

**A STUDY ON LOCAL GOVERNMENT AND NGO
OPERATED MICRO-FINANCE PROGRAMS
FOR URBAN POOR AT BHAIRAB POURASHAVA**

by

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by

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The thesis titled, “**A STUDY ON LOCAL GOVERNMENT AND NGO OPERATED MICRO-FINANCE PROGRAMS FOR URBAN POOR AT BHAIRAB POURASHAVA**” submitted by **Muhammad Rashidul Hasan**, Roll No. 040515042 (F), session: **April 2005**, has been accepted as satisfactory in partial fulfillment of the requirements for the degree of **MASTER OF URBAN AND REGIONAL PLANNING (MURP)** by Coursework and Thesis on 30 August, 2010.

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It is hereby declared that this thesis or any part of it has not been submitted elsewhere for the award of any degree or diploma.

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Dedicated to

Advocate Fakhrul Alam Akkas (Mayor, Bhairab Pourashava)

The Person who inspired me to walk on the path of honesty.

Abstract

More than 23.39 % of the total population Bangladesh lives in 522 of urban areas. But unfortunately most of these urban populations live under the poverty level. Poverty alleviation is always the key moto of the Bangladesh development strategy. Over the past two decades micro-finance programs have emerged as one of the leading strategies in the overall movement to end poverty. From Fiscal Year (FY) 2004-05, Asian Development Bank (ADB) financed a project which is monitored by Local Government Engineering Department (LGED) and implemented by the Bhairab Pourashava Authority like others 30 Pourashava. One of the objectives of this project is to provide slum dwelling women with micro finance (MF) so that they can be self-employed and improve their condition. This research provides a sort of knowledge about the Local Government (Municipality) operated microfinance services for the urban poor in Bangladesh regarding- microfinance services contributions to the key economic development indicators, importance of microfinance services, the socioeconomic impacts of microfinance services, microfinance methodologies, necessity of microfinance regulatory authority, microfinance institutions key successes and challenges, etc. This also tries to find out the strength and challenges of Micro Finance Program (MFP) operated by Pourashava and NGOs with experience from Bhairab Pourashava.

The overall study results show that, microfinance programs participation is not only eradicating the poverty from the urban slum area but also make the economic and social development in the total area. The main mechanisms of the microfinance programs were to develop sustainable credit delivery mechanisms and savings mobilizations that target all the poor in Bangladesh. Microfinance plays a very important role for urban poor women's empowerment perspectives, because women have clearly benefited by getting access to the credit; they are able to increase their income generating activities, become owner of non-land assets, etc. As a result these influence their children's consumption, schooling and thus independent effect on household resource allocation. Though NGOs operates MFP for urban poor for the last 15 Years, it has not reached into highest level of consumer satisfaction yet due to its high level of interest cost and profit making approach. But within only 4 years Pourashava achieves certain level of consumer satisfaction that urban poor women are now prefer Pourashava operated MFP than that of NGOs. The study found that the Pourashava authority consults with people about their problems, needs and demands as well as give them opportunity to make some decision about service facilities.

The general conclusion of this research is: the LG operated MFP in Bangladesh is explicit; which is not only alleviates the poverty but also plays as a vital socioeconomic development mechanism; the poor can be covered by savings mobilization and sustainable credit market. But for that there should be proper monitoring system. Therefore, proper monitoring system as well as honesty and responsibility of public representative in local government body is very much essential.

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Abbreviations

ADB	Asian Development Bank
BBS	Bangladesh Bureau of Statistics
B MDF	Bangladesh Municipal Development Fund
CAP	Community Action Plan
CARE	Co-operative for Assistance and Relief Everywhere
CDC	Community Development Committee
GoB	Government of Bangladesh
LGED	Local Government Engineering Department
LPUPAP	Local Partnerships for Urban Poverty Alleviation Project
MIDP	Municipal Infrastructural Development Plan
NGO	Non Government Organization
SDC	Slum Development Committee
SDO	Slum Development Officer
SIC	Slum Improvement Committee
TLCC	Town Level Coordination Committee
TUGI	The Urban Governance Initiative
UGIAP	Urban Governance Improvement Action Plan
UGIIP	Urban Government Infrastructure Improvement Project
UMSU	Urban Management Support Unit
UNRISD	United Nations Research Institute for Social Development

1.1 Background and Present Status of the Problem

More than 23.39 % (28.8 million) of the total population of the country live in 522 of urban areas [1]. The average growth rate of urban population (7% during 1961-1991) in Bangladesh is one of the highest in the world [2]. But unfortunately most of these urban population live below the poverty level [3]. Between 2005 and 2015 the number of country's urban poor will be 63 million and constitute 25.70% of the urban population [4]. Moreover, most of the urban poor are migrated people from rural areas [5, 6].

Poverty alleviation is always the key motto of the Bangladesh development strategy. Over the past two decades micro-finance programs have emerged as one of the leading strategies in the overall movement to end poverty. But these programs have had a marked rural bias and the institutional credit system remained largely discriminatory towards the rural sector in general and to the rural poor, in particular [7]. But recently Government of Bangladesh (GOB), with financial assistant from the Asian Development Bank (ADB), has taken an initiative to address urban poverty due to its rapid growth. From Fiscal Year (FY) 2004-05 ADB financed a project named Urban Governance & Infrastructure Improvement Project (UGIIP), which is monitored by Local Government Engineering Department (LGED) and implemented by the Pourashava Authority [8]. The project has selected 30 Pourashavas capable of properly addressing the underlying issues of governance where one of the objectives is to provide slum dwelling women with micro finance (MF) so that they can be self-employed and improve their condition. From FY 2004-05 to FY 2009-10 the number of urban poor women taking loan from this project has increased to 9600 from 1800. From/In FY 2009-10, GOB has decided to extend the Project in another 35 Pourashava.

Bhairab, located to the north-east of Dhaka and on the Dhaka -Sylhet highway, is one of these 30 Pourashavas where the project started from financial year (FY) 2004-05 [8]. This A-1 category Pourashava distributed loan among the 600 urban poor women in 10 slums from the project money amounting TK Two million. Moreover, many women prefer to take loan from LG operated MF programme rather than from NGOs [9]. In fact, for this reason Bhairab is the only Pourashava among the 30 MF operating Pourashavas, which is funding from its own source to micro finance program. It has so far disbursed Tk. Five million (Tk One, Two and Two million in FYs 2007-08, 2008-09 and 2009-10 respectively) from its own fund and distributed the money among another 900 poor women [9]. On the other hand, some NGOs also run its MF programme for the poor women in the same area since 2000. Currently Five national and a local NGOs are providing credits to the poor people in 10 slums of the municipality.

Since Bhairab is the only such case in Bangladesh, now it is an imperative to study from an academic point of view whether the local government operated MF program is more successful at all. Or due to its already developed organizational set up it is in a comfortable position than other NGOs so that its operational costs are being minimized or melted within the ongoing budgetary expenditure of the municipality.

In fact in academic arena there is a mixed stand for and against MF operation by LG bodies. Some hail it as it makes state machineries more responsive and sensitive to the poor while others object at its being financially sustainable (due to LG's organizational character –weakness and upper hand position over NGOs) [5, 10].

1.2 Research hypothesis

The hypothesis of the study is (in terms of harnessing the benefits of Micro Finance programs) credit recipients from Bhairab Pourashava are in better position than those from NGOs.

1.3 Objectives of the Study

On the basis of this research hypothesis the following objectives were selected for the study:

- to study the financial and social benefits to loan recipients of the Local Government (LG) operated Micro Finance program in Bhairab Pourashava; and
- to understand and compare the mechanism of LG and NGO operated Micro Finance program for urban poor in Bhairab Pourashava

1.4 Justification of the study

Micro-finance can play a very effective role for changing economic condition of the urban poor specially the urban poor women. As a developing country most of the women are illiterate and their social status is very low. Women are expected to perform familiar rather than extra familiar roles and avoid contract with the public realm, especially in terms of employment and exposure to strangers. They have no direct control over the means of production or other social and economic resources. Besides, the urban poor women lack capital to generate employment and income. Where the formal banking system are failed to provide credit to the poor women, the micro-finance organizations such as NGOs, Local shomitis are providing vital support to the poor women so that they can get access to credit. Micro finance extends small loans (about tk 2000 to tk 25000) to very poor women for self-employment projects that generate employment and income, allowing them to care for themselves and their families.

Sufficient amount of credit in a reasonable interest rate with reasonable installment and repayment are the essential parts in terms of taking credit for the poor women. The poor women want their required amount of credit in a reasonable interest rate with reasonable installments and repayment period from the credit providers. Besides, the micro-finance providers should provide credit for self employment and income generating for the poor women.

The economic upliftment of the poor women can be measured with the increase of employment, income, money contribution to family, savings, access to expend for major resources, insurance or life security and living standards. Taking finance, the urban poor women can find works in informal sector; earn money which can help to uplift their economic condition. Micro-finance provides not only finance but also generates savings and insurances facilities for the poor women. These are really helpful for the economic emancipation of the poor women.

The current research tried to find out how LG & NGO operated micro-finance program is helping the urban poor in improving their livelihood condition as well as development of Bangladesh. The findings of this study may provide inputs to the other Pourashava where their MFP have not achieved a standard level compare to Bhairab Pourashava. Moreover, it will give a comparative picture of Local Government and NGO-operated micro-finance program for urban poor who may help to taking future decision for continuing micro finance programme through Local government or NGO.

1.5 Limitations of the study

Like all other researches, this study also faced some problems such as, lack of resources time. As this study is related with people at the grass root level, some extra problems were faced. The people of the slums are not educated and not aware of their problems so it was difficult to extract answers from them.

It was a hard job to identify the socio-economic conditions of the poor people. Most often the occupations are not permanent and income from these occupations could not be justified properly. Like middle income and higher income people, the expenditure pattern is not always well structured for the urban poor and there are a few specific fields for fixed expenditure. Moreover, there is a permanent disparity between income and expenditure. Again, there is a tendency among the people not to disclose the exact income to any strangers. Hence, it was a great problem in identifying the income and expenditure pattern of the slum dwellers.

Sometimes, it was difficult to identify the age of the women. This was done in an indirect way; either from the years the women spent for studies with respect to the current educational condition or from age of marriage and so on.

It was very difficult task to differentiate between primary and secondary occupations, as most of the occupations are not permanent. Besides, there are some informal occupations that have no fixed places to perform. For example, rickshaw drivers, daily labours and hawkers. The distances between working places and residences for these people could not be properly identified.

Collections of information from the NGOs were not easy. Organizations are not cooperative in sharing the real information.

Moreover, there are few researches done on the micro-finance for economic emancipation of urban poor and the secondary sources of data related to the topic are not readily available.

1.6 Organization of the report

This paper divided into eight chapters-

The First Chapter contains introduction with background information, statement of the problem and objectives of the study. The Second deal with literature review which will include definition of different terms related to the research as well as conceptualizing the research topic. The Third Chapter gives an overview of methodology employed in this research. The Fourth Chapter gives some features of the study area which will include demographic data, socio-economic condition of the study area. The Fifth Chapter gives some basic information about the respondents (population, literacy rate, income. occupation, savings pattern, housing condition) etc. The Sixth Chapter analyzes the data to find out the impacts of microfinance in changing the livelihood condition of the borrowers in respect of household size and number, occupation, income, land ownership pattern, housing condition, literacy rate etc. after utilization of credit provided by both LG and NGOs. The Seventh Chapter incorporates findings for understand and compare the mechanism of LG and NGO operated Micro Finance program. The Eight Chapter states findings and recommendations with concluding remarks; will compare the salient features of microfinance programmes operated by LG and NGOs in the study area in fighting urban poverty in Bangladesh.

2.1 Introduction

The review of the literature focused mainly on studies and papers written about micro finance in and outside Bangladesh. Unfortunately, data and information on micro finance programme for urban poor in Bangladesh are relatively limited. Among the most important centers that have carried out research on the topic are the PKSF, BRAC and Grameen Bank. Furthermore, the Asian Development Bank (ADB) and World Bank have also commissioned a number of studies.

This chapter summarizes some studies related to micro finance and micro finance scenario in Bangladesh. It also describes some general notions, theories and typologies of micro finance for the purpose of the study. This chapter is an initiative to explore the conventional understandings of micro finance particularly micro finance program for urban poor in Bangladesh.

2.2 Terminologies

This part attempts to clarify different terms frequently used in the study.

2.2.1 Microfinance

There are several definitions of microfinance. According to Asian Development Bank (ADB), 'microfinance is the provision of a broad range of financial services such as deposits, loans, payment services, money transfers, and insurance to poor and low-income households and, their microenterprises.' [13] It further says, microfinance services are provided by three types of sources:

- formal institutions, such as rural banks and cooperatives;
- semiformal institutions, such as non-government organizations; and
- informal sources such as money lenders and shopkeepers.

Quoting Robinson (1998) Indian Institute of Management academics Srinivasan and Sriram (2003) have incorporated a definition of microfinance in the Institute's Bangalore journal which says, 'Microfinance refers to small-scale financial services for both credits and deposits — that are provided to people who farm or fish or herd; operate small or microenterprises where goods are produced, recycled, repaired, or traded; provide services; work for wages or commissions; gain income from renting out small amounts of land, vehicles, draft animals, or machinery and tools; and to other individuals and local groups in developing countries, in both rural and urban areas'. [14]

Microfinance as ‘a type of banking service that is provided to unemployed or low-income individuals or groups who would otherwise have no other means of gaining financial services. Ultimately, the goal of microfinance is to give low income people an opportunity to become self-sufficient by providing a means of saving money, borrowing money and insurance.’ **[15]**

US Securities and Exchange Commission’s Investing glossary defines microfinance as ‘a type of lending involving small, non-collateralised loans to low-income, typically self-employed, workers who do not have access to traditional financial lending services’ **[16]**.

Philippines government on its ‘Notes on Microfinance’ says, ‘microfinance is the provision of a broad range of financial services such as – deposits, loans, payment services, money transfers and insurance products – to the poor and low-income households, for their microenterprises and small businesses, to enable them to raise their income levels and improve their living standards **[17]**. According to that note core principles for microfinance are-

- The poor needs access to appropriate financial services
- The poor has the capability to repay loans, pay the real cost of loans and generate savings
- Microfinance is an effective tool for poverty alleviation
- Microfinance institutions must aim to provide financial services to an increasing number of disadvantaged people
- Microfinance can and should be undertaken on a sustainable basis
- Microfinance NGOs and programs must develop performance standards that will help define and govern the microfinance industry toward greater reach and sustainability.

The note also identifies characteristics and features of microfinance mentioned below-

Table 2.1: Characteristics and distinguishing features of microfinance

Characteristics	Distinguishing Features
Type of client	Low Income Employment in informal sector; low wage bracket Lack of physical collateral Closely interlinked household/business activities
Lending Technology	Prompt approval and disbursement of micro loans Lack of extensive loan records Collateral substitutes; group-based guarantees Conditional access to further micro-credits Information-intensive character-based lending linked to cash flow analysis and group-based borrower selection
Loan Portfolio	Highly volatile Risk heavily dependent on portfolio management skills Organizational
Ideology	Remote from/non-dependent on government Cost recovery objective vs. profit maximizing
Institutional Structure	Decentralized Insufficient external control and regulation Capital base is quasi-equity (grants, soft loans)

According to Wikipedia 'microfinance is the provision of financial services to low-income clients, including consumers and the self-employed, who traditionally have lack access to banking and related services' [18]. Citing Adams, Douglas and Von Pischke (1984) it further says, 'more broadly, it is a movement whose object is "a world in which as many poor and near-poor households as possible have permanent access to an appropriate range of high quality financial services, including not just credit but also savings, insurance, and fund transfers" [19] Those who promote microfinance generally believe that such access will help poor people out of poverty.' [20]

Muhammad Yunus, who views microfinance as a 'fundamental right', defines microfinance as "a foundational need upon which other rights are built, and which fosters other opportunities for betterment." [21]

In short microfinance is a small loan granted to the basic sectors, on the basis of the borrower's cash flow and other loans granted to the poor and low-income households for their microenterprises and small businesses to enable them to raise their income levels and improve their living standards. These loans are typically unsecured but may also be secured in some cases.

2.2.2 Poverty

In the 'World Development Report 2000/2001: Attacking Poverty' three complementary areas have been identified for actions to tackle all dimensions of poverty in a successful way. [22] The areas are:

- ☑ promoting economic opportunities for poor people through equitable growth, better access to markets, and expanded assets
- ☑ facilitating empowerment by making state institutions more responsive to poor people and removing social barriers that exclude women, ethnic and racial groups, and the socially disadvantaged
- ☑ enhancing security by preventing and managing economy wide shocks and providing mechanisms to reduce the sources of vulnerability that poor people face.

2.2.3 Urban area

In course of time several definitions of urban area can be found. According to Wikipedia an urban area is characterised by higher population density and vast human features in comparison to areas surrounding it. Urban areas may be cities, towns or conurbations, but the term is not commonly extended to rural settlements such as villages and hamlets. [22]

Urban areas are created and further developed by the process of urbanisation. Measuring the extent of an urban area helps in analysing population density and urban sprawl, and in determining urban and rural populations.

They vary somewhat amongst different nations. European countries define urbanised areas on the basis of urban-type land use, not allowing any gaps of typically more than 200 meters, and use satellite photos instead of census blocks to determine the boundaries of the urban area. In less developed countries, in addition to land use and density requirements, a requirement that a large majority of the population, typically 75%, is not engaged in agriculture and/or fishing is sometimes used.

Another online encyclopaedia urban dictionary has given two definitions. It says urban area means 'a word used to describe an area that has a much higher density than the surrounding area; clustered. This could either be the downtown of the central city in a larger metropolitan area (the skyscraper district) or a clustered village/hamlet surrounded by forest\cropland\open desert. Another definition is, 'traditionally, areas where employment came from non-primary sources (secondary and tertiary). However, modern

industry tends to take place over an area that has little of the density needed to truly be considered urbanised.'

Online geography dictionary defines urban as, 'built-up area. Settlements are usually designated as urban once they have grown large enough to support industries which are not rural in nature. However, no common figure can be put on the necessary size as settlements function differently in different areas due to local circumstances.'

2.2.4 Urbanisation

Urbanisation at first stage was trading centre where villagers brought their goods to sell. So formation of city was done by traders for their convenience to re-root the produce. Now this area has also become manufacturing centers as availability of facilities are better than the villages. [24]

Urbanisation is also defined by the United Nations as movement of people from rural to urban areas with population growth equating to urban migration. The United Nations projected that half of the world's population would live in urban areas at the end of 2008. [25]

According to online dictionary Wikipedia urbanization is the physical growth of urban areas as a result of global change. Another online geography dictionary defines urbanisation as, 'the increasing percentage of a population living in urban areas due to rural-urban migration and higher levels of natural increase in the urban areas.'

A Global Health says *urbanization is a process in which an increasing proportion of an entire population lives in cities or suburbs of cities, areas of population dense enough that residents cannot grow their own food.*

Trends show that people move into cities to seek economic opportunities. In rural areas sometimes it is difficult to improve one's standard of living beyond basic sustenance. There are better basic services as well as other specialist services that aren't found in rural areas. Cities, in contrast, are known to be places where money, services and wealth are centralised. Businesses, which generate jobs and capital, are usually located in urban areas. Cities provide more job opportunities and a greater variety of jobs. Other factors which influence people to shift to urban areas are better quality of education, more health facilities, entertainment etc.

Research in urban ecology finds that larger cities provide more specialised goods and services to the local market and surrounding areas, function as a transportation and wholesale hub for smaller places, and accumulate more capital, financial service

provision, and an educated labor force, as well as often concentrating administrative functions for the area in which they lie. This relation among places of different sizes is called the urban hierarchy. [27]

It is not so far ago, precisely, just after the independence of Bangladesh, larger cities entered in to an era of rapid urbanization, which is mainly characterized by tremendous influx of rural to urban population migration. The rate of urbanization in Bangladesh for the last few decades is very high. As Salma A. Shafi (1998) says, Bangladesh's urban population has grown very rapidly. In fact, its average growth rate of 7% during (1961-1991) is one of the highest in Asia [2]. The rate of urbanization in Bangladesh for the last few decades is very high. BBS (2001) says at present 23.39% people live in 522 urban areas. In absolute term this amounts to about 28.8 million people. More than half of the urban population (52%) lives in four metropolitan areas (Dhaka, Chittagong, Khulna and Rajshahi), about one-third in the municipal towns numbering nearly 250 and the rest, about 15%, live in the small non-municipal urban centers.

Table 2.2: Urban Population Growth

Year	Total Population	% of Urban Population	Average Annual Growth rate (%)
1951	1819773	4.33	1.69
1961	2640726	5.19	3.75
1974	6273602	8.78	6.62
1981	13535963	15.54	10.63
1991	20872204	20.15	5.43
2001	28808477	23.39	3.27

Source: BBS, 1997, BBS, 2001

According to a World Bank document [12] percentage of urban population in different periods as percentage of overall population of Bangladesh was-

Year	Urban Population(% of total population)
1970-75	9.8
1980-85	17.0
1994-2000	24.5

Source: World Bank 2005

2.2.5 Urban poverty

According to the World Bank Group urban poverty rates at 37% in 2000, considerably lower than rural rates of 53%, despite continued growth in urban poverty over the 1990's. [28]

Urban poverty is a multidimensional phenomenon and their daily challenges may include-[29]

- ☑ limited access to employment opportunities and income,
- ☑ inadequate and insecure housing and services,
- ☑ violent and unhealthy environments,
- ☑ little or no social protection mechanisms, and
- ☑ limited access to adequate health and education opportunities.

Causes of urban poverty

Unavailability of employment in rural villages has resulted influx of mass in search of jobs in towns. This situation is added by illiterates, semi-literates, and educated class. But shifting to urban areas doesn't always ensure economic security. Causes of urban poverty include-

- ☑ Rural unemployment
- ☑ High influx of rural population to cities
- ☑ Lack of education to opt better jobs
- ☑ Lack of wage control on over unorganized informal sectors
- ☑ High living cost
- ☑ Lack of social security and pension scheme to major population especially who in informal sectors
- ☑ Insecurity and partial employment
- ☑ Pattern of growth of the country. Economic growth or recovery without employment growth is suicidal.

UN-HABITAT launched the International Forum on Urban Poverty (IFUP) at the Florence Conference in November 1997 with a central principle recognising that interventions on the eradication of poverty need the participation of the people living in poverty, in partnership with the agencies, institutions, social movements and communities active in this field. This principle appears in the definition of objectives, outputs, activities and resources corresponding to these areas of intervention. IFUP was launched as a framework for awareness-raising and the exchange of experience on urban poverty at a global level and for supporting initiatives directed to its elimination

2.3 A brief history of microfinance in the world

Microfinance is not a new development. Some developed countries as well as developing countries particularly in Asia have a long history of microfinance. During the eighteenth and nineteenth centuries, in number of European countries, microfinance evolved as a type of the informal banking for the poor. Informal finance and self-help have been at the foundation of microfinance in Europe. The early history of microfinance in Ireland can be traced back to 18th century. It is a history of how self-help led to financial innovation, legal backing and conducive regulation, and creating a mass microfinance movement. But the unpleasant regulations promoted by commercial banking brought it down. The so-called Irish loan funds appeared in early eighteenth as charities, initially financed from donated resources and offering interest free loans. They were soon replaced by financial intermediation between savers and borrowers. Loans were granted on short-term basis and installments were scheduled on weekly basis. To enforce the repayment, monitoring process was used (Seibel Hans D. October, 2005).[30]

Though Professor Dr. Muhammad Yunus and his established Grameen Bank was awarded equally 2006's Nobel Peace prize "for their efforts to create economic and social development from below" by providing the first micro financing to the poor in Bangladesh; knowledge of microcredit has come a long way according to the world history. Shore bank was the first microfinance and community development bank founded 1974 in Chicago. During the mid of 1800s the theorist Lysander Spooner was writing the benefits from small credits to the entrepreneurs and farmers to get the people out of poverty. But it was at the end of World War II with the Marshall plan the concept had a big impact. A renowned economical historian Timothy Guinnane at Yale has been doing some research on Friedrich Wilhelm Raiffeisen's village bank movement in Germany. The bank was founded in 1864 and had reached 2 million rural farmers by the year 1901. The research means that it was already proved at that time; microcredit could pass the two tests - concerning people's payback moral and the possibility to provide the financial service to the poor. Another organization in Quebec named The Caisse Populaire movement grounded by Alphone and Dorimène Desjardins, which was also concerned about the poverty, and passed microcredit's those two tests. They founded the first Caisse between 1900 and 1906 and in order to govern them they passed a law in the Quebec assembly; they risked their private assets and consequently they must have been very sure about the idea of microcredit. But today's use of microfinancing term and modern microfinancing shaping has roots in the 1970s by the microfinance pioneer Dr. Muhammad Yunus and his established Grameen Bank in Bangladesh. A

new wave of microfinance initiatives introduced many new innovations into the sector at that time, many experiment began to the poor with loan by many pioneering enterprises. The fact was revealed from the experimental programs that, the poor people can be relied on repay their borrowed amount and thus made possible to provide financial services to the poor people through market based enterprises without subsidy and that is the main reason why microfinancing was dated to the 1970s (Microfinance news and information).

[31]

The evolution of microcredit programs for the poor in Bangladesh was embedded from an experimental project, which was first tried by the father of microfinance Muhammad Yunus in 1976. **[32]** According to Shahidur R. Khandker (1998), the project was a test whether the poor were creditworthy and whether the credit could be provided without physical collateral. Later on, Yunus's project was supported with the assistance of the central bank of Bangladesh and fund provider IFAD. The project became successful almost seven years' of experimentation and thus Yunus established The Grameen Bank in 1983. In 1972, BRAC established in Bangladesh as a charitable organization with a view to help relocate households displaced during the 1971 liberation war against Pakistan. F.H Abed, the founder of BRAC experienced that the relief work is inadequate to alleviate poverty in the country since he understood the causes of rural poverty. Therefore he developed BRAC as a framework for poverty alleviation. Then the government of Bangladesh launched a group-based targeted credit approach based on the Comilla model by following the examples of Grameen Bank and BRAC. Later on, Comilla model was adapted throughout the nation as part of the Integrated Rural Development Program (IRDP), which was replaced by the name of Bangladesh Rural Development Board (BRDB) in 1982 under the Ministry of Local Government, Rural Development and Cooperatives as a semiautonomous government agency. In order to increase the income and employment opportunities for the rural poor, BRDB primarily focused on both for men's and women's skills development, training in group leadership and management, access to credit and savings mobilization, etc. Finally, this program was strengthened in 1988 by the Canadian International Development Agency's (CIDA) fund and renamed as the Rural Development Project- 12 (RD-12). Besides following the small group delivery approach of Grameen Bank, RD-12 also adopted BRAC's skill development approach for promoting productivity of the poor.**[33]**

2.4 Characteristics of microfinance

It is already proved by the pioneer Muhammad Yunus that, the poor who do not have any possession to collateral at any types of sources of financial intermediaries in order to obtain a little amount of loan are bankable indeed. These poor people are micro-entrepreneurs who have the proven record that they are not only able to repay both the principal of the loan amount and the interest on the principal amount on time but also they can make savings and developing their income generating activities. Thus microfinance gives access to financial and non-financial services to a very low income people in order to start their income generating activities. The individual loans and savings of the poor clients' even though very small but have created a disciplined microfinance which has created financial products and services that collectively have enabled the low-income people to become clients of a banking intermediary.

The characteristics of microfinance products can be stated as follows (Murray, U. and Boros, R. 2002) [30]:

- Little amount of loans and savings.
- Short-term loan (usually up to the term of one year).
- Payment schedules attribute frequent installments (or frequent deposits).
- Installments made up from both principal and interest, which amortized in course of time.
- Higher interest rates on credit (higher than commercial bank rates but lower than loan-shark rates), which reflect the labor intensive work associated with making small loans and allowing the microfinance intermediary to become sustainable over time.
- Easy entrance to the microfinance intermediary saves the time and money of the client and permits the intermediary to have a better idea about the clients' financial and social status.
- Application procedures are simple.
- Short processing periods (between the completion of the application and disbursement of the loan).
- The clients who pay on time become eligible for repeat loans with higher amounts.
- The use of tapered interest rates (decreasing interest rates over several loan cycles) as an incentive to repay on time. Large size loans are less costly to the MFIs, so some lenders provide large size loans on relatively lower rates.
- No collateral is required contrary to formal banking practices. Instead of collateral, microfinance intermediaries use alternative methods, like the assessment of clients' repayment potential by running cash flow analyses, which is based on the stream of cash flows, generated by the activities for which loans are taken.

2.5 The challenges and criticism of microfinance

It is often argued that the formal financial sector and informal financial sector in developing countries have failed to serve the poorer section of the community. Collateral, credit rationing, preference for high income clients and large loans, and bureaucratic and lengthy procedures of providing loan in the formal sector keep poor people outside the boundary of the formal sector financial institutions in developing countries. Because of these difficulties, when poor people borrow they often rely on relatives or an informal financial sector like local moneylenders, whose interest rates can be very high.

But the informal financial sector has also failed to help the poor. Monopolistic power, excessive higher interest rates, and exploitation through under valuation of collaterals and high interest rates have restricted the informal financial sector to providing credit to poor people for income generating and poverty alleviation purposes. The limitations of the formal financial sector and the informal financial sector in providing financial services, especially credit, encouraged the microfinance programme to evolve. 'Microfinance Institutions (MFIs) provide micro services through a variety of lending models, while micro entrepreneurs use these services.' [34]

The microfinance programme was initiated with the objective of providing poor people with credit without collateral. The theory is that if the poor have access to these services, their financial lives will be more stable, predictable and secure, allowing them to plan and improve their livelihoods through education, healthcare and empowerment. The harmony among group members, the strict discipline in providing credit and collecting repayments, and supervision of borrower's activities in the microfinance system replaced the provision of collateral, which is very important in receiving credit from the formal financial sector institutions.

One of the founders of the microcredit movement in the 1970s Professor Muhammad Yunus built institutions designed to bring the kinds of opportunities and risk-management tools that financial services can provide to the doorsteps of poor people. Professor Yunus wants to send poverty in the museum in some future time. In his speech at the microcredit summit in Washington D.C. in 1997, he compared his dream to eradicate poverty completely from this world with the dream of people to fly 100 years ago.

Many studies (primarily microfinance institution impact studies and academic researcher qualitative or case studies) have shown that microfinance programmes were

able to reduce poverty through increasing individual and household income levels, as well as improving healthcare, nutrition, education, and helping to empower women. It has been shown that such programmes can help borrowers to develop dignity and self-confidence in conjunction with loan repayment, and self-sufficiency as a mean for sustainable income becomes available. Former Secretary General of the United Nations Kofi Annan once said, 'microfinance not only recognizes the needs of the poor, it also empowers them and taps into their remarkable reservoir of energy and knowledge. In short, microfinance has tremendous potential; its time is now and is here to stay.' [35]

Hashemi, Schuler and Riley (1996) studied Bangladeshi women who received microcredit loans from the Grameen Bank and the Bangladesh Rural Advancement Committee (BRAC). They suggested that the microcredit loan programmes improved the women's income and enhanced their sense of self-empowerment related to control over their freedom of movement and decision making. They also outlined six elements of women's empowerment in Bangladesh which includes a sense of self and vision of a future, mobility and visibility, economic security, status and decision-making power within the household, ability to interact effectively in the public sphere and participation in non-family groups. [36]

Advocating for microfinance ADB website says, microfinance can be a critical element of an effective poverty reduction strategy. Improved access and efficient provision of savings, credit, and insurance facilities in particular can enable the poor to smoothen their consumption, manage their risks better, build their assets gradually, develop their microenterprises, enhance their income earning capacity, and enjoy an improved quality of life. Microfinance services can also contribute to the improvement of resource allocation, promotion of markets, and adoption of better technology; thus, microfinance helps to promote economic growth and development.

Citing Khander (1998) ADB website says, two big NGOs of Bangladesh-Grameen Bank and BRAC (Building Resources Across Communities)- have successfully used microfinance services to reduce poverty. About 21% of the Grameen Bank borrowers and 11% of the borrowers of BRAC have managed to lift their families out of poverty within about four years of participation. These services also had a significant positive impact on the depth (severity) of poverty among the poor. Extreme poverty declined from 33% to 10% among Grameen Bank participants, and from 34% to 14% among BRAC participants. [37]

A special survey by the World Bank carried out in rural Bangladesh in 1998-99 supported the view that women's participation in microfinance programmes helps to increase women's empowerment. It says, 'credit programme participation leads to women taking a greater role in household decision-making, having greater access to financial and economic resources, having greater social networks, having greater bargaining power compared with their husbands, and having greater freedom of mobility. Female credit also tended to increase spousal communication in general about family planning and parenting concerns.' [38]

Another World Bank study found that percentage of Grameen Bank, Bangladesh borrowers living in extreme poverty was reduced by 70 percent within 4.2 years of joining. The study also revealed that profit from Grameen financed businesses increased borrowers' consumption by 18 percent per year. Another study revealed that more than 91 percent of the borrowers reported positive impact of Grameen on their living standards. [39]

Apparently the success of microfinance has inspired the world, but neither the growth nor the reception of the microfinance movement has, however, been without controversy. Campaigners of microfinance have asserted that microfinance has the power to single-handedly alleviate poverty. But the assertion campaigners have been under fire as enough convincing and credible evidence was not offered by them. There is lack of a systematic programme evaluation to look at both long-term and short-term effects of microfinance programme. The success has been contradicted by intense criticism due to provision of 'loan repayment, high interest rates, exploitation of women borrowers, ineffective microfinance provision to target groups, unchanging levels of poverty and failure to cater effectively to the target groups.' [40] 'In addition, research on the actual effectiveness of microfinance as a tool for economic development remains slim, in part owing to the difficulty in monitoring and measuring this impact.'

'Yearlong field research on the GB (Grameen Bank) demonstrates that the credit-alone policy of the GB does not and perhaps cannot have any meaningful and significant impact on poverty alleviation. The figure thus demonstrates that nearly 77 per cent of the members did not experience any significant improvement in their positions as a result of their membership with the GB.' [41].

There has been a long-standing debate over the sharpness of the trade-off between 'outreach' (the ability of a microfinance institution to reach poorer and more

remote people) and its 'sustainability' (its ability to cover its operating costs—and possibly also its costs of serving new clients—from its operating revenues). Some studies have shown that microfinance programmes benefit the moderately poor more than the destitute, and thus impact can vary by income group (better-off benefit more from microcredit). But the problem has not been solved yet, and the overwhelming majority of people who earn less than \$1 a day, especially in the rural areas, continue to have no practical access to formal sector finance. 'While the poverty situation seems to have improved a little over the last seven years, a little less than a quarter of the rural population still seems to be within the ranks of the extreme poor. The GB has failed miserably to target this group effectively, resulting in most of them remaining outside the microcredit net.' [42]

Women's development is a global concern in this new millennium. In most of the developing countries and obviously, in Bangladesh also, today, women issues are in the forefront. 'Microfinance experts generally agree that women should be the primary focus of service delivery. Evidence shows that they are less likely to default on their loans than men. Industry data from 2006 for 704 MFIs worldwide reaching 52 million borrowers includes MFIs using the solidarity lending methodology (99.3% female clients) and MFIs using individual lending (51% female clients). The delinquency rate for solidarity lending was 0.9% after 30 days (individual lending—3.1%), while 0.3% of loans were written off (individual lending—0.9%). Because operating margins become tighter the smaller the loans delivered, many MFIs consider the risk of lending to men to be too high. This focus on women is questioned sometimes, however. A recent study of microentrepreneurs from Sri Lanka published by the World Bank found that the return on capital for male-owned businesses (half of the sample) averaged 11%, whereas the return for women-owned businesses was 0% or slightly negative.' [43]

There is a criticism regarding exploitation of women workforce for providing microfinance to setup microenterprises. 'The high and increasing levels of women's participation in the microenterprise sector, this study understands, may in many cases be a desperate attempt by women with few alternatives, rather than a conscious choice. A few better-off women were very interested in the possibility of micro entrepreneurship schemes as an improvement on the conventional income generation programme on offer to them. However, the majority of poor women, though not interested in microenterprise schemes, were forced to undertake such venture in their dire necessities for survival.' [42]

A few studies have focused on impact of microfinance on women's empowerment. There are statistical proofs that women who have access to credit are more empowered as demonstrated by participation in family decisions (such as major purchase or the marriage of a child), increased fertility control, and increased health and education of children. 'The study of Farashuddin et al. (1998) showed that women's involvement with activities of micro-credit based NGOs helped to instill a greater awareness of issues including knowledge of inheritance laws, laws against polygamy, dowry, divorce, early marriages and other legal matters' **[44]**.

Hence, some studies conclude that women's participation in microfinance programmes has positive results on women's empowerment. But some studies, even data available from the UN, provide a completely opposite view and conclude that participation leads to greater subordination of women and makes them more vulnerable in an unequal society.

Bangladesh ranks 120 of 156 countries in the Gender-Related Development Index (GDI) which helps us to understand gender inequalities and its connection to vulnerability, particularly inequalities between men and women. According to the UNDP's (2007) Gender Empowerment Measure (GEM), which takes into account gender inequality in economic and political spheres, Bangladesh ranked 81 out of 93 countries.**[45]**

'Dignard and Havet (1995), however, highlight the difficulty encountered by women seeking loans, citing patronising attitudes by bank employees as a major deterrent. This is confirmed by Mallick (2002), who also argues that access to financial services, rather than increasing the status of women, serves to achieve the opposite by encouraging gender conflict, discrimination, and humiliation by male bank workers and domestic abuse by their spouses. He observes that the Grameen Banking system in particular, focuses on women as a means of social coercion where men often use corporate punishment in order to ensure compliance. In addition, he notes that extended bank meetings may delay or prevent women from meeting their usual household responsibilities such as preparation of dinner, sometimes resulting in physical abuse.'
[46]

There is a controversy on the issue that who actually controls the loan (that is, manages the enterprise and controls the income) when women borrow, the presentations made a number of relevant observations. Referring to women's complaints about "sleepless nights," Rajasekhar made the point that this is sometimes the result of

women borrowers losing control over loan use as their husbands take over the decision-making and management of the enterprise. In some cases women prefer not to borrow from microenterprise programmes because responsibility for repayment falls on their shoulders, while in the case of borrowing from village moneylenders it is their husbands who are ultimately responsible for repayment. But the evidence emerging from these programmes, he stressed, was mixed. **[47]**

In some cases the issue of which household member controls the loan, and the income, was not of major concern to the women. Kabeer's findings threw further light on this issue. The first point was that men who took loans were much more likely to report sole decision making (they were the main decision makers), while the women who took loans were more likely to report joint decision-making. And by exploring those findings further through qualitative research it became clear that the response "joint decision-making" was not a normative statement; it did actually represent a sense of being consulted in decisions regarding loan use, and of no longer being marginalized from household decision-making processes. Even if women were not directly involved in the management of enterprise, husbands were very aware that this increased income was a product of the women having brought in the loans **[48]**.

Rahman shows that micro lending does not challenge patriarchal structures. He suggests that the Grameen Bank's successes can be attributed partially to its ability to successfully utilize patriarchal structures in facilitating its goals and agendas. At the same time that the Bank seeks to empower women through its loans, it is also recreating and reinforcing patriarchal structures that is disempowering to women. He addressed the hegemonic nature of patriarchal ideology in Bangladesh, and the ways in which it enters Bank-client (i.e., women), client-client, and intra-household interactions; the everyday subversions used by women in a process that often infantilises them and reproduces hierarchical social relations in which their entitlements are minimal; and the ways in which Grameen Bank ideology adjusts to the "practical reality of the field."**[49]**

Criticism also includes high installments which are to be repaid in monthly or weekly installments, usually fixed with equal amounts. 'As all the loans are only for enterprise promotion, it assumes that all the poor want to be self-employed. The repayment of loans starts the week after the loan is disbursed – the inherent assumption being that the borrowers can service their loan from the ex-ante income. Both these assumptions could be questioned'. **[50]**

There has also been much criticism of the high interest rates charged to borrowers. However, annual rates charged to clients are higher, as they also include local inflation and the bad debt expenses of the microfinance institution. Yunus himself, in his Nobel Foundation address 2006, 'maintains that the high repayment rate which was present in the initial stages of his microcredit pilot programme is still in force today at 99 percent.'**[51]** He has made much of this point and in his book argues that microfinance institutions that charge more than 15% above their long-term operating costs should face penalties.**[52]** But evidence shows that effective rate of interest of Grameen Bank is 33% though the official rate of interest is 20%. **[53]**

Though no physical collateral is taken but it is often linked to some compulsory savings component which acts as financial collateral. One aspect distinguishes microfinance from the traditional financial system is the "joint liability concept," where a group of individuals, usually women, group together to apply for loans, and hold joint accountability for repayment of the loan which requires compulsory savings, usually a fixed proportion of the repayment installment and it cannot be withdrawn as per requirement of the client. 'There have been reports of the use of harsh and coercive methods to push for repayment and excessive interest rates (Business Week, 2005; The Financial Express, 2005).'**[54]**

'Grameen has traditionally not given much importance, beyond compulsory savings, on providing savings services to their members as a source of funds. As the staff of MFIs lead to 'focus exclusively on recoveries, and hence to mobilize fierce group pressure which has led to seizure of roofing material as security, hence houses being torn down, and even suicides'**[50]**

2.6 The challenges of providing microfinance in urban areas

Microfinance services for the poor are now widely promoted as a key strategy for poverty reduction. Microfinance institutions (MFIs) have brought the poor, particularly poor women, into the formal financial system and enabled them to access credit and accumulate small savings in financial assets, reducing their household poverty. ADB, in its Rural Asia Study completed in 2000, found that microfinance has immense effect on rural poor. The following box has shown that effect-

Table 2.3 Microfinance poverty reduction nexus

Financial service	Results	Impact on poverty
Savings Facilities of microfinance institutions (MFIs)	More financial savings Income from savings Greater capacity for self-investments Capacity to invest in better technology Enable consumption smoothing Enhance ability to face external shocks Reduce need to borrow from money lenders at high interest rates Enable purchase of productive assets Reduce distress selling of assets Improve allocation of resources Increase economic growth	Reduce household vulnerability to risks/external shocks Less volatility in household consumption Greater income Severity of poverty is reduced Empowerment Reduce social exclusion
Credit Facilities	Enable taking advantage of profitable investment opportunities Lead to adoption of better technology Enable expansion of microenterprises Diversification of economic activities Enable consumption smoothing Promote risk taking Reduce reliance on expensive informal sources Enhance ability to face external shocks Improve profitability of investments Reduce distress selling of assets Increase economic growth	Higher income More diversified income sources Less volatile income Less volatility in household consumption Increase household consumption Better education for children Severity of poverty is reduced Empowerment Reduce social exclusion
Insurance Services	More savings in financial assets Reduce risks and potential losses Reduce distress selling of assets Reduce impact of external shocks Increase investments	Greater income Less volatility in consumption Greater security
Payments/Money Transfer Services	Facilitate trade and investments	Greater income Higher consumption

Source: Rural Asia Study, 2000

Microfinance debates have so far lacked any strategic vision of the role of microfinance programmes as part of a broader agenda for poverty elimination. In order to justify its now significant share of development funding microfinance needs to go beyond complacency and consider:

- ☑ how microfinance can significantly increase incomes and assets of very poor individuals and households
- ☑ how microfinance and livelihood development can empower rather than overburden women
- ☑ how microfinance services and client microenterprises can contribute to wider local economic development and improvement of basic services like sanitation, water provision, health, education and environmental management

- ☑ how the organizational structures created by microfinance programmes can contribute to broader social and political empowerment and to strengthening civil society and democratic processes.

However, researchers and practitioners generally agree that the poorest of the poor are yet to get benefit from microfinance programmes because most MFIs do not offer products and services that are attractive to this category. And there are several key debates at the boundaries of microfinance. Practitioners and donors of microfinance frequently argue for restricting microcredit to loans for productive purposes—such as to start or expand a microenterprise. Thus, as ADB has adopted poverty reduction as its overarching objective it felt the need to extend a wide range of services on a continuing basis to the poor who are still excluded from the benefits of microfinance, say urban poor, through governments to increase the overall impact of microfinance on poverty reduction.

This was the background of The Urban Governance and Infrastructure Improvement Project (UGIIP) which was designed to support the sector investment plan of the GoB for selected secondary towns (Paurashava/ municipalities). The Paurashavas were required to implement an Urban Governance Improvement Action Plan (UGIAP) with a limited allocation of project funds to cover the most urgent requirements. One of the 5 areas of activities of the project is Integration of the urban poor. This area of activity was fixed to improve the quality of living of the urban poor by raising their income level and improving the non-income aspects of poverty such as health and sanitation, literacy, access to safe water, solid waste management etc. as well as ensuring their participation, including women in designing and programs that impact their lives. The project has accomplished its first phase in selected Paurashavas in 2008 and from 2009 another 35 Paurashavas have been selected to carry on the project.

A BRAC study finds that with using microcredit the urban poor women have undertaken different types of income generating activities (IGAs) and increased income under urban microcredit program (UMCP). Now the borrowers are also able to save a portion of their income. This study also confirms that the borrowers' have increased their household assets and improved housing conditions, and they can afford to pay for tap water, electricity, gas and medical treatment. The increase in their income has enabled the borrowers to participate in household decision making process and increase their mobility. This has led to the enhancement of the borrowers' status in the society and rising up confidence for further improvement in their living condition.[55]

2.7 Analytic Hierarchy Process (AHP)

In this particular study it was difficult to find out the most dominant causes of internal migration through general statistical analysis. In this regard Analytic Hierarchy Process (AHP) is introduced to discover which causes influence people how much to think of this shift.

AHP is one of Multi Criteria decision making method that was originally developed by Prof. Thomas L. Saaty. In short, it is a method to derive ratio scales from paired comparisons. The input can be obtained from actual measurement such as price, weight etc., or from subjective opinion such as satisfaction feelings and preference. AHP makes assessments, prioritization and selection among options more readily measurable. AHP allow some small inconsistency in judgment because human is not always consistent. The ratio scales are derived from the principal Eigen vectors and the consistency index is derived from the principal Eigen value. Application of AHP model particularly for this study will be described in the research design chapter.

2.7.1 Steps of Analytic Hierarchy Process (AHP)

A step by step description of the AHP method according to Eddie;. et al (2001) is given below.

Step1: Decision Problem: weighting the selection criteria

The decision problem should be defined clearly since it derives the whole process. Before the use of AHP, it must be ensured that it is an appropriate method for the study objectives. It should be clearly explained what the decision problems are and why AHP has to be used. After then subjective judgments are made to guess each element according to an absolute rating scale.

Step 2: Framework for personal selection

This step decomposes the complexity of a problem into different levels or components and synthesizing the relation of the components.

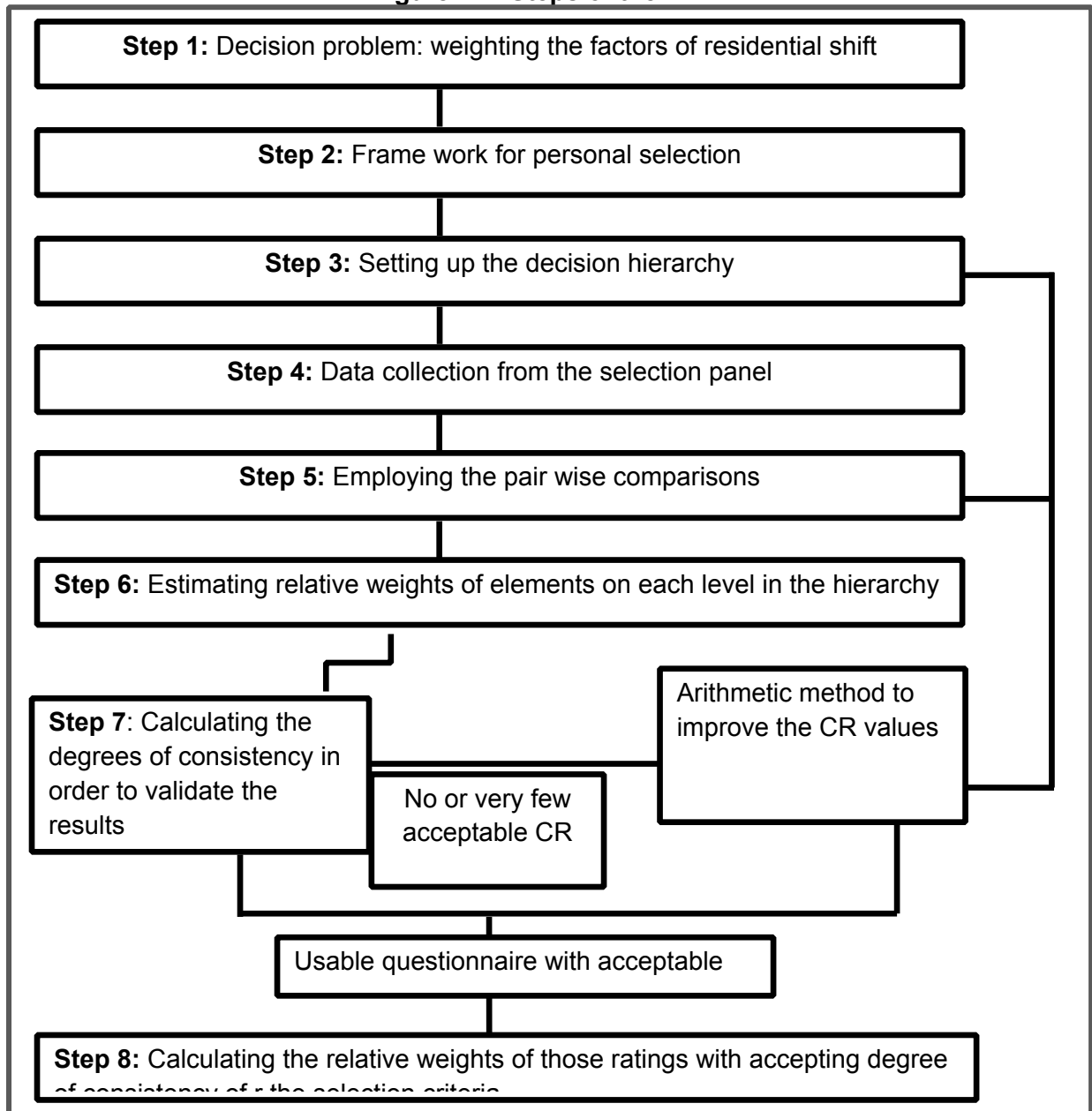
Step 3: Setting up the decision hierarchy

In this step the systematic representation of the decision hierarchy is developed that represents the system of the problem. The formation of the hierarchy is based upon two assumptions, without which a problem cannot be dealt with using AHP;

(1) It is expected that each level in the hierarchy would be related to the elements at the adjacent levels. AHP recognizes the interaction between elements of two adjacent levels.

(2) There is no hypothesized relationship between the elements of different groups at the same level.

Figure 2.1: Steps of the AHP



Step 4: Data collection from the selection panel

Data are obtained by direct questioning the group who are actively involved in the decision problem. A questionnaire is designed to collect data that are useful to assign weights to the elements of the decision hierarchy.

Step 5: Employing the pair-wise comparisons

The elements of each level of the decision hierarchy are rated using the pair-wise comparison. The Saaty's Scale (Saaty, 1980) of measurement used to rate the intensity of importance between two elements is adopted. After all elements have been compared with the priority scale pair by pair, a paired comparison or judgment matrix is formed.

Step 6: Estimating the relative weights of elements on each level in the hierarchy

After pair-wise comparison matrix is developed, a vector or priorities (i.e. a proper or Eigen vector) in the matrix is calculated and is then normalized to sum 1.0 or 100 percent. This is done by dividing the elements of each column of the matrix by the sum of the column (i.e. normalizing the column); then, obtaining the Eigen vector by adding the elements in each resulting row (to obtain "a row sum") dividing this sum by the number of the elements in the row (to obtain "priority or relative weight")

Step 7: Calculating the degree of consistency in order to validate the results

People might be inconsistent in evaluating the pair wise comparison and thus one of the important tasks of AHP is to calculate the consistency level of the estimated vector. Consistency Ratio (CR) is used to measure the consistency in the pair-wise comparison. Saaty (1990) has set acceptable CR values for different matrices, the CR values is:

- (1) 0.05 for a 3-by-3 matrix
- (2) 0.08 for a 4-by-4 matrix, and
- (3) 0.1 for larger matrices

There are number of reasons for what results (CR value) may be inconsistent.

- a) Clerical error: mistakes in data entry may cause inconsistency.
- b) Lack of information: can cause the judgment to appear random resulting in a high inconsistent ratio.
- c) Lack of concentration or of interest: it is often found when the respondent is fatigued or in a hurry or not in mood to fill up the questionnaire
- d) Lack of consistency in the decision being modeled: the real world situations are rarely consistent by nature. The interesting example is when one has to compare three professional sports teams. The result of the game played by them are sometimes random like team 'A' defeats team 'B' and is defeated by 'C' where as team 'B' might have defeated team 'C'.

- e) Inadequate model structure: ideally the complex decision is structured in a way that the elements in a level are comparable within an order of magnitude of different factors in the level above.

Step 8: Calculating this step relative weight of all those ratings with accepting degree of consistency for the selection criteria

In this step weight of all selection criteria are calculated. Then each criterion is given certain score and calculated the final score for each alternative.

2.7.2 Data aggregation for AHP

If there is more than one respondent (or more than one group with a homogeneous elicitation) the different elicitations have to be aggregated. Although sophisticated techniques for numerical aggregation are available (Ball and Srinivasan, 1994), many studies use simple average measures. According to Nevalainen (1990) average should not be calculated; rather the median or the *Perth* -formula $(a+4b+c)/6$, when a is the smallest value, b the median and c the largest value of the observations (for details see 3.7). In this way extreme elicitations for a and c do not bias the calculations too much. Kauko (1997) also suggested this formula.

2.7.3 Mathematical description of AHP

In this section, the AHP technique is discussed to show how it helps the decision according to Chaung, et al. (2005). Suppose that there are m objectives, the AHP technique performs the multi-objective decision by the following steps.

1. Complete the following pair-wise comparison matrix A for m objectives

$$A \square \begin{bmatrix} a_{11} & a_{12} & \dots & a_{1m} \\ a_{21} & a_{22} & \dots & a_{2m} \\ \dots & \dots & \dots & \dots \\ a_{m1} & a_{m2} & \dots & a_{mm} \end{bmatrix} \text{-----(1)}$$

Where, a_{ij} indicates how much more important the i^{th} location is than the j^{th}

location requirement for construction the column vector of importance weighting of location requirements. a_{ij} indicates how much more satisfactory the j^{th} candidate

location is than the j^{th} candidate location for a particular location criterion for making the optimal location decision.

For all i and j , it is necessary that $a_{ij} \square 1$ and $a_{ij} \square \frac{1}{a_{ji}}$

The possible assessment value of a_{ij} with the corresponding interpretation is shown below

Value of a_{ij}	Interpretation
1	Objective i and j are equal importance
3	Objective i is weekly more important than objective j
5	Objective i is strongly more important than objective j
7	Objective i is very strongly more important than objective j
9	Objective i is absolutely more important than objective j
2,4,6,8	Intermediate value

Appropriate rating among the attributes to each other between 1-9 is used for this study. For the values the verbal equivalences are given for this research:

The assessment rating among the attributes used in the study

Verbal equivalences	Value
Extremely important	9
Strongly important	7
Slightly important	5
More than equal	3
Equal	1
Less than equal	1/3
Slightly unimportant	1/5
Strongly unimportant	1/7
Extremely unimportant	1/9

2. Divide each entry in column i of A by the sum of the entries in column i . This yields a new matrix A_w , in which the sum of the entries in each column is 1.

$$A_w = \begin{bmatrix} \frac{a_{11}}{\sum_{i=1}^m a_{i1}} & \frac{a_{12}}{\sum_{i=1}^m a_{i2}} & \dots & \frac{a_{1m}}{\sum_{i=1}^m a_{im}} \\ \dots & \dots & \dots & \dots \\ \dots & \dots & \dots & \dots \\ \frac{a_{m1}}{\sum_{i=1}^m a_{i1}} & \frac{a_{m2}}{\sum_{i=1}^m a_{i2}} & \dots & \frac{a_{mm}}{\sum_{i=1}^m a_{im}} \end{bmatrix} \quad (2)$$

3. Compute c_i as the average of the entries in row i of A_w to yield column vector

$$C = \begin{bmatrix} c_1 \\ \dots \\ c_m \end{bmatrix} = \begin{bmatrix} \frac{\frac{a_{11}}{\sum_{i=1}^m a_{i1}} + \frac{a_{12}}{\sum_{i=1}^m a_{i2}} + \dots + \frac{a_{1m}}{\sum_{i=1}^m a_{im}}}{m} \\ \dots \\ \dots \\ \frac{\frac{a_{m1}}{\sum_{i=1}^m a_{i1}} + \frac{a_{m2}}{\sum_{i=1}^m a_{i2}} + \dots + \frac{a_{mm}}{\sum_{i=1}^m a_{im}}}{m} \end{bmatrix} \quad (3)$$

Where c_i represents the relative degree of importance for the i^{th} location requirement in the column vector of importance weighting of location requirement. c_i represents the evaluating score that the i^{th} candidate location is assessed for a particular location criterion for making the optimal location decision.

2.7.4 Consistency arguments

To check for consistency in a pair wise comparison matrix, the sub steps are performed as follows,

a) Compute largest Eigen Value, $\lambda_{\max} = c \times \left[\sum_{i=1}^m a_{i1} \quad \sum_{i=1}^m a_{i2} \quad \dots \quad \sum_{i=1}^m a_{im} \right]$

It is obtained from multiplying the sum of columns of the complete comparison matrix with principle Eigen value of each factor.

b) Compute Consistency Index , $CI = \frac{\lambda_{\max} - n}{n - 1}$

It represents the deviation or degree of consistency

- c) Get the reference values of the *RI* (Random Index) for the different numbers of *m*.(Annex C, Table C5). It depends on the number of the attributes among which it is compared
- d) Compute Consistency Ratio by comparing *CI* (Consistency Index) to the (Random Index) for the appropriate value of *m* to determine if the degree of consistency is satisfactory.

So, $CR = \frac{CI}{RI} = \frac{\frac{\lambda_{\max} - n}{n - 1}}{RI}$

If *CI* is sufficiently small, the decision maker's comparisons are probably consistent enough to give useful estimates of the weights for the objective functions. If $CR \leq 0.10$, the degree of consistency is satisfactory, but $CR > 0.10$, inconsistencies may exist, and the AHP may not yield meaningful results.

2.7.5 Advantage of AHP

AHP helps capture both subjective and objective evaluation measures, providing a useful mechanism for checking the consistency of the evaluation measures and alternatives suggested by the respondents thus reducing bias in decision making. The method AHP has two obvious and substantial benefits:

- a) It allows for diversification of demand (and then indirectly also supply);
- b) It ascertains an intangible element in relation to perceptions (Kauko, 2004).

According to Eddie et al. (2001) AHP has two advantages over the simple rating method.

- a) First AHP adopts a pair wise comparison process by comparing two objects at one time to formulate a judgment as to their weight. With an adequate measurement this method is more accurate to achieve a higher level of consistency

- b) Since it requires the respondents to think precisely before giving their answers. Usually the more a person knows about a situation , the more consistent results that can be expected from the person.

The main advantage of AHP is that it helps to determine relative intensives or weights of identified attributes on the basis of the subjective judgments by pair wise preference comparison of that attributes. By AHP it is possible to split a given goal into several sub criteria which are then cloud be assessed separately from each other.

Qualitative factors are crucial but often cumbersome and usually treated as part of management`s responsibility in analyzing results rather than quantified and included in a model formulation of the facility location problem (Lee, Green and Kim, 1981). Qualitative decision factors can be readily incorporated into facility location problems if the AHP is employed.

2.7.6 Criticisms of AHP

Although the AHP has been the subject of many research papers and the general consequences is that the technique is both technically valid and practically useful, there are critics of the method. Their criticisms have included:

- a) Since there is no theoretical basis for constructing hierarchies, AHP users can construct different hierarchies for identical decision situations, possible producing different solutions
- b) AHP rankings are claimed to be arbitrary because they are based on subjective opinions using a ratio scale
- c) There are said to be flaws in the methods of combining individual weights into composite weights and
- d) The process has no sound underlying statistical theory (Wikipedia,2008)

The method has certain problems however such as the inevitable lack of robustness. The inherent property of the AHP restricts the elements to compare to very few, and the inability to perform direct comparison of validity with results obtained with methods based on revealed choices and market outcome data (Kauko, 2007).

3.1. Introduction

Every study is a series of activities, which are logically and operationally linked together. Logical and operational link make a study viable in the context of result and economical use of time and money. So a proper methodology is very much essential for successful completion of the research within due time and money.

Preparation of working procedure or scheduling comes after developing goals and objectives. It refers the process that how the study will be conducted or the steps require for conducting the study. In this phase, all the possible activities are incorporated. It emphasizes on which activity would come next after completion of one activity. The activities which are undertaken for this study are discussed below:

3.2 Selection of study area

As a river port Bhairab has thrived as a trading town for years. It has become one of the major centers of collection and distribution of agricultural products and inputs as well as industrial goods. It is located on the Dhaka-Chittagong railway and also linked Sylhet, Kishoregonj and Netrokona. Meghna river provides excellent navigation facilities round the year where Dhaka- Sylhet highway act as a pivot of transport communication system for Bhairab. This remarkable communication network granted Bhairab to flourish as a centre of wholesale and retail market for the neighboring areas. Its medium and small industrial units could not yet displace the flavor of trade and commerce.

3.3 Selection of urban development indicators

In this study a variety of indicators were used to measure the impact of LG and NGO-operated microfinance programme on life standard of urban poor people living in slums of Bhairab Pourashava area. Three main indicators of development- economic, human resource and living environment related indicators that include occupation, income and expenditure, land ownership, savings, asset, education, health, safe water and using sanitary latrine etc. were used here. They are categorised as-

- Economic indicators:** income; ownership of land, livestock, household assets; and housing
- Human Resource indicators:** access education, occupation of family members, number of children etc.
- Living Environment related indicators:** access to electricity, sanitary latrine, safe water etc.

3.4 Sampling and sample size

Sampling means to select a certain portion of data source from a large one. A systematic and appropriate sampling makes any research easy to be conducted. Bhairab Pourashava consists of 7 mouzas and 12 wards covering an area of 13.07 sq. km. According to population census 2001, the total population of Bhairab Pourashava is 93,453 (adjusted in 2005) and number of households is 17,869 (adjusted in 2005). So, it would be a huge task to conduct survey over the whole Pourashava. It would also be time and money consuming. So out of 7,500 dwellers in 10 slums in the municipality area only those borrowers have been selected for survey who were involved in microfinance programme since 2005, as LG-operated microfinance programme started from the year of 2005.

The surveyed people should be living in the slums where both the operators were providing credits at least for 2 years (as it takes at least 1 year to realize loan once disbursed).

For the purpose of determining the size of sample households, the following formula is used as followed by Sufian (1998):

$$n_0 = (Z\sigma / e)^2$$

Where,

n_0 = Crude sample size

Z = Confidence level (for 95% confidence level Z=1.96)

σ = Standard deviation = 3 [which has not been found from the sample to be drawn but from previous experience, Muhibbullah (1989)]

e = Error tolerance (its value will be ± 0.4)

Here,

$$n_0 = (1.96 * 3 / 0.4)^2$$

$$n_0 = 216.09 \approx 216$$

The crude sample size is then adjusted by the following equation

If,

n = Sample size

n_0 = Crude sample size = 216

N = Population size = 7,500 (estimated)

$$n = n_0 / (1 + n_0 / N) = 210$$

Using the standard sampling method at 95% confidence level and 10% level of precision, the sample size stood 210. The sample will be stratified into three groups- Loan taking from LG, Loan taking from NGOs and Loan taking from both as per their actual ratio in the field (found from field observation and FGD).

3.5 Sampling method and technique

As the present study intends to make a comparison of service provided by LG and NGOs data have been collected from sample of the slums where both LG and NGOs have microfinance programme. This would make the comparison more meaningful. Survey has been conducted for one respondent from a randomly selected household from each holding in the sample. The respondent has been chosen randomly from each household. For the purpose of holding selection, the steps shown below have been performed:

- ☑ At first, the lists of holdings from the slums were collected from the Pourashava and listed with a sequential serial number.
- ☑ Then, total holdings N divided by the sample size n gives the sample interval k .
- ☑ One holding was selected randomly. Suppose it is M .
- ☑ Then the sample was selected on the basis of holdings bearing the numbers M , $M+k$, $M+2k$,, $M+(n-1)k$.

3.6 Data Collection

The study has used mixed methods- both quantitative and qualitative- to guide the study. Mixed methods procedures have gained popularity in social research due to their strength. The quantitative data have provided the generalized patterns of participation in the microfinance programme while the qualitative data have provided the personal narratives of respondents.

Hence, data have been collected both from primary and secondary sources using mixed methods procedures to conduct the study. Primary data have been collected from field observation, a questionnaire survey as well as from Focus Group Discussions (FGDs). Secondary data have been collected from the Pourashava and NGO offices which are active in those selected slums, LGED as well as from different books, reports and journals.

Table 3.1: Category, source and indicators of data

Category	Source	Indicators	
Primary	a. Questionnaire survey	Ease and accessibility to credit programme	
	b. Field observation		
	c. Focus Group Discussion		
			Purpose of taking credit
			Utilisation of credit
		Economic Factors – Income generation, asset building, savings condition, food and non food expenditure, productive and non-productive asset, employment opportunities	
		Social Factors - Housing, education and empowerment, health, sanitation, electricity, safe water	

Secondary	Pourashava and NGOs Offices	Group formation system and formation criteria
		System of repayment
		Minimum and maximum range of credit
		Interest rate, Operation and maintenance cost
		Amount of annual disbursement and rate of realisation of loan, Hidden cost

3.6.1 Field Observation

In order to get a view of the nature of the study area, a reconnaissance survey has been conducted at the early period of the research and quoting those participating households with microfinance programme. Later this visit helped to develop a questionnaire for the study as well as helped to determine the survey method by which data will be collected.

3.6.2 Questionnaire survey

A detailed questionnaire survey has been conducted to identify the development activities undertaken by the beneficiaries of both LG and NGO-operated microfinance programme in the study area. A structured questionnaire has been developed which has been grouped into three broad categories- economic, human resource development and living environment related activities. Data for indicators have been collected from randomly selected households from a sample of holdings in the Pourashava.

3.6.3 Focus Group Discussion (FGD)

Focus Group Discussions (FGD) were conducted to understand the achievement of the beneficiaries of both LG and NGO-operated microfinance programme. Participants of the FGDs were the people who were not selected as respondents for questionnaire survey.

3.7 Data processing, Findings and Analysis

After getting all the relevant data from field through questionnaire survey it was compiled and checked. Before data analysis the collected primary data was prepared through qualitative and quantitative techniques. To determine the rating paired factors of residential shift each pair of attribute was aggregated in Perth Formula. For data aggregation in Perth formula the following stages were followed

Frequency determination: at first discrete (ungroup) frequency of the respondent's number who gave an assigned relative value of a pair of attributes has been determined.

Perth Formula Calculation: Then comparative values of each pair of the attributes have been calculated through Perth Formula $(a+4b+c)/6$, where a = lowest value, b= median, c= largest value

Final value of each pair of the attributes determination: for data analysis through AHP in data preparation stage the final values of each pair attributes are calculated.

3.8 Data illustration and report preparation

In this study data has been analyzed in two different ways. First part consists of general analysis of the sample households. Second part of the study consists of determination of relative weight of the factors of residential shift by applying AHP.

Generic analysis

During the analysis the hypothesis of this study was tested. A general analysis has been done encompassing the socio economic condition of the sample households, income and expenditure level, saving and housing condition etc. A detailed interpretation of analyzed data was done and presented as well to satisfy the research objective.

AHP analysis

Reviewing relevant literatures and past studies, from home and abroad, factors of involving in MFP were selected for AHP analysis. It had been used to determine prioritized options of the households for selecting MFP operators. Basically it is a decision support system that is based on mathematics and human psychology algorithm to measure the relative degree of importance of individual's attitude among diverse alternatives (Satty, 1990). It is a powerful tool to measure the relative degree of importance according to the respondent's preferences in the situation of multiple objectives and diverse factors.

After necessary corrections and modifications of the draft report suggested by the supervisor and others member, final thesis has been prepared.

4.1 Introduction

Bhairab Pourashava is located under Bhairab Thana in Kishoreganj district of the country. It is located north east of Dhaka Metropolitan area at a distance of about 90 km. Bhairab Pourashava is situated on the right bank of the Meghna River at the confluence of the Meghna and the old Brahmaputra River. Bhairab is an “A-1” category municipality. It consists of 7 mouzas namely Jagannathpur, Kamalpur, Laxmipur, Bhairabpur, Kalipur, Chandiber and Ramshankarpur. The upazila headquarter is situated on the highway of Bhairab – Kishoreganj highway road. As such, the city is of utmost importance and the connectivity of this area is fairly good. It has 12 (Twelve) wards covering an area of 15.72 sq. km. Moreover Bhairab is one of the primary river port areas in Bangladesh. From ancient period it is famous for trade and business center.

4.2 Geographical location

Bhairab is one of the 13 Upazilas of Kishoreganj district. It is at a distance of 56 K.m from the Zilla headquarters. It lies between 24^o 02” and 24^o 11” north latitude and 90^o 54” and 91^o 02” east longitude. It is located on the eastern border of Dhaka division. The town itself is built on the high lands to the northeast. The river has the tendency to erode its northern bank. It is understood that the town’s past growth and present urban configuration has been shaped by Bhairab’s relative susceptibility to flooding. Large areas of the township are regularly flooded due to the fact that these areas have low-lying lands. The boundary of Bhairab Pourashava is stated below:

North: On the north the Bhairab Pourashava runs along the Shibpur Union of Bhairab Upazila.

South: On the south Bhairab Pourashava follows the Meghna river.

East: In the east the boundary of Bhairab Pourashava follows the boundary of Shimul Kandi union of Bhairab Upazila.

West: On the west the study area runs along the old Brahmaputra river and Belabo Upazila of Narshindy District.

The location of Bhairab Pourashava in context of Bangladesh, Kishoreganj District and Bhairab Upazila area has been shown in the map.

4.3 Demographic features

According to Population Census of Bangladesh Bureau of Statistics-1991 the population of Bhairab Pourashava was 70,093 and according to Population Census of Bangladesh Bureau of Statistics-2001

Bhairab Pourashava population size	:	93,254
Total area of Pourashava	:	15.72 sq Km
Households	:	17,692
Population density	:	5,932 / Sq. Km

In the study area the population density is very high. (5,932 per Sq. Km.). Among the different ward of the Pourashava, the highest population density is in Ward No.- 02, 21,085 persons per Sq. Km. The lowest population density in Ward No.-5; 2570 Per Sq. Km. Table 4.1 shows the present demography features of the Bhairab Pourashava.

Table 4.1: Demography Features of the Bhairab Pourashava

Ward No.	Area Sq. Km.	House Hold	Density Per Sq. Km.	Population		
				Both Sexes	Male	Female
Ward No. -01	0.47	1544	17578	8086	4515	3571
Ward No. -02	0.34	1402	21085	7169	3657	3512
Ward No. -03	1.14	2004	7824	8919	4782	4137
Ward No. -04	0.89	1503	8725	7765	4086	3679
Ward No. -05	2.48	1153	2570	6398	3288	3110
Ward No. -06	2.43	1345	2966	7207	3621	3586
Ward No. -07	0.97	1592	8794	8530	4677	3853
Ward No. -08	0.41	1353	17590	7212	3668	3544
Ward No. -09	2.29	1524	3602	8248	4148	4100
Ward No. -10	0.92	1484	9314	8569	4389	4180
Ward No. -11	1.32	1436	5810	7611	3997	3614
Ward No. -12	2.06	1352	3660	7540	3936	3604
Total	15.72	17,692	5932	93,254	48,9764	44,490

Source: BBS-2001

4.4 Socio economic features

4.4.1 Social characteristics

Being a river port, Bhairab has its own social legacies as usually found elsewhere. People across the neighboring areas all the times rush in and out as road, railway and river uniquely facilitate easy transportation of goods and people. The movement of people goods creates great environmental disturbance as the town remains noisy, and peace and harmony of the living areas mostly lost. Lack of proper infrastructure and confronted with varied mismanagement as insufficient useable water, inadequate sanitation facilities, pollution and garbage, water logging, traffic congestion, housing problem, decreasing socio-cultural activities and lack of adequate entertainment facilities and lack of civic amenities, etc. have hindered cherished living of the township.

Social nuisance, however could not rise to the extent to cause civic annoyance for the passengers arrive only to board a train to their destination or by the river in search of jobs and stay till working hours and leave the town for their rural places at night. On the contrary, the migrant population from neighborhood especially with families who settled in the town to earn a livelihood is peaceful and remains busy with their business or trade. Increasing unemployment and drug addiction though threatened social peace.

4.4.2 Education facilities & literacy rate

Bhairab Pourashava area has sufficient education facilities. There are 8 Kindergarten schools, 17 primary Schools, 7 high schools, 4 colleges and 5 Madrasas. So people have sufficient opportunity for studying. But unfortunately there is no Government college in this area. Hazi Asmot College is the one of the oldest colleges in Bangladesh but government does not take any step to make it a Government College. Here the literacy rate is 53.60%. Among the literate people 57.99% are male and 48.72% are female. Among the different Wards of the Pourashava highest literacy rate relies in the Ward No.-1 (66.10 % of the total population) and lowest literacy rate is in Ward No.-12 (39.60 % of the total population) where female literacy rate is also the lowest one (35.80 % only).

4.4.3 Economic characteristics

Bhairab has thrived as a trading town for years. It has become one of the major centers of collection and distribution of agricultural products and inputs as well as industrial goods. It is located on the Dhaka-Chittagong railway and also linked Sylhet, Kishoregonj and Netrokona. Meghna river provides excellent navigation facilities round the year where Dhaka, Sylhet highway act as a pivot of transport communication system for Bhairab. However, more new urban crossroads are required while existing roads can be widened and repaired along with drainage development.

This remarkable communication network granted Bhairab to flourish as a centre of wholesale and retail market for the neighboring areas. Its medium and small industrial units could not yet displace the flavour of trade and commerce.

4.5 Micro finance programme in Bhairab Pourashava

The formal banking sector in developing countries is not successfully providing financial services to the poor. The sector is typically involved in large loans to the upper class completely excluding low-income groups. The microfinance movement, however, has shown that there is a thriving market among the poor when financial products cater to their specific needs. The poor are a quite active group in any economy.

Before 1990s, finance schemes for urban poor women were negligible. The concept of women's finance was born on the insistence by women oriented studies that highlighted the discrimination and struggle of women in having access to finance. However, there is a perceptible gap in financing genuine finance needs of the poor especially women in the urban sector. There are certain misconceptions about the poor people that they need loan at subsidized rates of interest on soft terms, they lack education, skills, capacity to save, finance-worthiness and therefore are not bankable. Nevertheless, the experiences of several SHGs (Self-Help Groups) reveal that urban poor are actually efficient managers of finance. Availability of timely and adequate finance is essential for them to undertake any economic activity rather than finance subsidy (Dr. Sheela Purohit).

4.5.1 Micro-finance providers in the study area

There are various micro-finance providers in the study area. These are NGOs, Local Somiti. They not only provide finance but also make savings habit among the poor women. Some of the organizations also have insurance practice. Besides, some better private economic holders like relatives and neighbors also provide finance to the poor women in the study area. Three NGOs have focused to provide finance to the poor women, namely, BRAC, ASA and IVDS. They not only provide finance to the poor women but they also provide savings, insurance and finance plus services facilities to the poor women. The various aspects of micro-finance system as in operation in the study area including the operation are discussed here.

4.5.1.1 BRAC

BRAC have gained international recognition for their innovative approaches to microfinance for employment and income generation, especially for women. What is perhaps less well known is the large number of smaller female-headed NGOs providing microfinance to women throughout Bangladesh. These organizations provide an invaluable service by targeting women not served by the larger microfinance organizations. They also account for a higher proportion of women in microfinance organizations in leadership positions. It is not only 'microfinance the tool' that is a powerful poverty-alleviating weapon, but also the institutional framework of microfinance that is created in delivering microfinance. The extensive outreach, connection, knowledge and network, that the microfinance institution and the people running it at all levels possess and generate in their every day working engagements, is an extremely powerful asset in the fight to overcome poverty. (*PKSF, International Conference on Microcredit in Bangladesh*).

BRAC is the first active NGO in the study area. It has initiated micro-finance program in 2000. Its prime objective of the micro-finance program is empowerment of the poor women and their socio-economic upliftment. Under its program, BRAC stands as guarantor and facilitates the poor people to gain finance at reasonable terms and

conditions without guarantee. The micro-finance program of BRAC offers the following types of services to the poor women:

Finance

Under its finance program, it provides the following types of finance to the poor women:

General loan: It includes the employments and income generating activities such as raising poultry, livestock, small trade, handicrafts etc.

Housing loan: It includes housing development program.

Sectoral program loan: The sectoral program loan includes the micro-enterprise development program loan such as tailoring, handicraft, small shop business, dairy farming etc.

Savings

Savings is an important part of credit services of BRAC. Saving opportunities of BRAC provides to its members with fund for consumption, children's education and other investment. It also provides security for old age and serves as a contingency fund during natural disasters when income level fluctuates.

Insurance

Insurance facility is an important part of the credit services of BRAC. It not only ensures the security for old age of women, it also facilitates to the poor women during their evil times such as income falls or any type of medical treatment.

Credit Plus Services

Another scheme of the credit services of BRAC is credit plus services facilities. This service of BRAC also helps to find a suitable work. BRAC provides various types of credit plus services for the poor women.

4.5.1.2 ASA

ASA is the largest and fastest growing fully financially self-sufficient microfinance institution in the world. The experiences of ASA's managerial dynamism and replication of its simple model have much to offer the diverse microfinance sector as it accommodates demand for quality financial services by the poor masses. ASA is confident that a financially viable microfinance sector that provides competitive financial services to its customers will be able to expand outreach at a pace similar to its own. *(Md. Shafiqul Haque Choudhury, Founder and President of ASA).*

ASA initiated micro-finance Program in 2000. The aim of its program is to alleviate poverty through facilitating the poor to get access to resources and thereby empowering them. Under this program, ASA stands as guarantor and facilitates the poor people to avail credit at reasonable terms and conditions without collateral. Therefore, the poor women can utilize the credit in employment and income generating activities. This process activates a self-sustained credit services to allow the poor people become

economically self-reliant. ASA offers the following types of services to the poor women under their Micro-finance program:

Credit: Under the micro-finance program, ASA provides the following types of finance to the poor women:

General loan: The general loan includes the employments and income generating activities. The income generating activities include raising poultry, livestock, small trade and handicrafts.

Sectoral program loan: The sectoral program loan includes the micro-enterprise development program loan such as tailoring, handicraft, small shop business, dairy farming etc.

Savings: Savings is an important part of credit services of ASA. Saving prospect of ASA provides to its members with fund for consumption, children’s education and other investment. It also provides security for old age and serves as a contingency fund during natural disasters when income level fluctuates

Insurance: Insurance is another important part of credit services of ASA. Insurance prospect of ASA provides to its members security for their evil times or at the old age.

4.5.1.3 IVDS

IVDS is another new NGO in the study area. Recently it has started the micro-finance program for the poor women through Rishi Para Somiti. It provides finance to the poor women without guarantee.

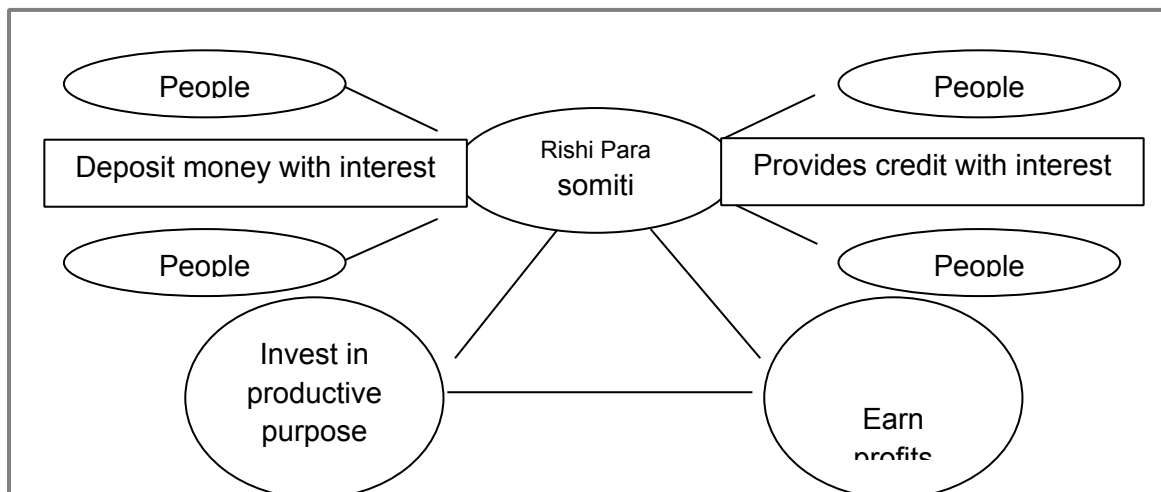


Figure 5.1 Source of money of Rishi Para somiti

The Rishi Para somiti provides the following types of credit to the poor:

General loan: The general loan includes income generating activities such as raising poultry, livestock, packet processing etc.

Housing development loan: The housing loan is provided for housing materials, tube-well, sanitations etc. Macro scale -enterprise development program loan: The macro scale-enterprise development program loan includes the tailoring, handicraft etc.

4.5.2 Local government operated MFP

Though the role of secondary towns or Pourashava in the overall socio-economic development both at the local and the national levels are not much noteworthy they can be envisaged from the fact that the contribution of the urban sector to GDP increased from 25% to 38% in 1992 and to 45% in 2001. In urban areas, poverty is mainly related to the issue of finding a job. Besides they suffer from various deprivations such as lack of adequate housing and infrastructure; social protection and lack of access to health, education and personal security.

Though the urban poor have better access to employment and income than the rural poor, these are irregular and are mostly in the informal sector. Two economic factors aggravate the despair of the urban poor: the nature of employment, and the absence of social security. Moreover, rural migrants looking for employment opportunities are competing with the new entrants on the labour market resulting from the natural growth of the urban population. Consequently, the rate of unemployment and underemployment remains high. In the meantime, the opportunities in the public service and in the medium and large companies, which provide stable and well-paid jobs, are scarce. Besides, for urban poor there was no scope to participate in the development process as stakeholders.

To bridge this gap Asian Development Bank (ADB) took an initiative named Urban Governance and Infrastructure Improvement Project (UGIIP) in FY 2004-05 which intends to support the sector investment plan of Bangladesh Government for selected secondary towns (Pourashava or Municipalities) through LGED (Local Government Engineering Department), under the Ministry of LGRD. Primary objective of the project is to promote good governance and develop human resources at Pourashava level.

ADB first offered microfinance services worldwide for the poor in 1988. By end 2006, it had approved 32 microfinance projects and 20 projects with microfinance components. These involved \$1,012 million in loans and \$6 million in grants, and took place in 16 countries. More than half of the projects were approved after 2000, and accounted for two thirds of ADB's lending for microcredit. ADB has been financing in the urban development projects in Bangladesh since 1990 to meet the demand for basic services in urban areas. Under UGIIP Pourashava provide facilities like roads, bridges/culverts, town centre facilities, drains, sanitation, water supply, solid waste management, slum upgrading with microcredit and community poverty alleviation ensuring people's participation at different stages of service provision. The pilot project was designed to make selected 22 Pourashava capable of properly addressing the underlying

issues of governance where one of the objectives is to provide slum dwelling women with microfinance so that they can be self-employed and improve their condition. Improving means the process of something becoming better. This betterment may take the form either quantitative or qualitative improvement or both.

Bhairab is one of these 30 Pourashava where the project started from FY 2004-05. For improving living conditions of slum dwellers there some social programmes like literacy training, poverty alleviation etc., leadership and skill training for poor women have been mobilizing. From FY 2009-10 GOB decided to extent the Project and another 35 Pourashava have been selected to operate the microfinance programme.

Under UGIIP Bhairab found success in both social and monetary aspect. The Pourashava distributed loan among the 600 urban poor women in 10 slums from the project money amounting Tk. Two million. Moreover, many women prefer to take loan from LG-operated MF programme rather than from NGOs. In fact, for this reason Bhairab is the only the Pourashava among the 30 microfinance operating Pourashava, which is now funding from its own source to microfinance programme. It has so far disbursed Tk. Five million (Tk One, Two and Two million in FYs 2007-08, 2008-09 and 2009-10 respectively) from its own fund and distributed the money among another 900 poor women. On the other hand some NGOs also run its MF programme for the poor women in the same area since 2000. Currently Five national and one local NGO are providing credits to the poor people in 10 slums of the municipality.

4.6 Existing slums in Bhairab Pourashava and their condition

There are about 10 slums of various categories in the city. Rishi Para is the biggest slums in Bhairab. Small slums and slum type row housing are scattered almost everywhere in the city. The populations in the slum area are living in sub-standard condition. Poor town dwellers are an essential part in any town in Bangladesh. They are not only living in low cost housing area but also do something. They are not only destitute from money but also from empowerment. Beside this, they have the rights to live there. They suffer more during any natural or manmade hazards like flood. Due to financial disabilities, they have less resilience.

All the slums and squatters of Bhairab are unplanned with full of various problems like proper accessibility, lack of basic services (water supply, sanitation, drainage, solid waste disposal, health facilities, education etc.) and poor housing condition but the magnitude of various problems may be different in terms of spatial variations. Thus the

socio – economic conditions of the urban poor of a slum can greatly be influenced by several factors such as education, employment and income pattern, distance of working area from the house/slum, house rent, availability of services and facilities, land value and ownership etc.

4.6.1 Employment profile

The Labor Force Participation Rate (LFPR) for slum population is estimated at 47 percent, 76 percent for males and 17.6 percent for females

The reasons of that kind of variation are:

- A Female has to work to increase family income as a supporter of her husband or other family members' income.
- In some slum area there is ample scope of employment for children. It stands near commercial area. In depth investigation it reveals that there are almost labour in hotel and restaurant comes from the slum area. (MIDP,2008)

The occupational pattern of the slum dwellers are as follow Transport operator, Day labor, Small Trading, Salaried service, Self employed, Construction worker, Garage worker & Domestic service working women is expected to be high in both slums since it is usually assumed that both men and women in the slums work to fight against the relentless poverty they face. It is astounding to know that most of adult women are not working outside their house. The majority of the child workers of slums found to work as unskilled labor. They work as hotel boy, garage worker and also work as sweeper, guard of different shops of new market.

4.6.2 Monthly average expenditure

Monthly average expenditure pattern of the slum dweller of Bhairab Pourashava is 3206.72. Out of this amount most part goes to the food expenditure. Table 4.2 shows the purpose and average expenditure of the slum dwellers.

Table 4.2 Monthly Average Expenditure of a Family in Slum area

Purpose	Average Expenditure(Tk.)
House work/Repair of the house	43.15
House rent	100
Food	2422.58
Clothing	131.58
Health	25.05
Education	51.51
Electricity & fuel etc	312.42
Special expenditure	120.42
Total monthly expenditure	3206.72

Source: MIDP, 2008

4.6.3 Saving pattern

The saving pattern of the slum dwellers is very poor. About 57 percent household heads do not save money. Saving places and reasons of savings are as below-

Government Banks – Very small percent of households of slum area save money in commercial bank. Lower rate of savings in Banks in case of households of slum area is because of Banks are far from the slum and Bank's procedure.

Credit Associations (NGO's) – many households save money in credit association. This is because of large number are NGO's working (World Vision, BRAC, ASA, Proshikha which is recently defunct etc.) in slum area and they can keep faith on them.

4.6.4 Slum improvement activities through UGIIP

UGIIP Project focuses on upgrading the condition of the poor through PRAP. It will reduce vulnerability to environmental degradation, poverty and natural hazards. As per project policy, PRAP will promote active participation of women citizens in municipal management and services. NGOs will be engaged to facilitate community mobilization for improving living conditions of slum dwellers, provision of micro-credit for income generating activities and social programs (e.g. on literacy training, poverty alleviation), leadership and skills training offer to poor woman.

4.7 Brief description of selected Rishi Para slum area

Rishi Para slum is as old as well known slum in Bhairab Municipality. It is the oldest and largest slum in Bhairab Municipality. The present land-ownership of the slum is Government of Bangladesh (GOB). There is an old history of the land ownership of Bhairab Municipality behind it. It is said that before 71s, a Hindu family was the owner of the land. Since then, poor people were living here. During the Liberation war in 1971, the owner of the land leaved this country and the ownership of the land become changed. Therefore, some poor local people took position of the land and they build houses and other constructions for their living purpose. Besides, they used the land as rent to others. Near to many manufacturing factories, other factories, small business activities, the slum became popular to the poor people for their shelter. After a long time, Bhairab Municipality provide some basic service to the poor. After then various Non-Government Organizations and other social organizations are working for the development of the slum and its inhabitants.

4.7.1 Physical characteristics of Rishi Para slum

Rishi Para slum is the largest slum in Bhairab Municipality The slum is located in the ward no 1 of Bhairab Municipality The existing area of the slum is 3.4 acre. The total land of the slum is divided into two, namely, 'South para' and 'North para'. Rishi Para slum is located in the low land flood zone area of Bhairab Municipality. As a result,

during rainy season, water logging is the natural situation in the slum. On the one side, water cannot move from the land and on the other hand the flow of water of the nearer Meghna River. People face so many problems at that time. Environment became more unhygienic for the people to live in the slum.

The physical existing condition of the slum is very complex. There are more than five hundred houses, some grocery shops and tea stalls. Moreover, one kutchra bazar stands in the open space of the slum every day. Besides, there is a small shoe manufacturing factory. The slum is well known as high density of infrastructures zone slum in Bhairab Municipality. Most of the roads of the slum are kutchra. Besides, there are some HBB roads, but this is very limited. Gap between two houses are used as passageway in the slum.

4.7.2 Demographical characteristics

Rishi Para slum is one of the most densities slum in Bhairab Municipality. Low living cost, nearer to working place a large number of people live there. Both local and migrated people are there in Rishi Para slum. But local people are occupied a vast majorities. Most of them are living for 20-25 years. The existing total population of the slum is 1775. It is evident that 54% of populations are male and 46% are female in Rishi Para slum. (Source: Bhairab Municipality, 2006) The sex ratio is quite different than the national sex ratio. The sex ratio (male: female) is 117:100, where the national sex ratio of the country is 105:100. (Source: Pourashava, 2005)

4.7.3 Educational characteristics of Rishi Para slum

Rishi Para slum is the natural representation of all over the slums of the country in terms of educational status. A large number of people are illiterate in the slum. Table 4.3 shows the population distribution according to their level of education.

Table 4.3: Educational status of Rishi Para slum

Level of education	Percent (%)
Illiterate	32
Up to class 2	29
Class 2 to 4	17
Primary	14
Class 6 to 8	5
Class 8 to 10	1
SSC	2
Total	100

Source: Pourashava, 2005.

From the Table 4.3 it reveals that 29% is found up to class two, 17 % is found class two to class four and 14% is found in primary level education. Only 2% is found who passed SSC. Recently, CARE established one primary school for the children and also for the old aged people. Taking education from these schools, most of the people can read and write. As a result, the illiterate people are decreasing.

4.7.4 Economic characteristics of Rishi Para slum

Bhairab Municipality is well known for various informal sector activities. As a result, there are large opportunities to get employed for the poor people. These poor people live in various slums. They live in the slums which are nearer to their work place. Monthly Income of the poor people in the slum is much diversified. Monthly Income of the poor people depends on their types of activities. Most of the people earn less than their activities perform. Table 4.4 presents the information of monthly income of the people.

Table 4.4: Monthly incomes of the people of Rishi Para slum

Monthly income (tk)	Frequency
None	137
Below 500	28
500-1000	28
1000-1500	39
1500-2000	52
2000-2500	47
2500-3000	33
3000-3500	1
Total surveyed	365

Source: Pourashava, 2005

Around Rishi Para slum, there are so many informal sector activities, manufacturing factories, salt factories, bakeries, etc. As a result, most of the people of the slum are involved in informal sector activities. Moreover, there are some people who are involved in formal sector activities. Table 4.5 shows the existing scenario of occupations of the people of the slum.

Table 4.5: Occupational status of the inhabitants of Rishi Para slum

Occupations	Percentage
Rickshaw/van pullers	2.47
Drivers	5.48
Push card drivers	0.55
Day laborers	12.05
Industrial workers	1.37
Mill workers	6.58
Garments workers	1.37

Musicians	0.55
Small business	2.19
Shoemakers	0.55
Vender	1.64
Barbers	0.82
Tailors	5.48
Hawkers	1.92
Grocers	4.66
Electricians	1.64
Cookers	2.19
Student	7.95
Street food sellers	3.56
Tea stall	1.10
Maid servants	3.29
Handcrafting	3.29
Service holders	1.37
Sewing	1.10
Dairy farming	1.37
None	25.48
Total surveyed	100.00

Source: MIDP, 2005

4.7.5 Service facilities of Rishi Para slum

The existing service facilities of the slum are not sufficient for the people. The urban utility services such as electricity, water, solid waste management, drainage, etc are not in satisfactory level. Bhairab Municipality provides water, but these are not adequate for the people. Moreover, the supply water is irregular. Most of the people of the slum use the tube-wells as the source of water. There are only nine tube-wells. There is a large dustbin in front of the slum, but the Pouroshova authority is very irregular to maintain it. Recently, SAD-Bangladesh, the NGO provides bin to every five households for waste disposal. The authority fairly maintains it. The existing drainage network of the slum is inadequate. Most of the drains are blocked. As a result water logging is a common problem for the people of the slum. Problems rise very much during the rainy season. There is Primary Health Centre inside the slum for the poor people. Besides, ASA provides health services to the poor people. There are two primary schools in the slum. CARE established these schools not only, they also provide educational materials to the students.

4.7.6 Rishi Para slum at a glance

The table below shows the information at a glance regarding Rishi Para at Bhairab.

Table 4.6: Information of Rishi Para slum

Location	Ward-1, Bhairab Municipality
Land ownership	GOB
Area	3.34 acre
Total Populations	1775
Total Households	390
Households size	4.55
Non-Government organizations	NGOs (CARE, BRAC, ASA, IVDS, SAD-Bangla,
Educational Institutions	2 (Informal schools provided by CARE)

5.1 Introduction

The socio-economic conditions of the slums of our country are in sub-standard level. The poor economic condition is prime responsible for this. The high population density, poor education, unavailability of the urban services facilities such as electricity, water, sanitation, drainage etc enhances the sub-standard conditions of the slum. Besides, large amount of migrants are also responsible for creating these un-satisfactory socio-economic conditions in the slum. For the purpose of conducting the present study 200 female of Rishi Paraa slum was surveyed who involved in microfinance programme at least 2 years. This chapter describes the socio economic condition of the respondent women.

5.2 Age distribution

NGO and LG organization select such type of women in MFP whose age at least 18 year. The Table 5.1 shows the age group of respondent women.

Table 5.1: Age distributions of the respondent

Age range	Frequency	Percent (%)
1 -18	0	0.0
18 to 25	57	28.3
26 to 35	60	30.0
36 to 45	53	26.7
46 to 55	27	13.3
56 to 65	3	1.7
Total	200	100

Source: Field survey, 2010

From the Table 5.1, the highest age group of women is 26 to 35 and it is about 30%. The second highest is 28.3% and it represents those who are 16 to 25 years old. Those who are 36 to 45 years old occupied 26.7% and there in no women in 1-18 age group as they are not eligible for MFP.

5.3 Household size

The average household sizes of the respondent are 6.08 that are much higher than average household size of Bangladesh. The table 5.2 represents the information of the household size of the study area. Household size of the study area has been classified into six classes.

Table 5.2: Household size of respondent

Household size	Number of households	Percent (%)
1 to 4	33	16.7
5	30	15
6	60	30
7	37	18.3
8	33	16.7
Above 8	7	3.3
Total surveyed households	200	100

Source: Field survey2010

The Table 5.2 shows that about 30% of the total surveyed households have 6 family members. The second highest household size is 7 and it occupies 18.3% and 16.7% of the household size is composite with who have the family members of 1 to 4 and only 3.3 % house hold have above 8 family member.

5.4 Educational status

Table 5.3 shows that half of the total women are illiterate in the study area. Only 13.4% are found in the primary education level. About 18.3% are found respectively up to class two level and class three to four.

Table 5.3: Educational status of the women

Level of education	Frequency	Percent (%)
Illiterate	100	50
Up to class two	37	18.3
Class three to four	37	18.3
Primary	27	13.4
Total	200	100

Source: Field survey, 2010.

5.5 Duration of living in the slum

The study area is one of the oldest slums in the Bhairab Pourashava. From the Table 5.4, it is evident that most of the women are living there for a long time. About 26.7% of the total women have been living here for 16 to 20 years. 20% of the women households have been living here for 6 to 10 and 11 to 15 years respectively. Only 5% are found who are living here more than 30 years.

Table 5.4: Duration of living in the slum area of respondent

Living period (years)	Frequency	Percent (%)
1 to 5	17	8.3
6 to 10	40	20
11 to 15	40	20
16 to 20	53	26.7
21 to 25	27	13.3
26 to 30	13	6.7
Above 30	10	5
Total	200	100

Source: Field survey, 2010

5.6 Occupational status

In the study area the women are varied income sources. There are both formal and informal sources of income in the study area. Most of the women are employed in the informal sectors activities. A few numbers of the women are employed in the formal sectors activities. The informal sector is very vibrant. There are wage employed, self employed and unpaid domestic employed. Moreover, both primary and secondary employments women are exist there. To earn more, for better living and moreover run

with the present time of economy, most of the women are employed both in primary and secondary sources of income.

5.6.1 Formal and informal income sources

From the field survey it found that most (97.5 %) of the respondent worked in the informal sector. Only 2.5 % of women are employed in the formal sector activities. Lack of education, lack of skill women have to involve in the informal sector activities.

5.6.2 Primary occupation

Women have taken a large number of income sources as primary occupations in the study area. Table 5.5 shows the primary occupations of the women.

Table 5.5: Primary occupations of the women

Primary occupation	Frequency	Percent (%)
House wife	37	18.3
Day labour	20	10.0
Handicraft workers	20	10.0
Grocers	27	13.3
Maid servant	10	5.0
Packet makers	13	6.7
Cook	10	5.0
Service	3	1.7
Tailors	30	15.0
Tea stall vendor	7	3.3
Street food sellers	10	5.0
Dairy farm	10	5.0
Musician	3	1.7
Total	200	100

Source: Field survey, 2010.

5.6.3 Secondary occupation

To earn more money, to lead a better life and moreover to cope with the present day's economic standard some women are involved in the secondary occupations. Women found secondary income sources in various informal sector activities such as handicraft, sewing, cooking in hotel, tea stall, street food selling, dairy farm, and water carrier. Table 5.6 shows the secondary occupation information of the women.

From the Table 5.6 it is found that, only 40% women are involved in the secondary income sources. The rest 60% women depend on the primary occupations only for their income. The table shows that 18.3% of women are involved in the sewing as secondary income source and 8.3% are involved in handicraft. Only 1.7% women are employed as cooking, street food selling and dairy farming respectively for their secondary income sources.

Table 5.6: Secondary occupations of the women

Secondary occupation	Frequency	Percent (%)
Handicraft workers	17	8.3
Sewing	37	18.3
Cook	3	1.7
Tea stall vendor	7	3.3
Street food seller	3	1.7
Dairy farm	3	1.7
Water carriers	10	5
None	120	60
Total	200	100

Source: Field survey, 2010.

5.7 Location of the work

In the study area women perform their activity both inside and outside the slum. Those who work inside the slum are also categorized as home workers and not in home but works inside the slum. Table 5.7 represents the location of activity performed by women workers in the study area.

Table 5.7 shows that 38.3% women work inside the slum and 61.67% women work outside the slum. It is also found that 23.33% women perform their work at home and 15% women perform their work not at home but inside the slum.

Table 5.7: Location of work of the women

Location		Frequency	Percentage	Total
Inside the slum	At home	47	23.33	77
	Not home but inside the slum	30	15.00	
Outside the slum		123	61.67	123
Total		200	100.00	200

Source: Field survey, 2010.

5.8 Income pattern

Income of the women in the study area is categorized into seven categories. Table 5.8 represents the information of the monthly income range of the women.

Table 5.8: Monthly incomes of the women

Monthly income (tk)	Frequency	Percent (%)
Up to 500	17	8.3
501 to 1000	40	20
1001 to 1500	47	23.3
1501 to 2000	50	25
2001 to 2500	37	18.3
2501 to 3000	7	3.3
3001 to 3500	3	1.7
Total	200	100

Source: Field survey, 2010.

It is found from the Table 5.8 that, 25% women's monthly income range is Tk.1501 to Tk. 2000. The lowest earning category is 8.3 % and their monthly income is

less than Tk. 500 and the highest earning category is only 1.7 % and their monthly income is more than Tk.3000.

5.9 Expenditure pattern

The poor people expend a large part of their income for their foods and consumption purpose. Besides, the poor women in the study area expend money for their necessities like transportations, electricity and health purposes. Very few women expend money for recreational purpose.

5.10 Monthly expenditure for food purpose

Monthly food expenditure of the households mostly depends on their family size and income. The Table 5.9 presents the monthly food expenditure of the households of the study area according to their family size.

From the Table 5.9 it is found that 125 out of 200 households (62.5%) who have 5 to 8 family members expend Tk. 2000 to Tk. 3000 for their monthly food requirements. It is also found that 33 households (16.5%) expend up to Tk. 2000 for their monthly food purpose and their family size is not more than 4. Only 21 households (10.5%) expend Tk.3000 to Tk.3500 and their family size is between 6 and 8. The rest 21 households who have 7 to 9 family members expend above Tk. 3500.

Table 5.9: Monthly food expenditure according to their household size

Household size		Monthly food expenditure (Tk.)						Total
		Up to 1500	1500 to 2000	2000 To 2500	2500 To 3000	3000 To 3500	Above 3500	
Up to 4	f	10	23					33
	%	5	11.5					16.5
5	f			27	3			30
	%			13.5	1.5			15
6	f			23	30	7		60
	%			11.5	15	3.5		30
7	f			7	16	7	7	37
	%			3.5	8	3.5	3.5	18.5
8	f			3	16	7	7	33
	%			1.5	8	3.5	3.5	16.5
9	f						7	7
	%						3.5	3.5
Total	f	10	23	60	65	21	21	200
	%	5	11.5	30	32.5	10.5	10.5	100

5.11 Monthly expenditure for electricity purpose

Monthly expenditure for electricity purpose mainly depends on the number of rooms of the households. It is needless to say that more room means more light, fan, etc leading to higher expenditure for electricity purpose. Besides, some households have television or radio. So the expenditure for electricity purpose varies from households to households. Table 5.10 describes the monthly expenditure for electricity purpose of the study area.

Table 5.10: Monthly expenditure for electricity according to occupied rooms

Room occupied		Monthly expenditure for electricity purpose (Tk.)							
		Below 100	100 to 150	150 to 200	200 to 250	250 to 300	300 to 350	350 to 400	Total
1	f	3	23	10	3			3	43
	%	1.67	11.67	5	1.67			1.67	21.68
2	f		13	47	27	20	7	3	117
	%		6.67	23.33	13.33	10	3.33	1.67	58.33
3	f				20	10	3	7	40
	%				10	5	1.67	3.33	20
Total	f	3	37	57	50	30	10	13	200
	%	1.67	18.33	28.33	25	15	5	6.67	100

Source: Field survey, 2010.

5.12 Monthly expenditure for health purpose

Table 5.11 presents the monthly expenditure for health purpose of the households of the study area. 45% households have been found who expend below Tk. 50 per month for their health purposes. 28.3% expend Tk.51 Tk. 100 and only 6.7% expend more than Tk. 200 per month.

Table 5.11: Monthly expenditure for health purpose

Monthly expenditure (Tk)	Frequency	Percent (%)
Nil	3	1.7
Below 50	90	45
51 to 100	57	28.3
101 to 150	20	10
151 to 200	17	8.3
Above 200	13	6.7

Total	200	100
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Source: Field survey, 2010.

5.13 Monthly expenditure for educational purpose

From the table 5.12 it is found that 26.7% of the total households expend Tk. 101 to Tk. 200 in every month for their children's education. 21.7% households expend less than Tk.100, 8.3% expend Tk. 201 to Tk. 300, 10% expend Tk. 301 to Tk. 400, and 1.7% expends Tk. 401 to Tk. 500. It is also found that only 26.7% expend no money for their children's education. These households have no school going children.

Table 5.12: Monthly expenditure for educational purpose

Monthly expenditure (Tk)	Frequency	Percent (%)
Nil	53	26.7
Below 100	43	21.7
101 to 200	53	26.7
201 to 300	17	8.3
301 to 400	20	10
401 to 500	3	1.7
Above 500	10	5
Total	200	100

Source: Field survey, 2010.

5.14 Monthly expenditure for clothing

From the Table 5.13 it is found that half of the total households cannot buy any cloth in a month and they expend null for that purpose. 20% expend Tk. 151 to Tk. 200, 10% expend Tk. 100 to Tk. 150 and 3.3% expend less than Tk. 100 per month for their cloth purpose.

Table 5.13: Monthly expenditure for clothes purpose

Monthly expenditure (Tk)	Frequency	Percent (%)
Null	100	50
Below 100	7	3.3
101 to 150	20	10
151 to 200	40	20
Above 200	33	16.7
Total	200	100

Source: Field survey, 2010.

5.15. Monthly expenditure for water

In the study area there are both supply water and tube-well for water facilities. The Pourashava provides supply water. Though the Pourashava does not take any charge for that but the supply water does not full fill the daily required water. As a result tube-well is very much popular among the people of the study area. There are only 9 tube-wells for total households.

5.16 Monthly expenditure for solid waste management

In the study area there is better solid waste management system. The existing NGO, PSAD Bangla is the only one organization for solid waste management. They provided one bin among three households and collect the waste after three of four days. They fixed charge as 5 Tk. per month for that for every household.

5.17 Monthly expenditure for communication purpose

One of the most vital expenditure sectors that households expend money is communication sector. It is no need to say that more distance needs more cost. Expenditure in communication sector depends on the working area distance of the people, distance of educational institution, distance of market place, distance of recreational area, distance of health facilities etc. Table 5.14 represents the information of the expenditure in communication sector of the study area.

From the Table 5.14, it is found that 30% households expend Tk. 250 to Tk. 300 per month for their communication purpose. 16.7% households expend less than Tk. 100 and only 3.3% households expend more than Tk. 500 in every month for their communication purpose.

Table 5.14: Monthly expenditure for transportations

Monthly expenditure (Tk)	Frequency	Percent
Below 100	33	16.7
100-150	10	5.0
150-200	43	21.7
200-250	13	6.7
250-300	60	30.0
300-350	17	8.3
350-400	3	1.7
400-450	13	6.7
450+	7	3.3
Total	200	100.0

Source: Field survey, 2010

5.18 Monthly expenditure for recreational purpose

Recreation is another prime right of human being. But in the study area it is seen very little. The poor people are always trying to maintain their minimum daily need. Recreation is very much optional for them. In the study area people go to the cinema hall to enjoy film and this is the prime part for recreation of the people. It is found that only 43% of the total households expend for recreational purpose and it never exceed Tk. 100

in a month. Most of the households cannot expend money for recreational purpose and it is occupied 57%.

5.19 Monthly savings pattern

It is said that most of the women earn little and what they earn they expend a big part of their income for different sectors for their family purpose. As a result they can save very little amount of money. It is found that 66.7% of the total women can save money from their income after expending for family. And the rest 33.7% of the women cannot save money. This picture view that women who earn more money can make some saving while who earn little cannot save.

5.20 Monthly savings of the women

Table 5.15 describes the monthly savings information of the women of the study area. It is found that most of the women can save less than Tk. 500 in a month. A very few is found who can save more than Tk. 500. From the table 4.20, it is also found that 16.5 % of women can save Tk. 401 to Tk. 500 per month, 15% can save Tk. 201 to Tk. 300 and only 3.5% women is found who can save more than Tk. 1000 in a month.

Table 5.15: Monthly savings of the women

Monthly savings	Frequency	Percent (%)
No Savings	67	33.5
Up to 100	7	3.5
101-200	27	13.5
201-300	30	15
301-400	23	11.5
401-500	33	16.5
501-600	3	1.5
901-1000	3	1.5
1000+	7	3.5
Total	200	100

Source: Field survey, 2010

5.21 Living conditions

Living conditions of the poor women include the housing condition, housing types, number of room occupancy, room size etc. It also included water facilities, toilet facilities.

5.21.1 Housing conditions

The land-owner of the study area is Bhairab Pourashava. The Pourashava does not charge rent on the residents. The overall housing condition of the study area is not bad. Tin/metal or bamboo shed type housing is the common feature of the study area.

Almost half of the total housing is made with tin/ metal. 46.7% houses are made with the bamboo. A few houses are made of mud in the study area.

Table 5.16: Housing types

Housing types	Frequency	Percent (%)
Mud	7	3.3
Bamboo shed	93	46.7
Tin/metal	100	50
Total	200	100

Source: Field survey, 2010.

5.21.2 Room occupancy

In the study area most of the households have two rooms. About 58.3% is found who have two rooms. Rests 21.7% have one room and 20% have three rooms.

Table 5.17: Room occupied of the households

Number of room	Frequency	Percent (%)
1	43	21.7
2	117	58.3
3	40	20.0
Total	200	100.0

Source: Field survey, 2010

5.21.3 Room size

Room size of the households very much depends on their family size, number of room, income and social status. Table 5.18 presents the information of the size of the room according to their family members.

Table 5.18: Total area of the rooms according to the household sizes

House-hold sizes		Room sizes (sq ft)					Total
		100-150	150-200	200-250	250-300	Above 300	
4	f	33.34					33.34
	%	16.67					16.67
5	f	3.34	23.34	3.34			30.02
	%	1.67	11.67	1.67			15.01
6	f	10	33.34	16.66			60
	%	5	16.67	8.33			30
7	f				10		10
	%				5		5
8	f			10	20	3.34	33.34
	%			5	10	1.67	16.67
9	f			6.66			6.66
	%			3.33			3.33
Total	f	46.66	70	50	30	3.34	200
	%	23.33	35	25	15	1.67	100

Source: Field survey, 2010

5.21.4 Water facility

In the study area the existing supply of water is not satisfactory for the existing demand. There are only 9 tube-wells in the study area which tries to meet the existing water demand of the poor women households. There are only four points of supply water (tap water) in the study area which inadequate to meet the whole demand of the poor households. Table 5.19 describes the source of water and the users.

Table 5.19: Source of water

Source of water	Frequency	Percent (%)
Supply water	47	23
Tube well	83	42
Both	70	35
Total	200	100

Source: Field survey, 2010

5.21.5 Sanitations facility

Most of the toilet of the study area is kutchha. They are made of bamboo and small number is found which are made of tin/metal. Total 18 toilets are found which is not adequate for the total population. Table 5.20 shows the information about the toilet facilities in the study area.

Table 5.20 Types of toilet

Type of toilet	Frequency	Percent (%)
Kutchha	147	73
Pucca	30	15
Hanging	23	12
Total	200	100

Source: Field survey, 2010

6.1 Introduction

Micro-credit is one of the ways to economic upliftment for the urban poor women. The economic upliftment of the poor women can be measured with employments, income enhancement and annual money contribution to the family, savings and access to expend for major resources etc after receiving micro-credit. The annual increase in employments, income, expenditures, savings, major resources etc indicate the positive impacts of micro-credit for urban poor women as well as their economic upliftment.

6.2 Change in employments status

The prime aim of the micro-credit program for the poor is to uplift the socio-economic conditions of the poor. For the urban poor women who want to do something but lack of capital, micro-credit is a great helping hand for them. In urban area there are vast opportunities for employment in the informal sector. After taking credit, the poor women can invest it in productive purpose so that they can earn money, help their family and improve their socio-economic condition. Micro-credit not only provides credit but also sometimes help to find good work in informal sector.

In the study area, micro-credit has played a great role in employment creation in the informal sector among the urban poor women. Table 6.1 shows the employment changing pattern of the respondent due to MFP.

Table 6.1: Employment status of MFP member's pre and post MFP period

EMPLOYMENT STATUS	BEFORE INVOLVEMENT OF MFP IN THE YEAR OF 2006		AFTER INVOLVEMENT OF MFP IN THE YEAR OF 2010	
	Frequency	Percentage	Frequency	Percentage
House wife*	45	22.5	0	0
Wage employee	58	29	44	22
Self employee	43	21.5	156	78
Unemployed**	54	27	0	0
Total	200	100	200	100

*Married female family member **Unmarried female family member

Source: Field Survey, 2010

The Table 6.1 reveals that, MFP plays a vital role for changing of employment status of urban poor women. Before joining the MFP 22.5 % women were only House wife and 27 % were unemployed. But after joining MFP there is no Housewife and unemployed women. All involved in different kinds of money earning activities. The Table 6.2 shows the employment status of respondent according to the MFP operators.

Table 6.2: Employment changing pattern of MFP members according to organization

Employment Status	LG MFP Member						NGO
	Before		After		Before		
	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage	
House wife	23	28.75	0	0	16	20	
Wage employee	14	17.5	17	21.25	32	40	
Self employee	11	13.75	63	78.75	14	17.5	
Unemployed	32	40	0	0	18	22.5	
Total	80	100	80	100	80	100	

*Married female family member **Unmarried female family member

Source: Field Survey, 2010

Fig 6.1: Employment changing pattern of MFP members according to organization

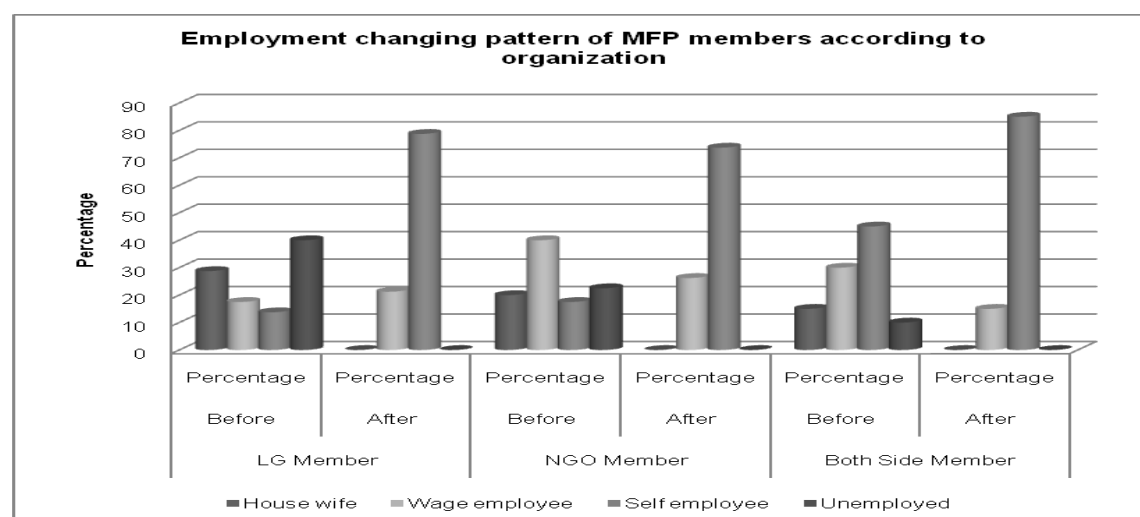


Fig 6.1 shows an upward trend of Self employee and down ward trend of Housewife and unemployed in every organization. In LG operated MFP these trend is most significant than others organization. Before joining LG operated MFP 28.75 % Housewife and 40% young women were unemployed, they had no option to earn for their family. But after joining MFP they become a earning member for their each family. Same thing happening in NGO member's also. But this rate is not as like LG operated

MFP, because NGO's member selection process is not so much friendly for totally unemployed person. But for the both side member, this change is not so much significant that most of them were MFP members of others organization before joining in present organization.

6.3 Income of the beneficiary households

Income is the principal determination of the economic condition of a household. With the help of MFP the poor women have proved that it is possible of any human being (man as well as women) to raise income with effective use of money. After taking credit there has occurred great change in the income sector of the women.

Table 6.3: Income pattern of MFP members during pre and post MFP period

Yearly Income (Tk.)	Before involvement of MFP in the Year of 2006		After Involvement of MFP in the Year of 2010	
	Frequency	Percentage	Frequency	Percentage
<20,000	72	36	0	0
20001 – 30,000	65	32.5	33	16.5
30001 – 40,000	59	29.5	92	46
40001 – 50,000	4	2	46	23
50001 – 60,000	0	0	29	14.5
60,001 – 70,000	0	0	0	0
Total	200	100	200	100

Source: Field survey, 2010.

From the Table 6.3 it reveals that, before involvement of MFP 36 % member's yearly income was less than Tk. 20,000, 32.5 % member's income was in Tk. 20001 – 30,000, 29.5 % member's income was Tk 30001 – 40,000 and only 2 % member's income was Tk. Tk 40001 – 50,000. After MFP the income level is changing day by day. There is no member's yearly income less than Tk. 20,000 and 14.5 % member's monthly income Tk 50001 –60,000 levels. Moreover, the important thing is that 100% member's income rise from their previous position, may be the increase rate is not same for each but there is a positive change for all members. So it can be predicted that, MFP plays a vital role to increase the member's level of income.

Table 6.4: Level of income change of MFP members

Category	Level of income change from the year 2006 to 2010							Total
	1 to 5%	5 to 10%	10 to 15%	15 to 20%	20 to 25%	25 to 30%	31 to 35%	
LG operated MFP member	5	21.25	25	36.25	7.5	5	0	100
NGO operated MFP member	0	22.5	46.25	7.5	3.75	1.25	18.75	100
Both side member	0	0	55	30	7.5	5	2.5	100

Source: Field survey, 2010.

From Table 6.4 it reveals that for the LG operated MFP 36.25 % member's income rise from 15 to 20 % and only 5 % member's income rise in highest level 25 to 30 % , where as for the NGO member the most of members (46.25 %) income rise in 10 to 15 % , but a good numbers of members (18.75 %) income rise in 31 to 35 %. For both side members 55 % members income rise in 10 to 15 %.

6.4 Change in money contribution to family expenditure

An earning member has to expend on such family expenditure as food, house rent, clothing, health, education, child bearing, recreation and many others. After taking the credit the poor women become more capable to contribute more money to their families for various purposes. The Table presents the change in monthly money contribution to their families according to occupations.

Table 6.5: Monthly contribution to family during pre and post MFP period

Member's Category	Percentage of member according to the level of monthly contribution to family Tk./month											
	Before involvement of MFP in the Year of 2006						After involvement of MFP in the Year of 2010					
	Tk. 00	Tk. 01	Tk. 1000	Tk. 2000	Tk. 3000	Tk. 4000	Tk. 00	Tk. 01	Tk. 1000	Tk. 2000	Tk. 3000	Tk. 4000
		-	-	-	-	+		-	-	-	-	+
		1000	2000	3000	4000		1000	2000	3000	4000		
LG	68.75	30.25	1	0	0	0	0	47	39	12	2	0
NGO	42.5	46.5	11	0	0	0	0	25	58	11	6	0
Both Side	25	47	14	14	0	0	0	12	61	18	9	0

Source: Field survey, 2010.

From the Table 6.5 it reveals that, before joining in MFP most of the members (68.75%, 42.5% & and 25 % for respectively LG, NGO and Both members) had no option to contribute in family expenditure as they had no opportunity to earn. But after involving in MFP they started to contribution in their family. In the year 2010 all of members are capable to contribute to their family according to their own earning. For LG operated MFP, members mostly contribute (47%) from Tk. 1000 to Tk. 2000 and 2 % member contribute Tk. 3000 to Tk. 4000. On the other hand NGO members mostly contribute (58%) Tk. 1000 to Tk. 2000 and for both side 61 % members contribute to their family Tk. 1000 to tk. 2000.

6.5 Change in savings pattern

The impacts of micro-credit have not only found creating positive impacts in employments or increasing annual income of the women, but also on their savings

pattern. Women have become more capable to save money which they could not do earlier. Most of the women have saving a good amount of money. LG and NGO operated MFP have some default criteria to saving money by the members. Members have to save a certain amount of money in every week. This is an official savings which have to done by each and every member. Moreover some members also do savings out of this default savings. The table below shows the savings pattern of the members.

Table 6.6: Weekly saving pattern of the women during pre and post MFP period

Member's Category	Percentage of member according to the level of savings (Tk./week)											
	Before involvement of MFP in the Year of 2006						After Involvement of MFP in the Year of 2010					
	Tk. 00	Tk. 10	Tk. 20	Tk. 30	Tk. 40	Tk. 50	Tk. 00	Tk. 10	Tk. 20	Tk. 30	Tk. 40	Tk. 50
LG	68.75	27.25	4	0	0	0	0	54	44	2	0	0
NGO	42.5	54.5	3	0	0	0	0	36	62	1	1	0
Both Side	25	27	21	19	8	0	0	17	39	33	11	0

Source: Field survey, 2010.

From the Table 6.6 it reveals that, before joining the level of savings Tk.0 is a prominent. It was 68.75%, 42.5 & and 25 % for respectively LG, NGO and Both members because of they were unemployed or only House wife. But after joining this figure is totally change. There is no 0% of Tk. 0 saving. All of members are now capable to saving in from their earning. For LG operated MFP, 54 % members save Tk. 10 – 20 each week, 44 % save Tk. 20 -30 each week and only 2 % save Tk. 30 – 40 each week. On the other hand NGO members mostly (62 %) save Tk. 20 to 30 each week and 36 % save Tk. 10 to 20 each week. But for the both side members 11 % save Tk. 40 to 50 each week.

6.6 Beneficiaries according to the poverty line by income

Through raising income of the beneficiaries, MFP intends to reduce the number of people below poverty line. Income generation activates for the urban women are the major intervention of LG and NGO through MFP. MFP members were categorized in term of organization and their total income constituted by income from MFP related activities and income from others sources. The categorization was done by using the Foster Gree Thorbecke (FGT) index.

Poverty line (z) is taken as Tk. 6,896 (Husain, 1998), population (N) as total member of the household and x as the average annual per capital income. Clearly, as the income exceeds poverty line, the value of $1-X/Z$ becomes negative and squared Poverty Gap (SPG) is computed for those incomes also, which is greater than the poverty line as the value gives as idea of intensity of poverty or how significant is the income with respect to the poverty line.

According to Foster Gree Thorbecke (FGT) Index, members of MFP categories into four groups in term of their extent of poverty.

Extreme poor (Tk. 1134 – 6,199) Those household, whose income is less than poverty line and have value of SPG in more than 0.

Poor (Tk. 6600 – 7,399) Those household, whose income slightly varies from poverty line up or down and the value of SPG is 0.

Moderate Poor (Tk. 6925 – 8,800) Those household, whose average annual per capital income is higher than the poverty level and falls around the average income (Tk. 5,763) of the Household.

Good (Tk. 9,600 – 21,000) Thos household, whose average annual income is much higher than the average income of the household.

(Source: Ullah, 2003)

According to the following standard, the pre and post condition of the LG and NGO operated MFP members are shown in the table below –

Table 6.7: Groping of MFP members by using FGT method

Category	Percentage of Total member in term of their extent of poverty					
	LG operated MFP		NGO operated MFP		Both side member	
	Before	After	Before	After	Before	After
Extreme poor	60	0	0	0	0	0
Poor	35	5	35	8	0	0
Moderate poor	5	85	55	80	72	23
Good	0	10	10	12	28	77
Total	100	100	100	100	100	100

Source: Field survey, 2010.

The Table 6.7 reveals that LG operated MFP specially deal with the Extreme (60%) and Poor (30%) community where as NGO deals with the Moderate group (55%) and Poor group (35%). The both side member's were mostly moderate group (72%) and good group (28%) people. At the starting period 60 % of the member of LG operated MFP were desperate poor, but after successful completion of the MFP there is no desperate group in LG operated MFP. Desperate and Poor group change their income

level and presently stay in moderate group. On the other hand NGO deals with the Poor and Moderate group, but there is not so much significant change in their member's condition. 72 % of both side members were in Moderate group and they change their condition and presently stay in Good group.

6.7 Economic impact of MFP: A priority index analysis

Complex problems of choice are so often tangles that human minds are not capable of considering all the factors and their effects simultaneously. To solve complex problems they do not need a more complicated way of thinking. Rather they need to review their problems in an organized framework, elaborated in a new way that makes it possible for decision makers to capitalize on their valuable personal knowledge. The Analytical Hierarchy Process (AHP) has been applied for this analysis.

In this chapter some of the important attribute (better livelihood, better investment facility, better educational facility etc) have been studied to analyze the considerations towards MFP operated by LG and NGO. This chapter attempts to address comparative importance of the selected attributes. The study reveals that relative magnitude of these indicators varies with person to person. The main purpose of the AHP model was to investigate respondent's considerations and psychological dynamics in MFP.

6.7.1 Factors influencing urban poor to add in MFP

There are many tangible & intangible factors that influence urban poor to add in MFP operated by LG and NGOs. And they may vary from person to person. That's why 3 FGD in the selected slum area were conducted to map out the factors. Then a questionnaire was prepared for AHP analysis incorporating the factors. 80 respondents were surveyed (i.e. 10% of total as per Satty1990) were asked to rank their identified criteria i.e. Increased household income, Increased employment opportunity, Increased purchasing power, Increased overall expenditure, Increased household asset, Increased food security, Reduce indebtedness To determine the rating paired factors of adding MFP each pair of attribute were aggregated and then relative weight of the attributes were calculated.

6.7.2 Factors influencing urban poor to involve in LG operated MFP

This part of the chapter has determined the relative weight of the factors influencing urban poor women to adding in LG operated MFP that are shown by pair wise comparison matrix in the below Table 6.8

Table 6.8: Pair wise comparison matrix of the factors influencing involve in MFP operated by Local Government

	1	2	3	4	5	6	7	8
1. Increased household income	1.00	0.17	0.21	0.74	0.15	0.75	0.74	0.30
2. Increased employment opportunity	5.88	1.00	1.19	3.00	2.89	5.00	6.33	6.67
3. Increased purchasing power	4.76	0.84	1.00	7.00	1.22	4.53	5.00	3.67
4. Increased overall expenditure	1.35	0.33	0.14	1.00	0.75	0.67	3.67	3.33
5. Increased household asset	6.67	0.35	0.82	1.33	1.00	0.65	5.00	3.00
6. Increased food security	1.33	0.20	0.22	1.49	1.54	1.00	3.33	2.53
7. Reduce indebtedness	1.35	0.16	0.20	0.27	0.20	0.30	1.00	0.44
8. Increased expenditure on food	3.33	0.15	0.27	0.30	0.33	0.40	2.27	1.00

Source: Field Survey, 2010

From the comparison matrix it is clearly found that increased household income is evaluated less important than increased employment opportunities. On the other hand increased households asset is evaluated more important than increased household income (6.67:1), increased food security (1.33:1), reduce indebtedness (5:1) and increased expenditure on food (3:1) by the respondent receiving MF from LG. In this way the pair wise matrix gives the aggregated importance of each factor compared to all other factors in an ordinal scale.

Fig 6.2: Weight for the factors influencing the members to involve in LG operated MFP



Figure shows the relative importance of each statement by normalizing the comparison matrix in above Table 6.8. Among the 8 most important impacts increased employment opportunities seems to be the strongest decisive impact to the sampled households of those who receive MF from LG. From the relative weight of the factors it is found that increased employment opportunities is about 7.5 times prior (0.29÷0.04) than

increased HH income, 8.45 times (0.29÷0.03) than reduce indebtedness. Furthermore increased employment opportunities is 3.34 times (0.29÷0.09), 2 times (0.29÷0.14), 2.99 times (0.29÷0.10) prior than increase overall expenditure, increase HH asset and increase food security and relative's location of residence respectively. So according to sample survey of HH received MF from LG, top impact as per the perception of people was increased employment opportunities followed by increased purchasing power, increased HH asset, increased food security, increased overall expenditure, increased expenditure on food, increased HH income and reduce indebtedness.

6.7.3 Factors influencing urban poor to involve in NGO operated MFP

Here, as per evaluation of surveyed member of NGO operated MFP the relative weight of the factors which influence them to involve in MFP are analyzed. That are shown by pair wise comparison matrix in the below table 6.9

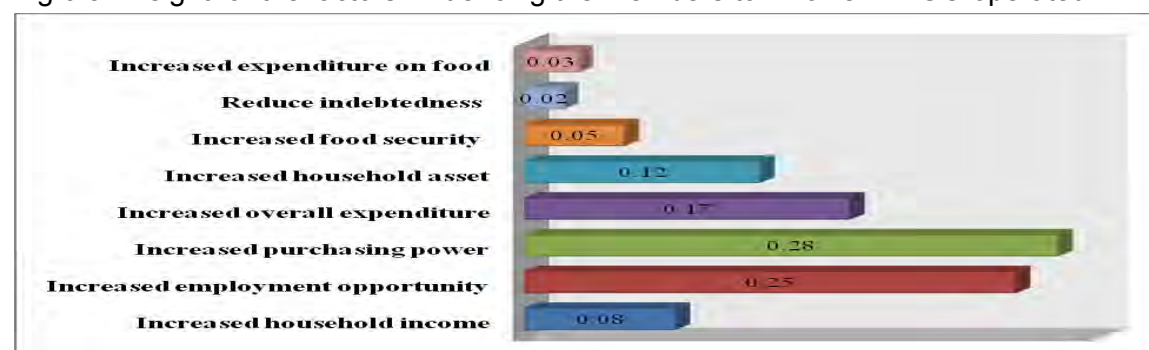
Table 6.9: Pair wise comparison matrix (NGO operated MFP)

	1	2	3	4	5	6	7	8
1. Increased household income	1.00	0.17	0.15	0.31	0.42	3.00	5.00	5.00
2. Increased employment opportunity	5.83	1.00	1.22	0.78	3.33	5.00	8.67	8.33
3. Increased purchasing power	6.90	0.82	1.00	2.67	3.00	5.00	8.67	7.33
4. Increased overall expenditure	3.24	1.29	0.38	1.00	0.89	3.33	6.67	7.00
5. Increased household asset	2.38	0.30	0.33	1.13	1.00	3.00	5.33	5.00
6. Increased food security	0.33	0.20	0.20	0.30	0.33	1.00	3.33	3.00
7. Reduce indebtedness	0.20	0.12	0.12	0.15	0.19	0.30	1.00	0.41
8. Increased expenditure on food	0.20	0.12	0.14	0.14	0.20	0.33	2.44	1.00

Source: Filed Survey, 2010

From the first row of the above Table 6.9, it is observed that increased hh income is comparatively less important than increased employment opportunities (0.17:1), increased purchasing power (0.15:1), increased overall expenditure (0.31:1) and increased household asset (0.42:1) to the people who received MF from NGOs. On the contrary it is found more significant than increased food security (3:1), reduce indebtedness (5:1) and increased expenditure on food (5:1). The comparison matrix clearly shows that increased purchasing power is evaluated more important than all other factors (Row 3 of Table: 6.9) except increased employment opportunities in the ordinal scale. Reduce indebtedness is found less important than all other identified impacts.

Fig 6.3: Weight for the factors influencing the members to involve in NGO operated MFP



After synthesizing the responses (pair wise comparison) from the HH received mf from NGOs by AHP, considering 8 impacts of MF, the final results is presented in the above figure. Among the 8 impacts increased purchasing power seems to be the most important impact factor for the sampled households and it is 3.53(0.28÷0.08), 1.09(0.28÷0.25), 1.64(0.28÷0.17), 2.26 (0.28÷0.12), 5.33(0.28÷0.05), 13.45(0.28÷0.02), 9.86(0.28÷0.03) times prior than increased household income, increased employment opportunities, increased overall expenditure, increased HH asset, increased food security, reduce indebtedness and increased expenditure on food respectively. The above figure depicts that reduce indebtedness was the most unimportant impact to people received MF from NGOs.

6.8: Consistency check of the responses

Aside from the relative weight, it would be justified if the responses of the respondent are consistent. In this section of the chapter consistency of the responses of LG operated MFP has been checked. If the value of Consistency Ratio is smaller or equal to 10%, the inconsistency is acceptable. If the Consistency Ratio is greater than 10%, it is needed to revise the subjective judgment (Satty, 1990).

We know consistency ration,
$$CR = \frac{CI}{RI} = \frac{\lambda_{\max} - n}{n - 1}$$

Where,

CI = Consistency Index (Deviation or degree of consistency),

RI = Random Index which depends on the number of the attributes (here n=8) among which it is compared (See Annex C, Table C5),

λ_{\max} = largest Eigen Value. It is obtained from multiplying the sum of columns of the complete comparison matrix (Annex C, Table: C3) with principle Eigen value of each factor (Annex C, Table: C4).

Here,

$$\lambda_{\max} = (25.68 \times 0.04) + (3.20 \times 0.29) + (4.06 \times 0.25) + (15.14 \times 0.09) + (8.08 \times 0.14) + (13.30 \times 0.10) + (27.34 \times 0.03) + (20.94 \times 0.06)$$

$$= 8.86194$$

$$n = 8, RI = 1.41 \text{ (Annex C, Table: C5)}$$

So, **CR = 0.087 or 8.7%**

According to the Satty's statement the responses are accepted. From the above calculation it can be conclude that the evaluation about factors influencing the members to involve in LG operated MFP is consistent.

Here the responses of the surveyed NGO operated MFP will be evaluated whether it is accepted or not?

We know consistency ratio, $CR = \frac{CI}{RI} = \frac{\lambda_{\max} - n}{n - 1}$

Here, **CI** = Consistency Index (Deviation or degree of consistency),

N = number of attributes to be compared = 8,

RI = Random Index=1.41 (See Annex C, Table C5),

λ_{\max} = largest Eigen Value. It is obtained from multiplying the sum of columns of the complete comparison matrix (Annex C, Table: C8) with principle Eigen value of each factor (Annex C, Table: C9).

$$\lambda_{\max} = (20.08 \times 0.08) + (4.02 \times 0.25) + (3.53 \times 0.28) + (6.47 \times 0.17) + (9.36 \times 0.12) + (20.97 \times 0.05) + (41.11 \times 0.02) + (37.08 \times 0.03)$$

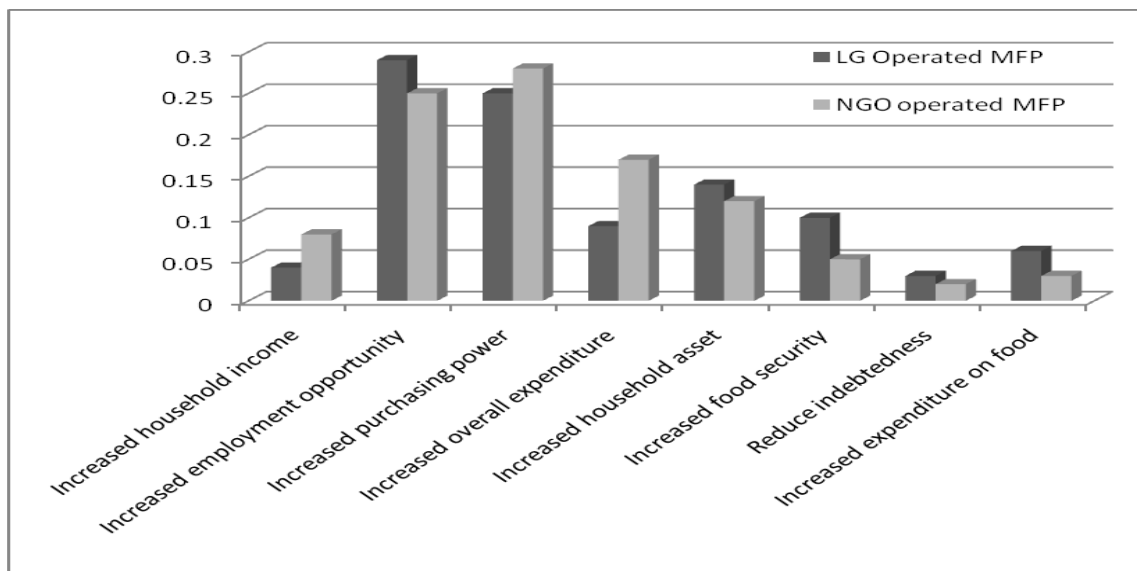
$$= 8.768$$

So, **CR= 0.078 or 7.8% (Accepted as CR is below 10%)**

So it can be concluded that the pair wise evaluation of the factors influencing the members to involve in LG operated MFP is consistent.

Comparing the result from the other consistency test it is found that the pair wise evaluation of the factors influencing the members to involve in NGO operated MFP is more consistent than others.

Figure 6.4: Source wise comparison among the importance of the factors



The figure 6.4 evidently portrays the importance of the 8 identified factors to influencing the members to involve in MFP operated by LG and NGo. And the importance or weight of these factors varies. In this particular study it is found that the importance of some factors i.e. increased household income and increased employment opportunity were ahead of others everywhere. So it can be concluded that increase household income and job opportunity put top most priority on involvement of MFP. Followed by them (factors), increased purchasing power plays a more vital role to the

people for involvement in MFP. Aside from the importance analysis it is very important to investigate how much consistent the responses were or how much consistently the pair wise comparison was done by the surveyed households.

7.1 Introduction

NGOs and Pourashava operate MFP for the urban poor at Bhairab Pourashava area. Though they provide MF service facilities, they merely try to analyze the quality of services and users' views about the services delivered. This chapter demonstrates a comparative analysis of MFP member's satisfaction from service facilities that are provided by NGOs and Bhairab pourashava.

The micro-finance system includes the amount of finance, the interest rate, the repayment period, the installments, savings and insurances. There is a great impact of these on the poor women. The high interest rate, short repayment period and high installments of the finance result a bad impact for the poor women. On the other hand poor women need reasonable amount of finance, interest rate, repayment period and amount of the installments of the finance.

To measure the satisfaction level, the services have been scored through member's opinion. Eventually, the factors that cause the differentiation of satisfaction level have been analyzed.

7.2 Scoring of service facilities

For the purpose of measuring the satisfaction level of the member of NGOs and Pourashava, they were asked some questions regarding some indicators for each service. The answer alternatives were categorized as very poor, poor, fair, good and very good. Each response of "very poor" to any indicator was awarded a score of 1. Similarly, for the response of "poor", "fair", "good" and "very good", the indicator was awarded the score of 2, 3, 4 and 5 respectively.

7.3 Satisfaction measuring matrix

The scores of each indicator under five different service facilities were summed up for both MFP operators separately. Then the score of each indicator was added to achieve the total score. Next, the total score was divided by the maximum possible score for each service and multiplied by hundred to get the satisfaction score scaled to a range of 0-100.

Finally, the satisfaction score was measured to the level of very poor, poor, fair, good and very good according to TUGI Index.

7.4 Target Group

The prime aim of the MFP of NGOs and LG to uplift the socio-economic conditions of the urban poor. For the urban poor women who want to do something but have no capital, micro-credit is a great helping hand for them. In urban area there are vast opportunities for employment in the informal sector. After taking credit, the poor women can invest it in productive purpose so that they can earn money, help their family and improve their socio-economic condition. Moreover it is easier for women to attend the weekly meeting, as men go out to work and not available. So the target group for MFP is women who live in the slum area. Another important cause behind those women are more sensitive for proper utilization of money.

Under the target group, three indicators i.e. age of the member, level of present income and status of living have been taken under consideration to compare satisfaction level with this service between member of NGOs and LG operated MFP.

Table 7.1: Score of Target group of MFP

Source of MF	Frequency	Score				Maximum possible score	Satisfaction score (%)	Performance
		Age of the member	Level of present income	Status of living	Total			
NGOs	80	320	268	320	908	1200	75.66	Good
LG	80	356	316	348	1028	1200	85.00	Very good
Both Side	40	90	120	136		600	86.50	Very good

Source: Field survey, 2009.

Table 7.4.1 shows that the member of both side MFP are more satisfied than others. the satisfaction score of Both side MFP member is 86.50 and that of LG is 85.00 and 75.66 for NGO members. It also reveals that the difference of score of Both Side and LG is very marginal, but NGO score is noticeable. It actually happened due to the business policy of NGO. They select those people who have comparatively good condition (both health and economical) as it insure the return of money. So others have blame to NGO.

7.5 Group Formation

MFP in urban slum area runs on the basis on group. Because most of the slum dwellers are migrated people and they have no permanent address. So there is chance for shifting of members from one area to another area and then it is to really hard job to realize the credit that she has taken from the organization. So group system is the

solution for it. Generally 10 to 15 members form a group and they take the liabilities to each others. The system is same to NGOs and LG operated MFP. But LG operated MFP introduces another clause for group formation. Each member of the group must be recognized by the concern area's word Councilor. Word Councilor verifies the identity of the women and then recommend for that women. But sometimes these clauses miss used by the word councilors. Recommendation of councilor depends up on the applicant's political status. If the women are in his political party's supporter then it accepted, otherwise it rejected.

Under the group formation, three indicators i.e. liability sharing, regional consideration and recognition by the concern area's word Councilor have been taken under consideration to compare satisfaction level with this service between member of NGOs and LG operated MFP.

Table 7.2: Score for Group Formation of MFP

Source of MF	Frequency	Score				Maximum possible score	Satisfaction score (%)	Performance
		liability sharing	regional consideration	recognition by Councilor	Total			
NGOs	80	385	320	Not Applicable	705	800	88.50	Very good
LG	80	286	380	142	808	1200	67.33	Good
Both Side	40	125	180	78	383	600	63.83	Good

Source: Field survey, 2009.

Table 7.5.1 reveals that the members of NGO are more satisfied than others. The satisfaction score of NGO member is 88.50 and that of LG is 67.33 and 63.83 for both side members. It also reveals that the difference of score of Both Side and LG is very marginal, but NGO score is noticeable high. It actually happened in LG operated MFP due to each member of the group must be recognizing by the concern area's word Councilor. Peoples do not take it normally, because it creates option of biasness of word councilor on the basis of political view moreover in NGO system no one has liability of others default.

7.6 Liability of Borrowed Money

Liability of borrowed money in one of the main issues in MFP. Generally poor slum woman has nothing to guaranty. For that reason they cannot go for formal banking

system. In conventional system recipient (84%) and group (16%) bear the liability of the credit. But in LG operated MFP recipient, her husband and group member bears the liability of the credit equally. So everyone is liable for everyone's borrowed money.

7.7 Source of Fund

LG operated MFP is different from the other conventional MFP operated by NGOs. The sources of fund of NGOs are mainly base on foreign donors, PKSF and Central Bank. But LG operated MFP fund initially comes from the ADB, then Pourashava contribute from its own source.

Table 7.3: Source of fund for MFP of NGOs and Pourashava

Source	% of Total Resource	
	NGOs operated MFP	LG operated MFP
Foreign Donors	36.40	16.66
PKSF	45.50	0
Central Bank	9.10	0
Own Sources & Depositor's fund	9.0	83.34
Total	100	100

Source: PKSF & Pourashava Office, 2010

The Table 7.8.1 shows that the fund of NGOs mainly come from the foreign donors and PKSF. 36.40 % fund comes from foreign donors and 45.50 % comes from the PKSF. On the other hand LG operated MFP runs on the basis of own source and Depositor's money (83.34%).

7.8 Cost of Fund

NGOs have to pay to source organizations from whom they collect fund and the cost of fund varied from 2.75 % to 4.5 % according to source. But for the Pourashava there is no cost of fund as they run their MFP from non refundable grant from ADB and their own fund. As a result due to cost of fund the interest rate of NGOs operated MFP is higher than that of Municipality.

7.9 Finance size

Women are generally poorer than men and therefore they tend to be attracted to smaller finance sizes than men. Also, women seem to be more concerned than men about borrowing particularly large amounts. Certain micro-finance organizations have a 'repeat' of finance mechanism whereby access to future of finance is guaranteed if previous of finance have been paid on time, as well as a graduation system whereby on-time repayment will secure the borrower a larger amount of finance than the previous one. The maximum and minimum size of the finance has been shown in the table.

Table 7.4: Finance size of NGOs and LG operated MFP

Source of MF	Finance size (Tk.)	
	Minimum	Maximum
NGOs operated MFP	2000	25000
LG operated MFP	5000	20000

Source: Field survey, 2010

The Table 7.10.1 reveals that NGOs provide highest amount of finance to the poor women. Their maximum range is Tk. 25000 and minimum range is Tk.2000 where as LG operated MFP provides maximum Tk. 20000 and minimum Tk.5000. so there is a difference between these two types of financer. NGOs maximum rate is higher that LG operated MFP but their minimum rate in smaller than that of LG operated MFP. But there is one thing is important that no one can get highest amount at his 1st time of loan taking. To get highest amount loan he/she has to a repeated borrower.

Under the finance size, three indicators i.e. minimum finance size, maximum finance size and finance size for repeated borrower have been taken under consideration to compare satisfaction level with this service between member of NGOs and LG operated MFP.

Table 7.5: Score for Finance size of MFP

Source of MF	Frequency	Score				Maximum possible score	Satisfaction score (%)	Performance
		minimum finance size	maximum finance size	finance size for repeated borrower	Total			
NGOs	80	128	198	143	469	1200	39.08	Poor
LG	80	385	258	82	725	1200	60.41	Good
Both Side	40	112	132	76	320	600	53.33	Fair

Source: Field survey, 2010

Table 7.10.2 reveals that most of the members of NGO and LG operated MFP are not satisfied with finance size. The members of NGO are most unsatisfied than others. The satisfaction score of NGO member is only 39.08 and that for LG is 60.41 and 53.33 for both side members. It also reveals that due to present economic condition the minimum finance size is not acceptable by the members. Again for the finance size for repeated borrower is not sufficient for the members, as they need more money to expand their activities.

7.10 Interest rate

It is generally recognized that a subsidized interest rate tends to benefit few and those who least need it, jeopardizing sustainability of financial intermediaries, and that even poor customers are willing and able to pay a cost-covering interest rate. Interest rates should be charged so that they cover all costs to secure the sustainability of micro-finance (assuming they are efficient) and thus ensure that the service is continuously provided. The interest rate of amount that provided to the people varies according to organization rules. The maximum and minimum rate of interest has shown in the table.

Table 7.6: Interest Rate of NGOs and LG operated MFP

Source of MF	Interest Rate (%)	Utilization of Interested money
NGOs operated MFP	11.50 to 20	Service cost and organization's profit
LG operated MFP	15.00	5 % for borrower savings 5 % for social benefit of the slum dwellers 5% use as service cost

Source: Field survey, 2010

The Table 7.11.1 reveals that the interest rate of the finance varies from organization to organization. The NGOs take 11.50 to 20 % interest rate where as LG operated MFP takes 15 % interest rate. But there is some interesting distribution system of interest rate of LG operated MFP. LG operated MFP collect 15 % interest from the borrower, but after that they transfer 5% out of collected 15% interest to the borrower savings accounts and 5% out of collected 15% sent for the social benefit of the slum dwellers and rest 5 % used as service cost.

Under the interest rate, two indicators i.e. interest rate of NGO and interest rate of LG operates MFP have been taken under consideration to compare satisfaction level with this service between member of NGOs and LG operated MFP.

Table 7.7: Score for interest rate of MFP

Source of MF	Frequency	Score			Maximum possible score	Satisfaction score (%)	Performance
		Interest rate of NGO	interest rate of LG operates MFP	Total			
NGOs	80	80	400	480	800	60.00	Fair
LG	80	169	385	554	800	69.25	Good
Both Side	40	56	192	248	400	62.00	Good

Source: Field survey, 2010

Table 7.11.2 reveals that most of the members of NGO are not satisfied with NGO's interest rate and member of LG operated MFP are satisfied with interest rate and its utilization system. The satisfaction score of NGO member is 60.00 and that for LG is 69.25 and 41.33 for both side members. It also reveals that due to present market condition the interest rate of NGO is not acceptable by the members because due to this rate their profit goes down.

7.11 Repayment period and installments

There is some difference between NGO and LG operated MFP in repayment period and installments. The NGO and LG both follow the equal weekly installments as repayments mechanism. But the repayment period starts from the current week of the finance taking in NGOs where as in LG operated MFP it starts after 4 weeks. The repayment period of the NGOs is ranged from 44 to 46 weeks and in LG operated MFP it is 52 weeks. So borrower gets sufficient time to utilize their money. The Table below shows the repayment period and installments system of both organizations.

Table 7.8: Repayment period and installments of NGOs and LG operated MFP

Source of MF	Repayment period	Starting time of repayment period	Installments system
NGOs operated MFP	44 -46 week	The current week of the finance taking	Equal weekly installments
LG operated MFP	52 week	After 4 week of the finance taking	Equal weekly installments

Source: Field survey, 2010.

The Table 7.12.1 reveals that borrower of LG operated MFP gets at least 4 weeks more for repayment of the money. So they can utilize the money 4 weeks more. On the hand borrower of NGOs have to pay repayments from the current week of the finance taking. So they have to start installments before utilization of money.

Under the repayment period and installments, three indicators i.e. repayment period, starting time of repayment period and Installments system have been taken under consideration to compare satisfaction level with this service between member of NGOs and LG operated MFP.

Table 7.9: Score for repayment period and installments of MFP

Source of	Freq uenc	Score	Maximu m	Satisf action	Perform ance
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MF	y					possible score	score (%)	
		Repayment period	Starting time of repayment	Installments system	Total			
NGOs	80	216	80	173	469	1200	39.08	Poor
LG	80	374	324	331	1029	1200	85.75	Very good
Both Side	40	148	132	126	406	600	67.66	Good

Source: Field survey, 2010.

Table 7.12.2 reveals that most of the members of LG operated MFP are fully satisfy with LG operated MFP repayment period and installments, The satisfaction score is 85.75 where as the member of NGO's are totally unsatisfied with NGO system. Their score is only 39.08 which are so poor score. Both side members' score is 67.66

7.12 Dealing with Default Members

To deal with arrears and default, NGOs use group and central pressure. When this approach fails, they try to realize money through defaulter's assets sold. But in LG operated MFP the approach is different. Group takes the responsibility to realize the arrears money. As a result it creates responsibility to each others. So the fund realization rate is 100% in LG operated MFP. But the approach is soft and rational to deal with the default beneficiaries.

Under the dealing with default members three indicators i.e. repayment period, starting time of repayment period and Installments system have been taken under consideration to compare satisfaction level with this service between member of NGOs and LG operated MFP.

Table 7.10: Score for dealing with default members of MFP

Source of MF	Frequency	Score			Maximum possible score	Satisfaction score (%)	Performance
		Group responsibility	Defaulter's assets sold	Total			
NGOs	80	302	80	382	800	47.75	Fair
LG	80	378	80	458	800	57.25	Fair
Both Side	40	148	76	224	400	56.00	Fair

Source: Field survey, 2010.

Table 7.13.1 reveals that, satisfaction level of all members is low in "dealing with default members of MFP". Most of the members of NGO are not satisfied with NGO's system and member of LG operated MFP are partly satisfied dealing with default

members of MFP The satisfaction score of NGO member is 47.75 and that for LG is 57.25 and 56.00 for both side members.

7.13 Savings

An important part of credit services is the collection of savings from the group members. NGOs and LG operated MFP experience show that the regular savings of a group indicates better discipline in a group's credit operation and management. From the members' point of view, 'savings' represents an opportunity to save an amount and earn profit for that, which they cannot avail from any regular financial institution. Savings opportunities with NGOs provide members with fund for consumption, children's education and other investment. It also provides security for old age and serves as a contingency fund during natural disasters when income level fluctuates. The table shows the interest rate on compulsory deposit of NGOs and LG operated MFP.

Table 7.11: Interest rate on compulsory deposit of NGOs and LG operated MFP

Source of MF	Interest rate (%)	
	Minimum	Maximum
NGOs operated MFP	2.5	3.5
LG operated MFP	3.5	4.5

Source: Field survey, 2010.

The Table 7.14.1 reveals that the members get profit on the compulsory deposit. This profit varies from 3% to 4.5 % base on 3.5%. On the other hand in LG Operated MFP members get 3.5 % to 4.5% interest. So the members of LG operated MFP receive more profit from their deposit than the members of NGOs.

Under the Interest rate on compulsory deposit, two indicators i.e. minimum interest rate, and maximum interest rate have been taken under consideration to compare satisfaction level with this service between member of NGOs and LG operated MFP.

Table 7.12: Score for Interest rate on compulsory deposit of MFP

Source of MF	Frequency	Score			Maximum possible score	Satisfaction score (%)	Performance
		Minimum interest rate	Maximum interest rate	Total			
NGOs	80	178	178	356	800	44.50	Fair
LG	80	210	210	420	800	52.50	Fair

Both Side	40	78	98	176	400	44.00	Fair
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Source: Field survey, 2010.

Table 7.14.2 reveals that, satisfaction level of all members is low in Interest rate on compulsory deposit of MFP. The members of NGO are not satisfied with NGO's system and member of LG operated MFP are partly satisfied on interest rate on compulsory deposit MFP. The satisfaction score of NGO member is 44.50 and that for LG is 52.50 and 28.00 for both side members.

7.14 Insurance Facility

All the recipients' women are eligible for insurance service. NGOs introduced insurance policy to ensure safe scheme for the recipients as well as higher repayment rates. The insurance policy covers the risk of the unwanted death of any borrower. If the deceased has any extra outstanding, the amount can be adjusted from the insured money. Key features of Insurance of the NGOs:

- All the borrowers of NGOs are eligible for NGOs' insurance service.
- The members having loans with NGOs are equally eligible for NGOs' insurance service.
- Tk 20 is taken as premium charge from the members. NGOs' pays the insurance money to the nominee from the interest of its finance program.
- NGOs' insurance service provides a capital some of Tk. 5000 to the nominee of the deceased.

But in the LG operated MFP there is no such system. So recovery rate is 100% but it sometimes creates pressure to the group members.

Under the Insurance, one indicator i.e. eligible for insurance services have been taken under consideration to compare satisfaction level with this service between member of NGOs and LG operated MFP.

Table 7.13: Score for eligible for insurance service of MFP

Source of MF	Frequency	Score		Maximum possible score	Satisfaction score (%)	Performance
		eligible for insurance service	Total			
NGOs	80	342	342	400	85.50	Very Good

LG	80	247	247	400	61.75	Good
Both Side	40	127	127	200	63.50	Good

Source: Field survey, 2010.

Table 7.14.2 reveals that, satisfaction level of all members is high in “eligible for insurance service” in NGO. But the members of LG operated MFP are not fully satisfied because they have not such option. The satisfaction score of NGO member is 85.50 and that for LG is 61.75 and 63.50 for both side members.

7.15 Effectiveness of MFP

MFP works for improvement of life standard of urban poor. Performance of MFP evaluated by some indicators which have already described individually. These indicators act as both direct and indirect factor for the improving the life pattern of the urban poor. Members of MFP have different opinion about these indicators. Base on the field survey, the satisfaction level of MFP members on service facilities of MFP operated by NGO and LG have shown in the table below.

Table 7.14: Total level of satisfaction of the member of NGO & LG operated MFP

Indicator	Level of Satisfaction		
	NGO operated MFP	LG operated MFP	Both member
Target Group	75.66	85.00	86.50
Group Formation	88.50	67.33	63.83
Finance size	39.08	60.41	53.33
Interest rate	60.00	69.25	62.00
Repayment period and installments	39.08	85.75	67.66
Dealing with Default Members	47.75	57.25	56.00
Savings	44.50	52.50	44.00
Insurance	85.50	00.00	63.50
Total	480.07	539.24	496.82
Percentage	60.00 %	67.40 %	62.10%

From the Table 7.16.1 it reveals that the level of satisfaction of LG operated MFP are higher than that of NGO. For LG operated MFP member satisfaction level is 67.40 % where as NGO member’s level is 60.00% but both side members satisfaction is 62.10%.

So, it can be interpreted that MFP for urban poor has significant impact on life standard of urban poor, specially the urban women. But these satisfaction levels are not highly acceptable. It can be higher if take necessary steps for some modification of activity system.

8.1 Introduction

This concluding chapter is composed of some recommendations to overcome the drawbacks of MFP for urban poor operated by NGO and LG. Some recommendations also incorporated in this chapter related to implementation of participatory approach. Finally, some summary statements have been included as concluding remarks.

8.2 Findings

Pourashava are the important wings of local government of Bangladesh. They provide different kinds of service facilities to their citizens. But, most of cases Pourashava do not provide service facilities to the urban poor. Recently some Pourashava like Bhairab Pourashava have started to provide service facilities to the urban poor through UGIIP project. MFP is one of the facilities which provides by the Pourashava to the urban poor. At the same time some NGOs also run their MFP for the urban poor. In this research, comparisons of borrower's satisfaction with the service facilities of LG and NGO operated MFP has been made by the hypothesis that credit recipients from Bhairab Pourashava are in better position than those from NGOs.

It is found that the MFP plays a vital role for uplifting the socioeconomic condition of the urban poor especially urban slum dwellers. Pourashava operated MFP on his own money, so that they work in "no gain no loss approach" in term of financial point of view. Moreover Pourashava is a service oriented organization. But NGO has to run their MFP by collection fund from foreign donor or internal source. So they have cost of fund. It is the basic deference between these two types of MFP and it creates the field level difference in interest rate. LG operated MFP interest rate is lower than NGO and repayment period and installments is more flexible in LG operated MFP. But NGO has provision of 2% risk fund and insurance facilities but LG operated MFP has not such facilities. Overall level of satisfaction of LG operated MFP borrower's is 67.40 %, where as NGO member's level of satisfaction is 60.00% and both side members level of satisfaction is 62.10%. so it indicates that LG operated MFP is more acceptable to the urban poor than NGO operated MFP. But the level of satisfaction of urban poor people about both organizations' service facility in not highly acceptable so there must have some draw backs. But drawbacks are not permanent elements. It can be removed. Both organizations especially Pourashava has interest to overcome the drawbacks of MFP.

In this context the following are the some of the realistic proposal which can be implemented by the Pourashava and NGOs.

8.3 Recommendations

In the developing countries, urban poverty is a common phenomenon. It cannot be solved unless the poverty of the whole country is alleviated. To alleviate the poverty of the poor women, it is very essential to ensure upliftment of their economic conditions. Micro-finance can play effective roles for improving the economic conditions of the poor women.

In order to remove the injustice to the urban poor women, to reduce their sufferings, to create more job opportunities for them, to uplift their economic condition as well as their family and social status, their physical and mental health and last of all their access to micro-finance the following suggestions may be considered for economic upliftment of the poor women:

8.3.1 Recommendations on LG operated MFP

It is mentioned earlier that Bhairab Pourashava runs their MFP in an acceptable level. But it has not crossed the stage of fully satisfaction level yet. So, the Pourashava may incorporate the following issues to enrich the satisfaction level and to get the fruit from it.

- ☑ **Group formation:** The group formation is the most debated issue in LG operated MFP. One of the criteria is recognition of the members by Pourashava Councilor. Table 7.2 shows that, due to this option sometimes total MFP have to face the blame of political biasness. Pourashava Councilors try to provide MFP facilities to those poor people who believe in his own political party's motto. So it creates the difference between the poor and those who have the right to involve in MFP are deprived. To stop this bad practice there should have a selection committee for group formation and this selection committee form with the represent of official, slum dwellers and also the Councilor. This committee takes the final decision for group formation.
- ☑ **Cost of fund:** Appraisal, supervision and recovery of the finance is done by the community and Self-Help Groups members jointly which reduces the high transaction cost if the same is done through NGOs worker.
- ☑ **Finance size:** As per present rules the finance size for the MFP members are Tk. 5000, Tk.10,000 Tk. 20,000. Once someone gets Tk. 5000 at the first time and repays it, she becomes illegible for the next slab of MFP loan. But none can get more than the highest amount -Tk.20000 ultimately. But these amounts are fixed. Table 7.5 shows the members dissatisfaction about the finance size. They need more amount for repeated borrower and diversify amount of loan. If any

members need Tk. 7000 or Tk. 15000 then there is no provision for providing such amount. So it creates problem in some cases. So for the second time or repeated borrower this clause should be flexible.

- ☑ **Repayment period and installments:** Repayment period is very much appreciable for first 4 weeks investment period. But in the installment - equal weekly installments is not acceptable by some members. Their logic that this should not be equal, it should be progressive, at the initial stage it should be smaller, and in the consecutive phases it should be bigger. So they can get chance to invest, profit and with the profit they pay the installments.
- ☑ **Insurance Facility:** Traditional MFP operated by NGOs have insurance facilities and have at least 2.5 % risk amount. But in LG operated MFP there is no such facilities. Table 7.13 shows that for the above discussed reasons the level of the member satisfaction of LG operated MFP is very poor. Moreover in case of member's death there is no option of relaxation. It realize from the group members. So these clauses should be revising and provide facilities of insurance and risk fund.
- ☑ **Training and others facilities:** Financial services alone cannot uplift economic condition of the urban poor. They need training and some facilities. These may include business and skills training (improving their ability to utilize credit effectively), preventive health programmes (to reduce the need for credit for health care purposes), building capacity for collective action and institution building through social groups to address powerlessness, child care provision, introducing appropriate technologies to reduce workload, save time and fuel, etc. The Pourashava can provide training for improvement of the skill of the poor women. They can provide credit plus training facilities for the poor women. These will benefit to the poor women for generating their employments and incomes.

8.3.2 Recommendations on NGO operated MFP

NGOs have long experience for running MFP in rural area but in the urban area their experience in not so long. So in respect to LG operated MFP their level of satisfaction in not up to mark at Bhairab Pourashava area. So, the NGO authority may incorporate the following issues to enrich the satisfaction level of their services.

- ☑ Credit component, right from the beginning, should be disbursed at unsubsidized interest rate. Poor are willing to pay the reasonable interest if timely and continued availability of credit is ensured. However poor borrowers should not be

made to bear the cost of inefficiency or unnecessary high overheads of NGOs in the name of financial sustainability.

- ☑ To make the microfinance system low cost and effective, Government should provide loan to the NGOs with low rate of interest as NGOs also work for poverty alleviation.
- ☑ To generate internal resources savings should be made compulsory and increased gradually so that dependence on high cost external funds is reduced. There are micro finance institutions/groups where the savings is much more than their requirements and hence passed on to other groups, micro finance institutions, banks, etc.
- ☑ Appraisal, supervision and recovery of the finance is done by the community and Self-Help Groups members jointly which reduces the high transaction cost if the same is done through NGOs worker.
- ☑ NGOs may also be involved in non-credit socio-economic activities for the benefit of the group members and the community as also management of common facilities and resource centers. This will, on the one hand, reduce the marginal cost on credit operations and on the other, help sustaining the long term interest of the groups, community and NGOs in the micro finance programmes.
- ☑ Last of all, the NGOs, Pourashava and others micro-finance organizations should have an effective monitoring system and a good administrative structure so that they can realize the real problems of the poor women and take effective actions to solve it.

8.4 A policy Question and Conclusion

Microfinance is one of the powerful tools for the poor to fight against poverty in Bangladesh. Since nearly last three decades the NGOs-MFIs have been providing millions of microcredit loans to the poor and have already reduced much poverty in Bangladesh. With these services at least they have achieved some sort of positive social change by improving their food and nutrition security. In this regard for instance, Dr. Muhammad Yunus and his own creation Grameen Bank's achievement of the Nobel Peace Prize 2006 "for their effort to create economic and social development from below".

Microfinance can be used as a tool for social revolutionary approach in the country like Bangladesh, where microfinance people will learn and practice an especial

sort of social charter which will generate and develop people's moral values from the very beginning and thus their aggregate values and efforts will ultimately help to demolish the corruption from the society. Moreover, by doing so, it will create scopes for the fresh younger people's possibility to become potential leaders into the society.

On the other hand the history of LG operated MFP is not so long. With the financial assistance of ADB local government body started MFP from the year of 2006 and up to the Year 2010 it's totally monitored by ADB. So the performance of MFP was acceptable up to the year 2010, but Pourashava is normally overloaded its other service oriented work and there is no sufficient manpower in Pourashava for operating MFP. There is only one Slum Development Officer (SDO) for this work, but there is no specific job description for SDO and there is no subordinate worker under SDO. So the MFP has to face real challenge after complication of ADB project. Moreover NGOs have proved their specialization in this sector. So, policy maker have to take decision about local government institution like Pourashava, Upazila Porishod and Union Porishod should take such kind of MFP in future or develop effective policies to enable access to finance by the urban poor women through others organization like NGOs. Local government institution may continue MFP by itself like Bhairab Pourashava or if it not viable for them then they could coordination among the NGOs working in their own jurisdiction as MFP properly works for the poor. They should also adopt effective finance system such as credit amount, reasonable interstate and repayment period, easy installment etc. The finance system should be so effective that it does not affect to the poor women in credit utilization. Various donor agencies should come to forward in this respect.

Existing State Rules, Acts and Ordinances should be replaced or modified to reflect the current critical atmosphere. The state should remove all administrative and procedural bottlenecks created through transmission of various Ordinances and streamline the existing working procedures, enabling micro-finance organizations and Local Government Institution to complete all formalities within the shortest time possible. The state should evaluate the strength and weakness of current measures for regulating micro-finance & Local Government organizations and ensure promulgation of flexible and effective rules and regulations. Only then, micro-finance may be a great phenomenon for sustainable economic upliftment as well as social upliftment.

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Appendix A: Questionnaires

A1: Questionnaire for Household Survey

Bangladesh University of Engineering and Technology (BUET)

Department of Urban and Regional Planning

Questionnaire for the Microfinance Beneficiaries

(Survey data will be used for Study purpose only)

Respondent's name:.....

Name of the slum:..... Holding no.:.....

MFI name:..... Membership no.:..... Ward no.:.....

1. General information about family members:

Name	Relationship with the respondent	Age	Sex		Education		Occupation		Income per month	
			M	F	Before borrowing	After borrowing	Before borrowing	After borrowing	Before borrowing	After borrowing

Coding: Education – Illiterate-1, Only can sign name-2, Upto Class V-3, Upto Class VIII-4, Secondary-5, Higher Secondary-6

Occupation - Service-1, Agriculture-2, Shopkeeping-3, Other Petty Business-4, Day Labourer-5, House-keeping-6, Others (specify)-7

1.1 How many years are you living here? years

1.2 Reasons for coming here:

- a) Encouraged by relatives/ known people
- b) For better job opportunities
- c) For better living condition
- d) Others (specify)

Coding: Encouraged by relatives/ known people-1, For better job opportunities-2, For better living condition-3, Others (specify)-4

1.3 Where did you live before?

Village/slum:----- Upazilla----- District-----

1.4 How many years/months did you live there? years

1.5 Where is your *Bari*? Village/slum:----- Upazilla----- District-----

2. Information on microfinance programme

2.1 Types of microfinance beneficiaries: NGO-operated/LG-operated

2.2 How many MFIs/NGOs are working in your community?

2.3 How many times you took loan? a) times from NGO b) times from LG

2.4 For what purpose you took the loan? Ans.

2.5 When did you take the loan for the first time? Ans.:

2.6 How much money you borrowed at first? Ans.

2.7 What was the purpose of borrowing? Ans.

2.8 What were the conditions for receiving loan? Ans.

2.9 What was the weekly installment size? Ans.

2.10 What was your income source to repay the loan? Ans.

2.11 How much money you borrowed last time? Ans.

2.12 What was the purpose of last time borrowing? Ans.

2.13 What was the weekly installment size? Ans.

2.14 How much money you repaid? Ans.

2.15 What was your income source to repay the last loan? Ans.

2.16 How much money is yet to be repaid? Ans.

2.17 Do you pay the installment regularly? Ans. a) Yes b) No

2.18 If no, why? Ans.

2.19 If you can't pay an installment, how it is solved? Ans.

2.20 Do you have the capability to operate greater amount of loan? a) yes b) no

2.21 If 'Yes', specify the amount and where/how can you utilise? Ans.

2.22 What are the challenges you face to pay back loan?

Ans.....

3. Information on Economic Indicators:

3.1 Source of income

Sources	Income at present /month (Tk.)	Income 2 years earlier/month (Tk.)
From land		
From house rent		
From rice boiling (muri, chira)		
From sewing cloth/katha		
From making broom (jharu)		
From cattle rearing		
From making pitha		
Other petty business (specify)		
From house-keeping		
From begging		

Coding: Sources- Land-1, House rent-2, Rice boiling-3, Sewing cloth/katha-4, Making broom-5, Cattle rearing-6, Other petty business-7, House-keeping-8, Begging-9

3.2 Other source(s) of income

Programmes	Income at present /month (Tk.)	Income 2 years earlier/month (Tk.)
VGD		
VGf		
Food for work		
Elderly Scheme (Boyosko Vata)		
100 days of activities		
Scholarship from the school		
From formal job		
Pension		

3.3 Land ownership

Items	Ownership of land before borrowing		Ownership of land at present		Cause of change of land ownership (if any)
	Types of land	Amount	Types of land	Amount	
Land owned by family					
Land owned personally					

Coding:

Types of land

Homestead	1
Cultivable	2
Pond	3
Mortgaged	4

Causes of ownership change

Buying	1
Inherit	2
Gift	3

3.4 Ownership of Livestock

Description	Number		How acquired
	Before borrowing	At present	
Cow			
Goat			
Hen and Duck			

Coding: How acquired – Purchase-1, Inherit-2, Gift-3

3.5 Other Properties

Description	Number		How acquired
	Before borrowing	At present	
Cot			
Table			
Chair			
Almirah			
TV			
Radio			
Bicycle			
Rickshaw			
Grocery Shop			
Sewing machine			
China and glass ware			
Clock/Wrist watch			
Gold			
Silver			
Other (specify)			

Coding: How acquired - Purchased-1, Inherit-2, Gift-3

3.6 Buying of property within last two years

Items	Date of buying	Price (Tk.)

3.7 How much money did you save till now? Ans.

4. Information on Human Development Indicators:

4.1 Yearly expenditure

Items	Amount	For whom
Food items		
Clothing (dresses & shoes)		
Medical expenses		
Education		
Others (specify)		

4.2 Food intake (times/day)- Times

4.3 Education

4.3.1 Is there anybody who gets adult education? a) yes b) no

4.3.2 Who provides the education? a) Govt. Org. b) NGO-financed centre c) self interest

Coding: Govt. Org.-1, NGO-financed centre-2, self interest-3

4.3.3 Who influences you to send your child/children to school?

a) neighbour b) NGO worker c) Govt. personnel d) relatives e) self interest

Coding: Neighbour-1, NGO worker-2, Govt. personnel-3, relatives-4, self interest-5

4.3.4 Health facility received

a) from Govt. facilities b) from NGO healthcare centre c) from other source

Coding: from Govt. facilities-1, from NGO healthcare centre-2, from other source-3

4.4 Family planning

4.4.1 Have you any idea about family planning method? a) yes b) no

4.4.2 Did you take any family planning method before borrowing? a) yes b) no

4.4.3 Who informed you about family planning method?

a) through TV/Radio b) relatives c) NGO worker d) neighbour e) Govt. personnel

Coding: TV/Radio-1, relatives-2, NGO worker-3, neighbour-4, Govt. personnel-5

4.4.4 Clothing

a) have necessary cloths for cold b) have necessary cloths to visit formal places

c) haven't necessary cloth

Coding: have necessary cloths for cold-1, have necessary cloths to visit formal places-2,
haven't necessary cloth-

5. Information on Living Environment related indicators:

5.1 Housing condition

Items	Before borrowing	At present
Number of room(s)		
Roofing material		
Wall material		
Floor material		

Coding:

Roofing materials		Wall materials		Floor materials	
Straw (Chan)	1	Straw (Chan)	1	Mud	1
C.I. Sheet	2	Polythene	2	Brick (cement)	2
Concrete slab	3	Jute sticks	3	Other (specify)	3
Polythene	4	Bamboo	4		
		Mud	5		
		C.I. Sheet	6		
		Brick (cement)	7		

5.2 Do you have a separate kitchen? a) yes b) no

5.3 If yes, what type of kitchen it is? a) Kacha b) Pacca c) Semi-pacca

Coding: Kacha -1, Pacca-2, Semi-pacca-3

5.4 Usage of water

Items	Before borrowing				At present			
	Source	Ownership	Provider	User no.	Source	Ownership	Provider	User no.
Drinking water								
Sanitary latrine								

Coding:

Drinking water sources		Ownership		Provider	
Tubewell	1	Self	1	Self	1
Pacca/Kacha Well	2	Neighbour	2	NGO	2
Pond/Tank	3	Govt.	3	Govt.	3
River/Cannel	4				

5.5 What kind of latrine do you use?

a) No latrine b) Kacha latrine c) Pacca latrine d) Ring Slab

Coding: No latrine-1, Kacha latrine-2, Pacca latrine-3, Ring Slab-4

5.6 Do you have electricity line at your home? a) yes b) no

5.7 Other utility services received

a) water supply b) gas c) sewerage d) others (specify)

Coding: water supply-1, gas-2, sewerage-3, others (specify)-4

6. Women empowerment

Women empowerment

- | | |
|--------------------------------------|-------------------------------------|
| a) play vital role in decisionmaking | b) play some role in decisionmaking |
| c) play no role in decisionmaking | d) family expenditure increased |
| e) mobility increased | f) other (specify) |

Coding: play vital role in decisionmaking-1, play some role in decisionmaking-2, play no role in decisionmaking-3, family expenditure increased-4, mobility increased-5, other (specify)-6

Identity of the interviewer:

Time:

Date:

Signature:

Appendix A 2: Questionnaire for AHP Model

Generally different factors influence to involve in LG and NGO operated MFP.

Please give a tick mark in the proper place considering which factor affects most comparing to the other

	Ex tre me	Ve ry St ro ng	St ro ng	M od er at e	Eq ua l	M od er at e	St ro ng	Ve ry St ro ng	Ex tre me	
Increased HH income	9	7	5	3	1	3	5	7	9	Increased employment opportunity
Increased HH income	9	7	5	3	1	3	5	7	9	Increased purchasing power
Increased HH income	9	7	5	3	1	3	5	7	9	Increased overall expenditure
Increased HH income	9	7	5	3	1	3	5	7	9	Increased household asset
Increased HH income	9	7	5	3	1	3	5	7	9	Increased food security
Increased HH income	9	7	5	3	1	3	5	7	9	Reduce indebtedness
Increased HH income	9	7	5	3	1	3	5	7	9	Increased expenditure on food
Increased employment opportunities	9	7	5	3	1	3	5	7	9	Increased purchasing power
Increased employment opportunities	9	7	5	3	1	3	5	7	9	Increased overall expenditure
Increased employment opportunities	9	7	5	3	1	3	5	7	9	Increased household asset
Increased employment opportunities	9	7	5	3	1	3	5	7	9	Increased food security
Increased employment opportunities	9	7	5	3	1	3	5	7	9	Reduce indebtedness
Increased employment opportunities	9	7	5	3	1	3	5	7	9	Increased expenditure on food
Increased purchasing power	9	7	5	3	1	3	5	7	9	Increased overall expenditure
Increased purchasing power	9	7	5	3	1	3	5	7	9	Increased household asset
Increased purchasing power	9	7	5	3	1	3	5	7	9	Increased food security
Increased purchasing power	9	7	5	3	1	3	5	7	9	Reduce indebtedness
Increased purchasing power	9	7	5	3	1	3	5	7	9	Increased expenditure on food
Increased overall expenditure	9	7	5	3	1	3	5	7	9	Increased household asset
Increased overall expenditure	9	7	5	3	1	3	5	7	9	Increased food security
Increased overall expenditure	9	7	5	3	1	3	5	7	9	Reduce indebtedness
Increased overall expenditure	9	7	5	3	1	3	5	7	9	Increased expenditure on food
Increased household asset	9	7	5	3	1	3	5	7	9	Increased food security
Increased household asset	9	7	5	3	1	3	5	7	9	Reduce indebtedness
Increased household asset	9	7	5	3	1	3	5	7	9	Increased expenditure on food
Increased food security	9	7	5	3	1	3	5	7	9	Reduce indebtedness
Increased food security	9	7	5	3	1	3	5	7	9	Increased expenditure on food
Reduce indebtedness	9	7	5	3	1	3	5	7	9	Increased expenditure on food

Appendix –B

Case study: One

Story of Shahanara Begum

Self employed Shahanara Begum was born in Kishoregaj district in 1979. Now she is 26 years old. She has studied upto class five. She is a popular tailor in the slum. She lives in the slum with her husband, two children and mother. Her husband is a rickshaw puller. Shahanara has proved that women can uplift their economic conditions, if they get opportunities such as capital, training etc. Shahanara is so happy with her family.

Migration to Rishi Para

Shahanara has come in Rishi Para slum in 1997 after one year of her wedding. Her husband was a van driver in the village. His income was so little to maintain the expenditures of the family. Besides, Shahanara had no opportunities to do any work in the village. As a result the whole family with two children and mother of Shahanara migrated to Bhairab Pouroshova. They took place in this slum near the home of their village relatives. Since then Shahanara has been living in this slum.

Living conditions

The housing condition of Shahanara is quite well than others. She has two rooms. The walls and roofs of the rooms are made of tin and the floor is made of mud. She has separate kitchen. She has electricity facility. She has to share the tube-well and latrine with five families. Besides, she has to share bin for solid waste disposal. The interior condition of the house is well decorated. She has one television, a steel show-case and well furniture.

Children's education

Shahanara gave her two children to school. Besides, she has appointed a private teacher for their education. Shahanara bear all the money of the education of the children.

Occupations

About three years ago, she started her journey of MFP with taking loan from ASA. She has bought a sewing machine with the credit But now, she is a self employed tailor. The sewing machine has changed her conditions. Every day she works for 8 to 12 hours. People inside and outside of the slum come to her and she takes order from them.

Monthly income, expenditure and savings

Shahanara Begum earns more than tk 2000 in a month. With the money she expends for her family, expends for herself. Besides, she can save more than tk 500 in every month. Not only that, she has an insurance policy in ASA. This insurance policy not only provides the money security in the evil time but also provides security to her old age.

Micro-finance and its impacts

Shahanara has taken Tk12000 from the NGOs- ASA in 2002. The interest rate of the credit was 15% and the repayment period was 46 weeks with equal weekly installment. She has to paid Tk. 13800. She has to give Tk. 300 equal weekly installments in 46 weeks. She became free from credit in 2003. She has bought a sewing machine with the credit.

Before taking credit, she has sewing with her own hand and earned a very small amount of money. The economic condition of the family was very bad. Her husband and she could not maintain the family with the income.

After taking credit, the total conditions of the family have improved. She became more able to earn more money after taking credit, more money contribution to her family, more expends for herself and the children and also more savings ability. She has bought cot, showcase and television. Besides, she has bought lands in her own village. All of these have achieved with the help of micro-finance.

Views on Micro-finance and economic upliftment

Shahanara believes that every woman is able to uplift her economic condition. But she needs a way. These are skill, education, capital. For self work, these are very essential. She also said that if women can get opportunity, they can be able to uplift their economic conditions. She thinks that micro-finance is very effective for the poor women to do something for earn money. Taking credit it is very easy to do something in the informal sector activities. It not only helps to find a better work in the informal sector activities but it also helps to increase the income and last of all the economic upliftment of the poor women. She also said that the status of the woman depends on the attitude of her husband and the members of the family.

Shahanara said about the micro-finance system that it plays very effective functions for the poor women. She said that the interest rate and installment should be considered. According to her, the interest rate and installment is not suitable for all poor women. She gives her opinions that the interest rate and the installment are very high, these should be decreased and should be such that it does not make the poor women worried. She also said about the repayment mechanism. According to her, the repayment period should be started after a minimum time distance so that it can not make the poor women worried. She said that it is very difficult to get profit after invests the money in to a productive purpose. She said that the micro-finance providers should give time until the profit is earned.

Future plans

Shahanara's future plan is very creative. She plans to buy another two sewing machines and want to assign two women. Besides, she wants to buy land in her own village and wants to go back there after five or six years.

Case study: Two

Story of Kamola Das

Kamola Das, 56 years old women has proved that women can uplift their economic conditions from any position, if they get opportunities such as capital. The widow Kamola Das is illiterate. She has lost her husband 25 years ago and since then she had to undertake pains taking efforts for her livelihood with two sons. Micro-finance has changed the situations of her life while she was in the middle age. Now she lives with her two sons, two daughters in law and two grand sons. Now Rejea is so happy with her family.

Migration to Rishi Para

Kamola Das has come in Rishi Para slum in 1977 after three years of her husband's death. Being poor her husband or she has no asset. As a result it was very difficult to her to maintain the expenditure of the family. Besides, she has little opportunities to earn money. Then she decided to go Bhairab Pourashava to earn money to maintain the family expenditures. She took place with her two sons in her relative's home in Rishi Para slum. After a few months she took a room for rent in the slum. Since then Rejea has been living there.

Living conditions

Kamola Das has three rooms. Two rooms are used for her two sons and one for herself. The walls of the rooms are made of tin and the floor is made of mud. She has no separate kitchen; the kitchen is situated inside her room. As a result her room is not so comfortable for living. She has electricity facility, own tube-well, own latrine. Besides, she has a solid waste disposal bin.

Occupations

More than three years ago, with the help of credit she has established a grocery shop inside the slum. Before taking credit, she was involved in so many professions such as day labor, sewing, water carrier, cooker in hotel and maid servant. It was very difficult to identify which was her primary or secondary occupation. But now, she is a self employed grocery shop keeper. Every day she works more than 12 hours. It takes 5 minutes to go to her shop from the home.

Monthly income, expenditure and savings

Kamola Das earns more than Tk. 2000 from her grocery shop in a month. She expends the money for her family, expends for herself. Besides, she can save more than Tk. 500 in every month. Not only that, she has an insurance policy. This insurance policy not only provides the money security in the evil time but also provides security to her old age.

Micro-finance and its impacts

Kamola Das took Tk. 12000 from the LG operated MFP in 2006. The interest rate of the credit was 15% and the repayment period was 52 weeks with equal weekly installments. She has to paid back TK. 13800. She has to give TK.300 as equal weekly installment. She became free from credit in 2007. After taking credit, the total conditions of the family of Kamola has improved more than hundred times. She became more able to earn more money after taking credit, more money contribution to her family, can expends more for herself and has also attained more savings ability. Besides, the housing condition of Kamola has improved. Now the housing conditions both inside and outside is quite well. She has three rooms. The walls and the roofs of the rooms are made of tin and the floor is made of mud. She has electricity facility, own tube well and latrine. All of these have been achieved with the help of micro-finance.

Views on Micro-finance and economic upliftment

Kamola thinks that women can be more able than male if they get opportunities. She also thinks that the poor women can be involved in informal sector activities if she has skill, education, capital. Capital is very much essential for self work for the poor women. If the poor women get enough money, they can be easily involved in a suitable work. She also said that micro-finance not only helps to uplift their economic condition, but it also helps to empower them in decision making and also make strong their social status. Kamola said about the micro-finance system that it is very effective for the poor. She said that the interest rate and installment should be decreased. High interest rate and installment is not suitable for all poor women. She also said about the installment and the repayment mechanism. According to her, the installment is not a problematic matter, but the repayment period should be started after a minimum time distance because it is very difficult to get profit after invests the money in to a productive purpose. She said that the micro-finance providers should give time until the profit is earned.

Future dreams

Kamola Das dream is very simple. She wants to establish another shop in the nearest market of the slum. Besides, she wants to buy land in her native and wants to go back there.

Appendix- C

Prioritize factors influencing involve in MFP operated by Local Government

C1: Pair wise evaluation of the factors influencing involve in MFP operated by Local Government

			R 1	R 2	R 3	R 4	R 5	R 6	R 7	a (Lowest)	b (Median)	c (Largest)	(a+4b+c) /6
Better livelihood	Vs	Better Investment Facility	0.14	0.14	0.2	0.33	0.3	0.14	0.11	0.11	0.14	0.33	0.17
Better livelihood	Vs	Better Educational Facility	0.2	0.11	0.2	0.2	0.33	0.11	0.33	0.11	0.2	0.33	0.21
Better livelihood	Vs	Official	1	0.33	0.33	3	0.11	0.2	0.2	0.11	0.33	3	0.74
Better livelihood	Vs	Communication	0.11	0.11	0.14	0.14	0.14	0.2	0.14	0.11	0.14	0.2	0.15
Better livelihood	Vs	Relatives reside there	0.33	0.2	0.33	1	0.33	0.33	3	0.2	0.33	3	0.75
Better livelihood	Vs	Natural Disaster	0.14	0.33	0.14	0.33	0.33	0.2	3	0.14	0.33	3	0.74
Better livelihood	Vs	Security Problem	0.14	0.33	0.33	0.33	0.33	0.2	0.33	0.14	0.33	0.33	0.30
Better Investment Facility	Vs	Better Educational Facility	0.33	0.14	3	1	1	3	1	0.14	1	3	1.19
Better Investment Facility	Vs	Official	3	5	5	3	3	1	1	1	3	5	3.00
Better Investment Facility	Vs	Communication	5	1	5	3	0.33	3	5	0.33	3	5	2.89
Better Investment Facility	Vs	Relatives reside there	3	5	5	7	5	3	3	3	5	7	5.00
Better Investment Facility	Vs	Natural Disaster	7	5	7	7	5	3	7	3	7	7	6.33
Better Investment Facility	Vs	Security Problem	7	5	7	7	5	5	7	5	7	7	6.67
Better Educational Facility	Vs	Official	7	9	7	5	7	7	9	5	7	9	7.00
Better Educational Facility	Vs	Communication	1	1	3	0.33	1	3	1	0.33	1	3	1.22
Better Educational Facility	Vs	Relatives reside there	3	5	5	0.2	0.33	5	7	0.2	5	7	4.53
Better Educational Facility	Vs	Natural Disaster	5	3	7	7	5	3	3	3	5	7	5.00
Better Educational Facility	Vs	Security Problem	5	3	3	7	5	3	3	3	3	7	3.67
Official	Vs	Communication	1	1	0.2	0.33	3	0.2	0.33	0.2	0.33	3	0.75
Official	Vs	Relatives reside there	0.33	0.2	0.2	0.2	3	0.33	0.2	0.2	0.2	3	0.67
Official	Vs	Natural Disaster	5	3	3	5	7	3	3	3	3	7	3.67
Official	Vs	Security Problem	5	3	3	5	3	3	3	3	3	5	3.33
Communication	Vs	Relatives reside there	3	0.11	0.14	0.2	3	0.2	0.33	0.11	0.2	3	0.65
Communication	Vs	Natural Disaster	5	7	5	3	5	3	3	3	5	7	5.00
Communication	Vs	Security Problem	3	5	3	5	3	1	3	1	3	5	3.00
Relatives reside there	Vs	Natural Disaster	3	3	5	5	3	3	5	3	3	5	3.33
Relatives reside there	Vs	Security Problem	3	0.2	0.2	1	3	3	3	0.2	3	3	2.53
Natural Disaster	Vs	Security Problem	0.33	0.33	1	0.33	0.3	0.33	0.33	0.3	0.33	1	0.44

C2: Pair wise reciprocal matrix of the factors influencing involve in MFP operated by Local Government

	1	2	3	4	5	6	7	8
1. Better livelihood	1.00	0.17	0.21	0.74	0.15	0.75	0.74	0.30
2. Better Investment Facility		1.00	1.19	3.00	2.89	5.00	6.33	6.67
3. Better Educational Facility			1.00	7.00	1.22	4.53	5.00	3.67
4. Official				1.00	0.75	0.67	3.67	3.33
5. Communication					1.00	0.65	5.00	3.00
6. Relatives reside there						1.00	3.33	2.53
7. Natural Disaster							1.00	0.44
8. Security Problem								1.00

C3: Pair wise complete comparison matrix (LG operated MFP)

	1	2	3	4	5	6	7	8
1. Better livelihood	1.00	0.17	0.21	0.74	0.15	0.75	0.74	0.30
2. Better Investment Facility	5.88	1.00	1.19	3.00	2.89	5.00	6.33	6.67
3. Better Educational Facility	4.76	0.84	1.00	7.00	1.22	4.53	5.00	3.67
4. Official	1.35	0.33	0.14	1.00	0.75	0.67	3.67	3.33
5. Communication	6.67	0.35	0.82	1.33	1.00	0.65	5.00	3.00
6. Relatives reside there	1.33	0.20	0.22	1.49	1.54	1.00	3.33	2.53
7. Natural Disaster	1.35	0.16	0.20	0.27	0.20	0.30	1.00	0.44
8. Security Problem	3.33	0.15	0.27	0.30	0.33	0.40	2.27	1.00
Total	25.68	3.20	4.06	15.14	8.08	13.30	27.34	20.94

C4: Estimated/normalized relative weight (LG operated MFP)

	1	2	3	4	5	6	7	8	Principle Eigen /Priority Vector
1. Better livelihood	0.04	0.05	0.05	0.05	0.02	0.06	0.03	0.01	0.04
2. Better Investment Facility	0.23	0.31	0.29	0.20	0.36	0.38	0.23	0.32	0.29
3. Better Educational Facility	0.19	0.26	0.25	0.46	0.15	0.34	0.18	0.18	0.25
4. Official	0.05	0.10	0.04	0.07	0.09	0.05	0.13	0.16	0.09
5. Communication	0.26	0.11	0.20	0.09	0.12	0.05	0.18	0.14	0.14
6. Relatives reside there	0.05	0.06	0.05	0.10	0.19	0.08	0.12	0.12	0.10
7. Natural Disaster	0.05	0.05	0.05	0.02	0.02	0.02	0.04	0.02	0.03
8. Security Problem	0.13	0.05	0.07	0.02	0.04	0.03	0.08	0.05	0.06
Total	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

C5: Random Consistency Index (*RI*)

N	1	2	3	4	5	6	7	8	9	10
RI	0	0	0.58	0.9	1.12	1.24	1.32	1.41	1.45	1.49

C6: Pair wise evaluation of the factors influencing involve in MFP operated by NGOs

			R 1	R 2	R 3	R 4	R 5	R 6	R 7	a (Lowest)	b (Median)	c (Largest)	(a+4b+c)/6
Better livelihood	Vs	Better Investment Facility	0.14	0.2	0.14	0.14	0.33	0.3	0.14	0.14	0.14	0.33	0.17
Better livelihood	Vs	Better Educational Facility	0.11	0.14	0.11	0.2	0.14	0.11	0.2	0.11	0.14	0.2	0.15
Better livelihood	Vs	Official	0.2	0.33	0.33	0.33	0.2	0.2	0.33	0.2	0.33	0.33	0.31
Better livelihood	Vs	Communication	1	0.33	0.2	0.2	0.33	0.2	0.33	0.2	0.33	1	0.42
Better livelihood	Vs	Relatives reside there	3	1	3	3	5	5	3	1	3	5	3.00
Better livelihood	Vs	Natural Disaster	5	3	5	7	7	5	7	3	5	7	5.00
Better livelihood	Vs	Security Problem	3	3	7	5	5	5	3	3	5	7	5.00
Better Investment Facility	Vs	Better Educational Facility	1	0.33	1	0.33	1	3	0.33	0.33	1	3	1.22
Better Investment Facility	Vs	Official	0.33	1	0.33	3	0.33	1	0.33	0.33	0.33	3	0.78
Better Investment Facility	Vs	Communication	3	5	3	3	5	5	3	3	3	5	3.33
Better Investment Facility	Vs	Relatives reside there	5	3	3	7	5	5	7	3	5	7	5.00
Better Investment Facility	Vs	Natural Disaster	9	9	7	9	7	9	7	7	9	9	8.67
Better Investment Facility	Vs	Security Problem	9	9	7	9	5	9	5	5	9	9	8.33
Better Educational Facility	Vs	Official	3	3	1	3	1	3	3	1	3	3	2.67
Better Educational Facility	Vs	Communication	5	5	3	3	5	1	3	1	3	5	3.00
Better Educational Facility	Vs	Relatives reside there	7	5	5	5	7	7	3	3	5	7	5.00
Better Educational Facility	Vs	Natural Disaster	9	9	9	9	7	9	9	7	9	9	8.67
Better Educational Facility	Vs	Security Problem	7	7	7	9	9	9	7	7	7	9	7.33
Official	Vs	Communication	0.33	1	0.33	1	1	0.33	1	0.33	1	1	0.89
Official	Vs	Relatives reside there	3	3	3	5	3	3	5	3	3	5	3.33
Official	Vs	Natural Disaster	9	7	5	7	3	7	7	3	7	9	6.67
Official	Vs	Security Problem	7	7	5	7	9	7	9	5	7	9	7.00
Communication	Vs	Relatives reside there	3	3	1	3	5	3	3	1	3	5	3.00
Communication	Vs	Natural Disaster	5	7	5	7	5	5	7	5	5	7	5.33
Communication	Vs	Security Problem	3	5	5	5	7	5	5	3	5	7	5.00
Relatives reside there	Vs	Natural Disaster	3	3	5	3	5	3	3	3	3	5	3.33
Relatives reside there	Vs	Security Problem	3	3	3	5	1	3	3	1	3	5	3.00
Natural Disaster	Vs	Security Problem	1	0.2	0.33	1	0.14	1	0.2	0.14	0.33	1	0.41

C7: Pair wise reciprocal matrix of the factors influencing involve in MFP operated by NGOs

	1	2	3	4	5	6	7	8
1. Better livelihood	1.00	0.17	0.15	0.31	0.42	3.00	5.00	5.00
2. Better Investment Facility		1.00	1.22	0.78	3.33	5.00	8.67	8.33
3. Better Educational Facility			1.00	2.67	3.00	5.00	8.67	7.33
4. Official				1.00	0.89	3.33	6.67	7.00
5. Communication					1.00	3.00	5.33	5.00
6. Relatives reside there						1.00	3.33	3.00
7. Natural Disaster							1.00	0.41
8. Security Problem								1.00

C8: Pair wise complete comparison matrix (NGO Operated MFP)

	1	2	3	4	5	6	7	8
1. Better livelihood	1.00	0.17	0.15	0.31	0.42	3.00	5.00	5.00
2. Better Investment Facility	5.83	1.00	1.22	0.78	3.33	5.00	8.67	8.33
3. Better Educational Facility	6.90	0.82	1.00	2.67	3.00	5.00	8.67	7.33
4. Official	3.24	1.29	0.38	1.00	0.89	3.33	6.67	7.00
5. Communication	2.38	0.30	0.33	1.13	1.00	3.00	5.33	5.00
6. Relatives reside there	0.33	0.20	0.20	0.30	0.33	1.00	3.33	3.00
7. Natural Disaster	0.20	0.12	0.12	0.15	0.19	0.30	1.00	0.41
8. Security Problem	0.20	0.12	0.14	0.14	0.20	0.33	2.44	1.00
Total	20.08	4.02	3.53	6.47	9.36	20.97	41.11	37.08

C9: Estimated/normalized relative weight (NGO operated MFP)

	1	2	3	4	5	6	7	8	Principle Eigen /Priority Vector
1. Better livelihood	0.05	0.04	0.04	0.05	0.04	0.14	0.12	0.13	0.08
2. Better Investment Facility	0.29	0.25	0.35	0.12	0.36	0.24	0.21	0.22	0.25
3. Better Educational Facility	0.34	0.20	0.28	0.41	0.32	0.24	0.21	0.20	0.28
4. Official	0.16	0.32	0.11	0.15	0.09	0.16	0.16	0.19	0.17
5. Communication	0.12	0.07	0.09	0.17	0.11	0.14	0.13	0.13	0.12
6. Relatives reside there	0.02	0.05	0.06	0.05	0.04	0.05	0.08	0.08	0.05
7. Natural Disaster	0.01	0.03	0.03	0.02	0.02	0.01	0.02	0.01	0.02
8. Security Problem	0.01	0.03	0.04	0.02	0.02	0.02	0.06	0.03	0.03
Total	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00