring economic and social benefits at far less cost-*Hal Kane, world watch, March/April 1996*.

- Micro-credit has proved to be an important liberating force in societies where women in particular have to struggle against repressive social and economic conditions. Economic growth and political democracy can not achieve their full potential unless the female half of humanity participates on an equal footing with the male-*Norwegian Nobel committee, 2006.*

### **Objectives of the study:**

The objectives of the study are highlighted below-

1. To understand the problems of the women in rural Bangladesh.
2. To access the success of Grameen Bank in women empowerment by providing loans.
3. To understand the working environment and the challenges being faced by the Grameen bank branch.
4. To study the operational aspects of the Centre & Groups of the Grameen Bank.
5. To study the impact of Grameen Bank loans in poverty eradication of the poorest of the poor women of Bangladesh.
6. To access the actual benefits that goes to the women from the Grameen bank loans.

### **Methodology of the Study:**

The present study was based on the descriptive types of research. The information for the study has been collected both from the formal and informal sources. Information from the formal sources was collected from the branch records, centre records as well as by interviewing the women at their houses. The investigator in many times has to rely on the memories of the

women, because majority of the borrowers of the Grameen Bank do not keep any recorded statements at their hands, but most of their activities are in their memories. Information from the secondary sources was collected from the published records of the Grameen Bank, Grameen Trust and other publications of the Bangladesh bank (the central bank of Bangladesh).

### **Location of the Study:**

In order to collect different types of indigenous knowledge of the women and the functioning of the Grameen bank, the “DAMKURA PABA” branch was selected.

Damkura Paba Branch of the Grameen bank is situated in the northern side of Rajshahi District of Bangladesh. It is about 4 km away from the international border of the country, India.

The Damkura Paba branch was selected for the survey on the basis of following considerations:

1. The economic condition of the people living in the Damkura area is so poor.
2. The villages covered under the branch have good transportation facilities and well connected to Rajshahi town.
3. The women living in the areas are being empowered by the Grameen Bank loan facilities.

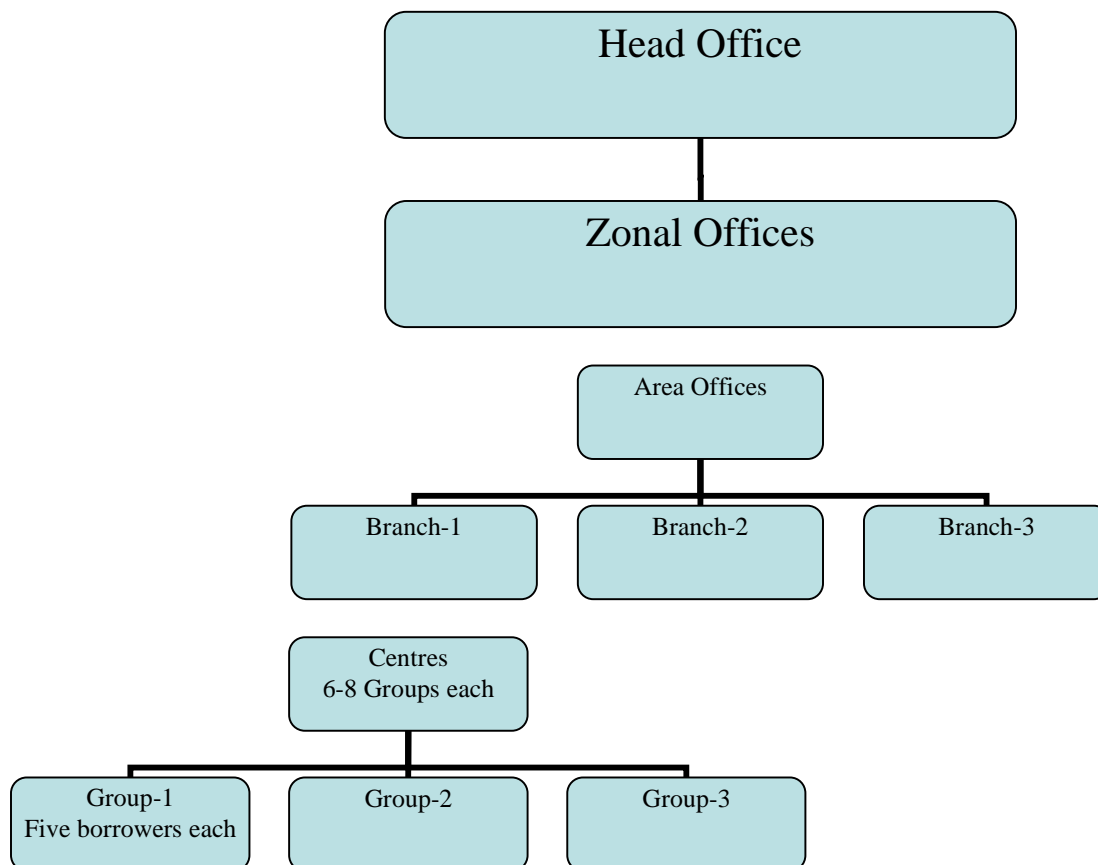
### **Sampling:**

\* 20 women were covered under “Adaria Para” centre were selected for survey on the following criteria:

- Land less poor women, those are involved in agriculture works.

- Giving priority to those women who are widows, Divorcee, and who are in difficult position in their life.
- Illiterate women who has no any formal education and has no any income generating activities.
- The Branch manager, a centre manager, the deputy manager and a 4<sup>th</sup> Grade of the branch were also interviewed in order to access the functioning of the branch.

**Grameen Bank structure:**



**Branch profile:**



- Name of the Branch: **DAMKURA PABA BRANCH (CODE-491-1288)**
- Year of establishment: 1988
- Number of staff members: 07
- Type of building: RCC
- Whether rented or owned? own
- Name of the branch manager: MD. ABDUL MANNAN

*Statistics as on 31st October 2009*

- Number of Members: 3976
- Number of active Members: 3921
- Number of Struggling Members: 39
- Number of Village Phone Ladies: 877
- Number of Education Loanee: 11
- Outstanding Loan: (Basic): 2,52,11,566.00 TK
- Outstanding Loan (Small Enterprise): 41,32,000.00 TK



- Outstanding Loan (Education): 22070.00 TK
- Outstanding Loan (GB): 4,42,000.00 TK
- Outstanding Centre Making Loan 79,364.00 TK
- Total Outstanding Loan: 2,98,87,000.00 TK
- Personal Savings (Members): 2,28,58,000.00 TK
- Personal Savings (Non-members): 2,78,76,000.00 TK
- Total Savings: 5,07,34,000.00 TK
- Rate of Recovery: 100 %

Any award to the branch

- In the year 2005, the branch was declared as the best branch and awarded “GOLD CUP”, considering its success in the field of loan recovery, loan disbursement, savings mobilization etc.
- In the year 2001, Prof. Mohammad Yunus had visited the branch to encourage the staff and the borrowers.

**Centre profile:**

In Grameen Bank system, the bank goes to the poor. Its credit delivery system and recovery mechanism is very client friendly and flexible. Every week, all the borrowers under groups sit together in a centre and all the banking transactions are done with actual understanding of the borrowers.

Name of the Center: Adaria para.

Center No: 69

Number of Members: 60

Name of Center Manager: Md. Abdul Hakim

Name of Center Head: Rahella Begum

**Case studies on the borrowers:**

Borrower no-1:



- Name: Rojina Begum (28)
- Loan Amount: 10000 TK
- Loan taken on: 27th January 2009
- Purpose: Cow fattening
- Per week loan installment plus interest: 250 TK, Savings deposit: 30 TK
- Balance of Loan outstanding: 1640 TK
- Total Savings made: 990 TK
- Per week income: TK 750
- Number of family members: five (Husband, two sons and a daughter)
- Position in the family after getting loan money: Her husband monitoring the cow fattening works and managing the money for payment of loan money at the end of the week. But she believes that she is the source of the money generation to the family and helping her husband to generate income.

Borrower no-2



- Name: Rekha Begum (23)
- Loan Amount: 10000 TK
- Loan taken on: 23rd June 2009
- Purpose: Trading (Workshop of a Late Machine)
- Per week loan installment plus interest: 250 TK, Savings deposit: 30 TK
- Balance of Loan outstanding: 5820 TK
- Family history: Rekha has two sons and her husband has been running a workshop with the money provided by the Grameen Bank.
- Per week income: Tk. 1000.
- Position after taking loan: Rekha and her family were under poverty and still facing the poverty crisis. But with the installment of new machinery at her husband's workshop, the income of the family has been increasing day by day. To some extent, she is getting respect from her family members.

Borrower no-3:



- Name: Beauty Begum (26)
- Wife of: Md. Akhtar Hossain
- Number of Kids: Two sons (one at 14, another at 8 yrs)
- Land holding: 6 Kathas
- Qualification: Class V
- Husband occupation: Farmer
- Her Early Days life: Beauty was born in the year 1982 in Adaria Para village, under Paba police station of Rajshahi district. She had a rough childhood and due to poverty at her home she needed to left school at class V. after leaving school, she was forced to marry on Md. Akhtar Hossain of the same village by her father. Ultimately, this lady needed to give birth of her 1<sup>st</sup> son at the age of 13. Subsequently she became mother of another son and needed to engage in the daily activities at home. Her husband has 6 kathas of agriculture land and the family was under deep poverty for having no other incomes.  
  
One day, in the year 2009, on her way back to home from the agriculture field, she overhead a group of women talking about forming a group to borrow money from a bank. She joined the group and became a member of the Grameen Bank. In the year 2009, 25<sup>th</sup> August Beauty got her 1<sup>st</sup> loan for an amount of TK 8000 for cow fattening, and her life started change thereafter.

Loan no-1:

- Basic Loan: 8000 TK
- Purpose: Cow fattening.
- Loan sanctioned on: 25<sup>th</sup> August 2009
- Loan repaid: 1408 TK (till 10/11/09)
- Installment/Weekly: 230 TK (principal-176, Interest-24, savings-30)

Loan no-2:

- Micro Enterprise Loan: 25000 TK
- Purpose: Paddy cultivation.
- Loan sanctioned on: 20<sup>th</sup> January 2009
- Loan repaid: 10175 TK (till 10/11/09)
- Installment/Weekly: 300 TK (principal-264, Interest-36)

Savings scheme of Beauty Begum:

- Beauty has been saving 500 TK per month in “Grameen Pension Scheme” and after 10 years she would get 112135 TK from the Bank.
- Beauty has been maintaining relation with the bank since 1999 and she has availed eight loans from the bank and cleared six till date.
- Her present monthly income is 6000 TK.

How Beauty empowering her family:

It was a tragedy for Beauty that she got married at the age of 12 and she had her first son at the age of 13. Since marriage to till August 2009, Beauty and her family was under deep

poverty. But with the loan money received from the Grameen Bank, she is helping her husband to cultivate more in their 6 kathas of land. She is also having cow fattening business at her residence. Presently, her family income is about 1000 TK per week. Beauty achieved many milestones for her family after joining Grameen Bank. For the bank, Beauty is a good and reliable customer for her regular banking habit and she hardly miss attending centre meeting every week. Her two sons are now studying at Damkura Govt. High School. She has a dream to buy some agriculture land in future. But first priority is to repay the loan money to the bank as early as possible.

#### **Struggling Members (SM) loan:**

The struggling members program of the Grameen bank is a very special program for the baggers. The objectives of the program are to provide financial support to the baggers to help them to find out dignified livelihood, and to send their children to school and find a solution to their ongoing crisis.

- Programme started since July, 2002.
- No of beggars covered: 112,000
- Total amount of loan disbursed: TK 138.88 million.
- Total amount of loan recovered: TK 104.70 million.
- Cumulative deposits of beggars: TK 17.37 million.

Features of loans to struggling Members (SM):

- All loans to the SM are interest free.

- Beggar members are covered with life and loan insurance programs without paying any cost.
- Loans to the beggar are always for long period, but it is not compulsory to repay the loan, if the beggar fails to develop.
- Group and Center members are always encouraged to patronize beggar members.
- Existing rules of the GB do not apply to beggar members, but they make up their own rules.

Struggling members at Damkura Paba branch:

The struggling member of GB:



Name: Salema Begum (45)

- Family history:
- Husband: Sohiruddin (47) Physically handicapped.
- Son: Jaherul (22) studying at a Madrassa in class IX.
- 1st Daughter: Rupali (20) left school, but studied upto class-X.
- 2nd Daughter: Dipali (18) studying at class IX.

### Family Income and source of livelihood.

- No source of income, but got three beggars loans from the GB in the last three years:
- 1st Loan: 1000 TK
- 2nd Loan: 2000 TK
- 3rd Loan: 2000 TK
- Utilized the loan in building her house and in purchase of a goat.

Present condition of the family:

- Still having crisis in managing daily foods, since her husband is physically handicapped and the family is still under deep poverty. But the family is in hope to find out some solution to their ongoing poverty.

### **Education loan of the Grameen Bank: a case study**

The Higher Education Loan program was introduced in 1997 for the children of Grameen families so that they can pursue education at highest level. Since its inception, the program has distributed TK 1358.47 million to 37,908 students.

Main features of the Education Loan: \* The education loan is applicable only to for GB borrower's children, \* the borrower must be regular in all respects, \* the student will start to repay loan after one year of completion of the course, \* the rate of interest is basically 12 % but from the date of completion of the course the borrower will pay 5% service charge, \* at least two children of a borrower can take this loan, \* this loan is not applicable for the defaulter borrowers.

Education Loan of the GB as on September 2009:



- Outstanding education loan in Damkura Paba branch: TK 2,20,070
- Number of education loanee in Damkura paba branch: 11

**Case study:**



**Name of the Loanee:**

Md. Aftabuddin (25)

S/O-Md. Abdul Zabbar & Feruja Begum

Village: Bindaram Pur

District: Rajshahi

\* Schooling (SSC) at: Damkura Hat High School, in 2001, Grade-B

\* College (HSC) Rajshahi Govt. City College, in 2003, Grade-B

\* College (BSC) at Rajshahi University, 2007, II-class

Presently Md. Aftabuddin is doing his MSC in Sericulture & Seri-technology at Rajshahi University, Deptt. of Zoology. He is a final year student and likely to complete his master degree by the end of 2010

#### Loan Description:

- Education loan amounted to 72000 TK was sanctioned to Md. Afatabuddin by the GB in the year 2003, when he was admitted in BSC course at Rajshahi University.
- His present family income is 4000 TK per month.
- His mother is a borrower of the GB and mother motivated him to take the loan for study.
- Loan money has been utilized in payment of fees, purchase of books etc.
- He has a dream to repay the loan after completion of study.

#### Findings of the study:

1. Financial aspects: case studies and survey data shows that the women borrowers of the branch have been successful to increase their family income from the utilization of their loan money. So they are contributing to their family and can participate in the family decision making process.
2. The gender barrier in the Damkura Paba branch areas has been reduced substantially from the women participation in the economic activities.
3. The economic welfare of the branch areas is growing day by day from the bank money, generated through the women borrowers.
4. The profile of women entrepreneurship in the branch areas was found to be low. Moreover, very few women are coming forward for taking up entrepreneurship activities.
5. Self-actualization, achievement and power motivational forces played significant roles among the borrowers and self-motivation was more common followed by motivation from husband and other family members.

6. Despite various constraints, most of the borrowers were satisfied with their entrepreneurial abilities. Further, they have high morale for boosting their entrepreneurial career.
7. Immediate impact of the Grameen Bank loan on the education of the dependent children of the borrowers was found. The children of the borrowers are being motivated to go to the schools by the Grameen bank staff.
8. The participation of women in agriculture activities has been growing among the borrowers.
9. The activities like-poultry farming, goat farming, cow fattening for milk, cow fattening for beef, sewing, rice puff making etc are the common areas of loan disbursement of the branch.
10. Non-availability of fertilizers & seeds for improved cultivation is the vital problems before all the borrowers.
11. Women's worthwhile participation in the income generating activities from the Grameen Bank has been changing their "*valueless life*" to a "*meaningful life*". Many of them said that they now could think about future prospects and meaningful life which was previously beyond their imagination. By standing on their own feet, they broadened the horizon of their thinking and tried to find out ways to come out from the shackles of poverty.
12. Enhancement of knowledge, understanding and skills were found to be in positive way and the women are developing their household atmosphere by their new look towards poverty.

13. Self motivation followed by motivation by family members specially husbands was observed as main source motivation for the women for entry into the entrepreneurial career.
14. Most of the women take their family decision in the centre meeting. Their social discrimination, gender issues, and the best possible ways to minimize the problems are shorted out in the centre meeting.
15. Poor linkage between Grameen Bank borrowers and Government development agencies was found.
16. lack of basic knowledge on entrepreneurship, excessive burden from the household, lack of proper guidance from the family etc are major constraints before the Grameen bank borrowers.
17. Most of the staff members of the branch are over burdened in their duties and responsibilities.
18. The working performance of the branch basically guides by the performance of the Centre managers.
19. Regular visits of the Zonal manager, Area manager in the branch premises was observed and such interaction of the senior officials with the branch employees resulting positive results to the branch itself.
20. Loans to the struggling members are found successful in empowering the members monetarily. No significant success was found among the baggers who have received baggers loans from the branch.
21. The staff of the branch are seems to be happy for empowering poor struggling members, though the recovery rate was found to be so less.

22. Loans taken by the borrowers for agriculture found to be ineffective for growing prices of fertilizers in the local markets. A lion share of the loan goes for fertilizer consumption, and least left for other consumptions.
23. The irrigation facilities in the branch areas are found to be insufficient. The effort of the Government for establishment of irrigation facilities was not found.
24. The money circulation among the poor borrowers has been increasing but the drainage of loan money for healthcare, marriage, redemption of old debt still prevalent.

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A profile of the author



- Name: Dr. Surajit Kumar Bhagowati. M.Com, PhD.
- Date of birth: 01-03-1968.
- Position: Senior Lecturer in Banking/Finance,
- Institution: Department of Commerce, Nowgong College, Nagaon: 782001, Assam.
- Teaching experience: 16 years of teaching experience in the undergraduate and post graduate classes of Commerce.
- Research experience: 14 years research experience. A summary of the research project completed:

**Project-1:**“Problems of rural branch management of commercial banks in Northeastern Region of India”. The project was sponsored by the University Grants Commission of India in the year 2001. Project completed in the year 2004”.

**Project-2:**“Sonali Bank, Bangladesh & Lakhimi Goanlia Bank, Assam, India: A Comparative study”. The project was jointly sponsored by the University Grants Commission of India & the Indian Council for Social Science Research, New Delhi in the year 2005. Project completed in the year 2009, June.

**On going project:**

“Women empowerment: The experience of Grameen bank, Bangladesh and Commercial Banks, Assam, India”.

**Publications:** Published at least 50 articles in referred journals of Indian universities/institutes.

Also published two books.

**International association:**

- Participated in 57<sup>th</sup> Grameen Commonwealth poverty Dialogue program, from 7<sup>th</sup> November 2009 to 18<sup>th</sup> November 2009. Grameen bank, Bangladesh.
- Sonali Bank, Bangladesh for research.
- Bangladesh bank, for research.
- National Institute of Bank management, Guwahati for research.
- Dhaka University, Rajshahi University, Bangkok University, Singapore Management University, Gauhati University for research.