Women Empowerment through Micro-credit: An Empirical Study on Different Slum Areas at Dhaka City

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Abstract

Micro-credit has become a much-talked intervention for women’s empowerment. It empowers women through entrepreneurship. Micro-credit and women’s empowerments are a complex social phenomenon. This complex relationship significantly needs to be discussed. The purpose of this study is to find the level of empowerment among women loanees at the slum areas of Dhaka city. The study has used qualitative approach and used both primary and secondary data. The secondary data have been gathered from the published and unpublished research reports, journals, books and newspaper articles. The primary data have been collected from interviews, FGD and case-study. The study has used selected slum areas in Dhaka city. These are Mirpur, Mohammadpur, Gulshan, and Old Dhaka where BRAC, ASA, TMSS, Podokhep Manobik Unnayan Kendra, MatriMongol and ASD are working. The number of respondents was sixty. The findings of the study show that micro-credit program has its potentiality in empowering women. But an integrated approach with collaboration among stakeholders can make micro-credit as an effective tool to empower women. To make it effective tool, a unified interest rate with strict government monitoring, flexibility at the repayment, consideration of hardcore poor, training on women entrepreneurship, social awareness programs need to be properly addressed.

Key words: Women’s Empowerment, Decision-Making, Micro-credit Organization, Poverty Alleviation, Women Loanees.

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Introduction

Micro-credit programme has been trying to decrease poverty and empowers women in providing loans to the poor women. In Bangladesh women are the half of the total population but their status is not same as that of men. They are narrowed to their domestic life; while male dominate at every sphere of life. Women have a limited role in household decision making, limited access and control over household resources, the low level of individual assets, heavy domestic workloads, restricted mobility and inadequate knowledge and skills that leads them to vulnerability (Sebstad and Cohen, 2002). As a concept, “women’s empowerment” is very contextual and it has been defined by different scholars using distinct perceptions. Broadly speaking, this is a process that helps women to raise their voices to eliminate all kinds of inequalities regarding social, economic, and political rights. Empowerment through the participation in the household decision-making process also promotes women’s self-confidence and helps them to play an active role in establishing their equal rights as compared to their male counterparts. Women’s participation in their household’s decision-making process is a cornerstone of their empowerment.

Micro-credit programme also functions at the urban areas. The study has been carried out at the urban slum areas in Dhaka city. In this capital city urban slum women are comparatively allowed to be involved in outside activities like paid job or small business in order to earn money. Urban slum women have opportunity to help her family by earning money. Micro-credit offers women to borrow loans from them and use them in small business for more money. After repaying the loans women can borrow another big amount of money; this cycle could have continued as long as women are maintaining the rules. Micro-credit also demands that through this process women become empowered.

The real empowerment of women through microcredit is still cocooned into the social, political and cultural norms of Bangladesh. Women’s empowerment is a process of transforming gender relations through groups or individuals by developing awareness of women’s subordination and building the capacity to challenge it (Sultana and Hasan, 2010). Thus, true women empowerment will take place when women will challenge the existing norms and culture, to effectively improve their well-being (Swain, 2007). The study has an attempt to find the potentiality of micro-credit program to empower women of Bangladesh through effective poverty alleviation.

Statement of the Problem

Bangladesh is a developing country. Women are deprived of rights and privileges. They have less access to salaried labor and are remunerated less to men. The entire culture puts women decisively into the roles of child-bearer letting no room for women to craft their own voice outside of those of their husbands, fathers or other male relatives (Loro, 2013). Basin (2003) has shown that around the end of the 1960s and early 1970s women researchers in different parts of the world started pointing to the neglect of women in development planning. In the countries like Bangladesh, micro-credit organizations mostly working in rural areas pointed out the lack of participation by the poor women in the development program. This is the
concept like people’s participation, a bottom-up approach, redistribution with growth and so on were debated, and the basic–needs approach, accompanied by anti-poverty approach. There is no collateral, but the group as a whole is responsible to ensure that each member make the repayments (Hasmi, et, al.1996).

The main aim of micro-credit is to empower these deprived and poor women. It provides women with the financial backing; they need to start business ventures and actively participate in the economy. It gives them self-reliance, improves their status and makes them more active in the decision-making process in the households, encouraging women empowerment. These organizations do not provide any training to the loanees so that they can use the loans properly to make profits. Neither they monitor properly, nor do they arrange any kind of seminar or workshop to provide them market knowledge and skill regarding small business before providing the loans.

The debate is that whether the micro-credit empowers women or not. Some of the studies show that it brings huge changes in the society empowering women and it is taken as a model to alleviate poverty from the society (Grafund, 2013 and Banu, et, al., 2001). On the other hand, some studies reflect that micro-credit cannot bring the real empowerment of women in the household for whom the microcredit programs are working for (Loro, 2013 and Mayoux, 1997). It is assumed that the empowerment of women through micro-credit is still uncertain and challenging.

To understand this debate and to realize the fact, it needs to see whether microcredit has potentiality or not; to bring changes in the society empowering women and reducing poverty.

Objectives of the Study

The study has been undertaken with the following specific objectives.

1. To know the existing socio-economic conditions of women loanees.
2. To know the present situation of women empowerment who are the women loanees living at the urban slum areas in Dhaka city.
3. To critically evaluate micro-credit loan programme for women empowerment at slum areas.

Literature Review

It is argued that microcredit is one of the effective development tools for developing countries. Some of the key characteristics of microfinance institutions are a standardized and limited set of products and services, group lending, social collateral, forced savings, small initial loan size, loan size tied to savings, standardized loan repayment, disbursal schedules, and frequent repayments (Elahi &Rahman, 2006). Through numerous works by the feminists of the 70s; women started to get important to the development practitioners. Referred to Mohanty, Viswanathan (1997) has said that in the broad sense the third world country is a traditional, authoritative and patriarchal society and modern society is thought to be democratic and equitable. The woman needs to be included in the development process to
expand modern society. As a result; woman empowerment got the prime importance in the United Nation's Development Policy in the 90s. Referencing to Moser, Vivanathan (1997) again pointed out that woman development project can be divided into five categories: welfare perspective, gender equity, and development of working ability, self-dependent and women empowerment in the third world countries by micro-credit.

Women were not allowed to take any decision in our society. Micro-credit has evolved in a decision making the process for women. Parvin, et, al., (2005) has argued that the activities have enabled women to have better access to basic needs and make an important contribution to household decision making, especially the decision regarding their personal needs and availing treatment and recreational facilities. With the same voice, Pokhriyal, et al., (2014) has emphasized that as women are an integral part of society, her status and participation in decision making, as well as economic activities, is very low. Microfinance plays a very important role in improving women decision making by contributing to economic activities. Islam, et al., (2014) has sturdily shown that microcredit program is positively associated with each dimension of women empowerment as well as an aggregate measure of empowerment. Asifdowla (2006) has shown that the social capital concept expands micro-credit programmes in Bangladesh and many other countries of the world as an effective tool for poverty eradication through women empowerment.

Sultana and Hasan (2010) have argued that micro-credit enhances their economic solvency and empowers them economically. This would obviously be helpful for the upliftment of the rural women socio-economically. Again Kumar, et al. (2013) explicitly shows that the women are more independent and can engage in the decision-making process after receiving and using micro-credit. They have supported the micro-credit programme saying that microfinance brings about changes in women's lives: household condition, family wellbeing and social status. As Mudaliar and Mathur (2015) both have argued that microfinance has the potential to have a powerful impact on women's empowerment. Although micro-credit is not always empowering for all women, most women do experience some degree of empowerment as a result. Empowerment is a complex process of change that is experienced by all individuals somewhat differently. Al-Amin and Chowdhury (2008) both have argued that the flip side of micro-finance is deep-rooted in the relationship among micro-finance, women, poverty and the dimensions of women's control over loans, savings and empowerment potentials though it is argued that micro-finance has been an effective and sustainable development tool for dealing with poverty and reducing gender disparities in most of the third world countries. Siraj (2012) has argued that though there are many 'pockets' of success exist, yet it is difficult to claim that micro-finance programs have been able to demonstrate a strong impact on poverty alleviation and empowerment of women and still there are adverse effects of indebtedness that increases physical violence against women.

Maurya (2015) has argued that the micro-credits programme does not have any noteworthy impact on gender dimensions. In some case, the status of beneficiaries group has deteriorated against a control group. The programme is not wrong, but the implementation process of the programme has many types of weakening while the advocates of rural credit argue that access to finance can substantially help in the reduction of poverty and promoting gender
empowerment. However, some scholarships have argued that micro-credit empower women in different ways and helps women to take part in the economic activities and financial matters.

Findings

Existing Socio-economic Status of Women Loanees

Bangladesh is a lower middle income country. Bangladesh has been trying to eradicate poverty and bring socio-economic changes in rural areas in Bangladesh (Mazumder and Wencong, 2013). However, socio-economic condition of the poor women; living in the urban slums is still unaddressed by the academia. Most of the poor women living in the slum areas in Dhaka city come from the rural areas and coastal areas of Bangladesh. This internal migration happens due to natural disasters, searching for better life and lacking works. Most of the respondents have candidly expressed;

“We had house, cattle and poultry. We had agriculture lands to produce crops and vegetables. Our children went to school. We used to lead a good life. We had everything in our native village. Cyclone has washed away our dreams and smiles”.

They start living at the slum areas of Dhaka city having loans from the urban micro-credit organizations. They take loans from different micro-credit institutions in Dhaka city to lead minimal life and to pay installment in their rural areas from where they have already loaned. However, they are engaged in different paid works in Dhaka city. Most of the women are involved in the garment industries and others are involved in the household works. But they are always overburdened with works. They work from morning till mid-night to earn more money to repay the installment of the loans. They try to fight against the adversity of life. Since micro-credit programme is the non-traditional financial services to the low-income people of the society (Otero, 1999); thus, these low-income poor people invest money to change their socio-economic condition having debt-burdens. Most of the respondents from the coastal areas said;

“We are trying to change our fate. We are fighting against poverty. While we were in village, we took loans from the local Micro-credit organizations and invested money in our small business and on our agricultural lands. But natural disasters have destroyed our dreams and hopes. We have come to Dhaka city. Now we are living in the slums. We are involved in the household works. It is difficult to run a family with the small amount money living in Dhaka city. Moreover, we have to pay the loan repayment installments in our native village. Therefore, we have taken loans from Micro-credit organizations here. We are now having two loans”.

Micro-credit programme is not like a silver bullet to lessen poverty from these ill-fates poor women living in the slums of Dhaka city. It encircles the urban poor women with the huge debt-liability which eventually leads them to a bad socio-economic condition (Rahman, 1999; Mahoney, 2014, Islam et al., 2012 and Siraj, 2012). Das and Pulla (2014) both have
argued that micro-credit programme is designed in such a manner that poor people solely depend on it and it creates such a situation which does not allow them to come out from this alley and it seems to be debt-trap for this section of people.

The women loanees of urban slum areas suffer from ill health and lifelong diseases. They always try to be economical to repay the installments of their loans. Their poverty is both a cause as well as a consequence of poor health (Daiyan, 1999). They rent a small house in the slums where facilities to live lacks. They live in a small house in the slums along with their children and husbands where they have to share toilets and kitchen with other family. They always keep in mind that if they live in a cheaper place, they can repay the loans quickly. The poor housing and bad sanitation cause bad health. Thus, they suffer from lifelong diseases and malnutrition. Their children also face health hazards living in unhealthy environment of the slums. Due to poor socio-economic conditions people suffer from ill health in Bangladesh (Roy, 2004)

The women loanees living in the slum areas are deprived of the amenities of life. They are always concerned about their repayment installments of their borrowed loans. The absence of amusement and recreations in their life hamper their psychological well-being whereas psychological well-being is becoming a progressively important constituent in the developing world.

**Socio-economic Empowerment**

As an approach; empowerment is a very recent phenomenon. After 1975; this issue has been emerged through feminist literature and experiment of root level organization. Women empowerment, as described by Islam (2014); is a multi-dimensional process which enables women to apprehend their full identity, power and authority in every sphere of life. This approach basically focuses on the women’s increasing control over their life. Its focus is to empower women through self-dependence and to enhance women’s confidence so they can actively play their entire roles in society. Broadly speaking, women empowerment is a process of transformation from sub-ordination to having power and authority of decision making which helps women to have control on material and intellectual resources without any gender disparity (Abdin, 2008). It is assumed that women should have influence over social and economic changes by establishing their control on material and non-material wealth and resources. Socio-economic empowerment of women is defined as;

*it is a process to ensure the women's overall socio-economic development, including full and equal participation in empowerment, free from all oppression and prevention of trafficking, safety and security in the workplace, and the mainstream of socio-economical activities (www.mowca.gov.bd, 2019).*

Thus, it is obvious that the Government of Bangladesh gives emphasis on three dimensions of the socio-economic empowerment of women in society to bring sustainable development in society; economic empowerment involving women in economic activities, social empowerment involving women in decision making process within the household and finally, political empowerment involving women in political participations.
Nahar (1998) argued that the women empowerment is critical issue and since 1980’s interest policy has become more focused than welfare policy and that point of time micro-credit activities has been extended rapidly. At the same time, equal rights and empowerment became central point. In her writing she argued that though women take loans from the micro-credit organization, but the reality is that their male counterparts are involved behind in taking decision of borrowing loan by women. She also points out that mostly the loan is invested in the productive activities of man. Though women empowerment has been focused but the loan eventually goes under the man’s control. In her research, Nahar did survey on 60 households. The study shows that 70% of the loans have been invested on men’s demanded activities. As women are the loanees but money has been invested by the male. Thus, this practice makes women empowerment questionable.

This study shows that the women loanes who are over 50 years old and at least 10 years involvement in the loan activities; all of them admit that in early years of their involvement in micro-credit activities; their husbands take decision of borrowing the loans, where to invest money and how to repay the loans. The study shows that 95% of the women loanes assume that their husbands cannot rely on their economic decisions. During the study, husbands are asked about their wives’ freedom of economic activities and 72% of the respondents believe that their wives are less intelligent, less qualified, less educated to them; so, women are not allowed to involve economic activities without their husband’s permission. The study reveals that 38% of the women say that they decide alone and implement the plans jointly with their husband or other male counterparts (like brother, son, father….).

Woman empowerment has many dimensions. It encompasses economic empowerment, economic development, and capacity to take right decision and so on. It also claims that how much woman is involved in decision making level. The study shows that the women in urban slums areas; are already engaged in economic activities and paid works. But the study tries to focus on how much these women are involved in decision making process of their family and how much this loan helps them in taking decisions in the family.

The study displays that the level of decision-making process varies from woman to woman. But the study tries to go into the details to see whether these women are involved in higher decision-making process. The women loanees are getting involved in some decision-making process and bargain vis-a’-vis with their husband. The women can take decision to fix menu for the meal for their family. The women think that since they take decision for the menu for their family, so they are somehow involved in the process of decision-making within their families. Fixing menu for the meal is not a high-level decision-making process for the women. But again, regarding child education, child health care; some women can take decision in the family. The study wants to see that how much they are involved in decision making process. The decision she gives in her house whether it is warmly accepted or not.

**Empowerment through Micro-credit Loan Process**

The study shows that all the women loanees are not involved in decision making process before joining the credit activities. Nobody wants to listen to them before. Their opinion is
not cordially accepted in any family matters. But now the scenario has been changed, the study reveals that 44% of the women loanees now take decision in important family matters. As they are also earning member of the family; their decisions are accepted warmly and turned into action. It means they are now involved in the decision-making process of the family. Now; it is obvious that the women are now moving forward with the freedom of choice, freedom of speech and freedom of taking decision within their households. One of the women loanees who is 55 years old says;

“At the beginning, nobody pays heed to my words. My husband does not listen to my words. He is not at all bothered about my opinion. He is the only earning member of household and this makes him superior. But days have been changed now. For my loan activities, I also take part in financial contribution. Now he listens to my opinion. Economic contribution matters”.

Empowerment is also linked to the process of attitudinal changes of households and internal changes within the human beings (Mayoux, 1998) and it also related to the capacity of women and women’s right to make the decisions within the households (Kabeer, 2001). It consists of mental change, freedom of choice and power of women in decision making process. Women remain subordinate inside and outside of the house. The goal of the micro-credit organization is to give women a good place in home and outside by providing them economic freedom. The study shows that micro-credit loanees also help women in involving in decision making process. Now family considers them as the source of earning instead of burden. The study shows that 93% of the women are getting good behavior from their husband. It indicates that the loan plays a good role in developing women life. One of the respondents is Aasia, who is the leader of BRAC’s micro-credit program in Vashantech slum area; expresses her strong view on decision-making process;-:

By investing the money in business, now she is successful. Her husband gives her importance and consults and asks many family related issues with her. Her husband highly acclaimed his wife’s leadership quality. Though in earlier period her husband was not happy in loan talking decision of his wife. But he is happy now. After taking the loan the socio-economic position of her family is much better now.

Likewise, another woman loanees Aasia candidly accept the fact that after joining in the activities of micro-credit organization, she learns and knows so many things from the other women members and loanees and micro-credit officials which help her to understand life properly. The study expresses that 72% of the women loanees are able to bring significant socio-economic change in their family after having the loans from the micro-credit organizations which brings their social respect. It shows that 42% of the women now have their own savings. But it is not usual for the women to achieve any land by her own. In this regard one of the respondents says,

“I have been involved in micro-credit process for the last twelve years and now my family is solvent. My contribution is valued. But when it comes to the matter of having property by me, my husband does not count me. Couple of years back, a land was bought in our village, but my husband registered it by his own name not mine; though I also shared the money needed to purchase the land.”
Conclusion and Recommendations

The objective of the study is to treasure out the role of microcredit in empowering women through its loan activities. It has gone into the depth to see how much potentiality microcredit contains to empower women at the slum areas in Dhaka city. However, they face different challenges living in the slum areas in Dhaka city. They face hardship to repay the loans both in their native village and in Dhaka city. Nevertheless, they are happy to have loans from the micro-credit organizations to carry their life forward. Consequently, it helps them to take some kid of decisions in their family. Though there are still some risks and challenges to make women empowered through micro-credit loans, yet empowerment takes place within the society through micro-credit programme. Micro-credit has some potentiality to make women empowered through micro-credit loans, yet empowerment takes place within the society through micro-credit programme. Micro-credit has some potentiality to make women empowered through poverty alleviation, but all stake holder needs to realize the fact that unified system with strict monitoring and implementation is much essential to make micro-credit programme an effective tool for poverty alleviation and women empowerment.

The study has tried to show that urban slum women living in Dhaka city are being more or less empowered through micro-credit loans. But still, there are lots of works need to do to overcome the existing challenges to make it the most effective tool. The potentiality of micro-credit still lacks and needs to be addressed properly. This study has put some recommendations to make the micro-credit program effective and widely accepted. These are:

- Unified Interest Rate with Strict Government Monitoring
- Flexibility in Repayment System
- Consideration of Hardcore Poor
- Providing Training on Women Entrepreneurship
- Strict Monitoring on Entrepreneurship by Micro-credit Organizations
- Identify Contextual Success and Failure
- Increasing the Awareness Programme

If the above recommendation could be implemented properly then potentiality of micro-credit could ensure women empowerment and socio-economic development.

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