

Microcredit in Bangladesh: Impact on Borrowers' Social Mobility Revisited

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Abstract

In Bangladesh, microcredit program has been in function for almost half a century. Though popularly termed as a tool for poverty alleviation and women empowerment, criticism about microcredit program's actual effectiveness isn't new. This study attempts to evaluate the impact of such programs by measuring borrowers' social mobility. Using a multidimensional approach, indicators like household income, economic susceptibility, living conditions, consumption pattern, children's education, healthcare facilities, women's participation in decision-making were taken into account for measurement. Quantitative method was used. Based on a non-probability sampling, 107 microcredit borrowers were selected for conducting interview schedules who live in a rural, a semi-urban and an urban area. Statistical analysis of data reveals that those who have been taking loans for several number of years have all managed to increase their income level to a variety of extent, but only those have gained some sort of mobility who have been taking loans for more than 4-5 years and have taken 5 times or more. Few of them have actually moved from microcredit to become a microfinance client by taking bigger amount of loans and having savings. Positive responses about the indicators being used in the study were found among the handful of those who have mobilized significantly. In true sense, most of the borrowers are stuck at the bottom end of socio-economic ladder and are struggling to manage a better living standard.

Keywords: Microcredit, Social mobility, Impact, Socio-economic, Class position

1. Introduction

1.1 Background

Microcredit - small amounts of collateral-free institutional loans extended to jointly liable group members for self-employment - was first introduced by the Grameen Bank of Bangladesh in the mid-1970s (Rahman, 2019). The program was launched to provide small loans to the poor and those people who were generally excluded from formal financial services. The program soon gained widespread recognition. Since then, it has been in function. However, impact of this program has drawn much controversy over the years. Advocates of this program argue that it reduces poverty, creates employment and generates income. They say, the program eventually results in improved nutrition and improved education of the borrowers' children, and empowerment of the women. Moreover, it is argued that microcredit program has continued to benefit the poor by raising household welfare (Khandker & Samad, 2014).

As microfinance institutions (MFIs) have been growing in almost all over the country, debate over the effectiveness of microcredit program continues. Usually, people who take part in microcredit program require necessary training and entrepreneurship skills so that they can use the borrowed money in a meaningful way. But many poor populations lack such skills. As a result, it is argued that any successes may be temporary for them. On top of that, high interest rates have also been found to impoverish clients (Peprah & Koomson, 2014). By borrowing more money than they can pay back, they may become dependent on MFIs. These may lead them to a further poverty trap.

Many critics say that microcredit program has not increased incomes. It has driven the poor households into a debt trap instead. In fact, there are some cases in which it even leads the borrowers to suicide. Instead of using in a productive way, money from loans is often used for consumption only. It is argued that microcredit has developed innovative management and business strategies by mobilizing the savings and loan repayment, but its impact on poverty reduction remains in doubt (Al Mamun, Hasan & Rana, 2013). One of the most visible recent changes in the lives of rural women in Bangladesh is the significant increase in their access to credit (Mahmud, 2003). Thus, many scholars have argued that microcredit has brought substantial changes to the pathway of women empowerment (Al-Amin, Hossain & Mathbor, 2013). Some people claim that microcredit program enhances the women empowerment in rural areas of Bangladesh (Islam, Ahmed & Alam, 2014). However, there is considerable debate on whether microcredit empowers or disempowers women (Aslanbeigui, Oakes & Uddin, 2010). Because, it is also reported that it fails to empower women. They say, besides, that the scenario of health and education has not improved either. Therefore, it can be said that microcredit program has achieved much less than what its proponents said it would achieve.

Known as a developing market economy, the economy of Bangladesh is currently the 39th largest in the world in nominal terms and 29th largest by purchasing power parity. In the first quarter of 2019, it was world's seventh fastest growing economy with a rate of 7.3% real GDP annual growth. In order to hold out such trends, overcoming the barriers that are obstructing the journey of development has become an urgent necessity. In that case, lower and lower middle class people of the country qualify for a special attention. It must be made sure that they are not stuck in a position they are currently holding for an indefinite period. They must be able to mobilize forward from their respective positions.

Now what we need to know is whether microcredit program has actually been able to create any impact worth mentioning when the participants' status of social mobility is concerned. The number

of participants in this program has been increasing on a continuous basis since its origin, but in which way is this working to change the overall picture of social mobility? In the case of a developing country like Bangladesh, the answer of such questions must be sought.

1.2 Research Objectives

Microcredit program claims that it is providing optimal environment for the borrowers, out of which they can become able to improve their conditions. This study aims to find out the mobility status of those people who have been taking loans through this program for different periods of time. The major objectives of this research are:

- To analyze the socio-demographic profile of the participants in microcredit program,
- To evaluate the socio-economic condition of the microcredit borrowers by developing a comparison between two periods (before participating in microcredit program and current),
- To examine whether microcredit program brings about any notable changes in their respective social status/social mobility or class position,
- To assess the impact of microcredit program on borrowers' overall living conditions, and
- To understand participants' perception about the impact of such programs on their day-to-day living.

2. Literature Review

Microcredit is a complex story. There are many layers to interpret in order to understand the various aspects and dynamics of the microcredit model (Fernandez, 2009). The term “microcredit” in modern sense is predominantly used as a tool that enables the borrowers improve their conditions. As this program was devised targeting the poor, the focus is centered on the betterment of them. Different literatures suggest that it is possible to alleviate poverty through microcredit program to some extent, though the opposite statement also exists which implies that this whole thing is nothing but a hoax as there's no way microcredit can reduce poverty.

Karim, Tania & Farazi (2012) examined the role of microcredit as a tool to fight poverty. Their study reveals that microcredit programs have generated positive results for large numbers of the poor. Microcredit has significant impacts and ensures the food security. The poor are not homogeneous, so impact varies significantly among different segments of the population according to their socio-economic status, gender, background, family composition and others. Their analysis shows that the poorest borrowers benefit less compared to the middle level poor in general.

Unlike many studies, Chowdhury, Ghosh & Wright (2005) empirically examined the impact of microcredit on poverty in Bangladesh by focusing on both objective and subjective poverty and particular attention is paid to the length of time program participants have had access to microcredit. They carried out a household-level survey aimed at collecting information about individuals receiving microcredit from the three main microcredit organizations in Bangladesh: Grameen Bank, BRAC and ASA. Among the two main findings of that study, the first is that microcredit is associated with both lower objective and subjective poverty. The second is that the impact of microcredit on poverty is particularly strong for about six years with some levelling off after that point. The analysis carried out in their study does suggest that microcredit borrowing is associated with lower poverty. However, the effectiveness of microcredit as a real poverty alleviation tool does not depend on its short-run impacts. For microcredit to permanently reduce

poverty, it must have a long-run impact.

Zaman (1999) explored the relationship between microcredit and the reduction of poverty and vulnerability by focusing on BRAC, one of the largest microcredit providers in Bangladesh. The main argument in his work is that microcredit contributes to mitigating a number of factors that contribute to vulnerability, whereas the impact on income-poverty is a function of borrowing beyond a certain loan threshold and to a certain extent contingent on how poor the household is to start with. This literature projects that the chances of getting out of the vicious cycle of poverty increase when the amount of loan gets bigger.

However, this cannot be considered as the end of the discussion. Because, larger amount of loan begets bigger debt. Suggestion of Zaman may be effective if the borrower can use the money in a way from which he/she will be able to reap benefit in future. If not, this in turn may worsen his/her existing condition.

Based on extensive survey data from Bangladesh, Khandker (1998) in his book “Fighting Poverty with Microcredit: Experience in Bangladesh” demonstrates that microcredit programs are an effective policy instrument for reducing poverty among poor people with the skills to become self-employed. The book also tells that such programs are more cost effective than some other types of anti-poverty programs; that microcredit programs were found to be particularly important for Bangladeshi women, many of whom are restricted by social custom from seeking wage employment.

Microcredit program has been argued to be potentially effective as a tool for lifting the poor, particularly women, out of poverty. The impact of microcredit program, however, is not limited to improving income of poor women. What is more important is that microcredit program has received much recognition as a viable strategy for empowerment of women, i.e. greater capabilities, choices and freedom in decision-making. Nessa, Ali & Abdul-Hakim (2012) examined the impact of microcredit program on women empowerment. They perform regression analysis based on a sample of 600 poor women in eight districts of Rajshahi division, Bangladesh. Five dimensions of empowerment are used to arrive at an aggregate index of empowerment. These dimensions are: a. economic decision-making, b. household decision-making, c. freedom of movement, d. ownership of property, and e. political and social awareness. Based on the results of their study, it is concluded that empowerment of poor women in Bangladesh can be significantly improved by encouraging them to participate in microcredit programs.

Ali & Hatta (2012) state that MFIs in Bangladesh seem to assess the success of their programs mainly in light of repayment rate and self-sustainability, whereas, the real impact on the beneficiaries is not adequately prioritized. Although long-term microcredit beneficiaries enjoy slightly improved chances of social mobility and have increased feelings of self-worth, there is no significant improvement in securing an enhanced economic base and, at the same time, the longstanding issues of gender disparity and powerlessness remained unchallenged. Thus, the link between minimalist microcredit and women’s empowerment is not as strong as it is normally perceived.

The number of existing literatures on microcredit program is many. Most of them are associated with the impact assessment of such programs on poverty alleviation and women empowerment. There are several works which have considered issues like women entrepreneurship, their health status, capability to send children to school and so on. However, the impact of this program on the possibility of changes in their mobility status in true sense is yet to be explored. It is expected that

such explorations will provide the understanding about the effectiveness of this program a better shape. Attempts have been made in this study to examine whether microcredit program can cause participants' social mobility or not. And if so, to which direction?

3. Theoretical Framework

3.1 Distributive Approach

The social mobility studies of modern empirical sociology are largely dominated by the distributive approach. Sorokin's pioneering work on social mobility laid the foundation of the distributive approach to the study of social structure in mobility studies. In the Sorokinian approach, social mobility is viewed as a process by which individuals gather certain goods or attributes like occupation, intellect, income, education, lifestyles, etc., through their participation in social institutions like the family, the educational and occupational system etc. Structure is a category describing the distribution of goods or values and the individual attributes of income, education, qualification, occupation are used to identify social space which is conceptualized as upward or downward. By social mobility, Sorokin means any transition of individual or social objects or values from one social position to another (Sorokin, 1959).

3.2 Weberian and Bourdieusian Approach

Social mobility is highly dependent on the overall structure of social statuses and occupations in a given society. The extent of differing social positions and the manner in which they fit together or overlap provides the overall social structure of such positions. Add to this the differing dimensions of status, such as Max Weber's delineation of economic stature, prestige, and power and we see the potential for complexity in a given social stratification system. Besides, differing dimensions of social mobility can be classified in terms of differing types of capital that contribute to changes in mobility. Cultural capital, a term first coined by French sociologist Pierre Bourdieu distinguishes between the economic and cultural aspects of class. Bourdieu described three types of capital that place a person in a certain social category: economic capital, social capital and cultural capital. Usually, people with all three types of capital have a high status in society (*Wikipedia*, 2020).

3.3 A Multidimensional Approach

A number of prior studies have analyzed social mobility through both single and multidimensional approaches. However, studies based on a single approach argue that any of occupations, social relations, status, capital etc. is the sole criterion for determining one's social status. But the adherents to the multidimensional approach find the single approach inadequate for analyzing social mobility. Hence, most of the studies analyzing the phenomenon do not help provide a precise and compact model for measuring the actual nature and degree of social mobility. Therefore, attempts have been made, in this study, to measure and analyze social mobility through a theoretical framework based on a multidimensional approach.

According to multidimensional approach, the mobility of a group or individual is determined by multiple dimensions like occupations, consumption pattern, social power as well as social class. The adherents to this approach accept that in the same society, there is a possibility of having a higher rate of mobility in one dimension and a lower in others. Therefore, the derivation of a more accurate conclusion about social mobility is possible only through a multidimensional approach in which one has to consider all the possible dimensions of status-achievement. Thus, dimensions like education, occupation, income, expenditure pattern have been included in this framework developed for the study. To examine the achievement of status and its identification, the dimension

of “social class” has also been adopted.

3.4 Conceptualizing Social Mobility

Social mobility refers to movement, either upward or downward between higher or lower social classes. This movement is to be conceived as a process occurring over time, with individuals moving from one role and class position to another because of what has happened to them in various kinds of social interaction. In this sense, mobility provides the individual with more or less of the benefits which his/her economy and society have to offer. A rickshaw puller’s son becomes a lawyer; a clerk’s son becomes a doctor. In each case, a change in role between father and son provides the latter with more of the good things of life. Social mobility has been conceptualized in this study considering a number of things. They are:

- An overall change in total assets,
- A rise or decline in monthly household income of the individuals,
- Individuals’ feeling of economic susceptibility,
- Living conditions,
- Direction of change in consumption pattern,
- Whether children of the individuals go to school or not,
- Where they are receiving healthcare facilities from,
- Accessibility to private healthcare facilities,
- Condition of sanitation facilities, and
- Women’s participation in decision-making process within family.

4. Methodology

4.1 Research Method, Study Areas and Sampling

Using quantitative method, the current study was conducted in three successive stages: first at Raipura (rural), then at Narsingdi Sadar upazila (semi-urban) in Narsingdi district and finally at Jatrabari area of Dhaka city.

Microcredit program in Bangladesh is implemented by Non-Governmental Organizations (NGOs), Grameen Bank, state-owned commercial banks, private commercial banks, and specialized programs of some ministries of Bangladesh Government (MRA, 2014). The population of this study consists of those who have participated in such programs through three particular branches of an NGO located in the study areas. These microcredit borrowers are living in different vulnerable settings of these areas. Through non-probability sampling, 107 borrowers were selected for interview schedules.

4.2 Data Collection Instruments

A structured questionnaire with a series of close-ended questions was used as the main data collection instrument. As the respondents of this study are not too educated to understand questions in English, the questionnaire was constructed initially in English and then translated into Bengali. Before data entry, the questionnaire was translated back into English again. While constructing them, due care was given so that response categories were accurate, exhaustive, mutually exclusive and one-dimensional. The questions in the questionnaire included issues such as socio-demographic information, socio-economic condition before and after participating in microcredit program, loan status, impact assessment and their perception.

4.3 Data Analysis

Prior to analysis, collected data were checked and rechecked to detect any sort of flaws in data collection. The data then were entered into the software, IBM SPSS Statistics. Descriptive statistics was applied to analyze socio-demographic profile, socio-economic conditions, loan status, impact assessment and perception of the respondents about impact. Outcomes of descriptive statistics have been presented through frequency, percentage and bar charts. Moreover, to establish associations between different variables, 3 chi-square tests and 2 tests of correlation were performed.

4.4 Ethical Considerations

Ethical issues were strictly maintained in the study. Though all the participants of this study are clients of the same NGO, name of the NGO was not mentioned anywhere in the study to eliminate any chances (that might surface in future) of causing damages to the reputation of the organization.

It was mandatory that the interviewers introduced themselves and explained the purpose of the study before collecting any information from the respondents. The study registered oral consent from all interviewees. The respondents were informed clearly that the information they would provide during the interview would be kept strictly confidential. The name and address of the respondents were not recorded anywhere in the questionnaires. Furthermore, privacy during the interview process was safeguarded. The interview was held under conditions in which the respondent felt most comfortable in responding openly. It was totally the respondents' discretion to participate in the interview. Any form of coercion on study subjects was strictly avoided in either getting consent or interview.

5. Results

5.1 Socio-demographic Profile

Microcredit program's main clients are those who lack significant amount of land or asset; the people who are struggling against poverty; the destitute who are continuously failing to maintain a sustainable livelihood strategy for them. Again, most of the microcredit recipients are women. In this study, experiences of 107 people are considered who have been taking loans through such programs for different periods of time. Out of them, the number of women is 84 while men are 23 in number (Table 1).

However, an interesting pattern is found in the variable "head of the household". All 23 males are the heads of their respective households while all (15) the female-headed households are found among the 84 female respondents. This implies the male-dominant societal trend in Bangladesh. Considering females who are not divorced, the households which are headed by females are only because the money (loan/microcredit) is issued against their name.

Most of the participants are aged between 20 and 30 years. However, it is a general trend that people of this age group are more likely to attempt for obtaining an economic stability in their lives. Among the participants, most of them are married and their educational level varies within primary education. There are cases in which the borrowers obtained education up to secondary level, but couldn't carry on due to the lack of economic support from family. As education is considered an important indicator of success in the lives of individuals, it can be assumed that those who didn't obtain enough education are more likely to fall victims of sufferings or poverty.

25 of the total participants in this study are involved in different small businesses. 53 women are housewives. The rest are in a variety of works ranging from day laborer to family owned businesses

or small jobs/services. Usually, one of the common patterns in microcredit program is that most of its clients are those who live in rural and semi-urban areas rather than in urban areas. The pattern was followed in this study. Among the 107 borrowers, the number of rural and semi-urban dwellers are 65 and 30 in order while urban dwellers comprise 12.

Table 1. Socio-demographic information

<i>Characteristics</i>	<i>Categories</i>	<i>Frequency</i>	<i>Percentage</i>
Sex	Female	84	78.5
	Male	23	21.5
Head of the household	Female	15	14.0
	Male	92	86.0
Age	20-25	46	43.0
	26-30	44	41.1
	31-35	14	13.1
	36-40	3	2.8
Marital status	Unmarried	2	1.9
	Married	90	84.1
	Divorced	13	12.1
	Remarried	2	1.9
Education	Illiterate	12	11.2
	Can only sign	3	2.8
	Primary incomplete	31	29.0
	Primary completed	33	30.8
	Secondary incomplete	18	16.8
	Secondary completed	8	7.5
	Higher secondary	2	1.9
Occupation	Small business	25	23.4
	Medium business	6	5.6
	Family owned business	7	6.5
	Housewife	53	49.5
	Farmer	2	1.9
	Agricultural laborer	1	0.9
	Day laborer	2	1.9
	Construction worker	2	1.9
	Rickshaw/van/cart puller	5	4.7
	Transport worker	2	1.9
	Small job/service holder	2	1.9
Type of residence	Rural	65	60.7
	Semi-urban	30	28.0
	Urban	12	11.2

5.2 Socio-economic Condition

In most cases, income level of the participants fell between below Taka 5,000 and Taka 10,000

during the period when they didn't borrow money through microcredit program. But current income level ranges from Taka 5,000 to Taka 25,000 for most of the respondents (Table 2). Though the change in the level of income clearly implies that income of many respondents have increased over the period, it is too early to reach a conclusion as the condition of economy has changed over the years too. Increase in income is not enough in many cases to improve the living condition as living expenses have also increased in the meantime.

Table 2. Socio-economic condition

<i>Characteristics</i>	<i>Categories</i>	<i>Frequency</i>	<i>Percentage</i>
Monthly household income before taking loans	below 5,000	52	48.6
	5,000-10,000	53	49.5
	11,000-15,000	2	1.9
Current monthly household income	below 5,000	3	2.8
	5,000-10,000	55	51.4
	11,000-15,000	26	24.3
	16,000-20,000	9	8.4
	21,000-25,000	6	5.6
	26,000-30,000	1	0.9
	51,000-60,000	5	4.7
	61,000-70,000	2	1.9
Increase in total assets	Yes	62	57.9
	No	45	42.1

As the monthly household income increases, so does the monthly household expenditure. Though it is a general trend that the more one earns, the more does he/she spend than before. Increase in income means the increase in capability to spend money in ways that one wasn't capable of before. However, one significant improvement is that 39 out of 107 participants now have monthly savings compared to the period when they didn't take loans and didn't have any savings either. Their current monthly savings ranges from Taka 500 to more than 5,000. 22 of them have savings between Taka 500 and Taka 1,000 while the rest have more.

Among all the respondents, the number of people who reported that their total assets have increased over the years is 62. Considering change in the house possession, the number of people who had houses of their own was 61 when they hadn't taken part in microcredit program. But the number has increased to 69 over the years. Increase in the number of earning members in the family is also evident. It is found that the cases in which total assets have increased, earning members in the family have also increased. In a sense, this increase might have contributed to the increased income of that particular household.

5.3 Class Position

Almost half of the world's population, with incomes of less than USD 1 to about USD 4, are counted as poor and live almost entirely in the developing world. Another 40 percent of the world's population, with income between USD 4 to USD 50 a day, make up an "incipient" (below USD 10 a day) middle class; with the exception of a small proportion of that group living in rich countries, this is the "new" middle class of the developing world. A much smaller rich world middle class has income between USD 50 to USD 200 (Mujeri, 2019).

Table 3. Income class groups

<i>Income class</i>	<i>Income in USD (per day)</i>	<i>Income in BDT* (per month)</i>
Poor	below 1 - 4	below 2,549.4 - 10,197.6
“Incipient” middle class	4 - below 10	10,197.6 - below 25,494
Middle class	10 - below 50	25,494 - below 127,470
Middle class (Rich world)	50 - 200	127,470 - 509,880

*Calculating USD 1 = BDT 84.98 as of February 22, 2020

The only determinant of measuring class position based on income is “income”. To measure class position in this study, monthly household income was considered for each of the participants. Again, their level of income in both periods (before participating in microcredit program and current) were taken into account. By doing so, presence of change in class position to some extent was found. It is revealed that all but 2 of them belonged to poor/lower class based on income before taking loans. But over the years, 41 of them have elevated to an “incipient” middle class while another 8 have successfully managed to move in the middle class (Figure 1 and Figure 2).

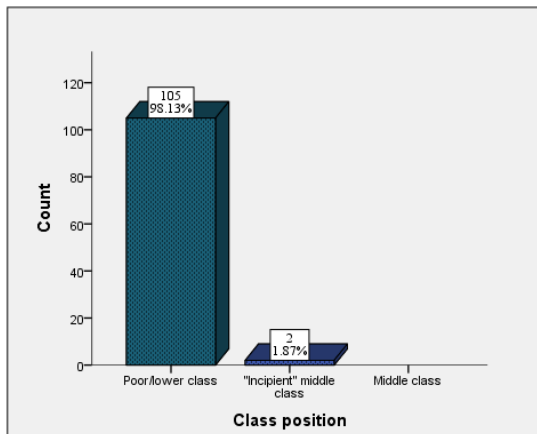


Figure 1. Class position before taking loans

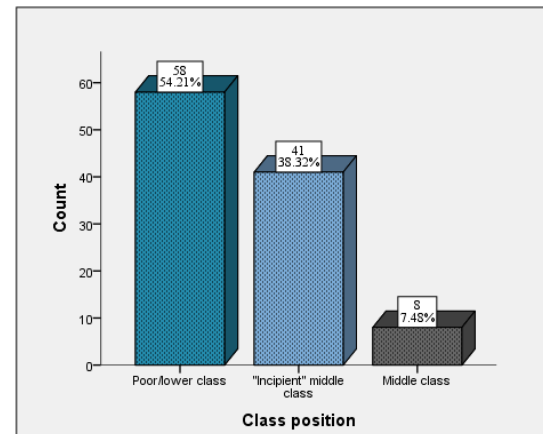


Figure 2. Current class position

99 of the total participants have said that they are first in their families to take part in microcredit program. However, 41 of them have actually managed to move within the class positions based on income. Those 41 have elevated from poor/lower class to either an “incipient” middle class or middle class implying intra-generational mobility.

On the other hand, 8 participants who have responded that they aren’t first in their families to take part have all made changes in their respective “class position”. The first ones who took loan in those families are actually their mother or father. This type of mobility is termed as inter-generational mobility.

5.4 Loan Status

According to a latest report in a national daily, the Microcredit Regulatory Authority (MRA) of Bangladesh has formulated draft guidelines to permit the MFIs so that they can provide collateral-free loans of up to Taka 4 million for micro enterprises to help boost the country’s small and medium enterprises (Hossain, 2020). However, in reality, such guidelines are being practiced by the MFIs here for several years now. Thus, many respondents have bigger amount of loans that they were not supposed to get as clients of microcredit program.

Current amount of loan taken by the participants ranges from Taka 50,000 to Taka 500,000. 13.1% respondents have loan of Taka 50,000. 25.2% of the respondents have current loan of Taka 200,000. The percentages of other amount categories are shown below (Table 4).

Table 4. Loan status

<i>Characteristics</i>	<i>Categories</i>	<i>Frequency</i>	<i>Percentage</i>
Amount of loan	50,000	14	13.1
	100,000	18	16.8
	150,000	12	11.2
	200,000	27	25.2
	300,000	17	15.9
	500,000	19	17.8
Number of years	1-2	14	13.1
	3-5	57	53.3
	6-8	33	30.8
	9-10	3	2.8
Number of times	2	14	13.1
	3	18	16.8
	4	39	36.4
	5	34	31.8
	more than 6	2	1.9
	Loan utilizer	Himself/herself	33
Spouse		74	69.2

The respondents of this study are involved with microcredit program for 1 to 10 years. 53.3% of the respondents have been taking loans through microcredit program for 3-5 years. Only 2.8% of the respondents are involved for the last 9-10 years. The percentages of 1-2 and 6-8 years are 13.1 and 30.8 respectively. Considering the notions “increase in monthly household income” and “increase in total assets”, it is evident that people who have been taking loans for more than 4-5 years and have taken 5 times or more are more likely than others to bring about a positive change in these indicators.

The number of times loan has been taken by the respondents ranges between 2 and more than 6. Table 4 shows that 36.4 and 31.8 are the percentages that comprise the largest portion of the total respondents implying 4 and 5 times respectively. The percentages of 2, 3 and more than 6 times are 13.1, 16.8 and 1.9 in order.

Loan repayment remains the major difficulty when it comes to women’s control over loan use (Develtere & Huybrechts, 2005). In Bangladesh, since men do the income generating activities in most cases and thus responsible for the loan repayment, usually they decide how to utilize the money. Out of 107 respondents, all the male borrowers utilize the money the way they want. On the other hand, out of 84 female respondents being interviewed, only 20.2% can use their borrowed money as they wish. On the contrary, 79.8% of respondents’ money is taken away by their respective husbands and being utilized based on their decisions.

5.5 Impact Assessment

A number of indicators have been used in this study to assess the impact of microcredit program on the lives of the respondents and their perception about such impacts. Some of them are: a. whether they feel economically more susceptible or not (compared to the period when they didn't take part in microcredit program), b. access to all the facilities necessary for their livelihood, c. change in consumption pattern, d. balanced diet, e. proper sanitation facilities, f. access to healthcare facilities, g. access to education for their children, and h. women's participation in decision-making process.

Table 5. Impact assessment

<i>Characteristics</i>	<i>Categories</i>	<i>Frequency</i>	<i>Percentage</i>
Economic susceptibility	Yes	56	52.3
	No	51	47.7
Balanced diet	Yes	62	57.9
	No	45	42.1
Change in consumption pattern	Yes	96	89.7
	No	11	10.3
Direction of change	Better	61	63.5
	Worse	35	36.5
Access to necessary facilities	Yes	39	36.4
	No	68	63.6
Do children go to school?	Yes	100	96.2
	No	4	3.8
Proper sanitation facilities	Yes	82	76.6
	No	20	18.7
	Can't say	5	4.7
Source of healthcare	Homeopath	4	3.7
	Kabiraj	2	1.9
	Doctor	65	60.8
	Local pharmacist	36	33.6
Women's participation in decision-making	Yes	19	22.6
	No	65	77.4

Those who have responded positively to these indicators have all mobilized within class positions. Many of the respondents who managed to increase their monthly household income and total assets - though failed to obtain significant social mobility - also answered positively when asked about these indicators. But most of them who haven't mobilized replied in a negative manner implying that participating in microcredit program hasn't brought any significant changes to their lives.

From the fact that a part of household income now accrues to or through women, one would expect a greater participation of women in household decision-making (Kelkar, Nathan & Jahan, 2004). But out of 84 women participated in the study, only 19 of them have reported that they can participate in the decision-making process to some extent. Still, it doesn't necessarily mean that their decision is always taken into account. According to Sharif (2004), while it is relatively easy for women to move toward 'joint' decision-making status, it is much more difficult going beyond

that. However, in this study, not a single case was found in which the woman reported to have ‘joint’ decision-making status. They say, “*We just express our thoughts. There are many women here who don’t even get this opportunity. So, we’re happy that we can at least talk.*” In most cases, it’s totally the wish of their respective husbands whether they’ll take those thoughts into account or not.

5.6 Statistical Inference

- I. Is there any relationship between sex of the respondent and increase in monthly household income?
- II. Is there any relationship between level of education and increase in monthly household income?
- III. Is there any relationship between number of years respondent has been taking loans through microcredit program and increase in monthly household income?

Performing Pearson Chi-Square test, the answers of these research questions have been determined. In a chi-square test, the result is significant if the value is equal to or less than the designated alpha level (normally .05).

The *p*-values in the three cases considered here are smaller than the standard alpha value (Table 6), so the null hypotheses have been rejected which assert that the two variables in each of the research questions are independent of each other. To put it simply, the result is significant. The data suggest that the variables in every research question are associated with each other. Therefore, it can be said that those borrowers have higher chances of obtaining increase in monthly household income who are (i) men, or (ii) have more years of schooling, or (iii) have been taking loans for more years than others.

Table 6. Chi-Square tests

<i>Research Question</i>		<i>Value</i>	<i>df</i>	<i>Asymp. Sig. (2-sided)</i>
I	Pearson Chi-Square	10.120	1	.001
II		103.029	6	.000
III		71.937	9	.000

The following table (Table 7) presents statistical values for two tests of correlation. The value of Pearson correlation varies between +1 and -1 where +1 is a perfect positive correlation and -1 is a perfect negative correlation. 0 means there is no linear correlation at all. In correlation 1, the figure of .604 indicates a strong, positive and linear correlation. Thus more the number of earning members in the family increases, more the income is likely to increase. Similarly, in the case of correlation 2, the figure .720 indicates a strong, positive and linear correlation between current amount of loan and monthly household income. In other words, increase in the amount of loan for a respondent causes increase in monthly household income.

Table 7. Correlations

Correlation 1		Earning members in the family	Monthly household income
Earning members in the family	Pearson	1	.604
	Correlation		
	Sig. (2-tailed)		.000
	N	107	107

Correlation 2		Current amount of loan	Monthly household income
Current amount of loan	Pearson Correlation	1	.720
	Sig. (2-tailed)		.000
	N	107	107

6. Discussion

Based on the collected data and statistical analysis, the researchers have come across a number of realizations. First, poverty-stricken people are the main clients of microcredit program. Considering gender distribution, women are more in number than men. But in most cases, the money is taken away by their respective husbands and is used in the way they want. Second, the percentage of “increase in income” is relatively high among the male borrowers. It is also evident that those who have had more schooling are more likely to increase their income. Moreover, number of earning members in the family is also a catalyst of better income generation.

Third, those who have been taking loans for several number of years (in some cases, have actually moved to become a client of microfinance services by taking bigger loans and having savings) have all managed to increase their respective income levels. But in most of the cases, they are failing to manage an improved living condition as commodity price hasn't remained the same anymore. Day-to-day living has become costlier than before.

Fourth, based on income, many of the respondents of this study have moved to belong either in an “incipient” middle class or in a middle class. Instances of inter-generational mobility are more in percentage than intra-generational mobility. However, such an income class mobilization has hardly contributed to their living conditions. There are number of cases in which significant mobility is observed, but most of the participants are struggling to maintain a sustainable living. Fifth, borrowers in this study who have been taking loans for more than 4-5 years and have taken 5 times or more are more likely to gain some sort of mobility than others. As argued in different literatures, microcredit program may be effective if it runs for a longer period of time.

Sixth, positive responses are found among those who have mobilized to a significant extent when asked about the issues like household income, economic susceptibility, living conditions, consumption pattern, children's education, healthcare facilities, women's participation in decision-making etc. Though many of the respondents in this study have agreed that they feel economically more susceptible now compared to the period when they didn't take loans, they have confessed that they haven't gained any significant improvement yet.

Seventh, in spite of significant inter-country differences, it is generally the case that, in the developing countries, women do worse than men, whether one looks at education, nutritional status, wealth or income, mobility, etc. (Sharif, 2001). The same is true for the current study.

Finally, issues addressed by microcredit program such as poverty alleviation, women empowerment, social mobility etc. have all showed some positive changes in this study. But they are hardly enough. They don't resemble the claims microcredit program used to advertise and this is very much unexpected after so many years of the program in business. Therefore, effective redesigning of microcredit program has become an urgency if benefit in actual sense is sought.

7. Conclusion and Recommendations

Microcredit, originated in Bangladesh has spread all over the globe (Ahmed, 2004). However,

there remains some aspects the program should emphasize on. This study has attempted to understand the impact of the program on mobility status of some borrowers from Bangladesh. Unfortunately, the findings are not so promising. Though the results of this study may not be universalized as society, economy and people's ways of living vary from country to country, we must agree that microcredit program should give more importance on how their clients can make good use of the money they borrow. Spending in ways that have potential to generate money may cause the mobilization we all are seeking.

To make microcredit program more effective, different steps should be taken immediately. Following are some recommendations:

- Traditionally, MFIs have required clients to use loans solely for investment in their own business. But insisting the borrowers to invest only in their businesses may impact them negatively. Rather, giving them effective suggestions about “how they can use the money in a productive way so that they can generate income from that” would be a better idea.
- In some cases, borrowers may lack skills and training along with suggestions. Microcredit program can include skill development training and workshops in their schedule to enable them in overcoming such barriers.
- As found in this study, borrowers who have been taking loans for several years are likely to gain some mobility. Hence, it would be wise for microcredit program to help them maintain repayment schedule so that they don't drop out as defaulters.
- Rather than assuming that loan repayment guarantees positive impact, attention should be given to the ways following which they are repaying loans. The sooner it will be ensured that they are doing some productive works, the better will be the chances for them to have some improvement in their lives.
- Last but not the least, microcredit program will be more effective if clients' individual needs are met more precisely. The key factor is listening to the client. If the program can ensure this, financial services oriented to clients' needs and women's needs in particular will be more effective at really making a difference.

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