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Credit program of ASA: Impact on poverty reduction in some selected areas of Mymensingh district

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Abstract

The present study assesses the impact of ASA credit program on poverty alleviation in Mymensingh district. Data were collected purposively from a total of 60 stakeholders for six categories of enterprises each comprising 10 samples. The categories were petty business, tailoring, dairy raising, poultry rearing, daily hawkery and rickshaw pulling activities. Most of the credit beneficiaries (52 per cent) were young (20-30 years old) and maximum (52 per cent) of them were primary level educated. Respondents were involved in diverse income generating activities. Average ownership of the land was very low amounting only 14.16 decimal. The family size was 5.26 and the dependency ratio was 3.42. The average annual income of the household was Tk.32,931 and it was increased by 86 per cent after involving with ASA group member. The overall per day per person income was TK.17 (US \$ 0.26) before and increased by 23 per cent after involving with ASA credit program. Expenditure on family consumption, clothing, education and treatment were significantly increased after involving with ASA and the household assets value also increased by 28 per cent. The savings of credit beneficiaries after involving with ASA was an average TK.10,320 and before they were in deficit condition. The findings clearly indicate that the respondent households here improved their income and livelihood after involving ASA credit program.

Keywords: Association for social advancement (ASA), Credit and Poverty reduction

Introduction

Bangladesh is a developing country and consisting highest (941 person per sq. km.) population density in the world (GOB, 2006). The population growth rate is 1.43 per cent whereas the rate of poverty reduction is one per cent per annum in the last decades (GOB, 2006). At present 41.1 per cent population belong to the upper poverty line (estimated by 2122 calorie intake per day) and 18.7 per cent belong to the lower poverty (estimated by 1805 calorie intake per day) line (BBS, 2006).

Poverty is still an acute problem in Bangladesh. The government of Bangladesh (GoB) made Poverty Reduction Strategy Paper (PRSP) to alleviate poverty within 2015. There are number of local, national and international NGOs working side by side with the government for reducing poverty level in Bangladesh. NGOs micro-credit program is playing crucial role in this regard. Bangladesh is the pioneer adopter of micro-credit program in the world. At present more than 1000 micro-finance institutes are operating in Bangladesh.

Association for Social Advancement (ASA) is one of the reputed national NGOs has been working since March 1978 to help the rural distressed people. ASA believes that economic empowerment is the vital factor for overall development i.e., social, political and cultural aspects. Keeping this view in mind, ASA initiated credit services in different income generation activities in mid 1992. A good number of studies have been done about ASA, such as ASA motivated landless farmer to become representative of local government (Perkins 1985) and the loanees were good repayers and benefited materially and non-materially from ASA credit program (Rahman, 1995). On the other hand ASA have not yet gained much important among the researchers particularly to the aspects of rural poverty reduction. Therefore, the objective of the present study is to examine the impact of ASA credit program on rural poverty alleviation in Mymensingh district.

Materials and Methods

Data were collected from two villages at Kewatkhali Union of Mymensingh sadar Thana in the year of 2005. A two-stage stratified random sampling technique was followed to fulfill the objective. At first 300 of ASA loanees were listed within two villages. Twenty per cent of total populations were selected taking 10 samples from each of six different income generation activities (IGAs). The categories were – petty business, tailoring, dairy raising, poultry rearing, rickshaw/van pulling and daily hawkery. A pre-tested survey schedule was finalized after necessary correction. After data collection they were incorporated in computer and simple statistical methods such as means, ratios, percentage, before after methods and finally 't' test were applied to examine the significance of the results. Income poverty line estimated on the basis of World Bank definition: poverty lines drawn US\$ 1 per day per person income. 't' test have done by using double mean methods.

Results and Discussion

Socioeconomic characteristics of the stakeholders are important aspects to know the overall ability to cope with the existing environment. Socioeconomic characteristics are age, sex, marital status, education level and occupation status etc. Age of the stakeholders ranged from 20 to 50 years. Table 1 reveals that highest proportions (about 52 per cent) of the stakeholders were young aged. About 37 per cent belonged to the age between 31 to 40 years and the remaining 12 per cent of the stakeholders were within age between 41 to 50 years.

It is found from Table 1 that about 51 per cent of the respondents were educated up to primary level while about only 2 per cent respondents attended up to H.S.C. and above and 37 per cent of the respondents could sign only. It is quite evident from the table that cent per cent of the studied samples were literate as defined by the GoB.

Table 1. Socioeconomic characteristic of the stakeholder households

characteristics	Different stakeholders						
	Petty business	Tailoring	Dairy raising	Poultry rearing	Daily hawkery	Rickshaw pulling	Per cent
Respondent information							
Age (no.)							
20-30	5	5	6	5	4	6	51.66
31-40	4	3	3	3	5	4	36.66
41-50	1	2	1	2	1	-	11.66
Education (no.)							
Can sign only	4	3	2	2	5	6	36.66
Primary	5	6	5	6	5	4	51.66
Up to SSC	1	1	2	2	-	-	10.00
HSC and above	-	-	1	-	-	-	1.66
Marital status							
Married	9	8	9	9	10	10	91.66
Divorced/widow	1	2	1	1	-	-	8.33
Occupational patterns							
Occupation ¹	3	2	4	2	3	5	32.00
Occupation ²	4	3	1	2	5	4	32.00
Occupation ³	2	3	3	3	2	1	23.00
Occupation ⁴	1	2	2	3	-	-	13.00
Family information							
	Average						
Total own land (dec.)	19	16	23	16	7	4	14.16
Family size (no.)	4.4	4.7	6.9	4.9	5.5	5.2	5.26
Dependency ratio	3.38	2.35	3.83	2.88	3.44	4.64	3.42

Note: Occupation¹: Depends only selected enterprise; Occupation²: Depends selected enterprise as main and other secondary occupations; Occupation³: Depend selected enterprise as secondary and other main occupations; and Occupation⁴: Services as main and selected enterprise as secondary occupations

ASA credit program generally encourages the married people to be the members of ASA. However, the percentage of married respondents was about 92 per cent and those of divorced/widow respondents were about 8 per cent of the total respondents.

The selected respondent households head in the study area were observed to have been engaged in various types of occupation. The occupation from where lion's share of income of the family was derived during the last one year is recognized as main occupation in the present study. The people of Bangladesh particularly in the rural areas engage themselves in different occupations at the same time for maximization of their earnings. The different occupational patterns of the study areas are classified as follows:

- Only selected enterprise
- Selected enterprise as main and other secondary occupations.
- Selected enterprise as secondary and other main occupations.
- Services as main and selected enterprise as secondary occupations.

Table 1 shows the occupation of the head of respondent households in different enterprises. It appears from the table that 32 per cent of the households had taken only classified selected enterprises as their main occupation. Again 32 per cent of the respondents head were jointly involved in only selected enterprise and selected enterprise as main and others as secondary occupation. Only 23 per cent of the respondent households were involved in selected enterprise as secondary and others as main occupation. Finally only 13 per cent of the respondent households were involved in services as their main occupation and selected enterprise as secondary sources of income.

In the study area, there was scarcity of land resources. Maximum of the respondents had only homestead area and had tiny size of cultivable land. It is found from Table 1 that the average ownership of land for the petty trader was 19 decimal, and 16, 23, 16, 7, and 4 for tailor, dairy raiser, poultry rearer, daily hawker and rickshaw puller respectively. The average ownership of land seems to be expectedly highest for dairy raiser and lowest for the rickshaw puller during the year under study. Tenurial arrangements were not available in the area because of having less cultivable land by the respondents on the one hand and the effects of urbanization which lead people to adopt trading as occupation or service in GO-NGOs on the other.

Average family size was observed to be 5.26 considering all stakeholders together. Table 1 depicts that the average family size was the highest (6.9) for dairy raising and lowest (4.4) was for petty business category.

Overall dependency ratio was 3.42 and the dependency ratio was the maximum (4.64) for rickshaw pulling while minimum was for tailoring (2.35). Average family size in the study area was more corresponding to the national average of 4.9 (BBS, 2006).

After group formation of ASA the respondents were engaged in different economic activities under ASA credit program in the study area during 2005. Table 2 shows the average income of respondent before and after involved in different occupations. Here, before means when the respondents have not taken any credit from ASA.

It appears from Table 2 that the overall increase in income was 86 per cent considering all stakeholders together after involving in ASA credit program. The increase income was found to be the maximum (104 per cent) among the poultry rearing while minimum (69 per cent) was observed among the dairy raisers possibly due to keen competition therein. Here, percentage change was higher because, when the respondent was not involved in ASA group they had very small annual income or might be unemployed.

The average annual income was the highest of Tk 80,840 for dairy raising and the lowest of Tk. 48,460 for rickshaw pullers. The economic condition of rickshaw puller was very vulnerable before involved in ASA credit program.

Table 2. Average increase in income of the respondents

Occupation	Before (Tk.)		After (Tk.)		Total (Tk.)		Net change (Tk.)	% change
	Selected Enterprise	* Other sources	Selected Enterprise	Other sources	Before	After		
Petty business	15,240	23565	44,663	26370	38805	71033	32228	83
Tailoring	12,640	19040	35,332	22330	31680	57662	25982	82
Dairy raising	20,300	27642	50,630	30210	47942	80840	32898	69
Poultry rearing	11,340	17312	38,950	19620	28652	58570	29918	104
Daily hawkery	8,450	17150	33,840	17182	25600	51022	25422	99
Rickshaw pulling	14,660	10243	36,450	12010	24903	48460	23557	95
All	13,772	19159	39,978	21290	32931	61268	28337	86

*Other sources = Farm income + Non-farm income

Total income was estimated by summing up of income generated from selected enterprises and other sources. Per person per day income was calculated, first by converting per annum income to per day and finally divided by average family size. Per day per person income was converted in dollar by dividing with 65 (Dollar exchange rate was US\$ 1= TK.65 in the year of 2005). Table 3 shows the poverty status of the respondents on income basis. According to the World Bank definition poverty line was estimated at an income of US \$ 1 per person per day. From Table 3 it is found that all households stayed below the poverty line although they improved to a greater extent after their involvement in ASA credit program.

Table 3. Poverty status of the respondents on income basis

Occupation	Av. family size (no.)	Total annual income (Tk.)		Per person per day income				Change (\$)
				Taka		Dollar (\$)		
		Before	After	Before	After	Before	After	
Petty business	4.4	38805	71033	24	44	0.37	0.68	0.31
Tailoring	4.7	31680	57662	18	34	0.28	0.52	0.24
Dairy raising	6.9	47942	80840	19	32	0.29	0.49	0.20
Poultry rearing	4.9	28652	58570	16	33	0.25	0.51	0.26
Daily hawkery	5.5	25600	51022	13	25	0.20	0.38	0.28
Rickshaw pulling	5.2	24903	48460	13	26	0.20	0.40	0.20
All		32931	61268	17	32	0.26	0.49	0.23

After the involvement in the credit program of ASA, per person per day income was increased for all categories of stakeholders and it was highest (\$ 0.68) for petty business households followed by 0.52, 0.51, 0.49, 0.40 and 0.38 dollar for tailoring, poultry rearing, dairy raising, rickshaw pulling and daily hawkery households respectively. The overall average per person per day income was 0.26 dollar before and 0.49 dollar after their involvement in ASA IGAs and the net change was 0.23 dollar. Thus it is concluded that though all households still stayed below the poverty line but the income gap has been reduced for the respondents due to their involvement with ASA credit program in the study area.

Table 4 shows the average annual expenditure for food consumption and clothing incurred by the stakeholder households of different occupation. On an average the beneficiaries' expenditure on food consumption increased by 18 per cent taking all selected activities together in the study period.

Table 4. Increase expenditure on food consumption and clothing

Occupation	Food consumption (Tk.)				Clothing (Tk.)			
	Before	After	Net change	% Change	Before	After	Net change	% Change
Petty business	25470	30630	5160	20	3850	4120	270	7
Tailoring	28340	32125	3785	13	2580	2790	210	8
Dairy raising	29420	35820	6400	22	2990	3540	550	18
Poultry rearing	23612	27321	3709	16	3125	3820	695	22
Daily hawkery	21780	26432	4652	21	2125	2810	685	32
Rickshaw pulling	23920	27521	3601	15	1955	2140	185	9
All	25424	29975	4551	18	2417	3203	433	16

The percentage increase in expenditure was the highest (22 per cent) for dairy raising families and lowest (13 per cent) for tailoring families. All stakeholders of course have spent more money for food consumption after involving in ASA credit program. It is also found from Table 4 that the average expenditure on clothing during the year has increased by 16 per cent considering all enterprises together. The percentage change was observed to be the highest (32 per cent) for daily hawkery while the lowest was by the petty business (7 per cent).

The respondent households were aware about the importance of education. The educational institutions are available in the study area and the respondents were found to have sent their children to schools. As a result, expenditure on education also increased due to the involvement in ASA credit program. Average annual expenditure for education is shown in Table 5. It reveals that the overall percentage change in expenditure for education was 22 per cent for all. The net change in expenditure for education was maximum (Tk. 1892) for poultry rearing and minimum (Tk. 430) for rickshaw pulling.

The ASA member households were expected to have become more aware of general health care. Table 5 shows the average annual expenditure incurred for medical treatment by different occupations. An increased expenditure for medical treatment was found in each case because of the ability to spend more for medical treatment after involving in ASA. The overall percentage change of expenditure for medical treatment was 9 per cent considering all stakeholders in a bundle.

Table 5. Increased expenditure on education and medical treatment

Occupation	Education (Tk.)				Medical treatment (Tk.)			
	Before	After	Net change	% Change	Before	After	Net change	% Change
Petty business	5310	6825	1515	29	2800	3150	350	12
Tailoring	5820	6990	1170	20	2540	2620	80	3
Dairy raising	8380	9420	1040	12	3125	3270	145	5
Poultry rearing	4320	6212	1892	44	2320	2825	505	22
Daily hawkery	3690	4321	631	17	2840	3010	170	6
Rickshaw pulling	3120	3550	430	14	2490	2680	190	8
All	5107	6220	1113	22	2686	2926	240	9

The value of farm assets were included mainly livestock, poultry and different farm implements. Again the value of house and household durables including modern amenities mainly considered were dwelling houses, cowshed/store house, kitchen, radio/cassette player, television, watch, furniture, ornaments, etc. Table 6 shows the value of various household assets before and after situation.

Overall percentage change in farm assets, household assets and modern amenities was found to be 28 per cent for all enterprises taken in bundle. The change was the highest (39 per cent) for daily hawkery and the least (23 per cent) for poultry rearing. The average value of farm assets was lower than household assets for both the before and after situations during the study period.

Table 6. Increase value of assets according to different occupation

Occupation	Farm assets (Tk.)		Housing & modern amenities (Tk.)		Total (Tk.)		Net change (Tk.)	% change
	Before	After	Before	After	Before	After		
Petty business	1523	2115	52270	65620	53793	67735	13942	26
Tailoring	1544	2437	62109	79790	63653	82227	18574	29
Dairy raising	10415	15615	55220	68840	65635	84455	18820	29
Poultry rearing	2110	2524	50500	62300	52610	64824	12214	23
Daily hawkery	902	2125	44420	60674	45322	62799	17477	39
Rickshaw pulling	1130	1990	42000	51300	43130	53290	10160	24
All	2937	4468	51086	64754	54024	69222	15198	28

Annual income is an important factor to determine individual's standard of living. Involvement in ASA credit program increased respondent's income to a greater extent. Table 7 shows the average annual income and expenditure positions of respondents during the study period.

From Table 7 it is found that before involving in ASA credit program, most of the respondents in the study area were in deficit situation. After being members of ASA, the efficiently run their enterprises their economic condition changed rapidly within short period in time. The overall saving was found to be Tk 10,320 after involving in ASA credit program.

Table 7. Average income and expenditure of respondents and change therein

Occupation	Income (Tk.)		Expenditure (Tk.)		Saving/ deficit (Tk.)	
	Before	After	Before	After	Before	After
Petty business	38805	71033	38550	57035	255	13998
Tailoring	31680	57662	40200	53060	(-)8520	4602
Dairy raising	47942	80840	46433	68498	1509	11342
Poultry rearing	28652	58590	34020	46059	(-)5368	12531
Daily hawkery	25600	51022	31677	40958	(-)6077	10064
Rickshaw pulling	24903	48460	31490	40079	(-)6587	8381
All	32931	61268	37062	50948	(-)4131	10320

Source: Field survey, 2005

Table 8 shows the 't' test for annual income of respondents in different occupation by using pair 't' test for before and after situation. The net change indicates the change in income of households before and after the involvement with ASA credit program. Remarks have drawn on the basis of 1 percent significant level, the tabulated value of which is 3.25 for 9 degrees of freedom (d.f) and 2.66 for 59 degrees of freedom (d.f). From Table 8 it is found that the calculated 't' value was the highest 21.93 for poultry rearing and 21.17, 15.46, 15.28, 14.28 and 13.68 for petty business, rickshaw pulling, tailoring, dairy raising and daily hawkery respectively. So, it can be concluded that all stakeholders in highly significant position compared with 1 percent tabulated value (3.25) of 't'.

Table 8 't' Test for annual income of the respondents under different occupation

Occupation	Annual Income (Tk.)			't' Value	Degrees of freedom
	Before	After	Net Change		
Petty business	38805	71033	32228	21.17 **	9
Tailoring	31680	57662	25982	15.28 **	9
Dairy raising	47942	80840	32898	14.28 **	9
Poultry rearing	28652	58590	29938	21.93 **	9
Daily hawkery	25600	51022	25422	13.68 **	9
Rickshaw pulling	24903	48460	23557	15.46 **	9
All	32931	61268	28337	15.55 **	59

** Indicate significant at 1% levels

't' test for annual expenditure by using pair 't' test for before and after situations is shown in Table 9. Remarks have been made on 1 percent significant level (3.25 for 9 d.f and 2.66 for 59 d.f). The table reveals that the calculated 't' value was the highest (8.26) for dairy raising followed by 17.39, 13.85, 12.54, 11.52 and 11.23 for poultry rearing, tailoring, petty business, rickshaw pulling, and daily hawkery respectively. So, it can be concluded that all stakeholders achieved highly significant position compared to 1 percent tabulated value (3.25) of 't'.

Table 9 't' Test for annual expenditure of the respondents under different occupation

Occupation	Annual Expenditure (Tk.)			't' Value	Degrees of freedom
	Before	After	Net change		
Petty business	38550	57035	18485	12.54 **	9
Tailoring	40200	53060	12860	13.85 **	9
Dairy raising	46433	68498	22065	18.26 **	9
Poultry rearing	34020	46059	12039	17.39 **	9
Daily hawkery	31677	40958	9281	11.23 **	9
Rickshaw pulling	31490	40079	8589	11.52 **	9
All	37062	50948	13886	14.15 **	59

** Indicate significant at 1% levels

Conclusion

ASA has contributed a lot to reduce the poverty level of the credit beneficiaries. Most of the credit beneficiaries were young and maximum of them were primary level educated. ASA provided credit to the married person so, all credit holders were married and very few of them were divorced or widow. The respondents were involved in diverse income generating activities. Most of them were not only depending on their selected enterprise (for which they have taken credit) but also other secondary occupations. Average ownership of the land was very few amounting only 14.16 decimals. The family size was 5.26 and the dependency ratio was 3.42. The average annual income of the household was Tk.32931 and it was increased by 86 per cent after involving in ASA credit program and it reached to Tk. 61268. The overall per day per person income was US \$ 0.26 before involving in ASA and increased by US\$.49 per cent after involving with ASA credit program. From findings it is evident that the expenditure on family consumption, clothing, education and treatment has significantly increased due to the availability of money to meet up their demand. The value of household assets also increased 28 per cent in the study area. Now they have savings (all average TK.10,320) where as they were in deficit (TK.41,31) condition before the involvement with ASA. Finally, it can be concluded that the ASA, a national NGO is working along side with the government to eradicate poverty in Bangladesh particularly rural poverty and it has been contributing a greater extent nationally especially to the credit beneficiaries.

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