

Micro Credit, Household Livelihood and Community
Capacity: Case Study from Bangladesh

BY

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DECLARATION OF ORIGINALITY

I, HASAN Md. Ziaul, declare that this thesis is submitted for the degree of Master of Science in International Cooperation Policy. Apart from the authors cited, the main argument is my own work and has not been submitted in any form for other degree or diploma at any university or institute of tertiary education. Information derived from the published and unpublished work of other has been acknowledged and referenced appropriately.

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ABBREVIATIONS:

ARDO	Assistant Rural Development Officer
BARD	Bangladesh Academy for Rural Development
BBS	Bangladesh Bureau of Statistics
BDT	Bangladeshi Taka (Currency of Bangladesh), 1 US\$ = 77.75 BDT (Source: Bangladesh Bank, as on November 12, 2013.)
BIDS	Bangladesh Institute of Development Studies
BOU	Bangladesh Open University
BRDB	Bangladesh Rural Development Board
CDC	Community Development Committee
DD	Deputy Director
DG	Director General
DOC	Department of Cooperatives
DP Note	On Demand Promissory Note
EPUC	Empower Poor Urban Communities
FGD	Focus Group Discussion
FO	Field Organizer
GDP	Gross Domestic Product
GO	Government Organization
GoB	Government of Bangladesh
HRD	Human Resource Development
ID	Identification
IGA	Income Generating Activities
IPAP	Integrated Poverty Alleviation Programme
IRD	Integrated Rural Development Programme
IRWDP	Integrated Rural Women Development Project
JO	Junior Officer
KSS	Krishok Shamobay Shamiti (Farmers' Cooperative Society)
LG	Local Government

LGD	Local Government Division
MC	Micro Credit
MFI	Micro Finance Institute
MIS	Management Information System
MoLGRD&C	Ministry of Local Government, Rural Development and Cooperatives
NBD	Nation Building Department
NGO	Non-Government Organization
NRDTI	Noakhali Rural Development Training Institute
RDA	Rural Development Academy
RDCD	Rural Development and Cooperative Division
SFYP	Sixth Five Year Plan (FY2011-FY2015)
TCCA	Thana Central Cooperative Association
ToT	Trainer of Trainee
UCCA	Upazila Central Cooperative Association
UP	Union Parishad (Union Council)
URDO	Upazila Rural Development Officer
WCS	Weekly Collection Sheet
WDP	Women Development Program

GLOSSARY:

Achar	Pickle (Specially Indian pickle)
Am-Muktarnama	Power of Attorney
Arot	Merchant Fish Stores: collect fish from the fishermen and sell it to fish businessman/salesman or export it to other cities or countries.
Boroi	Indian Jujube, (<i>Ziziphus mauritiana</i>)
Churi	Traditional Bengali Hand Ring
Dokkhin	South
Golpata	Nypa
Ilish	Popular Fish in Bangladesh (See Photo: 5.3.2)
Jolpai	Olive
Mohila	Women
Sadar	Where Headquarter Situated
Saree	Traditional Women's Dress in Bangladesh
Shamobay Shamiti	Cooperative Society
Tamsuk	Bond
Tetul	Tamarind
Tin	Corrugated Iron Sheet
Union	The lowest Local Government tire out of four
Upazila	The third lowest Local Government tire out of four (See Page 3: Footnote)

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ABSTRACT

Micro credit is a widely used development tool in Bangladesh. Both the government and the private sector operate micro credit that has remarkable impact. This paper attempts to explore how household livelihood and community capacity is changed through government operated micro credit in rural Bangladesh. It is a qualitative case study research conducted in the society and household level. In particular, it describes the case of a cooperative and the household of its members that is provided micro-credit. It is an appreciative inquiry on a best-case practice on how existing models micro credit works for both the beneficiary and the community.

As a result, this study found that microcredit affects the socio-economic development of its members. In addition, collective activities under micro credit significantly contribute to the livelihood of households thereby positively affecting community capacity development. However, combined and sincere efforts of all relevant stakeholders should be guaranteed in order to ensure its success.

CHAPTER 1: INTRODUCTION

Micro credit in its present form resulted from years of evolution. It has become a popular and widely discussed tool for poverty alleviation, social empowerment and rural development, and has been broadly used by various non-government organizations (NGO's) and government agencies. Similarly, this growing fascination with micro-finance programs produced a significant number of academic studies that sought to describe and evaluate micro credit programs. These studies focus not only on private sector initiatives but also on government-led micro credit programs; their mechanisms, performance and impact at the macro level.

Most of these studies were brought about by the micro-finance practitioner and policy makers' self-reflection and the ex-ante evaluation (Lont and Hospes, 2004). However, these studies tend to put too much emphasis on the mechanisms and operators but less on the beneficiaries and their goals (Rahman, 2001 as cited in Lont & Hospes, 2004).

In Bangladesh, approximately 13000 NGOs (Kabir, Dey & Islam, 2012) and several government organizations implement micro credit programs. The country faces a variety of development challenges that include poverty, unemployment and low literacy rate. Bangladesh is one of the least developed countries in the world. It is a densely populated country with

154.7 million people (The World Bank, 2012) living in an area of only 147,570 square kilometers. Although the poverty headcount ratio at the national level fell from 56.6% in 1992 to 31.5% in 2010 (The World Bank, 2012), it remains the biggest challenge for Bangladesh.

Various initiatives have been implemented to overcome poverty and accelerate the motion of the country's development. In particular, micro credit programs that focused mainly on the incorporation of women to development track, were implemented in rural Bangladesh. Its main objective is to generate income through small-scale initiatives and improve the country's overall socio-economic conditions.

The Bangladesh Rural Development Board (BRDB) is a premier organization within the government sector engaged rural development and poverty alleviation. It is the oldest and one of the largest micro credit operators within the government. BRDB's performance evaluation, conducted by the Bangladesh Institute of Development Studies (BIDS, 2009), estimates its contributions to the country's GDP at 1.93 percent. It also helped its beneficiaries in accumulating assets (both land and non-land), achieve better livelihood and secure women empowerment (BIDS, 2009). The study concludes that BRDB's poverty reduction efforts have contributed to the alleviation of poverty to a commendable extent. Micro credit initiatives played a significant role in achieving these landmarks for the organization.

Hence, this study aims to describe the process of community capacity development and identify the changes in the quality of life of the beneficiaries and their household under the Government

micro credit program in Bangladesh. In particular, this study focuses on the cases of successful individuals and group beneficiaries of the BRDB operated micro credit program. It makes use of Stenning and Miyoshi's (2008) Community Capacity Development and Policy Structure Model as well as the concept of development through micro credit as theoretical backdrop for the study.

The study is situated in an upazila¹ located in the Southern part of Bangladesh. The Nation Building Departments usually operates its activities from the upazila level. As such, local groups and their members under the upazila office are the beneficiaries of BRDB's micro credit program. These groups mainly use credit money for income generating activities. Within its long run of operation some of these groups could successfully manage to improve the quality of life of their members which can be a lesson for others. Therefore, following the appreciative inquiry approach, this study is particularly interested in the practices of the successful beneficiaries of the BRDB micro credit program.

1.1 Research Problem:

Dr. Muhammad Yunus (2006) emphasized the importance of micro credit comes from its ability to “unleash” the potential of poor people, especially poor women to live a decent life. Micro credit provides the initial push and set the motion for poor people to employ their potential in a productive way. The increased focus on micro credit as a developmental tool has

¹Upazila: the third lowest local government tier out of four. It covers an area of approximately 175 square kilometer.

led to several studies on its process and impact. These studies reveal that micro credit has its impact on income poverty and on the development of socio economic indicators. Khandker (2005) mentioned, “Microfinance continues to reduce poverty among poor borrowers and within the local economy, albeit at a lower rate” (p. 285). Through all this course of its development effort micro credit faces some criticism also. Some scholars think it bounds the beneficiaries in the vicious circle of credit. Haque and Yamao (2008) notes that “Having no alternative means to repay the entire loan, they fell into the problem of additional indebtedness, from which a borrower never came out of the vicious circle of poverty and remained the same as they were before” (p. 648).

As the flows of income are inconsistent, the rural people have trends to utilize micro credit directly to consumption. If they can't utilize the credit for any earning purpose it may create new burdens for them. Thus, credit has its risk also. Yet there has huge success stories of micro credit. Micro credit could inspire its client to discover their potentials and utilize to productive way. Usually micro credit is been operated through group mechanism which might have significant role to its development course promoting healthy competition among members.

It has been observed that using same credit amount with same sorts of facilities from micro credit provider some beneficiaries could change their economic and social status but some are failed. Although in same natural settings, the result of utilizing micro credit is just opposite between two groups in terms of several indicators. A successful group can contribute to the community capacity development which has the potentials to study. It could be assessed the

individual's development in the group mechanism and their response to group and to social system by turn. To understand and illustrate these relation and changes, micro credit case can be studied. Therefore, this research will describe the process, factors and developments of successful case of household development and the response to community as follow-up actions.

1.2 Significance of the Study:

This research is a case study of household livelihood change of poor micro credit beneficiaries and their response to community capacity development. It gives a detail understanding for the government sector micro credit operation and describes the process of development for household cases within the group. The uniqueness of this study is that it illustrates how the facilitation of micro credit in rural Bangladesh help to improve the quality of life in the households of its recipients and how it improves the community capacity.

This study shows that collective activities of micro credit society have positive impact on strategic components of community capacity and community functioning which was not examined before. Thus, it contributes to the thoughts about micro credit success that affects the community development activities. It is an addition for the academic world and useful for the micro credit practitioners as well. The essence of this research will help for better understanding of micro credit case and its success potentials for household and community also. That essence may further help the policy level people for future policy options and also the field level practitioners for more efficient micro credit operation.

1.3 Research Questions:

Main Question:

“How does government operated micro credit contribute to household livelihood change and community capacity development in rural Bangladesh?”

Sub questions:

- How is micro credit administered by the public sector to facilitate the development?
- How is micro credit utilized by the individuals within group mechanism for development?
- How do individual success and group collective activities affect the household livelihood and community capacity development?

1.4 Research Objectives:

The purpose of the study is to explore the development aspects of micro credit lying behind the success of individual and community cases at the grass root level.

The specific objectives of this research are:

- To explore the practical micro credit administration by the public sector for development of poor in Bangladesh
- To analyze the utilization of micro credit and the changes brought by it
- To explore the success of micro credit for the household livelihood change
- To assess the contribution process of micro credit activities to community capacity development

1.5 Outline of the Thesis:

This is a descriptive thesis and contains six chapters. The first chapter introduces the basic concept and statement of the research and the second chapter is the review of existing literature on micro credit and its effect, household livelihood and community capacity. This chapter also includes the theoretical framework of this study. The third chapter is about the methodological issues used to conduct this research. The fourth chapter describes the scope, administration and management of government operated micro credit for the development under existing policy structure. The fifth is the data chapters describing the real field utilization of micro credit by individuals within group mechanism for the better win of both which will be followed by sixth chapter. Chapter six is about the changes of household, collective activities and the community capacity aspects along with the conclusion.

CHAPTER 2: LITERATURE REVIEW AND THEORETICAL FRAMEWORK

This is the second chapter which explains the ground of this study based on the reviews of existing literature and focusing the theoretical structure. Micro credit passed a long way to its recognition as an important development tool. Different researchers and scholars analyzed and described it from different angles. With the main objective of income generation and poverty alleviation micro credit is also seen for its nature of reducing vulnerability and effects on empowerment, entrepreneurship development which has direct and indirect effect household livelihood. Within the social system household is the important unit to be considered for the development. The development of household livelihood affects to community and the *vice versa*. This chapter starts with reviewing micro credit and its effects, household livelihood and community development. Afterwards it streams subsequently to the theoretical framework.

2.1 Micro Credit:

“Microcredit (mI-[*]Kro'kre-dit); *noun*; programmes extend small loans to very poor people for self-employment projects that generate income, allowing them to care for themselves and their families”(Microcredit Summit, 1997).

Micro credit is the small amount of money which is usually lent to the poor people as collateral free loan to initiate or promote their own income generating activities with an easy repayment provision, generally in installments. Afrin, Islam and Ahmed (2008) describe as

“Micro credit is a structured program under which micro level loans are given to poor people especially to the poor rural women without collateral security. It is a group-based and intensively supervised loan program. The uniqueness of this loan program is that there is no requirement of collateral security” (p. 171).

The main target of micro credit is to freeing the poor borrowers from impoverishment. According to an estimate, currently 67.61 million people around the world have access to micro financing (Kabir, Dey, & Islam, 2012). Different countries may have few variations in defining microcredit. But in general they are similar. Micro credit is considered as an important and potential development tool nowadays. As observed for Bangladesh – over last two decades, micro credit became an important tool for alleviating poverty in Bangladesh (Khandkar and Chowdhury, 1996).

Micro credit is usually given with the objectives of socio-economic development of the poor borrowers that are usually neglected by the traditional financing system. Microcredit provides very small loans to those who have no verifiable credit history or collateral that would be acceptable to a financial institution (Yousaf, 2012). It is expected that they add extra to their earnings through small scale initiative and also develops their skill and awareness by aligning with the process. “The purpose of the micro credit program is to give the loans to the poor

people for self-employment that generate income, allow them to care for themselves and their family members” (Sankaran, 2005). By turn it has its effect on entire community. It is designed not only to support entrepreneurship and alleviate poverty, but also in many cases to empower women and uplift entire communities by extension (Sharma and Puri, 2013).

2.1.1 Characteristics of Micro Credit:

The main characteristics of micro credit are the manageable size for the poor, easily accessible to the poor, free of collateral, repayable in installments. Usually micro credit operated through group to individual to support the development initiatives. It is a group savings program, which helps the rural poor women to bring economic security in their lives (Roy, 2012). Micro lenders typically target women operating small-scale businesses and traditionally use group lending mechanisms (Karlan and Zinman, 2009). According to Grameen Bank description, there are three C’s of micro credit program such as, character, capacity and capital. Here, character refers to the micro credit handling records of the borrower, capacity for debt handling ability and capital means the available assets of the borrower.

2.2 Micro Credit and Its Effect:

The concept of micro credit is widely discussed issue mostly for the developing world. It has been recognized as an important and effective development tool for poverty reduction, empowerment, community development, etc. “Micro credit has a huge impact on the lives of millions of poor people particularly to women” (Kabir, Dey, & Islam, 2012). It is proved as a

strong mean to alleviate poverty through social and economic empowerment of the rural poor women (Puhazhendhi and Badatya 2002). The primary target of micro credit was to reduce poverty through income generation. Grameen Bank and its founder Dr. Muhammad Yunus received the Noble Peace Prize 2006 for its poverty alleviation activities through microcredit. Yunus (1994) said, “If we can come up with a system which allows everybody access to credit while ensuring excellent repayment-I can give you a guarantee that poverty will not last long”. In the opening speech of Micro Credit summit he mentioned “We believe that poverty does not belong to a civilized human society. It belongs to museums” (Yunus, 1997).

For the case of Bangladesh it has been well described by Hulme and Moore (2006) –

It is clear that microfinance in Bangladesh at least reaches ‘a significant population of otherwise disadvantaged people’ - people with low and unstable incomes, little or no land or assets, low social status, and few if any alternative sources of financial services that are both accessible and affordable. The extent to which there has been a ‘tangible enhancement of their capabilities, is of course a more normative and debated issue, but on balance the evidence suggests that this is the case, particularly through asset enhancement but also via positive effects – on the socioeconomic environments in which the poor work and live (p. 8).

With the course of time it has been observed that micro credit has multidimensional effects for poverty reduction, development and on the economy as well. Besides the effect on income poverty and the contribution to local economy micro credit has significant impact on different other issues.

2.2.1 Income and Economic Security:

Chronic economic insecurity is rooted in poverty, and the two together constitute a vicious circle (Islam, 2009). Micro credit offers the credit access to the rural poor which have positive impact on their income. Microcredit helped participant households to earn about 8 percent higher income than that of the non-participants (Ahmed, 2004). Income is mainly generated by the investment of micro credit in new or existing activities of the borrower. Besides, some of them invest to procure assets which also have indirect effect on income. This income affects the poverty and makes their life more secured than before. When they have income they get the potency to work for their development.

Income and awareness enable the poor to concentrate for their health and other issues of the family. Because improvements in health care, nutritional advice and education can be sustained only when households have increased earnings and greater control over financial resources (Littlefield *et al.*, 2003). It leads them to access the available services which can bring more secure life. Microfinance appears to enhance the socio-political position of the poor, allowing them to have better access to the opportunities provided by both the private and public sectors (Islam, 2009).

2.2.2 Rural Development and Local Economy:

Micro credit creates opportunities for its beneficiaries to generate income, reduce poverty. By turn local economy get benefited through that individual development. Khandker (2005) mentioned “Microfinance intervention also benefits nonparticipants through growth in local income. In particular, microfinance reduces the average village poverty level by 1 percentage point each year in program areas, some 40 percent of the observed village-level poverty reduction” (p. 285). Thus for the development of rural community micro credit can play or playing a very important role. Combined with other innovative programs that unleash people’s potential, micro-credit is an essential tool in our search for a poverty-free world’, a sentiment to which the beneficiaries of microfinance in rural underprivileged and disadvantaged communities worldwide can surely attest (Hossain & Knight, 2008).

2.2.3 Employment:

One of the most important issues for development is to engage the workforce to a productive way. In many developing nations formal sector cannot provide the employment opportunities for a huge number of populations. Micro credit, in this regard, can contribute a lot for self-employment creation which increase the local production as well as contribute to the economy. Micro credit programmes have brought about desirable impacts at the village level in terms of income, employment and production, especially in the non-farm sector (Khandker, Samad, & Khan, 1998). The BIDS study found that “participant households are better able to ensure more employment on own farms due to their better access to the land rental market. Wage and self-employment in non-agricultural sector is also higher for the participant households due to their access to microcredit program” (Ahmed, 2004).

2.2.4 Empowerment:

Micro credit schemes are highly associated to build up of social and economic empowerment (Kabir, Dey, & Islam, 2012). How can empowerment be defined? According to World Bank definition –

Empowerment is the process of enhancing the capacity of individuals or groups to make choices and to transform those choices into desired actions and outcomes. Central to this process are actions which both build individual and collective assets, and improve the efficiency and fairness of the organizational and institutional context which govern the use of these assets.

So empowerment is one of the significant steps to development for the human being specially the poor. Micro credit in its operational process contributes a lot for the empowerment of the poor through different ways. There is a noticeable and positive impact of micro credit activities on the living standards, empowerment and poverty reduction among the poor people in the society (Kabir, Dey, & Islam, 2012).

Women Empowerment:

Micro credit gives the privilege for the poor women to exercise their rights to the credit money; it is an issue of mental strength for them. She gets inspired from her mind that she can contribute to the family and to the society as well. Zaman (1999) also seen micro credit is a development tool which can have important role to empower specially the women. In many

cases micro credit opened new window of freedom, networking, etc. for women. Credit programs lead 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 *vis-à-vis* their husbands, and having greater freedom of mobility (Pitt, Khandker, & Cartwright, 2006). It is then clear that there is significant impact of micro credit activities on improvement of the living standard of the family not only in economic term but also in social term (Kabir, Dey, & Islam, 2012). In terms of Bangladesh perspective it was well commented by Devajaran (2006), the former Chief Economist of World Bank South Asia, “The Microfinance revolution in Bangladesh has not only provided microfinance but it is created a sense of empowerment particularly among poor women.”

Micro credit process affects the lifestyle of the borrowers. It makes them aware about their rights and responsibilities. Coming to the systematic official process and having the scope to learn about different aspects of development it changes their view of life, creates dream inside them which accordingly restructure their lifestyle. Poor women were able to increase their income and provided not only with the financial help to their families but also had positive impact on other factors of daily life (Kabir, Dey, & Islam, 2012).

2.2.5 Entrepreneurship:

The initial target of micro credit is to start small scale initiative or promote existing activities for income generation by the poor borrowers. Thus it has direct relationship with the development of entrepreneurship. Entrepreneurship is the process of creating something

different with value by devoting the necessary time and effort, assuming the accompanying financial, psychological and social risk; and receiving the resulting rewards of monetary and personal satisfaction (Hisrich and Peters, 1989).

The combined effort of the MFI and the borrower helps to promote entrepreneurship. Poor people have the will and potential to engage their workforce in productive ways. They are mainly lacking by the initiating push. Micro credit can give them the desired push to do something and be self-reliant. To access the credit the borrowers need to go through a systematic process which includes different stages of group discussion, negotiations with the officials, filling the forms, etc. All this give them more confidence to be an entrepreneur. The financial management skills and the group identity of the women borrowers have a direct and significant relationship with the development of rural women entrepreneurship through micro credit programs in Bangladesh (Afrin, Islam & Ahmed, 2008). Successful implementation of micro credit can again promote it.

2.3 Cautious Thinking about Micro Credit:

With the positive receptions of micro credit and its effect by many scholars there have some skeptics who critically think about the discontents of micro credit. Many of them think that the effect of micro credit has been described exaggeratedly and express their cautious contribution in future as well. As assumed by Haque (2004), “Although there are reasons to be enthusiastic about micro-credit movements, there are also reasons to be cautious from a policy point of view”

(p. 21). Some scholars like Dean Karlan think that micro credit is not the ultimate solution for poverty reduction. “Microcredit generated benefits, it isn't the panacea that it has been purported to be. It is certainly not the single answer that is going to transform people's life” (Karlan, 2009). For the case of women also, there has evidences that micro credit rather indebted the borrowers. Rural women are unstable to be self-reliant even though they have 10 to 15 years long credit history which indicates that credit programs are making those women more dependent on the credit provider rather than making them independent (Afrin, Islam & Ahmed, 2008). Even for the case of the Nobel peace prize wining micro finance organization Grameen Bank, still it seems to have drawbacks. “About 77% beneficiaries of Grameen Bank could not gain the expected development” (Islam, 2007).

If the use of micro credit is not proper by the beneficiaries it has negetive impact on the recovery which is a vital factor for continuation of revolving the system. Without proper supervision and monitoring the availability of micro credit may harm to the effective use of the work force of beneficiaries. In case of micro credit, “Delinquency rates do appear to increase with loan size. Hence, objective and realistic project evaluation is necessary prior to loan approval” (Sharma & Zeller, 1997). Microcredit programs are not a viable option for many people because such programs require skills, such as accounting ability, that many people in the target groups lack (Khandker, 1998). Some of them directly denied the effect to be positive in current form. Current micro-credit programs have very small or no effects on the income of their participants (Yang & Stanley, n.d.).

Also there has some views considering the weaknesses still think it has its usefulness for the development. In spite of weakness and various constraints, microfinance remains a powerful tool for the development of economy, poverty alleviation and social empowerment (Sharma and Puri, 2013).

2.4 Review on Government Operated Micro Credit in Bangladesh:

Unlike other countries in the region, Bangladesh does not have a proper substructure of small banks operating at local level (McGuire, Conroy and Thapa, 1998). Against the backdrop of a relatively undeveloped formal financial system, a strong microfinance system has developed in Bangladesh. These MFIs have been able to reach the poor with collateral-free loans at affordable costs and can thus help the poor become self-employed (BWTP, 2007).

In Bangladesh micro credit of non-government sector got more focuses and media coverage than that of government sector. For example, Mondol (2000) comments –

Usually the micro credit operation in Bangladesh by Government and NGOs are done through group formation. In Bangladesh, although government efforts to organize village groups to work together for a common good have often ended in failure, rural development by the NGOs have had better success in social capital formation.

BRDB as the largest organization within the public sector engaged in rural development and poverty alleviation has been operating micro credit since its inception (for details see chapter 4).

Several studies show the positive impacts of BRDB micro credit. The predecessor of BRDB the Integrated Rural Development Project (IRDP) was successful to enhance the agriculture production. The credit system then played a significant role there. BRDB micro credit had its effect on poverty alleviation and other aspects also. BRDB with a plethora of micro credit programs/project geared towards poverty eradication and improving quality life of the rural poor (Rahman, 2005). In specific study on BRDB micro credit shows that “BRDB micro-credit had the positive and significant impact towards uplifting social status of the beneficiaries. Most of the beneficiaries (60%) had perceived medium compared to 38% had perceived low and 2% had perceived high impact” (Sarker *et al*, 2010). It has impact on income poverty, asset accumulation, improvement of social status, and so on. Sarker *et al* (2010) also pointed that –

In case of dimensions of social status, the highest proportion of the beneficiaries could able to improve medium scale of change in income (58%) and family asset possession (52%), low scale of change in food consumption (68%), unchanged in housing condition (54%) and drinking water sources and toilet condition (42%) (p. 167).

In the answer of how micro credit acts to rural development, it is found that the operation and utilization has significance for the positive impact. Closer supervision of the technical and marketing aspects of micro-credit programs is needed to ensure that the loans are invested in income generating activities (Haque, 2004). A major shortcoming has been the tendency to support activities without reference to the demand for the products of the cooperatives or to the mechanism through which they could be marketed. The experience of the government-sponsored cooperatives suggests that establishment of cooperatives from above is unlikely to

succeed unless the participants share the goal and see the benefit resulting there from (Mondol, 2000). For the specific case of BRDB micro credit it is well described by Sarker *et al* (2010) –

Beneficiaries' education, farm size, organizational participation with BRDB, yearly savings, credit received and attitude towards BRDB micro-credit had positive and significant relationship with the impact of BRDB micro-credit while age, family size, credit utilization, credit recovery procedure had not any significant relationship with the impact of micro-credit towards uplifting the social status of the beneficiaries (p. 162).

2.5 Household and Livelihood

2.5.1 Household:

Household is the basic unit of society. Household usually mean the human group which shares the same hearth for cooking (Chambers & Conway, 1992). Household is generally defined as being composed of a person or group of persons who co-reside in, or occupy, a dwelling (Statistics Canada, 2012). In Bangladesh household can be defined as the group of people who share the common dwelling share their financial and other resources for their living. A general household is constituted of persons who make common provision of food and spent census night under the same roof (Bangladesh Bureau of Statistics, 2011).

2.5.2 Livelihood:

Livelihood is defined as adequate stocks and flows of food and cash to meet basic needs (WCED, 1987 cited by Chambers & Conway, 1992). Livelihood refers to activities of people with regard to the management of means and opportunities that are basically directed towards the protection and improvement of material living condition (Lont & Hospes, 2004). Livelihood is an all-inclusive management of human life. Livelihood provides subsistence, cash income, materials and consumables, stores of food and shelter. A livelihood is a dynamic portfolio which is assembled, constantly reviewed and updated (Wisner, 2004). The most accepted definition of livelihood for household level was given by Chambers and Conway (1992). It includes the approach of sustainable livelihood.

“A livelihood comprises the capabilities, assets (stores, resources, claims and access) and activities required for a means of living: a livelihood is sustainable which can cope with and recover from stress and shocks, maintain or enhance its capabilities and assets, and provide sustainable livelihood opportunities for the next generation; and which contributes net benefits to other livelihoods at the local and global levels and in the short and long term.”

DFID (1999) adapted this definition with little modification as follows –

“A livelihood comprises the capabilities, assets (including both material and social resources) and activities required for a means of living. A livelihood is sustainable when it can cope with and recover from stresses and shocks and maintain or enhance its capabilities and assets both now and in the future, while not undermining the natural resource base.”

Of the various components of a livelihood, the most complex is the portfolio of assets out of which people construct their living, which includes both tangible assets and resources, and intangible assets such as claims and access (Krantz, 2001). Livelihood not just points to the individuals but also incorporates the living, interactions, cooperation of individuals within the family or household and different level of communities with the maintenance and management of individual life and all the life leading elements. Livelihood of every individual, household and different level of community has its own patterns. The target of livelihood development is to bring the positive changes in the management of life and improve the quality of life for the desired people.

2.5.3 Household Livelihood Development:

The development of household livelihood indicates the development of its members individually and as a family. To bring the positive change in household livelihood it is important to engage the members effectively productive. Household livelihood development includes the fulfillment of their physical, economic and social needs, asset positions, social empowerment, etc. DFID (1999) stresses the importance to livelihoods of capital assets and distinguishes five categories of such assets: natural, social, physical, human and financial. Access to resources and capital is a significant component to change the household livelihood. In addition to physical capital, the financial resources available to people (including savings, credit, remittances and pensions) provide them with different livelihood options (Carney, 1998). Providing capital access for household initiative can positively contribute to improve the

resilience of households for development. Micro credit is a recognized significant tool to provide capital access especially to the poor.

2.6 Rural Development:

Rural development is the action of comprehensive development that will address all the issues related to uplifting the living standards of rural people in a rural community. The well accessible and well-coordinated link with the urban area may one of the conditions for rural development. The definition of rural development can be well understood by the following statement by Atchoarena & Gasperini (2003)-

Rural development aims at improving rural people's livelihoods in an equitable and sustainable manner, both socially and environmentally, through better access to assets (natural, physical, human, technological, and social capital), and services, and control over productive capital (in its financial or economic and political forms), that enable them to improve their livelihoods on a sustainable and equitable basis (p. 21).

2.7 Community and Community Development:

Community refers to certain social relationship in the life space of the person, which, it is argued, serve both as a means of achieving social well-being and as a definition, or end, of its realization. it is the primary realm of a social experience beyond the family; it is a significant aspect of the self-concept of an individual; it is an arena for immediate expression of

the fundamental human disposition toward association; and it can foster particular attitude of collective responsibility (Wilkinson, 1979).

To simplify the discussion the term community can be outlined as the social inclusion with same interests, commonality or shared objectives. Yet the meaning of community is not similarly denoted by the scholars. In the current global discourse about community development, 'community' has three basic meanings: first, it refers to a geographical community, a collection of people living within a fairly well-defined physical space. The second cross-cutting type of community identified by community development workers was thus a community of identity. Third one is issue-based community – focusing short term or particular issue (Craig, 2007).

However, with the focus of this study the most appropriate definition about community can be referred to Miyoshi (2012). He defined community as “a relative aggregation constructed by individuals, groups and organizations acknowledged by a specific area, generally defined by administrative boundaries, and within this boundary, these individuals, groups and organizations recognize themselves as being a member of the community”. Community is a group of people living close together or having commonalities. In common parlance, the term community is often used interchangeably to refer to a geographic area within which there is a set of shared interests or symbolic attributes (Chaskin *et al.*, 2001).

Development is a process of improvement, moving towards community goals. Community development occurs when people work together to solve problems and bring about

improvement for their community (Leaders, 1981). A wide-ranging definition of community development was agreed at a conference convened in 2004 by international community development organizations (cited by Craig, 2007) –

Community development is a way of strengthening civil society by prioritizing the actions of communities, and their perspectives in the development of social, economic and environmental policy. It seeks the empowerment of local communities, taken to mean both geographical communities, communities of interest or identity and communities organizing around specific themes or policy initiatives. It strengthens the capacity of people as active citizens through their community groups, organizations and networks; and the capacity of institutions and agencies . . . to work in dialogue with citizens to shape and determine change in their communities. It plays a crucial role in supporting active democratic life by promoting the autonomous voice of disadvantaged and vulnerable communities.

Wilkinson (1979) viewed community development as the activity which consists of acts by people that create and maintain channels of communication and cooperation among local groups. So simply community development is the betterment of life that ensure all relevant factors of physical quality of life. Rural community development is a process conducted by community members. It is a process where local people can not only create more jobs, income and infrastructure, but also help their community become fundamentally better able to manage change (Cavaye, 2006).

2.8 Community Capacity:

The word *Capacity* means the potential or ability to hold, store or accommodate. For the community perspective capacity indicates the ability to develop the community through the community initiative and activities. Chaskin *et al.* (2001) defined the community capacity as follows –

Community capacity is the interaction of human capital, organizational resources and social capital existing within a given community that can be leveraged to solve collective problems and improve or maintain the well-being of that community. It may operate through informal social processes and/or organized efforts by individuals, organizations, and social networks that exist among them and between them and the larger system of which the community is a part.

Community capacity is a complex, multidimensional and dynamic concept that requires precision for assessing community assets and for developing appropriate interventions (Goodman *et al.*, 1998). It is the combination of individual and collective efforts where all the stakeholders have their role to play. Community capacity may include the domains of stakeholder participation, problem assessment capacities, developing local leadership, empowering organizational structure, resource mobilization, linking to other organization and people, enhancing stakeholder ability to ‘ask why’, increasing stakeholder control over programme management and creating equitable relationship to outside agents (Laverack, 1999 cited by Gibbon, Labonte & Laverack, 2002). It is not just one way to perform individual responsibility to community but the *vice versa* also.

2.9 Theoretical Framework

2.9.1 Community Capacity Development Policy Structure Model:

The policy structure explains the development process through simple matrix. The Community capacity development policy structure model makes a regimented communication between policy structure and the features of community capacity. It is a dual function model that aims to enhance community capacity and offer the sequential welfare through policy structure for the community. In relation to this model (and based on Chaskin *et al.*, 2001) community capacity is defined as the ability of a community to produce outcomes in society which organizations and individuals produce as the result of their collective activities by utilizing available resources including human resources, physical, social, political and organizational resources to them (Miyoshi, 2011). Figure: 2.1 shows the Community Capacity Development Policy Structure Model which has been explained thereafter.

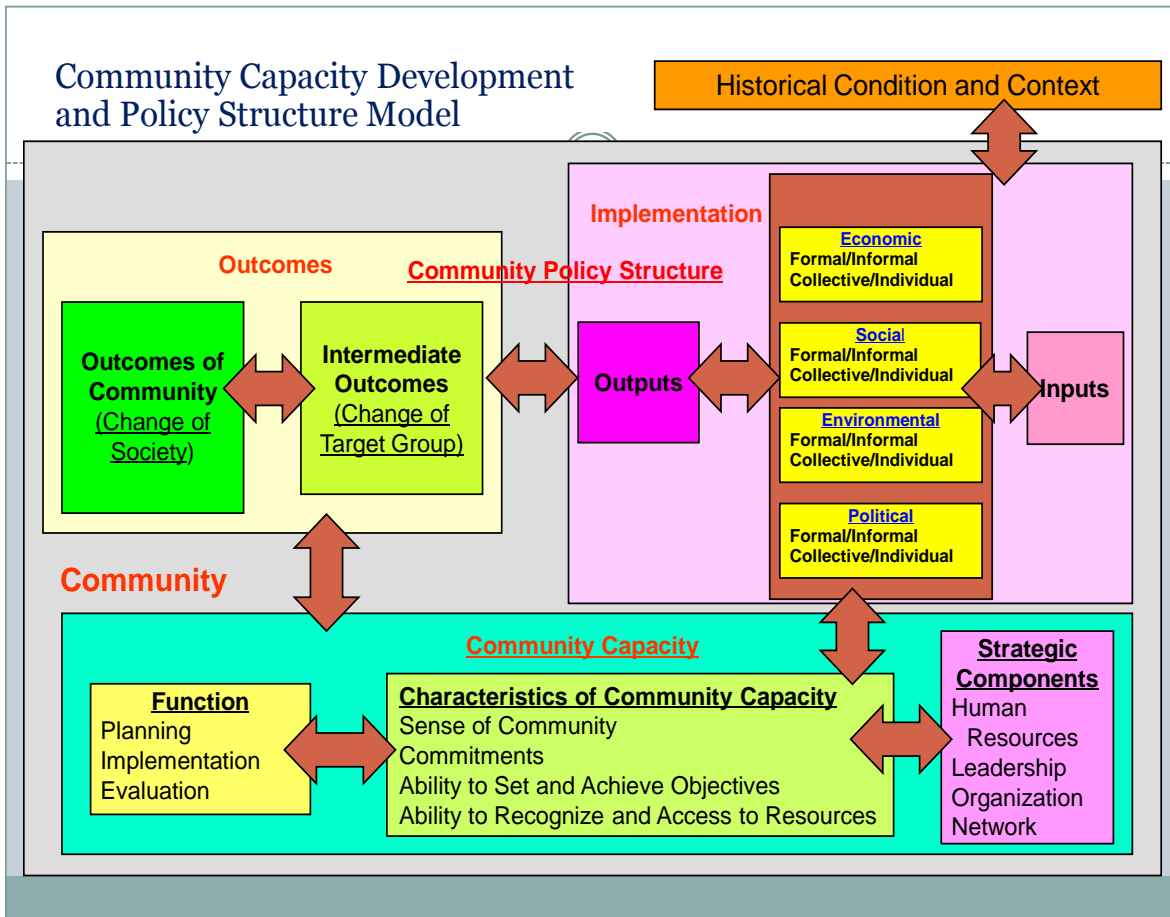


Figure: 2.1: Community Capacity Development Policy Structure Model

(Source: Stenning and Miyoshi (2008))

The policy structure is the five columns matrix which includes the input, activities, output, intermediate outcome and end outcome. The community policy structure shows the relationship of economic, social, environmental and political activities of the community. Community capacity consists of the strategic components (actors/agents), characteristics and functions of each community (Miyoshi, 2012). It express the detail overall approaches for the action to achieve the desired goal. It has its relation with historical condition and context and the

activities and inputs are based on the target and present situation. Also this implementation and community capacity development is reversibly connected.

2.9.2 Collective Activity:

For the case of community, collective activity means the provision for individuals to work together for the common issues which also brings benefits to the individuals. The individuals might have their place, role and their voice in the system. For individuals to take up their role means to take account of the system they are in and their relations with others in that system (Kirk and Shutte, 2004). In a changing situation people need more to be able to think together, talk together and work together in pursuit of a shared purpose. Such collaboration is possible where people can be publicly open about uncertainty and not-knowing, feel able to discuss their problems and successes, have the capacity to tolerate the shame and frustration of not knowing and express vulnerability in their need to learn from others, and seek help from others (Krantz, 1998).

Collective activities are important for the positive changes of any community. The same group of interacting individuals stands to benefit from collective action in several spheres at once, such that economies of scale may be achieved, thus lowering the unit costs of transacting in any one sphere (Mearns, 1996). Well organized people are always able to do the well-being through working together. Among others, community capacity building efforts often focus on collective action (Chaskin *et al.*, 2001). For the community capacity development policy structure model,

collective activity means the collective contribution to the total system that systematically adds the value and effect to the community. To change the community, collective activities build the policy structure with input-output-outcome matrix.

2.9.3 Strategic Components of Community Capacity:

Human Resource:

Community human resource refers to the workforce of individuals that are being directly or indirectly employed within the community or for the community. It is one of the key resources to bring the change for the community. Developing human resources results in more effective community organisations, that can then fulfill the functions required to contribute positively to community development (Stenning, 2013). The development of the knowledge, attitude and skill of the individuals can contribute to the development of human resource.

Leadership:

Leadership is the quality of getting the work done by others. Leadership over human beings is exercised when persons with certain motives and purposes mobilize, in competition or conflict with others, institutional, political, psychological, and other resources so as to arouse, engage, satisfy the motives of followers (Burns, 1978). Community leadership can be developed when there is scope to work together to achieve community goal. Leadership is a process whereby an individual influences a group of individuals to achieve a common goal (Northouse, 2007). A leader can motivate, inspire and direct the individuals to achieve the desired goal. So, for the

betterment of the community, leadership within the community can play important role. Leadership is a process, in which leaders are not seen as individuals in charge of followers, but as members of a community of practice (Horner, 1997). Micro credit group activities provide the opportunities to practice the leadership within the group which can affect the community development also. MFI participants, especially women, are often empowered to speak out more, assume leadership roles and address issues beyond their workplace (Sanyang & Huang, 2008).

Organization:

Locality development involves bringing people together to discuss common concerns and engage in collaborative problem solving (Fawcett, 1999). Hence, the very primary step of community development is to confirm the community interaction for development. Interaction and dialogue construction can further advance to the institutional shape for the development of community. Community organization is the process of people coming together to address issues that matter to them (Fawcett, 1999). Organizational meaning and action are derived out of the conversations of people connected with the organization, its primary stakeholders (Kirk and Shutte, 2004). The fundamental purpose of community organization – to help discover and enable people’s shared goals – is informed by values, knowledge, and experience (Fawcett, 1999).

Community based organization can be the mean for the people to interact. Community organization often has a bottom-up or grassroots quality; people with relatively little power coming together at the local level to address issues that matter to them (Fawcett, 1999). It also

gives the community the strategic power to negotiate with the different stakeholders both internal and external.

Cooperative society is the form community organization. The member controlled cooperative has long been an idea with almost universal appeal, being widely promoted in much of the developing world as an integral instrument of national rural development policy (Korten, 1980). Korten (1980) view the cooperatives impacted negatively – “Often the services offered by cooperatives, such as production loans and marketing services are of little use to the landless laborer or the subsistence farmer” (p. 481). But this study will focus on the success of micro credit through cooperative society.

According to the International Cooperative Alliance (ICA), a cooperative can be defined as a group of people who join together in a common undertaking in accord with the six principles that are as follows (cited by Chloupková, 2002):

1. Membership is open and voluntary.
2. There is democratic control, usually on the basis of one man, one vote.
3. Interest on share capital is limited.
4. Distribution of surplus proportionally, according to the level of transactions
5. Cooperatives devote some part of their surpluses to education.
6. Cooperatives cooperate among themselves.

Ministry of Culture, Community and Youth, Singapore, defines cooperative society as follows–

“A co-operative society is an association of persons who have voluntarily joined together to achieve a common economic and social end by forming a jointly-owned and democratically controlled business organisation. Members make equitable contributions to the capital required and accept a fair share of risks and benefits of the undertaking. Co-operative societies work on the principles of self-help and mutual assistance to provide services for their members”.

For the case of Bangladesh the society that is registered under ‘Co-operative Societies Acts, 2001 (Amendment 2002)’ will be treated as the cooperative society. Detail about the cooperative evolution and success in Bangladesh has been described in chapter 4 (see 4.5.2).

Network:

Networks of social relationships can be understood as articulating the flows of information, resources, and identities that are implicated in the production of rural development specifically, and ‘communities’ more generally (Lee *et al.*, 2005). Network is the linkage and relationship between different stakeholders. The stakeholders can be internal external; also it can be individual, group or entity. Lee *et al.* (2005) also see the network as the associational practices amongst rural people or the networks of social actors that are related to development. Community networking is a process which enables its participant to work in more integrated and effective way. Social networking is the grouping of individuals into specific groups (What Is Social Networking?, n.d.) that helps to better access to facilities and coordination. The effective linkage can promote the development. The network approach is useful because it

allows us to link together the development issues that are internal to rural areas with problems and opportunities that are external (Murdoch, 2000). Different networks play into rural development in a number of diverse ways. Good networks are inclusive, facilitating collective learning, allowing sharing of success and generating wider social acceptance (Lee *et al.*, 2005).

2.9.4 Functioning:

The term functioning of the community refers to the proper and fruitful performances of the community activities. The community capacity is utilized by the community to achieve the changes through planning, implementing and continuous evaluation during planning and implementation. Evaluation and planning are important element of the functions of the community capacity (Chaskin *et al.*, 2001, Stenning and Miyoshi, 2008). The notion of community functioning can change with the course of time and also development plan can test different initiatives to achieve the desired development. This test change should go with continuous evaluation and planning. It is important to constantly examine whether a community policy structure can maintain and develop with change over time (Miyoshi, 2012). Thus, planning, implementation and evaluation together can be treated as community functioning.

2.10 Conclusion:

Micro credit could successfully contribute to poverty reduction, capital formation, entrepreneurship development, social empowerment particularly for women, which all have positive impact on household livelihood development. The community capacity policy structure model includes the policy structure and the community capacity features. Micro credit operation in group mechanism can contribute to community capacity development which can be significantly related to community capacity policy structure model. Here micro credit is the important input which has effect on community capacity features through household development and collective activities within group mechanism. In this connection micro credit can be treated as the support while the group mechanism of micro credit is the vehicle which also can influence the other factors of community capacity.

To this scope, this study will endeavor to explore the change of household livelihood and also the development of community capacity for the successful micro credit cases with community capacity development policy structure model.

CHAPTER 3: METHODOLOGY

This chapter delineates the methodology in detail that was utilized to conduct this study. It starts with general standpoint for this research and consequently describes the steps of case selection and data collection. Later it focuses on data validation and a brief about data analysis. In conclusion it also encompasses the limitation of collecting data.

3.1 General Standpoint:

This research is based on appreciative inquiry approach. The term ‘Appreciative Inquiry’ can be understood best by its definition from Cooperrider and Whitney (2001) –

“Appreciative Inquiry is about the coevolutionary search for the best in people, their organizations, and the relevant world around them. In its broadest focus, it involves systematic discovery of what gives ‘life’ to a living system when it is most alive, most effective, and most constructively capable in economic, ecological, and human terms”.

This method can be utilized to study or change the society. In case of changing it focuses the existing best utilization of potentials to replicate for the development. During its long way of operation micro credit has some success stories which can be good lesson for the practitioners

and the academician also. To find that kind of good case appreciative inquiry approach is employed in this study.

It is a qualitative case study research with the aims to understand, explore and describe the research subject. Qualitative method of inquiry is employed with the intention of describing from different angles for the research case. Qualitative research is multimethod research that uses an interpretive, naturalistic approach to its subject matter. This means that qualitative researchers study things in their natural settings, attempting to make sense of, or interpret, phenomena in terms of the meanings people bring to them (Denzin and Lincoln, 2005). The purpose of qualitative research is to “understand the phenomena from the viewpoint of those who experience them. The reality that matters is the one that people perceive as significant” (Franco-Cortés, n.d.). So to do the desired study it was the best choice to the researcher to follow this qualitative methodology.

On the other hand case study is the strategy that has been utilized under this qualitative research. A case study is not a method but a research strategy (Hartley, 2004). Present study has taken the advantages of case study strategy to get the empirical data through extensive investigation of the phenomenon in the real life context and in the ground of micro credit operation. Case study excels at bringing us to an understanding of a complex issue and can add strength to what is already known through previous research. Case study research emphasizes detailed contextual analysis of a limited number of events or conditions and their relationships (Tripathy, 2009). Hence, to make the research exploratory and descriptive in the context of practical

occurrence and achievement micro credit case at field level, the case study strategy was chosen for this research.

3.2 Study Design:

It was mentioned that among government sector BRDB is the largest micro credit operator as a single agency, hence BRDB and its micro credit case has been taken as research organization and research case respectively. BRDB operates micro credit to individuals under group mechanism. The research case is about the development of individual in a successful group and also the development and success of that group within the community.

The first step of the research was to review existing literature about micro credit, its operation and effect along with household and community capacity development. Review of existing policy papers in Bangladesh along with other relevant documents to find the policy scope and expected outcomes, is another important ground work for this research. The policy papers observed for this research are –

1. National Rural Development Policy-2001,
2. Micro Credit Policy for Government Sector – 2003,
3. Sixth Five Year Plan 2011-2015 and

Also different reports of the focused micro credit organization along with Bangladesh government were the source of secondary data. The literature and theoretical review was

continued during the field research also. It was an interaction between field data collection and theoretical data and literature review.

Field research was conducted as part of the study to generate data. The objective of the field research was to get the primary data to fulfill the information needs based on literature and collected documents analysis. The data collection was from different sources such as groups and individuals as primary targets, relevant stakeholder's feedback, photos, field document analysis, etc. Those data is needed to understand the process and factors behind their development which is the most important part for this study.

3.3 Primary Data Collection and Case Selection:

As BRDB upazila office directly operates micro credit to the field level, it was selected as the source of information for finding the research case. As per the prior communication, the researcher first visited BRDB District office, Barisal to meet with Deputy Director. The researcher gave a short briefing about the research plan and seeks her support to conduct the study. Based on performance reports of the upazilas, accessibility and officials' recommendation Barisal Sadar and Babugonj upazilas was selected primarily. And the researcher went to the upazla BRDB offices for further selection of study case.

For the primary selection of successful case of development through BRDB micro credit, the researcher took the upazila functionaries along with upazila office reports and documents as the primary sources of information and guide for finding the good case. Very first of upazila office

activities the researcher organized meetings with respective upazila functionaries which includes Upazila Rural Development Officer (URDO), Assistant Rural Development Officer (ARDO), Junior Officer (Accounts), Inspectors, Field Organizers (FO), Chairman of UCCA, Directors of UCCA and others. In that meeting he described details of research proposal and plan including background, objectives, proposed methodology, etc. The participants of the meeting were requested for their supports and suggestions.

The researcher collected the relevant documents from respective upazila offices. Among the documents Operation Guideline for Revolving Agriculture Loan Fund, Micro Credit Manual for Integrated Poverty Alleviation Programme (IPAP), Banking Plan for Integrated Rural Women Development Programme (IRWDP), Upaizila Monthly Monitoring Report, etc. are important. Those documents were reviewed extensively to get detail idea about the micro credit operation and its features. Accordingly practical micro credit operation was observed in the field. The process of micro credit operation includes different steps, such as – member selection, motivation, Group/Society formation, savings collections, credit processing, necessary documents, disbursement procedure, monitoring the activities of borrowers, credit repayment system, interest rate, record keeping, etc. Also relevant records reviewed and had continuous discussion with functionaries and beneficiaries.

On the basis of acquired knowledge the researcher then concentrated to select the case. The primary successful case selection was done through researcher's observation of the group and individual activities, joining weekly meeting and discussion with the beneficiaries, upazila

office records, society level records and the officials' recommendation. Officials' recommendation was the key to find the good case. It is possible that people in positions of relative authority or proximity may provide a route into the required population (Groger *et al*, 1999 cited by Atkinson and Flint, 2001). Eligibility of the Field Organizer was also considered to select the society/group under him or her. Through all this process four societies from two upazilas were preferred as the primary selection. Those selections were made from different micro credit programs of BRDB. To find the good case, the sequence was – from functionaries to group to individual to relevant stakeholder information collection process.

3.3.1 Primary Case Selection 1:

Kalikapur KSS (Kalikapur Farmers' Cooperative Society)

Kalikapur Farmers' Cooperative (KSS) Society is one of the oldest cooperative societies under Babugonj UCCA. This society was formed at the beginning of BRDB activities in Babugonj. The members of this society are mostly farmer. Along with depositing savings and buying share this society received credit from BRDB. That time it was term credit. They utilized those credits to their agriculture field mainly to growing paddy. They used it for buying seeds, fertilizers, irrigation equipment, etc. For that credit money they could buy the fertilizers or insecticides timely. Also they could take care of their paddy field both for access to money and also through cooperation within the members of the society. That time they paid the credit with instalment at the end of their term.

They were successful to increase their production, which had effect on national production also. These activities enhanced their income which had positive impact on their family status. Furthermore, they were connected with the formal official system more than a common villager. All this impressed the other villagers and some of them joined to the society. They continued their society activities after the conversion of term credit to weekly instalments micro credit. Through these society activities many of the members could change their economic position as well as social position.

One member of this society Mr. Abdul Matin Hawladar gradually improved his economic and social status. Through this society he got the dealership for fertilizer distribution to the rural farmers. And through this he became popular to his locality and accordingly he elected member for Union council². By turn he was elected the Chairman of Union Council for three times and still he is holding that post. He is the elected guardian member of the governing body of Babugonj Degree College. So he is the perfect example of development economically, socially and playing role to community. He thinks micro credit can contribute to development if it is utilized timely properly and in right activities with proper planning.

But at present his society is not very much active. This society became defaulter in paying the credit instalment. And also some member failed to achieve desired changes. Hence, this society was not taken as the final good case to study though Mr. Matin had incredible success and his level of thinking had tremendous development.

² Union Council: the lowest elected local government body.

3.3.2 Primary Case Selection 2:

Uttar Purbo Pangsha KSS (North-East Pangsha Farmers' Cooperative Society):

This cooperative society was formed under IRDP in 1975 with 20 members. Most of the members were young - just to enter their working life. They wanted to be self-dependent. But as a remote area it was hard to be engaged in any income generating work other than agriculture. Also most of them had very few land to have enough earning from agriculture. Being member of the society they received training on fisheries from IRDP program. Later they received credit from Sonali Bank through IRDP with the condition that within one year they would repay the amount with service charge. They were committed to develop their position and they utilized the amount jointly. They took lease five ponds in their village with the contract for three years. The twenty members together invested their total credit amount to fish farming. They had tremendous success to generate income. By turn they invested into different business. Their success attracted the local people and once that society had 42 members.

Md. Shamsul Hoque Jmaddar was the founding member of this society. He was bachelor when this society was formed. Through this society activities and its micro credit, from a zero position now he is owner of assets which cost about 30 million BDT. As the result of these cooperative activities he elected the members of Union Council for five times in a row. He is now class one contractor of Local Government Engineering Department (LGED) and supplier of Barisal Cadet College. Also some other members like Rafiqul Islam who has a nice medicine shop in front of Cadet College are doing well.

But due to some internal issues this society is not very much effective now. They have only 12 members now who received micro credit. Also depositing savings is not so good as a part of micro credit. It might be for the graduation of different members from poverty level. So considering the present situation this society has not been taken as the final case.

3.3.3 Primary Case Selection 3:

Dokkhin Palashpur Mohila Shamobay Shamiti Limited (South Palashpur Women Cooperative Society Limited):

This Society was formed in 1992 with 22 women members. It was able to achieve tremendous success of its members using micro credit through individual initiatives and collective efforts. The present manager of this society Josna received National Gold Medal for Best Cooperative Members in 2010. The development of Josna's family is such a story that can be an ideal example of micro credit success. Now this society has fifty members. All of them are individually successful to change their fortune. Those changes positively affected the community capacity.

3.3.4 Primary Case Selection 4:

Moddho Palashpur Mohila Shamobay Shamiti (Central Palashpur Women Cooperative Society):

This women cooperative society situated at the central area of the Palashpur. It is also a very good society. This society received National Gold Medal in 2003. Almost all the members are doing well. Average present credit amount of the members is BDT 20,000. They are regular in credit installment repayment. They experienced individual development and their response to community is also effective. Their development was interesting.

3.3.5 Final Case Selection:

Among the above cases the fourth one could be the final selection for good case. But to the researcher third case was more interesting. The BRDB officials from Barisal Sadar Upazila also suggested taking the third case. The manager of the South Palashpur society is educated and cooperative. Also the members of this society were within very small geographical location. It seemed easy to communicate with the society members along with their family members and other local stakeholders. Considering all this issues along with researcher's choice – the third case of South Palashpur Women Cooperative Society Limited was taken as the final good case of micro credit for this study. Details of this case will be described in data chapter.

3.4 Study Location:

The research was conducted in the southern part of Bangladesh. The southern part of Bangladesh is a riparian area and one of the poorest areas of Bangladesh. Different government and non-government organizations operate micro credit in this area. BRDB also has its micro credit operation under different programs within different group and societies of this area. The

members of those groups are homogeneous in terms of ethnicity, language and so on. Also most of them are engaged in farming with some off farm activities. Male member is mainly responsible for the earning of the family whereas female member look after the family activities such as cooking, washing, cleaning, caring for children, processing of harvested crops for family consumption and preservation, etc. Now a day sometimes the women support man to his field work but not directly engaged to the farming activities. The target population of microcredit is more women than men.

The central district of southern area named Barisal was chosen. The area of Barisal District (see the map of Barisal District in Appendix-1) is 2,784.52 square kilometer; in 2011 total population was 2.24 million and population density was 825 per square kilometer (Bangladesh Bureau of Statistics, 2012). Poverty headcount rate of Barisal was 35.60% (rural 37.20, urban 26.40) (Bangladesh Bureau of Statistics, 2010). Barisal District consists of 10 upazilas.

The two upazilas named Barisal Sadar and Baugonj were selected to find the suitable good case of group and individual level. Since the starting of BRDB (1982) these two upazilas are under the coverage of BRDB activities. Before that it was under the IRDP coverage also. The official reports of this two upazila are satisfactory. Deputy Director of BRDB District, Barisal, also recommended these two upazilas for primary selection. Both upazila headquarters where upazila BRDB office situated are well accessible. But the rural areas are still not well connected with towns.

In Bangladesh usually the upazilas which hold the district headquarters is called Sadar Upazila. So Barisal Sadar upazila includes the Barisal city also. Its area is 256.45 square kilometer and total population is 0.20 million (Barisal Sadar at a glance, n.d.). Babugonj upazila is the neighboring upazila of Barisal Sadar. The upazila headquarter is about 12 kilometer from the district town which is accessible by bus. Its area is 152.47 square kilometer and total population is more than 0.15 million (Babugonj at a glance, n.d.). The main business of the people of rural area is agriculture. Also there have some others like fishing, cottage industries, small scale business, service holders in different government and non-government organizations, etc.

From those two upazilas four groups/societies has been selected as primary case. And following the selection strategy (described in 3.3) the final case was selected in Palashpur (indicated in the map: Appendix-1) area of Barisal Sadar upazila. Palashpur is a sub-urban area now. It has been included under Barisal City Corporation. It is about four kilometer from main town area of Barisal. The town area can be accessed by cycle-rickshaw or easy-bike (battery driven auto-rickshaw: see Photo: 5.21) which cost about BDT 40 to 80 (based on transport). Present internal roads are constructed by pitch, brick or soil (kancha road). Most of the houses of this area are made of wood and corrugated iron sheet with some semi-buildings and also some huts. The occupations of the people are small scale business, service, agriculture, fishing, etc.

3.5 Study Informants:

As qualitative study, the information collection was done considering different aspects of the case. To find the desired good case primary information was collected from upazila BRDB offices. Also BRDB micro credit operation procedure – both in official and field operation was observed through these offices. Among others URDO, ARDO, JO, FO, UCCA Chairman, Bank Manager were the central informants for primary selection. The researcher observed the primary cases individually and also jointly with officials especially with FO. Society level information was collected from official records, participating weekly meetings, one to one informal interview, etc. List of informants from functionaries and beneficiaries for primary case selection are given as Appendix-2(A).

Extensive study was conducted with the selected final case following different method. For the society case besides joining their weekly meeting FGD was also conducted with the members of the society, some of their family members and FO. List of informants for the society case has been given at Appendix-2(B). Also for the individual cases information was collected from the direct beneficiaries, their family members, employees, etc. The list of key informants for the individual cases is given at Appendix-2(C).

Al through this way assistance was taken from FO. Besides this, information was also collected from other relevant stakeholders, such as: nearest shop keepers, wholesale markets, neighbors, colleagues of the primary informant, etc.

3.6 Data Collection

3.6.1 Primary Communication:

Primary communication with the final case was made with the help of FO Mrs. Mamotaz. As the very first step the researchers went to the weekly meeting as a companion of Mrs. Mamotaz and observed their weekly meeting activities without any interruption. Later the researcher was introduced by Mamotaz and arranged a meeting with them. On that meeting he described about his research, objectives and relevant data collection procedures. Also he seeks their consent and cooperation to conduct this research. As they delightedly agreed to cooperate, the researcher described about detail how to conduct the study extensively.

3.6.2 Household Case Selection:

Based on society records and weekly meeting recommendation and also recommendation of functionaries the case of Josna's family was selected as household best case for this study. Also to understand the development of society another individual case was selected. For bias freeness this individual case was selected by random selection using simple lottery method. The name of all the members (except three members from Josna's family) were written individually on different pieces of paper and were folded. From those, one paper was collected by a child. That name was Hira Begum. So Hira Begum was taken as the second individual case (along with Josna's household as the first case) to study the development of the society.

Also through the source of Kalikapur KSS the researcher selected an ambitious case which was not successful rather micro credit created burden for them. This case was chosen as an alternative case. There after the study was conducted with those individual cases and the South Palashpur society.

3.7 Data Collection Methods:

Following methods were used for data collection. All the communications for data collection were made in Bangla. It was later translated by the researcher.

3.7.1 Society Documents Analysis:

The Society document analysis enabled the researcher to learn about their past performances not only to check how they did but also how they kept or documented the records. Following documents were examined –

- I. Member Register – it contains the list of the members, date of joining, their address, etc.
- II. Resolution Book – weekly and special meeting minutes are written in this register with the meeting attendance of members.
- III. Cash Book – all kind of transactions, done by the society, are recorded in this book.
- IV. Inspection Register – it is mainly used for the high officials or visitors to write their inspection notes.
- V. Share Ledger – details about share of the society

- VI. Savings Ledger – savings deposits and withdrawals, its interest, etc. are written here.
- VII. Loan Ledger – details of micro credit and its installments are written here
- VIII. Individual Passbooks – it is for the individual members and the documents containing their financial transactions.

3.7.2 Focus Group Discussion (FGD):

As one of the targets of this study was to get comprehensive picture of the society case, the researcher conducted focus group discussions with the participation of members of the society, some of their family members and FO. For convenience the society members were divided into three groups for FGD. It helped the researcher to crosscheck the information from them. Each FGD was facilitated by one of the members with the help of FO. This is because to ensure the way of discussion and its outcomes to be more local viewed and not to researcher directed outcomes. Besides this, joining their weekly meeting, after their usual activities researcher asked them to describe about their development aspects through the society activities and micro credit.

3.7.3 Story Telling Facilitation and Interview:

For the individual cases the researcher focused to develop relationship with the case to get the inside story. The case respondents were firstly briefed about the desire of the researcher. Accordingly they were asked to tell their story without interruption. Facilitation of storytelling was to hear the story of the respondents, their previous condition, straggle for living, access to

credit, social position, etc. The researcher just guided them to stay on the research track based on research question and not let to derail. They were guided or stirred to the related issues that are important for this study. This storytelling was conducted individually for each respondent. Also qualitative in-depth interviews were conducted based pre-designed questioners (Appendix-3) which was descriptive and not with just yes or no answer. Those questions or issues were not the direct interview rather to make them talk by pushing indirectly as facilitator, negotiator or critical friend to discover more than visible. The targets were facilitated to find out the issue(s) behind their success. Interviews were conducted face to face and one-by-one for the relaxed and free response from the interviewee. Accordingly their family members were also interviewed. There was also informal discussion with all the family members together. As the researcher visited them many times, they were comfortable to communicate with him and gave important information during informal discussions.

The researcher further interviewed the employees of the micro credit investment to get their views. To have the accurate understanding about the development of the case and their response to community, neighbors and other community people were also interviewed. The nearest grocery shopkeeper (where the case usually buys their daily goods) was interviewed to get an idea about the change of their consumption. For the first case the researcher had informal discussion with the wholesaler. Moreover, feedback from the relevant stakeholders including the BRDB and other officials was another source of data. For this a primary stakeholder analysis was done before the field research and revised during the field research.

3.7.4 Observation:

One of the most important methods for this study was observing the cases. The researcher physically observed the micro credit initiatives of the members. Total process of micro credit investment including investment planning, implementation, income generation, installment repayment, etc. were observed extensively. For the case of Josna's family they invested it to their business. So starting from the purchase of raw materials, processing, packaging in the factory, supply to the wholesale market, payment collection, etc. every steps was observed with the respective members or their assigned persons. The present status of their factory, residence, clothing, sanitation facilities, children's education of the family, etc. along with their response to common needs of the community was also observed. As the researcher visited the cases many times, sometimes for day long visit and even until night so it helped to get the inside view about the life of the case.

Besides the individual cases, collective activities of the society were also observed to get the idea about their activities, dealing with individual members and the official functionaries, decision making process, setting objectives and initiatives to achieve that and also individuals' response to society, etc.

The observation was conducted several times in their operational site not in a prepared environment rather in the usual settings of the case. This strategy was cautiously followed both for the society and the individual cases. For example, for the first time the researcher observed the weekly meeting and society activities as a companion of FO and without informing the

target. Later the researcher sometimes joined to their discussion and also asked questions to relevant persons to get the clear picture of the cases. The focus of the observation was kept in mind always but that does not impose pre-guided conception rather more open to understand and generate the knowledge of researcher.

Above all the observation and interaction with the family members of the case helped the researcher to understand their daily life, their values, norms, customs and traditions within the family and also within the community culture.

3.8 Data Support Mechanism:

To ensure the validity of data, firstly, the interviews was conducted individually and then in group from the same respondents. They were interviewed second time after observing the total system. To check the accordance of the information relevant stakeholders like shopkeepers, neighbors, other society members, functionaries were interviewed and information was collected. Later the recordings of the interview were played to them and photos were presented in group for their cautious agreement. The performance records of the cases were analyzed from the society documents and from their passbook. During data collection existing literature was also examined for the appropriateness of the information based on research objectives. Thus the validity of the collected data was guarded through every possible effort. Also the researcher maintained data triangulation among the official process, case exploration within the study.

3.9 Tools/Instruments Used:

Stakeholder analysis table, stakeholder map which was designed earlier and edited during data collection was used to knock the right persons as informant. For the in-depth interview pre-designed questioner was utilized to get the information but researcher was not confined with those questions only. Based on the demand of situation and practical experience questions and discussions were flexibly generated in the field also. Policy matrix was utilized to organize the sequential flow of input, activities, output, intermediate outcome and end outcome. Field note was taken and voice was recorded for future analysis and references. Also plenty of photos were taken to frame the moments for future analysis. Group work was exercised among the group members after FGD using the group discussion questioner.

Among physical instruments I-phone 4S made by ‘Apple’ was widely used for voice recording and sometimes for taking photo. Canon digital camera was used to take photos. Notepad and pen was utilized for field notes and sketching diagram in the field. Sticky pad was utilized for group works and individual data generation. Mobile internet of Bangladesh was utilized in the field for different purposes. The researcher took earlier permission from the respondents to use the respective instruments.

3.10 Data Analysis:

“Qualitative data analysis means making sense of relevant data gathered and responsibly presenting what the data reveal” (Caudle, 2004). The process of data analysis was started during data collection keeping the research question in mind. The facilitating questioners also supported data analysis process. The yielded data was analyzed using qualitative method. Miles and Huberman (1994) define qualitative data analysis as consisting of three concurrent flows of activity: data reduction, data display and conclusion drawing/verification.

As data reduction strategy the collected data (the field notes, recordings and other field documents) were organized, summarized and sorted out based on research questions, literature and theoretical model. The linkage of data and important features for case experiences were maintained during data reduction.

Collected data were organized in different tables. For better organization and understanding stakeholder analysis was done and accordingly stakeholder map was sketched. Besides this several diagrams, figure and flowchart was drawn and incorporated for proper illustration of data. For organization and display several images were incorporated as the supplement of description. During the arrangement the consequence was maintained.

Different Policy Structure was formulated and the relevant, significant and interesting features and key factors were identified. Accordingly based on it and following the research objectives and findings conclusion was made. The data support mechanism was described in 3.8.

3.11 Researcher's Advantages:

The native language of the researcher is Bangla and he is also familiar with the local tone of the language. The researcher had experiences in working and dealing with micro credit of same organization. Also his origin is from the rural area of Bangladesh. The researcher had also the access to upazila functionaries of BRDB. So it gave strategic advantages to him.

3.12 Limitation of the Study:

There had some limitation also to conduct the field study and further analysis. Of them significant one was the response from the informants was not organized as desired. It is because they were not habituated to provide information for the study. So sometimes their information was scattered and out of track. But visiting several times and making relation with them and also collecting information from different source the researcher tried to minimize that limitation.

Another limitation might be the translating capability of the researcher. He might not correctly translate their impulse in English. Through describing it to the respondents again and to the functionaries this limitation also tried to overcome. Most of the key respondents were women. Though the researcher tried to improve the relation to get the real understanding, it might be a limitation to interact properly with female respondents. Hence, the researcher took the help of Mrs. Mamotaz, the Field Organizer, several times. And thus this limitation was also tried to overcome.

3.13 Conclusion:

This is a qualitative research with the case study strategy. The selection of the case was made based on the appreciative inquiry approach. Existing literature and relevant documents were reviewed as the preparation for data collection and analysis. The research case was selected with the help of micro credit functionaries and through observation, documents analysis, joining weekly meeting of primary selected cases. Extensive study was conducted with the finally selected case. The data was collected based on the research questions, theoretical and literature ground. The methodologies used for data collection were society document analysis, FGD, storytelling facilitation and interview, observation and also relevant stakeholders' feedback. Qualitative data analysis method was utilized for presentation and conclusion. Possible all measures were taken to support the data and overcome the limitations. Next chapter describes the data from the administrative perspective for micro credit and its change.

CHAPTER 4: SCOPE AND ADMINISTRATION FOR DEVELOPMENT UNDER GOVERNMENT OPERATED MICRO CREDIT

For the development of rural poor the access to capital in the form of micro credit played an important role in Bangladesh. Micro credit is operating both by the public and private sector and has huge impact. This chapter specially focuses on the government sector to check the scope and administration of micro credit for the development of rural poor. It starts with the description of administrative system in Bangladesh. Rural Development administration, policy space for micro credit operation, research organization and its micro credit operation process along with expected outcomes also describes within this chapter. It includes the stakeholder maps and flowchart of micro credit operation as well.

4.1 Administrative System in Bangladesh:

Peoples Republic of Bangladesh is a democratic country of South Asia. It follows the Parliamentary form of Government with a unicameral legislature. The name of the national parliament is Jatiyo Sangshad. President is the head of state whereas Prime Minister is the Head of Government. The Prime Minister is now the chief executive of the country and assisted by

the council of ministers (see Figure: 4.1). Each ministry has its Divisions, Departments or other organizational set-ups for the execution of its assigned job (Figure: 4.2).

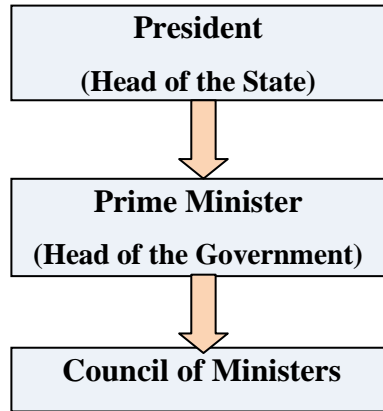


Figure: 4.1: Structure of Government (Source: created by Author)

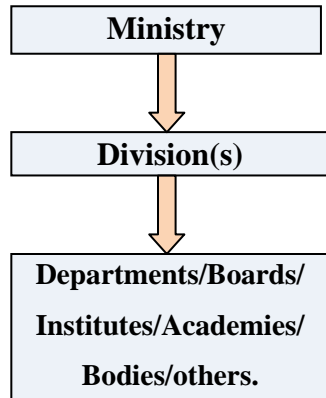


Figure: 4.2: Official Subordination (Source: created by Author)

For the convenience of administration, the country is divided into seven administrative Divisions, each placed under a Divisional Commissioner. Divisions are sub-divided into 64 Zilas (district). Zila Parishad (District Council) is the administrative and coordination body for

district comprised with Chairman, Deputy Commissioner as ex officio and other officials. Zilas are further subdivided into 485 upazilas (sub-district). Upazila Parishad comprised with elected chairman, vice-chairmen and government appointed officials. Most of the nation building departments has their permanent official setup at upazila level. Mostly it serves the rural area through their representative from upazila office. Upazilas are again divided into unions. Union also has a council consists of a chairman, three reserved women members and nine Ward Members. All of them are directly elected by the voter of that union. Union council is the lowest tire of the local government system in Bangladesh. Unions are composed with nine wards which include villages. Details are illustrated in Figure: 4.3.

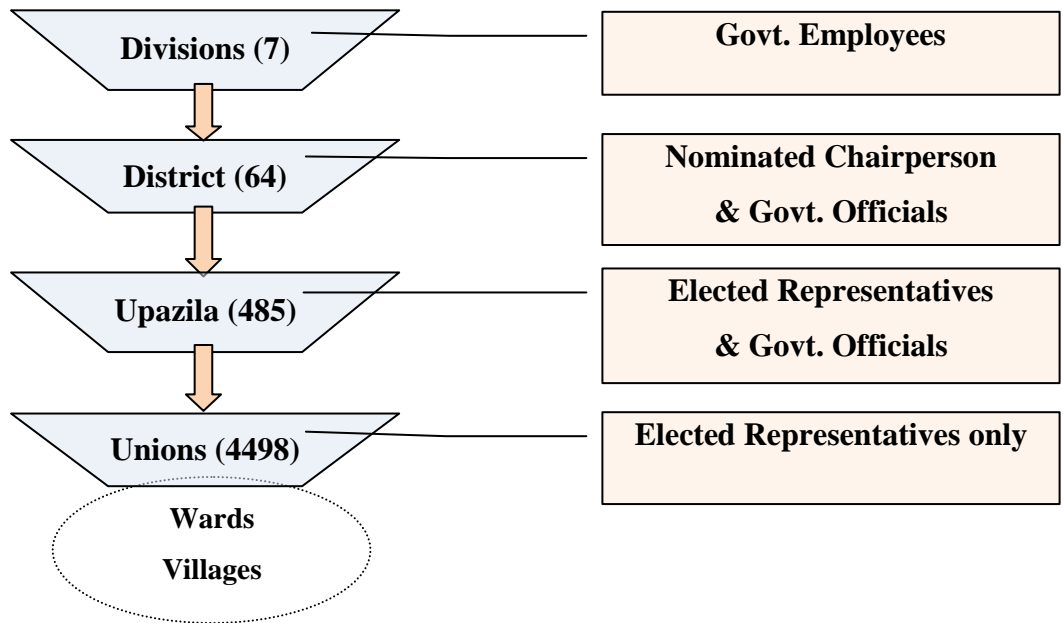


Figure: 4.3: Administrative Structure

(Source: created by Author in August, 2013)

4.2 Rural Development Administration in Bangladesh:

Since independence, rural development treated as one of the most important issues to the Government of Bangladesh. Government endeavored to improve the quality of life of the rural people through planned development efforts. Different ministries and their agencies along with local government system are assigned to play their respective rolls to support the rural development activities. Different nation building departments and agencies has their official setup at the upazila level. For example education department, Agriculture Extension Department, Livestock Department, etc. have their own offices at upazila level and their representative to union and village level. Those offices serve the rural community in the respective fields.

Among others “Ministry of Local Government, Rural Development and Cooperatives (Mo LGRD & C)” is the designated ministry for rural development. Ministry of LGRD & C works through two divisions: Local Government Division (LGD) and Rural Development and Cooperative Division (RDCCD). Organizational Chart for the Ministry of LGRD & C can be seen in Figure: 4.4.

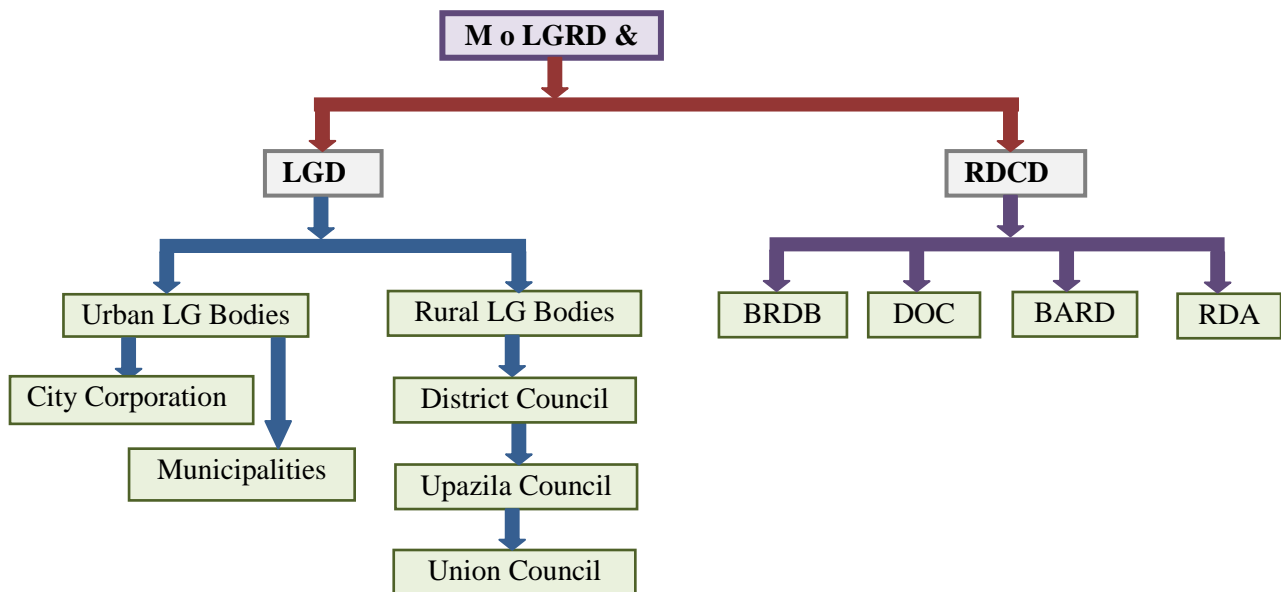


Figure: 4.4: Ministry of Local Government, Rural Development and Cooperatives

(Source: created by Author in August, 2013)

LGD mainly look after the local government systems at every level of the nation. According to LGD website

“Paragraph 59 & 60 the Bangladesh constitutions has an outline of a local government system with elected representatives facilitating effective participation the people for each unit of administration. In compliance with the Constitutional requirement and to institutionalized the democratic aspirations in all walks of life it is obligatory to ensure the operation of effective local government organizations” (Local Government Division, n.d.).

The rural development effort under LGD mainly focused on infrastructure and administrative issues and also the coordination with nation building departments’ activities.

The core responsibility of RDCD is formulation of policy, administration of rural development and cooperative related activities and coordinate the rural development related activities of other ministries and agencies. This division also provides policy guidelines, monitor and supervise the rural development and poverty alleviation activities of the agencies under this division, supports to research activities related to poverty reduction. The mission statement of RDCD is –

“Reduce poverty and improve the socio-economic conditions of the poor people living in rural areas through rural development, cooperative based activities and conducting continuous research on rural development” (Rural Development and Cooperative Division, n.d.).

RDCD works through subordinate agencies, foundations and also through direct programs and projects. The main four agencies under RDCD are:

1. Bangladesh Rural Development Board (BRDB): It is the largest public sector organization engaged in rural development and poverty alleviation.
2. Department of Cooperatives (DOC): The principal government organization responsible for the promotion and development of cooperative societies in Bangladesh.
3. Bangladesh Academy for Rural Development (BARD): It is an internationally recognized research and training academy on rural development and human resource development.

4. Rural Development Academy (RDA): It is a specialized national institution for research and training on rural development.

4.3 Bangladesh Rural Development Board (BRDB):

Bangladesh Rural development Board (BRDB) has been working as the largest public sector organization engaged in rural development and poverty alleviation. It was established in 1982 as a government organization by an ordinance. According to BRDB Ordinance –

“Whereas it is expedient to provide for the establishment of a Board for rural development to formulate policies, co-ordinate activities and supervise implementation of various projects and programmes relating to rural development and for development of rural economy of the country and for matters connected therewith or incidental thereto;” (Ministry of Law, Justice and Parliament Affairs, 1982)

BRDB operates its activities through its head Office based in Dhaka, the capital city, with 57 District Offices out of 64 District and over 476 Upazila (Sub-District) Offices across the country (see Figure: 4.5). BRDB is governed by a Board of Governors. Minister for the Ministry of Local Government, Rural Development and Cooperatives, is the Chairperson of that Board. BRDB boasts coverage unmatched by any other Governmental or non-Governmental organization working in rural development and poverty alleviation in Bangladesh (Bangladesh Rural Development Board, n.d.).

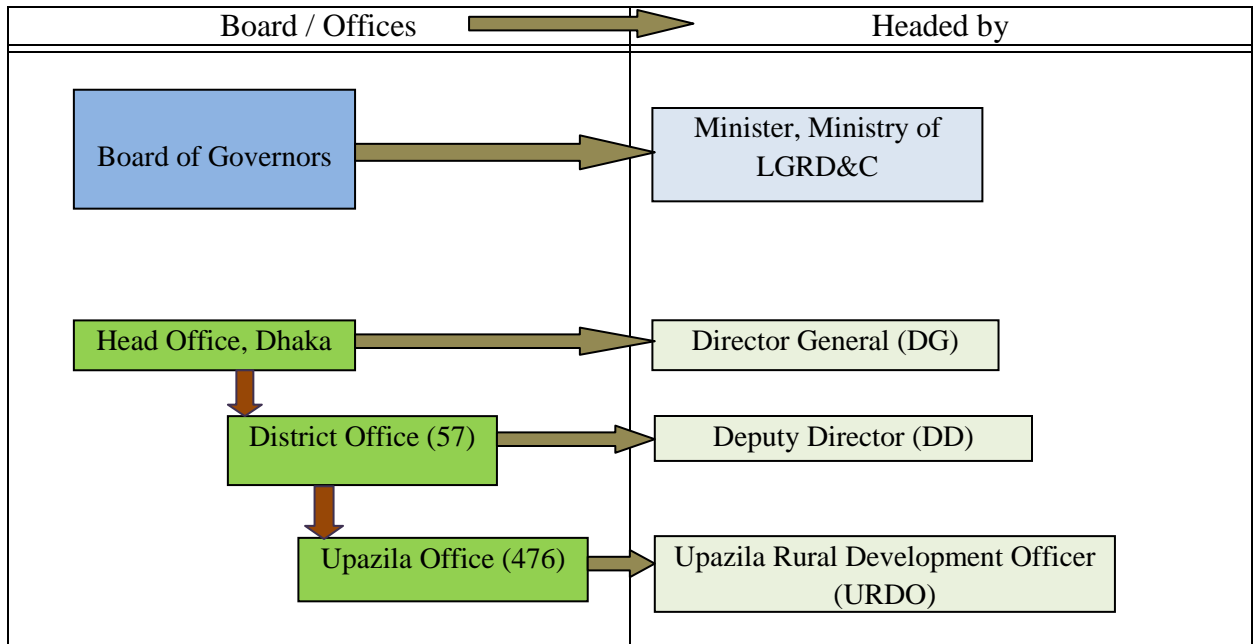


Figure: 4.5: BRDB: Office Head at different level

(Source: created by Author in August, 2013)

BRDB operates through organizing the marginal people including farmers, landless or poor men, and distressed women of rural areas into cooperative societies or informal groups to improve their socio-economic condition through different means. Among the means – awareness raising, formal and informal training, linking rural people to service providing channel, accumulating funds, providing technical and financial supports, etc. are important. Micro credit is one of the forms of financial support to beneficiaries. BRDB has been working as the biggest agency responsible for operation of micro-credit program as well as social mobilization work (Rural Development and Cooperative Division, n.d.). Table 4.1 shows that

among the public sector BRDB is the largest micro credit operator. Along with its main scheme activities BRDB undertook different rural development projects.

Percentage Distribution of Loan Recipients by Source and Reason for Taking Loan

Source	Total	Edu- cation	Health	Agri- culture	Business	Housing	Food Expenditure	Marriage	Others
1	2	3	4	5	6	7	8	9	10
Total	100.00	1.91	4.12	21.09	23.73	12.53	11.04	3.99	21.55
Private Com. Bank	1.52	2.70	3.97	19.20	29.85	19.32	5.09	4.34	15.48
Public Com. Bank	1.55	2.40	2.94	36.34	18.34	17.89	4.22	1.42	16.40
Krishi/Rajshahi ADB	7.01	1.81	2.36	44.85	18.10	6.67	6.87	2.13	17.17
Cooperative Bank	0.23	0.00	0.00	10.14	39.18	19.04	12.61	0.00	19.00
Cooperative Society	1.79	4.61	4.95	14.93	24.78	11.20	9.46	1.76	28.28
B S C I C	0.10	0.00	0.00	0.00	0.00	0.00	49.37	0.00	50.62
Youth Development	0.22	0.00	13.01	39.12	31.80	0.00	0.00	0.00	16.05
Grameen Bank	21.11	2.53	3.74	20.68	23.39	13.51	12.66	3.85	19.61
B R A C	11.47	1.96	3.11	22.19	24.00	15.07	11.51	4.28	17.85
BRDB	1.60	2.77	2.21	24.77	24.56	12.53	6.69	4.54	21.89
Other Public Org.	0.55	4.25	0.00	18.27	24.93	20.14	11.93	0.00	20.45
A S A	18.37	1.52	3.53	16.97	27.90	12.89	11.13	4.08	21.93
Proshika	0.50	8.16	10.11	11.45	31.62	9.07	0.00	4.41	25.16
Other NGOs	14.29	0.94	4.77	17.81	25.90	13.49	8.65	3.76	24.65
Other Micro Finance Org.	6.64	0.91	2.92	18.52	28.64	11.79	10.70	6.37	20.11
Leasing Organization	0.08	0.00	25.00	25.00	0.00	25.00	0.00	25.00	0.00
Money Lender	4.36	2.62	7.03	23.72	13.12	6.03	26.37	4.69	16.37
Land Owner	0.21	0.00	10.31	13.35	0.00	8.83	10.31	44.36	12.81
Employer	0.13	0.00	0.00	21.49	0.00	12.51	30.28	0.00	35.71
Friends	1.17	7.92	9.71	14.31	15.17	9.49	7.67	0.73	34.95
Relatives	3.80	0.84	11.13	10.46	13.84	11.39	8.39	4.23	39.67
Grocery Shop	0.08	0.00	0.00	8.31	26.59	0.00	53.19	0.00	11.89
Others	3.13	1.34	2.73	21.00	22.31	11.51	10.89	3.75	26.43

Note : In the table, sum of every column other than the 'Total' line is approximately 100.00. The sum of column 3 to 10 is also 100.00 (approximately) in every line (row).

Table: 4.1: Percentage Distribution of Loan Recipients,

Source: (Bangladesh Bureau of Statistics, 2010).

4.3.1 The Vision, Mission and Strategies of BRDB (from BRDB Website):

Vision:

Poverty free and self-reliant rural Bangladesh

Mission:

The outstanding mission of BRDB includes the followings:

- i. To organize Comilla type of cooperative for optimum utilization of human as well as material resources available to development.
- ii. To organize rural masses into cohesive & disciplined group for planned sustained development.
- iii. Accumulate/mobilize rural capital through thrift deposit & sale of shares.
- iv. Ensuring proper utilization of institutional credit.
- v. Developing human resources through training & motivation to the portfolio of demand driven as well as women empowerment.
- vi. Integrate Supply & Services for effective utilization.
- vii. Develop local leadership as community catalyst.

BRDB basically emphasis on institution building toward rural development, which involves human element, is by no means an easy job. As such, it has well defined strategical dimension.

Strategies:

BRDB's efforts includes institutional building which act as a leading instrument to promote RD a package organizational human infrastructure with the following elements:-

- Institutions setting both formal & non-formal nature.
- Training of both beneficiaries & functionaries as animators.
- Credit as Micro/Farm loan /Rural Non-Firm (RNF).
- Marketing & storage efforts.
- Other productive inputs.
- Implementing community & target based projects & programs.
- Encouraging rural capital mobilization.
- Multipurpose catalyts.
- Shift of assumption from time bound project to program approach.
- Collaborating with NBD's, Local self-government & NGOs.
- Gender development activity.
- Efforts towards sustainable track of activity.

4.4 Policy Space for Micro Credit:

Micro credit is a well-accepted tool for rural development and poverty alleviation in Bangladesh. The operation of micro credit both by public sector and private sector is encouraged and supported by different national policies. Among them, for especially the public sector micro credit operation, following three policies are important. These policies were accepted by the Government of Bangladesh.

1. Micro Credit Policy – 2003,
2. National Rural Development Policy – 2001 and
3. Sixth Five Year Plan (FY 2011 – FY 2015).

The scope and regulations under the mentioned three most important policies related to development and micro credit is described here. Page numbers of discussed topic in policy documents are mentioned for convenience at the end of topic description.

4.4.1 Micro Credit Policy – 2003:

For disciplined, coordinated and effective management of micro credit and its operation this policy was introduced in 2003 as gadget notification³. The main space and guidelines for micro credit operation under this policy paper are as follows:

General principles: Other than development projects government operated micro credit should be financed from the revenue budget. The allocated ministry/departments can operate micro credit through their own administrative network or they can engage any capable organization(s).

Policy coverage: *The collateral free money that given to the poor and unemployed people for their self-employment will be treated as micro credit and will be operated under this policy.* The amount limit will be BDT 5,000 to 100,000 for individual and

³ Notification No. – পউস/শাখা-৩/স্বাগ-৩৪/২০০৩/৩৫২, ঢাকা/১০পৌষ১৪১৪বঙ্গাব্দ/২৪ডিসেম্বর২০০৩খ্রিস্টাব্দ।

BDT 50,000 to 500,000 for group or cooperative society. The duration of repayment can be highest 3 years.

Qualification and selection process of NGOs for credit operation: Registered organizations under existing acts⁴ and under different ministries along with registered cooperative society that fulfill the specific criteria may operate micro credit with the approval of respective authority. Selection of non-government organizations will follow the procedure of PKSF⁵.

Service charge rate: The service charge will be 11% Flat Rate Method calculated yearly basis only for outstanding amount. From this 11%, 4% will be added to seed capital as revolving loan fund and the rest 7% will be used for operational cost including bad debt and risk management.

Beneficiary selection and credit disbursement: Every organization must have implementation manual focusing inspiration and awareness rising for development, group formation, weekly meeting, savings, skill development and income generation training, etc.

⁴Foreign Donations (Voluntary Activities) Regulation Ordinance, 1978, Social Welfare Ordinance, 1961, Society Registration Act, 1860.

⁵ Palli Karma-Sahayak Foundation (Rural Employment Support Foundation): was established by the Government of Bangladesh in 1990 as the apex organization with the mandate to alleviate poverty through generating employment. PKSF disburses fund to microfinance institutions (MFIs) to implement development programs designed for the poor of Bangladesh. (Source: <http://www.pksf-bd.org>).

Monitoring and inspection: To ensure quality operation and development initiatives continuous inspection and monitoring will be ensured.

Conclusion: Micro credit along with supporting as finance to income generation will also develop the community capacity through interaction, organized activities, skill development practices, formal and informal training, etc.

4.4.2 Rural Development Policy – 2001:

The Constitution of the People’s Republic of Bangladesh makes firm commitment for the development of majority and the under-privileged classes. The overall progress of Bangladesh is subject to development of rural areas. Among the programmes for rural uplift, the significant ones cover micro-credit for poverty alleviation, social security, development of physical infrastructure of rural areas, women’s empowerment, education, health, family welfare, nutrition, promotion of environment etc. The micro-credit programmes of the government have immensely contributed to advancing the agricultural revolution and achieving self-sufficiency in food (p. 6).

Among the proposed programs:

Rural Capital Flow and Financing:

1. To ensure the maximum use of capacity of the rural people, necessary capital will be supplied.

2. Experiences of Bangladesh Rural Development Board (BRDB) with other Government and Non-government Organizations will be analyzed and compared with international experiences, and replication of successful Micro-credit Programmes will be expanded.

4.4.3 Sixth Five Year Plan (FY2011-FY2015):

To meet the development challenges after a successful completion of PRSP regime Bangladesh introduced the Sixth Five Year Plan (FY2011-FY2015) as the national development policy of Bangladesh. Micro credit has been considered as a significant and potential tool for several development fields.

Partnership with the private sector:

The Government will build on the existing positive track record of collaboration with NGOs in the delivery of health, education and micro-credit services to further enhance this collaboration (p. 10).

Strategy for poverty reduction in the SFYP:

To attribute poverty reduction with significant social and economic transformation in Bangladesh ‘the Growth of Microfinance’ has been recognized as one of the most important factors (Chapter 6: Poverty, Inclusion and Social protection, p. 145)

Micro credit has been recognized as one of the main elements of the poverty reduction strategy in the SFYP. It will consist of policies and programs to: (among others) –

- Enhance the access of the poor to production inputs and to institutional finance,
- Stimulate women’s participation in the labour force;
- Enhance the access to micro finance; (p.148-50)

Participation, social inclusion and empowerment:

- Priority to women in social protection programs:

Banks and micro-credit providers would be encouraged to extend small and micro-credit to the poor and the vulnerable (p. 155).

- Major areas of interventions would include (among others):

Expansion of micro credit: Micro credit activities for the poor people will be expanded and vocational training will be provided to the poor. The development of rural roads, hats, and bazaars for marketing of agricultural products will continue. Action will be taken to eliminate barriers so that agriculture and local products have easy access to national and international markets (P. 161).

Also for enhancing agricultural productivity, social protection of Freedom Fighters micro credit is proposed to be utilized extensively.

4.5 BRDB Micro Credit:

4.5.1 Objectives:

The main objectives of micro credit programs are to enhance income through employment generation and develop the socio-economic condition of poor and marginal people.

The specific objectives are –

- To organize the poor people and bring them to the development track
- To provide access to fund to the underprivileged people and promote their development initiatives
- To develop the socio-economic condition of the aforesaid people
- To enhance rural economy through boost up production and business.

4.5.2 History:

Early Situation:

The early days of innovation of micro credit as a development tool in Bangladesh (there then East Pakistan) was characterized by miserable socio economic condition of especially rural people. As a poor rural vulnerable area the common feature was poor infrastructure. The remote area could access to urban area only by foot or by sometimes by traditional boat. The real situation can be understood by the description of Naseem (2003),

“Since independence⁶, although there has been considerable improvement in the availability of basic infrastructural services in the rural areas, many people, especially the rural poor and those living in underdeveloped areas, do not have access to even minimal infrastructure services” (P. 27).

The level of people’s awareness was very low. Very rare health facilities and people used to go mainly to religious saint or sometimes to quack for treatment. Cholera, diarrhea, and other contagious disease were very common in the rural area. The education facilities for the children were very rare.

The main business of rural people was agriculture where the method of farming was very traditional, disorganized and dependent on rain. They had hardly access to any kind of credit for agriculture or other kind of initiative. “They [farmers] were short of capital, and in their distress, borrowed from exorbitant money lenders, and sold to oppressive traders. Small scale agriculture, starved of capital, and skill, damaged by risks, and squeezed by high interest rates and low prices for their output, was in fact going bankrupt” (Khan, 1983). Traditional Banking system did not reach to marginal people. Informal lenders play an important role (Adams and Fitchett 1992; Ghate 1992 cited in Latif *et al*, 2011)). In case of emergency people usually borrowed money usually from the merchant creditors⁷ with a very high rate of interest and very rigid conditions. “Since formal credit institutions require tangible assets, such as land, as collateral for receiving loans, the only access to credit for the poor is the informal sector, which

⁶ Independence of Pakistan, 1947

⁷ Merchant Creditor: The rich businessman who had money lending business.

consists of generous relatives, friends and usurious money-lenders and avaricious landlords” (Naseem, 2003). And often the borrowers had to lose their land or other kind of assets like ornaments of family for the failure to repay the loan. Thus, the impoverished rural poor had hardly scope to improve even their agriculture by using any means. In addition, as the country had very poor industrialization, the rural people had little chance for employment in urban area.

Comilla Model:

In the above mentioned circumstances among other initiatives the renowned social scientist and development activist Akhtar Hameed Khan commenced a comprehensive approach for rural development popularly known as “Comilla Model (1959)”. It was the consequence of the failure of V-AID (Village – Agriculture and Industrial Development) program (Naseem, 2003) – mainly based on the training of villagers. To promote the socioeconomic condition of the rural poor he emphasized on local institutions, linkage and local infrastructure. The Comilla Model integrated with four components:

1. Thana⁸ training and development centre,
2. Rural works program,
3. Thana Irrigation program, and
4. Two-tiered cooperative system, with primary cooperatives operating in the villages, and their federations operating at Thana level.

⁸ Thana: Sub-District, known as Upazila at present. There are 485 Upazila in Bangladesh. Upazilas/thanas are the second lowest tier of regional administration in Bangladesh.

This model was an integrated effort for rural development with primary focus of agriculture production and marketing along with vigorous association, training and linkage with formal sector. It introduced the irrigation technology to the rural farmer and to adopt this in order to enhance agriculture production the farmer organized into primary cooperatives. Those cooperatives had the thana level association to support the primary cooperatives and got formal shape through registration. The cooperatives were also to be an outlet for agricultural extension services, and were tasked with maintaining roads, irrigation systems and embankments under government contract (Matthews, 2012). Regular mandatory meeting, management committee of the primary cooperatives, contact with Central Association, savings deposit collection and utilization of capital as loan was the main requirement for the primary cooperatives. On the other hand the Central Association provided training and technological knowledge to the primary cooperatives, acted as banking channel and linkage with other formal services.

The central association under its banking system accumulated fund from the government sources and also from the savings deposited by the members of primary society. This fund was utilized as loan to the members of primary cooperatives following some favorable pre-designed criteria and with low interest rate. The savings and credit scheme was initiated mainly to procure the irrigation equipment and also for their farming. They used to pay those credits by installment or after the harvest. Thus the Comilla Model established a specialized banking system and initiated credit facilities in there then East-Pakistan. Khan drew inspiration from the Raiffeisen credit unions of rural Germany (Matthews, 2012) to promote credit system under Comilla model.

Integrated Rural Development Project (IRDP):

To spread out the success of Comilla model throughout the country, Integrated Rural Development Project (IRDP) was launched in 1970. The prime objective of IRDP was to organize small, medium and marginal farmers under cooperative society to modernize agriculture, increase production and self-sufficient in food (Bangladesh Rural Development Board, 2012). To enable the participation of women to the development track new project was undertaken in 1975. IRDP has contributed to the socio-economic development of rural people through organizing the rural people, aligning them to development activities, increasing their income by creating jobs in agriculture, and increasing production through technical and financial supports. The major conclusions of a joint review by the Government of Bangladesh and World Bank in 1981 are described as follows:

“The IRDP has succeeded and demonstrated its potential in spite of problems which can be taken care of. In support of the above review, it is observed that the IRDP’s growth between 1972 and 1980 has been impressive, membership bias towards larger farmers not excessive, services on the whole satisfactory within given constraints, financial viability demonstrated, irrigation equipments better used, and credit performance better than other institutions. It quotes recent Bangladesh Bank and UNDP claims that TCCA/KSS loan recovery has been among the best of all agencies involved.” (Hossain, 1982).

BRDB as Organization:

The above mentioned review also strongly recommended to make the IRDP as an autonomous body under the Ministry of Local Government, Rural Development and Cooperatives (LGRD & C). Based on the different report of IRDP success and recommendations, Bangladesh Rural Development Board (BRDB) was established through a government ordinance in 1982. Since inception BRDB played a significant role to rural development and poverty alleviation. The success of BRDB has been recognized by different studies. For example performance evaluation of BRDB conducted by Bangladesh Institute of Development Studies (2009) shows that –

- BRDB has been quite successful in helping its beneficiaries to move up in the poverty ladder and to overcome poverty as well. Poverty rate among the BRDB programmed beneficiaries is 11% lower than that of control households as well as national average.

To this success of BRDB, micro credit played an important role not only as a financial support but also its process and relevant exercise and different formal and informal training enabled the rural beneficiaries to achieve their desired socio-economic changes.

4.5.3 Fund Allocation System:

Different government organizations have micro credit programs. Government allocates the micro credit budget for the respected ministries. In case of BRDB, Ministry of Finance

allocates the budget to Ministry of Local Government, Rural Development and Cooperatives (LGRD & C). BRDB acts under the Rural Development and Cooperative Division (RDCD) of Ministry of LGRD & C. Accordingly BRDB get its credit budget from the RDCD. Those allocations are mainly as development budget for development projects and very few under revenue budget. BRDB distributes the allocation to the district offices and then to upazila offices respectively.

There is an alternative provision of micro credit funding arrangement from the financial institutes such as government owned commercial Bank. General practice of financial institute to lend money to any project needs collateral. But it is quite impossible for the rural poor people or their cooperatives to provide collateral security to the financial institute. To overcome this problem BRDB plays the role of guarantor for the beneficiaries and their cooperatives. The Bank allocates the credit to the Upazila Central Cooperative Association (UCCA) who disburse it to the respective societies and the members respectively. In case of BRDB main scheme activities and Women Development Wing, BRDB has these sorts of lending policy with ‘Sonali Bank Bangladesh Limited’.

4.5.4 BRDB Upazila Office Operation:

Micro credit is operated mainly in rural areas among the poor, landless or marginal people. BRDB Upazila offices are responsible for the field level operation of micro credit. The personnel setup and working structure of BRDB upazila offices is shown in Figure: 4.6.

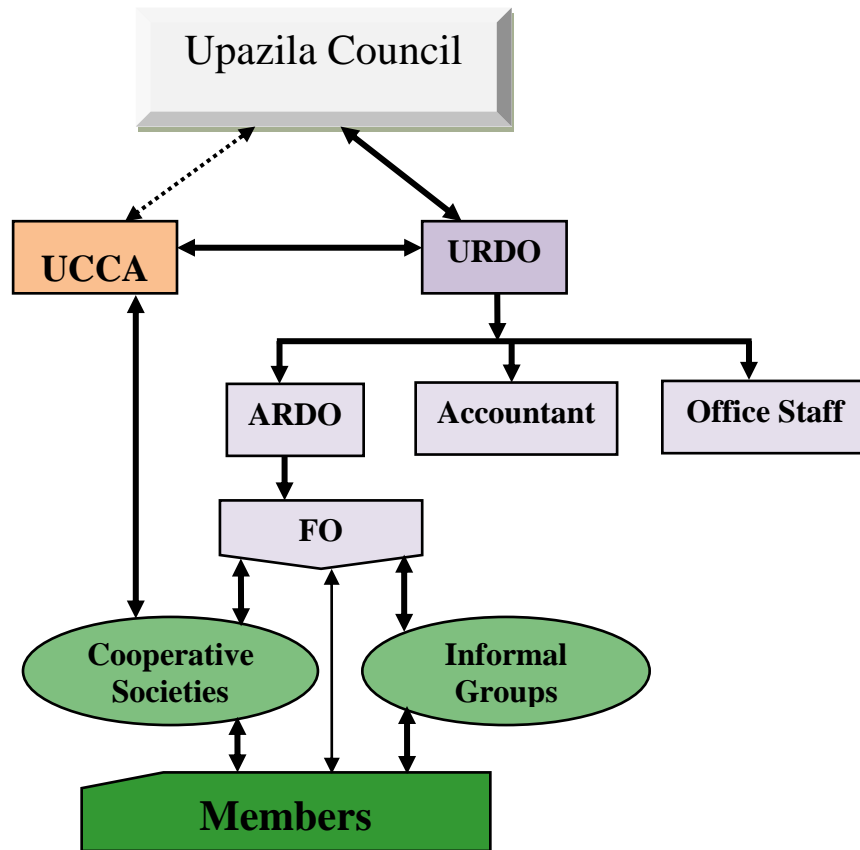


Figure: 4.6: BRDB Upazila Offices' Working Structure

(Source: created by Author in August, 2013)

4.5.5 Micro Credit Operation Procedure:

The general operation systems are almost same within the government sector. For different agencies it has some strategic changes. Also within BRDB different scheme of micro credit operation has few changes. BRDB operates micro credit to both formal cooperative societies

and to informal groups⁹. Here the general operating system of BRDB is described which is very much common in government sector.

Society/Group Formation:

At the starting the Field Organizer (FO) goes to the village and communicates with the local people individually and sometimes in group. Accordingly, a meeting is organized with the interested people. There he discusses about the livelihood development, potentials and future prospects of the rural people. He describes about the importance of being aware, united and having initiative for the development of individual and the community. He tries to grow the interest among the people to be proactive for the change of their livelihood. He motivates them to be united and to sit again for further discussion. Through this process some people of a community express their interest to align with the initiative for development. Then FO describes about the rules, regulations, benefits, etc. for forming the groups or cooperatives. On the next meeting he takes initiative to form the group or cooperative society. The community people discuss themselves and decide about to form a group. They formally express their interest to Upazila Office with following documents –

1. Application,
2. Copy of meeting resolutions,
3. Society Information Form,
4. Registration Application Form,
5. Savings Deposit Receipt

⁹ Formal Cooperative societies are registered by Department of Cooperatives under the Cooperative Law of Bangladesh. On the other hand Informal Groups are affiliated by BRDB.

The Field Organizer/Inspector acts as the facilitator for the development initiative of the community. He collects the primary information in predesigned format (survey form) along with application of the interested persons to be the member of the group. That information is verified with the criteria. Then on a fixed date the officials of Upazila office (URDO/ARDO) visit the weekly meeting of the group, discuss with them and also check the compliance of the group members with the criteria to be the members of group. The group forms an executive committee usually contains 6 members: Chairman, Manager and four members. Based on the collected information, observation and group performances the group gets the affiliation from upazila office and emerges as an entity. In case of cooperatives society it needs further process to get registration from Department of Cooperatives. This process can be illustrated as Figure: 4.7. After getting affiliation/registration the group or cooperative society (from now on society) can avail the supports and facilities from the respective offices. To continue the society they need to keep the record of their discussion. In the primary stage the field organizer helps them to write the resolutions and keep the relevant records of the society.

Group/Society Formation:

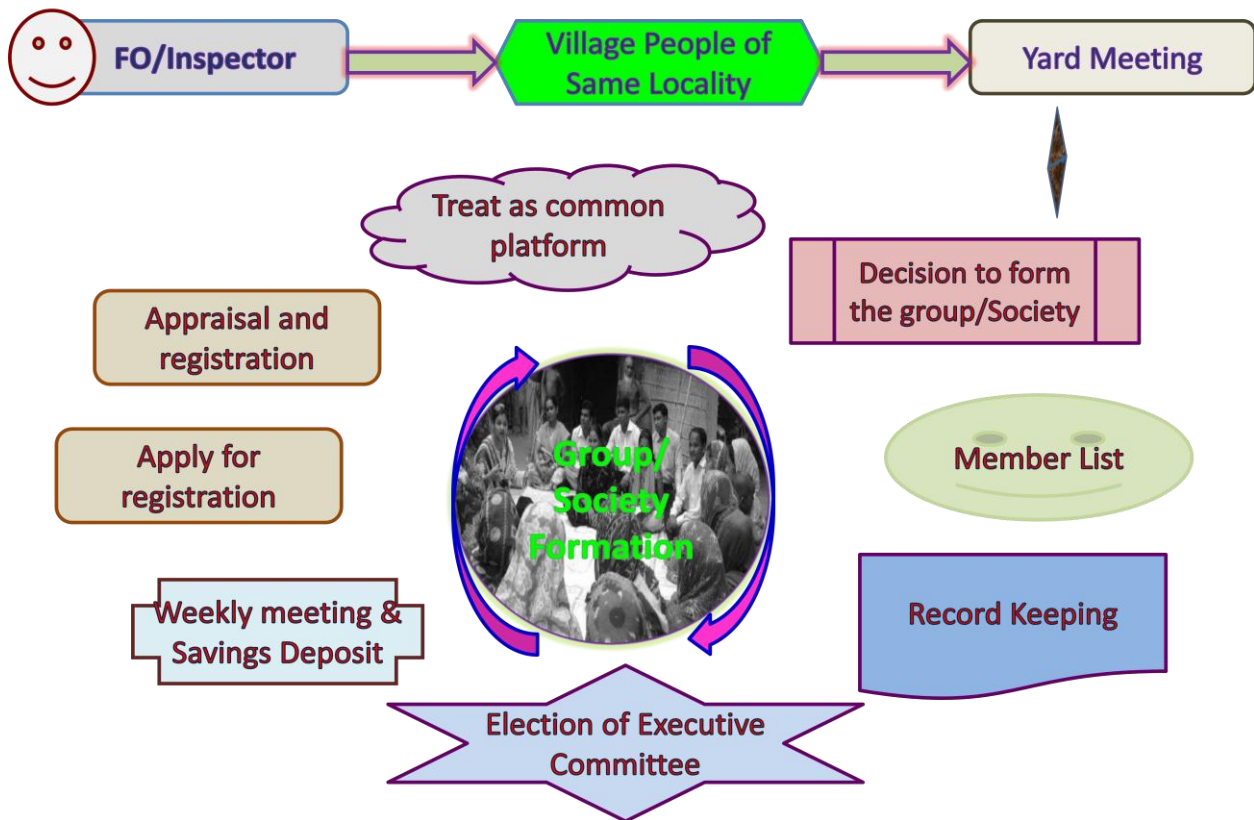


Figure: 4.7 (Source: Created by author)

Target of Society:

The target of this society is to develop their fortune through self-development initiatives, as well as to response to community development efforts. They use this forum to discuss their problems and prospects and find the best way to go ahead. They can mitigate the small scale clashes among them by using this forum. By turn this society becomes a social platform for development. It increases the social communication among the members and other stakeholders,

builds the network, linkage with the service providing channels and market, capability for adoption of horizontal learning, working capacity with GOs and NGOs, bargaining capacity for developmental access, technical learning skill, awareness about right and responsibilities, above all to strengthen social capital.

Weekly Meeting:

The society members meet on a specific day at specific time every week at a convenient place for all the members. They discuss different issues in this meeting. It is about their problems related to their daily life, their agricultural field, their works, their sickness, education of children, marriage of daughter, etc. It enhances the intimacy among them, develop the relationship and develop the sense of community. It is a platform of exchange and sharing of idea and experiences, interacting, mitigating small-scale collisions, building network, receiving information about various issues above all it is the forum that create social assets. From their formal and informal discussion they initiate community activities besides their individual businesses. Someone may discover herself as a leader within the community.

On the day of weekly meeting the field organizer/inspector comes from upazila office. He facilitates their discussion. He gives them informal orientation about their right and responsibilities, about the facilities and services from Nation Building Departments (NBD) or from Local Government or Non-Government Organizations, etc. He also acts as the linking person for the society to those services. For example if some members of the society have problem with agriculture he can make arrangement with Upazila Agriculture Extension Offices and representative of that office can come to the society meeting. To serve in society is more

convenient than individual for the upazila level NBDs. Hence, officials from different offices especially from upazila level come to visit the society. NBD functionaries, local government representative utilize this forum as important service delivery point or communication point to the villagers.

The credit beneficiaries pay their credit installments and savings in the meeting. Society manager collects it and deposit it to the field organizer (FO). FO takes it with the entry to the individual passbook of the members. The society maintains the resolution about their attendance and decisions. Usually the manager or one of the members writes the resolution. FO helps them to write it and maintain other records for the society. The society maintains other respective documents as well.

Training:

Micro credit beneficiaries are provided different kinds of formal and informal trainings. Formal training has two categories:

1. IGA training: It is to improve skill for IGA for the effective use of micro credit. Some example of IGA trainings are –
 - a. Technical IGA training:
 - i. Basic Computer Training,
 - ii. Electrical and Electronics training,
 - iii. Plumbing,
 - iv. Carpentry,

- v. Masonry,
- vi. Repairing of Irrigation Equipment, etc.

b. General IGA Training:

- i. Sewing/Tailoring
- ii. Preparation of Jute products
- iii. Handy Works on Cloth
- iv. Handicrafts making
- v. Food Processing
- vi. Kitchen Gardening
- vii. Hen and duck rearing
- viii. Goat/Lamb farming
- ix. Fisheries/Pesce culture/Case Fishing,
- x. Cottage industries, etc.

2. Skill based training: This type of training are arranged to develop the management skill for better coordination and initiative for the comprehensive development. Some example of skill development trainings are:

- a. Training on Society Management and Coordination
- b. Training on Accounts and Record Keeping
- c. Crisis Management Training

Informal trainings are usually conducted by the FO or other officials during their visit to society. This type of trainings generally covers the following issues:

- Awareness about the rights and responsibilities of the people as a citizen;
- Socio-economic situation, problems and their remedy;
- Identify local resources and avail them;
- Primary health-care, knowledge on nutrition, family planning and population control etc;
- Maintain and up-keeping environment;
- Use of pure drinking water, sanitary latrine and improved chullas;
- Home-based cultivation of vegetables for commercial purposes;
- Cleanliness;
- Adult and children education;
- Court for family affairs and legal aid;
- Negative impacts of dowry;
- Other subjects related to the development;

Credit Application:

To support their development initiative BRDB provides micro credit to this society. After 4 to 8 weeks of successful continuation, the members of the society acquire the eligibility to borrow the micro credit. They receive the credit individually as society member. The members apply in

prescribed forms for the micro credit. The society submits those forms to the upazila office along with the minute of the meeting deciding to borrow the credit with mentioning the name of borrowing member, credit amount and IGA plan.

Official Process for Loan Approval:

Responding to the submission of loan application by the society with all necessary documents, officials from upazila office visit the society for the gratification of criteria. They discuss with the members and check their potentials to use the credit as individual and observe their IGA plans and examine their individual and society documents. As official procedure upazila office check the documents (see Table 4.5 for the list of necessary documents for micro credit processing) accounts clearance of previous credit and savings, etc. If all the criteria fulfilled the URDO approve the credit and issue the check in favor of the society.

Loan Disbursement:

The credit is disbursed to the individual members usually in front upazila officials. Before disbursement URDO usually advise to the members to utilize the credit money properly and to repay the installment regularly. Upazila office and also the society keep the disbursement records. Disbursement is usually informed to the police station prior to disbursement to ensure the security.

IGA Implementation:

The micro credit operated by BRDB is provided to the individual beneficiary who is a member of approved societies. The credit is given on a specific IGA. After getting the loan ideally the

beneficiaries invest it mainly to productive or income generating activities (list of some income generating activities are given in appendix-4).

For example, for the first time a society member receives BDT. 7000.00 (about \$ 90¹⁰- at present it is the lowest credit ceiling of BRDB) as micro credit. She can invest this amount to her kitchen garden. Usually in rural area there has some unused land besides the living house that can easily be utilized for kitchen gardening. A woman can start this garden where she can produce vegetables like tomato, cucumber, pumpkin, eggplant, korolla (bitter melon), lau (bottle gourd), kakrol (teasel gourd), different leafy vegetables, etc. in different seasons. She invests her credit money to buy the seeds, fertilizer, pesticides, etc. and to cultivate it. Her family members also can care for it. In this type of garden one can grow more than one vegetable together. Those vegetables can be sold to the neighbors and also to nearest market. Besides that some of them are consumed by the investor's family. The earnings through the selling are used to repay the credit installment, deposit the savings and also it is an extra source of income for the family. Most importantly it is the employment the workforce of women which usually not utilized to a productive field, utilization of land that are usually not used, addition to local production, support for family consumption needs and above all addition to family income which help to reduce income poverty along with building confidence.

Also sometimes the members use the credit money to acquire assets (land or non-land). Few beneficiaries utilize the credit money to other purposes like building house, education of children, etc. Upazila office always supervises the utilization of the credit.

¹⁰ 1 US\$ = 77.75 BDT (Source; Bangladesh Bank, as on November 12, 2013.)

For the effective implementation of IGAs upazila office acts as the linking facilitator for the beneficiaries to get service from the NBDs, NGOs. As the group emerged as an entity they also can seek support from other systems like Local Government bodies, community people, professional organizations, trading associations, etc. The total process of BRDB micro credit operation is visually rendered in Figure: 4.8.

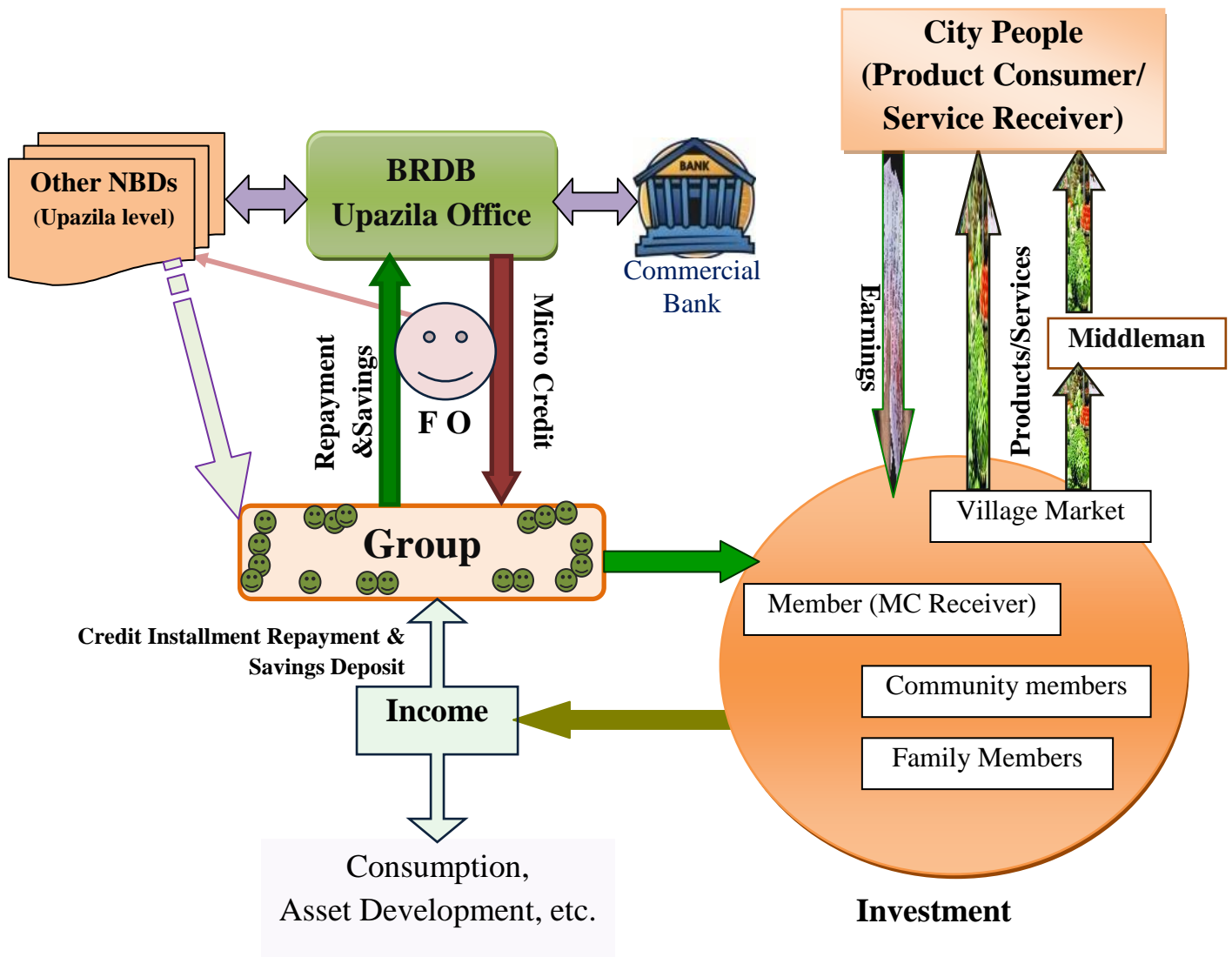


Figure: 4.8: Micro Credit operation and Stakeholder Diagram (Source: created by author)

4.5.6 Expected Changes:

The primary target of the government sector credit system of 70s decade was to ‘grow more food’. Different studies say that those credits achieved remarkable success at that time along with some other positive changes. From then with the course of time micro credit has established as an important development tool which has impact on development in different ways. At present the main focus of the micro credit is to generate income and reduce multi-dimensional poverty thereby. The beneficiaries of the credit are expected to invest their credit mainly to legally and socially acceptable income generating activities (Appendix-4: List of some popular income generating activities in Bangladesh) which will increase their income. This income will have positive effect on their consumption, calorie intake, living condition, clothing, sense of sanitation, health, social awareness raising, dream creation, invest for human capital like children education, etc. The process of borrowing and repaying credit enhance the skill of the beneficiaries for negotiation, communication with the formal sector.

Within this process the root level beneficiaries are trained to manage the group, practice democracy within group to elect executive committee, arrangement of regular meeting, keep the record (example: resolution writing), mitigation of small scale friction, exchange idea and knowledge sharing, encourage to collective activities, raise voice for rights, seek supports from formal channel, find the way to get optimum benefits from available resources, etc.

Moreover getting and controlling cash liquidity increase their confidence and changes their view. To access the credit they form the group, interact each other, come to touch with formal sector which helps them to discover their potential individually, as community member, as a citizen of the nation and they think themselves important. All this has positive effect on the individual, family life and the community. They starts to think positively, dream for the bright future, educate their children, initiate small scale affordable income generating or family consumption supporting activities like growing vegetables all the year round, to be conscious about health and nutrition, to be conscious about balanced diet, sanitation and safe drinking water, family planning, maternal health, infant health, social issues like –gender issues, dowry, child marriage and also and also legal issues.

Above all they gradually learn to perform the duties to family, society/community and to the nation effectively. The community people start to believe that the change should starts from them by themselves. They think for the future, think for the investment in human capital, potentials of the community. The process makes them disciplined, courageous and confident and also their view for income expenditure changes positively. They discover their united force and realize their importance in the group to have positive changes in the individual, family and community life.

From the newly gained inspiration they have initiative for individual development as well as for community development. This initiatives lead to increase production, informal and formal trades, cooperation among the community people, etc. As a group entity they can have more

efficient negotiating power with different stakeholders, can coordinate more effectively with other formal and informal system (like service sector, coordination with LGs, NBDs, NGOs, etc.) and also can explore new area for development. Above all these processes make them aware about their life, their rights and responsibilities and it creates dreams for future inside them which has huge positive impact on the socio-economic condition of the individual beneficiaries, their family and the community they belongs to. Finally it becomes the positive social assets for the nations.

4.5.7 Credit Recovery:

From the very next week of credit receiving the members starts to repay the installment. Usually the FO comes to the society during their weekly meeting. There he collects the credit installments from the beneficiaries along with savings. Manager of the executive committee of the society help the FO to collect the installments. As manager plays some other responsibility including record keeping, different micro credit schemes have option for manager commission from the service charge of micro credit. Every member has their individual passbook (see Photo: 4.1 for the picture of individual member's passbook). During collection FO write the amount of credit and savings on the passbook. It is the official records for the beneficiaries. Society level also keeps records in register for savings and credit. The total amount of collection on each weekly meeting is written in the meeting minutes.

Collecting from the members, FO deposits the money to bank account. Different accounts are maintained for savings and credit money in the upazila level commercial bank. Bank receipts

are given to the accounts section of upazila BRDB office. Accounts section gives entry of those receipts to Cash Book, General Ledger, Subsidiary Ledgers and other relevant documents to keep the record. The field organizer entry the collection information (of societies) in Weekly Collection Sheet (WCS) and submit to URDO every week. Total credit processing structure (from member application to credit recovery) is demonstrated in a flowchart (Figure: 4.9).

4.5.8 Monitoring and Reporting:

Upazila BRDB office practice staff meeting on a certain day of every week. This meeting reviews the field operations of micro credit. Also based on accounts record upazila BRDB office prepare monthly MIS (Management Information System) report and send it to BRDB District Office. District Office hold District Coordination Meeting every month. Along with other activities micro credit operation is reviewed in details in that meeting. District office sends the reports of upazila office to Head Office of BRDB, Dhaka. Recently all the system has been computerized with networking. Now through the BRDB website upazila office give their data entry to the central database with the upazila ID. The respective controlling offices can generate reports according to their needs using their official ID. Based on the report the system is been monitored. Besides, the officials from every level visit the subordinate offices and the societies regularly.

4.5.9 Policy Matrix for Micro Credit Program (For BRDB as the Implementing Agency)

The above described micro credit operation in group mechanism with the target of development of poor beneficiaries and also the community capacity can be organized in the policy structure (see Table 4.2).

Table 4.2: Policy Matrix – BRDB Micro Credit and Development of Community Capacity:

End Outcome	Intermediate Outcome	Output	Activities	Inputs	
Community capacity increased for community development	Organizational capacity improved	Monitoring, coordination and evaluation conducted for micro credit program	Reporting and Coordination		
			Program Evaluation	BRDB office	
			Observation and facilitation for development		
	Community production and income increased	Service link established		Linking with Service providing channel	BRDB officials
				Linking with market	
		Micro credit operation functionalized		Installment Collection	BRDB officials
				Supervision of Micro Credit investments	
				Micro Credit Distribution	Micro Credit fund
		Community Resource (human, capital and network) improved	Skill and awareness of Society members developed		Organizing Formal Training (IGA, HRD, Financial management, etc.)
	Informal Training and awareness raising				Field Organizer
	Savings accumulated			Accumulation of resource as savings	Savings
				Motivation for resource mobilization	
	Community people organized and	Society activities facilitated		Facilitation for society activities	Field Organizer
				Society recognition	

	Coordination improved		Beneficiaries data collection & inspection	BRDB officials
		Society formed	Society formation	BRDB officials
			Motivation and Society discussion	
			Selection of area.	

4.5.10 Achievements of BRDB:

BRDB in its long way of operation has remarkable achievements in different fields. Its credit program covered more than 8.75 million of rural poor, accumulated 5484.72 million BDT capital of the beneficiaries as savings and share and also had 83065.64 million BDT as credit for those beneficiaries. Details achievements of BRDB are figured in Table 4.3.

Table 4.3: The Achievements of BRDB (related to Credit):

Sl. No.	Activities		Achievement 2011-2012	Cumulative up to June 2012
A. Mainstream Activities				
01	Group Formation		72	61162
02	Members Enrolment		4114	1823870
03	Capital Formation (in million BDT)	Share	14.89	540.48
		Savings	29.10	857.28
04	Credit (in million BDT)	Realization	564.51	11838.85
		Recovery	758.24	10897.79
B. Poverty Alleviation Activities				
01	Society Formation		1743	11428
02	Members Enrolment		54640	6930888

03	Capital Formation (in million BDT)	Share	21.71	455.19
		Savings	319.01	3631.77
04	Credit (in million BDT)	Disbursement	6433.10	71226.79
		Recovery	6111.43	63061.39

Source: (Bangladesh Rural Development Board, 2012)

4.5.11 Some Practical Drawbacks:

In some cases it was observed that the use of micro credit was not proper. As some of the members are very poor, they use the micro credit for daily consumption. Later it became a burden for them to repay the installment and they become defaulter. And as most of the schemes are group based credit, the entire group fall into trouble and they cannot get the next lone.

Another important issue in the field of micro credit in Bangladesh is overlapping. Different organizations along with NGOs and even cooperative societies operate micro credit in same geographical area and within same beneficiaries. It is not very much coordinated. So, same person can take credit from different sources. Sometimes they borrow the money from one source to repay the other. By turn they become defaulter, fall to the credit cycle and lost assets. Also there have some other drawbacks like Paper transaction, corruption, lack of market access, lack of facilitations, lack of inspiration, motivation, training, technology, access to formal sector, etc. Some organization took micro credit as business to earn money.

4.5.12 Women Development Wing of BRDB and its Micro Credit:

BRDB has is different micro credit programs and projects. Also it operates micro credit under its main scheme activities. The selected research case is under the Women Development Wing of BRDB. A brief picture about this wing and its micro credit are given bellow.

Bangladesh Rural Development Board initiated a development project for women named “Integrated Rural Women Development Programme (IRWDP)” under its development program. It was the successive project of “Strengthening Population Planning Through Rural Women’s Cooperative” which was taken in 1975 with the financial assistant of IDA/Consortium under population and health project. This was a government approved project having the component of organizing rural women under cooperatives, involve them to income generating activities through motivation and training, capital support as micro credit, etc. BRDB is the implementing agency whereas the source of credit fund was Sonali Bank. Consequently IRWDP was transferred under the revenue budget of BRDB as Women Development Wing in 2004 with the following objectives:

- a) Organizing rural women for participating in development activities;
- b) Organizing rural women into co-operatives and accumulating own capital; and
- c) Imparting training for skill development for launching economic and productive activities and entrepreneurship development efforts.

The upazila BRDB office operates micro credit of Women Development Wing. Instead of individual society the credit is operated through UCCA (former TCCA). Taking the money from Sonali Bank, UCCA disburses it to the members of respective society. Female of rural household, poor and destitute women of that locality of the society can be the member of the society. The society has to register under cooperative act/rules. According to Banking Plan (1998) of the project the eligibility for credit is as follows –

The credit receiving member should have achieved 100% of previous loan, maintain certain amount as savings and share, regular attendance in the weekly meeting, should not be indebted to any other financial institute and committed to utilize the money to socially and legally accepted income generating activities. The loan also the society and the UCCA had to have good record in terms of credit recovery.

4.5.13 Documentation and Management:

Records and Papers to Maintain at Different Level:

For the efficient management of micro credit several documents are maintained as the official procedure. List of the documents that maintained at different level are given in Table 4.4.

Table 4.4: List of Documents to be maintained at different level for Micro Credit operation:

Members Level	Society Level	UCCA Level
Members Pass Book	Members Register	Cash Book
	Society's Pass Book	General Ledger
	Share Ledger	Loan Ledger
	Savings Ledger	Savings Ledger
	Cash Book	Share Ledger
	General Ledger	Bank Pass Book
	Resolution Book	Bank Pass Book Register
	Receipt Book	Member Register
	Loan Ledger	Resolution Book
	Inspection Book	

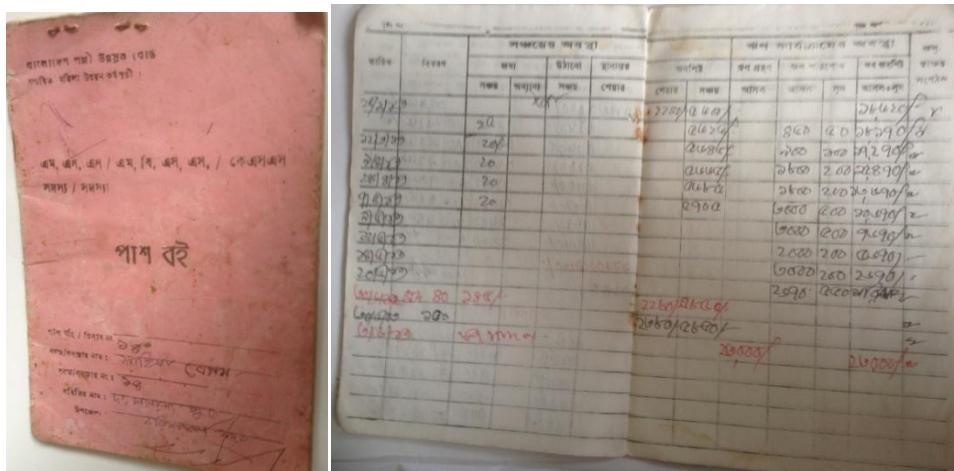


Photo: 4.1: Member's Pass Book

(Source: taken by author in August, 2013)

Necessary Documents for Micro Credits Processing:

To process the credit application and sanction of loan following documents are required (Table 4.5).

Table 4.5: List of Documents required to process the Micro Credit:

Members Level	Society Level	UCCA Level
Loan Application form	Weekly meeting resolution recommending the name and amount for credit with proposed IGA	Consolidated Loan Plan
Tamsuk (Bond)	Consolidated Credit Plan	Managing Committee meeting resolution
Members Passbook	Am-Muktarnama	Bank Pass Book
	On Demand Promissory Note (DP Note)	Loan Disbursement Certificate (after disbursement)
	Society Passbook	Loan File

4.5.14 Credit Processing Flowchart:

The credit processing under the Women Development Wing can be illustrated as the following Flowchart (Figure: 4.9) which is very much common with other programs of BRDB.

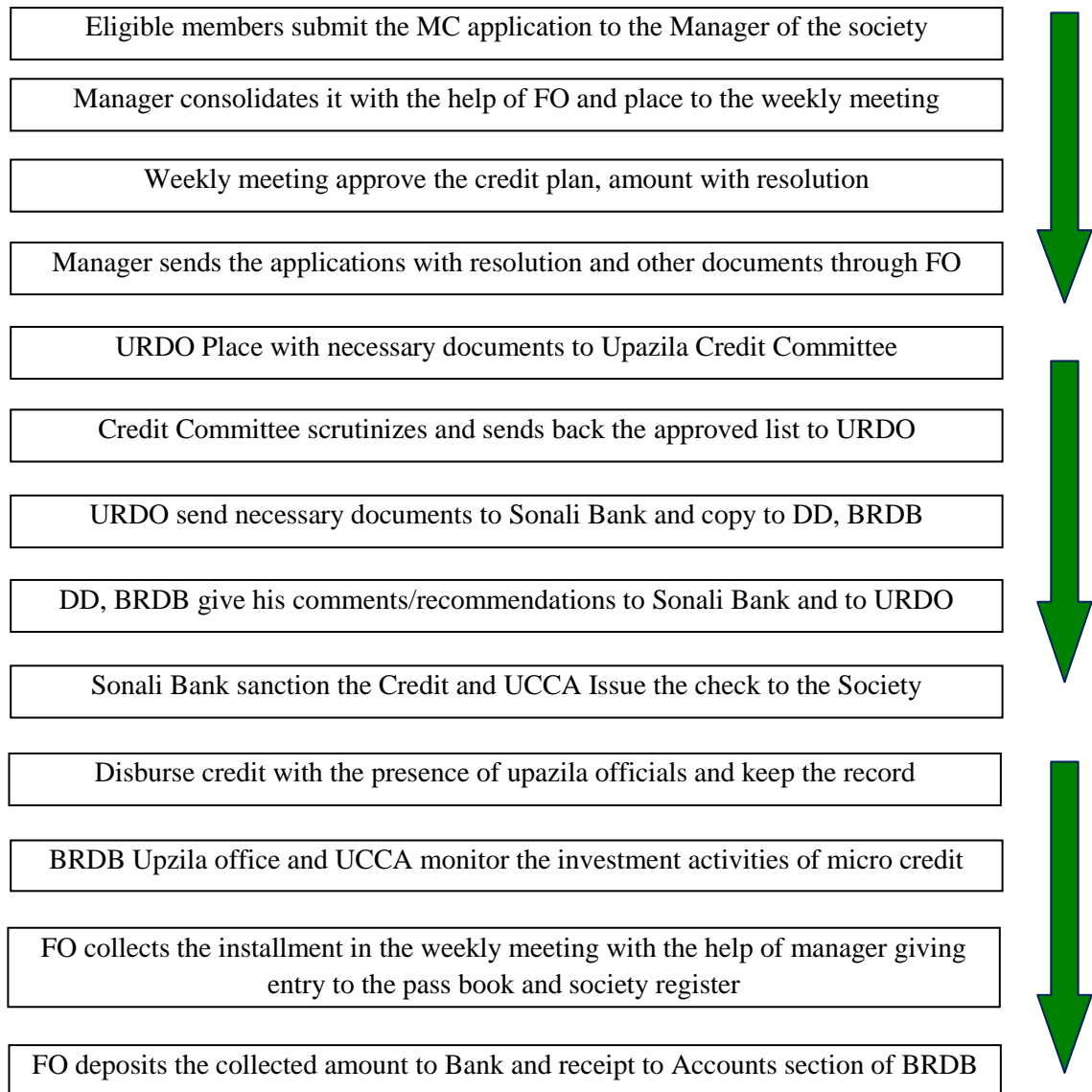


Figure: 4.9: Credit Processing Flowchart (Source: created by author)

4.6 Conclusion:

Rural development is an important issue in Bangladesh. To address this issue the government of Bangladesh promoting micro credit activities through different channels. For the government sector operation, several supportive policies have been introduced. Through the field level operation of micro credit government is trying to ensure comprehensive and gradual rural development. Though the theoretical procedures sometimes vary in the practical implementation field, the well-established policy and implementation framework with supportive administrative structure can help to achieve the desired goal. Chapter five will explain the data from the practical case perspective.

CHAPTER 5: PRACTICE AND HAPPENINGS IN REAL FIELD OF MICRO CREDIT OPERATION

This Chapter is about the detail depiction of micro credit practice in real field. Based on the literature and administrative procedure (described in chapter 3 and 4) this chapter examines the practical actions of micro credit use in the research area. It explains the total aspects of the development of cases including their past histories, joining to micro credit system, their struggle, coordination and their present. It also illustrates their changes compared to their past. For the case it is a new description about the changes through micro credit felt by the beneficiaries and described by them. The description starts with the community level (Cooperative Society) case and followed by individual cases with the individual's response to community. The first two individual cases are from the selected society as good case and the last one covers the description of an opposite case.

Following the selection process (described in Chapter 3) the final society case “Dakkhin Palashpur Mohila Shamobay Shamiti Limited” was selected. Among the society members the case of Josna's family was selected as the good individual case and also the case of Hira Begum was selected randomly to check the society members' development as a successful society. Mrs. Mamotaz, as the responsible field organizer, was the important source of information for the society and also for the individual case. Also she helped the researcher to

facilitate the discussion and interview with the respondents. The information about society was collected mainly from weekly meeting, FGD, informal interview, etc. As mentioned in the methodology chapter, for the individual cases information sources are story telling facilitation, informal interview, micro credit initiative observation, stakeholders' feedback, etc. The key informants for the individual cases are given in Table 5.1.

Table 5.1: Key Informants from Individual Cases:

Case	Respondent	Relation
Case 1: Josna & her Family	Firoza Aktar Josna	Daughter of the family, Member & Manager of the society
	Shima Begum	Sister in law of Josna, Member of the society
	Shahida Begum	Mother of Josna, Member of the society
	Mr. Shamim Bhuian	Josna's brother
	Mr. Tuhin Bhuian	Josna's brother
Case 2: Hira Begum	Hira Begum	Member of the society
	Banu Begum	Hira's mother in law
Case 3: Taslima Begum	Taslima Begum	Micro credit borrower from different sources

5.1 Community Level Case: Dakkhin Palashpur Mohila Shamobay Shamiti Limited:

The name of community level case is Dakkhin Palashpur Mohila Shamobay Shamiti Limited. In English it will be South Palashpur Women’s Cooperative Society Limited. Basic information of Dakkhin Palashpur Mohila Shamobay Shamiti Limited is given bellow in Table: 5.2. The detail description about this society and its development are given after this table.

Table: 5.2: Basic Information about Dakkhin Palashpur Mohila Shamobay Shamiti Limited:

1	Name	:	Dakkhin Palashpur Mohila Shamobay Shamiti Limited (South Palashpur Women’s Cooperative Society Limited)
2	Address	:	Shikdar Para, South Palashpur, Barisal, Bangladesh.
3	Founded in	:	1992
4	Founding Members	:	22 Women
5	Total Members (at present)	:	50 Women
6	Present Credit Owe Members	:	46 Women
7	Total Savings	:	BDT 198,986
8	Value of Total Share	:	BDT 110,500
9	First Credit Amount	:	BDT 66,000
10	Present Credit Amount	:	BDT 977,000
11	First Individual Credit amount	:	BDT 3,000

12	Present Individual Credit Limit	:	BDT 20,000 to 23,000
13	Executive Committee	:	Chairman - Fahima Begume Vice-Chairman - Hira Begum Manager - Firoza Akter Josna Ideal Housewife - Shima Begum Member 1 - Nazma Begum Member 2 - Mahmuda Khatun
14	Nearest City	:	Barisal
15	Cost to Access the City	:	BDT 35-50 (by Rickshaw – one way) BDT 70-80 (by Easy-Bike – one way) No Bus line
15	Responsible Field Organizer	:	Mrs. Mamotaz Begum

Palashur was a village of Brisal Sadar Upazila. Now it is under Barisal City Corporation. It is about four kilometers from Barisal main town and seven kilometers from upazila headquarters. In 1992 it was a very remote area. Most of the house was made by Golpata (Nypa) and bamboo and very few with wood and tin roofed. It was hardly found any building there. There was pool and canal everywhere. Homes were connected by Shako¹¹. If people wanted to go to Barisal town they had to ride on boat or walk up to Amanotgonj and then took rickshaw. Almost all the

¹¹ Shako = Foot Bridge on canal, made by bamboo.

people living in that area were very poor. The men usually worked as fisherman, daily labor, small business or job in small enterprises. Women usually were engaged in looking after the children, cooking for the family and other household works. Very few of them were engaged in income generating activities.

As Palashpur was a very remote area, the upazila BRDB office decided to focus on the women of that area. Therefore, BRDB officials came to Palashpur and organized several meetings with the women of different part of Palashpur. That time it was not so easy to organize meeting with women. Elder people viewed it as a sin to go women out without her husband or father. The officials had to motivate them a lot. In those meetings, the officials from BRDB described them about the goal, objectives and also about the future activities under the said projects. Mrs. Mamotaz Begum (see Photo: 5.1) was assigned as Field Organizer from BRDB to Palashpur area. She and other officials were able to motivate some of the women including their family. As a result, in 1992 twenty two women of South Palashpur formed new women cooperative named South Palashpur Mohila Shamobay Shamiti (South Palashpur Women's Cooperative Society).



Photo: 5.1: Mrs. Mamotaz Begum, Field Organizer

(Source: taken by the author in August, 2013)

That was the starting of new journey. Since then they met in weekly meeting on a certain day of every week. In weekly meeting they discussed about their individual and common issues. They formed a six members' executive committee. At the beginning months Mrs. Mamotaz facilitated their meeting. Within those discussions they were motivated for weekly savings. As such they started to deposit small amount of money as weekly savings.

After few months they were offered micro credit for investing in income generating activities. They were informed about service charge, installment repayment system (twice in a month), deposit of savings, etc. They were also informed that it was not grant, it was just to help them to initiate their own activities for earnings and they would have to repay the money. Then the members individually discussed with their family. Besides the family discussion they discussed within their society also. Every member had to describe about their plan in the society meeting and satisfy the other members of the society as well as the officials with their plan. Society also

had the meeting with their husbands or family members. Later they had to apply formally for the micro credit.

After completing all the formalities each member received BDT 3,000 for the first time. As said by Mamotaz, “It was first time they received the credit, so we gave them only BDT 3,000 experimentally” (Mrs. Mamotaz, personal communication, August 14, 2013). But as the commodity price was not so high at that time, BDT 3,000 was more than enough to initiate something. After receiving the credit every member invested them and started small scale income generating activities like small business, buying a rickshaw or buying cow, etc. Those investments were monitored by the society executive committee, members of the society and by the BRDB officials as well. Also each member had to report verbally to the weekly meeting about their investment and income along with repaying the installments.



Photo: 5.2: Members repay the Weekly Installment after the Weekly Meeting

(Source: taken by the author in August, 2013)

Through their weekly discussion they were also informed about the good works, profits and about problems. They could learn from successes of other on the other hand they could help individually or jointly who felt problem. Those interactions bring them together like family. In this way, through their coordination, cooperation and BRDB officials' monitoring and supervision, all of them started doing well. They were very much careful about installment repayment.

Now that society has fifty members. Some of the members were replaced as some of them are got old and also some of them left the area after marriage. At present out of fifty members forty-six members received the credit. During this way from 1992 to 2013 every year they repaid the installments regularly and retook the higher amount of credit. Now the total credit amount of the society is BDT 977,000 whereas in 1992 it was BDT 66,000. It shows how their capacity developed to utilize the credit. The lowest amount taken by individual members is BDT 20,000 and the highest is BDT 23,000 (see Table: 5.2). Also all of them are confident that they can handle bigger amount of money than they receive now. But for the fund constraint BRDB cannot offer them more. And some of the members now don't take credit they just deposit savings.

As a society their development is remarkable. This society several times received the "Best Cooperative Society Award" in Barisal Division. Almost every high official including the Director General of BRDB visited this society. Upazila Nation Building Department offices

utilize this society for different purposes along with providing their services. This society acts as a forum to different authorities including Local Government Institutions.

The South Palashpur Cooperative Society Limited has BDT 198,986 as Savings and BDT 110,500 as Share now which is a big significant amount. Number of present members shows that they did well and could attract the other women of the community to join with them. When they started none of them had their own house. But now every member of the society has their own house. Palsahpur is now under Barisal City Corporation. Therefore, the price of the smallest house is not less than BDT 500,000. It proves their asset development. Example of individual development has been narrated later of this thesis.

The process of micro credit along with weekly meeting, coming in touch of official system changed their view of lifestyle. They are now capable to negotiate, to dream for developed future. Most of their children study in the renowned schools and colleges in Barisal city. They now not only focus on their economic activities but also different social issues. They work against child marriage, dowry, drags, etc. Whenever they find any of this issue, they try to motivate the related persons. If the fail to motivate they contact with upazila officials through BRDB and take the help of law enforcing agencies. They also care together for the education of their children. Above all, this society acts as social development institute now.

Individual Case Studies:

5.2 Individual Case 1: The Story of Josna and Her Family

Josna is one of the present members of the aforesaid South Palashpur Women's Cooperative Society Limited. She joined to this Society in 1999 when her elder sister Mahamuda retired from this society after her marriage. Mahamuda was one of the founding members of this society. Also Josna's mother Shahida Begum is another founding member and still she continued her membership. In 1999 Josna's brother Tuhin married Shima Begum and she also joined this group. All of them received micro credit from this society and invested their household business. Thus the other household members also have deep relation with this society. The story of this household case has been described here as the Individual Research Case 1.

Munsur Alam Bhuian was a Havildar (Present Assistant Sub-Inspector) of Jail police, an ill-paid Class Three employee of Bangladesh government. He retired from the job in 1992. He had a family of eight members with two daughters and four sons. His family was not so rich or not in a luxurious status but could manage the normal flow of life. His children were going to school. He could afford the family basic needs and had a happy family. But just after his retirement he felt difficulties to maintain the family expenditure. Though he got the pension money after his retirement but his regular income was reduced a lot. It was hard to survive the eight members' family with the regular pension allowance. He had not enough assets or alternative source of income. So he had to expense his pension grant for family needs.

The elder son of Mr. Monsur left the study and was trying to do something to earn for the family. But it was hard to get a suitable job. During that period many unskilled people went to middle-east countries especially to Saudi Arabia for work. Those people could earn a healthy amount of money. Mr. Bhuian with his family decided to send his elder son to Saudi Arabia. At that time the system of going abroad was more informal than formal. People working abroad usually brought their relatives or familiar persons to there. Also some informal agents were engaged in manpower exporting. Some of them were fraud. Mr. Bhuian gave all his pension money to an agent to send his son to Saudi Arabia. But that agent hanged them for a long time and lastly did not bring him abroad nor gave his money back. Moreover his elder son did not engaged in any job in those days as he expected to get the visa to go abroad and work.

By this the family fell into deep trouble. Within that Mr. Mansur Bhuian got ill and was paralyzed one side without proper treatment. Then the misery of their family knew no bound. They left the rented house and went to a corner of his brother-in-law's house. They could not afford even a full meal daily. As consequence, two elder son of the family started to work as salesman in a cosmetics shop.

At that time Integrated Rural Women Development Programme (from now on IRWDP) under BRDB started to organize poor women of that area to form a society. Mahamuda, daughter of Mr. Bhuian joined the primary discussion meeting with BRDB officials. The officials discussed about the theme of cooperatives, objectives, process, benefits, expected development of skills,

financial positions, social changes, etc. Mahamuda was impressed by the discussion with the IRWDP officials. After discussion within the family she and her mother decided to join the society. Accordingly, Mahamuda, her mother and other women of that locality formed the South Palashpur Women's Cooperative Society (described in 5.1) with the help of Mrs. Mamotaz. That was the first joining in any official system for them. Initially they joined the weekly meetings where the IRWDP officials discussed various issues about the development initiatives for poor women, their livelihood issues, social issues, etc. Mahamuda got inspired by those speeches. From the little earning of her father's monthly pension and two brother's income Mahmuda and her mother started to deposit BDT 0.50 each per week for savings. Soon Mahmuda was selected by the IRWDP for a short training on tailoring.

Within few months through joining the weekly meeting Mahamuda and her mother became familiar with the system of micro credit, interest rate, installment, etc. and obtained the eligibility to receive the credit. Then with the help of the Field Organizer she, her mother and other members of the society applied for the micro credit. She planned to buy the sewing machine with relevant apparatus and do the tailoring commercially. She convinced the society and BRDB officials with her plan. As she continued to deposit savings and fulfilled other criteria, for the first time she and her mother each took BDT 3,000.00 as micro credit from the said project of BRDB. With that amount Mahamuda bought a sewing machine (Photo: 5.3). As her family was in trouble and they were motivated by the BRDB officials, she did not have any obstacle from family members rather they were cooperative to her to enroll and continue the micro credit activities. She received only a short training and at the first time she was not so

skilled, as a result she received only few orders mainly from the society members and the income was not so sufficient.



Photo: 5.3: Old Sewing Machine

(Source: Taken by author in August, 2013)

In those days, her brother, Mr. Tuhin Bhuian, working in the cosmetics shop as salesman, found that the sales of rubber band (Photo: 5.4) for women's hair was very good. Knowing that, one day he bought one large packet of rubber band and some very small polyethylene plastic packets. In home he made some small packets of rubber band just using candle. The following day he with the help of his sister Mahmuda sold those packets to their neighboring women. And they found that it was profitable. That was the starting of their new struggle. They started to do it more to add some extra amount to the family income. The society members started to buy it and also helped them to sell to other women of the community.



Photo: 5.4: Different color Rubber Bands.

(Source: (123RF.com))

They used their credit money to buy the band, packet and candle and the entire family members worked to prepare small packets. Mahamuda tried to sell it to the neighbors. But very soon they found they can't sell it as the neighboring market got saturated and they came to stop position. Their society again came to help them. The members of the society spread the sales to their relatives and familiar persons. Though it increased the sales a little, it channelized the demand to other area also. To meet that demand they planned to sell it to other places. Their other brother Mr. Shamim Bhuian who was just passed his childhood started to go to other area with those packets. By turn to increase the sales he sold it from door to door. And they got good response. Then, the female members of the family prepared the packets and Shamim sold that every day to neighboring areas.

Until then they were selling only rubber band and the income was not attractive compared to their labor. So they thought to increase the number of product. As said by Mr. Tuhin "We got the confidence and thought as we could sell the rubber band we might sell other things also."

(Mr. Tuhin, personal communication, August 19, 2013). They found that when Shamim goes to other area he find mainly women and children at home. They wanted to target those women and children and thought about some products for them. They discussed it with project officials. Project officials supported their idea. At that time one of the society members used to prepare Achar (pickle) for sell. It was very popular product to female and children. The society members asked Mahamuda and Shamim to add Achar in their sales list. Thus they started to sell Achar packets with rubber band but in very small scale. With the next loan from BRDB-IRWDP they started to buy small scale different Achars of Boro (Jujube), Mango, Tetul (Tamarind), etc. (see Photo: 5.5 – 5.8). They packed it into small packet and with rubber band Shamim also started selling those Achar packets. The price of single packet of Achar was BDT 0.50.



Photo: 5.5: Boro (Jujube),
(Source: (We love Our Bangladesh))



Photo: 5.6: Boroi Achar (Jujube pickle),
(Source: (গল্পওরান্না (Story and Cooking)))



Photo: 5.7: Tetul (Tamarind)
(Source: (Little Things Here and There ..))



Photo: 5.8: Mango Bar

(Source: taken by author in August, 2013)

Shamim got very good response from the customers. He could sell around 300 to 400 packets per day. It increases their income. They utilized those income for installment repayment, re-investment mainly and also some for family consumption. Though they had hard time to maintain family expenditure, they were determined to continue their business. Field organizer Mrs. Mamotaz came every week to collect the installment. She inspired them with other members of the society to repay the installment by committing them that if they repay the entire amount within shortest time BRDB will allocate higher amount of loan.

As the sales of Achar packet were increasing Shamim had to carry large amount of packet daily. But it was hard to reach far area for selling. To overcome this, they planned to buy a bicycle. Next time Mahamuda and her mother received bigger amount of micro credit. They bought a secondhand bicycle with some money and the rest amount they invested to their business. Then

Shamim could easily carry large amount of Achar packets and could access far area for sell. All the family members engaged to prepare the Achar packet and also rubber band packet whenever they got time. Even their younger sister Josna and younger brother Shohag who studied at school at that time prepared those packets in their free time. Besides selling by Shamim, neighboring people started to come to their house to buy Achar and rubber packets.

Within this time Mahamuda also continued tailoring. She made their own garment products and also received some orders from society members and neighbors. Considering her interest BRDB send her to Bangladesh Academy for Rural Development (BARD) for three months long tailoring training. After receiving training Mahamuda got more orders for tailoring. Later she received another long training from Noakhali Rural Development Training Institute (NRDTI) of BRDB. Their income was increasing at that time as two elder brothers were earning from their salesman job, Mahamuda was earning through tailoring, pension allowance of Mr. Monsur and there was some earning from the Achar business. Then they shifted from the corner of their uncle's house to a rented house. But still their position was not so good. Mahamuda was getting aged. In those days the average age for marriage was less than twenty years for the girls. Also elder brother married and the family size was still big.

Year 1999 is memorable for this family. In this year the younger sister Firoza Akter Josna passed the School Secondary Certificate (SSC) examination. Mahamuda got married and as tradition went to husbands' family. And making the entire family cry Mr. Monsur passed away. Thus the family fell into trouble again. But BRDB officials encouraged them to continue their

business. They motivated them. And as the replacement of Mahamuda they influenced the society to take Josna as new member. With the concurrence of the society members Josna joined the society and along with her mother received credit from the project. They kept joining to the weekly meeting regularly and discussed various issues. The society members also encouraged them to continue their business and like previous years they kept their supports continued.

Shamim were still selling rubber band and Achar packet door to door. But as their packet got familiar to the customers, some small shopkeepers of those areas approached Shamim to sell the Achar packet and rubber band. Shamim took that opportunity and along with selling from door to door, he started to sell it to the small local shopkeepers in a reduced price. That increased the sales but reduced the selling time. But as the demand in the market increases they had to increase their productions. For that they hired a neighboring woman for packing the Achar on daily payment basis. Gradually Shamim shifted his sales from door to door to small shopkeepers of the territory. Though the price was reduced per packet from 0.50 BDT to 0.40 BDT, the sales was increased. As a result the revenue was increased. By turn he started to sell only to the shopkeepers, no more door to door. He widened his sales territory and approached to the small shopkeepers of new area to sell their product. Thus his sales were also increasing.

But still that was very low to earn sufficient money for the family expenditure. As said by Shima Begum “We were just living from hand to mouth like a day labor” (Shima Begum, personal communication, August 16, 2013). Shima Begum is the wife of Tuhin Bhuian. In 2006

Mr. Tuhin Bhuian married neighboring Shima Begume. Shima was the 6th child of her parents. Her father had business of fish and he was the only earning member in the family. In a poor family with four sisters and three brothers Shima could not continue her education after Secondary School Certificate Examination (passed in 1999). As Tuhin had only education up to class VIII and employed as salesman in a cosmetic shop, he was very ill paid even to fulfill the very basic needs of a family.

After Marriage, Shima also wanted to do something for the family income. Her sister in law Josna inspired her to join the society. With the consent of her husband, Shima joined the society and started to deposit savings and join the weekly meeting. Fulfilling the credit criteria she also received micro credit from IRWDP (then it was changed to Women Development Wing) with her sister in law Josna and her mother in law Shahida Begum. They invested their entire amount to their existing business. Then Josna, Shima, Shamim and their family hired an extra room with their house for production. Instead of packaging within their house they shifted to the new room. They hired more women for packaging the Achar in the new room which they call as 'Factory'. Along with the hired women, Josna's family members also work in their factory. Josna's mother, sister in law and Josna were supervising the production. Shamim mainly worked for selling the product and purchasing the raw materials with the help of their two elder brothers. Within this they paid the credit installments regularly with other members of the society and every year borrowed the higher amount credit. In 2006 Josna elected the manager of the society. Also she continued her study though it had some breaks. She was also teaching some primary students as private tutor.

With the course of time their products became popular to their customers of different areas. And many local shopkeepers wanted to keep their product. And it was hard for Shamim to manage the purchase of raw materials and also to supply the products to the local shopkeepers. So he approached to the wholesale shops of Barisal city. But that shop did not agree initially to buy their products. They thought that they might not be able to sell it. Then again the society members came to help them. They negotiated with the wholesale shop using the personal or family members' channel. Also they brought some small shopkeepers to the wholesale shop as the part of negotiation that those shopkeepers will buy those products from the wholesale shop regularly. Thus the wholesale shop was agreed to buy their product experimentally. And they found that there had some sales of that product. Still Shamim was selling it to the local shopkeepers. Also he informed those shopkeepers about the availability of the product in the wholesale shop. And as Shamim could not supply the product regularly, the shopkeepers started to buy it from the wholesale shop.

The wholesale shop suggested Shamim to create label for his product. They were selling the Achar packet in 'Roll'. Mr. Tuhin was working in the cosmetics shop and was familiar with a printing press. He discussed with the press about label. They named their brand as "SHEFA" and printed label for the roll of Achar packet (see Photo: 5.9). After branding Shamim went to all his old customers with the branded product and informed them about the availability to the wholesale shops. Also the society members helped them for the publicity of the brand using their personal and informal channel. They informed it to the other cooperative societies as well.

It increases their sales rapidly. Therefore they hired two rooms near their house and established their 'Factory' there. They hired more women to produce more products.



Photo: 5.9: The SHEFA (shown in the circle) Brand and Shamim with one of his Assistant

(Source: taken by author in August, 2013)

Instead of purchasing the raw material from the local market they went to the wholesale market in the capital city Dhaka. They also diversified their products to mango bar, Jolpai (Olive) Achar, etc. They choose their products based on the season and availability in the market. Josna, Shima, Shamim have cell phone now. They receive the orders through cell phone and deliver the product accordingly. They use rented transport to delivery their product to the wholesale shop. Also they became familiar with the suppliers of raw materials. Now they order for the materials through cell phone and pay the money through money order by post office or through

currier service and even at present they use 'bKash'(the online banking system for money transfer) of BRAC Bank.

Few years ago they started to prepare Olive Achar during the olive season. They purchase raw olive from the market in low price during the pick season of olive. After cleaning they boil it in a big cooker or furnace and dry a little. They mix salt, spice and some other ingredients and cook it with oil. They pack the cooled Achar for sell. They also buy raw potato chips and after frying they pack it for sell. Thus they have different products in their product list now. As a result their sell is increased and profit also increased. For example, they buy about 50 kilogram (kg) mango bars from Dhaka. They buy small sizes poly pack from the market and also prepare the level from the press. Then they cut the mango bar in small pieces and pack into very small packet with chili powder mixed salt. The packets are made airtight with candle heat. Photo: 5.10 shows the processing and packaging the mango bar. The price of a packet is BDT 1 or 2. They prepare the roll of mango bar containing ten packets. Those roll contains their brand name.



Photo: 5.10: Cutting and Packing of Mango Bar by Women Employee in the Factory

(Source: taken by author in August, 2013)

According to orders Shamim or his younger brother Shohag brings the product directly from factory by rickshaw or van to the wholesale shop. Shamim and Tuhin maintain the purchase of raw materials. Josna, Shima and Shamim manage the factory. Also for the delivery of products and factory assistance they employed Mr. Bassu as Assistant. Still they don't have any showroom.

Table: 5.3: Cost and Profit calculation for 1 Kilogram (kg) Mango Bar is as follows:

Mango Bar	1 Kilogram	BDT	170
Poly Pack		BDT	45
Label		BDT	08
Chili Powder & Salt, Candle, Labor charge, etc.		BDT	12
Total Cost		BDT	235
Sales Price		BDT	250
Approximate Profit	$(250 - 235) =$	BDT	15

Selling these products brings profit to them (calculation of cost and profit for 1 kilogram Mango Bar is given above in Table: 5.3). They use this profit for the family needs, for the repayment of credit installment, for reinvestment and also for savings. Starting from a very small scale production by their own and in their residence they now rented four rooms in two different places as their factory. They regularly hire more than 16 women in their one factory. Now their family is a small entrepreneur. From 1992 to till date they repaid the entire credit installment regularly and timely. Also every year after repayment they received the credit.

In Barisal area they only sell their products to wholesale market. They are now exploring markets in some nearest cities. As Barisal is the divisional city the businessman from nearest other cities come to Barisal to purchase their product. Through them SHEFA brand products of Josna's family are being familiar to those areas. Shamim now goes to the businessman of those cities with their product. Giving sample first and in a reduced price they are trying to create

market there. As he provides his mobile number on the level, later those traders communicate him and thus he also harvests market to some other nearest cities.

For promotion in the market they try to add different features to their product. As a business strategy they introduced coupon prize system during festival especially in two Eids (Eid-ul-Fitre and Eid-ul-Azha) of Bangladesh. If anyone buys a packet of BDT 2 .00 he will get a coupon. Some of the coupon has prizes like plastic pot, plastic mug, toys, etc. (see Photo: 5.11 for some sample prizes for promotion). Costs of those prizes are from BDT 2.00 to 20.00. But most of the coupon contains the writing “Please Try Again”. Customers specially children attracted through lottery coupon and buy more products. It also works for the publicity of the products.



Photo: 5.11: They offer different small Toys/Pots through Lottery for Promotion

(Source: taken by author in August, 2013)

Recently they bought 11 decimals¹² lands in the nearest Mohammadpur Char. They have a plan to build their own factory on that land. Also they have the plan to open a wholesale showroom in Barisal city Market. Within all this way their family received micro credit only from the Women's Program of BRDB.

5.2.1 Changes:

Josna, Shima's family is a combined family. In the past many times they could not afford a meal in a day instead of three. As mentioned by Shima "We were living from hand to mouth like day labor" (Shima Begum, personal communication, August 16, 2013). Sometimes they were neglected to the local people as they are poor. In case of illness maximum times they depended on so called quack or religious saint. For the resource scarcity family dissatisfaction was common. For example even after marriage in 2006, Tuhin could hardly give Shima a Sharee (traditional women dress in Bangladesh) sometimes within one year. They cursed their fate for their poverty and cried silently.

"By the grace of Allah we are happy with our present financial and social position. I think we had gradual development from our previous miserable days" said Josna (Firoja Aktar Josna, personal communication, August 23, 2013). Now they do not need to think about the food for next week. Once they lived in a corner of their uncle's house and naturally felt neglected. But now they have their one storied building on their own land with three storied foundation. They purchased this land to build their own house. Their house is now decorated with wardrobes,

¹² Decimal = 441 foot square.

still closets, designed cots, dressing table and other necessary furniture. This family has color television, refrigerator, along with other electrical and home appliances. Every adult members of the family now use fulltime mobile phone. Their family now has the ability to celebrate religious and other festivals.

Josna's elder brother has a daughter who studies in Government Barisal Sadar Girl's School which is the best school for girls in Barisal area. He and his brother Tuhin Bhuian, are the partner of the cosmetics shop 'Barisal Corner' where they started their job as salesman. Their sister Mahamuda is now happy with her husband. Sometimes she comes to see them. They can entertain her and her husband.

From Shima's Speech:

"We have been blessed with a son named Shaofin. He is now five years old. I can fulfill my son's, my family's general demands; can afford some of my luxurious hobby which I could not imagine few years ago. Sometimes I go to watch the movie in Movie Theater, go to park with my son and my husband and have dinner in a nice restaurant like Rose Garden. So I think I am satisfied, happy and confident for the bright future of me, my family and my son as well. I can do shopping now; I buy presents for my family in Eid-ul-Fitre and other festivals.



Photo: 5.12: Shima in her well decorated Room and in front of their One Storied Building

(Source: taken by author in August, 2013)

For even a little need I had to depend on my husband. If I wanted to buy a set of Churi (traditional Bengali hand ring) from hawker I had to ask my husband for money. Sometimes he had the wish but he was helpless. But now I've the respective freedom to use money. I can buy a gift for my parents or sisters and brothers. I can celebrate the birthday of my son. This gives me mental satisfaction, mental peace, it gives me energy. To me this is the development” (Shima Begum, personal communication, August 16, 2013).

Through joining the monthly meeting, official training and other relevant activities now Shima knows how to fill up different forms, express herself in a forum and also she achieved the knowledge and skill on different issues. She is now confident to bargain with different stakeholders. She is capable to talk and negotiate with Upazila and district level officials about different individual and community issues. She achieved the quality to participate and contribute to a forum. Shima elected Director of Upazila Central Cooperative Association. She

teaches in mass education center for aged people. She is now more conscious about herself, about her son, her family and also about the community. Now she studies Higher Secondary level in Bangladesh Open University (BOU) that provides the education opportunity for irregular students. She regularly teaches her son. She dreams for the bright future of her son.

Josna within all the past hurdles continued her studies. She passed SSC in 1999. Then she passed Higher Secondary School Certificate Examination and also she obtained Bachelor of Arts degree. She is 30 years old now. Though she had break of study, she is now studying Masters Degree. Besides her business and society activities Josna works in a Kindergarten named Genius Kindergarten as assistant teacher (Photo: 5.13 shows Josna teaching in the Kindergarten). In the afternoon she teaches around twenty students. Now she is trying for a good job and in last year when Director General of BRDB visited their society, she urged for a decent job in BRDB. Through the utilization of credit and society experiences she achieved the confidence to get a good job. Now she dreams for a bright and shining future.



Photo: 5.13: Josna as Teacher in Genius Kindergarten

(Source: taken by author in August, 2013)

Shamim is a confident businessman now. Though he could not continue his study, he achieved the ability to manage the business. With the help of family members now he is planning for their own factory. He knows how to explore the market, how to fix the marketing strategy, how to deal with supplier of raw materials and the buyers. His education is not at all enough to get a job to earn at least for his own expenditure. But now he not only earns a handsome amount but also became the icon in the family as well as in the society. He had to sacrifice a lot, when his friend went to the school; he went to sell his product. When they played in the field he worked in his factory. But today he received the reward. Now he can cooperate with other community people. “I think due to my hard labor and sacrifice, by the grace of Allah and with the support of the society members, our family is in a good position and now I get respect from my friends and from the community” (Shamim, personal communication, August 19, 2013) .

The youngest brother Shohag passed Bachelor of Commerce with honors in Management. Now he studies in Masters. He used to help his family firstly by working and looking after the factory and to supply the product to buyers. Through this he became familiar with the marketing personals of 'Ifad Group of Industries' and got a job as Sales Officer in the Ifad Group. He is posted to Barisal Sadar so that he can continue his study.

With all this, their Mother Shahida Begume is very happy now. She only feels hearted that her husband could not see their good days. She is now looking for the bride for Josna. To Shahida, "it is very important to utilize the credit money properly to income generating activities or asset development which can indirectly generate income. As it is small amount of loan and its installment is small so it is easy to handle for investment and for installment repayment as well. Especially for the women who have no scope to access the money for any investment, micro credit can be the means for those women to do something for the family. So, micro credit is very good for those people who can utilize it properly" (Shahida Begum, personal communication, August 23, 2013).



Photo: 5.14: Author with Shahida Begum in her House

(Source: taken by author in August, 2013)

5.2.2 Example of Response to Community:

Josna's family was benefited through the society and its members, its network, etc. They also responded very positively to the society. Josna is the elected manager of their society since 2006. She manages the society to organize the weekly meeting, collects the credit installments from the members, inspire the members for development initiatives. She helps other members to fill up different forms, to negotiate with officials. As the reward of her efforts she was awarded the '**National Best Cooperative Member Gold Medal**' in 2010. She received the prize from Prime Minister of Bangladesh (see Photo: 5.15). It is the most memorable moment in her life. It was like a dream to her so it has dramatically affected to her appearance, lifestyle and also her acceptance to the society as well as the community. This award had positive

influence to the society and even to the community also. As the manager, Josna's changed attitude had positive impact on the society also.



Photo: 5.15: Josna received 'National Best Cooperative Member Gold Medal' in 2010 from the Prime Minister of Bangladesh

(Source: taken by author in August, 2013, from the cell phone video of this program. It was recorded by Josna's brother in his cell phone during the live telecast of Bangladesh Television)

Through this society meeting, formal and informal training and other relevant activities, Josna obtained awareness about different social and legal issues. Now she advocates these issues not only to the society members but also to the non-member neighbors as well. She inspires the society members to the collective initiatives for development. She became the facilitator for their society even. The society members help each other in every possible ways. Josna plays a vital role through coordinating among the members and other stakeholders. Similarly all the

members of their family support the society activities though all of them are not member. It has huge impact for the advancement of the society and it enhances the acceptability of the society within the community. All this process of development through micro credit and collective activities and also the community responses can be diagrammed as Figure: 5.1.

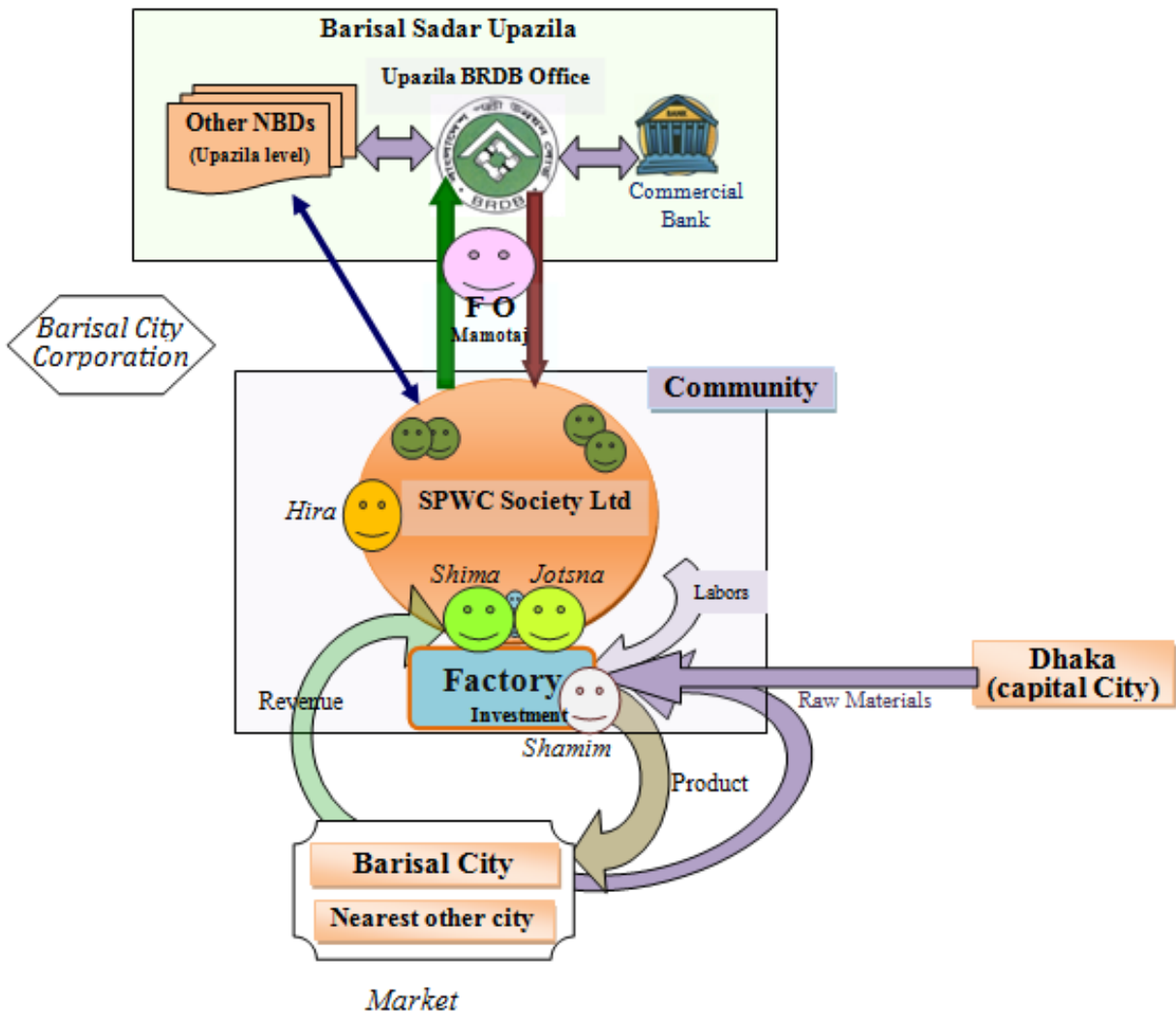


Figure: 5.1: Micro Credit operation: Stakeholder Diagram for Society and Household Case of Josna's Family and their Society

(Source: created by author)

5.3 Individual Case 2: Development of Hira Begum

Hira Begum is a housewife. She is 26 years old. She is one of the members of Dakkhin Palashpur Mohila Shamobay Shamiti Limited. She is married. Her Husband is Md. Majibor Shikdar. They got married in 2004. They have a son and Majibar's mother in their family. Majibar is a small businessman. He sells fish in different markets of Barisal City.

Hira Begum joined the society in 2004. Before that her mother in law, Banu Begum was the member of this society. But for some times Banu did not take the loan, just deposited the savings. In 2004 Banu became old and she retired from the society. After marriage with Majibar, Hira joined the society as the replacement of her mother in law.

At that time Hira with her family was living in a small rented house. Majibar was doing fish business. He bought fish from the Arot¹³ and sold it to the city market. They had no other assets or income earning source. Still then Majibar was striving for feeding his family, for house rent and other living costs. Then Hira discussed with her husband and mother-in-law and planned to take micro credit. They planned for more wide scale fish business.

¹³ Arot = Merchant fish store



Photo: 5.16: Selling of Fish in the Market

(Source: taken by the author in August, 2013)

In fish business fisherman sell their fishes in several ways. They catch fishes from different sources like rivers, canals, ponds, fish field, low land water etc. Fishermen can sell it directly to the market, or sometimes they sell it through auction in the auction market. They also sell it to the other traders or middleman. Some fisherman gives it directly to the Arot. The catching fish depends on seasons. Fish from different sources are available in different season. For example the most popular fish 'Ilish' (see photo: 5.17) is mainly caught by the fisherman during rainy season (June-July and July-August). Thus fish businesses are driven by the availability of fish. Some Arot stores fishes for the off seasons.



Photo: 5.17: Ilish Fish

(Source: taken by the author in August, 2013)

In the offseason many fishermen became unemployed. Then they need to borrow money for living from different sources. Government has some initiatives but that is too small to cover the huge number of fishermen. During those seasons usually the Arot lend money to those fishermen with the contract that they will give their fish to this Arot in a reduced price during the fishing season. Sometimes they fix the price rate during lending money which is usually lower than the market price. The Arot usually store fishes or sell it to the fish businessman or export it to other cities or other countries.

After planning about more wide scale fish business Hira applied for the micro credit from Women Development Program (WDP: former IRWDP) of BRDB. She fulfilled the criteria of having savings, joining weekly meeting and also convinced the executive committee of their cooperative society and BRDB officials. Eventually in 2005 Hira received the micro credit for the first time from Women Development Program (WDP) of BRDB. She gave it to her husband.

Besides buying just from the merchant fish store Majibar starts to buy fish directly from fishermen and then sell it to different city markets. Also sometimes he bought it through auction from the Port Road fish auction market. As Hira was more educated, she started to maintain the accounts for their business. Their business was managed more effectively compared to past. This increased the profit for them which had positive impact on their family consumption and living. They repaid the credit installment regularly and with that they were depositing savings.

By turn they had been eligible to receive bigger amount of loan. They started to lend money to few fishermen during the offseason and made contract with them. Those fishermen took the money with the contract that they would supply the fish during the rainy season when it would be the pick time for catching fish. All these dealings were done by Majibar and Hira where Hira mainly kept the accounts and Majibar managed the negotiation and fish management. As per contract Majibar collected the fish during the pick season. Every day he collected not a large amount so that he can sell within the day. Thus almost full season he collected the fish and sold it to two big markets of Bajar Road and Choumatha, Barisal. Within the season when he did not get from the contracted fishermen he bought it from auction market and thus he continued his business.

Through this process Majibar and Hira earned more profit. That had positive effect on their confidence. They were serious about repaying the credit installment and depositing the savings as well. The gradual improvement in their fish business and earning profits changed their

lifestyle also. They dreamed about bright future. By this time their first and only one child Md. Rejwan Shikdar Tushar came to their family. They were delighted and think him as their blessings.

Within this Hira and Majibar got an opportunity to buy a piece of land through the negotiation of another member of their society. At that time Hira repaid the entire installments and took bigger amount of loan. She withdrew most part of her savings. With it she added some money from their business. Also Hira and Majibar loaned some from their relatives and other society members. Together with all this money they bought three decimal lands in Palashpur for the total cost of around 100,000 BDT. “That was the toughest time for us”, said Hira. But they straggled. Besides fish business, Hira started to teach students as private tutor for other family children. But they maintained to repay the credit installment and savings. In other way they had to repay because they had indirect pressure from the fellow members of the society to repay the installment. By turn they repaid the entire loan. With the course of time they build one storied tin roofed building and shifted to their own house. It reduced their cost for the rent of house.



Photo: 5.18: Hira Begum inside her House

(Source: taken by the author in August, 2013)

Hira, with her family, lives in their own house now (Photo: 5.18). Now the value of their house with land is approximately 1,000,000 BDT. Not only that, her house is well decorated with furniture like wardrobe, dressing table, set of sofa, cots, electric appliances' such as television, refrigerator, iron, fans and other necessary home appliances. Hira can now buy nice sharee for herself and also nice dress for her son. Son of Hira Tushar reads in class-I in Udayan High School. Udayan High School is the second best school within Barisal district. Also it is a bit expensive. "He is my only one child. Every mother dreams with her child for bright future. To establish him in the society I would like to try every possible endeavor" said Hira (Hira Begum, personal communication, August 16, 2013).

Majibar and Shima rented a small corner of a cold storage where they store their fish collecting from the contracted fishermen during pick season. They sell it during offseason. Majibar employed two assistants on daily basis. Now they are planning to sell the fish to the fish traders of other areas.

As said by Dulal, the neighboring shopkeeper from where Hira usually buy the daily groceries “I have observed their changes within past few years. With effective planning, hard work, support from Mamotaz apa and through BRDB micro credit they really developed their status a lot. Also her society activities helped her greatly, not only to change the financial position but also her view” (Mr. Dulal, personal communication, August 19, 2013).



Photo: 5.19: Hira has a Happy Family with her Son

(Source: taken by the author in August, 2013)

Hira and Mojibar think themselves a happy family with their children and old mother. Hira still has credit from Women Development Wing of BRDB. In last May 2013 she took BDT 23,000. Now she is repaying the installment regularly and also deposits the savings. Majibar is doing fish business in a large scale. They like to continue their relation with BRDB through this society.

Also Hira Begum is very much careful about their society. She regularly joins the weekly meeting. Participate actively. She performs every duty she assigned from the society. She is the vice-president of the executive committee of the society. She sometimes takes help from her husband also to execute the society activities. It also shows the involvement of the family of the society members. According to Hira –“helping each other increase the relationship among us which inspire us to work more from heart on the other hand it is the source of mental satisfaction.” (Hira Begum, personal communication, August 16, 2013). So through their combined and heartiest effort the society became more and more active and successful.

5.4 Individual Case 3: An Opposite Case –

This is the description of a different case Taslima. She also has micro credit activities but different from above mentioned society.

Taslima Begum was born in a poor family of a very remote area. She could not continue her education more than primary level due to poverty and also for the unawareness of her family. When she was about seventeen she got married with Md. Bellal Hawladar following her family decision. Then Bellal was 21 years old. Bellal is the elder son of Md. Kanson Ali Hawladar of Bailakhali Village in Babugonj Upazila.

Bailakhali village is situated about 12 kilometers from Barisal city and about 8 kilometers from Babugonj upazila town. It was connected to those towns only with kacha (made with soil) road.

The inhabitants usually accessed to the town area by rickshaw in dry seasons and by boat or by walking in the rainy season.

Bellal was a rickshaw puller with daily net income about 150 BDT in average. That was not so big amount but was somehow enough for very poor survival. They had the dream to make their position better. At that time Bellal pulled rented rickshaw. He had to pay BDT 30 per day to the rickshaw owner. Thus their first dream was to buy a rickshaw. And for this they started to save money by themselves. After about one year they saved BDT 1040 as their own.

At that time a non-government micro credit organization started their activities in Bailakhali area. Taslima Begum, wife of Bellal joined to that NGO. Instead of save themselves they started to deposit BDT 10 as weekly savings to that NGO. Shortly they were selected for the micro credit. They received the micro credit and with their own savings they bought a rickshaw. That was the first development of their dream. Bellal pulled their own rickshaw and from his income he repaid the installments. By this time their first child Mitu came to their family.

Within three years Bellal bought two rickshaws. Also his family was happy. He himself pulled a rickshaw and other two was rented by two local people as daily contract. It increased his income which was good enough for his family expenditure. At that time the connecting road of Bailakhali to Barisal was developed to herringbone red brick road. Three Wheeler Baby Taxi line service was started between Bailakhali to Barisal. Bellal and Taslima planned to buy a Baby Taxi as the earning from Baby Taxi was more than rickshaw.

To buy a Baby Taxi they sold their three rickshaws, took credit from the previous NGO, and withdrew all their savings. But that was too small to buy a Baby Taxi. So Taslima took credit from two other NGOs. Also Bellal took loan on interest from the merchant creditor (who had money lending business) with a very high rate of interest and very rigid conditions. The interest was BDT 10 for every BDT 100 for the time of one month (10% monthly). They would not have to pay the interest of paid capital money. But if they fail to pay the capital and interest within one year they will have to pay the interest of interest with same rate and the process will continue until the total amount is paid. They took BDT 25,000 under this condition. But still the amount was not enough to buy a Baby Taxi. So with this entire amount Bellal took two Baby Taxis as lease.



Photo: 5.20: Rickshaw and Baby Taxi in Bangladesh

After buying Bellal learned Baby Taxi driving and started to drive one of two leasing Baby Taxi in Bailakhali-Barisal line. Also he gave another one to a driver in daily contract. But as he

was new driver sometimes he felt some problems with that Baby Taxis. Usually every driver knows some mechanical works for the Baby Taxi. But Bellal had to go to workshop for even very simple problem. It was more time consuming than cost of repair. Because when he went to workshop he could not earn. Though the repair cost was not so high, it hampered his earnings. On the contrary, he had to pay the credit installments to three NGOs and also the monthly interest BDT 2500 to the merchant creditors.

It was really tough and Bellal and Taslima became defaulter repaying the credit. But the merchant creditor's condition was very rigid and the amount was increasing as interest was increasing. At the end of the year they found a big amount to pay. Then they again took loan from another merchant creditor and paid the loan and this process continued.

In the next year Bellal had to cancel the lease of Baby Taxi to pay the entire loan. But as the condition of Baby Taxi was worsen from his contract position and as he cancelled the lease contract in an emergency basis, he get very little amount from the Baby Taxi owner. With that amount he paid some part of the loans from merchant creditor but not the NGOs credit at all. Then he again started to pull the rented rickshaw and was giving the installment of credits. As their condition went down, Taslima started work as housemaid to neighboring Mollabari. That was very hard time for them. But they continued to pay the installment. After completion of repaying the credit installments again they took loan and paid all the merchant loans.

At that time a new kind of auto rickshaw locally called as Easy Bike (see Photo: 5.21) came to the market. It is driven by the electrical charge. Bellal had only loan to NGOs not to merchant creditors. One of his cousins was a big businessman in capital city Dhaka. He donated Bellal BDT 75,000. Getting that money, Bellal wished to buy an Easy Bike. An Easy Bike's cost was around BDT 350,000 then. Again Bellal took loan from the NGOs and also from the merchant creditors. By accumulating that money he bought an Easy Bike with the BDT 250,000 as down payment and monthly BDT 4000 installments.



Photo: 5.21: Easy Bike (Source: Taken by author in August 2013)

Same thing happened again. Gradually Bellal and Taslima has been captured by the vicious circle of loan. Now Bellal has that Easy Bike and he earns about 700 to 900 taka daily with it. But he and Taslima are under huge amount of loan (see table 5.4). Table shows the total amount of loan is 132,000 BDT but the conditions of some loans are very hard to meet.

Table: 5.4: Credit Amount for Taslima and Bellal’s family:

SL No.	Loan Amount (BDT)	system of interest	Source of the loan	Repayment System	Remarks
01	30,000	11% flat rate	Nationwide Organization	Weekly Installment	
02	10,000	15% flat rate	Nationwide NGO	Weekly Installment	
03	10,000	12.5%	Local NGO	Weekly Installment	
04	20,000	16%	Local NGO	Weekly Installment	
05	25,000	40 kilogram paddy per 1000 BDT per year	Merchant Creditor	Annual payment	Every year they need to pay the paddy for the remaining loan amount. Average market rate of 40 kg paddy is BDT 1000 during
06	14,000	40 kilogram paddy per 1000 BDT per year	Merchant Creditor	Annual Payment	
07	4,000	40 kilogram paddy per 1000 BDT per year	Merchant Creditor	Annual Payment	

					season
08	10,000	10% monthly , complex rate (BDT 10 per month for every BDT 100)	Merchant Creditor	Monthly interest payment	If they fail to pay the interest in one month that will be counted as loan amount for next month and charged the interest
09	6,000	10% monthly , complex rate	Merchant Creditor	Monthly interest payment	
10	3,000	No interest	Neighbor	Anytime payment	
Total	132,000				



Photo: 5.22: Pass Books of Taslima

(Source: Taken by author in August 2013)

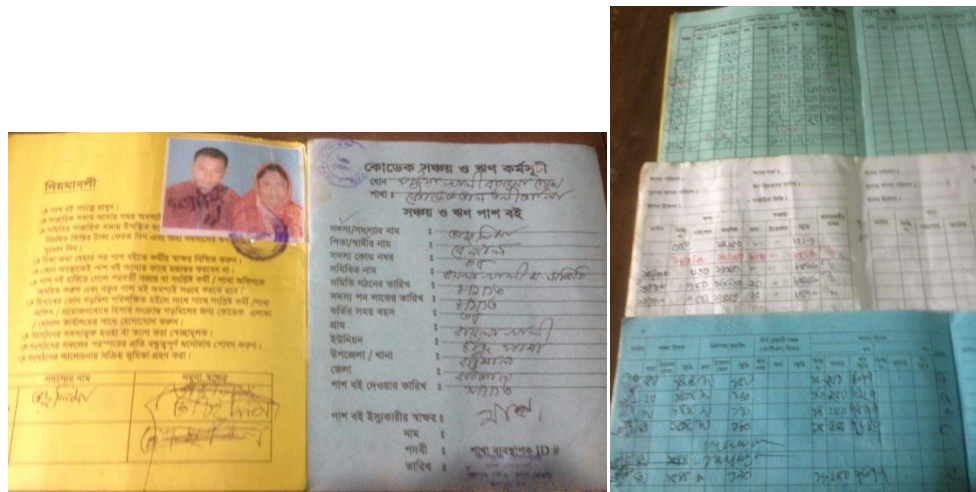


Photo: 5.23: Inside view of Passbook with Photo of Taslima and Bellal

(Source: Taken by author in August 2013)

Now Bellal drive the Easy Bike, Taslima still works as housemaid. Yet it is hard to pay even the installments. For the credit from the Merchant Creditor they need to pay BDT 1,600 per month as only the interest which will be treated as principal amount if they fail to pay. That will again charge the interest. They need to pay the weekly installments of first four credits in the table. Besides these weekly and monthly installment they will have to pay $(43 \times 40) = 1720$ kilogram paddy during next paddy season and also the borrowed amount. But they don't have even a piece of land. So they will have to buy it from the market and pay. They built their hut

(Photo: 5.24) for living on Bellal's uncle land. The condition of their hut is extremely poor. It was in the rainy season and to reach their hut author had to go through water and mud.



Photo: 5.24: Taslima Begum in front of her Hut with two of her Children

(Source: Taken by author in August 2013)

They have four children now. Mitu reads in class six in Bailakhali high school and second son Shakil read in class four. Next two children are not going to school yet. They for their busyness cannot care for children's education. Mitu sometimes help her mother to work as housemaid. When Taslima was asked about their future and future plan, she only replied "Only Allah knows what will happen" (Taslima Begum, personal communication, August 22, 2013).

5.5 Conclusion:

This chapter depicted the practical happenings of micro credit for society and household cases. It shows how micro credit could bring success for the society as well as for its members. For the development of individual household and also the community, planned and effective use of micro credit is very important. Along with the individual beneficiaries, their society plays a key role for the development. Also household and community complement each other for effective development. Micro credit not only increases the production and enhances the income but also contributes to increase the awareness, skills, knowledge, attitude and habit. Above description also shows that all the cases are not successful. Success has its reasons and results. The following chapter will be about the changes and the collective activities for development. It will also focus on stakeholders' contribution along with strategic components description of the earlier mentioned model.

CHAPTER 6: HOUSEHOLD CHANGES, COLLECTIVE ACTIVITIES AND COMMUNITY CAPACITY

Micro credit is a tool for development which is mostly focused for income generation and livelihood development. Along with the individual level development it has its potential to promote the collective activities and enhance community capacity. This chapter describes the changes through micro credit and its role to building community capacity with the focus to community capacity policy structure model. It also pointed out the role of key stakeholders.

6.1 Changes of Individuals:

The change of household livelihood has its several dimensions. For the case of Josna's Family micro credit could successfully address many of those dimensions. From very poor and vulnerable position now that family is well-established. Their income increased, living condition improved, family education level improved and most importantly they are now happy with their present status. Poverty is not just a question of low income, but also includes other dimensions such as bad health, illiteracy, lack of social services, etc., as well as a state of vulnerability and feelings of powerlessness in general (Krantz, 2001). The Josna's family could successfully develop their level from their extreme past considering these poverty indicators.

Micro credit successfully contributes its women members to empower within the family and also within the society. There have huge changes in the mindset of the members of the society. Now they are able to think positively for themselves, for their family and for the community as well. As said by Tahmina, URDO, Barisal Sadar,

“There have unique changes in the appearance of the women. When they first came to upazila office, they were not aware about their dress up, even some of them did not know how to wear dress, how to beautify themselves. But through the attachment of this system their total appearance has been changed. Now women members come to upazila wearing nice dress, caring their hair” (Tahmina Begume, personal communication, August 18, 2013).

The women come to upazila offices for training and different other purposes. It is some kind of mental strength to tell it to other people that she is going to the office. People appreciate this. It is kind of empowerment for women. The women became aware through all this process which also has positive impact on family planning, family education, nutrition, etc.

The women became the owner of assets or IGAs which has family and social recognition. Other members of family or community indicate that those assets or business belongs to mother of kotha (for example). This recognition is the source of mental inspiration and strength for mother of kotha (the member of the society). “Micro-credit can enhance a woman’s status in the eyes of other household members, as she is the source of an important resource, social

mobilization and legal education interventions in conjunction with credit is likely to have a more significant effect than credit alone” (Zaman, 1999).

According to UNIFEM (2000) women’s empowerment consists of “gaining the ability to generate choices and exercise bargaining power ... developing a sense of self-worth, a belief in one’s ability to secure desired changes, and the right to control one’s life”. Josna, Shima and Hira now can dream for future, can make the dream true and above all they have the confidence to lead a decent life. The workforces of women are utilized through micro credit activities and now it is accepted by the community which was not even imagined 30 years ago. Male dominated social system now thinks that women should work which can secure the development of family, society and contribute to national development. Thus all this development contributed to develop the capacity of society which has effect on community and by turn national level also.

The individual case of Hira Begum and Josna’s family is the successful example of small entrepreneurship development. Starting with a position of almost nothing, now Josna’s family is the owner of successful running business. Now their ‘SHEFA’ products became popular within the Barisal area. Wholesale market sales their product. Also they are exploring the neighboring markets. They purchase the raw material from capital city. They make online transactions for their business. They employed local workforces specially women to their factory.

6.2 Collective Activities:

The women who were mainly treated for the work within the household at the beginning of the case society, had even no idea they can act for the development, now works collectively not only for their own sake but also for their society as well as community. Now they are aware about their role in the system for the development of community. The collective activities and the community capacity development through micro credit are described here based on the community capacity development and policy structure model.

As described in the community level case (see 5.1), Palashpur was a poor area and micro credit initiatives brought significant changes. To this way of change, the members of the society had different collective initiatives. Motivating by the BRDB personnel they formed the cooperative society with the intention to develop themselves and to be united for their own sake. They regularly joined the weekly meeting and discussed their prospects, problems, etc. They also discussed about their family problems and were friendly to solve it. So this forum becomes the mental relief point for the members. It improves their mental peace and gave them the opportunity to think positively. This meeting and cooperation within the members improved intimacy among them. This intimacy was not negative rather it improves the positive competition among them to do something good for individual, for the family and for the community.

Now the members, besides their individual activities, try to cooperate with others. They help each other in different ways. For example, when Ruby, one of the members, failed to repay the

installment timely, other member lend it to her. They collectively support to implement their micro credit activities and evaluate the incomes. Also they support each other in case of illness or any other problems. For funeral, accidents, etc. they extend their helping hand individually and in group not only to the society members but also to the community people.

They members together look after for the education of their children together. Some members together discuss with the children of the members about their education and inspire them to study more. They got the result of it, now most of the children of the members study in famous schools in Barisal city. Besides this, members like Shima, Josna, Hira teach the students as private tutor. It helps to children's education on the other hand it gives some extra income to those tutors.

This group discussed about different social and legal issues (some issues are described under 'Informal Training' section in 4.5.5) in their weekly meeting. So they become aware about those issues. They also organize different awareness raising program with the help of BRDB and other upazila level offices and also NGOs. They had workshop on sanitary latrine, rally against child marriage and dowry, discussion and rally on cooperative movements etc. To prevent child marriage they motivate the parents of the community. If they fail to prevent, they contact to upazila authority or local government bodies for further actions. Every members of the society committed not to take dowry or have child marriage of their children.

The members of the society are become united in terms of negotiation with other stakeholders, such as City Corporations, NBDs, market, etc. They maintain relationship with City Corporation for the infrastructure and other development of their area. They have the representative from their society to Community Development Committee under ‘Empower Poor Urban Communities’ project of City Corporation which works for infrastructure and social development. They planned to negotiate with Transport Authority, Transport Owners Society to start bus line which includes Palashpur.

So now they think themselves united and gained the confidence to overcome any kind of obstacles. They are now committed for their development and also capable to mitigate the problems, set small scale target, work for achieving it and to utilize their prospects. The collective activities and their outputs, outcomes are organized in the Policy Structure (see the Policy Structure in Table 6.1).

Table: 6.1: Policy Matrix for Micro Credit Operation and Change of Community Capacity:

End Outcome	Intermediate Outcome	Output	Activities	Inputs
Capacity developed for community development	Community coordination and confidence developed	Responded to community activities	Response and participation to common activities like functions, funerals, etc.	Traditions, norms
			Negotiation with retailer, service receiver as Society entity	Society entity
			Contribution to Building Mosque	Fund, Labor
			Community development through EPUC project with City Corporation	CDC, Project fund
			Negotiation for Bus line	
	Community became more peaceful	Anti-social activities decreased	Counseling the youth not to take drug	Society Members,
			Prevent child marriage, dowry, etc.	Organized members
			Commitment to avoid anti-social issues by the members	

	Community Networking improved	Different services received	Negotiation and service access from Service providing channels, like Hospital, NBDs, NGOs, etc.	NBDs, NGOs
		Networking improved	Members support to market exploration	
			Cooperation with other cooperative societies and UCCA	
			Working with local government bodies	
	Community resource capitalized	Local employment generated	Employing local manpower in micro credit initiatives	Local human resource
		Small Entrepreneurship Developed	Production and trading of micro credit investment products	
		Resource accumulated	Savings deposit	Passbook
			Share sales	Passbook
		Capacity increased for credit management and income	Management quality improved	Managing society activities
	Credit installment repaid		Repaying the installment	Passbook, Register
Micro Credit utilized	Utilization of micro credit and income generation		Society members	

	generation	with effective planning by the society	monitoring by the society	and officials
			Receiving of micro credit	Micro Credit fund
			Efficient planning of members for micro credit	
	Human resource Developed	Skill developed	Participation in formal training program	Fund, Trainer
			Forms fill up & application to upazila office for different purpose	Forms
		Members became aware about social and legal issues and felt inspired	Informal and formal Orientation from BRDB Officials, NGOs	Brochure, Mentor
		Children of the members got chance to desired school	Collective initiative for education of the children of society members	
		Members engaged as private tutor	Monitoring the school attendance and result of the children	
	Sense of community and	Social intimacy improved and Society	Accelerate Society activities through idea sharing, helping each other, etc.	FO as facilitator

	belonging to community increased	activities accelerated	Discussion about prospects, development and other common issues	
			Joining the weekly meeting	Meeting place

6.3 Role of Collective Activities to Case Development:

Several aspects can be identified for the success of the society and the household cases. The above mentioned collective activities played an important role for this development. It benefited both the household and the society. It also has direct and indirect effect on the development of community. The prospect of successful collective action appears much more likely when the members are considered together, since this raises the value of potential benefits relative to the cost of transacting (Mearns, 1996). The role of collective activities to develop the household livelihood and community capacity is outlined below.

6.3.1 The Household Case:

The household case of Josna's family utilized their own efforts as well as the supports from the society and BRDB. The very first step was to access the micro credit through joining the cooperative society. Without that micro credit it was hardly possible for Josna's family to take any initiative. Also the society acted as a unit and continued their micro credit. It helped that family to continue their business. Thus, formation and continuation of the society and also performance to continue the micro credit was the most important contribution of the society to its members which includes Josna's family.

The society maintained to organize the weekly meeting regularly that improved the participation and management skill of the members. Josna and other members from their family utilized this skill to their own business also. Josna's family received the idea of diversifying their product list

from the rubber band to pickle from the fellow members of their society. This idea changed their business to great success later. The society members had fellow feelings and tried to help each other in every possible way. The members helped Josna’s family in different way: placing order to Josna’s family for making their own and relatives’ garments, supporting her family to sell their products and also to contact and negotiate with the local and wholesale markets. Above all the continuous monitoring and evaluation of the micro credit initiatives of Josna’s family through society mechanism helped them to continue their business.

The support and negotiation of the society with different stakeholders as an entity also had positive effect on the business development of Josna’s household. The society negotiated and received the services from the government service providing channel, local government bodies, etc. It has effect on community infrastructure development, social development and also human capacity development. As a member of the community Josna’s family received those facilities which also helped them indirectly. With all this support the family of Josna is a small entrepreneur now, the members of the family are confident and also able to contribute for the development of the household, society and the community. How the household of Josna utilized the society collective activities for their development are also explained in the Table – 6.2.

Table: 6.2: Collective Activities for Household Development:

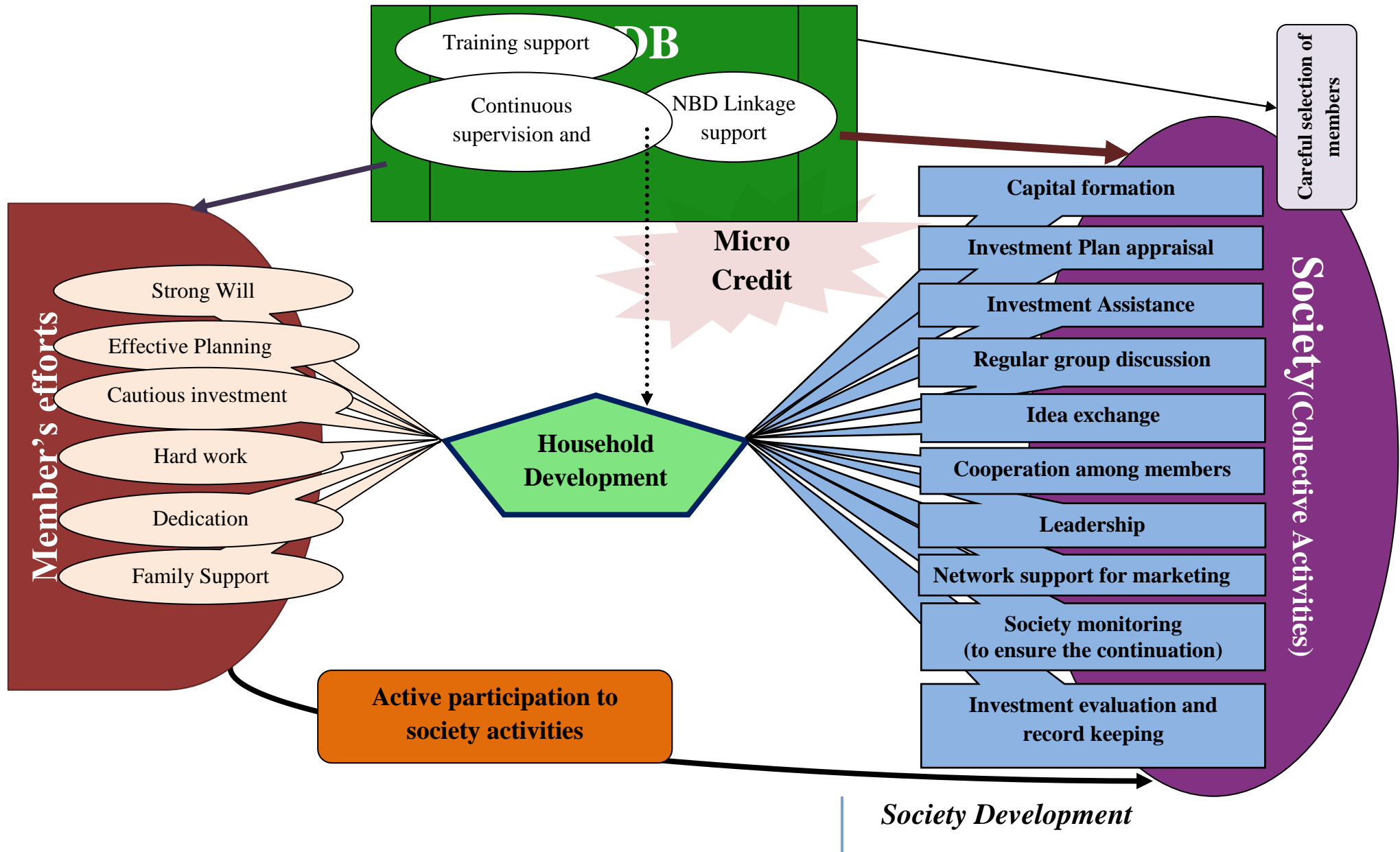
	Society Activities		How used by Household
1	weekly meeting	Weekly meeting provided formal and informal training to develop the skill of the members	The members from Josna’s family utilized those skill for the management of their business also

2	Group Discussion	It helps the members including Josna to discuss about their prospects, problems also share their idea.	They received the idea of diversifying their product and added pickle as new product to sell to women and children
3	Helping each other	The society members helped Mahamuda (elder sister of Josna) through giving the order for making the garments for their family and relatives.	Mahamuda received orders from the members and their relatives which was the first potential income earning by the women member of the family
		Society members helped Josna to sell their products at the initial stage. Also they helped her family to negotiate with the wholesale shop. In fact the family members of the society members extended their helping hand to Josna's family.	Josna's family used the society network to sell their products.
4	Negotiation and service access from service providing channel	The society arranged different programs with Nation Building Departments to receive their services.	Josna's family received government services through the society
5	Negotiation with LGI	The society worked with the city corporation for the infrastructure development of their area.	Josna's family enjoyed the developed infrastructure which helped their business very much.
6	Encouragement for	Society encouraged the education of	Josna, Shima received students to

	education	the children of the members and also of the community.	teach as tutor. Also their young family members were benefited.
7	Come to contact with official system	Society activities give the opportunity for its members to come to contact with the official procedure.	It increased the awareness level of Josna, Shima and the other members of the family. It changed their view and lifestyle. It enabled them to improve themselves and empower them socially.
8	Investment evaluation	As it was group based credit and being defaulter by one member will make them ineligible for next credit so they evaluated the investment of Josna's family.	This society evaluation in weekly meeting motivated Josna's family for the appropriate use of the credit money and also for hard work.
9	Networking	Society acted for the enhancement of existing networking	Josna's younger brother Shohag got a job in IFAD group using their network.

Besides this, the society along with the community helped Josna's family to find employees from the community, to rent rooms for their 'Factory', etc. The family members of Josna also extended their full-hearted support to the society. So it was a win-win combination for both the society and the household. The society managed to receive continuous supports from BRDB. The detail links that worked for the success of the household case and the society can be illustrated as figure 6.1.

Figure: 6.1: Development Linkage (Source: Created by author)



6.3.2 Role of BRDB for the Development of the Case:

BRDB played vital role as the facilitating organization for the development of the mentioned society and the household of the members. Of course, the society and its member was the initiator to change their fortune. But from the beginning BRDB was keen to care for their initiative. The first step to this way of development was motivation and selection of members. BRDB officials motivated the women and created positive thinking in their mind so that they initiated cooperative activities. They continued to observe the willingness and performances of the society as well as individual members for all these years. As it is society based micro credit, one members default could just stick all the society micro credit eligibility.

BRDB monitored their individual and collective activities through different measures. BRDB confirmed the attendance of FO to every weekly meeting to facilitate it and to collect the savings and credit installments. High officials visited regularly to monitor their micro credit initiatives. They discussed with them about their difficulties and had measures to solve it. They monitored the production, sales and income of Josna's family business which made the members family more cautious and also inspired them to work hard.

BRDB arranged lots of programs for the society members with other NBDs to make them aware about government services and facilities. BRDB provided training on different IGAs and skill based issues. Mahamuda received training from different training institutes and became the trainer of trainee (ToT) for the members of the society as well as for the community. Moreover BRDB acts as the linking body for the society and members. For example – during the

establishment of Josna's family business they had to get business license. BRDB acted as intermediary to get this license from the licensing authority. UCCA helped them to connect with wholesales market. In any needs of the society BRDB maintained extensive communication with the society.

6.3.3 The Cooperative Society as the Forum for Development:

Organizing to a cooperative society was the very first step for their success. Women were mostly treated to work only for the family, not for productive or earning purpose. Though they worked hard, that was not evaluated or valued by anyone. To come to an official forum gave them new thinking, new hope to do something. These activities created dreams in their mind. They were united and started to believe that they can do something for the family and for the common developments.

Cooperatives gave them the opportunity for capital formation as savings and share. Josna's family, Hira utilized their savings to expand their business and for asset development also. Along with BRDB functionaries the cooperative society also strictly monitored savings collection which helped the members a lot later.

Before receiving micro credit each members had to submit her investment proposal which was appraised in the weekly meeting. The meeting discussed every single proposal, its opportunity, acceptance, income scope, etc. They suggested corrections if necessary and also extended their cooperation to make it successful. As the society had to think about the repayment of the

installments of all the members to access the next loan, they were very much careful about the investment of micro credit. This society maintained it smartly since 1992 to till date.

Regular discussion in weekly meeting about their investment and income generation enabled them to learn the problems and prospects of the members' investment initiatives. Thus, they were able to exchange the idea among them. The idea of selling Achar by Josna's family came from such discussion in the group. To implement this idea the weekly meeting acted as the forum for cooperation.

The cooperative society also had great contribution to promote leadership which played a vital role for the mentioned development. It gave the opportunity to utilize the existing network and to enhance the networking which benefited both the society and its members.

Not only the society members but also their family members were cooperative to the society activities and became the part of society and acted for the mutual development. For the success of the cooperative, it is imperative to ensure that all cooperative members have good information about each other without great effort, and do self-select into the cooperative (Chloupková, 2002). The South Palashpur Women's Cooperative Society could successfully build the progressive relations among them. Hence, this society was successful in its long run. It could establish itself as an effective entity and also could contribute to the development of its members and to the community it belongs to.

6.3.4 The Individual Effort:

The individual members were very much eager for their development within the society through the micro credit initiative. They love their society and work for it from the heart. They had fellow-feelings and help each other in every possible ways. They followed the rules and regulations also the leadership. On the other hand for their individual initiatives they were very much careful. As they started with a very poor and vulnerable condition so they were careful about their micro credit investment. They knew failure might destroy them. So they made cautious investment, worked hard and focused on slow but steady growth. They convinced their family to support their activities. And thus with the full-hearted will, they achieved their present success.

6.4 Development of Strategic Components for Community Capacity:

The definitions of community capacity do suggest agreement on at least a few factors: 1. The existence of resources, 2. Networks or relationship, 3. Leadership, and 4. Support for vehicles through which community members participate in collective action and problem solving (Chaskin *et al.*, 2001). Development of these factors positively impacts the community capacity which is related with the strategic component of community capacity development policy structure model. For the study case the development of strategic components of this model are discussed.

6.4.1 Human Resource:

For the case of South Palashpur Women Cooperative Society, micro credit and cooperative activities had significant impact on community human resources. It changed the women

workforce to acceptable economic value from a very zero position. The women due to several reasons were not attached to any economically productive activities. They worked hard all day long but that was only for the family care. The main activities were to cook food for the family members, to clean house, to care for the children, etc. Though it was hard job to do, it was even not recognized by any one and also it had no economic value.

Being member of the cooperative society and getting access the micro credit some of them initiated small scale productive activities. The social system was not ready to accept that. But as it could contribute to family consumption and sometimes to family income and as most of their families were poor, it got gradual acceptance. By turn their workforce became acceptably serviceable for the family as well as for the society. Organizing in society and micro credit gave them the opportunity to come in touch of development track. Now they are aware about their life, responsibility and capability. Thus they became resource for the community and for the nation as well. Their development as the human resource also had effect on other persons related to them.

In the mentioned case firstly Mahamuda and later Josna, Hira, Shima are the perfect example of human resource development. Josna along with being the owner of a running business with family members is a teacher of Kindergarten. She achieved Bachelor degree and now studying Masters. Her development had direct effect on her family. Her brother Shamim became businessman, another brother Shohag studying Masters in Management and also got a job in IFAD Group. Josna's development had effect on their society and even to the community development also. She is the manager of their successful society since 2006. She works for community development with City Corporation as the member of CDC. With other members she

joins to common development activities. Like Josna, Shima also teaches for adult education. Hira besides their fish business works as private tutor. And also important that she send her son to Udayan School despite it is expensive. It means their level of thinking developed to invest for future human resource.

6.4.2 Leadership:

Micro credit, if it is properly followed the operation requirement, has huge potentials to create leaders. As mentioned above Josna since 2006 leading the society and was successful. Within these years the society was regular in credit installment repayment, utilizing the credit money properly by all the members and created a fund of more than 0.5 million BDT as share and savings. Josna managed the active cooperation among members. When one member failed to pay the installment she managed it from other members for that week and paid back to the lender on next week. In such case she conducted individual meeting with that member and with FO. The executive committee sometimes talked to the family of that member and helps her to overcome the trouble.

They organized group effort to social issues also. Besides their society activities, Josna leads the community also to negotiate with different stakeholders for the development of the community. Shima Begum elected Director of Barisal Sadar Upazila Central Cooperative Association (UCCA). Now she represents all the Women Cooperative Societies to the UCCA. Thus, micro credit activities promote the leadership quality among the members also that leadership is being used for the representation and development of different level community.

6.4.3 Organization:

It has been observed that only 22 women started the South Palashpur Women cooperative Society but now they are 50 members. Article 13 (b) of Constitution of Bangladesh also declare the rights of cooperative ownership. Now this society has a handsome amount of capital. It shows the acceptance as a forum to the community people and other outside stakeholders. Micro credit also provides group identity to the rural poor women as they are used to participate weekly meeting (Afrin, Islam, Ahmed, 2008).

As a society it gets extra importance even before election like national pole, local government election, etc. Thus, the society gets some strategic power to bargain with the elected public representatives. Responsive organizations become the vehicles through which residents can gain a more powerful voice (Chaskin *et al.*, 2001). This society now acts and negotiates with different stakeholders as an entity. They work with City Corporation for the development of their community. Different Nation Building Departments (NBD) use their forum to as they can serve many people through this forum in one point. This society acts for the development of their members as well as for the community also with its organizational identity which is supported by Cooperative Laws and Bylaws. This society was changed and now it is South Palashpur Women Cooperative Society Limited.

6.4.4 Network:

The micro credit activities at individual and community level were influenced by the existing networking. This society had several examples of utilizing group network. As when Mahamuda started tailoring works, the fellow members helped her to get the orders. When the market of the

product was saturated the society members came to help Josna's family to increase their sales. Sometimes they introduced it and sold it to their relatives, friends or familiar persons as their agent without any reward. Josna's family and also Hira bought land with the help of society members and their family. Those lending a hand to each other made the society more effective. It has great effect on individual development and development of the community as well.

On the other hand those credit activities gave them the opportunity to broaden their network in many ways. Through BRDB the society members got the opportunity to work with formal sectors. They now are more efficient to communicate with service providing NBDs, NGOs, etc. Through marketing activities of individual members like Josna and her family they established effective communication with market. Using this network Shohag got the job in IFAD Group as Sales Officer, Josna is now working as assistant teacher. Shima is now acting as Director of Barisal Sadar UCCA that allows her to build effective networks with other cooperatives of Barisal Sadar upazila. The CDC enables them to work with community people and Barisal City Corporation. So, the micro credit activities utilized the existing network to develop the members and community capacity, also it contributed to develop further networks. Figure: 6.2 shows the networking within community and with different sectors.

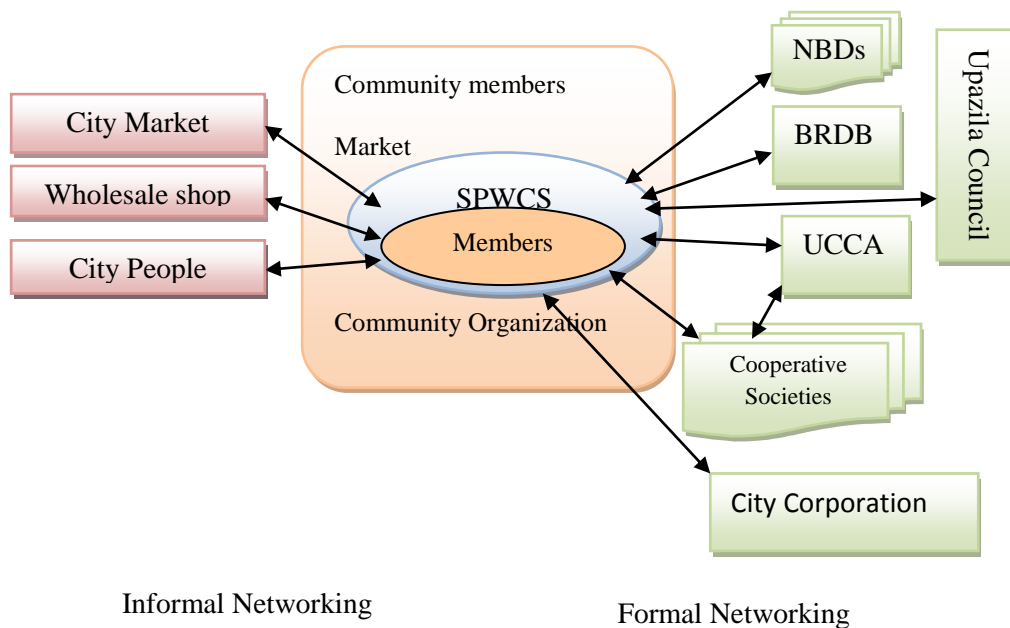


Figure: 6.2: Networking for the Case (Source Created by Author)

6.5 Society Functioning:

Community functions can be viewed as the process of realizing the community's goals (Stenning, 2013). The weekly meeting is the forum for the society to discuss their prospects, problems and taking decisions. At the very beginning their target was just to continue the society activities to change their fortune. By turn they learned how to organize themselves, how to work collectively for mutual benefit and also how to work for the development of the community which brings development to all. Now they are capable to plan and implement small scale development works within the community. They use their network for implementation. A little example may describe the functioning of the mentioned society. As poor area the supply of drinking water was far from their locality. So they took the initiative to have a tub-well for safe drinking water. They

communicated with City Corporation. They took the help of local elected City Corporation Councilor. And now they have their community tub-well.



Photo: 6.1: Common Tub-well in South Palashpur

(Source: taken by author in August, 2013)

6.6 Conclusion:

In terms of South Palashpur Women Cooperative Society Limited and its individual beneficiaries, micro credit has huge impacts. The micro credit developed the socio-economic position of individual members which had effects on community capacity. Not only the society itself but also the whole community was benefited through these society activities of micro credit.

For the Household cases incredible changes has been identified by the members themselves. Through the process individuals became more confident and more skillful. The household experiences better living condition with improved facilities. Asset position developed

significantly. Above all the status of individuals and the household to the society changed amazingly. From the very zero position the case household became small entrepreneur. The micro credit access and initiatives had positive impact on the education of the members of the household case. The women members of the case society empowered which also has positive impact on the household and also to the community.

The society and its collective activities became the mean for the household to achieve this position. Through providing idea, capital, network, training, awareness and linkage facilities the society helped for the development of individual household. Conversely the heartiest response from the members made the society activities successful.

It is not very simple to say that this micro credit activity through cooperative society was successful due to certain actions. Rather it is the result of combined and sincere effort of relevant all stakeholders including the micro credit provider, society, individual members and their family, community stakeholders, etc. Leadership, participation, collective activities and of course the micro credit itself played a significant role. This again refers to the relation between household development and community capacity development through the mean of micro credit.

6.7 Limitation and Opportunities for Further Research:

This research focused only a successful case of government operated micro credit. The history of micro credit is quite old in Bangladesh. Several government and non-government organizations have micro credit programs. Also within government sector there has different programs. There

have huge success and also failures. So this study represents a very micro part of the micro credit in Bangladesh. Yet, some essence of this study may be helpful for the academician and also for the practitioners.

A comprehensive qualitative research can be done to explore and portray the development through micro credit. Coordination for micro credit operation among different government and non-government MFIs are really important which can be examined through further study. Besides all these, of course it is an important field to investigate the relation between micro credit and community capacity development for different cases and in wider scale. Based on the local causes and prospects micro credit operations should be modified accordingly for the comprehensive development. This course of modification and development through study and evaluation is a continuous process.

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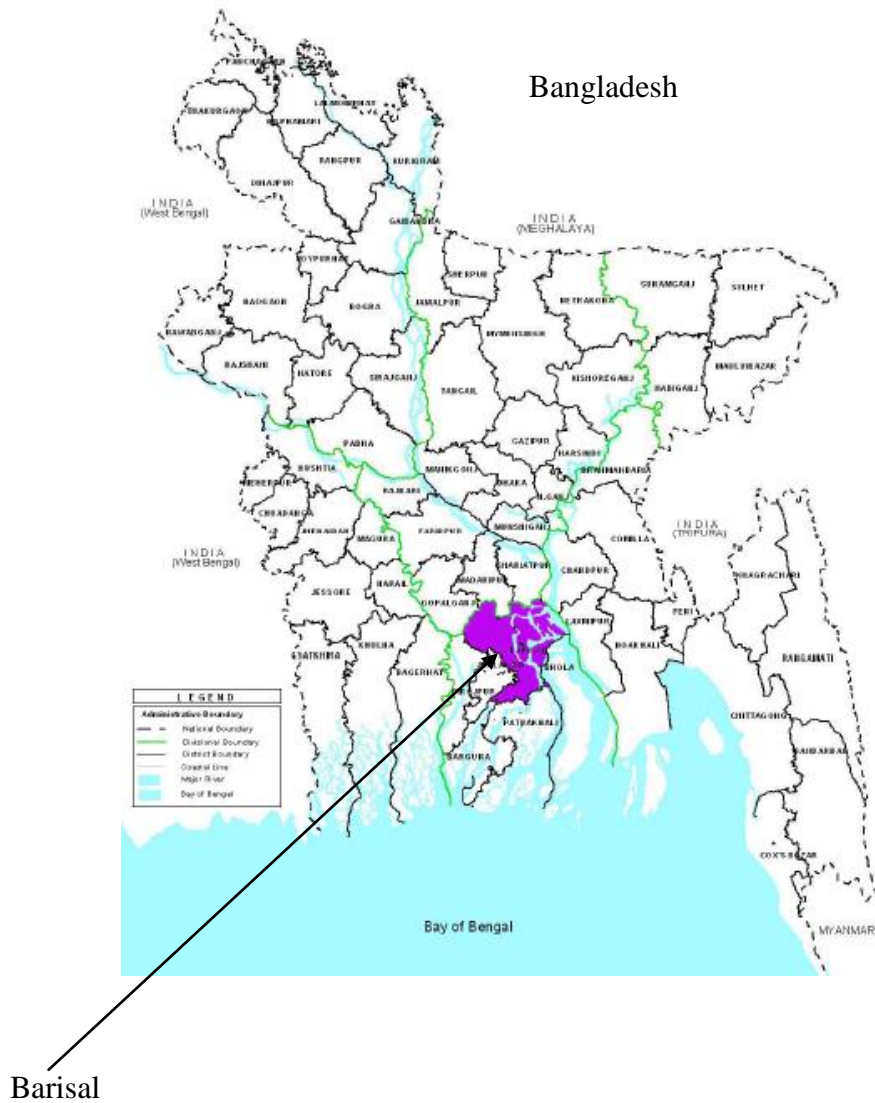
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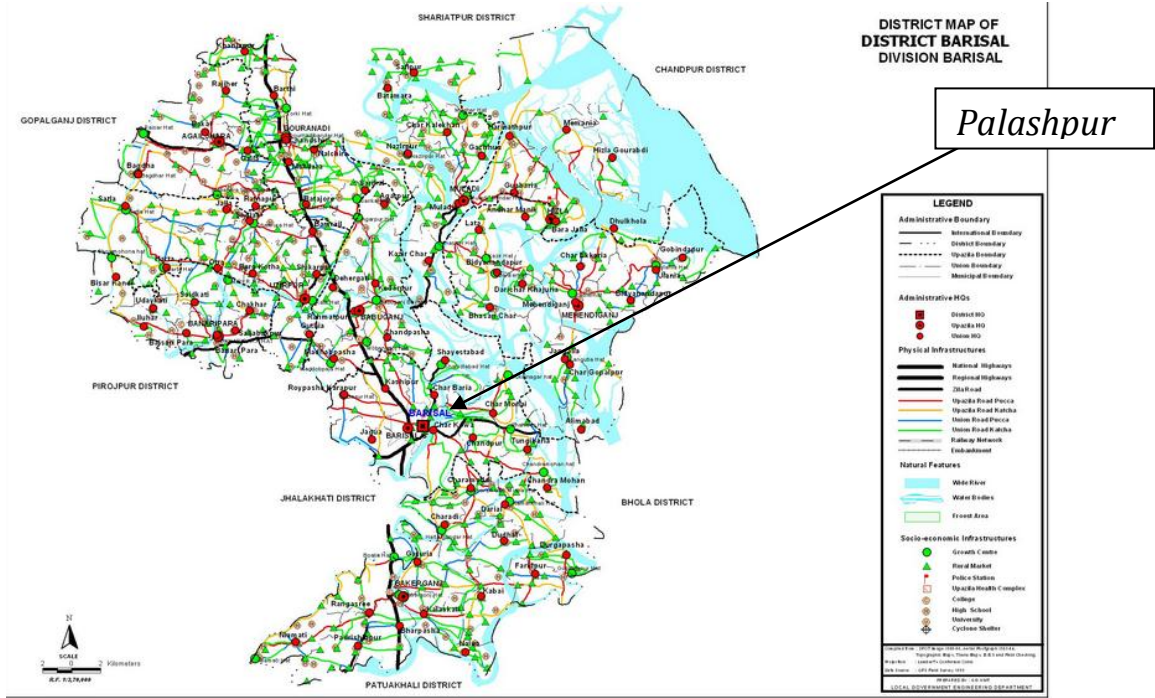
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APPENDIXES:

Appendix-1

Study Location:





Barisal District in the Map (Local Government Engineering Department, 2012)

Appendix-2(A)

List of Functionaries Informants:

SL. No.	Name	Identity	Remarks
1.	Mrs.Nawshaba Nasrin	Deputy Director, BRDB, Barisal	Functionary (District Chief)
2.	Nasima Akhtar	URDO, BRDB, Baugonj	Functionary (Upazila Chief)
3.	Md. Kamruzzaman	ARDO, BRDB, Babugonj	Functionary (Field Officer)
4.	Mr. Mahbub	FO, BRDB, Babugonj	Functionary
5.	Mrs. Khaleda Ohab	Chairman, Babugonj UCCA	Elected Cooperative representative.
6.	Mr. Samsul Haque Jamaddar	Director, Babugonj UCCA	Elected Cooperative representative.
7.	Tahmina Begume	URDO, BRDB, Barisal Sadar	Functionary (Upazila Chief)
8.	Md. Jasim Uddin	ARDO, BRDB, Barisal Sadar	Functionary (Field Officer)
9.	Md. Mohiuddin	JO, BRDB, Barisal Sadar	Functionary (Accounts)
10.	Mrs. Mamotaz Begum	FO, BRDB, Barisal Sadar	Functionary (Field Officer)
11.	BRDB Head Office functionaries		

List of Informants from Primary Selected Cooperatives:

SL. No.	Name	Identity	Remarks
1.	Mr. Abdul Matin Hawladar	Member, Kalikapur Farmers' Cooperative Society Chairman, Chandpasha Union Parishad	Cooperative member and elected public representative
2.	Md. Shamsul Hoque Jmaddar	Manager, North-East Pangsha Farmers' Cooperative Society	Cooperative member
3.	Firoza Akhtar Josna	Manager, Dokkhin Palashpur Mohila Shamobay Shamiti Limited	Cooperative member
4.	Central Palashpur Women Cooperative Society	Cooperative society	Data collected from weekly meeting with the help of Mrs. Mamotaz

Appendix-2(B)

List of Informants of Case Cooperatives (Society level):

SL. No.	Name	Identity	Remarks
1.	Fahima Begume	Chairman, Executive Committee of the society	
2.	Hira Begum	Vice-Chairman, Executive Committee	
3.	Firoza Akter Josna	Manager, Executive Committee	
4.	Shima Begum	Ideal Housewife, Executive Committee	
5.	Rubi Akter	Member, SPWCS	

Appendix-2(C)

List of Informants of Case (Household Level):

SL. No.	Name	Gender	Identity	Remarks
Case 1:				
1.	Firoza Akter Josna	F	Member	Direct Beneficiary
2.	Shahida Begum	F	Member, Josna's Mother	Direct Beneficiary
3.	Shima Begum	F	Member, Josna's Sister-in-law	Direct Beneficiary
4.	Mr. Tuhin Bhuiyan	M	Josna's Brother (Husband of Shima)	Indirect Beneficiary (as family member)
5.	Mr. Shamim	M	Josna's Brother	Indirect Beneficiary (as family member)
6.	Mr. Shohag	M	Josna's Brother	Indirect Beneficiary (as family member)
7.	Katha	F	Josna's nephew	Indirect Beneficiary (as family member)
8.	Bassu	M	Employee	
Case 2:				
9.	Hira Begum	F	Member	Direct Beneficiary
10.	Banu Begum	F	Former Member	Indirect Beneficiary (as family member)
11.	Md. Majibor	M	Hira's Husband	Indirect Beneficiary (as family member)

	Shikdar			family member)
Case 3:				
12.	Taslima Begum	F	Micro credit borrower from different organizations	
13.	Md. Bellal Hawladar	M	Taslima's Husband	
14.	Mitu	F	Daughter of Taslima	

Questioner for Story Telling Facilitation and follow-up In-Depth Interview:

What was the position of pre-access to micro credit?

1. What did you do before involving the group?
2. What was your financial position?
3. What was your social position?
4. Situation of that time – in terms of five basic needs, sanitation, drinking water, etc.

What was the initial intension to join?

5. Why did you join the group?
6. When and how did you join the group?
7. What was your initial target from this group?

How did the group and the member perform in the early stage?

8. Tell me about your primary days in the group.
9. How did the group acted then?
10. Did you find any obstacles at the primary stage?
11. Did you fell any lack of cooperation from your family members or any others?
12. When and how did you first access micro credit?
13. Did you have any credit access before? Describe briefly.
14. Before borrowing money did you informed enough about its service charge and other features?

How did the member manage the credit?

15. Did you have any plan before taking the credit?
16. How did you utilize the credit?
17. How did the credit effected to your income?

18. Were there any misuse/ consumption of that credit?
19. How did you pay the credit?
20. Did you feel any hardship to pay the installment (as it starts from the very next month of receiving)?
21. How many times did you receive the credit?
22. Did you take micro credit from any other organization? Why?
23. What did you do with that/those credits?

What is your observation?

24. What do you think about your present condition?
25. Is there any significant change?
26. What? Why? How?
27. Change in the mentioned issues along with family status, children education, change in your skill, mentality, confidence level, etc.
28. Do you think you have any progress in your thinking, awareness level?
29. What do you think about the micro credit?

What is the thinking of individual member to group?

30. What do you think now about your group?
31. What do you understand by community (society)?
32. Do you think that you've any responsibility to community?
33. How do you response to community needs?
34. Do you think you have any change in your response to community?
35. Do you think your community has any common target/goal?
36. Do you think now you have the power to motivate other people and try for the development of community?
37. Do you think your community system should have more organized measure for development? How?
38. Do you feel sense of ownership for your community?
39. Can you have some common focus like –
 - a. Social issues: Child marriage, dowry, funeral, Education of the student of the community, etc.

- b. Infrastructure: Building 'Kacha' road, Common Sanitary Latrine,
40. Can you think how you can work with Local Government for the development?
 41. What do you think about your right and responsibilities as a citizen now?
 42. How again you will evaluate micro credit to enable you to all this process?

Part B: To recognize the changes:

Why do you think you experienced any change?

What are the changes?

- How about your basic needs? Was there any development?
- Do you have three meals a day?
- When did you build your house?
- Do your children go to school? Do they have private tutor?
- How is their result? Can they speak English now?
- Do you have sanitary latrine now?
- What are your present assets? Is there any development?
- Do your family have bicycle now?
- Do you have mobile now?
- Your influence in community, Social Empowerment: What do you think about the following issues:
 - You are happy because now you can sometime offer job.
 - Now you are invited to social functions.
 - Your suggestions are welcomed and valued in society.
 - You have saying in community.
 - You can influence community people?

In Bangla:

প্রশ্নসমূহ:

- এ গ্রুপে যোগদানের পূর্বে আপনি কি করতেন?
- আপনার আর্থিক অবস্থা কেমন ছিল?
- আপনার সামাজিক অবস্থান কেমন ছিল?
- পাঁচটি মৌলিক চাহিদার (অন্ন, বস্ত্র, বাসস্থান, চিকিতসা, শিক্ষা) প্রেক্ষাপটে আপনার অবস্থা কেমন ছিল?
- আপনি কেন গ্রুপে যোগদান করেছিলেন?
- কখন এবং কিভাবে আপনি গ্রুপে যোগদান করেছিলেন?
- গ্রুপে যোগদানের ক্ষেত্রে আপনার প্রাথমিক লক্ষ্য কি ছিল?
- গ্রুপে যোগদানের প্রথম দিকের দিনগুলো কেমন ছিল?
- তখন গ্রুপের কাজকর্ম কিভাবে চলত?
- আপনি কি প্রাথমিক পর্যায়ে কোন বাঁধার সম্মুখীন হয়েছেন?
- আপনি কখন এবং কিভাবে প্রথম ক্ষুদ্রঋণ নিয়েছিলেন?
- এর পূর্বে কি আপনার ঋণ পাওয়ার উপায় ছিল? সে বিষয়ে আমাদেরকে একটু বলবেন কি?
- ঋণ গ্রহণের পূর্বে এর সেবামূল্য ও অন্যান্য দিক সম্বন্ধে আপনি বিস্তারিত জানতেন কি?
- ঋণ গ্রহণের পূর্বে আপনার কি কোন পরিকল্পনা ছিল (ঋণের ব্যবহার কিভাবে করবেন সে বিষয়ে)?
- আপনি ঋণের টাকা কিভাবে ব্যবহার করেছেন (১মবার, ২য়বার ...)?
- আপনার পরিবারের সদস্য বা অন্যকারো কাছ থেকে কোন অসহযোগিতামূলক আচরণ অনুভব করেছেন কি? দয়া করে একটু বিস্তারিত বলুন।
- আপনার আয়ের উপর গৃহীত ঋণের কোন প্রভাব ছিল কি? কীভাবে?
- আপনি কি মনে করেন আপনার ঋণের কোন ভুল ব্যবহার হয়েছিলো? কীভাবে? আপনি কি আয়বর্ধক কাজে ব্যবহার না করে ঋণের টাকা পরিবারের অন্য কাজে ব্যয় করেছিলেন? কীভাবে?
- আপনি কী ভাবে ঋণ পরিশোধ করেছিলেন / করছেন?
- ঋণ পরিশোধ করতে আপনার কোন অসুবিধা হয়েছিলো / হচ্ছে?
- ঋণ গ্রহণের ঠিক পরবর্তী সপ্তাহ হতে কিস্তি পরিশোধ করাকে কি সমস্যা মনে করেন?
- আপনি কতবার ঋণ গ্রহণ করেছেন?
- আপনি কি অন্যকোন সংস্থা হতেও ঋণগ্রহণ করেছেন / করেছিলেন? কেন?

- সেই ঋণ দিয়ে আপনি কি করেছেন?
- ক্ষুদ্রঋণ সম্বন্ধে আপনার ধারণা / মতামত কি?
- আপনার বর্তমান অবস্থা কেমন বলে আপনি মনে করেন?
- কোন তাৎপর্যপূর্ণ পরিবর্তন লক্ষ্য করেছেন কি?
- কি পরিবর্তন? কেন? কীভাবে?
- উল্লেখিত বিষয়সমূহের সাথে সাথে পারিবারিক অবস্থা, সন্তানদের শিক্ষা, মানসিকতা, দক্ষতা, আত্মবিশ্বাসের পরিবর্তন লক্ষ্য করেছেন কি?
- আপনি কিমানে করেন আপনার চিন্তা-চেতনায় কোন পরিবর্তন এসেছে (ক্ষুদ্রঋণের সাথে জড়িত হওয়ার কারণে)?
- আপনি আপনার গ্রুপ সম্বন্ধে কি মনে করেন?
- আপনি আপনার সমাজ / এলাকা বলতে কি বোঝেন?
- আপনি কি মনে করেন সমাজের প্রতি আপনার কোন দায়িত্ব-কর্তব্য আছে?
- সমাজের প্রয়োজনে আপনি কীভাবে সারা প্রদান করেন?
- আপনি কি মনে করেন সামাজিক দায়িত্বপালনের ক্ষেত্রে আপনার কোন পরিবর্তন এসেছে?
- আপনাদের সমাজের কোন সূনির্দিষ্ট লক্ষ্য আছে বলে আপনি মনে করেন কি?
- আপনি কি মনে করেন সামাজিক উন্নয়নে উদ্বুদ্ধ করার মতো শক্তি বা মানসিকতা আপনার বা আপনাদের মধ্যে অন্য কারো আছে?
- আপনি কি মনে করেন সামাজিক উন্নয়নে আরও সমন্বিত উদ্যোগ নেয়া উচিত? কি উদ্যোগ হতে পারে? কীভাবে?
- আপনি কি মনে করেন এসমাজ আপনার? নিজের পরিবারের মতো করেই সমাজকে ভালোবাসা উচিত এবং হিংসাবিদ্বেষ ভূলে এর উন্নয়নে কাজ করা উচিত?
- আপনাদের কি নিম্নরূপ বা অন্যকোনো সামগ্রিক বিষয় আছে যে ক্ষেত্রে সবাই সমাজের স্বার্থে একত্রিত হয়ে কাজ করে, যেমন –
 - ক. সামাজিক বিষয়: যেমন – বাল্যবিবাহ, যৌতুক, মৃত মানুষকে সমাহিত করা, সমাজের সকলের শিক্ষার বিষয়ে সমন্বিত উদ্যোগ, ইত্যাদি,
 - খ. অবকাঠামোগত: কাঁচারাস্তা নির্মাণ, গনশৌচাগার নির্মাণ, স্কুল নির্মাণ, ইত্যাদি,
- ইউনিয়ন পরিষদের সাথে আপনি / আপনারা কি প্রক্রিয়ায় যৌথভাবে কাজ করতে পারেন বলে মনে করেন?

- নাগরিক হিসেবে আপনার দায়িত্ব-কর্তব্য সম্পর্কে আপনি সচেতন বলে মনে করেন কি? কেন?
- আপনার এইসামগ্রিক অর্জনে আপনি ক্ষুদ্রাঙ্কে কিভাবে মূল্যায়ন করবেন?

Appendix-4

Name of some Income Generating Activities (IGA)

- Paddy Cultivation
- Whet Cultivation
- Shrimp Cultivation
- Kitchen Gardening
- Nursery
- Fruit Cultivation
- Dairy Farming
- Hen and Duck rearing
- Cattle Fattening
- Goat Farming
- Fish Farming
- Potato Cultivation
- Betel Cultivation
- Jute Cultivation
- Minor Crops Cultivation
- Banana Cultivation
- Paddy Processing for Rice
- Crafts Making from Bamboo and Cane
- Mat production
- Net Making
- Beekeeping
- Pigeon Rearing
- Quilt Making
- Puffed Rice Production
- Pickle Production
- Clay Works
- Rural Vehicle Purchase, production or Repairing
- Food Processing
- Handloom Production
- Blacksmith Forging
- Bag Making
- Umbrella making
- Electrical Work
- Mobile Servicing
- Carpentry
- Boat Making
- Small Business
- Tea Stall
- Small Shop

and also any other locally suitable and socially acceptable small scale initiatives.