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***AN ECONOMIC STUDY OF INDEBTEDNESS OF THE
CLASS IV EMPLOYEES OF BANGLADESH
AGRICULTURAL UNIVERSITY***

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ABSTRACT

The study was undertaken to study the nature and extent of indebtedness of the Class IV employees of Bangladesh Agricultural University. It was found that nearly two-thirds of them were indebted to one or more than one sources. Among the borrower-employees, about two-thirds borrowed from the University Provident Fund amounting to about one-third of the total loan amount. More than 50 percent of the loan amount was borrowed from private money lenders and the so called 'cooperative and welfare-societies,' charging an usurious interest rate ranging from 120 to 240 percent. The majority of the loanee-employees who borrowed from private money lenders and societies repaid only interest charges which amounted to more than 90 percent of their total borrowing. The overall loan repayment percentage was found to be less than 10 percent, thus piling an average amount of outstanding debt of more than Tk. 12,000. Lenders' characteristics show that about 60 percent of them were University employees operating money lending business mostly for the fellow employees of the University. Interest earning became their major source of income.

I. INTRODUCTION

The Class IV employees are the lowest category of employees of Bangladesh Agricultural University (BAU). However they are the largest group of employees of the University, being 1505 in number or about 60 percent of the total 2,277 non-teaching employees of the University in the year 1986. In June 1984, the total emoluments of an employee were used to be below Taka 650.00 which has been increased to about Taka 1,000.00 with the introduction of the new national pay scale in June 1985. Like any other low paid employees of the country, the Class IV

employees of the University also find it very hard to maintain their families with the meager monthly takehome pay. In order to supplement their monthly pay they generally take recourse to various sources of income. It is believed that most of them were engaged in secondary jobs like agriculture and small trading business. However, those who have no secondary sources of income or those who cannot sufficiently supplement their monthly income from the secondary sources have to take recourse to borrowing to meet mostly their family living expenses. Since loans for such purposes, with no sufficient collateral, are generally not available from institutional sources, the employees generally borrow from the well-to-do persons and private money lenders in the neighbourhood areas of the University.

"Money lender" is a very wide term which includes many different types of entrepreneurs. The money lender generally conducts his business with severity and demands usurious interest. Despite the short-comings and deficiencies of their lending system and the money lenders' hold on the borrower, it should nevertheless be emphasized that the money lender serves an important function which has been difficult to replace under the prevailing circumstances in the B AU Campus. Quite naturally the private money lenders charge very usurious interest rate which are exploitative in nature and ultimately increases the burden of debt of the Class IV employees.

The main objectives of the paper are (a) to determine the nature, volume and causes of indebtedness of Class IV employees of BAU; (b) to analyse the nature of utilization and repayment pattern of such loans, of the loanee employees, and (c) to identify the type of lenders and characteristics of their lending business which has recently been thriving within the University and in its adjoining areas.

II. METHODOLOGY

All the Class IV employees of the University, numbering 1505, constituted the population of the study. A two-stage sampling procedure was followed. At first, a preliminary survey was made among the employees to determine as to whether they have any outstanding loans, borrowed from private money lenders or other sources. It was found that about 63 percent of the total employees borrowed from at least one or more sources. The non-borrower employees were excluded for the second-stage sampling process.. A total number of 150 employees were selected at random from the borrower-employees. A list of private money lenders was also prepared from the response of the sampled 150 borrower-employees. A total sample of 50 lenders were randomly selected from that list for collecting information on the characteristics of private money lending business that has recently been thriving in and around the University. It was found that 60 percent of the lenders are University employees and the rest belonged to different occupational groups (see Appendix' Table A).

The survey method, was administered during the period from August to October 1986 for the study to elicit information from the selected samples. In addition to this, open ended relevant questions were also asked to different categories of lenders as to their sources of loanable funds and method of operation of the lending business.

III. RESULTS AND DISCUSSION

1. Some Socioeconomic Characteristics:

Age and sex distribution of the loanee-employees reveal that the highest number of loanees are in the age group of 26-40 years. About three-fourths of the loanee-employees are within the age group of 26-50. It is quite natural that the need for borrowing by this age group is more than those of the other groups. In the case of lenders, their percentage shares in the total family members are also the highest in the 26-40 year age group. Average family size was 6.22 persons in the case of borrowing employees and 6.42 persons in in case of lenders.

The study also reveals that educational status of the lenders and borrowers are quite similar. It was found that most of the loanees and lenders are educated up to primary level. However, the percentage share of lenders having above secondary level educational status is nearly three times more than that of loanee employees.

2. Changes in the Salary Structure of the Employees :

It was found that, before July 1982, the basic pay of Class IV employees was Taka 130.00. However, from July 1982 the basic pay of the Class IV employees of this University was increased in each successive year. After June 1985, with the effectiveness of the new national pay scale, their basic pay was increased by about 291 percent of the pay scale existing before June 1982. Table 1 indicates that the total pay including other allowances became Taka 915.00 from June as against Taka 234.00 before June 1982.

The study reveals that the pay of the Class IV employees has increased by nearly 4 times in comparison to the old pay scale prevailing in the year 1982. While the share of basic pay in the total salary remained virtually same, the share of house rent allowance has been increased in the total salary. This has largely been possible as Dearness Allowance was merged in the basic pay. The following table indicates the distribution of loaness according to basic pay and total pay per-month. It was found that more than 75 percent of the loanee-employees were in the basic salary range of Taka 201-500 before June, 1985. However, after the pay increase, i.e., from June 1985, the basic salary range of all the employees became Tk. 501 to Tk. 1500. In case of total salary, the proportion of the employees drawing within the range of Tk. 1001 to Tk. 2000 increased to 70 percent as against 40 percent after the introduction of the new national pay scale (Tables 2a and 2b).

TABLE 1. CHANGES IN THE SALARIES OF THE CLASS IV EMPLOYEES OVER THE YEARS (IN TAKA)

Time period	Basic pay	House rent allowance	Medical allowance	Dearness allowance (D.A.)	Conveyance allowance	Total	Percent increase over '82 to '85
Before 1.6.82	130.00 (55.44)	26.00 (11.09)	32.00 (13.86)	26.00 (11.09)	20.00 (8.09)	234.00 (100.00)	—
As on 1.6.82	225.00 (47.77)	78.50 (16.66)	75.00 (15.92)	67.50 (14.35)	25.00 (5.30)	471.00 (100.00)	101.28
1.10.83	240.00 (46.56)	108.00 (20.96)	75.00 (14.54)	67.50 (13.09)	25.00 (4.85)	515.00 (100.00)	120.30
1.6.84	250.00 (40.00)	125.00 (20.00)	75.00 (12.00)	150.00 (24.00)	25.00 (4.00)	625.00 (100.00)	167.09
1.6.85	500.00 (54.64)	275.00 (30.05)	100.00 (10.93)	Nil*	40.00 (4.38)	915.00 (100.00)	291.05

Figures within parentheses indicate percentage share of total salary.

*Dearness allowance (D.A.) has been merged in the new national pay scale.

Source : Survey data 1986.

TABLE 2a. DISTRIBUTION OF LOANEE-EMPLOYEES ACCORDING TO BASIC PAY PER MONTH BEFORE AND AFTER 1ST JUNE 1985

Range of Salary (in Taka)	Basic pay per month			
	Before 1.6.85		After 1.6.85	
	No. of loanees	Percentage	No. of loanees	Percentage
201— 300	72	48.00	Nil	—
301— 500	46	30.66	Nil	—
501—1000	32	21.34	109	72.66
1001—1500	Nil	—	41	27.34
1501—2000	Nil	—	Nil	—
Total :	150	100.00	150	100.00

TABLE 2b. DISTRIBUTION OF LOANEE-EMPLOYEES ACCORDING TO TOTAL PAY PER MONTH BEFORE AND AFTER 1ST JUNE 1985

Range of Salary (in Taka)	Total pay per month			
	Before 1.6.85		After 1.6.85	
	No. of loanees	Percentage	No. of loanees	Percentage
201—300	Nil	—	Nil	—
301—500	2	1.33	Nil	—
501—1000	88	58.66	45	30.00
1001—1500	50	33.34	89	59.33
1501—2000	10	6.67	16	10.67
Total :	150	100.00	150	100.00

Source : Survey data 1986.

3. Sources of Income of the Loanee-Employees :

The reported list of income generating sources for the loanee-employees reveals that income from BAU service occupies the highest percentage, being 79 percent of their total income, followed by income from agriculture (Table 3). Income from village home occupied slightly more than one percent of their total income. Total average annual income for total loanees and reporting loanees were found at Tk. 18,354 and Tk. 31,748 respectively. So it may be concluded that loanee-employees are largely dependent on their income earned from BAU service, which seemed to be the dominant income source for their living at subsistence level.

TABLE 3. ANNUAL INCOME OF THE LOANEE-EMPLOYEES FROM DIFFERENT SOURCES

Sources of income	Total annual income (Taka)	Average annual income (Taka)		Percentage of average income	
		For total loanees	For reporting loanees	For total loanees	For reporting loanees
1. Income from BAU service (150)	21,77,250	14,515	14,515	79.08	45.72
2. Agril. Sources (129)	5,15,400	3,436	3,995	18.72	12.58
3. Other income from village home (7)	36,300	242	5,190	1.32	16.35
4. Any other income at campus or Mymensingh town (3)	24,150	161	8,048	0.88	25.35
Total :	27,53,100	18,354	31,748	100.00	100.00

Figures within parentheses indicate no. of respondents in each income category.

Source : Survey data 1986.

4. Borrowing and Repayment Position of the Loanee Employees :

The highest number of loanee-employees borrowed in the range of Taka 5001—7,000. More than 50 percent of the loanee-employees transacted loans ranging from Tk. 3001 to Tk. 10,000. Loanee-employees borrowed in the range of Tk. 201—500 was found lowest. Average amount of instalment for the loanee-employees was found at Tk. 1130.

TABLE 4. BORROWING AND REPAYMENT CHARACTERISTICS OF THE LOANEE-EMPLOYEES ACCORDING TO SIZE OF LOAN

(In Taka)

Range of Loan	No. of loanees	Total amount received	Total amount repayment	Average amount of instalment
201— 500	4	1,700	—	50
501— 1000	7	6,200	—	57
1001— 1500	13	16,650	662	59
1501— 2000	18	34,850	1,790	112
2001— 2500	7	16,850	1,500	100
2501— 3000	10	28,400	450	100
3001— 4000	18	65,900	6,483	137
4001— 5000	19	89,745	10,308	200
5001— 7000	24	1,50,900	18,854	140
7001—10000	19	1,65,093	13,696	73
10001—Above	11	1,42,100	13,970	102
Total/Average	150	7,18,388	67,513	1,130

Source : Survey data 1986.

The major sources from where the loanee-employees received fund were also identified. These are University Provident Fund, banks, money lenders, welfare societies, friends and relatives, etc. (Table 5).

As indicated earlier, amount of loan received was found highest from private money lenders, followed by provident fund, friends and relatives, and banks respectively. Loans from private lenders were readily available although this source was characterized by the highest rate of interest. No formalities and no intermediaries were needed thereby causing virtually no transaction costs. Average amount of loan repaid was found highest in case of Provident Fund. Table 5 also reveals that total and average amount of outstanding loan, received from money lenders occupied the highest position among all the sources of loan mentioned earlier.

Difficulties stated in receiving loans were also collected. It was found that loans were not readily available in proper time and processing of loans was time *consuming*, were being answered by only 21 respondents (i.e. only 14 percent of the total sample) out of 150 loanee-employees selected for the study. The remaining 129 respondents (i.e. 86 percent of the total sample) answered they faced no such difficulties in receiving loans.

It was found that money lenders and the University Provident Fund are the two major sources from where the class IV employees borrowed most. Together these two sources supplied about 79 percent of the total loan amount, of which the share of money lenders is the highest, being about 44 percent of the total loan amount. This clearly shows the dominance of private money lending in and around the University campus. Another important source of finance that have been developed recently are the so-called "cooperative" and welfare societies who usually lend money to the University employees and other members of the public. In many cases their method and nature of operation are in no way different from those of money lenders. Out of 150 loanees, 36 have borrowed from these societies involving slightly less than 10 percent of the total loan amount. The average loan amount from various source ranged from about Tk. 1,500 to Tk. 3,500 (Table 5).

It was observed that interest rate of fund received from private money lenders was found to have varied from 120 percent to 240 percent per annum. Interest rate of funds received from friends and relatives was not available, as interest rate in these cases is normally low or sometimes it is totally interest free. Interest rate in case of bank loan was found to be 13.62 percent, followed by 12.50 percent for the loans from University Provident Fund. Percentage of loan repayment position in case of loan from University Provident Fund and Welfare societies was found substantially higher in comparison to loans from money lenders, and friends and relatives. Because of compulsory deduction of loan installment from the monthly pay cheque and close supervision and watch by the personnel of welfare societies the repayment position is higher (about 18 percent) than in other cases. Repayment of fund received from money lenders get less attention because

TABLE 5. PARTICULARS OF LOAN TRANSACTION OF THE LOANEE-EMPLOYEES

(In Taka)

Sources of Loan	No. of loanee- employees involved	Percen- tage of total loan received	Average amount of loan	Annual interest rate (percent)	Percen- tage of loan re- payment	Average amount of out- standing loan
Provident Fund	99	35.52	2,577	12.50	18.50	2,101
Banks	10	4.97	3,569	13.62	14.54	3,050
Money lenders	125	43.70	2,512	120-240	3.69	2,937
"Cooperative" and Welfare Societies	36	9.36	1,868	120-140	17.10	2,727
Friends and relatives	30	6.45	1,545	—	2.26	1,510
Total :	300*	100.00	12,071	—	9.39	12,325

*Total is more than 150, because in some cases a single borrower borrowed from more than one source.

Source : Survey data 1986.

of financial problems of the employees and also because in most cases the money lender is happy to receive the interest charges only. There is no heavy pressure being applied on the borrower for repayment of the principal amount. Therefore, in many cases the borrower found it convenient to pay interest charges only instead of the principal amount. In case of banks, recovery percentage was found to be about 15 percent only.

6. Expenditure Pattern of the Loanee-Employees :

Table 6 shows that expenditure items of the loanee employees comprised of food, clothing, medical expenses, educational expenses, repayment of loan, interest charges and

others. It was found that two-thirds of the total expenditure was incurred for food, the basic need for survival. The next highest expenditure, being nearly 13 percent was incurred for repaying debt and interest charges. This clearly shows the burden of debt in the family budget of these employees. Clothing, medical and educational expenses accounted for less than one-fifth of the total expenditure.

TABLE 6. EXPENDITURE PATTERNS OF THE LOANEE-EMPLOYEES

Expenditure Category	Total expenditure (Tk.)	Percent of total expenditure	No. of loanees	Average expenditure (Tk.)
Food	2,08,000	66.32	150	1,387
Clothing	23,660	7.66	150	158
Medical	18,345	5.94	149	123
Educational expenses	12,660	4.10	92	138
Repayment of loan and interest	41,002	13.34	117	352
Others	5,080	1.64	52	98
Total/Average	3,08,947	100.00	150	2,060

Source : Survey data 1986.

Table 7 shows the repayment behaviour of the loanee-employees who borrowed from money lenders, and welfare societies. The table reveals that, 125 loanee-employees (borrowers) repaid only interest charges and 20 borrowers repaid part of the principal amount along with interest charges. In case of those borrowers who repaid only interest charges, their interest payments became slightly more than the amount borrowed (100.67 percent). Total interest charges paid by all loanees as percent of total borrowed amount was found to be 91.05 percent. Number of defaulters was found nil, which clearly demonstrates the pressure that have been imposed on the helpless borrowers by money

lenders and society officials. This clearly shows the burden of debt on the employees who for months together, in some cases for years together, were paying a portion of their income as interest charges only ; forcing them to be permanently on debt.

TABLE 7. REPAYMENT CHARACTERISTICS OF THE LOANEE-EMPLOYEES WHO BORROWED FROM MONEY LENDERS, AND WELFARE SOCIETIES

(In Taka)				
Particulars	No. of loanee employees	Total borrowing	Payment of principal amount	Payment of interest charges
Repaid part of principal amount and interest	20	43,650	17,477	7,278 (16.67)*
Repaid only interest charges	125	3,37,550	—	3,39,830 (100.67)
Number of defaulters	Nil	Nil	Nil	Nil
Total/Average	145**	3,81,200	17,477	3,47,108 (91.05)

*Figures within the parentheses indicate interest charges paid as percent (%) of amount borrowed.

**Actual number of loanee-employees borrowed from these sources were found to be 125 in the study. Here total is 145, because 20 borrowers borrowed from more than one source.

Source : Survey data 1986

Table 8 shows the characteristics of loan contracted from the village money lenders only since they are the largest single supplier of funds to the Class IV employees. Cash and crop loans were mainly transacted for family consumption purpose, accounting for about 90 percent of the total borrowing. Total interest payments for cash and crop loans

were almost equal to the principal amount. Loans were also taken for land mortgage purpose. Land mortgage loans were secured on the condition that unless and until the loan amount is repaid, the money lender will use the land and appropriate the income from that land. Therefore, no monetary interest payment is shown in the table.

TABLE 8. CHARACTERISTICS OF LOAN CONTRACTED FROM VILLAGE MONEY LENDERS

Particulars	No. of loanee employees	No. of loan cases	Total amount borrowed (Taka)	Amount paid as interest charges (Taka)	Interest charges paid as % of total borrowing
Cash loan (including loan for land purchases)	117	205	2,80,950 (89.50)	2,83,178	100.79
Crop loan	2	2	12,000 (3.82)	8,200	68.33
Land mortgage loan	6	6	21,000 (6.68)	—	—
Total :	125	213*	3,13,950 (100.00)	2,91,378	92.81

* Total is more than 150, because in some cases a single borrower borrowed from more than one money lender.

Figures within parentheses indicate percentages.

Source : Survey data 1986.

7. Frequency of Purposes for which Loan was Sought :

The purposes for which borrowing was undertaken by the employees were family expenditure, medical expenses, land purchase, house repairing and construction, repay-

ment of previous loan, land mortgage, purchase of bullock, purchase of tube well and to meet crop damage due to flood. It was found that about 48 percent of responses indicated loan requirement for incurring family expenditure, 21 percent for medical expenses followed by land purchase and others. So it can be concluded that most of the borrowers used credit mainly for meeting family expenditure. Monthly income was not quite sufficient to fulfil their basic needs, thus forcing them to borrow at higher rates of interest from money lenders and others sources. The purposes for which borrowing was undertaken are shown in Table 9.

TABLE 9. FREQUENCY OF PURPOSES FOR BORROWING AND UTILIZATION OF LOANS (EXCLUDING LOAN FROM PROVIDENT FUND).

Particulars	No. of loan cases	Percentage	Amount spent (Taka)	Percentage
Family expenditure	90	47.61	2,06,227	44.51
Medical	40	21.16	74,283	16.03
Land purchase	16	8.46	75,900	16.38
House repairing and construction	12	6.36	37,100	8.00
Marriage ceremony	10	5.30	25,400	5.48
Repayment of previous loan	9	4.78	25,000	5.39
Land mortgage	3	1.58	3,000	0.65
Purchase of bullock	2	1.05	3,000	0.65
Purchase of tubewell	2	1.05	5,000	1.07
Others (litigation, banana plantation and crop damaged due to flood)	5	2.65	8,333	1.80
Total :	189	100.00	4,63,243	100.00

Source : Survey data 1986.

2. Agricultural and Non-agricultural Sources of Income of the Lenders :

The reported list of income generating sources of the lenders reveals that interest earning from lending occupies the highest percentage, followed by agricultural sources and services respectively. Table 10 shows that out of total amount of income, interest earning from lending activities occupies more than 43 percent of the total income. It is clear from the table that most of the lenders used the potentialities of interest earning from lending activities as a major source of income generation. Table 10 also reveals that about one-fifth of the total income contributed from agricultural sources by selling agricultural products, and less than 10 percent of total income was contributed by other sources namely sources like fishing, livestock and poultry raising, etc.

TABLE 10. ANNUAL INCOME OF THE LENDERS FROM AGRICULTURAL AND NON-AGRICULTURAL SOURCES

Sources of income	Total annual income (Tk.)	Average Annual income (Tk.)		Percentage of average income	
		For total lenders	For reporting lenders	For total lenders	For reporting lenders
Agril. Sources					
Agril. Products) (49)	6,72,000	13,440	13,714	20.82	14.22
Fish, livestock and Poultry etc. (49)	2,65,500	5,310	5,418	8.22	5.63
Business (16)	3,65,000	7,300	22,812	11.30	23.68
Service (31)	4,48,300	8,966	14,461	13.89	15.00
Interest (50)	13,92,300	27,846	27,846	43.14	28.88
Others (7)	84,950	1,699	12,137	2.63	12.59
Total :	32,28,050	64,561	96,388	100.00	100.00

(Figures within parentheses indicate no. of respondents in each income category)

Source : Survey data 1986

9. Borrowing Characteristics of Lenders :

About half of the money lenders themselves were also involved in borrowing from other sources to have funds. This was largely due to have loanable funds at their disposal for investment in lending business at a higher interest rate. Table 11 shows the source-wise distribution of loans received and repayment made by the money lenders. The table reveals that Provident Fund, banks, private lenders, friends and relatives are the major sources from which loans were contracted by the money lenders. Interest rate in case of Provident Fund was 12.50 percent which remain unchanged, and average interest rate of bank was found to be 13.62 percent. Interest rate in case of loan from money lenders was 120 percent per annum which is lower than that they charged. Repayment percentage in

TABLE 11. SOURCE-WISE LOAN RECEIVED AND REPAYMENT MADE BY THE MONEY-LENDERS

Sources of loan	No. of loanees	Rate of interest (percent)	Amount received (Tk.)	Amount repaid (Tk.)
Provident Fund	11	12.50	36,300 (22.62)	9,363 (25.79)
Banks	8	13.62	40,200 (25.05)	3,500 (8.71)
Private lenders	3	120.00	28,000 (17.45)	N.A.
Friends and relatives	2	Nil	56,000 (34.88)	N.A.
Total :	24	—	1,60,500 (100.00)	12,863 (8.01)

Figures within parentheses indicate percentage.

Source : Survey data 1986

case of Provident Fund was found to be the highest (25.79%) followed by about 9 percent in case of banks. Repayment position in case of other sources could not be ascertained due to lack of complete information.

Table 12 shows the purpose-wise distribution of loan received and repayment made by the money lenders. Out of 50 money lenders, 24 of them reported that they received funds from various sources mentioned earlier mainly for money lending and family maintenance. However, most of the funds (about 80 percent) was borrowed for lending purpose. The average repayment percentage was found to be only 8 percent.

TABLE 12. PURPOSE-WISE DISTRIBUTION OF LOAN RECEIVED AND REPAYMENT MADE BY THE MONEY LENDERS

Purpose of loan	No. of lenders	Amount received (Tk.)	Amount repaid (Tk.)	Percent of repayment
Family maintenance	5	31,800 (19.81)	3,500	11.00
Money lending	19	1,28,700 (80.19)	9,363	7.28
Total :	24	1,60,500 (100.00)	12,863	8.01

Figures within parentheses indicate percentage.

Source : Survey data 1986

IV. CONCLUSION

From the results of the study, the following concluding comments may be made :

1. As apprehended, the majority of the class IV employees of the University are indebted to one or more than one source. This also suggests that the monthly salary which they draw is insufficient to meet their family expenses.

2. It was found that about one-fifth of the average annual income was derived from sources other than the salary received from the University. Thus, it is quite clear that these employees depend heavily on their salaried income. The non-salaried income was mostly received from the income of the landed property owned by the employees at their village homes. Other income from village home, at BAU Campus and/or Mymensingh town was very negligible, amounting altogether only about two percent of the total annual average income. Thus it is evident that there is little flexibility and multiplicity of income sources of the BAU Class IV employees.

3. More than 50 percent of the loan amount was borrowed from money lenders and so-called cooperative and welfare societies. Money lenders as a class is the largest supplier of loans to the BAU Class IV employees. This also demonstrates the growth of money lending business by private persons.

4. Another development that has been noticed is the growth of so-called cooperative and welfare societies in the money lending business. About 10 percent of total borrowing was advanced by these societies. Their lending and recovery methods are in most cases similar to those of money lenders, including the rate of interest they charge.

5. About two-thirds of the Class IV employees have borrowed from the University Provident Fund, amounting to slightly more than one-third of the total loan amount. Thus Provident Fund as a source of credit is being utilized to a great extent by the class IV employees.

6. The repayment performance was found to be very discouraging, ranging from less than 20 percent in case of loan from Provident Fund to about 2 percent in case of loan from friends and relatives. The overall loan repayment percentage is less than 10 percent, thus piling an average amount of outstanding loan of more than Tk. 12,000. This clearly shows the burden of debt on the Class IV employees of this University.

7. The majority of the loanee-employees who borrowed from the money lenders and so-called cooperative and welfare societies repaid only interest charges. Only in a few cases the employees repaid part of the principal amount. It was found that less than 5 percent of the total borrowing from the above two sources was repaid. However, the total payment of interest charges to these two sources became more than 90 percent of their total borrowing. This has led to perpetual financial dependency of the employees to these sources.

8. Needless to say, the major reason for borrowing of the employees was to meet their family expenses. However, repayment of loan and interest charges (i.e. debt servicing) has gradually become an important item of expenditure occupying the second position in terms of percentage share of total expenditure. No doubt this has put tremendous pressure on the available funds for family living expenses of the Class IV employees of the University.

**APPENDIX A. CATEGORY OF LENDERS, SHOWING PERCENTAGE
SHARES OF RESPECTIVE CATEGORY.**

Lender Category	Total number of Sample lenders	Percent
BAU EMPLOYEES :		
Total	30	60
Class III	24	48
Class IV	6	12
Businessmen (Small traders)	5	10
Farmers	9	18
Others(contractor, tailor, carpenter, etc.)	6	12
Total :	50	100

Source : Survey data 1986