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The Nature of Micro-Finance of Islami Bank & its Impact on Socio-Economic Development of Bangladesh: A Geographical Study

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University of Rajshahi

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The Nature of Micro-Finance of Islami Bank & its Impact on Socio-Economic Development of Bangladesh: A Geographical Study



A dissertation

Submitted to the University of Rajshahi, Bangladesh in Fulfillment of the Requirement for the Degree of Doctor of Philosophy in Geography and Environmental Studies

Submitted By

Md. Abdul Khaleque Mollah

Supervised By

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June, 2014

Dedicated

To

My Departed Father



&



Alive Mother

Declaration

I, the undersigned, hereby declare that this dissertation entitled "**The Nature of Micro-Finance of Islami Bank & its Impact on Socio-Economic Development of Bangladesh: A Geographical Study**" is my original research work and submitted by me to the University of Rajshahi, Bangladesh for the award of the degree of **Doctor of Philosophy in Geography and Environmental Studies** carried out under the direct and effective supervision of **Professor M. Abdur Rahman**, Department of Geography and Environmental Studies, University of Rajshahi, Bangladesh.

To the best of my knowledge, this work neither in part nor in full has been submitted previously to any University or Institute for the award of any Degree, Diploma, Fellowship or any other similar purpose.

Date: 30.06.2014

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Certificate

I have the pleasure to certify that the dissertation entitled "**The Nature of Micro-Finance of Islami Bank & its Impact on Socio-Economic Development of Bangladesh: A Geographical Study**" submitted by **Md. Abdul Khaleque Mollah of Rajshahi University**, Bangladesh carried out under my direct supervision.

I also certify that I have gone through the entire dissertation and found it satisfactory for submission in fulfillment of the requirements for the award of degree of **Doctor of Philosophy in Geography and Environmental Studies** and may be placed before the examiners for their kind consideration.

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The Researcher

Abstract

Microfinance, like the breath of the poor, a broader concept and multi-dimensional aspects of Microcredit, now a days, has become a worldwide recognized, most popular, much favored, most powerful weapon and a latest panacea for poverty alleviation in the developed, least developed and developing countries of the world from North to South and East to West (European, American, Australian, Asian and African countries, e.g. India, Sri Lanka, Pakistan, Bangladesh, Malaysia, Indonesia, Bolivia, Nigeria, Nicaragua, Bosnia, Herzegovina, Australia, Canada etc). Bangladesh has pioneered the Microfinance program which is now a well established poverty alleviating program, is being implemented to address different socio-economic activities across the world and now more than 70 (Seventy) countries of the world are practicing the Grameen Bank (GB) model (**Majumder, 2002; Sorwar, 2007; Jinan, 2009**).

Thousands of Microfinance institutions are working in Bangladesh (like GB, BRAC, ASA and PROSHIKA) and these institutions mainly provides interest-based credit and the charged rate of interest is often exorbitantly high and as a result, the rural poor can not come out from the poverty trap. There is much controversy and debate on traditional Microfinance which is sometimes called a **“Symbol of Modern Exploitation”** and **Dr. Yunus** (Pioneer of Microfinance) has been regarded as **“Blood Sucker of the Poor”** by the many critiques and also by the present Government of Bangladesh (native country) for the last few years in their many occasional deliberations, though Bangladesh is called a **“Birthplace of Microfinance”** and a **“Land of NGOs”**. Besides, these are hardly any credit facilitating institutions that care about the moral and ethical development of the rural poor although, ethical standards have to be maintained not only in business sector but also in all

aspects of life. Business and ethics should be interrelated (**Jaim 1986; Ahmed and Shirazi, 2002; Mahamood, 2006; Islam, 2011; Reddy 2012**).

Keeping all this constraints and idea in view, Islami Bank Bangladesh Limited (shortly & widely known as Islamic Bank in Bangladesh) has launched a Microfinance program named “**Rural Development Scheme (RDS)**” in 1995 creating a new platform for the poor people of Bangladesh. The prime objective of this program is to uplift the overall socio-economic plight of the rural poor. The program also provides welfare, moral and ethical services to the rural people of Bangladesh based on Islamic values and principles (**Rahman, 2009**). Presently, the scheme is being implemented through 209 Branches in 17,104 villages under 64 districts covering all 7-divisions of the country (Bangladesh). About 0.82 million group members including 0.53 million investment clients out of which 94% are female are involved in this scheme in 2013 (Annual Report of IBBL, 2013). The program has accumulated total savings of RDS member was Tk.4,377.98 million and investment outstanding was Tk.13,730.92 million among the 5,23,235 clients with 99.70% rate of recovery in 31.12.2013. Therefore, the study on “**The Nature of Micro-Finance of Islami Bank & its Impact on Socio-Economic Development of Bangladesh: A Geographical Study**” is very much significant from the standpoint of development. An assessment of the achievement of Microfinance Program of IBBL and its impact on socio-economic development including the changes of life style of the rural poor is a prime need.

Basically, the main thrust of this study is to examine the nature & extent of Microfinance and to assess the major contribution of Microfinance of IBBL to the Beneficiaries under study. In order to conduct this study,

primary data were exclusively collected from the 390 clients covered by 26 Branches of IBBL from 13 Consecutive Zones across the country to bring geographical diversity of the study based on **Stratified Random Sampling Approach**. Survey was conducted during the period from January 2013 to June 2013 and data were collected using two sets of pre-tested structured and semi-structured questionnaires (one set for the Microfinance Beneficiaries & another for the Bank Personnels). A great deal of observation was made by the researcher as well during the survey period. The data were analyzed using χ^2 test, **Pearson's Product Moment of Correlation Co-efficient (Correlation Matrix)**, **Linear Regression Model**, **Ordinary Least Square (OLS) Model**, **Logit Model (LM)** and also using **5-Points Scale of customer's satisfaction assessment**. In addition, **SWOC** of the program analyzed based on the important outcomes of the study.

This study includes socio-economic, socio-political and socio-demographic profiles of the clients and also includes age, fertility, mortality, education, family size, marital status, total land size, occupation, family members involvement in on-farm and off-farm activities, value of household assets, training received by the clients, disbursement and repayment of investment and extent of utilization of Micro-investment. The results of this study revealed that the Microfinance Program of IBBL has significant and positive impact on socio-economic development & changes of Bangladesh including women empowerment and poverty alleviation. The study also revealed that this program **have been able to reduce 54.60% poverty** of the asset-less, collateral-less & distressed poor people under study and **above 75% customers are satisfied with this program** as the study revealed. So, undertaken this study on **“The Nature of Micro-Finance of Islami Bank**

& its Impact on Socio-Economic Development of Bangladesh: A Geographical Study” is justified.

Poverty alleviation is not a national issue of Bangladesh, it is a global and challenging issue, which is very much related with the governmental socio-economic related significant aspect which is directly related to the planning of any government and for this reason, in-depth study based on holistic approach is needed in this special field. It is hoped by the researcher that the outcomes of this study will help the researcher who are interested for further study on this new field, geography discipline, finance, banking & economics disciplines for better implication, design & improvement of the program for the national development planning and also to the Microfinance Practitioners including Islamic Microfinance Practitioners of the world and Bangladesh in particular. The interested researchers, especially geographers may further study on the crucial field and new market niche highlighting the regional inequalities and disparities of the program showing the developmental sides.

Table of Contents

Title	Page No.
Title Page of the Thesis	I
Dedication	II
Declaration of the Researcher	III
Certificate of the Supervisor	IV
Acknowledgement of the Researcher	V-IX
Abstract	X- XIII
Table of Contents	XIV- XXII
List of Tables	XXII- XXV
List of Figures	XXVI
List of Maps	XXVI
Abbreviations	XXVIII
Glossary	XXIX
Chapter One: Introduction to the Research	1-41
1.1 Prelude	1-4
1.2 Proliferation of the Research Problem	5-13
1.3 Research Questions	13-14
1.4 Research Goals and Objectives	15
1.5 Scope of the Study	15-16
1.6 Literature Review and Conceptual Framework	16-17
1.6.1 A Brief Review of Main Literatures on Microfinance Impact Studies	18
1.6.1.a Microfinance and Grameen Bank Perspectives	18-20
1.6.1.b Microfinance and BRAC Perspectives	20-22
1.6.1.c Microfinance and NGO's Perspectives	22-23
1.6.1.d Microfinance, Government Organizations and NCBs Perspectives	24
1.6.1.e Islamic Microfinance and Microfinance of IBBL Perspectives	25-26
1.6.2 Research Gap	26-27
1.6.3 Formation of Conceptual Framework	27-30
1.7 Rationale of the Study	30-33
1.8 Work Plan and Schedule of the Study	34
1.9 Report Plan and Organization of the Study	35-37
1.10 Limitations of the Study	37-39
1.11 Concluding Words	39-41
Chapter Two: Methodological Approach of the study	42-68
2.1 Prelude	42
2.2 Definition of the Key Terms	42
2.2.1 Impact	42-43

2.2.2 Poverty	43-44
2.2.3 Poverty Alleviation Programs	44
2.2.4 Conceptual Framework	44-45
2.2.5 The Impact Process	45
2.2.6 Socio-economic Condition	45
2.2.7 Profiles of the Respondents	45-46
2.2.8 Social Impact of Microfinance of IBBL	46
2.2.9 Economic Impact of Microfinance of IBBL	46
2.2.10 Customers Satisfaction	46
2.3 Research Design and Methodological Aspects	46-47
2.3.1 Research Design	47
2.3.2 Survey Design and Sampling Methods	48
2.3.2.a Nature of Study	48-49
2.3.2.b Nature and Sources of Data	49
2.3.2.b.1 Primary Data & Sources	49
2.3.2.b.2 Secondary Data & Sources	49-50
2.3.2.c Sampling Frame	50
2.3.2.d Unit of Analysis	50-51
2.3.2.e Data Collection Procedure	51
2.3.2.e.1 Interview Method	51
2.3.2.e.2 Observation Method	51
2.3.2.e.3 Library Work Method	52
2.3.3 Study Area: Selection Criteria and Description	52
2.3.3.a Selection of the Study Site	52-53
2.3.3.b Selection of Samples and Sampling Method	55
2.3.3.b.1 Sample Size and Design	55-57
2.4 Sampling Methods	57
2.4.1 Stratified Random Sampling Approach	58
2.4.2 Purposive Sampling	58-59
2.4.3 Variables of the Study	60
2.5 Tools and Techniques for Data Processing, Analysis & Interpretation	61
2.5.1 Geographical, Econometrical and Sociological Tools	61
2.5.3 Statistical and Mathematical Tools	61

2.5.4 Computer Tools	62
2.5.5 Analytical Framework	62
2.5.6 Model Specification	62
2.5.6.b Logit Model (LM)	63-64
2.5.6.c Linear Regression Model	64-66
2.5.6.d Correlation Co-efficient	66
2.5.6.e Chi-Square Model	66
2.6 Concluding Remarks	67-68
Chapter Three: Microfinance Scenario of IBBL: An Overview	69-93
3.1 Prelude	69
3.2 Mission and Vision of Microfinance of IBBL	70
3.3 The Specific Objectives of Microfinance of IBBL	71
3.4 Modus Operandi of Microfinance of IBBL	71-73
3.5 Target Group of Microfinance of IBBL	73
3.6 Targets of Microfinance of IBBL	74
3.7 Purpose, Period and Ceiling of Micro-investment of IBBL	74
3.8 Major Activities of Microfinance of IBBL in Brief	75
3.8.1. Major Income Generating Activities	75
3.8.1.a Crops Production (21-Types of Crops)	75
3.8.1.b Major Off-farm (343-kinds) Activities	75
3.8.2. Other Supporting Programs	75
3.8.2.a Educational Program	75
3.8.2.b Health and Medicare Program	75
3.8 Modes of Islamic Micro-investment of IBBL	76
3.8.a Bai-Mudaraba	76
3.8.b Bai-Muajjal	76
3.8.b Hire Purchase Under Shirkatul Meelk (HPSM)	77
3.8.c Mudaraba	77
3.8.d Musharaka	78
3.8.e Bai-Salam	78
3.9 Geographical Expansion and Coverage of Islamic Microfinance of IBBL in Bangladesh (1995-2013)	79-80
3.10 Poverty Concepts and View: Conventional vis a vis Islamic	79
3.11 Evolution of Poverty Alleviation Initiatives	82

3.12 Key Consideration of Poverty Alleviation Scheme	83
3.13 Differences between Conventional and Islamic MFIs	84
3.14 Islamic Microfinance around the World	84-85
3.15 Evolution of Islamic Microfinance in Bangladesh	85-90
3.16 Why is there a need for Islamic Microfinance in Bangladesh?	90-91
3.18 A Brief Overview on Some Other Major MFIs in Bangladesh	91
3.18.1 Grameen Bank (GB)	91
3.18.2 Association for Social Advancement (ASA)	92
3.18.3 Bangladesh Rural Advancement Committee (BRAC)	92-93
3.19 Concluding Words	93
Chapter Four: The Nature and Extent of Microfinance of IBBL	94-99
4.1 Prelude	94
4.2. Quantitative and Descriptive Analysis	94
4.2.1 The Nature and Extent of Microfinance taken by the Beneficiaries	94-95
4.2.2 Investment Utilization Status by the Microfinance Beneficiaries	96
4.2.3 Investment by Size taken by the Microfinance Beneficiaries	96-97
4.2.4. Mode-wise Investment taken by the Microfinance Beneficiaries	97-98
4.2.5 Proper Investment Utilization Status of the MF-Beneficiaries	98
4.3 Concluding Words	99
Chapter Five: Impact of Microfinance of IBBL on Socio-economic Development and Benchmarking Report of the Beneficiaries: Before and After	100-139
5.1 Prelude	100
5.2 Impact on Personal Profiles of the Beneficiaries	100
5.2.1 Impact on Geodemographic Profiles of the Beneficiaries	101
5.2.1.a Age Structure of the Clients	101-102
5.2.1.b Sex Structure of the Clients	102
5.2.1.c Marital Status of the Clients	102-103
5.2.1.d Number of Children and Family Planning Status of the Clients	103-104
5.2.1.e Contraceptive Using Status of the Clients	104
5.2.1.f Mortality Status of the Clients Households	104-105
5.2.1.g Religion of the Clients	105
5.2.2 Impact on Economic Profiles of the Beneficiaries	106
5.2.2.a Average Monthly Income of the Clients	106-107
5.2.2.b Occupation of the Clients	107-108
5.2.2.c Average Monthly Expenditure Status of the Clients	108
5.2.2.d Expenditure Status for Social Occasions of the Clients	108-109
5.2.2.e Average Monthly Saving Status of the Clients	109
5.2.2.f Overlapping Status of the Clients	110
5.2.2.g Length of Membership of the Clients in RDS of IBBL	111
5.2.2.h Sources of Fund for Regular Installment Repayment of the Clients	111-112
5.2.2.i Clients Long-run Willingness to Continue Borrowings from the Microfinance Program of IBBL	112

5.2.2.j. Reasons behind Willingness to Continue the Program of the Clients	113
5.2.2.k Reasons behind Willingness of the Clients to Stop the Microfinance Program in Near Future	113-14
5.2.2.1 Land Holding Status of the Clients	114
5.2.2.1.1 Area of Homestead Land of the Clients	114
5.2.2.1.2 Area of Cultivation Land of the Clients	114-115
5.2.2.m Protein Intake Status of the Clients	115-116
5.2.2.n Poverty Level of the Clients	116
5.2.3 Impact on Social Profiles of the Beneficiaries	117
5.2.3.a Educational Status of the Clients	117
5.2.3.b Vocational Knowledge of the Clients	118
5.2.3.c Moral and Ethical Practices of the Clients	118
5.2.3.c.1 Changing of Bad Habits of the Clients	118-119
5.2.3.c.2 Religious and Ethical Practices of the Clients	119
5.2.3.c.3 Breast Feeding Habit of the Clients	120
5.2.3.d Recreational Status of the Clients	120-121
5.2.3.e Housing Status of the Clients	121-122
5.2.3.f Toilet Facilities of the Clients	122
5.2.3.g Treatment Status of the Clients	122-123
5.2.3.h Sources of Lighting and Energy Supply of the Clients	123
5.3 Impact on Household's Profiles of the Beneficiaries	124
5.3.1 Impact on Geodemographic Profiles of the Client's Households	124
5.3.1.a Age Structure of the Client's Households	124
5.3.1.b Sex Structure of the Client's Households	125
5.3.1.c Family Types of the Clients	125-126
5.3.1.d Family Size of the Clients	126
5.3.2 Impact on Economic Profiles of the Client's Households	127
5.3.2.a Earning Members of the Client's Family	127
5.3.2.b Occupation of the Head's of the Client's Family	127-128
5.3.2.c Monthly Gross Income of the Client's Family	128-129
5.3.2.d Sources of Monthly Income Generation by the Client's Household	129
5.3.2.e Monthly Gross Expenditure of the Client's Households	130
5.3.2.f Monthly Expenditure of the Client's Households by Items	130-131
5.3.3 Impact on Social Profiles of the Client's Households	131
5.3.3.a Active School Going Status of the Client's Households	131
5.3.3.b Decision Maker of the Client's Households	132
5.4 Miscellaneous Opinions of the Beneficiaries	132
5.4.1 Major Problems Stated by the Clients	133-134
5.4.2 Suggestions Prescribed by the Clients	134
5.5 Miscellaneous Opinions of the Branch Managers	135
5.5.1 Branch Managers Comments on Microfinance Program of IBBL	135
5.5.2 Major Problems Stated by the Bank Personnel/Branch Managers	135-136
5.5.3 Major Suggestions Prescribed by the Branch Managers	136-137

5.5.4 Justification of the Branch Managers about Keeping RDS with Branch	137
5.5.5 Justification of the Branch Managers for Separating RDS Keeping the Control under Branch	137
5.6 Concluding Words	138-139
Chapter Six: Impact of Microfinance of IBBL on Woman Empowerment	140-145
6.1 Prelude	140
6.2 Qualitative Analysis of the Women Empowerment Status	140
6.2.1 Impact on Self-employment Creation	140
6.2.2 Impact on Literacy Status	140
6.2.3 Impact on Vocational Knowledge Status	141
6.2.4 Impact on Freedom of Household Decision Making Process	142
6.2.5 Impact on Freedom of Social Decision Making Process	142
6.2.6 Impact on Freedom of Political Choice	142
6.2.7 Impact on Freedom of Children’s Educational Decision Making Process	142
6.2.8 Impact on Freedom of Legal Rights	142
6.2.9 Impact on Freedom of Health and Nutritional Decision Making Process	142
6.2.10 Impact on the Level of Contraceptive Use and Family Planning Decision	143
6.2.11 Impact on the Changes in Mental Oppressions	143
6.2.12 Impact on the Changes in Physical Oppressions	143
6.2.13 Impact on the Divorce Cases	143
6.2.14 Impact on the Separation Cases	143
6.2.15 Impact on the Children’s Early Marriage Decision Making	143
6.2.16 Impact on the Children’s Dowry Exchange Decision	144
6.2.17 Impact on the Changes of Husbands Polygamy Status	144
6.2.18 Impact on the Effective Control Over Income	144
6.2.19 Impact on the Effective Control Over Expenditure	144
6.2.20 Impact on the Freedom of Changing Bad Habits of the Husbands	144
6.2.21 Impact on the Freedom in Performing Religious Activities	144
6.2.22 Impact on Effective Control over Investment Utilization	144
6.2.23 Impact on Moral and Ethical Development Process	145
6.2.24 Impact on the Overall Social Awareness	145
6.3 Concluding Words	145
Chapter Seven: Impact of Microfinance of IBBL on Customers Satisfaction Barometers	146-157
7.1 Prelude	146
7.2 Impact of Microfinance of IBBL on Customer Satisfaction Barometers	147
7.2.1 Customer Satisfaction on Membership Selection Criteria	147
7.2.2 Customer Satisfaction on Behavioral Pattern of the Officials	148

7.2.3 Customer Satisfaction on the Proposal Processing, Enhancement and Disbursement Process	148-149
7.2.4 Customer Satisfaction on the Provision of Quard-E-Hasana System	150
7.2.5 Customer Satisfaction on Modern Knowledge and Skills of the Officials	150
7.2.6 Customer Satisfaction on Convenient Size of Investment Amount	150
7.2.7 Customer Satisfaction on the Lower Cost of Investment	150-151
7.2.8 Customer Satisfaction on Religious Principles and Interest-free Banking	151
7.2.9 Customer Satisfaction on the Convenient Location of the Branch	151
7.2.10 Customer Satisfaction on the Burial Expenses Beared by the Institution	152
7.2.11 Customer Satisfaction on the Business Skill Development	152
7.2.12 Customer Satisfaction on Special Program for Moral and Ethical Upgradation and Training	152
7.2.13 Customer Satisfaction on Socio-economic and Socio-political Changes Program	153
7.2.14 Customer Satisfaction on Encouragement in Accumulation of Savings for the Future Need	153
7.2.15 Customer Satisfaction on Technology-based Prompt Services	153-154
7.2.16 Customer Satisfaction on Congenial Atmosphere of the Branches	154
7.2.17 Customer Satisfaction on Time of Repayment System of Micro-investment	154
7.2.18 Customer Satisfaction in the Increase of Income, Expenditure and Living Standard	154-155
7.2.19 Customer Satisfaction on Strong Brand Global Network of the Institution	155
7.2.20 Customer Satisfaction on Child and Ault Literacy Program	155
7.2.21 Customer Satisfaction on Encouragement of Brest Feeding Habits	155-156
7.2.22 Customer Satisfaction on the Provision of Waiver	156
7.2.23 Customer Satisfaction on the Scholarship and Free Educational Equipments Supply to the Poor Children of the Clients	156-157
7.3 Concluding Words	157
Chapter Eight: Impact of Microfinance of IBBL on Socio-economic Changes of the Beneficiaries Households After Joining in the Program	158-166
8.1 Prelude	158
8.2 Impact of Microfinance of IBBL on Socio-economic Changes of the Beneficiaries Households: Before and After	158
8.2.1 Changes in Poverty Situation of the Beneficiaries Households in terms of Annual Per Capita Income	158-159
8.2.2 Major Changes in the Socio-economic Indicators of the	159-160

Beneficiaries Households	
8.2.2.a Changes in Total Family Income	161
8.2.2.b Changes in Total Family Expenditure	161
8.2.2.c Changes in Total Family Savings	161
8.2.2.d Changes in Calorie Intake Status	161
8.2.2.e Changes in Overall Assets	162
8.2.2.f Changes in Overall Economic Solvency	162
8.2.2.g Changes in Burden of Indebtedness	162
8.2.2.h Changes in Borrowings from Other Sources	162
8.2.2.i Changes in Attendance of Eligible School Going Students	162
8.2.2.j Changes in Installment Repayment Capacity	163
8.2.2.k Changes in the Housing Status	
8.2.2.l Changes in the Use of Pure Drinking Water (Tube-well)	163
8.2.2.m Changes in the Use of Sanitary Latrine	163
8.2.2.n Changes in Exchange of Dowry in the Marriage Ceremony	164
8.2.2.o Changes in Earning Persons of the Family	164
8.2.2.p Changes in Creation of Social Awareness	164
8.2.2.q Changes in Educational Status	164
8.2.2.r Changes in Knowledge and Skill in Business	164-165
8.2.2.s Changes in Women Empowerment	165
8.2.2.t Changes in Modern Treatment Status (Alopath)	165
8.2.2.u Changes in Standard of Living	165
8.2.2.v Changes in Social Dignity and Status	165
8.2.2.w Changes in Family Planning Status	166
8.2.2.x Changes in Customer's Satisfaction Level	166
8.2.2.y Changes in Moral and Ethical Development	166
8.2.2.z Changes in Poverty Alleviation	166
8.3 Concluding Words	166
Chapter Nine: Statistical Analysis and Interpretation	167-187
9.1 Prelude	167
9.2 Statistical Analysis and Interpretation	167
9.2.1 Analysis of the Results of Correlation Co-efficient Model	167-169
9.2.2 Analysis of the Results of Linear Regression Model	170-171
9.2.3 Analysis of the Results of Chi-Square Model	172
9.2.3.a Test of Microfinance Impact on Productivity	172
9.2.3.b Test of Microfinance Impact on Installment Repayment Capacity through Income Generation	173
9.2.3.c Test of Microfinance Impact on Social Awareness Creation	174
9.2.3.d Test of Microfinance Impact on the Income Increase of Rural Poor Women	174-175
9.2.3.e Test of Microfinance Impact in Accumulation of Savings Habit	175-176
9.2.3.f Test of Microfinance Impact on Poverty Alleviation	176-177

9.2.4 Analysis of Ordinary Least Square (OLS) Estimation Results	177-178
9.2.4.a Analysis of OLS Results for the Household Income Model	178-180
9.2.4.b Analysis of OLS Results for the Household Food Expenditure Model	180-181
9.2.4.c Analysis of OLS Results for the Household Total Expenditure Model	182-183
9.2.5 Analysis of Results of the Logit Model for Clients' Well-being	183
9.2.5.a Analysis of the Logit Model Results for the Clients' Well-being	183-185
9.2.5.b Analysis of Results of the Logit Model for Assessing the Clients' Ethics and Moral	186-187
9.3 Concluding Words	187
Chapter Ten: SWOT Analysis of the Program	188-195
10.1 Prelude	188
10.2 SWOT Analysis of the Microfinance Program of IBBL	188
10.2.1 Strengths of Microfinance of IBBL	189-190
10.2.2 Weaknesses of Microfinance of IBBL	190-191
10.2.3 Opportunities of Microfinance of IBBL	191-192
10.2.4 Threats or Challenges of Microfinance of IBBL	193-194
10.3 Concluding Words	195
Chapter Eleven: Summary, Conclusion and Recommendations	196-216
11.1 Prelude	196-198
11.2 Summary of Major Findings of the Study	199-208
11.3 Concluding Words	209-212
11.4 Recommendations and Policy Implications	212-216

List of Tables

Table No.	Title of the Tables	Page No.
2.1.	Size & Allocation of the Samples	56
2.2	Selected Variables of the Study	60
3.1	Purpose, Period and Ceiling of Micro-investment of IBBL	74
3.2	Differences between Conventional and Islamic MFIs	80
3.3	A Comparative Position and Market Profile of RDS with Top 3-MFIs of Bangladesh, 2013.	84
3.5	A Comparative Position and Market Profile of RDS with Top 3- MFIs of Bangladesh, 2013.	93
4.1	The Nature and Extent of Investment taken by the Beneficiaries from Microfinance Program of IBBL.	95
4.2	Investment Utilization Status of the Microfinance Beneficiaries of IBBL	96
4.3	Investment by Size taken from MF-Program of IBBL by the Beneficiaries	97
4.4	Mode-wise Distribution of Investment taken by the MF-Beneficiaries of IBBL	97
4.5	Proper Utilization of Investment by the Beneficiaries	98
5.1	Distribution of the Clients by Age Group	101
5.2	Distribution of the Clients by Marital Status	102
5.3	Distribution of the Clients by Number of Children	103
5.4	Distribution of the Clients by Contraceptive Using Status	104
5.5	Distribution of the Clients by Mortality Status	104
5.6	Distribution of the Clients by Religion	105
5.7	Distribution of the Clients by Average Monthly Income	106
5.8	Distribution of the Clients by Occupation	107
5.9	Distribution of the Clients by Average Monthly Expenditure	108
5.10	Distribution of the Clients by Expenditure for Social Occasions	108
5.11	Distribution of the Clients by Monthly Savings Status	109
5.12	Distribution of the Clients by Overlapping Situation	110
5.13	Distribution of the Clients by Length of Membership in RDS of IBBL	111
5.14	Distribution of the Clients by Source of Fund Accumulated for Regular Repayment of the RDS Investment of IBBL	112
5.15	Distribution of the Clients by Long-run Willingness to Continue Borrowings from the Microfinance Program (RDS) of IBBL	112
5.16	Distribution of the Clients with Reasons to Continue the MF-Program	113
5.17	Distribution of the Clients with Reasons to Stop the Program	113

5.18	Distribution of the Clients by Area of Homestead Land	114
5.19	Distribution of the Clients by Area of Cultivable Land	115
5.20	Distribution of the Clients by Protein Intake Status	115
5.21	Distribution of the Clients by Poverty Level based on Expenditure	116
5.22	Distribution of the Clients by Educational Status	117
5.23	Distribution of the Clients with Level of Vocational Knowledge	118
5.24	Distribution of the Clients by Bad Habits Changing Status	119
5.25	Distribution of the Clients based on Their Religious Activities	119
5.26	Distribution of the Clients by Breast Feeding Status	120
5.27	Distribution of the Clients by Recreational Facilities	121
5.28	Distribution of the Clients by Housing Status	121
5.29	Distribution of the Clients by Toilet Facilities Status	122
5.30	Distribution of the Clients by Treatment Status	123
5.31	Distribution of Clients by Sources of Lighting and Energy Supply	123
5.32	Distribution of the Family Members of the Clients by Age Group	124
5.33	Distribution of the Family Members of the Clients by Sex Group	125
5.34	Distribution of the Clients by Family Type	125
5.35	Distribution of the Clients by Family Size	126
5.36	Distribution of Earning Members of the Client's Households by Sex	127
5.37	Distribution of the Client's Family Head's by Occupation	128
5.38	Distribution of Monthly Gross Income of the Client's Households	128
5.39	Distribution of the Client's Household's Monthly Income Generation by Sources	129
5.40	Distribution of Monthly Gross Expenditure of the Client's Household's	130
5.41	Distribution of the Client's Household's Monthly Expenditure by Items	130
5.42	Active Children's School Going Status of the Client's Household's	131
5.43	Distribution of the Client's in the Household Decision Making Process	132
5.44	Major Problems Stated by the Clients	133
5.45	Major Suggestions Stated by the Clients	134
5.46	Impact of RDS on the Islamic Banking Stated by the Managers	135
5.47	Major Problems Stated by the Managers	136
5.48	Major Suggestions Prescribed by the Branch Managers	136
5.49	Justification for Keeping the RDS with Branch	137
5.50	Justification for Separating RDS Keeping the Control under IBBL	137

6.1	Impact of Microfinance of IBBL on Women Empowerment	141
7.1	Impact of Microfinance of IBBL on Customer Satisfaction Barometers	149
8.1	Impact on Poverty Status of the client's Households in terms of Annual Per Capita Income	159
8.2	Major Changes in the Socio-economic Indicators of the Client's Households After Joining in the RDS of IBBL	160
9.1	Correlation between Selected Variables of the Study	168
9.2	Description of the Selected Variables for Correlation Co-efficient	168
9.3	Linear Regression Analysis of the Selected Variables	170
9.4	Whether the amount of Microfinance is productive or not?	172
9.5	Whether the installment repayment is generated from the income of Micro-investment or not?	173
9.6	Whether there is an impact of Microfinance of IBBL in creation of social awareness or not ?	174
9.7	Whether there is an impact of Microfinance of IBBL in the income increase of rural poor women or not ?	175
9.8	Whether there is any role of Microfinance in creation of Savings habit or not?	175
9.9	Whether there is a significant role of Microfinance in poverty alleviation or not ?	176
9.10	Estimated OLS Results for the Household Income	178
9.11	Estimated OLS Results for the Household Food Expenditure	181
9.12	Estimated OLS Results for the Household Total Expenditure	182
9.13	Estimated Results of the Logit Model for Clients' Well-being	184
9.14	Estimated Results of the Logit Model for Assessing the Clients' Ethics and Moral	186

List of Figures

Figure No.	Title of the Figures	Page No.
1.1	Conceptual Framework of Microfinance of IBBL in Poverty Alleviation.	29
2.1	Research Design	47
2.2	Sampling Design	57
3.1	Evolution of Poverty Alleviation	82
3.2	Key Consideration of Poverty Alleviation Scheme	83

List of Maps

Map No.	Title of the Maps	Page No.
2.1	Bangladesh Citing Sample Branches of Islami Bank Bangladesh Ltd.	54
3.1	Geographical Location of Microfinance Operating Branches of IBBL	81

REFERENCES

Appendix-A	217-250
Appendix-B	251-255
Appendix-C	256-259

Abbreviations

ADB	: Asian Development Bank
BKB	: Bangladesh Krishi Bank
BRDB	: Bangladesh Rural Development Board
FEP	: Flood for the Education Program
GB	: Grameen Bank
IDB	: Islamic Development Bank
IBBL	: Islami Bank Bangladesh Limited
WB	: World Bank
NCBs	: National Commercial Banks
PKSF	: Palli Karma Shahayak Foundation
RDS	: Rural Development Scheme
MF	: Microfinance
MFI	: Microfinance Institutions
IMFI	: Islamic Microfinance Institutions
IMP	: Islamic Microfinance Programs
IRDB	: Integrated Rural Development Board
NGOs	: Non-Government Organizations
MC	: Microcredit
CDF	: Credit and Development Forum
SPSS	: Statistical Package for Social Scientists
UN	: United Nations
IBS	: Institute of Bangladesh Studies
RU	: Rajshahi University
BIDS	: Bangladesh Institute of Development Studies
BRAC	: Bangladesh Rural Advancement Committee
ASA	: Association for Social Advancement
PROSHIKA	: Proshikhon (Training), Shikkha (Education) and Kaj (Action)
VGD	: Vulnerable Group Development
LRM	: Linear Regression Model
OLS	: Ordinary Least Square
WLS	: Weighted Least Square
LP	: Liner Programming
SES	: Simultaneous Equation Systems

Glossaries

Grameen	: Rural
Palli	: Rural
RDS	: Name of a Poverty Alleviation Program of IBBL
GB	: Name of a Bank
PROSHIKA	: Name of an NGO
ASA	: Name of an NGO
BRAC	: Name of an NGO
IBBL	: Name of an Islamic Bank of Bangladesh
Taka	: Currency Unit of Bangladesh
Unnayan	: Development
Onneshon	: Search
Krishi	: Agricultural
Karma	: Action
Shahayak	: Helpful
Proshikhon	: Training
Shikkha	: Education
Kaj	: Action

Chapter One

Introduction to the Research

1.1 Prelude

Microfinance, has been considered as an **iota and icon of the poor**, a **latest panacea and much favored intervention** for poverty alleviation of the world in recent times. Microfinance has been **one of the most ground-breaking innovations** of the 20th Century and the benefits of Microfinance are undeniable where there is no doubt. It has been responsible for empowering women, unlocking the entrepreneurial spirit of the rural populace and improving the quality of life of countless people of the world. Exponential growth, development and expansion of MFIs, especially GB and BRAC indicates the phenomenal success of Microfinance (**Rahman, 2014**).

The word **“rural”** is usually placed against the term **“Urban”**. **Geographically**, rural areas are considered as remote and politically powerless, while socially designated as traditional and indigenous. The term **“Microcredit”** was first coined in the **mid 1970s**, generally means the provision of small scale of loans (usually found to be an amount of taka from 1,000/- to 10,000/- only) to the poor to establish income generating activities and its wider dimension, the term **“Microfinance”** came to be used since **1990s**, generally means the provision for broad-range of financial services to the poor, group-based loans, weekly repayment system with interest, a loan to the door step of the poor, a collateral-free loan to the rural poor for poverty alleviation by creating employment opportunity and income generation. Now the term **“Microcredit”** & **“Microfinance”** are used **interchangeably** (**Yunus,**

1994; Wright et al. 1990 & 1997; Microcredit Summit, 1997; Srinivas, 1999; Chowdhury, 2006 and Cornford, 2013).

Bangladesh has weathered and pioneered the Microfinance program and has already created Her an idiosyncratic identity by achieving tremendous success in poverty alleviation through Microfinance. Bangladesh has been considered as the **“Birthplace of Microfinance”** as it is initiated by the Nobel Laureate, a veteran economist by profession and practices, the highest international award receiver of the world (**more than 60 awards**) including Nobel Peace Prize, **Professor Dr. Muhammad Yunus**. Bangladesh has also been regarded as a “Land of NGOs & MFIs” for the creative and innovative initiative taken by **Dr. Muhammad Yunus and Sir Fazle Hasan Abed (Haider, 2007; Sakib, 2013).**

Microfinance, as we know it today, **began its organized journey in Bangladesh** nearly three decades ago with the advent of **Grameen Bank in 1973**, although microfinance was being provided on a limited scale by such NGOs like **BRAC, PROSHIKA and Dr. Yunus’s Jobra Experiment** (Chittagong district of Bangladesh) from the **mid-1970s (Ahmad, 2012)**, **A meteoric expansion, phenomenal growth and development of Microfinance operations** have occurred over the past two decades (**in the mid 1990s**), as bilateral and multinational donors, private foundations and Philanthropists provided billions of dollars to the Microfinance providers or lenders while governments, politicians, social workers, policy makers, academics, researchers, development thinkers, scholars, practioners and many observers showed praise and goodwill on the sector (**Ahamad, 2012**).

The emergence of **MFIs including NGOs sector** is a significant phenomenon from the standpoint of socio-economic development of the poor and the IFIs has emerged as **“third sector”** and **“significant actor”** with its capability to address the basic needs of development of the poor since 1970s. Over the last three decades, the meaning, nature and scope of Microfinance and development have undergone considerable changes (**Haider, 2007**). Much achievements are claimed about the impact of Microfinance programs by the Governments, Economists, Scholars, Policymakers, Development Thinkers, Practioners, Researchers, Journalists, Editorial Writers and much of the general in **both the North & the South (Chowdhury,2009)** but **unfortunately**, all these institutions are providing interest-based Microfinance and the rate of interest charged by the traditional MFIs is often exorbitantly high (**Sorwar, 2007; Jinan, 2009**), and **resultantly, the poor can not repay the loan in time and therefore, become the victims of exploitation and failed to come out from the poverty trap in reality (Jaim, 1986; Mahmud, 1999)**. Besides, there are hardly any credit facilitating institutions (specially MFIs) **that care about the moral & ethical development of the rural poor**, although it has to be maintained not only in business sector but also in all aspects & all spheres of life. Business and ethics should be interrelated (**Rahman, 2010**).

Keeping all these above constraints and idea in view, Islami Bank Bangladesh Limited (widely known as Islami Bank in Bangladesh), an interest-free bank and an Islamic business conglomerate of Bangladesh, even in the South-East Asia as first of its kind, has launched a long cherished welfare-oriented Microfinance based on Islamic values and principles (i.e. Al-Quran and Hadith or Sunnah) **in 1995** creating a new

wave and horizon, a unique platform for the poor people of Bangladesh in the Islamic Microfinance arena, though it has some debates in the Birthplace (Bangladesh) rather than the world since its inception and mentionable that **ADB & IDB** has recognized the MF-Program of IBBL (**Annual Report of IBBL, 2012 & 2013**).

There are much studies on impact assessment on those of the interest based traditional Microfinance programs in Bangladesh even in the world, are narrow in their focus and area coverage, and only a few impact studies have been conducted on Islamic Microfinance, especially an MF of IBBL which are also focused very narrow and limited scale in respect of area coverage and number of respondents. And so far the study goes, no Geographers of Bangladesh even in the world, paid sufficient attention to the Islamic Microfinance of Bangladesh using geographical tools and techniques as a research study. **As Geography is basically concerned with the “Time and “Space”,** the study attempts to show the **nature & extent** of the MF-Program of IBBL and also taken into consideration of **location, gender, religion and time of becoming member** of the program highlighting the **“before-after” scenario of socio-economic development** of the MF-beneficiaries of the program. **That is why,** the study has been undertaken on the Microfinance of IBBL to evaluate the nature and extent of MF-Program of IBBL and its impact on the poor beneficiaries (clients) socio-economic development and socio-political changes including living standards as a whole based on mainly primary data using basically geographical tools and techniques.

To measure the nature and extent of Microfinance activities and socio-economic development of the poor clients including women empowerment by the program & clients satisfaction on the program, **Chi-**

Square Test (χ^2 test), Pearson's Product Moment of Correlation Coefficient, Ordinary Least Square (OLS), Linear Regression Model (Correlation Matrix) and 5-Points Scale for Customers Satisfaction assessment etc.

After this briefly introduction in this chapter, problems under study have been indentified, limitations, justifications, research goals and objectives, a brie review of literatures on the related field indentifying research gap and developing conceptual framework have been discussed in this chapter.

1.2 Proliferation of the Research Problems

Microfinance is one of the **ground breaking innovation** and great discussion phenomena of the world, a **revolutionized landscape** of the financial services and it has been the **bioscope of solvency** for the deprived segment of the society in recent times. **At the bottom of the socio-economic pyramid**, Microfinance is playing a vital role in strengthening the economy by facilitating access of the poorest and impoverished section of people to financial services. The benefits of Microfinance are undeniable undoubtedly and it has been responsible for empowering women, unlocking the entrepreneurial spirit of the rural populace and improving the quality of life of countless people of the world. **A meteoric growth and expansion of MFIs**, such as GB and BRAC indicates the phenomenal success of Microfinance (**Rahman, 2014**).

The world is now heading faster towards modern trade, commerce, industry, free market economy, education, advancement of technology, the latest blessings of science and also in poverty alleviation. **It is**

claimed that some of the countries already have attained vast economic growth and remarkable success in poverty alleviation. **Despite these,** there is prevailing a remarkable sign of illiteracy, malnutrition, lack of women empowerment, easy access to credit by the poor, uneven distribution of resources, low per capita income, rapid population growth, hunger and poverty around the world (**Ali, 2006**). **According to UN,** billions of peoples were suffering from illiteracy, 50 millions of peoples were not getting chances of having education, 55 millions of peoples were passing their days either in unfed and half-fed condition, 100 billions of peoples of the world were below the poverty level and most of them were the resident of developing countries of the world like Bangladesh, India, Sri Lanka and African countries (**Sen, 1992; Rahman, 1999; Majumder, 2002; Ali, 2006; Rahman, 2013**).

Bangladesh, like many other 3rd world developing countries and 3rd largest Muslim countries of the world after Indonesia and Pakistan in respect of population, is one of the poorest countries of the world with low resource base, very land-man ratio, massive increase in population, wider spread illiteracy, lack of employment and required technology and also threat of poverty (**Majumder, 2002; Biswas, 2003; BBS, 2003**). Reduction of Poverty and inequality is fundamental challenge in Bangladesh (**Unnayon Onneshan, 2003**). Bangladesh's poverty is manifested in landlessness, illiteracy, unemployment, malnutrition, vulnerability, lack of ownership of productive assets, and in case of extreme poverty, these are aggravated by lack of working male members in the household, lack of access to basic needs like proper education, health care, pure drinking water & proper sanitation, the extreme poor household headed by women and by the sick/invalid/disabled persons

which results in their social exclusion and expose them to exogenous shocks and all of these types of households have a high dependency burden within the family and facing adverse condition in the labor market in the form of gender segmentation (Sen, 1992). **Then the vicious cycle of poverty is accentuated** when the governance structures exclude the most vulnerable segment from the decision making process.

Commercial banks in the developing countries, have rightly failed to cater the credit needs of the poor because of perceived high risk (without collateral) and high transaction costs associated with the small loans and saving deposits (Coleman, 2006). On the other hand, commercial banks in Bangladesh have also failed to serve the need of the rural poor mainly **due to mainly three reasons: (i)** Bank requires collateral, which the poor people find difficult to provide; **(ii)** their procedures for filling application forms and completing other formalities for obtaining loans are too cumbersome for the illiterate poor; and **(iii)** they prefer handling larger amount of loans rather than the petty loans that the poor need (Gofran, 1996). Failure of traditional financial institutions for extending credit facility to the poor, the majority of the rural families in Bangladesh depend on local money-lenders for credit who charge a very high rate of interest. So, the poor people ultimately fail to repay loan and therefore, they become the victims of exploitation, which is the most important reason of perpetuations of poverty (Mahmud, 1999).

There are mainly two sources of microfinance in the rural market: **(i) formal sources** (e.g. Banks, Govt. Institutions/Agencies, MFIs and NGOs etc) and **(ii) informal sources** (e.g. friends, relatives, individuals and rural money-lenders etc). In Bangladesh, an overwhelming portion of

the capital in rural financial market is supplied by the informal sources. It is estimated that out of the total credit supply, **about 85% of the credit comes from the non-institutional sources or market** and only 15% comes from the institutional sector (Sorwar, 2005), although informal credit sources charge a very high rate of interest. **The interest rates of those of the non-institutional sources vary from 33% to 120% and sometimes it vary from 120% to 140%** while the rate of interest of the institutional sources vary from 15% to 22% (Mahamood, 2006). **Prioritizing these and with a view to rescuing this underprivileged and helpless section of the population from the poverty trap**, several NGOs and some government agencies have formulated poverty alleviated programs as well as development programs **since mid-1970s and of late. BRAC, ASA, PROSHIKA, PKSF** etc of them. **Microcredit in 1970s** and in its wider dimension known as **Microfinance in 1990s**, come forward to the poor and today, has become a much favored intervention and latest panacea for poverty alleviation in the least developed and developing countries (like Bangladesh) of the world (Jinan, 2009; Cornford, 2013).

While commercial banks could not offer financial services beyond their comfort zones, Microfinance put their concerted efforts to reach out to the deprived segment of people in every corner of the society. While the mainstream banking institutions historically, failed to provide the petty loan and services to the poorest segment of the society and excluded mostly the rural population from their potential list of customers, due to unable to offer any material collaterals by them and considered to be too risky according to the traditional risk indicators, a veteran economist by profession and practice, Professor Dr. Muhammad Yunus launched a

colossal free pilot project in **1976 at Jobra village** under Chittagong district of Bangladesh keeping all these constraints and idea in mind, to provide credit to the landless and asset less very poor people and later on, this project turned into a specialized Bank named “**Grameen Bank**” in 1983. At present, this credit system is recognized as Microfinance (earlier Microcredit) which provides collateral-free (the only collateral is peer collateral) credit to the poor through an institutional framework and mechanism. This credit is made available as and when needed at the doorstep of the client (**Bajwa, 2001**) and also offers opportunities for the poor to eradicate their poverty through income-generating activities (**Yunus, 2000**).

After that thousands of organizations were involved in providing Microfinance facilities to the poor. **GB, BRAC, ASA and PROSHIKA can be thought of as major providers of credit** with respect to their coverage, number of borrowers, amount of disbursement, performance in loan recovery, number of employees and dimension of programs. The prime goal of all those organizations is to provide collateral-free credit facilities to the poor people, especially for the rural women. Beside credit facilities all these institutions also provide training for skill development and self-employment for the poor. **Now more than 70 (seventy) countries of the world** are practicing the **GB model (Majumder, 2002)** and at present, **GB and top 3-MFIs market share is 80%** of the total portfolio (**Prothom Alo, 2010**). **Much achievements are claimed** about the impact of Microfinance programs by the Governments, Economists, Scholars, Policymakers, Development Thinkers, Practioners, Researchers, Journalists, Editorial Writers and much of the general public in the **North & the South (Chowdhury, 2009)** but unfortunately, all these

institutions are providing interest-based Microfinance and the rate of interest is exorbitantly high (Sorwar, 2007; Jinan, 2009) and **resultantly**, the poor cannot repay the loan in time and therefore, become the victims of exploitation and **failed to come out from the poverty trap** in real sense (Jaim, 1986; Mahmud, 1999).

All the Governments of Bangladesh has also been implementing “**Five Year Plans**” since 1973 including “**Two Year Plans**” till recently with the aimed at poverty alleviation and only a small minority of the rural population could have access to the institutional credit (Ahmed, 2007). **But unfortunately**, the rate of interest of those so-called organizations is exorbitantly high which was raised by the eminent Economists and Thinkers of the world in the very recent passed International Conference held at Bangladesh on **15-17 March, 2010** in the title of “**Micro-credit Regulations: Who Benefitted?**” (Prothom Alo, March 18, 2010) and sometimes, it varies from **15% to 22%** for institutional sources and **from 33% to 120%** for non-institutional sources, even sometimes it varies from **120% to 140%** (Mahmud, 2006), **which is direct controversy with the poverty alleviation theme**. Besides, there are hardly any credit facilities institutions (specially MFIs) **that care about the moral and ethical development of the rural poor**, although ethical standard should be maintained not only in business sector but also in all aspects of life. Businessman and ethics should be interrelated. **But all these renowned MFIs are providing Microfinance based on interest** which is strictly prohibited in Islam (Hamid, 2009; Rahman 2010).

It is claimed by **Khandaker and Chowdhur (1996)** that poor households need only five years to the poverty line and eight years to achieve economic strength, so they can stop-borrowing after ten years but it is not

achieved now, though Bangladesh has pioneered the MF-Program which is now a well established poverty alleviation program across the world (**Rahman, 2009**). Though since liberation of Bangladesh, thousands of MFIs including NGOs, Banks and other financial institutions throughout the country have been providing financial services but, with about 30% of the population of Bangladesh still living in poverty (**Rahman, 2013**). In spite of huge coverage of GB Models of Microfinance and other NGOs in last two decades and a half-decades, the socio-economic and socio-political program of the rural poor including women empowerment, have not been significantly achieved and so, there might have been some problems (**Majumber, 2002**).

The most striking feature is that those of the traditional interest-based famous MFIs of the world (like GB, BRAC, ASA, PROSHIKA etc.) **are now in the mountain of debates specially due to charging high rate of interest (earlier 40%-50% were quite common and sometimes, it varies widely from institution to institution)**, very small scale of loans, short time for repayment etc **without caring and practicing normal moral and ethical standard of business in Bangladesh (Mahmud, 2006)**, and **resultantly**, the rural poor can not come out from the poverty trap (**Jaim, 1986**), which has created a negative impact on the Microfinance sector and **now raised much debates in the sector & crucial reality. MFIs in Bangladesh, have increasingly become subject to question and criticism, political hostility**. Their roles, functions and long-term objectives and their overall activities are **now have been questioned (Sakib, 2013)**.

Considering the above all factors & crucial reality in view, IBBL a business conglomerate of Bangladesh, launched a Microfinance program

in the name and style “**Rural Development Scheme**” in 1995 creating a new wave and horizon, a unique platform for the poor of Bangladesh based on Islamic Shariah to respond this unmet demand and bring them under the umbrella of financial services for eradication of poverty as the large number of poor people are Muslims in Bangladesh practicing religious values and integrity, have their long cherished demand (Sakib, 2013). It is the first Bank of its kind in Bangladesh and even in the South-East Asia up to December 2013, it has cumulatively disbursed Tk.853.77 million among the 5,22,864 clients through 209 Branches geographically covering 7 divisions and 64 districts having 17,104 villages of Bangladesh, which is a milestone in history of Bangladesh in operating Islamic Microfinance activities and perhaps, Islami Bank only the pioneer for introducing Islamic Microfinance in Bangladesh (Annual Report of IBBL, 2013).

There are much studies on impact assessment on those of the traditional Microfinance at home and abroad and most of the researcher so far mainly conducted study on GB’s Microfinance operation but only a few studies & experiences are concentrated in the area of Islamic Microfinance (Ahmad and Ahmad, 2008), specially on MF-Program of IBBL, which are focused on very narrow and limited areas of discussion, limited area coverage and small number of respondents. Most of the researchers conducted so far mainly focused on socio-economic aspects of those of the traditional MFIs without focusing both on the socio-economic development and customer satisfaction areas using geographical tools and techniques. So far the study goes, in no study moral & ethical filter have been used to assess the MF program, SWOT Analysis of the program and assessment of MF clients

satisfaction, demographic aspects etc, i.e. Holistic Approach is absent till now and **geographers are far from such type of study till now**, basically on Microfinance of IBBL.

Taking into account of the above problems, which has created a notion high expectation to study on Islamic Microfinance field of Bangladesh under the title of **“The Nature of Micro-Finance of Islami Bank & its Impact on Socio-Economic Development of Bangladesh: A Geographical Study”** has been undertaken to address and for bridging the existing knowledge gap in this field. We know that the MF of IBBL are contributing much to the socio-economic development of Bangladesh from the newspapers, journals and reports of the institution but we don't know how they are contributing in the socio-economic scale of Bangladesh. Therefore, the main thrust of this study is to examine what types of MF Programs are providing by IBBL and what are the impacts lying with the MF-Beneficiaries of IBBL regarding socio-economic development.

This study is based on basically primary data and collected from 390 clients of 26 Branches of 13 Consecutive Zones of IBBL using 2-sets of structured & semi-structured questionnaires survey and it is expected that the result of this study will help in future to the Policymakers, Planners, Practioners, Researchers, Scholars and also to the Geographers to fill in the gap of knowledge in this new field and also will help for further study, further planning & policy implications of the institution.

1.3 Research Questions

Microfinance services are commonly viewed for those traditionally considered non-bankable and Microfinance tool can be adopted in every environment based on the local needs and socio-economic situation

(Ahmed and Ahmed, 2008). Microfinance initiative is widely acclaimed as an approach to alleviate poverty and bring about development, but recently the effectiveness of the traditional Microfinance programs has been appeared to be a focus of debate in finance, banking and economic literatures. The controversy surrounds mainly on the impact of these programs on poverty, ultra-poverty and further overall socio-economic development (Ashraf, 2010).

On the contrary, it is evident that the Islamic MFIs are better performers than the secular MFIs including the NGOs in the field of resource mobilization, loan repayment and poverty alleviation as they emphasize on moral & ethical values as well as qualitative development of human beings and financial operations based on Profit-Loss Sharing (PLS) mechanism abandoning in any of its operations (both lending & financial transactions) which is very much supported by Islam (Chowdhury, 2010).

Mentionable that it is necessary to fix up some specific objectives for every researcher at the time of thinking and beginning of his/her research to complete the work smoothly in schedule time and plan. But before fixing up the objectives for the study, based on the above assertions with regard to Islamic Microfinance, some relevant questions are likely to be asked the answers to which need intensive study into the operation, performance and role of the Islamic Microfinance of IBBL and **the questions/queries which wants to search by the researcher are as under:**

- (a) What types of Microfinance activities are providing by IBBL?
- (b) What types of roles played by the MF Program of IBBL for Socio-economic development of the Poor of Bangladesh “before-after” receiving the financial & social services?
- (c) Is there any remarkable changes made by MF-Program of IBBL on the borrowers?
- (d) What is the role of MF-Program of IBBL with regards to the ideological promotion, human development and social welfare activities?

1.4 Research Goals and Objectives

So far known and also the literature review revealed that no intensive study has yet been undertaken to answer the above questions regarding the role of Islamic Microfinance of IBBL in resource mobilization, loan repayment, socio-economic development, moral and ethical changes, social welfare and poverty alleviation as a whole.

To find out the answer of the questions and bridging the knowledge gap in this field, the following key goals and objectives for the study has been set up:

- (i) To explore the nature and extent of Microfinance services are rendering by the IBBL.
- (ii) To unearth the “**before-after**” improvement and changes of the MF–receivers of Bangladesh;
- (iii) To evaluate the customers satisfaction level towards the products and services of the program;
- (iv) To find out the SWOT of the program (Strengths, Weaknesses, Opportunities & Challenges or Threats)
- (v) To make some recommendations for policy implication and further improvement of the program and outline some issues on which more research is required.

1.5 Scope of the Study

Microfinance is now a much favored innovation for the poor and Islamic microfinance is one of the best alternative instrument for poverty alleviation (**Ahmad, 2008; Karim et al., 2008; Ashraf, 2010; Ahmad and Chowdhury, 2010; Mannan, 2012; Sakib, 2013**).

So, there is an ample scope to study on Microfinance, specially on Islamic Microfinance as a new market niche for the poor. This study has

examined mainly the role of the “Microfinance of IBBL” in the socio-economic development of Bangladesh. While making a summary concerning different aspects of the programs undertaken by the institution, the study has specially covered, examined and highlighted the following areas of Microfinance of IBBL:

- (i) Moral and ethical development including religious changes (i.e. ideological changes).
- (ii) The nature & magnitude of Microfinance distribution.
- (iii) Socio-economic and socio-political changes so far achieved.
- (iv) Status of income generation, employment creation and repayment of investment taken by the clients.
- (v) Survey of the opinions, views and comments from the clients and Bank Personnels (Managers and RDS In-charges) in respect of overall activities of the program.
- (vi) Strengths, Weaknesses, Opportunities and Challenges or Threats for the program and overall customers satisfaction.
- (vii) Identification and assessment of the program as a viable and alternative model for poverty alleviation under Islamic framework and ethical umbrella.

In fact, to conduct this study it is hard to fix up the boundary of this study will be delineated and reported in the explicit terms while giving out the limitations of the study.

1.6 Literature Review and Conceptual Framework

Review of literature is in fact a very important aspect of research work because a comprehensive idea can be obtained and starting point can easily be made by reviewing the previous work as reflected in various reports and publications. On the contrary, literature review can also disclose, identify and also help to unearth the knowledge gaps in respect in the concerned field (**Chowdhury, 2006**). **Goode and Hatt (1952)** state

that an important part of the preparation for research work consists in reviewing concerned literature and the books, pamphlet, periodicals and documentary materials that are available in libraries and archives. This applies to study based upon original data gathered in the field study as well as to those based entirely upon documentary sources.

Some reach works have been carried out by the researcher about the performance of group-based Microfinance Programs of GB, BRAC, ASA, PROSHIKA, TMSS but mainly on Grameen Bank (GB) and the GB has also produced a lot of publications on Microfinance program of GB that has drawn the attention of the national and international personalities and institutions in a very systematic manner and also a very successful approach of poverty reduction (**Chowdhury, 2006**), **though there exists much debate.**

It is needless to say that a very minority on the study of Islamic Microfinance in Bangladesh, even in the world and unfortunately, they are not Geographers. However, to pursue this research work, some of the important and mostly relevant research works, articles and other related materials and publications on impact assessment of the poverty reductions including socio-economic development and woman empowerment and other related issues have been reviewed in the following section both on traditional and Islamic Microfinance. Resemblance with the present study and the context of rural Bangladesh have been given top priority in the literature reviewed.

1.6.1 A Brief Review of Main Literatures on Microfinance Impact Studies

As Bangladesh has pioneered the Microfinance and in this arenas, research materials and related issues are available. But as the idea and Islamic Microfinance Model can be found in very recent time as an alternative tool of poverty alleviation based on Islamic norms and values, so the researcher on the issue very hardly be found literature. However, the mostly relevant and recent works are discussed below in brief categorically.

1.6.1.a Microfinance and Grameen Bank Perspectives

These are available research works on and publications Grameen Bank Microfinance impact studies. However, some of the selected and major studies have been overviewed here which were studied under various aspects, Sheer volumes of Microfinance impact studies of GB model have been reviewed and the major outcomes of the studies are as follows:

There is an ample evidence to support the positive impact of Microfinance on poverty reduction as relates to fully six out of seven of the Millennium Development Goals. Atiur (1986), Amin and Pebley (1994), Alamgir (1998), Amin et al. (2003), Ahmed (2007), Bornstein (1996), Basher (2000), Chowdhury (1989), Chowdhury et al. (1991), Chowdhury (1997), CGAP (1999), Chowdhury (2006), Hossain (1984, 1988, 1998), Hashemi and Morshed (1997), Khandker and Chowdhury (1995), Maola (1997), Matin (1998), Majumder (2002), Uddin (2000), Karim (2006), Quasem (1991), Geotz and Gupta (1996), Khandker (1998), Sorwar (2005), Uddin (2006), Yunus (1991, 1999, 2000), Patrick and Huybrechts (2002), Rahman (1986), Rahman (1995), Rahman and Khandker (1995), Kamal (1996), Seibel and Torres (1999), Osmani

(1989), Schuler and Hashemi (1994), Pitt and Khandker (1996), Todd and Gibbons (1996), Susan (1994), Khandker et al. (1995), Chowdhury (1989), Hashemi et al. (1996), Riazi (1995), Morduch (1998, 2002), Hulme and Mosley (1996, 1997), Wright et al. (1997), Khandker and Latif (1995), Khandker and Khan (1995), Jahan and Mosharrof (1998), Fuglusang and Chandler (1988) and Morduch (2002) had the major research works on GB Microfinance Programs.

They found both positive and negative impacts on the borrowers. They found that the MF Program of **GB has positive impact on the basic needs** (food/consumption, clothing, shelter, basic education and training, healthcare and treatment), increase income, expenditure, purchasing ability, food intake and nutritional status, social awareness (man and women) and social status, involvement women in decision making process and women empowerment, sanitary latrine use, tube-well use, contraceptive use (family planning), prevent from destitute, developed skill, and reduce the violence of man's to women, increase assets and savings, also reduce child & mother mortality rate, reduce fertility rate, female borrowers are more efficient & attentive than male borrowers etc. They also found that the GB Model has the positive impact on the target groups rather than the non-target groups and GB Model is more viable than the other MFIs Model like BRAC, ASA, PROSHIKA etc. It is a latest panacea for the poverty alleviation and also plays a vital role in disaster management. On the contrary, it may be mentioned here that they have also found that the rate of dropout borrowers of GB is 15% per year from 1992. **They also raised some question and debate on the high rate of interest**, small size loan, pickup household assets by the officials of GB when in default, some made comments that GB is a viable profit

making and blood sucking institution for the poor and they do not serve the poorest in fact. The indebtedness of the borrower increasing day by day and cannot come out from the poverty trap in reality and creating domestic violence by the men as there is no effective control over the loan and among the dropout cases, 60% are incapable to repay the loan installments. So, it is not a panacea nor a villain and it is a dubious model for the poor. Some critics said that it is a most powerful way to help the women for coming out from the family in the name of credit which is sometimes creating family quarrel and increase divorce cases and hitting the religious sentiment as a whole and also increasing overwhelming position of the family. Increase breast feeding habits of the mothers etc. (Hossain, 1988 & 1998; Quasem, 1991; Hashemi et al., 1996; Hulme and Mosley, 1997; Jahan and Mosharrof, 1998; Basher, 2000; Simanowitz, 2000; Morduch, 2002; Ahmed, 2012).

Sheer volumes of literature also revealed that **in no study emphasized the moral and ethical issues, religious and ideological issues, customers' satisfaction issues and also SWOT (Strengths, Weaknesses, Opportunities and Challenges or Threats) Analysis of the programs** in clear terms which are the major shortcomings of the studies reviewed. However, all these studies simply assessed the impact of interest-based MF-Program of GB which is strictly prohibited in Islam, Besides, most of the reviewed studies have covered particular areas or zones of the country which are very limited with area coverage and sampling.

1.6.1.b Microfinance and BRAC Perspectives

Though it is said that GB has pioneered the Microfinance but BRAC being one of the largest NGOs & MFIs of the world have also much

positive impacts on the borrowers like GB. So, much studies carried out on BRAC's MF-Programs and much research works are also available out of which, the major impact studies are reviewed below.

There is extensive evidence that Microfinance has a positive impact on the first Millennium Goal: that the number of people living in **extreme poverty (defined as those living on less than \$ 1 per day) will be reduced by half between 1990 and 2015.**

Amin and Pebley (1994), Ahmed et al. (2000), Amin et al. (2003), Chowdhury and Bhuiya (1997, 1998, 2004), Khandker (2003), Latif (2001), Zaman (1997, 1998, 2000, 2001), Khandaker (1996), Patrick and Huybrechts (2002), Pitt and Khandaker (1995, 1996), Hossain (1998), Biswas (2003), Rahman (1999), Karim (2006), Hulme and Mosley (1996, 1997), Zaman (2000), Lipton (1996), Khandaker and Chowdhury (1995), Catherine (1992), Wood and Sharif (1997), Chowdhury et al. (1991), Mustafa et aol. (1996), Montgomery and Hulme (1996), Hussain (1998), Chowdhury and Alam (1997), Chowdhury and Khandker (1995), Rahman and Khandker (1995), Khan and Chowdhury (1995), Hasan and Shahid (1995), Geotz and Gupta (1996), Halder and Husain (1999), had the major research works on BRAC's MF-Programs.

Most of the findings of positive impacts of GB Model also found in the borrowers of BRAC. In addition the study also revealed that BRAC has the impact on gender equity, political power exercise of women, legal rights, voting rights and 5% of participants households came out poverty annually both of GB & BRAC members. Besides, BRAC has vital role in disasters management.

But some critics raised some debates on BRAC's activities which are questionable. Some women are coming out from the family in the name of credit, exercising political power and legal rights on the men and resultantly, divorce cases increasing, dropout cases increasing from 10% to 15% annually and charging interest rate is exorbitantly high, sometimes they involved in political corruption and playing a vital role against the anti-government activities of some countries of the world including Bangladesh and also creating domestic violence like taken control over the credit of women by the family head and expense in various purpose rather than the prescribed purpose (Hashemi et al., 1996; Ali, 2006; Hossain, 1998; Khandker and Chowdhury, 1995; Rahman and Khandker, 1995; Chowdhury and Khandker, 1995).

However, all the studies focused an only BRAC's activities with GB and other Governmental and NGOs activities whose are interest-based and avoided moral & ethical filter, customers satisfaction, regional variations, demographic changes etc in their analysis and discussion. **Also Islamic Microfinance, especially RDS of IBBL was not their point of discussion.**

1.6.1.c Microfinance and NGO's Perspectives

Bangladesh has a long traditions of NGOs activities (Haider, 2007) and there are many large NGOs like ASA, PROSHIKA, TMSS working in Bangladesh but a very few studies on them focusing MF-activities, though focused was largely be paid on BRAC. Of them, some important studies are reviewed here for better understanding.

Goetz and Gupta (1996), World Bank (1996), Bruntrup et al. (1997), Pitt and Khandker (1998), Hashemi (1999), Varun (2002), Chowdhury and

Khandker (1995), Biswas (2003), Saifullah (1999), Wood (1997), Chowdhury (2010), Karim (1994), Haider (2007), Huda (1991), have studied on the NGOs activities of Bangladesh and they found some positive impacts on family planning, health care, legal aid, non-formal primary education, microfinance women empowerment, relief works and poverty alleviation, change in political and socio-economic spheres, helping the youths and Freedom Fighters development, savings etc.

But NGOs in Bangladesh have increasingly become subject to question and criticisms. Their roles, functions and long-term objectives have been questioned. It is being said that the NGOs are hitting the religious sentiment in the guise of doing development works. That is why, many NGOs and their officials are being frequently attacked or seized by the people, as seen in the dailies many times. Not only the common people but also the Governments of Bangladesh has questioned several times about the rights and powers of the NGOs. So, it is a high time to think about the fact that whether the NGOs are existing as the loan assuring institutions or something else (**Haider, 2007**). It is also claimed that **there are at least 25,000 NGOs operating in Bangladesh and 2/3rd of them are inactive, some are not registered and they playing their own rules and principles and charging high rate of interest.** It is also mentionable that due to some anti-governmental roles, the PROSHIKA and other NGOs were asked by the governments of Bangladesh for several times (**Hashemi, 1999; Haider, 2007; Chowdhury, 2010**).

However, the most highlighting areas are that the above studies did not consider moral & ethical standard in any of their studies and customers' satisfaction have been avoided in their studies. **Also the Islamic Microfinance, especially Microfinance of IBBL was not any of their point of discussion.**

1.6.1.d Microfinance, Government Organizations and NCBs Perspectives

Rahman and Khandker (1995), PKSF (2005), Ahmed et al. (2000), Husain et al. (1998), BIDS (2001), Hulme and Mosley (1996), Pitt and Khandaker (1996), Ali (2006), Biswas (2003), Khandker and Chowdhury (1995), studied on some Government Organizations or Agencies like **PKSF, BRDB, IRDB, BKB, Flood for the Education Program, Vulnerable Group Development (VGD)** and found some positive results on the borrowers like family planning, increase of income, contraceptive use, increase of asset and earning members of the family, employment generation, financial solvency etc.

Khandker and Chowdhury (1995) agreed that the previous development plans of the governments and NCBs failed to generate necessary income and could not achieve visible success due to high transaction cost and high collateral involved in those system of banking and which excluded the poor. They claimed that the targeted approach by **MFIs like GB, RD-12 of BRDB, BRAC** along with other organizations could play an important role in both lessening poverty and sustaining households property in the long-run by lowering transaction cost. **They also argued that the borrower households could overcome poverty-line by using microcredit for five years and achieve self-sufficiency after eight years use of Micro-credit.** They concluded that mentioned MFIs credit programs already increased the asset base of the rural poor. But not highlighted the impact of BRDB and other governmental agencies/organizations which is main shortcomings of the study.

One the other hand, the above all studies failed to produce the moral and ethical parameters, customers satisfaction areas, SWOT analysis of the programs and also showing regional disparities of the programs.

1.6.1.e Islamic Microfinance and Microfinance of IBBL Perspectives

Islamic Microfinance is a heartbreaking new market niche and an alternative tool for poverty alleviation, has created wide attention to the national and international bodies in recent times. But vigorous studies on this field are still to be limited. However, the important studies conducted in this field are discussed below.

Ahmad and Ahmad (2008), Ashraf (2010), Chowdhury (2010), Jinan (2009), Mazid (2002), Mazumder and Kamal (2010), Rahman (2013), Farooq (2008), Parveen (2009), Bhuiyan et al. (2011), Ahmed (2002, 2004), Seibel and Agung (2006), UNDP (2013), Karim et al. (2008), Khalifa (2013), Mannan (2012), Rahman and Rahim (2007), Dhumale and Sapcanin (2002), Chowdhury (2010), Rashid et. al. (2009), Sadeq (2010), Segrado (2005), Smolo (2011), Sakib (2013), conducted some studies on domestic and international Islamic Microfinance institutions and found positive impacts on the beneficiaries in most cases with some exception and they suggest that microfinance model can be used as an alternative tool or instrument for poverty alleviation by the those of the traditional MFIs.

But the above most of the studies used secondary data and customer satisfaction, moral and ethical parameters, demographics factors, before-after development, not seriously emphasized or partly emphasized and so the study revealed that **even no geographers paid attention in this field (Islamic Microfinance) covering customers satisfaction, SWOT analysis, Statistical analysis etc till now.**

Therefore, this study assessed a completely different type of Microfinance program of IBBL using geographical, econometrical and

statistical tools and techniques, is justified. It is expected that this study will provide useful information to formulate policy for the MF-Program of IBBL, helpful for the practitioners and researchers for further study.

1.6.2 Research Gap

From the review of the literatures shows that most of the researchers paid attention to interest-based Microfinance (like GB, ASA, PROSHIKA, BRAC etc) impact assessment and **a very few of them paid small attention to the completely different type of Islamic Microfinance (Interest-free Microfinance) of IBBL.** Some vital issues have been ignored and omitted in all of these research studies and these are:

- (a) In no study, moral and ethical filter was used to assess the impact of Microfinance Programs, though ethical and moral standard have to be maintained in any aspects of life.
- (b) Previous studies did not show how much overlapping clients are lying with the MF program of IBBL.
- (c) There is no clear indication in any of the previous research work to what extent or how much clients were satisfied with the MF program of any of the MFIs.
- (d) No studies so far been conducted on Microfinance of IBBL by the Geographers.
- (e) There are many on other MFIs which are complexly interest-based.
- (f) There are some studies on Microfinance of IBBL which are limited with area coverage and sample size.
- (g) So far the study reveals, no Geographers conducted impact studies on Microfinance using Logit Model.
- (h) It is evident that no Geographers paid even small attention to assess the MF customer's satisfaction, women empowerment and SWOT analysis of the Microfinance programs.
- (i) Finally, no study has been conducted on the socio-economic development of the MF-Clients based on moral and ethical umbrella specially on Microfinance of IBBL by the Geographers of the world.

- (j) Previous researchers do not show how non-credit earnings are influencing the high rate of recovery of IBBL's Microfinance receivers.
- (k) No study shown the sectoral variations of the MF-Programs of IBBL which is an important phenomenon of Geography.
- (l) No study compared the "before-after" situation and changes of socio-economic parameters of the MF-Beneficiaries of IBBL which is also a vital & crucial phenomenon of Geography.
- (m) There is no clear impact study of Islamic Microfinance on women empowerment highlighting family planning issues, which is another significant phenomenon of Demography.
- (n) It is not identified in any of the previous Islamic Microfinance studies that how many female borrowers or in what percent of female borrowers are handling the borrowed money directly and how credit is empowering them.
- (o) Earlier, no study analyzed the SWOT of MF-Programs which is very important for further development of the program.
- (p) No Geographers in Bangladesh have studied on the issue or on the same title fully or partially.

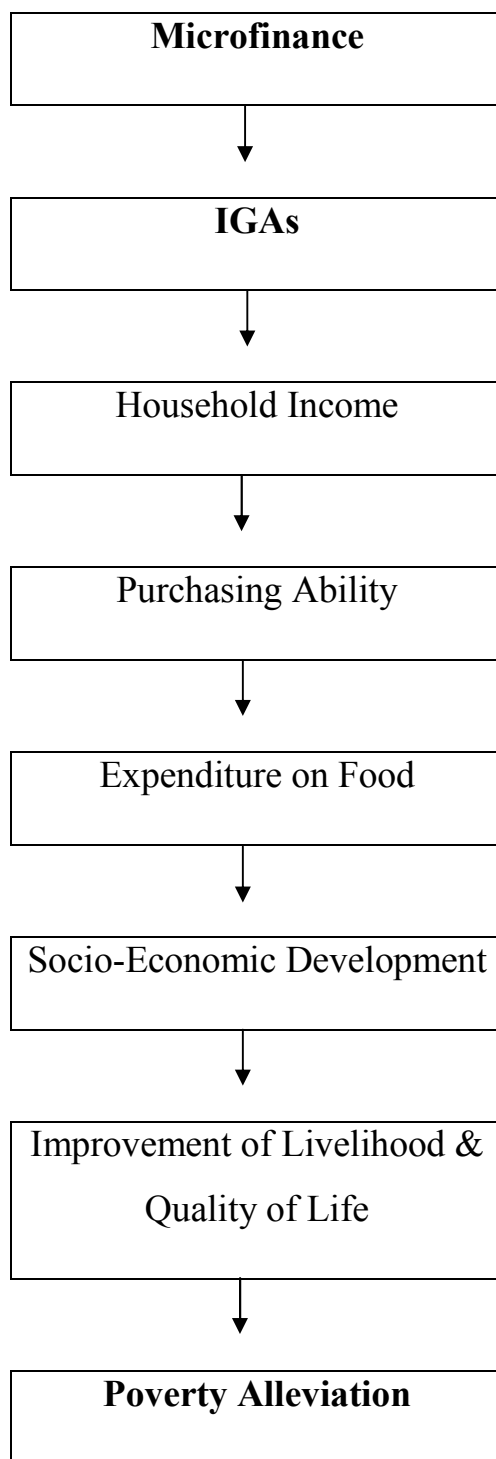
1.6.3 Formation of Conceptual Framework

From the sheer volumes of literatures it is revealed & may presume that:

- i) The beneficiaries under this study, are mainly rural poor having very limited access to institutional credit and basic needs such as education, healthcare, consumption, cloths, living standards and also have low command over productive assets and ultimately, they have to lead a lower quality of life, although they have adequate skills for pursuing income generating activities without having collateral securities and productive resources.
- ii) In such circumstances, Microfinance program may support the poor in reducing their poverty by creating both direct and indirect benefits.
- iii) Under this program, the borrowers can take collateral-free investment which increases their financial ability through income generating activities, creating opportunity to generate employment for the poor in the locality.

- iv)** This increased income would ultimately increase their purchasing power/ability and more purchasing ability would enable to spend more on food, health, education, cloths and thus, leading them to higher quality of life.
- v)** Besides income, there are other factors which are related to well-being of the borrowers. The program provides training and non-formal education to the borrowers hoping that training and education will enhance their level of skills in performing income-generating activities.
- vi)** On the other hand, borrower's age, sex, education and experiences need to be considered carefully in choosing participants because decision-making ability may largely be influenced by such factors.
- vii)** Factors like household assets will increase the ability to the borrowers to invest in income generating activities and also helps in income earnings for them.
- viii)** Income generating activities largely depend on family labor because it is very difficult to hire labor for income generating activities.
- ix)** Ethics and moral development is an important factor for developing human capital which is deeply related to the well-being of the clients.
- x)** As Microfinance of IBBL is collateral-free and interest-free, therefore, clients with good ethics and morale behavior as determined by he field officer would indirectly act as collateral to get their investment back and also to investment the borrowed money to the proper income generating activities.

Fig.-1.1: Conceptual Framework of Microfinance of IBBL in Poverty Alleviation.



Source: Developed by the Researcher.

From the above, it may conclude that:

- The investment of Microfinance Program of IBBL has significant impact on income, expenditure, employment, education, occupation, age, sex, health, fertility, women empowerment, moral & ethics.
- The Microfinance Program of IBBL has significant contribution on the rural poor household's life styles, standard of living & quality of life.

1.7 Rationale of the Study

- i) The Microfinance sector in Bangladesh is an inseparable part of our poor leading society and has a long history in Bangladesh. So, to study on this field is justified.
- (ii) To understand the contribution of Islamic Microfinance of IBBL in the socio-economic development of Bangladesh, it is justified to take the study.
- iii) Survey of literature shows that earlier no in-depth study was undertaken on the nature & extent of Microfinance of IBBL and its impact on the borrowers with the help of moral & ethical filter. Also, assessing the SWOT of the program and evaluation of customers' satisfaction were not assed in any study.
- iv) Literature review also revealed that most of the research works and focuses have been made on the interest-based Microfinance Programs like GB, ASA, BRAC, PROSHIKA and so on, but a very few of them on Islamic Microfinance, although interest is strictly prohibited in Islam (**Hamid, 2009**). So, undertaking of this study is completely a new phenomenon and justified from the standpoint of religious values & principles.
- v) Besides, there are hardly any Microfinance facilitating institutions that care about the ethical development of the rural poor. Although, ethical standards have to be maintained not only in business sector but also in all aspects of life, business and ethics should be interrelated. The Microfinance of IBBL is trying to maintain this ethical standard as it is claimed by the organization since its

inception in 1995. So, selection of Microfinance Program of IBBL for this study is justified.

- vi)** While commercial banks in Bangladesh have failed to cater the basic needs of the rural poor due to various constraints, the IBBL has been successfully operating their MF-Program since 1995 and now covered 64 districts of the country has created a new wave & dimension of the banking arena/sector of Bangladesh. So, choosing the MF-Program of IBBL is justified.
- vii)** There are thousands of organization were involved Microcredit facilities to the poor and GB, BRAC, ASA, PROSHIA can be thought of as major providers of Microcredit with respect to their area coverage, numbers of borrowers, amount of loan disbursement, recovery, number of employee's, and dimensions of programs. Unfortunately, the most striking feature is that all these institutions provide interest-based credit charging exorbitantly high rate of interest (Flat rate vary from 15%-22%) but the MF-Program of IBBL charged only flat rate of 12.50%, which is almost justified to the Micro-borrowers. So, choosing the MF-Program of IBBL for this study is justified.
- viii)** It is claimed by some critics that some NGOs including traditional MFIs (both traditional & Islamic) and Islamic Microfinance institutions (IMFIs) are hitting the religious sentiment & political democracy in the guise of doing development works, though the MF-Program of IBBL has recognized by national & international bodies (like BB, ADB, IDB etc). So, it is a high time to think about the fact that whether the NGOs & MFIs are doing so or not and if not, but the Government of Bangladesh taken any strict steps against the traditional & Islamic Microfinance Institutions, the poor will be deprived from the service of MF-Program and the country will go backward in negative direction in poverty alleviation. So, it requires an in-depth research.
- ix)** Another reason for choosing MF of IBBL that it is a leading Bank, 3rd largest Islamic Bank & first of its kind not only in Bangladesh but also in the South-East Asia who launched & running well MF-Program since 1995.

- x)** No doubt, various research studies have earlier been conducted on Islamic Microfinance focusing overall performance, but no study was conducted earlier by focusing customers demand & satisfaction on MF products & services in the operational level which is the prime issue for the service oriented MFIs. So, this is another vital issue of choosing the MF program of IBBL.
- xi)** Islamic Microfinance as a new market is much for the poor. This study has examined mainly the role of the “Microfinance of IBBL”
- xii)** There is a few study focused on actual rate of profit, Deposit-Investment profit gap, Deposit-Investment Ratio gap and also not analyzed SWOT of Islamic Microfinance which has created another dimension of this study for choosing it.
- xiii)** The findings of the study (contribution & shortcomings thereon) may help the policymakers, planners & administrators in formulating & implementing policies, plans and programs related to this field and can increase our knowledge to some extent.
- xiv)** From the findings of the study, some suggestion will be made to remove the existing bottlenecks of the program if any.
- xv)** This may help better understanding of its approach, design, delivery & recovery systems of the Islamic MF-Program pursued by IBBL, though it is not clear to some Islamic Economists, Scholars, thinkers, Practitioners, Academicians, Researchers and also to the Geographers till date.
- xvi)** It is a program of 100% local financed (self-financed) by the IBBL but the most of MFIs are foreign donor financed. So, this study will be unique & will be able to create new dimension in this field.
- xvii)** Survey of the literatures shows that no in-depth study was undertaken on Islamic Microfinance in respect of nature and magnitude of MF of IBBL focusing its real contributions to the socio-economic & socio-political, moral

& ethical field, demographic, environmental & geographical variations aspect. So, undertaking of this study is justified in this banking area.

- xviii)** Islam is the state religion in Bangladesh and it is the third largest Muslim country in the world in which 90% of the population belong to the Muslim faith (**Mannan, 2012; Khalifa 2013; UNDP, 2013**) and though the conventional Microfinance did indeed make headways in many countries, approximately 44% of their clients reside in Muslim majority countries (**UNDP, 2013**). So, it is very important to study on Islamic Microfinance.
- xix)** The concept of Islamic Microfinance adheres to the principles of Islam and is a form of socially responsible investing and Islamic Microfinance is becoming an increasing popular mechanism for poverty alleviation, especially in developing countries around the world. The Islamic financial industry as a whole is expected to reach over \$ 2.00 billion dollars in 2012 and is a continually growing sector due to its ethical principles and prohibition of riba (interest). This amount of assets is only 1% of the total Microfinance of the world but RDS (Rural Development Scheme) of IBBL covers almost 50% of the total Islamic Microfinance assets of the world (**Mannan, 2012**), which is another highlighting feature and significant phenomenon for the field of study. So, **Bangladesh can also be thought as a major Islamic Microfinance provider in the world.**
- xx)** Lastly & finally, in the conventional Microfinance, there was a huge debate since its inception whether Microcredit is something which can serve all the poor including the poorest of the poor or not, due to charging high fixed interest rates, credit diversion, credit rationing and non-conformity with the Islamic faith of the majority population necessitates the creation of an Islamic Microfinance. Though there still difference but the majority agreed that the destitute poor and ultra poor can be reduced through Islamic Microfinance and graduation from poverty will be higher (**Mannan, 2012**). So, choosing this new field for study will yield more benefit towards the overall social & economic welfare and the aggravate benefit of alleviating poverty will be greater in future.

1.8 Work Plan and Schedule of the Study

An efficient and proper work plan & schedule is very important to complete any research study in time and smoothly. The following work plan and schedule has been scheduled for the study earlier is shown in the Table-1.1.

Table- 1.1: Work Plan and Schedule of the Study

Work Schedule Types of Work	Work Schedule												Special Work/ task
	2008	2009		2010		2011		2012		2013		2014	
	July- Dec.	Jan- June	July- Dec.	Jan- June	July- Dec.	Jan- June	July- Dec.	Jan- June	July- Dec.	Jan- June	July- Dec.	Jan- June	
Conceptual Development & Preparation of Questionnaire	↔												
Research Design & Data Collection	↔	↔											
Data Processing, Analysis & Interpretation		↔	↔										
Preparation of Maps			↔	↔									
Preparation of First Draft				↔	↔								
Preparation of Second Draft					↔	↔							
Preparation of Final Report						↔	↔						
Submission of Final Report							↔	↔					
Special Works (if any)								↔	↔				

Source: Developed by the Researcher.

This was the hypothetical work plan and schedule for the study framed earlier for the study but due to some constraints and special reasons, the researchers failed to maintain the above prescribed plan and schedule which leads the study make delayed and that is why, the report has submitted in June, 2014.

1.9 Report Plan and Organization of the Study

The whole study has been discussed by segregating into eleven chapters. First three chapters are introductory and background of the study. The next seven chapters, i.e. from four to ten chapters are the main corpus of the study while the last chapter contains summary of the major findings and recommendations of the study. In order to accomplish a meaningful representation of the present study has been organized in eleven chapters which are depicted below in brief.

Chapter One: Introduction to the Research

This chapter contains a prelude to the research, diagnosis of the research problems, research questions, purpose of the study, scope, related literature review and identification of research gaps, conceptual framework, rationale, work plan & schedule, report plan and limitations of the study and brief summary of the chapter etc.

Chapter Two: Methodological Approach of the Study

This chapter contains study methods and design, data base and collection procedure, study area selection and allocation of samples, analytical tools and techniques of the study.

Chapter Three: Microfinance Scenario of IBBL: An overview

This chapter contains definitions of the key terms used in the study, Background of Microcredit and Microfinance, Background of Islamic Microfinance, a brief overview on Microfinance of IBBL, a comparative position of IBBL with 3-others major MFIs (BRAC, ASA and PROSHIKA) etc and a brief picture of Islamic Microfinance of the world has been drawn.

Chapter Four: The Nature and Extent of Microfinance of IBBL

This chapter contains the nature and extent of Microfinance programs of IBBL and proper utilization of Micro-investment by the clients has been discussed.

Chapter Five: Impact of Microfinance of IBBL on Socio-Economic Development and Benchmarking Report of the Beneficiaries: Before and After

This chapter contains the true picture of demographic profiles and socio-economic profiles with impacts on the beneficiaries including their households has been highlighted and analyzed descriptively.

Chapter Six: Impact of Microfinance of IBBL on Women Empowerment

This chapter focused on the contribution of MF-Programs of IBBL in the area of women empowerment in the study area exclusively using descriptive analytical tools and techniques.

Chapter Seven: Impact of Microfinance of IBBL on Customer Satisfaction Barometers

This chapter focused and assessed the Microfinance customers satisfaction using 5-Points Scale.

Chapter Eight: Impact of Microfinance of IBBL on Socio-economic Changes of the Beneficiaries Households: Before and After

In this chapter, an attempt has been made to examine the socio-economic changes of the client's households to expose the impacts of RDS investment of IBBL on different socio-economic indicators of the sample households and a descriptive analysis has been made based on field surveyed data.

Chapter Nine: Statistical Analysis and Interpretation

In this chapter, an attempt has been made to assess the impact of Microfinance of IBBL on the beneficiaries statistically using the statistical tools and techniques like Chi-Square Analysis, Correlation Co-efficient, Linear Regression Model, Ordinary Least Square Method, Logit Model etc.

Chapter Ten: SWOT Analysis of the Program

This chapter exclusively and briefly discussed the actual strengths, weaknesses, opportunities and challenges or threats towards the program based on the findings of the study for future better improvement of the program.

Chapter Eleven: Summary, Conclusion and Recommendations

In the final and concluding chapter, the analytical findings of the study has been summarized and also tried to make some meaningful suggestions and recommendations has been drawn after due analysis of the SWOT of the program for future policy implication, for further study and necessary development of the program on the basis of the study outcomes.

Lastly in Appendix, Questionnaire and References has been made for better understanding of the study.

1.10 Limitations of the Study

Every research has to face a number of constraints and present research work is not out of the same. Though, a great care have been supplied for selecting the study subject and study site since inception of the study, but

there have been some limitations also faced directly or indirectly by the researcher and these are depicted below systematically:

- (i)** The study completely based on the primary data. So, during the survey period, the most of the respondents cannot recall and provide the earlier information, i.e. before joining socio-economic status can not remember by them. So, it was difficult task to unearth the real information of the respondents through using both questionnaire and observation methods.
- (ii)** The study conducted only on the Islamic Microfinance of IBBL but not included other Islamic Microfinance institutions of Bangladesh, is one of the major limitation of the study. Even, a comparative study with other traditional giant MFIs are absent in this study.
- (iii)** The study conducted and survey was made on only 26- Branches of IBBL out of total 197 Branches having Microfinance operations but not on the whole MF operating Branches of IBBL (i.e. not on 197-Branches).
- (iv)** There were no Geographers views, study and model for impact studies on Islamic Microfinance activities, which was a major limitation for the study for model selection.
- (v)** Customers' satisfaction is a key component of a financial institution which is not studied till now on the MFIs of Bangladesh. So, it was very difficult task to evaluate customers satisfaction based on products & services of the MF-Programs from the socio-economic and geographical view point.
- (vi)** The study using moral and ethical barometer on Microfinance never be found so far the study reveals, So, it was not so easy task to choose the moral and ethical parameters for the study being a geographer from the standpoint of geography.
- (vii)** Being a geographer, it was very difficult task to fit statistical models for analyzing the data as there was no evidences of study to be found available on Islamic Microfinance arena. That's why, it was a challenge for the researcher to develop a methodology for the study.
- (viii)** This study is based totally on the information, opinions and perceptions of the respondent beneficiaries and Bank personnel's (Manager and Program In-

charge) of the program but avoided dropout clients and social elites of the area by which the study could be improved to a remarkable and reliable standard.

- (x) Male clients were also excluded from the study as they are only 8% of the total clients as reported by the Bank.
- (xi) Lastly, the co-operation of the Bank personnel's of the program were not encouraging to provide the official information and also the response of the beneficiaries were not so good or the experience in this area were not so happy as they are mostly can sign, read or write only.

Despite all the above limitations and lack of congenial atmospheres, an attempt has been made to maintain maximum accuracy of in the study and to fulfill the objectives of the study. It is expected that the area or branches under study will be able to represent the maximum real picture of the Islamic Microfinance activities of IBBL. The lessons and outcomes of this study may lead the IMFIs, even those of the traditional MFIs for better understanding of the model.

1.11 Concluding Words

Reduction of poverty and inequality is a fundamental challenge in Bangladesh (**Unnayan Onneshan, 2011**). Amid ups and downs in the global scene, Bangladesh economy has succeeded in maintaining stable and steady rising pace in growth and poverty and income poverty has declined by more than 2% annually since 2005 and nevertheless, with about 30% of the population of Bangladesh still living in poverty, faster growth and poverty eradication remains a high overriding priority (**Rahman, 2013**).

Bangladesh is a “**Birthplace**” and “**Global center of excellence**” in Microfinance. It is home to some worlds leading MFIs and has been recognized as the “**University of Micro-finance**”. Microfinance in

Bangladesh emerged as a miracle and dynamic industry responsive to the challenging and varied financial needs of the poor and a significant phenomenon from the standpoint of socio-economic development of the poor (Khalifa, 2013) since mid-1970s. Thousands of MFIs are working in Bangladesh after liberation (1971) of Bangladesh and **claimed tremendous success of the MFIs in poverty alleviation, though much claims and debates** around the institutions. **Unfortunately**, all these institutions are interest based and also do not care about Shariah, i.e. moral and ethical standards with Islamic principles in their operations (**Mannan, 2012**).

The limitations of commercial banks and traditional interest-based MFIs in providing financial services to the poor, is the major rationale for market intervention in financial services at the micro-level by the IMFIs (Islamic Microfinance Institutions) in Bangladesh and IBBL, a private sector Islamic bank is one of them. **There are more than 300 (Islamic Microfinance Institutions (IMFIs) in over 65 countries of the world** and like many other countries of the world, IBBL an Islamic business conglomerate of Bangladesh developed or incepted an Islamic Microfinance scheme in the name and style of a **“Rural Development Scheme (RDS)”**, a successful innovation, an alternative tool and scaling up of an Islamic Microfinance channel **to answer the long cherished demand of the rural Muslim poor in Bangladesh** who were left out from the conventional Microfinancing due to religious beliefs who demand Islamic financial products and services leading to the development of Islamic Microfinance as a new market niche (**Jahan, 2012**). So, the MF-Program of IBBL has a room to perform an important role for the poor in respect of socio-economic programs. Therefore, by

this study, the researcher will see how it work and how much contributing in the field of poverty alleviation in line with socio-economic development and the context of Bangladesh is the focus of this study, although occasional references will be made to certain other MFIs and countries where MF-Program has also spread as and when required.

This chapter is introductory one and in the next chapter, methodological aspects and design of the research have been discussed.

Chapter Two

Methodological Approach of the Study

2.1 Prelude

The word “**Method**” means a way of doing something and “**Methodology**” means a set of methods used in a particular area of activities. A method involves a process or technique in which various stages or steps of collecting information are explained and the analytical tools or techniques are defined.

In order to the necessary information as precisely as possible, the primary data and secondary data sources has been pursued and **Stratified Random Sampling Method** is used for the present study based on primary surveyed data because of vast sampling area and availability of required data preferring the objectives of the study. Besides, key terms of the dissertation have been discussed in this section for better understanding of the terms.

2.2 Definition of the Key Terms

To begin with formal discussion on research methodology and design, the key terms used in the dissertation demand explanation and clarification. In the present chapter, the definitions of these key terms have been provided for the proper understanding of this study and these are as follows:

2.2.1 Impact

“**Impact**” may be generally considered as a result of interaction between the programs/project activities and the socio-economic environment. Impacts are essentially changes in the environment but it must be noted that each program may not impact all the environmental components.

The term “**impact**” has a variety of meanings such as adverse or beneficial health effects, socio-economic loss or gain, pollution and

disturbance of cultural environment and the natural resources etc (Biswas, 2003). Therefore, in this study the following aspects of Microfinance impacts has been considered:

- ▶ type and characteristics of the impact
- ▶ magnitude of the impact
- ▶ extent of the impact
- ▶ timing of activities (operation phase)
- ▶ duration of impacts
- ▶ significance of impacts etc.

The significance of an impact depends on:

- ▶ the number of people affected
- ▶ the duration of an effect
- ▶ the proportion of resources which is consumed
- ▶ relationships with the other components of the programs in the study area
- ▶ intensity or severity of the impact etc.

Poverty alleviation programs conducted in Bangladesh generally produce positive and negative impact. Both types of impacts have been considered in this study. Specially socio-economic impacts could include loss or gain of income, flourish to cultural importance or change to women's roles in developmental activities. In this study, poverty alleviation programs related impacts have been investigated and observed.

2.2.2 Poverty

The most commonly used narrow definition of **“poverty”** refers to whereby **“a person is judged to be poor if (and only if) he or she resides in a household whose income does not permit attainment of a pre-determined consumption bundle, as judged necessary for the fulfilment of certain basic consumption needs, most importantly adequate nutrition”** (Ravallion, 1990). Though this definition does not

cover the issues of consumption distribution within household, access to public goods and services by the households (which has implications for the living standard), it however, captures the adequacy of household food entitlement which has bearing on the individual living standards in Bangladesh.

In recent times, **poverty as a concept has been considered a multi-dimensional phenomenon**. A multi-dimensional approach takes into account both income and non-income dimensions of poverty. The latter includes a range of quality of life variables such as nutrition, health and sanitation, housing security, access to state distribution system, participation and institutional capability and crisis-coping capacity. As opposed to uni-dimensional approach, various dimensions of poverty are by no means reducible to any single indicator of poverty. Instead, the phenomenon of poverty is best captured by a set of indicators, which focus on the entitlement of the poor to several crucial inputs relating to social securities, welfare and the living standard (**Biswas, 2003**). Thus, the study has been analyzed in respect of multi-dimensional approach.

2.2.3 Poverty Alleviation Programs

The programs, which have been working for poverty eradication in Bangladesh, are Microcredit or Microfinance program, education program, sericulture, fish culture, poultry and livestock, agriculture, health and sanitation program, training program and so on. In this study, Microfinance including all other programs have been taken for predicting the impact on socio-economic development of Bangladesh intensely.

2.2.4 Conceptual Framework

The traditional & Islamic MFIs and NGOs including government, while carrying out their activities, credit along with other supportive programs, provides various inputs at household level. Activities create impact in the long run.

The programs of Islamic Microfinance of IBBL provide inputs directly to its members including credit and savings, economic development and social development programs such as poultry and livestock, sericulture, agriculture, essential health care, nutrition, human rights and education and so on. These programs help members of RDS of IBBL conduct income and employment generating activities leading to develop skill, raise productivity and increase material well-being and also help increase their knowledge, create social awareness, bring moral & ethical change through Islamic teachings and change their out look.

2.2.5 The Impact Process

The traditional & Islamic MFIs, NGOs and government organizations input directly to members and help them including their households to improve their economic and social well-being. The women related to various income-generating activities are trained in poultry, livestock, fisheries, sericulture, education, healthcare and sanitation etc. The products and services provided by the RDS of IBBL gradually help not only to improve the socio-economic conditions of the poor but also work silently to change their knowledge, beliefs and above all attitudes.

2.2.6 Socio-economic Condition

The socio-economic condition means a situation, which is related with social and economic indicators. Rigidly interpreted the scope of such indicators can indeed be narrowed down to aspects such as employment, wage and working conditions, household income and expenditure, savings and indebtedness, distribution of wealth, social and welfare services, moral and ethical values, public order and safety etc (**Haider, 2007**). It is in this broader sense that the term socio-economic condition will be used hereafter in this paper.

2.2.7 Profiles of the Respondents

Socio-economic background reveals the socio-economic condition of the respondents under the study area. Socio-economic status focuses the social, economic and cultural situation of the poor people and their way

of life in which they live. The socio-economic condition is confined here in connection with the age structure of the people of respondents, their social class, family types and memberships composition of the family, marital status, level of education, land ownership, occupation structure, income and expenditure, pattern of houses and types of living area of the respondents belonging.

2.2.8 Social Impact of Microfinance of IBBL

Observers of the MFIs & IMFIs believe that it is bringing about fundamental changes in the lives of the involved respondents, their position within the family and community. The study analyzed the effect of Microfinance of IBBL in education, health and sanitation, women empowerment (participation in important family decisions, in family planning, voting and political activities etc).

2.2.9 Economic Impact of Microfinance of IBBL

The economic impact of Microfinance of IBBL has been examined by economic status such as level of income, consumption (expenditure), saving, asset ownership, land and livestock ownership etc.

2.2.10 Customers Satisfaction

Customer satisfaction is a crucial factor for the sustainability and development for the service oriented institution, especially for the MFIs. Customer satisfaction on Microfinance means whether the customers are satisfied or dissatisfied with the products and services of the Microfinance program. By this study, customer satisfaction level has been assessed.

2.3 Research Design and Methodological Aspects

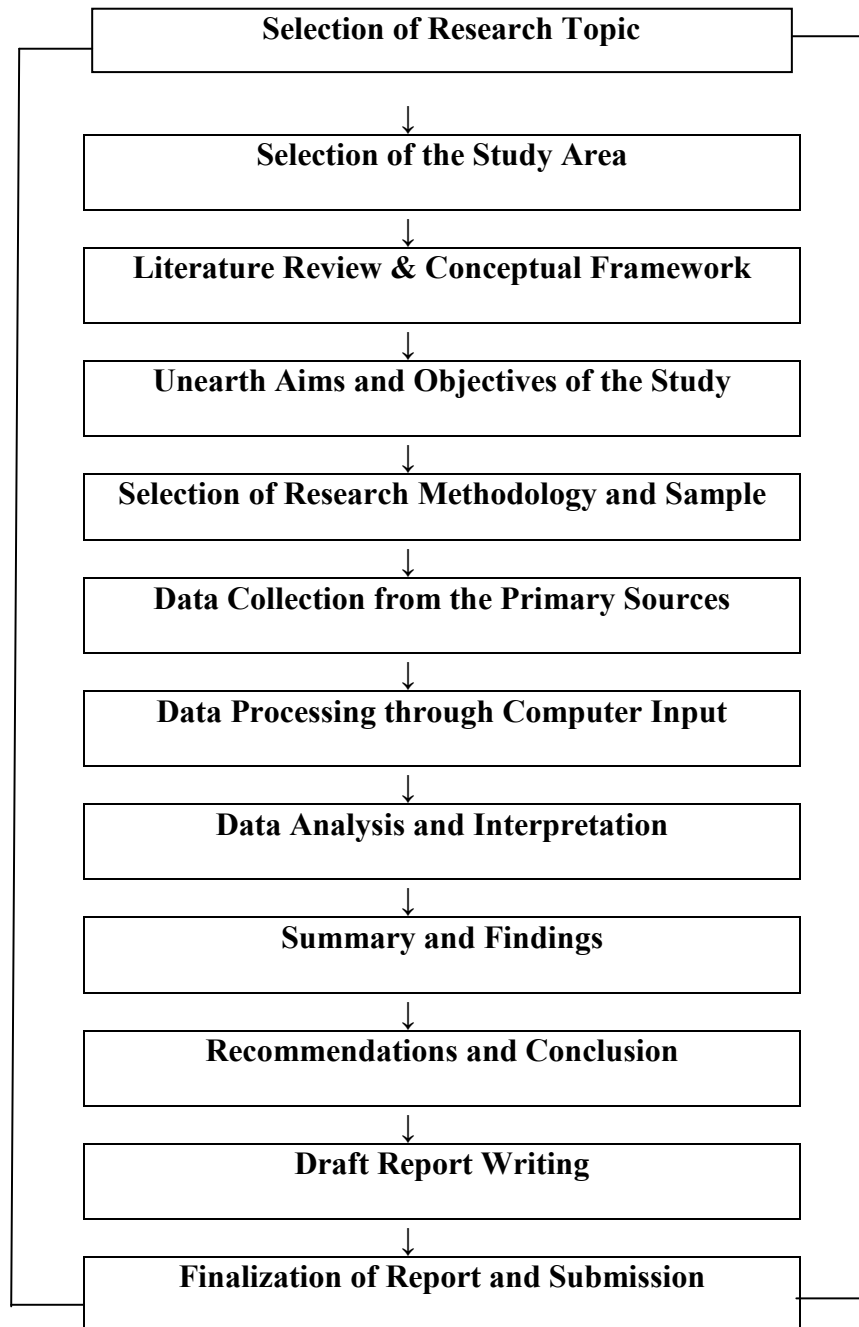
It is an axiomatic and conventional that every socio-economic research has to some definite and scientific methods. So, the proposed study is following a well-specified methodology from the very identification of the problems for obtaining the precise results. The present study is fundamentally based on primary data and since, this is a socio-economic research mainly based on geographical aspects, all the tools and methods of geographical disciplines will mostly be used correlating socio-economic and statistical tools & methods. In the light of

the problem and considering the study view point, the methodology specified for this study is discussed below under several sub-heading in their proper sequence and for the proposed study, the following step by step methodology have been followed:

2.3.1 Research Design

To complete the research work successfully and more accurately so far as possible from the researcher's part, the following research design has been designed and followed for the whole research work as shows in the Fig.-2.1.

Fig.-2.1: Research Design



Source: Developed by the Researcher.

2.3.2 Survey Design and Sampling Methods

For the proposed study, the following step by step survey design and sampling methods have been followed:

2.3.2.a Nature of Study

Nevertheless, there is no strict rule to define the type of study **but generally, the nature or type of study means by which the study is guided (Chowdhury, 2006)**. The nature of study can be classified from different point of views, **i. e.**

- i) **on the basis of time duration** (retrospective & prospective)
- ii) **on the basis of information type** (qualitative & quantitative)
- iii) **on the basis of relation of subject** (geographical, sociological, psychological, ecological, anthropological, philosophical etc).

On the other hand, the study may broadly be divided into two categories:

- i) **Theoretically**
- ii) **Methodologically.**

This study is **basically a methodological study** because **mainly time (before-after)** has been considered in this study, which is very much related with Geography as the **Geography is concerned with time and space. So, this study is undoubtedly a geographical study.**

But in view of various types of study, **the present study is retrospective & prospective, qualitative & quantitative, geographical as well as analytical one in nature.** At times, retrospective study is considered as target control groups study where the target group remains under the effect of the respective program and control group is free from the effect of that program. Here the **target group** are those (**mainly female members**) who have been taking Micro-Investment with other facilities

from IBBL at least **from 2003 or before** and **100% female** has been considered as sample for this study. **In brief, the study nature mainly based on geographical view point.**

2.3.2.b Nature and Sources of Data

The study mainly based on primary data. Both the primary and secondary data has been collected to meet the fundamental needs of the present study. On the other hand, both qualitative and quantitative data has been collected from the primary and secondary sources. The nature and sources of data, which has been used in this study are mentioned below:

2.3.2.b.1 Primary Data & Sources

The main focus of this study is the beneficiaries of Microfinance & so, primary data is our main concern for this study. The primary data has been collected and used to meet & fulfillment of fundamental needs of the the present study from the **Beneficiaries** of the sample Branches through interview schedule and for this purpose, **two sets of semi-structured questionnaires (one for the Beneficiaries & another for the Bank Personnels)** has been used .

2.3.2.b.2 Secondary Data & Sources

In addition to collect data from primary sources, the secondary sources have been used to meet and fulfillment of fundamental needs of the present study **for making occasional references**. These secondary data have been collected from **various local and international publications**, some of which are given below:

- a) Publications of Bangladesh Bureau of Statistics (BBS)
 - i) Bangladesh Population Censuses
 - ii) Bangladesh Statistical Pocket Books.

- b) Publications of Bangladesh Government's Various Divisions & Departments
- c) Publications of Bangladesh Bank (BB)
- d) Publications of Palli Karma-Sahayak Foundation (PKSF)
- e) Publications of Grameen Bank (GB)
- f) Publications of Islami Bank Bangladesh Limited (IBBL)
- g) Publications of Various Microfinance Institutions (MFIs) & NGOs
- h) Publications of Credit and Development Forum (CDF)
- i) Publications of Bangladesh Institute of Development Studies (BIDS)
- j) Various kinds of National & International Publications and unpublished materials like Books, Newspapers, Journals, Magazines, Research Reports, Official Documents, Thesis Papers and Dissertations etc.
- h) **Internet-based Websites has also been explored.**

2.3.2.c Sampling Frame

The samples of the present study are drawn from two lists. **The first list**, defines the number of zones and branches conducting RDS Program, was collected from Rural Development Division, Head Office of IBBL. **The second list**, defines the total number of RDS clients in the selected branches and **female are also defined from the list**, which was provided for the researcher by the respective Branch Managers. These two lists were used to define the sampling frame, from which sample was selected.

2.3.2.d Unit of Analysis

The impact of Micro-Investment on income, expenditure, savings, employment, education, social status especially women empowerment, customers satisfaction, living standard, training, ethics and moral of the

beneficiaries was our major interest. Besides, structure, performance, setup, future needs of the RDS Program and its contribution to the IBBL with the nation is our also interest. In addition, the impacts of RDS for the economy & society of Bangladesh were also in our consideration. So, the RDS Investment Clients of the selected Branches were interviewed.

2.3.2.e Data Collection Procedure

For collecting data, the following methods has been applied for the proposed study.

2.3.2.e.1 Interview Method

Tow sets of semi-structured questionnaires has been prepared out of which one set has been prepared for the beneficiaries (clients) and another set for the bank personnels for conducting interview. The questionnaire has been prepared with great care so that accurate results could be achieved for the purpose of the study. The respondents have been interviewed in a very congenial atmosphere of their own houses, Microfinance centres and offices respectively. The two sets of questionnaire has been administrated for primary data collection under the following manner:

Questionnaire-I: For Beneficiaries only

Questionnaire-II: For Bank Personnels/Managers only

2.3.2.e.2 Observation Method

Vital information has been collected through observation, which is related to the objects of the study but not possible to include those interview schedules. This has been done through visiting the houses of the Beneficiaries as well as their neighbours and maintaining the record regularly.

2.3.2.e.3 Library Work Method

At the very initial stage of the study, a lot of published and unpublished literatures, regarding the Microfinance operations of MFIs including Grameen Bank, BRAC, ASA, PROSHIKA, TMSS, MIDAS, IBBL and their significance in the context of Bangladesh has already been reviewed. For that purpose, Libraries of IBBL (specially IBTRA, Dhaka) & 13 (thirteen) Regional Office's Library of IBBL, Grameen Bank, BIDS, IBS of Rajshahi University, Central Library of Rajshahi University, Seminar Library of Geography & Environmental Studies Department of Rajshahi University, Bangladesh Bank (Rajshahi), CDF (Dhaka), PKSF (Dhaka), CIRDAP (Dhaka), MIDAS and many other Microfinance Institutions (MFIs) **were being intensively used and has been used till eventual date of completing the study.**

2.3.3 Study Area: Selection Criteria and Description

The following manner and strategy has been followed for selection of the study:

2.3.3.a Selection of the Study Site

The 26-Branches from 13-Consecutive Zones of IBBL (2-Branches from each Zone) whose are practicing Microfinance activities **from 1995 to 2003** has been randomly selected as a site of the present study covering a total geographical area of Bangladesh for bringing geographical diversity using **Stratified Random Sampling Approach (Map-2.1).**

The site for the proposed study has been selected considering the following criteria:

- Like other Microfinance providing institutions of Bangladesh, IBBL bears more or less all the Microfinance characteristics including Islamic Shariah aspects.
- It is one of the representative Microfinance Institution of the country, even in the world who is singly bearing **50% market share of the IMFIs** (Islamic Microfinance Institutions) **of the globe**.
- The secondary data is available at any Branches of IBBL of Rajshahi.
- Due to time constraints, volume of works, physical & financial resources are available, it is very difficult or even not possible to study on the whole Branches of IBBL of the rural areas of Bangladesh within the span of time.
- Microfinance of IBBL is the only Islamic Microfinance operating institution & first Islamic commercial bank of Bangladesh who introduced the Microfinance products first, which is a milestone for the poor of Bangladesh as it is claimed by the institution.
- No such specific study on the Microfinance of IBBL has yet been conducted so far covering all areas of Bangladesh.
- Finally, the site has been selected on the basis of the research objectives, which is very much related with geography.

So, these are the main reasons why Microfinance of IBBL has been selected as the site of the proposed study which may be considered as very much appropriate & justified.

Map-2.1

2.3.3.b Selection of Samples and Sampling Method

Selection of sample and sampling method in right way is very important for any research work. So, sample size, sampling methods and survey design is briefly discussed below respectively on the basis of geographical view points.

2.3.3.b.1 Sample Size and Design

Considering the volume of work, time constraints, physical & financial resources are available for the study and the actual need to achieve the overall objectives of this research, it is decided to select the optimum sample size of the following manner/stages (**Table-2.1**) :

In order to capture geographical diversity, 26-Branches out of 197 Microfinance operating Branches of IBBL from 13-administrative Zones are randomly selected. For this purpose, of the selected Branches, **15-Female Beneficiaries (Microfinance Clients) of each Branch** have been randomly selected using **Stratified Random Sampling Approach**. So, the total sample size stands at numbering **390** allocating **15-samples to each Branch proportionately (Table-2.1)**.

Table-2.1: Size & Allocation of the Samples

Sl. No.	Name of the Sample Zones of IBBL are operating Microfinance Program	Name of the Sample Branches of IBBL are operating Microfinance Program					Number of MF-Clients/ Beneficiaries chosen/selected for the Study (15-Clients from each Branch, i.e. 15x26=390)	
		Total No. of Branches of IBBL	Total No. of MF-operating Branches of IBBL	Name of the Sample Branches (02-Branches from each Zone, i.e. 13x2=26)	Came to Existence	No. of MF-Clients of the Sample Branches	No. of Female Clients	No. of Sample Clients
1	2	3					4	
1	Bogra Zone	17	17	Nazipur	1995	3,731	3,433	15
				Sirajgonj	1995	4,347	3,912	15
2	Barisal Zone	22	18	Bhola	1995	3,025	2,480	15
				Faridpur	1995	3,602	3,206	15
3	Chittagong North Zone	17	08	Baraiyarhat	2003	1,438	1,021	15
				Hathazari	1995	3,241	2,884	15
4	Chittagong South Zone	20	12	Eidgaon	2003	1,565	1,455	15
				Lohagara	1995	3,197	2,430	15
5	Comilla Zone	20	19	Chandpur	1996	3,325	2,793	15
				Comillah	1999	1,539	1,416	15
6	Dhaka North Zone	21	7	Aminbazar	1995	2,798	2,462	15
				Savar	1995	3,741	3,442	15
7	Dhaka South Zone	24	15	Munsigonj	1995	3,335	2,868	15
				Narsingdi	1995	3,024	2,722	15
8	Dhaka Central Zone & Corporate Branches	19	-	-	-	-	-	-
9	Khulna Zone	26	24	Jhenaidah	1995	2,765	2,101	15
				Satkhira	1995	3,800	3,078	15
10	Mymensing Zone	19	19	Gazipur Chowrastha	1995	3,590	2,764	15
				Jamalpur	1995	4,364	3,753	15
11	Noakhali Zone	18	17	Feni	1995	1,268	1,002	15
				Maijdi Court	2003	2,898	2,087	15
12	Rajshahi Zone	17	16	Chapai-Nawabgonj	1996	4,760	4,236	15
				Kashinathpur	1995	5,438	3,970	15
13	Rangpur Zone	17	17	Gaibandha	1995	3,978	3,540	15
				Nilphamari	1999	4,342	4,861	15
14	Sylhet Zone	19	10	Goalabazar	2001	2,145	965	15
				Habigonj	2003	2,285	2,034	15
Total Number of Sample Zone =13		286	209	Total Number of Sample Branches =26	-	84,541 (100%)	70,915 (84%)	390

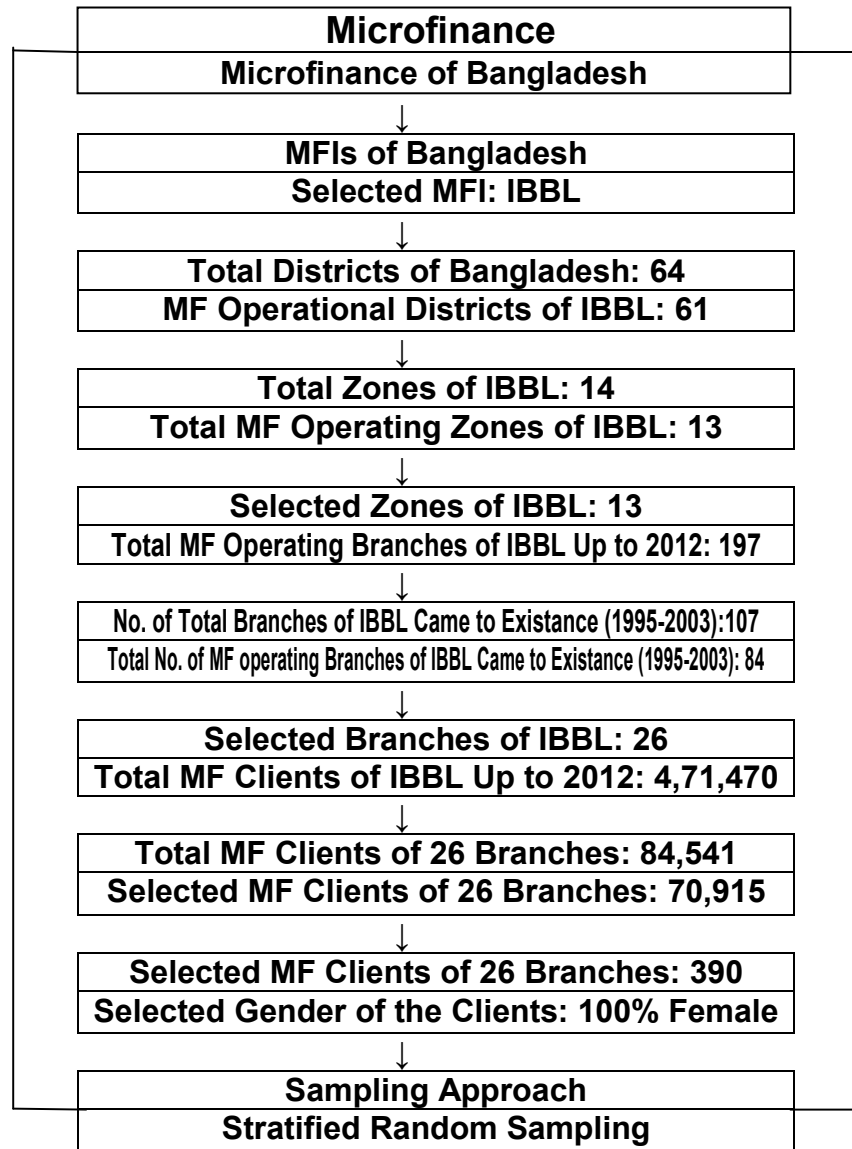
Note: (i) Branches of IBBL having at least 08-years & above (i.e. from 1995 to 2003) Microfinance operating experiences have been selected/chosen for this study for better experiences/results.

(ii) The Branches of Dhaka Central Zone with Corporate Branches of IBBL have been excluded from this study due to non-operating of Microfinance activities by this Zone/Branches.

Source: Developed by the Researcher based on Stratified Random Sampling Approach.

Mention may be made here that **according to Krejcie and Morgan (1970)** for selecting of sample size from the large population size, **the sample size may be 381 out of total from 50,000 to 1,00,000 population** but for making the study easy & choosing the sample equally from each Microfinance operating Branches of IBBL, we have chosen 15-Female Clients from each Branches, i.e. **the total sample for the study stands at 15x26=390 out of total 70,915 female clients of Microfinance of IBBL.**

Fig.-2.2: Sampling Design



Source: Developed by the Researcher.

2.4 Sampling Methods

In this study, mainly 2(two) types of sampling methods has been used for the collection of primary data from the field level Beneficiaries of IBBL, which are as follows:

2.4.1 Stratified Random Sampling Approach

Using the **Stratified Sampling Approach**, the selection procedure for the Microfinance clients considers several factors and involves multiple stages.

The factors taken into consideration include location, gender, religion and time of becoming member of Microfinance.

Step-I: The first step involves **dividing the Microfinance executing 13(thirteen) administrative Zones** (based on December, 2012) defined by IBBL with the help of Microfinance (RDS) Department, IBBL, Zonal Office, Rajshahi & Rural Development Division of IBBL, Head Office, Dhaka.

Step-II: The second steps involves **dividing the Microfinance executing 209-Branches (based on December, 2012) defined by IBBL** with the help of the aforementioned office's.

Step-III: In order to achieve better results from the study, **the 26-Branches** are separated out of the total Microfinance executing **209-Branches** on the basis of time of origin & operating Microfinance by the Branch during the period **from 1995 to 2003**, i.e. **the Branches having 08-years & more old have been considered for the sample selection with the help of the above mentioned office.**

Step-IV: In order to bring & capture the **geographical diversity**, **the 26-Branches are randomly selected** out of the total Microfinance executing **Branches** from 13-administrative Zones **having 08-years or more old** defined by IBBL & **2-Branches from each Zone selected randomly** with the help of the above mentioned office following the **Stratified Random Sampling Methods**. So, two subsequent stratifications have

been made within each Branch on the basis of time of becoming client of Microfinance.

Step-V: In this step, **Branch-wise (Sample Branches) Male & Female Beneficiaries are divided by using the whole clients list** with the help of Microfinance Division (Rural Development Division), IBBL, Head Office, Dhaka.

Step-VI: In order to **draw a real picture of women empowerment which are main focus of the study**, female clients who have been **enjoying/availing Microfinance facilities at least from 5-years or more are separated** by using the female clients list with name & address with the help of the respective Sample Branches.

Step-VII: After separating the female clients having 08-years or more old of selected 26-Branched, 15-female beneficiaries (Microfinance clients) are randomly selected from each Branch. So, the total Sample Clients/Beneficiaries (running/active clients) for the study is $15 \times 26=390$ of 26-Sample Branches have been selected.

To achieve the desired goals & objectives, bringing more accuracy & avoiding biasedness in the study, the above mentioned methods for sampling have been followed.

Besides the above, 26-Bank Personnels/Branch Managers of all Sampled Branches of the Bank (01-Branch Manager from each Branch) have been selected purposively for taking interview after collecting the name & proper address of them with the cordial help of the respective Branches.

Mention may be made here that **only female Beneficiaries or investment clients are selected departing from the male clients** with the help of each Branch which is the main focus of the this study.

2.4.2 Purposive Sampling

To collect the primary data from the **Bank Personnels/Branch Managers of the Microfinance operating Branches**, the method of purposive sampling has been applied in the proposed study **for collecting primary data in a congenial atmosphere**. In addition to this, the purposive sampling method has been applied **for selecting the female active clients of the Microfinance Program** of IBBL to exclude the male beneficiaries/clients who have been availing/enjoying Microfinance facilities from IBBL till now for collecting primary level data and to make the study easy.

Mentionable here that **all the primary & secondary data has been collected on the basis of the base year/benchmark year 2003 (December, 2003) which is another criteria based on purposive sampling**.

2.4.3 Variables of the Study

Variables define a quantity that can assume any of a set of values. In this study, the following variables are considered:

Table-2.2: Selected Variables of the Study

<input type="checkbox"/> Microfinance	<input type="checkbox"/> Health & Medicare	<input type="checkbox"/> Population	<input type="checkbox"/> Corps Production
<input type="checkbox"/> Income	<input type="checkbox"/> Sanitation	<input type="checkbox"/> Poor People	<input type="checkbox"/> Education
<input type="checkbox"/> Expenditure	<input type="checkbox"/> Off-farm Activities	<input type="checkbox"/> Poverty	<input type="checkbox"/> Women Empowerment
<input type="checkbox"/> Savings	<input type="checkbox"/> On-farm Activities	<input type="checkbox"/> Economic Activities	<input type="checkbox"/> Rate of Recovery
<input type="checkbox"/> Investment	<input type="checkbox"/> Age	<input type="checkbox"/> Social Welfare Activities	<input type="checkbox"/> Rate of Profit
<input type="checkbox"/> Client's Well-being	<input type="checkbox"/> Sex	<input type="checkbox"/> Occupation	<input type="checkbox"/> Unemployment
<input type="checkbox"/> Ethics & Moral of the Clients	<input type="checkbox"/> Family Size	<input type="checkbox"/> Business Knowledge & Skills	<input type="checkbox"/> Family Planning
<input type="checkbox"/> Calorie Intake	<input type="checkbox"/> Housing Status	<input type="checkbox"/> Dowry Exchange	<input type="checkbox"/> Role of Family Decision
<input type="checkbox"/> Marital Status	<input type="checkbox"/> Religious Activities	<input type="checkbox"/> Duration of Membership	<input type="checkbox"/> Distance of MF-Centres
<input type="checkbox"/> Vocational Training	<input type="checkbox"/> Sources of Drinking Water	<input type="checkbox"/> Modern Treatment Status	<input type="checkbox"/> Size of Micro-investment
<input type="checkbox"/> Customer Satisfaction	<input type="checkbox"/> Early Marriage	<input type="checkbox"/> Changing of Bad Habits	<input type="checkbox"/> Asset Base
<input type="checkbox"/> Borrowings from other MFIs/Overlapping Status	<input type="checkbox"/> Indebtedness	<input type="checkbox"/> Marital Status	<input type="checkbox"/> Housing Status
<input type="checkbox"/> Land Ownership Status	<input type="checkbox"/> Food Consumption	<input type="checkbox"/> Cultivable Land	<input type="checkbox"/> Main Source of Income
<input type="checkbox"/> Transportation	<input type="checkbox"/> Recreation	<input type="checkbox"/> Loan Repayment Capacity	<input type="checkbox"/> Children's Education

Source: Developed by the Researcher.

2.5 Tools and Techniques for Data Processing, Analysis & Interpretation

Tools are of vital instruments for analyzing the data systematically & scientifically for discovery of correct results (Majumder, 2002). In the proposed study, the techniques/procedures, tools and computer softwares has been used for data compilation, tabulation, coding, processing, testing, analyzing and interpretation are as under:

2.5.1 Geographical, Econometrical and Sociological Tools

To collect, tabulate, scrutinize, analyze and interpret of the collected data, various geographical, econometrical & sociological tools has been used considering & correlating the geographical view points and these are:

- i) Tables**
- ii) Percentage**
- iii) Figures/Diagrams**
- iv) Data Coding**
- v) GIS (Cartalinks and Arcview for preparation of Maps) &**
- vi) SWOT Analysis (on the basis of the study outcomes).**

2.5.3 Statistical and Mathmatical Tools

For analyzing and interpreting the findings of the research, various statistical & mathematical tools are used based on geographical view points and these are:

- i) Mean**
- ii) Pearsons Product Moment of Correlation Co-efficient**
- iii) Regression Analysis (OLS & Logit Model) &**
- iv) Chi-Square.**

2.5.4 Computer Tools

The computer tools have also been used for obtaining the accurate, prompt & fruitful results and for this purpose, the following 3(three) renditions of computer have been used:

- i) MS Word**
- ii) MS Excel &**
- iii) SPSS 16.01 Version for Windows.**

2.5.5 Analytical Framework

The major concern of this study is to assess the impact of Micro-investment Programs of IBBL on the beneficiaries. So, the comparison has made between the status at present (up to December, 2013) and at joining (joining time of the individual clients) on the basis of cross sectional. In total 390-Clients and 26-Managers were interviewed. The samples has been analyzed and the conventional tabular method has used in describing and comparing the performance of the Microfinance clients or beneficiaries. The responses are expressed in terms of percentage/frequencies. Besides, in order to test the hypothesi and to meet up the objectives, the collected data has been analyzed economically, sociologically, statistically, econometrically and geographically.

2.5.6 Model Specification

From the various literatures it is to be found that different techniques such as Descriptive Analysis, Ordinary Least Square (OLS), Weighted Least Square (WLS), Linear Programming (LP), and Simultaneous Equation System (SES) had been used by researchers in order to estimate the effect of Microcredit/Microfinance on the various outcomes such as income, expenditure & consumption, savings etc. The researcher used OLS estimation technique using log in both sides, Logit Model, Pearson's Product Moments of Correlation Co-efficient (Correlation Matrix), Chi-Square etc for this study, which are depited below:

2.5.6.a Ordinary Least Square (OLS) Model

The researcher used OLS estimation technique using log in both sides, for this study which is as follows:

$$Y_{ij} = \alpha_i + \beta_i \sum_{j=1}^n X_{ij} + \delta I_{ij} + \varepsilon_{ij} \dots\dots\dots (1)$$

Where,

I= Amount of Micro-investment taken by the borrowers or beneficiaries (clients)

Y= Household income

X_{ij} = a vector of exogenous characteristic (such as age or education of household head)

β_i and δ unknown parameters

ε_{ij} error component in the equation

In this study, Ordinary Least Square (OLS) has used to assess the effect of Micro-investment of IBBL on the dependent variables such as income, saving, and expenditure. The models are specified as under:

(i) Households Income Model

$$Y = \alpha_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \delta I + \beta_5 X_5 + \beta_6 X_6 + \mu_i \dots\dots\dots (2)$$

Where,

Y=Amount change² of annual income of the household

I= Amount of investment taken by the borrowers in 2006

X_1 = Total land size

X_2 = Age of the borrowers dummy (above 40 years of age 1 and 0 otherwise)

X_3 = Education dummy (up to 5 years of schooling is 1 and 0 otherwise)

X_4 = Number of family members engaged in income generating activities

X_5 = Distance of branch from the clients places (up to 10 km in 1 and 11 to 16 km is 0)

X_6 = Ethics and moral of the clients

β_i and δ are the coefficients of the variable to be estimated

α_0 is constant for the equation and μ_i error term for the equation

(ii) Households Food Expenditure Model

$$FE = \alpha_0 + \lambda Y + \delta I + \beta_1 X_1 + \beta_2 X_2 + \mu_i \dots\dots\dots (4)$$

Where,

FE= Amount change of food expenditure made by the household

I= Amount of investment taken by the borrowers in 2006

Y=Income of the household in 2006

purpose; **Begum (1998)** used awareness of the borrowers; **Zaman (2001)** used women's empowerment.

In this study, the researcher used "borrowers' well-being" as the dependent variable which was divided into two categories: **(i)** borrowers well-off under this program, and **(ii)** borrowers were not well-off under this program.

The model can be represented as follows:

$$\ln\left[\frac{P_i}{1-P_i}\right] = \beta_0 + \beta_1 EDU + \beta_2 FMIG + \beta_3 DBR + \beta_4 DOM + \beta_5 SFE + \beta_6 EHC + \beta_7 EAMC + \mu \dots \dots \dots (7)$$

Where,

P_i = Probability that borrowers were well-off

$1 - P_i$ = Probability that borrowers were not well-off

EDU = Education dummy for the clients (up to 5 years of schooling is 1, 0 otherwise)

FMIG= No. of family members involved in income generating activities

DBR= Distance of branch from borrower's place (dummy, up to 10 km distance is 1 and 11 to 16 km is 0)

DOM= Duration of the Membership (years)

SFE= Share of food expenditure to the total expenditure (%)

EHC= Expenditure on health care (taka)

EAMC= Ethics and Moral of the clients

β_0 = Constant, β_1 = Coefficients to be estimated and μ_i = Error term

(ii) Estimation of Ethical and Moral Change of the Clients based on the Client's Opinion

Logit Model has selected in this study to find out the probability level that the clients would be better-off due to the influence of particular explanatory variable. In the Logit Model, dependent variable (clients' ethical and moral development) had two categories such as clients' "ethically and morally become well-off" under the program coded as one (1) and otherwise coded as zero (0).

Specifically the model can be written as:

$$\ln\left[\frac{P_i}{1-P_i}\right] = \alpha_0 + \beta_1 EDU + \beta_2 DBR + \beta_3 AGE + \beta_4 DOM + \mu \dots \dots \dots (8)$$

Where,

P_i = Probability that borrowers were well-off

1- P_i = Probability that borrowers were not well-off

EDU = Education dummy for the clients (up to 5 years of schooling is 1,0 otherwise)

DBR= Distance of branch from borrower's place (dummy, up to 10 km distance is 1 and 11 to 16 km is 0)

AGE= Age of the borrowers dummy (above 40 years of age is 1 and 0 otherwise)

DOM= Duration of the Membership (years)

α_0 = Constant, β_i = Coefficients to be estimated and μ_i = Error term

2.5.6.c Linear Regression Model

Linear Regression Model for statistical analysis of relationship between multiple variables used.

Formula for Linear Regression Model, $Y=\alpha+\beta x+\epsilon$

Where,

Y=Dependent Variable

α =Constant

β =Regression Co-efficient

x=Independent Variable

ϵ =Error term.

2.5.6.d Correlation Co-efficient

Kearl Pearson's Product Moments for Correlation Coefficient Analysis is very important for assessing relationship between the dependent and independent variables.

Formula for Correlation Co-efficient, $r_{xy} = \frac{\sum (x_i - \bar{x})(y_i - \bar{y})}{\sqrt{\sum (x_i - \bar{x})^2 \sum (y_i - \bar{y})^2}}$

$$= \frac{\sum xy - \frac{\sum x \sum y}{n}}{\sqrt{\left\{ \sum x^2 - \frac{(\sum x)^2}{n} \right\} \left\{ \sum y^2 - \frac{(\sum y)^2}{n} \right\}}}$$

Where,

x & y are two independent variables

i=1,2,.....n, and

rx_y=Correlation Co-efficient

2.5.6.e Chi-Square Model

Chi-Square Analysis of the Selected Variables is very important from the standpoint of statistical analysis and for this purpose of the study, the following hypothesis has been drawn for the study:

Hypothesis One: MF of IBBL is productive.

Hypothesis Two: Installment paid from the income of investment.

Hypothesis Three : Social awareness increased by Microfinance program.

Hypothesis Four: Rural women's income increased by Microfinance.

Hypothesis Five: Savings accumulated by the Microfinance program.

Hypothesis Six: Microfinance has an impact in poverty alleviation.

Formula for Chi-Square, $\chi^2 = \sum \left(\frac{O^2}{E} \right) - N$

Where,

O=Observed Frequency

E=Expected Frequency

N=Total Frequency

χ^2 = **Chi-Square**

Calculation of Expected Frequency:

$$E = \frac{RXC}{N}$$

Where,

R=Row Total

C=Column Total **and**

N=Total Frequency.

Here, df = (r-1) (c-1) & level of significance=5% [r = No. of Row & c = No. of Column] and df= degrees of freedom.

2.6 Concluding Words

Microcredit program, which is **pioneered by Bangladesh**, is now a well established & widely recognized poverty alleviating program functioning across the world and **most of them (MFIs) providing interest based credit which is straightway violation of Islamic Shariah**. A few of **them care about the moral & ethical aspects** in business sector or any aspects of life, **although it is obligatory and business & ethics should be interrelated (Rahman, 2009)**. On the other hand, there are many MFIs providing Microfinance but **the rate of interest is exorbitantly high which may caused the delay of poverty alleviation**. They are **disbursing loan without collateral which is undoubtedly appreciable but charging of high rate of interest discourage the poverty**

alleviation in most cases (Haq et. al. 1996). So, the role of Microfinance of IBBL in minimizing rural poverty by creating employment opportunities & income generation may highly appreciable in respect of **collateral free investment, Profit-Loss Sharing mechanisms** for financing the rural poor and the **rate of profit 12.50%** (till now) **are charged only for one time which is more less than that of the so-called MFIs.** As such, **choosing of the proposed study** on Microfinance Program of IBBL will be more helpful and fruitful for the next generation, even for the researchers. From this study, it is hoped that we may be able to understand the **potential women empowerment in the society** under Islamic model & prescription, **as it is recognized in Islam and equal participation of male & female in family decisions has already been globally recognized for peacefully family life (Jinan, 2009).** May Bangladesh be able to come out from the curse of poverty and also be able to remove the ugly face of landless, poor & assetless people within a short possible time **in right direction & in right way, though it is a crucial job to do the above in right time and right place with suitable & congenial atmosphere.**

On the other hand, choosing of right methodology for any study is very important to unearth better results or outcomes and for this study, an utmost care has been paid for selection of methodology and design for the study which has been discussed earlier chapter. The following chapter has been focused in highlighting the brief performances of Microfinance of IBBL under study including a comparative analysis with some of the major MFIs of Bangladesh on some of the important business parameters.

Chapter Three

Microfinance Scenario of IBBL: An Overview

3.1 Prelude

Bangladesh with its 40% people living below poverty line and 18% below hardcore poverty (i.e. 18% living in absolute poverty) is suffering from acute rural-urban socio-economic disparity coupled with illiteracy, lack of proper health and sanitation facilities. The country's economy is basically agrarian one with vast majority living in rural areas. The agriculture sector is unable to provide any further scope of employment resulting influx of rural population towards urban areas. Rural are characterized by stagnant agriculture and scanty industries. Unemployment and underemployment is the regular feature particularly in rural areas. Functionally, the vast majority of the human resources have remained unutilized due to lack of education and training and also concerted efforts directed towards the rural economy. This results in uneven distribution of income which causes serious setback in balanced geographical growth, development as well as growth of GDP.

Development is basically a multi-dimensional process. No progress can take place unless appropriate steps are taken for uplift of education, income generation and providing health and Medicare services. The development becomes easy if stride and growth in these basic fields are ensured. It is, therefore, essential to take integrated approach in these fields. The Bank, basically being a profit earning financial institution, can hardly afford time and attention to the areas and sectors other than income generating. Education, health and Medicare are still not high profit yielding commercially viable sectors. The initiative by Islami Bank

Bangladesh Limited, in these sectors is considered most suitable and effective. Being a welfare-oriented organization, IBBL has included education, health and Medicare services under Rural Development Scheme (RDS) as support project.

Islami Bank Bangladesh Limited is endeavoring to establish a society based on equity and justice following the lofty ideas of Islamic Shariah. The Bank has, in line with the said objective, has launched a Microfinance program named **“Rural Development Scheme (RDS)” in 1995**. The goal of RDS is to develop the rural economy and establishing model villages through alleviating the poverty of the rural people. The bank, through its designated branches under this scheme, endeavor for integrated model village development by extending integrated investment. **IBBL’s Islamic Microfinance (RDS) is almost 50% of total Islamic Microfinance portfolio of the globe (Mannan, 2012).**

Under the changed circumstances of winning **Noble Prize in Peace** by a **veteran Economist and Professor Dr. Muhammad Yunus and Grameen Bank jointly in 2006** for their efforts towards establishing peace and harmony amongst the poorer section of the society through introduction of collateral-free Microfinance and the **bold pronouncement of creating a poverty-free world by Dr. Muhammad Yunus, the importance of RDS (Microfinance) of IBLL has increased further.**

3.2 Mission and Vision of Microfinance of IBBL

A mission and vision was conceived to bring all the villages of the country under the coverage of the Scheme within the year, 2020. Keeping the above perspective and changed circumstances in view, the Management of the Bank has taken a comprehensive Action Plan of RDS for the year 2006-2020 and subsequently, the Board of Directors in its emergent meeting held on 24.07.2005 agree in principle with the plan **(Branch Manager’s Conference of IBBL, 2007).**

3.3 The Specific Objectives of Microfinance of IBBL

The specific objectives of the Microfinance Program of IBBL are given below:

- a) To extend invest facilities & to diversify investment products to agricultural (farm), other farming and off-farming activities in the rural areas;
- b) To finance self-employment and income generating activities for the rural people, particularly rural unemployed youth and able bodied poorest of the poor;
- c) To eliminate illiteracy and alleviate rural poverty through integrated rural development approach;
- d) To extent facilities for hand tub-wells, sanitary latrines and rural housing to ensure safe drinking water, proper sanitation and decent livings;
- e) To provide educational services and Medicare facilities to the down-trodden people (i.e. to provide free general elementary education and impart moral teachings of Islam to the poor children of the areas, to create health awareness and to encourage the people to follow the Islamic teachings regarding health and cleanliness, use of safe/pure drinking water and other household works);
- f) To propagate the divine message of acquiring knowledge and education to have a humanly living.

3.4 Modus Operandi of Microfinance of IBBL

- i) Select suitable villages within 16 kilometer radius from the Branch location;
- ii) Conduct Base Line Survey to identify group people and also to have base line situation;
- iii) Organize the target people in groups of 5 people from each selected family in a centre of minimum 2 and maximum 8 groups under the direct supervision of a Field Officer (FO);

- iv) One Field Officer, who is a regular employee of the Bank, shall organize a target people of 400 from 400 selected families of the target group through the centers;
- v) Each Group selects Group Leader and Deputy Group Leader;
- vi) The Group Leaders in a Center select the Centre Leader and the Deputy Centre Leader who are responsible for overall discipline and performance of the centre;
- vii) The centre has to conduct regular weekly meeting on a fixed date and time in presence of the FO to collect compulsory savings and weekly installment of investment;
- viii) Weekly meeting starts with recitation from the Holy Quran, discusses the meaning of the same and issue related to the necessary of education and living a healthy life by ensuring safe drinking water and sanitary latrines for the members of the centre who does not have the same;
- ix) During the weekly meeting the proposal for new investments under Bai-Muajjal, Bai-Murabaha, Musharaka and HPSM Modes for Shariah compliant purpose with a view to Self employment and Income Generating Activities are discussed and accepted for approval with recommendation from the members and centre leader.
- x) During the weekly meeting one or two of 18 commandments for the scheme members are also discussed;
- xi) The weekly meeting also resolves the disputes if any amongst the members;

- xii) After the weekly meeting at least 2 (two) clients location is inspected by the FO physically to see whether the goods have been actually purchased and in possession of the client;
- xiii) Clients are allowed to take investment initially from Tk.1,000/- to 15,000/(US\$ 14 to 218) maximum after 8 weeks of his/her enrollment as active member in the group and the highest of amount of investment collateral-free under the scheme is Tk. 75,000/(US\$ 1088).
- xiv) Each member is to keep a compulsory savings of Tk.10/- (US\$ 0.15) in each week and minimum Tk.2/- per week in the Centre Fund. Compulsory Savings may be withdrawn by the member, if he or she does not have any other liability with the Branch in any way and the Centre Fund will be used for the welfare of the members by way of Quard (cost-free loan) as per the decision for the Centre in weekly meeting which is also refundable;
- xv) The investment amount along with profit to be paid back by the client member in 45 equal weekly installments.

3.5 Target Group of Microfinance of IBBL

- i) Able bodied & industrious rural poor having age between 18 to 50 years and the permanent resident of the selected area;
- ii) Farmers having cultivable land **maximum 0.50 acres** and the Sharecroppers;
- iii) Persons engaged in very small off-farm activities in the rural areas;
- iv) Destitute women and distressed people;
- v) Persons having liabilities with other bank/institutions are not eligible for investment under the Scheme.

3.6 Targets of Microfinance of IBBL

- i) Opportunity to earn more in the new areas;
- ii) Opportunity to create employment both directly and indirectly;
- iii) Spreading health and moral education amongst the poor woman folk in the rural areas for making them enlightened in the light of hygiene and Shariah;
- iv) To change the idle women population into a contributing assets for the well being of the respective families in particular and the society in general;
- v) For contributing towards development of an enlightened nation, dignified womenfolk and reduce the poverty;
- vi) To realize the ultimate goal of Islamic Banking;
- vii) Scope of cross selling of deposit and remittance product;
- viii) Widen the scope of portfolio diversification.

3.7 Purpose, Period and Ceiling of Micro-investment of IBBL

The purpose, period and ceiling of Micro-investment of IBBL has been shown in the following Table-3.1.

Table-3.1: Purpose, Period and Ceiling of Micro-investment of IBBL

	Purpose of Micro-investment	Period	Maximum Ceiling
a.	Production of 21 types of crops	1 year	Tk.15,000.00
b.	Nursery and commercial production of flowers and fruits	1 year	Tk.30,000.00
c.	Agricultural and irrigation equipments	3 years	Tk.30,00.00
d.	Live stocks	2 years	Tk.30,000.00
e.	Poultry & Duckery	1 year	Tk.20,000.00
f.	Fisheries	2 years	Tk.30,000.00
g.	Rickshaw/Rickshaw-van and other rural transport	1 year	Tk.10,000.00
h.	343 kinds of Off-farm activities (mentioned in Annexure-B)	1 Year	Tk.30,000.00
i.	Construction materials for Rural housing	5 years	Tk.20,000.00

Source: Rural Development Division, IBBL, HO, Dhaka, 2013.

3.8 Major Activities of Microfinance of IBBL in Brief

Mainly two types of activities like income-generating activities and other supportive activities are done by the program under study mentioned in brief as under:

3.8.1. Major Income Generating Activities

Micro-investment under MF-Program of IBBL has been distributing in the farming & off-farming activities which are:

3.8.1.a Crops Production (21-Types of Crops)

3.8.1.b Major Off-farm (343-kinds) Activities

1. Procuring and Manufacturing
2. Service
3. Training
4. Shop keeping
5. Padding
6. Plantation
7. Livestock.

3.8.2 Other Supporting Programs

Basically two types of supporting programs other than income-generating activities have been done by RDS of IBBL and these are:

3.8.2.a Educational Program

1. Elementary Religious School
2. Mass Education Centre, Library and Cassette Club.

3.8.2.b Health and Medicare Program

1. Preventive Program

- a) Installation of Tube-well
- b) Sanitary Latrine Project
- c) Immunization Program
- d) Health Education Program

2. Curative Program

- a) Rural Health Centre
- b) Easy Available Health Service

3.8 Modes of Islamic Micro-investment of IBBL

The Branch will select any of the following modes depending upon the sector and purpose of investment.

3.8.a Bai-Mudaraba

Bai-Murabaha may be defined as a contract between a buyer and a seller under which the seller sells certain specific goods (permissible under Islamic Shariah and Law of the land) to the buyer at a cost plus agree profit payable in cash or in any fixed future date in lump sum or by installments. The profit marked-up may be fixed in lump sum or in percentage of the cost price of the goods.

Under this mode, Branch will supply capital to the Mudarib (agent) for conducting business, purchase of inputs, commodities etc to be repaid on future date. The profit is to be negotiated and will be determined time to time by the Bank.

3.8.b Bai-Muajjal

Bai-Muajjal may be defined as a contract between a buyer and a seller under which the seller sells certain specific goods (permissible under Islamic Shariah and Law of the land) to the buyer at an agree price payable at a certain fixed future date in lump sum or within a fixed period by fixed installments. The seller may also sell the goods purchased by him as per order and specification of the buyer.

Under this mode Branch will sell goods to the client under deferred payment basis. The payment will be made in installment/lump sum on pre-determined future date.

3.8.b Hire Purchase Under Shirkatul Meelk (HPSM)

Under this mode, Bank may supply implements/equipment/goods on rental basis. The ownership of the implements/equipment/goods will be with the Bank and the client jointly and the portion of the client will remain to the Bank as mortgage until closure of the investment account, but the client will be authorized to possess the equipment for certain period. The client, after completion of the installments, will be the owner of the implements/equipment/goods.

Under HPSM, the client will have to contribute minimum 10% of the cost price of equipment as cash security and the rest will be invested by the Bank towards payment of the purchase price to the supplier. Under leasing system, 100% cost price of the equipment supplier. of the equipment will be paid by the Bank while the client deposits down-payment of equipment equivalent to 2 installments prior to availing the investment which will be kept as cash securities and will be refunded at the end and prior to installments prior to availing the investment which will at the expiry

3.8.c Mudaraba

It is a form of partnership where one party provides the funds while the other provides the expertise and management. The first party is called Sahib-Al Maal and the latter is referred to as the Mudarib. Any profits accrued are shared between the two parties on a pre-agreed basis, while capital loss is exclusively borne by the partner providing the capital.

Under this mode, Bank will supply capital to the Mudarib (agent) for conducting business, purchase of inputs, commodities etc to be repaid on future date. The profit is to be negotiated and will be determined time to time by the Bank.

3.8.d Musharaka

An Islamic financial technique that adopts “equity sharing” as a means of financing projects. Thus, it embraces different types of profit and loss sharing partnership. The partners (entrepreneurs, bankers etc) share both capital and management of a project so that profits will be distributed among them as per ratios, where loss is shared according to ratios of their equity participation.

Under this mode, the Bank will extend investment on profit and loss sharing basis. In this case, Bank should receive investment proposal on a very selective basis with prior discussion with the Zonal Head. The capital sharing ratio will be maximum 80:20 between Bank and the client. The profit is to be negotiated and will be determined time to time by the Bank.

3.8.e Bai-Salam

Under this mode, Bank will execute purchase contract with the client and make payment against purchase of product, which is under process of production. Bai-Salam contract will be executed after making any investment showing price, quality, quantity, time, place and mode of delivery. The profit is to be negotiated. In this mode, the payment as the price of goods is made at the time of agreement and the delivery of goods is deferred.

Under this mode, Bank will execute advance purchase contract with the client and make payment against purchase of product, which is under process of production. A Bai-Salam contract will be executed before making any investment showing price, quality, quantity, time, place and mode of delivery. The profit is to be negotiated and will be determined time to time by the Bank.

3.9 Geographical Expansion and Coverage of Islamic Microfinance of IBBL in Bangladesh (1995-2013)

The Rural Development Scheme (RDS) is to alleviate rural poverty by providing Small and Micro-investment to the agricultural and rural sector for generating employment and raising income of the rural poor. The scheme also provides welfare, moral and ethical services to the rural people of the country. Presently, the scheme is being implemented through 116 branches in 7,788 villages under 60 districts. Some 0.37 million group members including 0.26 million investment clients of which **85% are female** are involved including 0.26 million investment clients of which **94% are female** are much higher than any other major NGO mentioned in Table-3.2. On the contrary, the average drop out of RDS is much lower than other compared NGO's. The rate of profit charged by RDS (**12.50% flat rate**) is much lower compared to those NGO's and it does not charge any membership fees, passbook cost, which other NGO's usually charge.

3.10 Poverty Concepts and View: Conventional vis a vis Islamic

In Conventional Approach poverty is defined as any individual having per day income less than US\$ 1 is considered to be poor. While in nutritional aspect the definition of poverty is not being able to avail 2112 Kilo Calorie of nutrition per day per person.

On the contrary, Islamic Approach of poverty line is Nisab, i.e. people having less than Nisab amount of income is poor. This is a universal definition which is applicable in any time and any place of the world. While the definition of poverty in conventional approach is not universal, i.e. it needs to be revised in course of time and it is not applicable in developed countries of the world (Mannan, 2012).

Table-3.2

Map-3.1

3.11 Evolution of Poverty Alleviation Initiatives

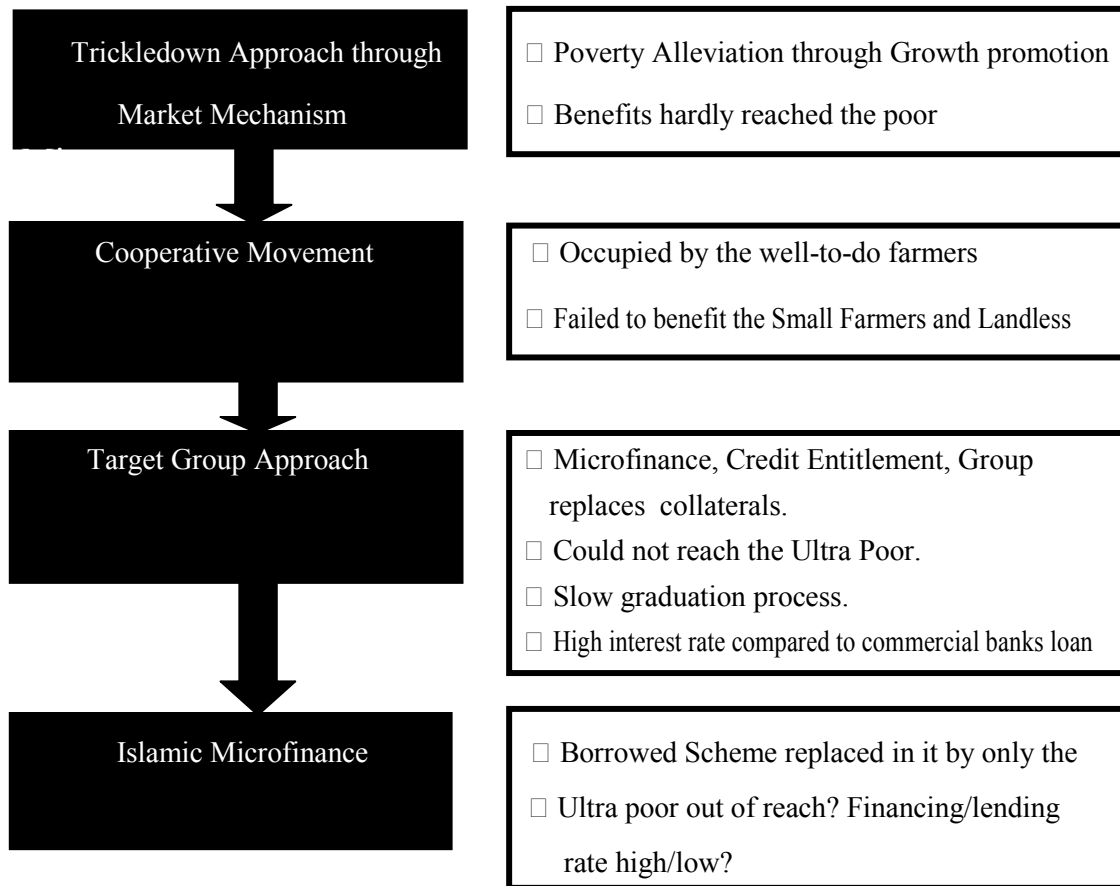


Fig.-3.1: Evolution of Poverty Alleviation

3.12 Key Consideration of Poverty Alleviation Scheme

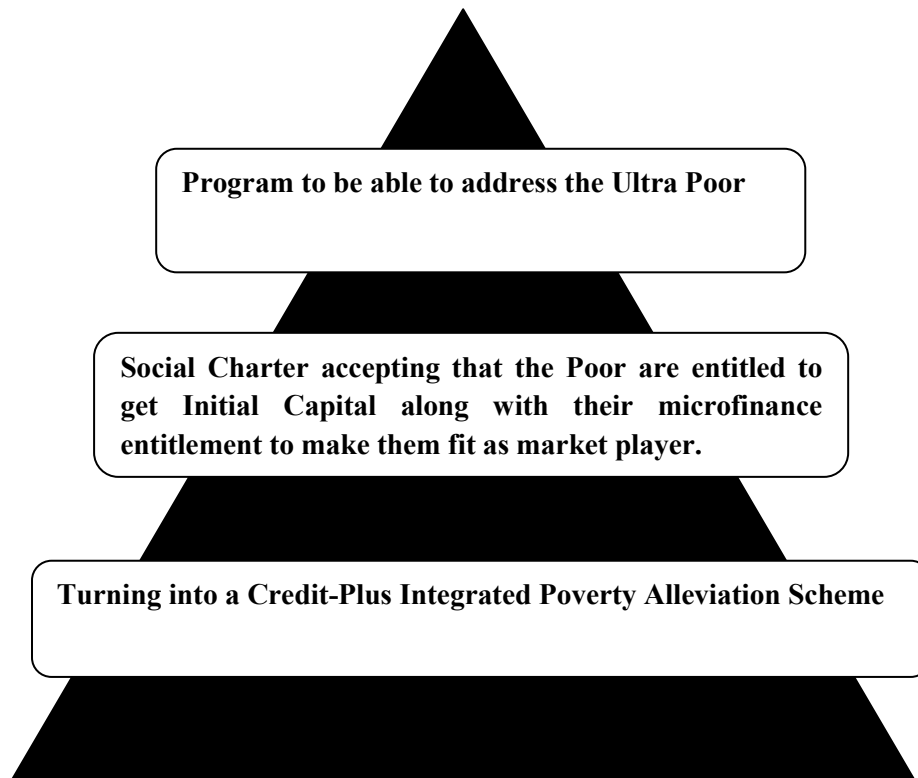


Fig.-3.2: Key Consideration of Poverty Alleviation Scheme

3.13 Differences between Conventional and Islamic MFIs

Islamic Microfinance has some fundamental differences from conventional Microfinance which are presented in Table-3.3.

Table-3.3: Differences between Conventional and Islamic MFIs

Sl. No.	Indicators	Conventional MFIs	Islamic MFIs
1.	Sources of Fund	External & Client's Savings.	External, Client's Savings, Zakat, WAQF.
2.	Financing	Interest-based.	Interest-free Islamic Modes of Financing.
3.	Financing the Poorest	Ultra poorest are left out.	Ultra poor are targeted.
4.	Fund Transfer	In Cash.	In kind.
5.	Target Group	Women preferred.	Any Member of Family.
6.	Targeting Objective	Women empowerment.	Family empowerment.
7.	Deduction at Inception of Contract	Yes.	No.
8.	Work Incentive	Material.	Material and spiritual.
9.	Social Development Program	Secular.	Religious.

Source: Mannan, 2012.

3.14 Islamic Microfinance Around the World

There is a lot of Islamic Microfinance institutions working around the world. There are more than **300 Islamic Financial Institutions in over 65 countries** which are managing assets of approximately **US\$ 1.0 trillion** in Shariah compatible manner and the **annual growth is more than 15%** (Mannan, 2012). Some of the important Microfinance programs are presented in Table-3.4.

Table-3.4: Islamic Microfinance Scenario Around the World

Sl. No.	Region	Program	Country	Investment Modes
1.	MENA Countries	Mit Ghamr Sanadiq at Jabal al-Hoss Mu'assasat Bayt Al-Mal Hodeidah Microfinance Program	Egypt Syria Lebanon Yemen	Musharaka, Murabaha Quard-Hassan, PLS Modes Murabaha
2.	South Asia	Rural Development Scheme of IBBL, Al-Falah, Rescue Akhawat AICMEU and Bait-un-Nasr	Bangladesh Pakistan India	Bai-Muajjal Quard Hasan
3.	Southeast Asia	Tabung Haji Baitul Maal wat Tawmil Baitul Maal wat Tawmeels	Malasia Indonesia Indonesia Network of over two thousand institutions	Murabaha, Musharaka, Ijara, Quard.
4.	Sub-Saharan Africa	Azaouad Finances Plc	Northern Mali Sudan	
5.	Central Asia	FINCA's Village Banking	Afghanistan	Quard Hasan

Source: Mannan, 2012.

3.15 Evolution of Islamic Microfinance in Bangladesh

The limitation of commercial banks in providing financial services to the poor is the major rationale for market intervention in financial services at Micro-level. Keeping this idea in mind, Prof. Dr. Yunus began a pilot project in Jobra village in 1976 under Chittagong district of Bangladesh to provide credit to the landless and the very poor people. Later, this project turned into a specialized bank named "Grameen Bank". Presently, this credit system is recognized Micro-credit which provides collateral-free (the only collateral is the peer collateral) credit to the poor through an institutionalized mechanism.

After that, thousands of organizations were involved in providing Microcredit facilities to the poor. The prime goal of all those organizations is to provide credit facility without any collateral

requirements to the poor people especially, for the rural women. **But this Microcredit is interest-based and also do not care about Shariah.**

Consequently, NGO-based MFIs came forward with Microfinance program as a poverty alleviation initiative to meet the financial requirements of the rural poor. Islamic NGOs in Bangladesh have become a response to the need of safeguarding the Islamic way of life and encouraging rural poor in practicing interest-free transaction through financial intermediation.

Formal poverty alleviation initiatives under **Islamic framework have been undertaken in Bangladesh during the 1990s**, but those programs which started after the independence of Bangladesh can hardly be termed as rural development initiatives.

Rabit-al Alam Al-Islami is perhaps the only organization that started its relief activities in 1977 among the Rahinga refugees and then extended its operation among the Biharis in Dhaka and tribal people in the Chittagong Hill Tracts and Rangpur. The origins of organizations like the Islamic Procher Samity, World Assembly of Muslim Youth and Islamic Education Society can be traced back to the 1970s, but they did not have any credit component in their programs. At present, dozens of Islamic NGOs and Co-operatives are working with Micro-investment as one of their program components.

Poverty alleviation initiative under Islamic framework by the Islami Bank Bangladesh Limited (IBBL) is noteworthy. IBBL launched its Rural Development Scheme (RDS) in 1995 as a pilot scheme in the rural areas of particular districts under the direct supervision of nearby Bank Branches (**Mannan, 2012**).

3.16 Why is there a need for Islamic Microfinance in Bangladesh?

Islam is the official religion in Bangladesh, and it is the 3rd largest Muslim country in the world in which **90%** of the population belong to the Muslim faith. Islamic Microfinance emerged in 1995, comprising of mostly Islamic commercial banks, a few Islamic NGOs and financial co-operatives. **In 2010**, it was estimated that 43.30% of the living in Bangladesh live below the poverty line and more than 11% live in absolute poverty. The number of poor was 78.20 million in 1970 but by 2009 the number increased to 80.46 million (**World Bank, 2009**). They suffer from acute rural-urban disparity coupled with lack of adequate education and lack of proper health and sanitation facilities.

Bangladesh's economy is an agrarian economy with the vast majority of the population living in rural areas. The agriculture sector has not been able to provide decent employment to all rural people. The vast human resources have remained underutilized due to lack of education, access to land and natural capitals, vocational training, but most importantly economic opportunities especially among women. **This vicious cycle the poor are caught in**, has resulted in increased levels of **inequality, uneven distribution of income and geographical growth with major risks to internal and external economic shocks**.

In the light of this, poverty alleviation and creation of employment opportunities especially for rural women and youth were prioritized in the government's development agendas. The government of Bangladesh has adopted a broad-based approach to poverty alleviation by putting more emphasis on macroeconomic stability, economic liberalization and giving support to government agencies, NGOs and the private sector. **Thus, Microcredit or Microfinance in its wider dimension became a much**

avored intervention for poverty alleviation and was seen as an approach to alleviate rural poverty (UNDP, 2013).

As a result, over 20,000 NGOs and MFIs are registered with the Bangladesh Department of Social Affairs and have been working in poverty alleviation since the independence of Bangladesh in 1971. However, the degrees of success of those NGOs and MFIs in poverty alleviation through socio-economic means has been somewhat debatable. The sustainability of Microfinance NGOs mainly depends on foreign grants and to some extent government grants. **However, due to funding fluctuations, high administrative and operational costs, NGOs and MFIs including Grameen Bank, tend to charge high interest rates ranging from 20%-35%, forcing the poor to dispose any assets they may have in order to repay their loans (UNDP, 2013).**

As an alternative, the government tried to introduce Microfinance initiatives through its national commercial banks (NCBs), however **NCBs outreach to the poor** especially to the rural poor, **was very low and unsuccessful. This was mainly due to weaknesses** in the design, planning and management of such programs combined with political interferences, lack of experience in micro-financing, insufficient accountability and administration of the credit delivery system. **One of the most serious design imperfections, for example,** was the lack of a targeting mechanism, such as landholding and income ceilings, **so the truly poor could not qualify for credit under such programmes.** On the other hand, **this allowed many non-poor borrowers** to be attracted to such credits due to the low interest rates. **With their greater socio-economic and political power, the non-poor were able to gain access to credit** in a much easier manner than their poor counterparts, thus crowding out the latter. **For example,** the Special Agriculture Credit

Programme in Bangladesh which was introduced and operated by the government **fell under this trap (UNDP, 2013).**

Government programmes that attempted to make use of **conventional banks** to provide credit to the poor, often in the form of directives, **have generally been unsuccessful. This is because,** they did not provide satisfactory incentives for the banks to make adequate profit from their loans to the poor. Not only were the incentives low, but the costs associated with providing credit to the poor also proved to be very labour intensive with high transaction costs and risks. Additionally, the interest ceilings introduced in such programmes were not sufficient to generate enough profit to sustain the service delivery in comparison with the profits generated through alternative capital outlets. **Understandably, conventional banks did not find** such financial services **to be profitable** and therefore, **were discouraged** from participating in such programmes **(UNDP, 2013).**

Conventional banks that took part in the **Special Agricultural Credit Programme** for the poor for example, **channeled the programme's loans to the rural elite. Additionally, politicians and influential figures** were influencing the **selection of beneficiaries**, which in most cases, **where not those who need it most, poor women and men.** Even in cases where the poor were targeted, **the banks were requesting collateral** which the programme has specially **already waived. The lack of an appropriate and transparent credit delivery mechanism was a major contributor the programme's failure (UNDP, 2013).**

In addition, staff of conventional banks assigned to implement credit for the poor programme's **were not provided with financial incentives for making these loans** even though these loans required the same

amount of work (or even more) as to commercial loans. **As a result**, bank officers had little incentive to work with the poor and concentrated their efforts to work with the non-poor borrowers who were profitable and less difficult to service. **This was another factor why such government programmes were unsuccessful (UNDP, 2013).**

Since commercial banks and traditional MFIs (government and non-government) **did not offer Islamic Microfinance products to the majority Muslim poor in Bangladesh**, a proportion of the population were further excluded from having access to formal sources of credit. In very few rural settings in Bangladesh, Islamic leaders and spontaneous local Charities and initiatives were the only source of Islamic financing available to the very poor.

However, such marginally small initiatives were **very limited, insufficient** and were **not operating** within the country's financial regulatory authority. **This need was later picked up by a private Islamic Bank like IBBL (UNDP, 2013).**

3.18 A Brief Overview on Some Other Major MFIs in Bangladesh

There are five common threads that weave around the institutional structures of the GRAMEEN BANK, ASA and BRAC. The comparative information's of these institutions are presented in Table-3.5. **First**, services are strictly targeted to a well-defined set of clients; the most common is the amount of land owned and all three NGOs target landless or near-landless households. **Second**, credit is always provided to small groups of borrowers on the basis of joint liability and without the pledging of any physical collateral. **Third**, even though loans are made

out to individual members, the entire group is denied further credit when outstanding arrears exist for any one of the members. **Fourth**, lending activities are supplemented by training activities in areas ranging from entrepreneurial skill development, management of micro-enterprises like shop keeping, and crafts production, to education on social awareness and family planning activities. **Fifth**, groups are required to contribute to an emergency fund that may be used when members experience household and other emergencies.

Loan recovery rates of all three institutions are impressive when compared with those of commercial banks. During the period 2006-2013, for example, they were **99.85%** (2006) for ASA, **97.37%** (2012) for GRAMEEN BANK, **98.65%** (2006) for BRAC while it was **99.71%** for RDS of IBBL. Additional institution specific details are as follows.

3.18.1 Grameen Bank (GB)

Microfinance program was first started in Bangladesh by Grameen Bank. After that, thousand of organizations were involved in providing Microcredit facilities to the poor. Grameen Bank began as a pilot project in **Jobra Village in 1976** under Chittagong district of Bangladesh to provide credit to the landless and the very poor people **as traditional banking system failed to reach the poor**. It turned into a specialized bank by ordinance in **1983**. The prime goal of the **“Grameen Bank”** is to provide credit facility without any collateral requirements to the poor people **especially, for the rural poor women**. The cumulative amount of loan disbursed by the GB, up to December 2012, is 1,18,608.80 million taka while the **recovery rate is 97.37%** in 2012 and there are 07.54 million clients under the program (Table-3.5).

3.18.2 Association for Social Advancement (ASA)

ASA, one of the largest indigenous NGOs in Bangladesh, **was set up in 1978**. It implements programs in the areas of income generation, integrated health, and education and empowerment of the poor and its Income Generation through Credit Program (IGCP) was launched in 1989. The principal objective of the program is to increase income levels and purchasing power of the poor households. ASA extends credit facilities to the female members of the poor households for investment in various income-generating activities. The major income generating activities receiving support under the IGCP program are paddy husking, cow/goat rearing, poultry farming, small trading, and handicrafts. In 2012, there are 04.34 million clients under the program (Table-3.5).

3.18.3 Bangladesh Rural Advancement Committee (BRAC)

BRAC was set up in 1972, following the independence of the country in 1971. At its birth, the primary goal of BRAC was to participate in the post-independence rehabilitation work of the war-ravaged country. It launched its campaign with a small rehabilitation project **in Sylhet district** in the northeast of Bangladesh. Gradually, BRAC expanded its operation to other parts of the country. **BRAC initiated its credit program in 1976** and at present, the total clients are 04.24 million. The cumulative amount of loan disbursed by the BRAC, up to December 2012, is 1,04,221.99 million taka while the recovery rate is 98.65% (Table-3.5).

Table-3.5: A Comparative Position and Market Profile of RDS with Top 3-MFIs of Bangladesh, 2013. (Fig. in Million Taka)

Sl. No.	Major Areas of Performance & Organizational Systems	RDS (IBBL)	GB	BRAC	ASA
1.	Year of Establishment	1995	1983	1972	1978
2.	District Coverage (Numbers)	64	64	64	64
3.	Village Coverage (Numbers)	17,104 [2013]	78,101 [2006]	69,421 [2006]	70,047 [2006]
4.	Total Branches (Numbers)	209 [2013]	2,539 [2008]	2,806 [2006]	3,057 [2006]
5.	Active Members (Numbers)	8,36,274 [2013]	83,73,893 [2012]	58,35,861 [2012]	47,35,545 [2012]
6.	Female Members (%)	85% [2013]	97% [2006]	100% [2006]	98% [2006]
7.	Disbursement of Investment (Fig. in million Taka)	75,853.77 [2013]	1,18,608.80 [2012]	1,04,221.99 [2012]	95,576.03 [2012]
8.	No. of Outstanding Borrowers/Clients	5,32,235 [2013]	75,36,504 [2012]	42,39,936 [2012]	43,39,877 [2012]
9.	Net Savings (Fig. in Million Taka)	4,377.98 [2013]	79,162.40 [2012]	24,907.28 [2012]	16,635.52 [2012]
10.	Profit/Interest Rate (Flat)	12.50% [2013]	22.50% [2012]	20.00% [2012]	16.00% [2012]
11.	Rate of Recovery	99.71% [2013]	97.37% [2012]	98.65% [2006]	99.85% [2006]
12.	Dropout Rate	5%	15%	8%	14%
13.	Membership Fee's	Not required	Required	Required	Required
14.	Cost of Pass Book	Not required	Required	Required	Required
15.	Cost of Cheque Book	Not required	Required	Required	Required
16.	Loan Repayment System (Generally)	Weekly	Weekly	Weekly	Weekly
17.	Gestation Period (Generally)	After 1-Week	After 1-Week	After 1-Week	After 1-Week
18.	Sources of Fund	Local	Local & Foreign Donors	Local & Foreign Donors	Local & Foreign Donors
19.	Mode of Financing	Interest-free (Islamic Modes of Financing)	Interest-based Products	Interest-based Products	Interest-based Products
20.	Financing the Poorest	Ultra-Poor are targeted	Ultra-Poor are left-out	Ultra-Poor are left-out	Ultra-Poor are left-out
21.	Fund Transfer	In good/In kind	In cash	In cash	In cash
22.	Target Group	Any member of family	Women preferred	Women preferred	Women preferred
23.	Targeting Objective	Family Empowerment	Women Empowerment	Women Empowerment	Women Empowerment
24.	Social Development Program	Religious	Secular	Secular	Secular

Note: Figure in the parenthesis indicates respective year of the information.

Source: 1) Annual Report of IBBL, 2013.

2) Annual Report of Bangladesh Bank, 2006.

3) Respective Institutional Web-Sites Sources.

4) CDF Statistics, 2006-2012.

3.19 Concluding Words

In this chapter, a brief overview of RDS of IBBL having objectives, mission & vision, geographical expansion and performances since its inception and a consolidated comparative position with other 3-Major MFIs presented for better understanding of the program.

In the next chapter, the nature and extent of Micro-investment of IBBL has been discussed.

Chapter Four

The Nature and Extent of Microfinance of IBBL

4.1 Prelude

Microfinance has become the headways of poverty alleviation now a days and various types of activities performed by the MFIs and the Microfinance Program of IBBL has created a new wave and horizon for its interest-free innovative products and services since its inception in 1995. So, an attempt has been made to analyze in this chapter descriptively and in that pursuit, the primary field survey data has been used.

4.2. Quantitative and Descriptive Analysis

The products and services that are provided by the MF-Program of IBBL has discussed below.

4.2.1 The Nature and Extent of Microfinance taken by the Beneficiaries

In the following Table-4.1, the Investment by sector taken by the clients during the year 2012 shown based on the primary surveyed data.

From the Table-4.1, it is revealed that the highest investment taken by the beneficiaries under study was in the off-farm activities (54.80%) and the second highest sector was rural housing sector (22.20%) which indicates that the MF-Program of IBBL has significant distributional impact on rural housing and off-farm activities for the socio-economic development of Bangladesh.

Table-4.1: The Nature and Extent of Investment taken by the Beneficiaries from Microfinance Program of IBBL.

Sl. No.	Purpose of Investment	At Present			
		Clients		Amount of Investment (Fig. in Lac Taka)	
		No. of Clients	%	Amount	%
1	Crop Production	22	05.64	15.08	03.28
2	Dairy	17	04.36	20.55	04.47
3	Pisciculture (Fishery)	5	01.28	05.05	01.10
4	Rural Transport	20	05.12	21.24	04.62
5	Rural Housing	78	20.01	102.07	22.20
6	Nursery	6	01.54	04.91	01.07
7	Off-Farm Activities	190	48.73	232.98	50.65
8	Agricultural Tools	8	02.05	09.83	02.14
9	Small/Petty Business	5	01.28	05.05	01.10
10	Cottage Industry & Others Small Industry	2	00.51	04.82	01.05
11	Poultry	4	01.02	04.04	00.88
12	Irrigation Tools	2	00.51	01.97	00.43
13	Tube-well (Quard-E-Hasana)	11	02.82	09.65	02.10
14	Sanitary Latrine (Quard-E-Hasana)	17	04.35	18.52	04.03
15	Others (Betel Leaf/Sericulture/Apiculture/ Tissue Culture/Sault Cultivation etc)	3	00.77	04.04	00.88
Total		390	100.00	459.80	100.00

Source: Field Survey, 2013.

On the other, it is also revealed that Agri-sector has not been prioritized significantly as the beneficiaries demand likely to be countries demand. So, there is a wide-ranging sectoral imbalances in the distribution process of MF-Investment of IBBL.

4.2.2 Investment Utilization Status by the Microfinance Beneficiaries

All the beneficiaries who taken investment not properly used for the purpose as found from the various studies conducted an Traditional MFIs but what is the situation for the MF-Program of IBBL is not known to us. For this, sector-wise utilization status of the beneficiaries depicted below in the Table-4.2 for better understanding.

Table-4.2: Investment Utilization Status of the Microfinance Beneficiaries of IBBL

Sl. No.	Investment by Broad Sector	At Present			
		No. of Clients	%	Amount (Fig. in lac Taka)	%
1.	On-Farm Activities	186	47.69	199.74	43.44
2.	Off-farm Activities	185	47.44	211.05	45.90
3.	Other Purposes (Consumption/Children's Education/ Treatment/Children's Marriage/Social Occasions etc)	19	04.87	49.01	10.66
Total		390	100.00	459.80	100.00

Source: Field Survey, 2013

From the Table-4.2 it is observed that the fund has been diverted by the beneficiaries in number 4.87% but in fund 10.66% which indicates that 4.87% clients are using their fund in unproductive sector or they are not utilizing their fund as the purpose prescribed by the institution.

4.2.3 Investment by Size taken by the Microfinance Beneficiaries

Investment size is a very crucial factor in income generation of the poor. In the Table-4.3, size-wise investment taken by the clients of RDS of IBBL has been shown. From the Table-4.3 it is found that 15% clients taken investment below Tk.20,000, 39% client taken investment ranging from Tk.21,001/- to Tk.1,00,000/-, 40% clients taken investment ranging

from Tk.1,00,001/- to Tk.3,00,000/- and only 6% clients taken investment from Tk.3,00,001/- to Tk.4,00,000/- only. So, there is a wide ranging variation in the investment portfolio by size.

Table-4.3: Investment by Size taken from MF-Program of IBBL by the Beneficiaries

Sl. No.	Range of Investment (Fig. in lac Taka)	Clients		Amount of Investment	
		No. of Clients	%	Amount of Investment (Fig. in Lac Taka)	%
1	0.01-0.20	59	15.00	119.54	26.00
2	0.21-0.50	62	16.00	105.75	23.00
3	0.51-01.00	90	23.00	114.95	25.00
4	01.01-02.00	97	25.00	64.37	14.00
5	02.01-03.00	59	15.00	41.39	09.00
6	03.01-04.00	23	06.00	13.80	03.00
Total		390	100.00	459.80	100.00

Source: Field Survey, 2013.

4.2.4. Mode-wise Investment taken by the Microfinance Beneficiaries

Musharaka and Mudaraba modes are best from the standpoint of Islamic principles and values. So, mode-wise distributional pattern of investment of RDS among the clients are depicted below in the Table-4.4.

Table-4.4: Mode-wise Distribution of Investment taken by the MF-Beneficiaries of IBBL

Sl. No.	Modes of Investment	Clients		Amount of Investment (Fig. in lac Taka)	
		No. of Clients	%	Amount	%
1	Bai-Murabaha	-	-	-	-
2	Bai-Muazzal	297	76.15	339.53	73.84
3	Musharaka	15	03.85	18.20	03.96
4	Mudaraba	-	-	-	-
5	HPSM	78	20.00	102.07	22.20
Total		390	100.00	459.80	100.00

Source: Field Survey, 2013.

Table-4.4 shows that no investment disbursed or taken by the clients under Bai-Marabaha Mode, 20% clients having 22.20% investment taken under HPSM mode for rural housing purpose and 76.15% clients having 73.84% investment taken under Bai-Muazzal Mode of investment for trading, crop production, other agri-sectors, rural transport and other purposes which indicates that there is an wide variations and disparities among the modes of investment or rural financing of the program.

4.2.5 Proper Investment Utilization Status of the MF-Beneficiaries

Proper utilization of investment in the prescribed sector must help the beneficiaries to generate income from the sector but if it divert to other purposes rather than the prescribed sector, it may fail to make repayment form the income generation. So, it is a vital phenomenon which depends on the client's morality, honesty and integrity. The investment of RDS utilization status is shown in the following table.

Table-4.5: Proper Utilization of Investment by the Beneficiaries

Sl. No.	Status of Investment Utilization by Sector	Clients		Amount of Investment (Fig. in lac Taka)	
		No. of Clients	%	Amount	%
1	Proper/Prescribed Sector	281	72.05	320.48	69.70
2	Prescribed Sector with other Sector	84	21.53	105.20	22.88
3	Totally Fund Diversion/ Utilization to other Sector	25	06.42	34.12	07.42
Total		390	100.00	459.80	100.00

Source: Field Survey, 2013.

The Table-4.5 shows that the RDS clients has strong moral and ethical values in utilization of the investments in the prescribed sector with some exception. So, the RDS of IBBL has significant impact on moral and ethical development of the clients.

4.3 Concluding Words

In this chapter, the investments taken and utilized by the beneficiaries have been analyzed on the basis of quantitative data collected through Questionnaire Survey. From the analysis, it is seen that there is a sharp and wide ranging variations in the portfolio both in sectoral distribution of the investment and utilization of the same by the Beneficiaries. Besides, there is a wide ranging disparities in investment by size and modes. However, it is also revealed that the Microfinance of IBBL is playing a vital role in investment diversification based on the purpose and considering the needs of the poor of Bangladesh.

In the next chapter, focus has been given in assessing the impact of the program on socio-economic development of Bangladesh.

Chapter Five

Impact of Microfinance of IBBL on Socio-economic Development and Benchmarking Report of the Beneficiaries: Before and After

5.1 Prelude

Credit is a fundamental human rights for income generation through self-employment (Yunus, 1987), specially for the poor. Microcredit initiative is widely acclaimed as an approach to alleviate poverty and bring about development, but recently the effectiveness of the Microcredit programs has been appeared to be a focus of debate in finance and economics literature. The controversy surrounds mainly on the impact of these programs on poverty, ultra-poverty and further overall socio-economic development (Ashraf, 2010). **Development is a multi-dimensional phenomena.** So, an attempt has been paid to draw a true picture of socio-economic development of the Microfinance beneficiaries of IBBL highlighting "before-after" situation under various socio-economic aspects as it was one of the prime objective of the study. A Geodemographic aspects of the Beneficiaries has also been considered in discussion in this chapter. Both qualitative and quantitative data and judgment with descriptive analysis method have been applied to measure and expose the impacts of IBBL's Microfinance Investment on different socio-economic and Geodemographic indicators of the sample respondents' households. **Here benchmark year of the respondents** has been considered as the year they joined or before joining year, **i.e. the year 2003 or before the year up to 1995 has been considered as the benchmark year of the beneficiaries/clients/ respondents.**

5.2 Impact on Personal Profiles of the Beneficiaries

Personal profiles of the beneficiaries like demographic and socio-economic characteristics are the important phenomena of discussion in Geography. So, focus has been paid in this section on the issue.

5.2.1 Impact on Geodemographic Profiles of the Beneficiaries

Demographic aspects are the crucial phenomena for the discussion of geographical viewpoint. So, an attempt has been made to highlight the focusing areas of demographic aspects in this section.

5.2.1.a Age Structure of the Clients

Age of a person is a crucial determinant of the ability to perform a job. A young person can better apply his or her eagerness, dedication, devotion, consciousness and motivation towards achieving a lofty target successfully deploying his or her entire potentialities. Due to acute and massive malnutrition, very few of the total female labor force can apply their full potentiality in earning process after 40 years in a poor country like Bangladesh (**Majumder, 2002**). So, age structure of the beneficiaries is very important in the context of their ability to get out of poverty. The age structure of the selected beneficiaries of the program under study is displayed in the following Table-5.1.

Table-5.1: Distribution of the Clients by Age Group

Sl. No.	Age Classes (Year)	Respondents Status			
		At Present		Before Joining	
		Number	%	Number	%
1	18 – 20	12	03.08	31	07.95
2	21 – 30	35	08.98	86	22.05
3	31 – 40	78	20.00	225	57.69
4	41 – 50	202	51.79	44	11.28
5	51 and above	63	16.15	04	01.03
Total		390	100.00	390	100.00

Source: Field Survey, 2013.

Table-5.1 shows the distribution pattern of the selected clients of IBBL's Microfinance Program according to the age groups. It is seen from the Table-5.1 that at present 03.08% clients are between 18-20 years of age, 28.22% are between 21-30 years of age, 44.80% are between 31-40 years of age, 16.15% are between 41-50 years of age and the rest of 06.67% are above 51 years and above age group while at joining the position was 07.95%, 22.05%, 57.69%,

11.28% and 01.03% respectively. From the classification of the age structure of the selected clients or beneficiaries it is revealed that 67.94% of the selected clients are at least 41 years or above old at present. So, it may conclude that the Microfinance Program of IBBL is not selecting the most potential youth groups as their clients. It is also found that Microfinance had not been granted to the economically deprived population below the age group of 18 years. This result also implies that Microfinance providers preferred younger groups of clients rather than the older groups.

5.2.1.b Sex Structure of the Clients

All the selected clients of IBBL under the Sampled Microfinance operating Branches are female, i.e. all the male clients have been excluded from this study and so, **100% of the clients selected for the study have been found to be female.**

5.2.1.c Marital Status of the Clients

Marital status of the female clients in the male dominant countries like Bangladesh has an important side in the social dignity and status. On the other hand, a married woman can contribute in the family than unmarried women by taking investment and deploying the fund in the income-generating activities which have been revealed in some earlier studies. So, the marital status of the selected clients is shown in the following Table-5.2.

Table-5.2: Distribution of the Clients by Marital Status

Sl. No.	Marital Status	Respondents Status			
		At Present		Before Joining	
		Number	%	Number	%
1	Married	344	88.30	378	96.81
2	Unmarried	-	-	-	-
3	Widowed	17	04.26	06	01.60
4	Divorcee	19	04.79	-	-
5	Deserted	04	01.06	04	01.06
6	Separated	06	01.60	02	0.53
	Total	390	100.00	390	100.00

Source: Field Survey, 2013.

From the Table-5.2 it is seen that at present 88.30% of the borrowers are married and in wedlock, 04.26% are widowed, 04.79% are divorced, 01.06% are deserted and the rest 01.60% are separated while before joining in the program, the share was 96.81%, 1.60%, 0.06% and 0.53% respectively. Mentionable that no unmarried or divorce were found to have joined the program. **From the Table-5.2 it is also seen that the Microfinance Program of IBBL hardly consider any unmarried women as a clients of the program which is a positive indication of the program.**

5.2.1.d Number of Children and Family Planning Status of the Clients

Children are the most favorable and a crucial phenomena for creating laugh among the parents which is the great blessings from the almighty Allah. Number of children of the respondents is shown in the following table.

Table-5.3: Distribution of the Clients by Number of Children

Sl. No.	Total Number of Children of the Respondents	At Present		Before Joining	
		Number	%	Number	%
1	0	2	0.53	21	05.32
2	1	12	03.19	56	14.36
3	2	48	12.23	95	24.47
4	3	89	22.87	110	28.19
5	4	91	23.40	81	20.74
6	5	98	25.00	15	03.72
7	6 and above	50	12.77	12	03.19
Total		390	100.00	390	100.00

Source: Field Survey, 2013.

Table-5.3 shows that at present 0.53% of the total respondents have no children, 03.19%, 12.23%, 22.87%, 23.40%, 25% and 12% have one, two, three, four, five and six or more children respectively while before joining the program of IBBL, the picture was 05.32%, 14.36%, 24.47%, 28.19%, 20.74%, 03.72% and 03.19% respectively. **The data revealed that the MF-Program of IBBL could not create or failed to create self-consciousness among the respondents**

regarding family planning programs. It is also mean that the fertility rate among the poor beneficiaries are strong than the solvent people of Bangladesh due to absence of various recreational arrangements and lack of socio-economic awareness.

5.2.1.e Contraceptive Using Status of the Clients

Contraceptive use is the precondition of family planning activities and it is essential for the planned family. The contraceptive using status among the respondents is shown in the following Table-5.4.

Table-5.4 : Distribution of the Clients by Contraceptive Using Status

Sl. No.	Contraceptive Using Status	At Present		Before Joining	
		Number	%	Number	%
1	Use Contraceptive	27	06.93	20	05.13
2	Do not use Contraceptive	363	93.07	370	94.87
Total		390	100.00	390	100.00

Source: Field Survey, 2013.

The Table-5.4 speaks that there is **no effective change** among the beneficiaries in respect of contraceptive use and the MF-Program of IBBL **has no impact in the family planning activities**.

5.2.1.f Mortality Status of the Clients Households

The child mortality and maternal mortality reduction rate depends on the required awareness, lack of treatment facilities and due to poverty. The mortality status of the respondents households is shown in the following Table.

Table-5.5: Distribution of the Clients by Mortality Status

Sl. No.	Death Case	At Present		Before Joining	
		Number	%	Number	%
1	Child Death	5	1.28	14	3.59
2	Mother's Death	2	0.52	8	2.05
3	Aged Death	7	1.79	9	2.31
4	No Death	376	96.41	359	92.05
Total		390	100.00	390	100.00

Source: Field Survey, 2013.

It is observed from the Table-5.5 that **there is sharp reduction** in child and mother's death during the period of child born stage or in the belly stage to some extent which indicates the little impact of the program on mortality rate.

5.2.1.g Religion of the Clients

Due to religious principles, some Muslims are left out from the interest-based MFIs as claimed. So, religious aspect is a great discussion matter to both the Muslim and Non-Muslim poor of the society. The religious status of the clients is shown in the following Table-5.6.

Table-5.6: Distribution of the Clients by Religion

Sl. No.	Religion	At Present		Before Joining	
		Number	%	Number	%
1	Muslim	363	93.08	363	93.08
2	Non-Muslim	27	06.92	27	06.92
Total		390	100.00	390	100.00

Source: Field Survey, 2013.

The Table-5.6 shows that majority portion (93.08%) of the clients are at present Muslim and 6.92% are Non-Muslim while the rate was same during enrolling in the program by the clients which indicates that there is a wide ranging disparities in client selection process or the non-Muslim poor are not interested in getting the opportunities from the program from the religious perspectives, i.e. both may be considered as correct. It is also revealed that the religious principle-based MF-Program under study has no negative impact or pressure on the Non-Muslim clients for changing their religious activities or performing Islamic activities which indicates the freedom of choice in performing suitable one religion.

5.2.2 Impact on Economic Profiles of the Beneficiaries

A good economic condition of a country is like the breath of the nation and also an economic condition of a poor can further increase income, generate employment and make savings with a better life-leading situation. So, economic profile of a poor man is significant from the point of poverty alleviation. So, an attempt has been made to assess the impact of Islamic Microfinance of IBBL on the economic condition of the beneficiaries in this section.

5.2.2.a Average Monthly Income of the Clients

Income is an important determinant of economic development and income may change the happiness of a poor family. It may be considered as a crucial and vital factor for the life of a poor people under different socio-economic developmental aspects. So, the income level of the beneficiaries with “**before-after**” situation is shown in the following Table-5.7 for better understanding of the beneficiaries status based on monthly income of the poor.

Table-5.7: Distribution of the Clients by Average Monthly Income

Sl. No.	Income Classes (Amount in Taka)	At Present		Before Joining	
		Number	%	Number	%
1	No Income	106	27.18	340	87.20
2	01 – 500	219	56.15	39	10.10
3	501 – 1000	35	08.97	11	02.70
4	1001 – 1500	21	05.38	-	-
5	1501 – 2000	05	01.28	-	-
6	2001 and above	04	01.04	-	-
Total		390	100.00	390	100.00

Source: Field Survey, 2013.

Table-5.7 shows that at present 27.18% of total respondents functionally do not have any income, 56.15% have some income which is also very small in quantity and the rest 16.67% earn moderate income while before joining in the

MF-Program of IBBL, the position was 87.20%, 10.10% and 02.70% respectively. The Table-5.7 also clearly shows that 60.02% beneficiaries have entered into the earning process during the borrowing period of IBBL's Microfinance. So, the statistics of the take also implies that the impact of Microfinance investment of IBBL on the beneficiaries income level is significant. After receiving the borrowed money, 27.18% of the total respondents handed over the money to the male members of the family as the data revealed. As a result, they cannot be self-employed to earn income by RDS investment significantly till now.

5.2.2.b Occupation of the Clients

For the successful utilization of RDS investment of IBBL, the beneficiaries need to be engaged in some economic activities and IBBL claims that Microfinance Programs (RDS) are empowering poor borrowers through creation of diversified self-employment opportunities for them. To verify this IBBL's claim, the occupational status of the selected clients before and after their joining in RDS Program of IBBL is shown in the following Table-5.8.

Table-5.8: Distribution of the Clients by Occupation

Sl. No.	Occupational Status	At Present		Before Joining	
		Number	%	Number	%
1	Only Housewife	106	27.18	360	92.31
2	Housewife and Labor	15	03.75	10	02.58
3	Housewife and Service	09	02.30	07	01.79
4	Housewife and other Economic/ Commercial Activities	256	65.73	13	03.32
5	Housewife and Money Lending	04	1.04	-	-
Total		390	100.00	390	100.00

Source: Field Survey, 2013.

Table-5.8 Shows that at present 27.18% of the total respondents are not engaged in economic or commercial activities besides household works. Before their enrollment in the RDS of IBBL, 92.31% of the respondents were confined to

household works and the rest of 7.69%. were engaged in income earning activities alongside household works. So, from the statistics shown in the table above, it can be said that impact of IBBL's MF-Programs are positively significant for self-employment creation of the beneficiaries.

5.2.2.c Average Monthly Expenditure Status of the Clients

Expenditure capacity very often indicates the purchasing power and ability of a man or women and also indicates the living standard. The expenditure profile of the respondents is shown in the following Table-9.

Table-5.9: Distribution of the Clients by Average Monthly Expenditure

Sl. No.	Expenditure Classes (Amount in Taka)	At Present		Before Joining	
		Number	%	Number	%
1	Below 500	145	37.14	362	92.30
2	501 – 1000	156	40.10	17	04.40
3	1001 – 1500	61	15.60	08	02.10
4	1501 – 2000	13	03.26	03	01.20
5	2001 – 2500	09	02.40	-	-
6	2501 and above	06	01.50	-	-
Total		390	100.00	390	100.00

Source: Field Survey, 2013.

The Table-5.9 shows that at present 77.24% of the total clients average monthly expenditure is below Tk.1,000/- only while before joining in the RDS of IBBL, the position was 96.70% and it indicates that the position is developed than earlier apparently but remarkable success is yet to come till now among the clients.

5.2.2.d Expenditure Status for Social Occasions of the Clients

Economic solvency of the household has direct relationship with participation in social activities (Haque, 2006), as the household member has ability to spend money beyond his basic needs.

Table-5.10: Distribution of the Clients by Expenditure for Social Occasions

Sl. No.	Expenditure Classes (Amount in Taka/Year)	At Present		Before Joining	
		Number	%	Number	%
1	Upto 2000	304	77.95	337	86.41
2	2001–4000	34	08.72	22	05.64
3	4001 – 6000	17	04.36	12	03.08
4	Above 6000	35	08.97	19	04.87
Total		390	100.00	390	100.00

Source: Field Survey, 2013.

The results presented in the Table-10 also support this findings that income increase resulted more expenditure for social occasions. As it has been found that before joining RDS Program, only 5% respondent had spent above 6,000 Taka for social activities while at present, more than 10% respondents spent over 6,000 Taka per year for their social activities.

5.2.2.e Average Monthly Saving Status of the Clients

Saving is like the blood to a poor man or women. In the following Table-5.11, the saving status of the selected clients has shown.

Table-5.11: Distribution of the Clients by Monthly Savings Status

Sl. No.	Savings Classes (Amount in Taka)	At Present		Before Joining	
		Number	%	Number	%
1	No savings	17	04.36	263	67.43
2	Below 200	247	63.34	83	21.28
3	201 – 500	50	12.82	34	08.72
4	501 – 700	37	09.49	6	01.54
5	801 – 1100	21	05.38	4	01.03
6	1101 – 1400	8	02.05	-	-
7	1401 – 1700	5	01.28	-	-
8	1701 – 2000	3	0.77	-	-
9	2001 and above	2	0.51	-	-
Total		390	100.00	390	100.00

Source: Field Survey, 2013.

The Table-5.11 shows that at present 04.36% of the total clients have no savings, 63.34% have savings between Tk.201/- to Tk.500/-, 12.82% have saving between Tk.501/- to Tk.800/-, 05.38% have the savings between Tk. 801/- to Tk.1,100/- and the rest 04.61% have savings Tk.1,101/- and above while before joining in the RDS program, the position was 67.43%, 21.28%, 8.72%, 01.54%, 01.03% and the rest class was nil. This picture indicates that the RDS investment is using by the clients in income generating activities which helps them to make savings effectively and it is also indicates the economic development of the clients.

5.2.2.f Overlapping Status of the Clients

It is claimed against the MFIS that due to high rate of interest, shortest repayment time and other constraints, the clients failed to make income-generating activities and less income is generated by which they cannot repay their loans and resultantly, they are bound to go to another MFIs to make repayment. But what actually happened with RDS clients is our main concern. The overlapping situation of the clients is shown in the following Table-5.12.

Table-5.12: Distribution of the Clients by Overlapping Situation

Sl. No.	Involvement with Other MFIs	At Present		Before Joining	
		Number	%	Number	%
1	No Involvement with other MFIS	263	67.44	164	42.05
2	Involved with GB	40	10.26	43	11.03
3	Involved with BRAC	33	08.44	40	10.26
4	Involved with ASA	14	03.59	24	06.15
5	Involved with PROSHIKA	19	04.87	17	04.36
6	Involved with TMSS	08	02.05	11	02.82
7	Involved with Other MFIs	06	01.54	22	05.64
8	Involved with Local Money-Lenders	07	01.79	69	17.69
Total		390	100.00	390	100.00

Source: Field Survey, 2013.

Table-5.12 shows that at present 67.44% of the total clients have no involvements with other MFIs except RDS of IBBL, 30.77% is involved with other MFIs and only 01.79% is involved with the local Money-lenders while before joining in the RDS Program of IBBL, the position was 42.05%, 40.26% and 17.69% respectively. This picture indicates that the RDS of IBBL has significant impact in protecting the clients from the local money-lenders by raising income through income-generating activities by providing interest-free investment. It also indicates that the RDS Program of IBBL has significant impact on clients' income generation which helps them in reduction of loans from the other interest-based MFIs.

5.2.2.g Length of Membership of the Clients in RDS of IBBL

The length of membership of the clients in RDS of IBBL is shown in the following Table-5.13.

Table- 5.13: Distribution of the Clients by Length of Membership in RDS of IBBL

Sl. No.	Length of Membership (Years)	At Present	
		Number	%
1	10 Years and above	10	02.66
2	9 Years	39	10.11
3	8 Years	87	22.34
4	7 Years	85	21.81
5	6 Years	91	23.40
6	5 Years	58	14.89
7	4 Years	20	04.79
8	3 Years and above	-	-
Total		390	100.00

Source: Field Survey, 2013.

Table-5.13 shows that 02.66%, 10.11%, 22.34%, 21.81%, 23.40%, 14.89% and 4.79% of the total clients used RDS Investment of IBBL for the period of 10 years or more, 9 years, 8 years, 7 years, 6 years, 5 years and 4 years respectively while these is no clients in the 3 years or below years membership. It is also seen that 67% of the selected clients have used RDS-Investment of IBBL for a period of between 6 years & 8 years and the average length of membership is 6.82 years which also indicates that the clients are significantly benefited from the Microfinance Program of IBBL and Microfinance Program of IBBL has positive & significant impact on the beneficiaries.

5.2.2.h Sources of Fund for Regular Installment Repayment of the Clients

Sources of money or fund from whose the regular installments repayment is made by the beneficiaries is shown in the following Table-5.14.

Table-5.14: Distribution of the Clients by Source of Fund Accumulated for Regular Repayment of the RDS Investment of IBBL

Sl. No.	Sources of Fund	At Present	
		Number	%
1	Income/Earnings from Microfinance of IBBL	211	54.10
2	Loan from Other MFIs	17	04.36
3	Loan from Individuals/Local Money-Lenders/Informal Sources	52	13.33
4	Earnings from Other Family Members	110	28.21
Total		390	100.00

Source: Field Survey, 2013.

Table-5.14 reveals that the most of the clients are able to repay their regular weekly installments from earnings from the RDS investment of IBBL which clearly indicates that the Microfinance Program of IBBL has significant impact on income generation and build up capacity to repay the installments regularly from their earnings.

5.2.2.i Clients Long-run Willingness to Continue Borrowings from the Microfinance Program of IBBL

The willingness of the clients to continue borrowings from RDS of IBBL for long period is shown in the following Table-5.15.

Table-5.15: Distribution of the Clients by Long-run Willingness to Continue Borrowings from the Microfinance Program (RDS) of IBBL

Sl. No.	Opinions of the Clients	At Present	
		Number	%
1	Yes	188	48.20
2	Not Interested	111	28.40
3	Not Decided	91	23.40
Total		390	100.00

Source: Field Survey, 2013.

It is seen from the Table-5.15 that majority of the clients are not interested or not decided to continue borrowings from the program under study for a long period and only 48.20% are willing to continue the same. It may conclude that willingness to continue the program **may create two ideas** of which **one** may be the solvency of the clients created from the program and **another one** may be the failure of the clients in income generation from the program.

5.2.2.j Reasons behind Willingness to Continue the Program of the Clients

The program with borrowings from the RDS of IBBL has shown the reasons for which some of the respondents are willing to continue the program in the following Table-5.16.

Table-5.16: Distribution of the Clients with Reasons to Continue the MF-Program

Sl. No.	Opinions of the Clients with Reasons	At Present	
		Number	%
1	Income Generating Employment	279	71.43
2	Survival	111	28.57
Total		390	100.00

Source: Field Survey, 2013.

From the Table-5.16 it is seen that 71.43% clients has opined for continuation of the MF-Program of IBBL for the reason of income generating employment and another most important reason is survival. So, the RDS Program of IBBL has significant impact on the poor clients in respect of income generation from the employment and also to survive in the society.

5.2.2.k Reasons behind Willingness of the Clients to Stop the Microfinance Program in Near Future

Reasons for which some of the clients are willing to stop borrowings from the RDS Program of IBBL shown in the following Table-5.17.

Table-5.17: Distribution of the Clients with Reasons to Stop the Program

Sl. No.	Opinions of the Clients with Reasons	At Present	
		Number	%
1	Became self-sufficient	80	20.51
2	RDS of IBBL is exploiting	2	0.51
3	The Rate of Interest is high	-	-
4	Other MFIs are giving more facilities	24	06.15
5	It hampers family life	05	01.28
6	Not known or no answer	279	71.54
Total		390	100.00

Source: Field Survey, 2013.

Table-5.17 shows that 20.51% of the clients are opined to stop the borrowings from the IBBL MF-Program due to become self-sufficiency while others are

raised more advantages of the other MFIs (06.15%) and also hampering the family life (01.28%), others are not known or not answered (71.54%) regarding the issue. **So, the RDS Program of IBBL is playing a vital role in the self-sufficiency field of the clients.**

5.2.2.1 Land Holding Status of the Clients

Land is a crucial factor for cultivation and income generation. In this section land holding status of the clients has been discussed.

5.2.2.1.1 Area of Homestead Land of the Clients

Homestead land indicates the living condition of a family. Area of land holding status by the clients is depicted in the following Table-5.18.

Table-5.18: Distribution of the Clients by Area of Homestead Land

Sl. No.	Area of Homestead Land (Acres)	At Present		Before Joining	
		Number	%	Number	%
1	No Land	07	01.79	72	18.80
2	0.001-0.100	60	15.38	253	64.30
3	0.101-0.200	45	11.53	34	08.90
4	0.201-0.300	48	12.30	31	08.80
5	0.301-0.500	59	15.40	-	-
6	0.501 and above	171	43.57	-	-
Total		390	100	390	100.00

Source: Field Survey, 2013.

Table-5.18 Shows that 18.80% of the total clients had no homestead land before joining in the RDS program while the rate is at present 01.79%, which indicates the significant impact of RDS finance on the clients development and asset accumulation.

5.2.2.1.2 Area of Cultivation Land of the Clients

This type of land is used for only cultivation purpose and it is a crucial factor for cultivation and production. The following table shows the quantity of cultivable land of the clients.

Table-5.19: Distribution of the Clients by Area of Cultivable Land

Sl. No.	Area of Cultivable Land (Acres)	At Present		Before Joining	
		Number	%	Number	%
1	No Land	150	38.48	330	84.62
2	0.001-0.300	96	24.61	36	09.23
3	0.301-0.500	34	08.71	11	02.83
4	0.501-0.700	89	22.82	3	0.76
5	0.701 and above	21	05.38	10	0.56
Total		390	100.00	390	100.00

Source: Field Survey, 2013.

From the Table-5.19 it is proved that the MF-Program of IBBL has a significant impact on income generation and asset accumulation or building up asset purchasing capacity.

5.2.2.m Protein Intake Status of the Clients

The protein intake status of a person indicates the health condition and sound situation. In the following Table-5.20, the protein intake status of the clients' based on their opinion is shown.

Table-5.20: Distribution of the Clients by Protein Intake Status

Sl. No.	Protein intake Status (Day/Week)	At Present		Before Joining	
		%	Number	%	Number
1	No Protein Intake	28	07.17	60	15.40
2	1 day/week	72	18.47	79	20.26
3	2days/week	93	23.85	131	33.59
4	3 days/week	108	27.70	79	20.26
5	4 days/week	41	10.52	21	05.38
6	5 days/week	24	06.15	14	03.58
7	6 days/week	17	04.35	06	01.53
8	7 days/week	07	01.79	-	-
Total		390	100.00	390	100.00

Source: Field Survey 2013.

Table-5.20 shows that the protein intake status of the clients at present improved tremendously than before enrollment in the RDS Program of IBBL which indicates the healthy and sound situation of the clients. Good health is required to do anything that good and this program helped the clients in that purpose significantly.

5.2.2.n Poverty Level of the Clients

Poverty level of the clients based on expenditure is shown in the following Table-5.21.

Table-5.21: Distribution of the Clients by Poverty Level based on Expenditure

Sl. No.	Level of Expenditure (Taka/Month)	At Present		Before Joining	
		%	Number	%	Number
1	Below Tk.5,319/-	179	45.89	370	94.87
2	Above Tk.5,319/-	211	54.10	20	05.13
Total		390	100.00	390	100.00

Source: Field Survey, 2013.

According to the Bangladesh Economic Research-2007 and Household Income-Expenditure Survey-2005 of Bangladesh, the average monthly expenditure of the rural households selected or fixed up for minimum Tk.5,319/- only and based on this statistics, the Table-5.21 have prepared and shows that at present, 54.10% of the total clients households monthly expenditure above Tk.5,319/- while the below expenditure figure is 45.89% and before enrollment in the RDS Program of IBBL, the position was 94.87% and 05.13% respectively, **which clearly indicates that the MF-Program of IBBL have been able to reduce 54.10% poverty of the clients** and there is a significant positive impact on poverty alleviation including development and improvement of their living standard.

5.2.3 Impact on Social Profiles of the Beneficiaries

Development is multi-dimensional aspects as stated earlier but development is meaningless without social development which indicates the living standard of a man or woman. So, focus and discussion on the social features of the beneficiaries of IBBL's RDS Program is very important from the standpoint of development, which is another thrust and objective of this study in line with economic development. However, this section has analyzed the true picture of impact of IBBL's Microfinance Program on social structure of the beneficiaries.

5.2.3.a Educational Status of the Clients

Education is the backbone of a nation. Education is very important and a crucial factor for an individual to achieve better alternative available in rural areas in which he or she can invest the borrowed fund effectively, efficiently and profitably. Educational status of the clients is shown in the Table-5.22 below.

Table-5.22: Distribution of the Clients by Educational Status

Sl. No.	Level of Education	At Present		Before Joining	
		Number	%	Number	%
1	Illiterate/Can not Sign	19	04.84	200	51.28
2	Can put Signature only	191	49.00	10	02.56
3	Primary Level	121	31.04	121	31.04
4	Secondary Level	49	12.56	49	12.56
5	Higher Secondary Level	10	02.56	10	02.56
Total		390	100.00	390	100.00

Source: Field Survey, 2013

From the classification of our collected data, Table-5.12 shows that during the enrollment period in RDS Program of IBBL, 51.28% clients were completely illiterate, 02.56% could put sign only, 31.04% were Primary level, 12.56% were Secondary level and the rest 02.56% were Higher Secondary level while at present, the status are 04.84%, 49.00%, 31.04%, 12.56% and 02.56% respectively. It is also clear that on an average 53.84% clients have been found functionally illiterate during the survey period, is a crucial picture of the clients from the standpoint of educational development.

5.2.3.b Vocational Knowledge of the Clients

Vocational knowledge is obviously an important factor for the rural poor to utilize their full potentiality in income earning activities. So, some sort of vocational knowledge is necessary to enhance their income level. Table-5.23 shows the types of vocational knowledge of the clients.

Table-5.23: Distribution of the Clients with Level of Vocational Knowledge

Sl. No.	Types of Vocational Knowledge	At Present		Before Joining	
		Number	%	Number	%
1	None	348	89.23	382	97.95
2	Sewing	11	02.82	02	0.51
3	Handicraft	22	05.64	04	01.03
4	Pottery	05	01.28	02	0.51
5	Others	04	01.03	-	-
Total		390	100.00	390	100.00

Source: Field Survey, 2013.

Table-5.23 shows that at present 89.23% clients have no vocational knowledge or training and the rest 10.77% have some sort of vocational knowledge or training while before joining in the RDS Program of IBBL, the position was 97.95% and 02.05% respectively. So, the role of RDS Program of IBBL in importing vocational knowledge to the clients is not significant as per the clients' expectation.

5.2.3.c Moral and Ethical Practices of the Clients

Moral and ethical standard should be maintained in all sphere of life as stated earlier. So, it is an important phenomenon for the mankind specially for the Muslims as several times through various indications in the Holly Quran and Hadith stated and one of the most important issue is avoiding interest. Prophet Mohammad (Sm.) declared war against interest in the Hadith.

5.2.3.c.1 Changing of Bad Habits of the Clients

Changing of earlier bad habits is very difficult task for a man or women, but it is very important phenomena for the mankind for secured and safety life in the earth. Earth is a planet from where no one interested to leave it. So, to ensure better leading our life with suitable way, some bad habits may change our life and may save others from one. The changing pattern of bad habits of the clients is shown in the following Table-5.24.

Table-5.24: Distribution of the Clients by Bad Habits Changing Status

Sl. No.	Opinions of the Clients on Changing of Bad Habits	At Present		Before Joining	
		Number	%	Number	%
1	No Bad Habits	382	97.95	320	82.05
2	Theft or Robbery	-	-	04	01.03
3	Free Mixing with Males	-	-	02	0.51
4	Telling Lies	05	01.28	41	10.51
5	Regular Quarrel with Others	03	0.77	19	04.87
6	Drug Addiction & Others	-	-	04	01.03
Total		390	100.00	390	100.00

Source: Field Survey, 2013.

It is reported that rural women's of Bangladesh makes quarrel with each others knowingly or unknowingly due to lack of proper awareness, knowledge and education. The Table-5.24 shows that the RDS of IBBL has been giving moral teaching to the clients from which the clients has been able to change themselves from some of the parameters of bad habits to bring good habits. So, it is a good sign for them and also for the institution (RDS of IBBL) which is practicable to others.

5.2.3.c.2 Religious and Ethical Practices of the Clients

Religious and ethical development of the clients was one of the most important objective of this study. So, the following Table-5.25 shows the religious activities performed the clients.

Table-5.25: Distribution of the Clients based on Their Religious Activities

Sl. No.	Types of Religious Activities	At Present		Before Joining	
		Number	%	Number	%
1	Saying Prayer	121	31.03	97	24.87
2	Recite Holy Quran Regularly	30	07.69	23	05.90
3	Fasting	106	27.18	103	26.41
4	Maintain Parda (Hijab)	95	24.36	87	22.31
5	Involvement with Islamic Activities	10	02.56	09	02.31
6	Involvement with Social Activities	07	01.80	05	01.28
7	Involvement with Dowry Exchange	02	0.51	14	03.59
8	Involvement with Interest	-	-	36	09.23
9	Misunderstanding with Husband	-	-	02	0.51
10	Know how to Recite Holy Quran	19	04.87	14	03.59
Total		390	100.00	390	100.00

Source: Field Survey, 2013.

From the Table-5.25, it may be conclude that the RDS Program of IBBL has significant impact on moral and ethical development of the clients in respect of changing religious activities of the clients.

5.2.3.c.3 Breast Feeding Habit of the Clients

Breast feeding is more appropriate for baby. To ensure good health & better future of baby, every mother should breast feeding to her baby. **It is said that there is no alternative or substitute or equal to breast milk and breast milk contains all types of essential food value** specially vitamins, iron, proteins & minerals which are very essential elements for baby's growth. **So, to ensure good health & sound mind of a baby, breast milk is the only solution.** In the following Table-5.26, the breast feeding habits changing status of the female clients under study is shown.

Table-5.26: Distribution of the Clients by Breast Feeding Status

Sl. No.	Clients Opinions	At Present		Before Joining	
		Number	%	Number	%
1	No Habit in Breast Feeding	29	07.44	137	35.13
2	Has Breast Feeding Habit	361	92.56	253	64.87
Total		390	100.00	390	100.00

Source: Field Survey, 2013.

From the Table-5.26, it is observed that before joining in Microfinance program of IBBL, breast feeding habit of the mother (female clients) was 64.87% while at present the breast feeding rate is 92.56%, which indicates that IBBL has successfully been able to create & change awareness regarding breast feeding among the mothers (female clients) through RDS Program and also able to change bad habits into good habits for 27.69% ($92.56\% - 64.87\% = 27.69\%$) in case of breast feeding.

5.2.3.d Recreational Status of the Clients

Recreation is a best tool in reducing one's mental pressure & depression and it indicates the living standard of a man or women. The following Table-5.26 shows the recreational situation of the clients under study.

The Table-5.27 shows that there is no significant change has been found in the recreational activities or facilities among the clients than earlier. It indicates that

IBBL's RDS Programs not included any recreational teaching to the clients that improves the clients to know the world. So, RDS of IBBL have no significant impact on the borrowers recreational changes and improvement, though some sort of changes and improvement found the Table-5.26, which does not testimony their (clients) better improvement.

Table-5.27: Distribution of the Clients by Recreational Facilities

Sl. No.	Media of Recreation	At Present		Before Joining	
		Number	%	Number	%
1	No Recreational Items	330	84.62	372	94.87
2	Watching TV	12	03.08	02	0.51
3	Listening to Radio	11	02.82	09	02.32
4	Reading Newspapers	02	0.50	-	-
5	Playing Mobile Game	34	08.72	07	01.80
6	Playing Computer Game	01	0.26	-	-
7	Video Game	-	-	-	-
8	Internet Browsing	-	-	-	-
Total		390	100.00	390	100.00

Source: Field Survey, 2013.

5.2.3.e Housing Status of the Clients

Living standard is assessed on the basis of housing status in line with other socio-economic parameters. The housing condition of the clients is shown in the following Table-5.28.

Table-5.28: Distribution of the Clients by Housing Status

Sl. No.	House Types	At Present		Before Joining	
		Number	%	Number	%
1	Pucca House	24	06.16	352	90.25
2	Semi-Pucca House	233	59.74	34	08.71
3	Others (Mud/Fence built or others i.e. Neither Pucca nor Semi-Pucca)	133	34.10	04	01.04
Total		390	100.00	390	100.00

Source: Field Survey, 2013.

Table-5.28 indicates that at present, only 06.16% of the total clients have pucca house, 59.74% has semi-pucca house (tin shed or others but brick wall) and the rest 34.10% has other than pucca or semi-pucca house (fence or mud built) while the position was 90.25%, 08.71% and 01.04% respective before joining in

the RDS Program of IBBL. Though the rate of improvement is not so attractive but the picture shows the positive result and positive impact of RDS Programs of IBBL on the poor clients.

5.2.3.f Toilet Facilities of the Clients

Toilet is one of the most important factor for human health. The before-after toilet facilities are shown in the following Table-5.29.

Table-5.29: Distribution of the Clients by Toilet Facilities Status

Sl. No.	Toilet status	At Present		Before Joining	
		Number	%	Number	%
1	Sanitary Latrine	66	16.92	10	02.56
2	Semi-Pucca Toilets	290	74.35	70	17.94
3	Others (Neither Pucca nor Semi-pucca)	34	08.73	310	79.50
Total		390	100.00	390	100.00

Sources: Field survey 2013.

Table-5.29 shows that at present, 16.92% of the total clients have sanitary latrines, 74.35% have semi-pucca toilets and the rest 08.73% have neither pucca nor semi-pucca toilets while before enrollment in the RDS Program of IBBL, the position was 02.56%, 17.94% and 79.50% respectively which speaks that the RDS of IBBL has positive impact on social awareness and social status enhancement and women development.

5.2.3.g Treatment Status of the Clients

Better treatment depends on the clients' financial ability and necessary awareness. The following Table-5.30 shows the treatment status of the clients.

From the Table-5.30 it is found that at present, 22.56% of the clients take treatment from Quack Doctor, 17.94% Herbal, 10.25% Homeopath and 49.25%

from Alopath Doctor (Modern Treatment) while before enrollment with the RDS of IBBL, the position was 55.40%, 39.74%, 02.56% and 02.30% (Modern) respectively.

Table-5.30: Distribution of the Clients by Treatment Status

Sl. No.	Types of Treatment	At Present		Before Joining	
		Number	%	Number	%
1	Quack Doctor	88	22.56	216	55.4
2	Herbal	70	17.94	155	39.74
3	Homeopath	40	10.25	10	2.56
4	Alopath (Modern Treat.)	192	49.25	9	2.3
Total		390	100	390	100

Source: Field Survey, 2013.

So, it can be conclude that the MF-Program of IBBL has significant positive impact on treatment status and also on social awareness buildup.

5.2.3.h Sources of Lighting and Energy Supply of the Clients

Sources of lighting & energy is one of the most important indicator of social development and awareness creation. The following Table-5.31 shows the sources of energy used by clients.

Table-5.31: Distribution of Clients by Sources of Lighting and Energy Supply

Sl. No.	Sources of Lighting and Energy Supply	At Present		Before Joining	
		Number	%	Number	%
1	Electricity	207	53.20	72	18.47
2	Hurricane/Lamp	183	36.80	318	81.53
Total		390	100.00	390	100.00

Source: Field Survey, 2013

Table-5.31 shows that at present, 53.20% of the total clients have electricity connection and the rest 36.80% have no electricity connection or no sources of energy while before enrollment in the RDS of IBBL, the position was 18.47% and 81.53% respectively, which indicates that the RDS of IBBL has significant positive impact on the clients social status and development.

5.3 Impact on Household's Profiles of the Beneficiaries

The structure and characteristics of rural families of Bangladesh plays a very important role in their socio-economic conditions. Here attempt have been made to examine overall socio-economic condition prevailing in the households of the selected beneficiaries. We have examined whether the Microfinance of IBBL actually and effectively reached the poor borrowers households or not in this section.

5.3.1 Impact on Geodemographic Profiles of the Client's Households

An attempt has been made to analyze the geodemographic profiles of the respondents' households to assess the impact of Microfinance program under study on the borrowers including their households.

5.3.1.a Age Structure of the Client's Households

It is assumed & reported that a below aged or over aged man or women is not suitable for works or employment and in this context, age has a significant role & an important phenomenon of demography. In the following Table-5.32, age structure of the clients households members are shown.

Table-5.32: Distribution of the Family Members of the Clients by Age Group

Sl. No.	Age Class (years)	At Present	
		No. of Family Members	%
1	0-17	1070	55.73
2	18-40	480	25.00
3	41-60	282	14.69
4	61 and above	88	04.58
Total		1920	100.00

Sources: Field Survey, 2013.

The Table-5.32 shows that there is a high dependency ratio exists among the family members of the respondent which is a main hindrance for socio-economic development of the respondent's family.

5.3.1.b Sex Structure of the Client's Households

It is presumed and reported that a women is less energetic than a man but a women is always devoted and dedicated in any works of the family and also to be found as an ideal mother. So, in this context, sex is a very crucial & important factor in demography. The following Table-5.33 represents the sex structure of the respondent's households.

Table 5.33: Distribution of the Family Members of the Clients by Sex Group

Sl. No.	Sex Group	At Present	
		No. of Family Members	%
1	Male	930	48.44
2	Female	990	51.56
Total		1920	100.00

Source: Field Survey, 2013.

Table-5.33 shows that 48.44% of the total households members are male and 51.56% are female i.e. male-female ratio is 1:0.94 and majority of the members of the selected clients under study are female.

5.3.1.c Family Types of the Clients

Types of family of the respondents are an important factor in Miicro-level decision making are considered here. According to the mature of the formation of the family of our selected clients, we have divided them into two major categories: **a)** Nuclear family which consists of husband, wife and unmarried children and **b)** Extended family where more than one nuclear family exists or permanent existence of other relatives is found along with nuclear family.

Table-5.34: Distribution of the Clients by Family Types

Sl. No.	Nature of Family	At Present	
		No. of Family	%
1	Nuclear	299	76.70
2	Extended	91	23.30
Total		390	100.00

Source: Field Survey, 2013

Table-5.34 shows that 76.70% families of the selected clients are nuclear and remaining 23.30% are extended in nature. The domination of the nuclear types of family is the indication of favorable condition for the clients to take decision at household level for the optimum use of Microfinance.

5.3.1.d Family Size of the Clients

The size of family has diversified effects as the socio- economic circumstances of the clients. A large family has more laborers to earn income by doing different types of economic activities with or without financial support in the rural area and it enhances the client's capability to repay weekly installment of borrowed money. On the other hand, a small family can save to more out of increased income. The size of the family of the borrowers is also important to assess the impacts of RDS Programs of IBBL on family planning objectives. The size of family of the selected clients shown in the following Table-5.35.

Table-5.35: Distribution of the Clients by Family Size

Sl No.	No. of Family Members	At Present		Before Joining	
		Number	%	Number	%
1	Small Size (Less than 3)	136	34.90	239	61.20
2	Medium Size (Less than 5)	169	43.30	102	26.10
3	Large Size (5 and above)	85	21.80	49	12.70
Total		390	100.00	390	100.00
Average Family Size		05.98		05.07	

Source: Field Survey, 2013.

Table-5.35 shows that before enrollment in RDS of IBBL activities, 61.20% of the total clients households consisted of less than three members, 26.10% and 12.70% consisted of less than five and more than five members respectively while at present, the position is 34.90%, 43.30% and 21.80% respectively. The average size of the family at present is 5.98 which was 5.07 before joining in RDS Program of IBBL. Size of the family shown in the above Table-5.35 does not establish the IBBL's RDS Programs contribution towards the goal of national planning program of Bangladesh.

5.3.2 Impact on Economic Profiles of the Client's Households

Economic development is very important for improvement of socio-cultural and socio-political activities of the poor. This section has been focused on the economic status of the respondent's households.

5.3.2.a Earning Members of the Client's Family

Number of earning persons is the indicator of the family to increase the overall income, expenditure with purchasing ability and increase the living standard of a family. The number of earning persons of the client's households before and after joining in the RDS Program of IBBL is shown in the following Table-5.36.

Table-5.36: Distribution of Earning Members of the Client's Households by Sex

Sl. No.	Sex	Number of Earning Members of the Clients Family			
		At Present		Before Joining	
		Number	%	Number	%
1	Male	552	55.93	315	94.03
2	Female	435	44.07	20	05.97
Total		987	100.00	335	100.00

Source: Field Survey, 2013.

Table-5.36 shows that before enrollment in the RDS Program of IBBL, the earning members of the total selected family was 335 out of which 94.03% was male and 5.97% was female while at present, the position is 987 out of which 55.93% is male and 44.07% is female respectively, which indicates that the women are economically empowered and employed by the program. The Table-5.36 also shows the employment status of the family members.

5.3.2.b Occupation of the Head's of the Client's Family

Occupational structure of the client's family head's is shown in the following Table-5.37.

Table-5.37: Distribution of the Client's Family Head's by Occupation

Sl. No.	Professional Status	At Present		Before Joining	
		Number	%	Number	%
1	Labour	66	17.00	133	34.17
2	Agriculture	80	20.50	86	22.05
3	Business	164	42.05	91	23.33
4	Service	63	16.10	63	16.10
5	Others	17	04.35	17	04.35
Total		390	100.00	390	100.00

Source: Field Survey, 2013.

From the Table-5.37 it is observed that at present, majority family head's of the clients are engaged with business (42.05%) while the position was 23.33% before enrollment in the Microfinance Program of IBBL. It is also found that after taking investment from the RDS of IBBL, the clients has been diversifying their works under various sectors based on the profitability on the sector which is a good indication for the poor people under study.

5.3.2.c Monthly Gross Income of the Client's Family

The monthly gross income of the respondent's households before and after joining in the Microfinance Program under study is shown in the following Table-5.38.

Table-5.38: Distribution of Monthly Gross Income of the Client's Households

Sl. No.	Income Classes (Amount in Taka/Month)	At Present		Before Joining	
		Number	%	Number	%
1	500-1,000	59	15.00	192	49.20
2	1,001-2,000	72	18.43	58	14.87
3	2,001-3,000	110	28.10	67	17.10
4	3,001-4,000	70	17.90	36	09.20
5	4,001-5,000	38	09.80	20	05.30
6	5,001-6,000	33	08.50	13	03.27
7	6,001 and above	08	02.27	04	01.06
Total		390	100.00	390	100.00

Source: Field Survey, 2013.

Table-5.38 shows that at present, 15%, 18.43%, 28.10%, 17.90%, 09.80%, 08.50% and 02.27% households of the selected clients belongs to the income group of Tk.500-1,000, Tk.1,001-2,000, Tk.2,001-3,000, Tk.3,001-4,000, Tk.4,001-5,000, Tk.5,000-6,000 and Tk.6,001 & above respectively while before joining in the program, the position was 49.20%, 14.87%, 17.10%, 09.20%, 05.30%, 03.27% and 01.06% respectively. So, it may conclude that the Microfinance Program of IBBL has significant positive impact on the beneficiaries' household in income enhancement.

5.3.2.d Sources of Monthly Income Generation by the Client's Household

It is claimed that every MFIs has engaged their all out efforts to increase client's family income by investing their borrowed money to different income generating activities.

Table-5.39: Distribution of the Client's Household's Monthly Income Generation by Sources

Sl. No.	Sources of Income by Sector	Household's Income (Taka/Month)		Change of Income		Level of Significance	
		At Present	Before Joining	Taka	%	t-Value	Sig.
1	Crops	1,093	916	177	19.33	3.188	0.001
2	Fruit Selling	136	81	55	66.73	3.641	0.000
3	Vegetables	176	122	54	44.06	3.865	0.000
4	Livestock	339	237	102	43.26	5.463	0.000
5	Poultry	139	100	39	39.67	2.507	0.012
6	Small Business	2,672	2,108	564	26.73	4.015	0.000
7	Labour Selling	1,135	917	218	23.76	6.509	0.000
8	Service	1,236	851	385	45.19	5.564	0.000
9	Others	827	479	348	72.61	2.222	0.038
Total		7,753	5,811	1,942	33.40		

Source: Field Survey, 2013.

The Table-5.39 shows that on an average client's income has increased by more than 33% between joining in the RDS Program to till the survey period of 2013. The highest income change (Tk.564/Month) is observed for small business which is followed by income from services (Tk.385/Month). The crop sector income has also significantly increased but the highest change is observed for small business which implies that clients proffered investing money to the business sector than other sector.

5.3.2.e Monthly Gross Expenditure of the Client's Households

Expenditure indicates the income status and living standard of a family. The expenditure level of the respondent's family is shown in the following Table-5.40.

Table-5.40: Distribution of Monthly Gross Expenditure of the Client's Household's

Sl. No.	Expenditure Classes (Amount in Taka/Month)	At Present		Change of Income	
		Number	%	Number	%
1	500-1,500	27	06.92	134	34.32
2	1,501-2,500	66	16.90	118	30.24
3	2,501-3,500	126	32.32	87	22.33
4	3,501-4,500	89	22.82	21	05.45
5	4,501-5,500	44	11.35	14	03.63
6	5,501-6,500	23	06.00	12	03.00
7	6,501 and above	15	03.69	04	01.03
Total		390	100.00	390	100.00

Source: Field Survey, 2013.

The Table-5.40 indicates that the Microfinance of IBBL has positive impact on purchasing ability and expenditure status of the client's households through income generation and also indicates the development of living standard of the client's family under study.

5.3.2.f Monthly Expenditure of the Client's Households by Items

Monthly expenditure status by items of the respondent's households is shown in the following Table-5.41.

Table-5.41: Distribution of the Client's Household's Monthly Expenditure by Items

Sl. No.	Expenditure by Items	Household's Expenditure (Taka/Month)		Change of Expenditure		Level of Significance	
		At Present	Before Joining	Taka	%	t-Value	Sig.
1	Food	3,736	2,933	803	27.39	13.04	0.000
2	Medication	488	324	164	50.95	05.346	0.000
3	Education	439	297	142	47.80	07.41	0.000
4	Clothing	413	285	128	44.96	10.483	0.000
5	Furniture Purchase	288	129	159	123.42	66.80	0.000
6	Repairs and Maintenance	588	198	390	197.43	66.90	0.000
7	Others	710	273	437	160.59	07.018	0.000
Total		6,662	4,439	2,223	50.15		

Source: Field Survey, 2013.

The Table-5.41 of household expenditure of the RDS clients shows that the highest expenditure (Tk.803/Month) change is observed for food which is followed by house repairing and maintenance of house (Tk.437/Month). The expenditure for medication has increased (51%) as well. The reason could be that poor always avoid recognized treatment and medication due to shortage of money but whenever they have ability they go for modern and better treatment (Haque, 2006).

5.3.3 Impact on Social Profiles of the Client's Households

This section has been focused in discussion of the client's household's social profiles to understand of the client's family status and standard in respect of social development, which are as under:

5.3.3.a Active School Going Status of the Client's Households

The children's of the clients who are both mentally and physically fit for going to school or not is the main intention of this section. It is one of the most important points for creation of awareness among the clients and this awareness is vital for the educational development. The active children's school going status of the clients before and after is shown in the following Table-5.42.

Table-5.42: Active Children's School Going Status of the Client's Household's

Sl. No.	Active Children's School Going Status	At Present		Before Joining	
		Number	%	Number	%
1	Go to School	343	87.94	206	52.84
2	Do not go to School	47	12.06	184	47.16
Total		390	100.00	390	100.00

Source: Field Survey, 2013.

Table-5.42 shows that at present 87.94% active children's of the total clients are going to school and till now 12.06% active children's are not going to school while before joining in the RDS Program of IBBL, the position was 52.84% and 47.16% respectively. So, the RDS Program of IBBL has positive impact on the client's children's education and creasing social awareness.

5.3.3.b Decision Maker of the Client's Households

The power of decision making of the client's in household level is very important factor for better utilization of Micro-investment. The empowerment of a female client also depends on her ability to make decision or at least her capability to share views at the time of setting the household socio-economic affairs. To achieve desired results from the investment, the client's must have power to choose the field of investment or expenditure. The patterns of the power of decision making of the households of our selected clients are shown in the following Table-5.43.

Table-5.43: Distribution of the Client's in the Household Decision Making Process

Sl. No.	Decision Maker in the Client's Households	At Present		Before Joining	
		Number	%	Number	%
1	Clients Themselves	184	47.25	29	07.38
2	Jointly with the Male Members	33	08.56	09	02.23
3	Client's Husband	160	40.90	348	89.33
4	Client's Father/Father-in Law	04	01.06	-	-
5	Client's Son/Daughter/ Brother	09	02.23	04	01.06
Total		390	100.00	390	100.00

Source: Field Survey, 2013.

It is seen from the above statistics that at present only 47.25% of the selected clients can take decision themselves regarding household socio-economic affairs, 08.56% can share views with male members, 40.90% client's husband take decision about the investment utilization and others family affairs while before enrollment in the RDS Program, the position was 07.38%, 02.23% and 89.33% respectively, which speaks that the Microfinance Program of IBBL has positive impact on household decision making creating social awareness and women empowerment.

5.4 Miscellaneous Opinions of the Beneficiaries

This section focuses problems of the clients with the programs and suggestions for better improvement of the program mainly based on the clients opinions stated by them and collected from them through interview using one set of questionnaire and these statements are as under:

5.4.1 Major Problems Stated by the Clients

Like other Microcredit or Microfinance Programs, RDS Micro-investment clients also face problems participating in the Microfinance program of IBBL. Their problems are diverse in nature and vary depending on time, space, socio-economic aspects and nature of program. Success of the programs largely depends on identifying and solving the problems in time. Therefore, in order to improve the operations of the program, it is important to identify clearly the borrowers' problems.

Table-5.44: Major Problems Stated by the Clients

Sl. No.	Problems	Percent
1	Amount of Investment is very small	90.65
2	Do not have any training program	85.60
3	Investment getting period is very long	84.70
4	Gestation period of repaying investment is too short	78.55
5	Insufficient time for meeting	72.00
6	There is no place for organizing meeting	70.65
7	RDS Field Officer do not maintain Parda/Hijab	61.59
8	Lack of proper client selection	47.52
9	Deviation from the Shariah/Needs to produce false voucher	33.65
10	Weak publicity of the program	27.35
11	Tenants/disabled/distressed are ignored for getting investment	26.08
12	No Islamic School for their children	23.26
13	Woman has no effective control over their borrowed money	15.66

Source: Filed Survey, 2013.

Table-5.44 shows that majority (90.65%) of the poor borrowers had problems with the investment size. They mentioned that the amount of investment they received from the Micro-investment providers is inadequate for them to pursue their income generating activities (IGAs) smoothly. Lack of training facilities to upgrade their skills and knowledge is also an important problem mentioned by 80% clients. About 85% respondents mentioned that delaying receiving investment is also a problem which is followed by very short gestation period for repaying investment installment. Some respondents (78%) mentioned that sometimes they need to start repaying their borrowed money even before investing the money.

On the other hand, majority of the clients (62%) highlighted that although field officers suggest the women clients to maintain pardah/hijab but they do not

maintain the same although it is obligatory for them as well (Table-5.44). Lack of proper client selection is also an important problem mentioned by 47% clients. Besides, weak publicity about RDS of IBBL, disabled/distressed/beggars are ignored in this program and lack of need-based training facilities are absent in this program as stated by the clients. So, it should be looked into by the Management of this program for further improvement and long-term sustainability of the program.

It may be mentioned here that ethics and moral has positive contribution on clients' well-being. This result is not unlikely as the clients bearing good moral and ethical characters are honest enough so did not divert their borrowed money to any unproductive sector. Besides, they are sincere enough to their activities hence were better-off.

5.4.2 Suggestions Prescribed by the Clients

Study revealed that RDS is straight way contributing for 54.10% poverty alleviation and ethical development including women empowerment. But some problems faced by the clients and suggested that if these problems can be solved then rural poor would be more benefited. Some suggestions prescribed by the clients for their well-being and also for the institutional development for future which should be looked into as early as possible are as under:

Table-5.45: Major Suggestions Stated by the Clients

Sl. No.	Problems	Percent
1	Amount of Investment should be enhanced	90.65
2	Need-based training is essential	85.60
3	Investment getting period should be short	84.70
4	Gestation period of repaying investment should be at least 6 months	78.55
5	Sufficient time for meeting	72.00
6	Fixed place for organizing meeting	70.65
7	Women Field Officer for Women Centers should be employed to maintain Parda/Hijab	61.59
8	Proper client selection is needed	47.52
9	Shariah should be maintained strictly and must avoid false voucher	33.65
10	Attractive & need-based publicity of the program is required	27.35
11	Tenants/disabled/distressed/beggars should be prioritized	26.08
12	Special Islamic School & Hospital for their children	23.26

Source: Filed Survey, 2013.

5.5 Miscellaneous Opinions of the Branch Managers

It is also mentioned in the methodology that all 26 Branch Managers of the sampled Branches of IBBL were also interviewed and the results are presented in this section.

5.5.1 Branch Managers Comments on Microfinance Program of IBBL

Branch Managers raised some positive comments on the program some of which are as follows:

Table-5.46: Impact of RDS on the Islamic Banking Stated by the Managers

Sl. No.	Benefits for IBBL	Frequency	Percent
1	Microfinance of IBBL has employed huge manpower	26	100.00
2	It reduces peoples enmity to IBBL	26	100.00
3	It invites poor people towards Islam and Islamic Banking (IBBL)	16	61.54
4	It helps to increase clients for IBBL	21	80.77
5	It helps to improve better idea about IBBL	11	42.31
6	It helps to collect Foreign Remittance for IBBL	25	96.15

Source: Field Survey, 2013.

Table-5.46 shows that RDS activities bring a lot of benefit for IBBL and also for the poor clients of Bangladesh. 100% Branch Managers mentioned that Microfinance of IBBL reduces enmity to IBBL and generated huge employment. The majority of the Managers (96.15%) also mentioned that RDS helps to collect foreign remittance for the Bank while 80.77% of the respective Branch Managers mentioned that it helps to increase Bank clients.

5.5.2 Major Problems Stated by the Bank Personnel/Branch Managers

Like the clients, Branch Managers also sorted out some major problems which are presented below in the Table-5.47. These problems are also diverse in nature and success of the programs largely depends on identifying and solving the problems in time. Therefore, in order to improve the operations of the programs, it is important to identify problems in clear terms and need to solve it accordingly.

Table-5.47: Major Problems Stated by the Managers

Sl. No.	Problems	Frequency	Percent
1	Amount of Investment is very small	13	48.39
2	Some Centre is too far from the Branch	20	77.42
3	Field Officers Salary & Allowances are insufficient	07	25.81
4	Lack of Training of the Field Officers	26	100.00
5	Weekly meeting time is too short	17	64.52
6	Other MFIs provides more facilities	13	51.61
7	RDS work make them overloaded	26	100.00
8	Training facilities are very poor & need based training is needed	20	77.42
9	RDS clients pollute Branch Premises	21	80.50

Source: Filed Survey, 2013.

Table-5.47 shows that 100% Branch Managers mentioned that lack of training facilities to upgrade field officers skills and knowledge is an important problem for properly maintain the RDS activities. About 81% Managers mentioned that the clients pollute Branch Office or Premises. The Managers (77%) also mentioned that the clients' places are too far from the Branch which hampers proper supervision of the clients. Besides, too short weekly meeting time (only one hour) hampers the installment collection and delivering lecture on different issues. Some other conventional NGOs provides more facilities which demotivate clients to work with RDS of IBBL have been mentioned by some Managers.

5.5.3 Major Suggestions Prescribed by the Branch Managers

Based on the problems mentioned above the Branch Managers have recommended some suggestions which are presented in the Table-5.48. Result shows that 100% Branch Managers suggested to provide need-based training facilities for the clients' self-employment and increase field officers different facilities as like as the mainstream regular officials of IBBL.

Table-5.48: Major Suggestions Prescribed by the Branch Managers

Sl. No.	Problems	Frequency	Percent
1	Make educational arrangement	11	41.94
2	Training for Self-employment	26	100.00
3	Increase the facilities of the Field Officer	26	100.00
4	Regular Training of the Field Officer	02	06.45
5	Priority should be given Agri-Sector	01	03.23
6	RDS activities should be separated from the Mainstream of the Branch	13	48.38
7	RDS premises should be separated from the Mainstream of the Branch keeping the control under IBBL	14	51.62

Source: Filed Survey, 2013.

It has been an issue of debate whether RDS should remain under the control of the nearest Branch of IBBL or it should be working independently. Therefore, an attempt has been made to assess the Managers opinion in this regards.

5.5.4 Justification of the Branch Managers about Keeping RDS with Branch

About 51% of the Managers (Table-5.48) suggested that RDS activities should be separated but the control should be under IBBL. These 26 Branch Mangers have justified there suggestion citing some reasons which are presented in the Table-5.49.

Table-5.49: Justification for Keeping the RDS with Branch

Sl. No.	Justifications of the Branch Managers	Percent
1	Microfinance Clients would reduce due to short of confidence	55.80
2	Bank will lose its popularity and goodwill	41.94
3	Bank will lose clients, remittance and deposits	62.26

Source: Field Survey, 2013.

5.5.5 Justification of the Branch Managers for Separating RDS Keeping the Control under Branch

On the other hand, 49% Branch Managers suggested to separate RDS completely from IBBL and their justification are also presented in the Table-5.50.

Table-5.50: Justification for Separating RDS Keeping the Control under IBBL

Sl. No.	Justifications of the Branch Managers	Percent
1	Has to provide more officers in the Branch for RDS	85.55
2	Should have separate booth, cash counter and space	68.67
3	Increase job facilities and security for the RDS Field Officers	65.53

Source: Field Survey, 2013.

5.6 Concluding Words

From analysis of the personal and households socio-economic and demographic profiles of the selected/sampled clients **before-after** their involvement in the RDS Program of IBBL, it is seen that the impact of RDS Investment regarding creation of income opportunities and employment generation on the clients is significantly positive.

This chapter discusses and focuses mainly on various individuals and households information of the Microfinance clients of IBBL, their assets, expectation and achievements. Comparing their socio-economic and demographic conditions before and after joining in the RDS of IBBL, it is found that the impact of IBBL's Microfinance Program on the rural poor households is significantly positive.

100% sample clients were found to be female and of them, 67.94% were at least 40 years of old. These clients are vulnerable in terms of age, mobility to other place and power holding. As a result, RDS of IBBL can easily recover its investment installment in schedule time by creating pressure on them. There is significant changes have been found to have taken place on the personal profiles of the clients in terms of human development, self-employment and income generation after their joining the RDS of IBBL. On the other hand, unmarried, educated women and male persons of the poor households who are supposed to strive hard in terms of motivation, work attitude, physical and mental strength and other organizational capabilities related to income generating activities and thereby uplift their economic conditions, are to some extent included and enhanced by RDS of IBBL. Moreover, the level of households' assets and reduction level of poverty of the clients has been found to have enhanced during

the use of RDS investment. But there is no positive impact of RDS Program of IBBL on the family planning status has been found. Besides, opinions from both clients and Branch Managers of the Program regarding problems and suggestions with prospective solutions or prescription discussed based on the primary surveyed data for the program for future better improvement and sustainability of the program as whole which has added a separate phenomena in the study.

In the next chapter, impact of RDS investment on the women clients' empowerment has been discussed.

Chapter Six

Impact of Microfinance of IBBL on Women Empowerment

6.1 Prelude

One of the main objects of the RDS of IBBL is to remove the adverse socio-economic position of the rural women and thereby to empower them. This chapter estimates the effects of the RDS Programs of IBBL on various indicators as to women empowerment in rural Bangladesh. The details of the impact analysis of the MF-Program of IBBL based on qualitative data in this sphere are discussed below by using qualitative tools.

6.2 Qualitative Analysis of the Women Empowerment Status

This section shows in the Table-6.1, the qualitative results of RDS operation of IBBL in rural women in the realm of self-employment, literacy status, vocational knowledge status. Moreover, the role of MF-Programs of IBBL in freedom of decision making in household, social, political affairs as well as raising the level of child-education, health, nutrition and contraceptive use are presented. The influence of RDS operation in ameliorating mental and physical oppression, divorce, separation, early marriage of the children, dowry exchange and husbands polygamy are also examined.

6.2.1 Impact on Self-employment Creation

It is seen from the Table-6.1 that 51.80% of the selected clients could create self employment opportunity after their enrollment in MF-Program of IBBL. On the other hand, 48.20% can not create any kind of economic activities for their own employment or remain constant of their previous status. So, Microfinance of IBBL has significant contribution in creation of self-employment of the poor.

6.2.2 Impact on Literacy Status

From the Table-6.1 it is seen that the literacy status of the selected female clients increases by 54.50% out of which majority portion can sign only and the rest 45.50% are still remain unchanged status after joining in the RDS of IBBL, i.e.54.54% of the total clients are functionally illiterate till now, though it is accounted in the literacy rate of Bangladesh.

6.2.3 Impact on Vocational Knowledge Status

From the Table-6.1 it is observed that IBBL's RDS Program could not help the clients significantly to secure any kinds of vocational knowledge to make their earning sources easier. Only 27.20% of the total clients have been able to secure vocational knowledge through training of Microfinance of IBBL and the rest 72.80% are remain unchanged or constant.

Table-6.1: Impact of Microfinance of IBBL on Women Empowerment

Sl. No.	Indicators	Opinions of the Clients						Total	
		Increase		Decrease		Remain Unchanged		Respondents	
		Number	%	Number	%	Number	%	Number	%
1.	Self-employment	202	51.80	-	-	181	48.20	390	100.00
2.	Literacy Status	213	54.50	-	-	177	45.50	390	100.00
3.	Vocational Knowledge	106	27.20	-	-	284	72.80	390	100.00
4.	Freedom in Social Decision Making	169	43.20	8	02.10	213	54.70	390	100.00
5.	Freedom in Household Decision Making	191	48.90	17	04.32	208	46.78	390	100.00
6.	Freedom of Political Choice	40	10.20	13	03.32	337	86.48	390	100.00
7.	Freedom in Children's Education	155	39.80	32	08.10	203	52.10	390	100.00
8.	Freedom of Legal Rights	27	06.90	4	01.06	359	92.04	390	100.00
9.	Freedom of Health & Nutritional Decision	159	40.75	28	07.22	203	52.03	390	100.00
10.	Level of Contraceptive use & Family Planning	11	02.82	-	-	379	97.18	390	100.00
11.	Mental Oppression	52	13.23	108	27.82	230	58.95	390	100.00
12.	Physical Oppression	11	02.70	116	29.80	263	67.50	390	100.00
13.	Divorce cases among the female clients	8	02.10	-	-	382	97.90	390	100.00
14.	Separation cases among the female clients	21	05.30	-	-	369	94.70	390	100.00
15.	Decision of Children's Early Marriage	38	09.80	67	17.20	285	73.00	390	100.00
16.	Decision of Children's Dowry Exchange	66	16.88	142	36.37	182	46.75	390	100.00
17.	Husbands Polygamy	15	03.72	-	-	375	96.28	390	100.00
18.	Effective Control over Income	197	50.50	-	-	193	49.50	390	100.00
19.	Effective Control over Expenses	159	40.75	28	07.22	203	52.03	390	100.00
20.	Freedom of Changing Husbands Bad Habits	-	-	117	29.90	273	70.10	390	100.00
21.	Freedom in Religious Activities	106	27.20	8	02.10	276	70.70	390	100.00
22.	Effective Control over Use of Investment	204	52.30	-	-	186	47.70	390	100.00
23.	Moral & Ethical Development	176	45.10	13	03.40	201	51.50	390	100.00
24.	Overall Social Awareness	199	51.02	2	00.51	343	88.98	390	100.00

Source: Filed Survey, 2013.

6.2.4 Impact on Freedom of Household Decision Making Process

From the Table-6.1 it is found that freedom in household decision making process has increased in case of 48.90%, decreased in case of only 4.32% and remained constant or unchanged in case of 46.78% of the selected clients after joining the RDS of IBBL.

6.2.5 Impact on Freedom of Social Decision Making Process

The Table-6.1 reveals that the impact of the RDS of IBBL on the creation of social freedom for the clients is significant i.e. the freedom of social decision making has increased in case of 43.20%, decreased in case of 2.10% and also remain unchanged in case of 54.70% of the selected clients after enrollment in the RDS program.

6.2.6 Impact on Freedom of Political Choice

It is seen from the Table-6.1 that there is little improvement in the increase (10.20%) of freedom in political choice which indicates that the indicators remains almost unchanged of the clients before and after joining in the RDS of IBBL.

6.2.7 Impact on Freedom of Children's Educational Decision Making Process

The Table-6.1 reveals that the freedom of the female clients to educate thir children has increased in case of 39.80% clients whereas, it has decreased in case of 8.10% clients and remain constant in case of 52.10% clients after joining in the MF-Program of IBBL.

6.2.8 Impact on Freedom of Legal Rights

It is seen from the Table-6.1 that the impact of the MF-Program of IBBL in the legal rights of the female clients is not significant, i.e. legal rights of women clients increases in case of only 06.90% and remain unchanged in case of majority portion (92.04%).

6.2.9 Impact on Freedom of Health and Nutritional Decision Making Process

The Table-6.1 shows that the health and nutritional conditions have deteriorated in case of 7.22% clients, improved in case of 40.75% clients and remain unchanged in case of 52.03% clients which implies that the MF-Program of IBBL has significant impact to some extent on the clients.

6.2.10 Impact on the Level of Contraceptive Use and Family Planning Decision

From the Table-6.1 it is seen that the use of contraceptive among the female clients has not significantly increased after joining in the RDS of IBBL, i.e. there is no impact of RDS on the family planning process.

6.2.11 Impact on the Changes in Mental Oppressions

Table-6.1 shows that mental oppression or torture of the female clients have increased in case of 13.23% clients, decreased in case of 27.82% clients and remain unchanged in case of 58.95% clients after joining in the RDS of IBBL.

6.2.12 Impact on the Changes in Physical Oppressions

Table-6.1 shows that the physical oppression or torture of female clients has increased in case of 2.70% clients, decreased in case of 29.80% clients and remain unchanged in case of 67.50% after joining in the RDS of IBBL which implies that the RDS of IBBL has positive impact on physical oppressions of the female clients.

6.2.13 Impact on the Divorce Cases

Divorce cases have been increased in case of only 2.10% female clients after joining in the RDS of IBBL while the cases have been remain unchanged in case of 97.90% clients which indicates that the RDS of IBBL has no remarkable negative impact on the divorce cases in terms of increasing or decreasing status, which has been reflected in the Table-6.1 based on the clients opinion.

6.2.14 Impact on the Separation Cases

From the Table-6.1 it is found that the situation of separation between husband and wife has increased by only 02.10% and remain constant in case of 97.90% among the clients family after joining in the RDS of IBBL, which proves that Microfinance of IBBL has significant positive stands against separation cases among the husbands & wives.

6.2.15 Impact on the Children's Early Marriage Decision Making

From the Table-6.1 it is seen that the early marriage of the children's of the respondents has increased by 9.80%, decreased by 17.20% and remain unchanged by 73% after joining in the program which indicates a good sign of the program.

6.2.16 Impact on the Children's Dowry Exchange Decision

From the Table-6.1 it is found that the dowry receiving or giving cases of the clients has increased by 16.88%, decreased by 36.37% and remain unchanged by 46.73% after joining in the program which indicates also a good sign of the program.

6.2.17 Impact on the Changes of Husbands Polygamy Status

It is seen from the Table-6.1 that the situation of polygamy among the husbands of the female clients has increased by only 3.72% after joining in the program which is not a good sign of the program, though the cases are remain unchanged in case of 96.28% clients.

6.2.18 Impact on the Effective Control Over Income

The Table-6.1 shows that the effective control over income of the female's clients has increased by 50.50% after joining in the RDS program which is a good indication of the program.

6.2.19 Impact on the Effective Control Over Expenditure

From the Table-6.1 it is seen that the effective control over expenditure of the female clients increased by 40.75% after joining in the RDS Program which is not a negligible situation at all for the clients.

6.2.20 Impact on the Freedom of Changing Bad Habits of the Husbands

The Table-6.1 shows that the female clients under study has been able to decrease the bad habits like drug addiction and others of their husbands by 29.90% after joining in the RDS of IBBL. So, there is an impact of RDS on the clients family under study in respect of bad habits changing status of the female clients' husbands.

6.2.21 Impact on the Freedom in Performing Religious Activities

The Table-6.1 shows that 27.20.% of the female clients has freedom in performing religious activities after joining the RDS which is a demand from the both sides Client and Bank.

6.2.22 Impact on Effective Control over Investment Utilization

Table-6.1 shows that the involvement of 52.30% female clients in decision making process of RDS investment utilization has increased which requires much attention.

6.2.23 Impact on Moral and Ethical Development Process

From the Table-6.1 it is found that 45.10% of the total selected clients have been able to develop their moral and ethical sides which is a crucial need for both the clients and for the institutions.

6.2.24 Impact on the Overall Social Awareness

It is found from the Table-6.1 that 51.02% of the total clients have increased social awareness through this program (RDS), which indicates that the RDS of IBBL has significant positive impact in creation of social awareness among the selected clients under study.

6.3 Concluding Words

It is evident from the Table-6.1 that the RDS of IBBL has positive and significant impact on the beneficiaries. The focus has exclusively been made to assess the real picture of women empowerment in this chapter.

In the next chapter, impact of MF-Program of IBBL on customers satisfaction barometers has been discussed with a view to draw a true picture of customer's satisfaction towards the products and services of the program under study.

Chapter Seven

Impact of Microfinance of IBBL on Customer Satisfaction Barometers

7.1 Prelude

With the opening up of the economy, Microfinance activities are getting more and more competitive and consequently focusing more on the satisfaction of customers by providing tailor made products and rendering services. In the age of globalization and privatization, MFIs including Microfinance operating banks, have been facing intense rivalry from both local and foreign **CORES** (Competitors, Opponents, Rivals and Enemies). To survive in this competitive world & environment, MFIs especially private banks who are operating MF-activities, realized the strategic importance of customer value and have been continuously structuring innovative and competitive products and services in order to enhance customer relationship. IBBL, a leading private commercial bank of Bangladesh, have been exercising a phenomenal growth and development, and have brought about a revolutionary change in the Microfinance market of Bangladesh. Among private commercial banks including & 8-full pledged Islamic Banks of Bangladesh, IBBL has been found to be the leader of Islamic Microfinance market with respect to the volume of transactions, Microfinance investment disbursement, profits, assets, market coverage etc and this dominance of IBBL in the Microfinance market is attributed to the satisfaction of customers **(Rahman and Rabbi, 2010; Ashraf, 2011; Chowdhury, 2010; Mannan, 2012; Khalifa, 2013; UNDP, 2013)**.

On the other hand, the traditional Microfinance initiative is widely acclaimed an approach to alleviate poverty and to bring about development. But recently the effectiveness of those of the traditional

Microfinance programs has been appeared to be a focuses of debate in finance and economics literature. The controversy surrounds mainly on the impact of these programs on poverty reduction and overall socio-economic development (**Ashraf, 2011**). In this context, the present study has been undertaken aiming at customer's satisfaction assessment in addition to the assessment of impact on the socio-economic development of the rural poor and women empowerment aspects.

This chapter has been focused to assess the overall customer's satisfaction aspects based on the factors influencing customer's satisfaction of the Microfinance Programs of IBBL.

7.2 Impact of Microfinance of IBBL on Customer Satisfaction Barometers

Customer satisfaction is a vital phenomenon from the standpoint of growth, development and sustainability of the MF-Program and also retention of the customers with poverty reduction pool. This section has been emphasized on the assessment of the Islamic Microfinance of IBBL's customers satisfaction based on the customer's suitable opinion and a descriptive analysis has been made in this respect.

7.2.1 Customer Satisfaction on Membership Selection Criteria

Cumbersome process in the selection of the Members of MF-Program is a big obstacle for the client's financial and social inclusion. The Table-7.1 shows that 65% of the total clients of MF-program of IBBL is at present highly satisfied, 11% is moderately satisfied, 5% is highly dissatisfied, 10% is moderately dissatisfied and the rest 9% is not known/not answered/not sure about the matter. So, it is clear from the opinion of the MF-Customers that the RDS has significant impact on the selection criteria of the clients.

7.2.2 Customer Satisfaction on Behavioral Pattern of the Officials

It is claimed that as the IBBL is based on Islamic values and principles, the majority of the officials are polite, gentle and well behaved. The Table-7.1 reveals that 75% of the total clients of RDS programs are satisfied and 19% client are not satisfied with the behavior of the officials, i.e. the ultimate behavior of the institution. So, it may sum up that 100% clients are not satisfied with the officials and with the institution, though the majority portion (75%) of the clients are satisfied, which is an acceptable & tolerable sign for the poor clients and institution.

7.2.3 Customer Satisfaction on the Proposal Processing, Enhancement and Disbursement Process

Poor customers are the main focus of the MF-Programs, so they should be helped properly and the process should be relaxed for them, as they are mostly functionally poor and illiterate. The Table-7.1 shows that 64% clients of the total are satisfied with their investment process and 23% are dissatisfied with their process. Though the rate of dissatisfaction is low but it is not desired from the Islamic Microfinance Program at all as claimed by them that customer satisfaction is their main focus of business, not only profit making. However, the majority portion of the customers are satisfied with the program.

Table-7.1: Impact of Microfinance of IBBL on Customer Satisfaction Barometers

Sl. No.	Areas of Satisfaction	Level of Satisfaction (%)					Total Respondents	
		Highly Dissatisfied	Dissatisfied	Not Sure/ No Answer	Satisfied	Highly Satisfied	No.	%
		(1)	(2)	(3)	(4)	(5)		
1.	Membership Selection Criteria	05.00	10.00	09.00	11.00	65.00	390	100.00
2.	Behavior of the Officials	08.00	11.00	06.00	15.00	60.00	390	100.00
3.	Proposal Processing, Disbursement & Enhancement Process	17.00	06.00	13.00	12.00	52.00	390	100.00
4.	Quard-E-Hasana	-	-	04.00	05.00	91.00	390	100.00
5.	Modern Knowledge & Skills of the Officials	21.00	05.00	02.00	17.00	55.00	390	100.00
6.	Convenient Size of Investment	30.00	06.00	01.00	14.00	49.00	390	100.00
7.	Lower Cost of Investment	17.00	02.00	03.00	19.00	60.00	390	100.00
8.	Religious Principles & Interest-free Finance	11.00	04.00	07.00	52.00	26.00	390	100.00
9.	Convenient Location	13.00	19.00	05.00	34.00	29.00	390	100.00
10.	Burial Expenses	02.00	09.00	06.00	14.00	69.00	390	100.00
11.	Business Skill Development Training	21.00	07.00	03.00	05.00	64.00	390	100.00
12.	Special Training Program for Moral & Ethical Upgradation	-	09.00	10.00	04.00	75.00	390	100.00
13.	Socio-economic & Socio-political Changes	06.00	11.00	04.00	64.00	15.00	390	100.00
14.	Encouraging Savings for the future need	23.00	12.00	06.00	36.00	23.00	390	100.00
15.	Technology-based Prompt Services	08.00	14.00	04.00	27.00	49.00	390	100.00
16.	Congenial Atmosphere	20.00	07.00	02.00	34.00	37.00	390	100.00
17.	Repayment Time is too Short	54.00	33.00	03.00	08.00	02.00	390	100.00
18.	Increase of Income, Expenditure, Savings & Living Standard	04.00	16.00	13.00	21.00	46.00	390	100.00
19.	Strong Brand Global Network	12.00	21.00	08.00	15.00	44.00	390	100.00
20.	Child & Adult Literacy	07.00	03.00	07.00	14.00	69.00	390	100.00
21.	Encouraging Child Breast Feeding Habits	07.00	24.00	10.00	13.00	45.00	390	100.00
22.	Provision for Waiver	-	-	02.00	03.00	95.00	390	100.00
23.	Scholarship & Free Educational Equipments Supply	13.00	19.00	04.00	19.00	45.00	390	100.00

Source: Filed Survey, 2013.

Note: The figure from 0.50 to 0.99 has been considered as 1 & always round figure has been considered for the Table-7.1 for easy understanding.

7.2.4 Customer Satisfaction on the Provision of Quard-E-Hasana System

The provision of Quard-E-Hasana (interest-free loan) is one of the welfare oriented program and creation of products of the MFIs of the world and IBBL's MF-Program is one of them and can be considered as the main headway of Bangladesh. The Table-7.1 shows that 96% of the total clients of RDS program of IBBL are satisfied with Quard-E-Hasana product and defined as the welfare oriented program for the poor and none of them are claimed about the product though only 4% clients are confused to answer on the product.

7.2.5 Customer Satisfaction on Modern Knowledge and Skills of the Officials

Up to date knowledge and skill is important for customer services and for the retention of the customers. The Table-7.1 shows that 72% of the total clients are satisfied and 26% are dissatisfied regarding the modern knowledge and skills of the officials of RDS which demands further improvement.

7.2.6 Customer Satisfaction on Convenient Size of Investment Amount

Fund should be provided to the poor as per their genuine need but there is much claim on the matter of more or less all of the MFIs of the country. The Table-7.1 shows that 63% of the total clients are satisfied and 36% clients are dissatisfied on the size of investment amount of the RDS Program of IBBL. So, the issue is very important for the poor clients though majority portion are satisfied on the matter.

7.2.7 Customer Satisfaction on the Lower Cost of Investment

Cost of investment including rate of return should be minimum for the creation of actual income and productivity enhancement. The Table-7.1 shows that 79% of the total clients are satisfied and only 19% are

dissatisfied with the cost of investment including rate of return (**Flat Rate 12.50%**). They opined that **the rate of return (12.50%) is lower compared** to other traditional MFIs. However, more attention is required on the issue. It is mentionable that no additional service charges and proposal processing fees are required in the program of RDS of IBBL. It is also proved that there is no religious restrictions or barrier to become a member and receiving the investment from this program as opined by the majority clients.

7.2.8 Customer Satisfaction on Religious Principles and Interest-free Banking

Islamic principles are the core demand of the Muslim majority countries of the world like Bangladesh as it is claimed. The Table-7.1 shows that **78% of the total clients are satisfied** and only 15% are dissatisfied with the strong religious principles and interest-based welfare-oriented financial system which indicates the strong demand of the Islamic Microfinance products and services in Bangladesh as a Muslim majority country of the world.

7.2.9 Customer Satisfaction on the Convenient Location of the Branch

Location and distance of the Branch from the MF-Clients Centre is very important for clients motivation, selection and operation of MF-activities from the standpoint of both the institution and customers side. The Table-7.1 reveals that 63% of the total clients are satisfied and 32% are dissatisfied on the location and distance of the branches from the centers or clients houses. As the program is operating within 16 km radius from the branch location, it is risky for the rural poor and illiterate women from receiving the investment amount singly being an woman as claimed by the women clients of the program under study. So, focus should be given by the management of the program on the issue.

7.2.10 Customer Satisfaction on the Burial Expenses Beared by the Institution

IBBL has created a new height and wave in the field of Islamic Microfinance products and services specially bearing the burial expenses during the death of any family members of the clients as claimed. The Table-7.1 shows that 83% of the total clients opined that they are very much happy with the institution (RDS of IBBL) for bearing the burial expenses in case of death of any Muslim family members while 11% are not satisfied or not interested in receiving the services and the opinion was raised by the non-Muslim majority clients. So, in this context, there may be exist some sort of religious disparities though it is negligible in quantity.

7.2.11 Customer Satisfaction on the Business Skill Development

Training is very important for business skill development. A skilled man or woman can be done a work without any hesitation and productivity of the persons must be higher rather than the unskilled persons. So, need based training is required. The Table-7.1 shows that 69% of the total clients are satisfied and 28% clients are dissatisfied with the business skill development programs initiated by the RDS program of IBBL. They express some dissatisfaction that RDS of IBBL giving training is very good initiative for them but the training program is very limited and so, it should be enhanced.

7.2.12 Customer Satisfaction on Special Program for Moral and Ethical Upgradation and Training

Moral and ethical standard should be maintained in all spheres of life, especially from the standpoint of Islamic principles and ideology. The Table-7.1 shows that 79% of the total clients are happy with the moral and ethical upgradation special training program while 9% are unhappy with the program. So, tools and techniques be changed for the program/system.

7.2.13 Customer Satisfaction on Socio-economic and Socio-political Changes Program

The core objectives of the MF-Programs are to empower the rural poor especially the women, in the field of socio-economic and socio-political changes like financial solvency, women empowerment and finally, poverty alleviation. The Table-7.1 shows that 79% of the total clients are happy with the socio-economic and socio-political changes programs of the RDS of IBBL while 17% are unhappy with the programs. So, RDS has wide impact on the socio-economic and socio-political development and changes in the Muslim-majority country like Bangladesh.

7.2.14 Customer Satisfaction on Encouragement in Accumulation of Savings for the Future Need

It is very important for accumulating of savings to meet the future need and encouragement in any level in accumulation of savings for future need is highly appreciable in respect of creating financial and social awareness. The Table-7.1 shows that 59% of the total clients are satisfied with the awareness building program like encouragement of savings accumulation while only 35% are dissatisfied, i.e. majority portion are satisfied with the awareness program of RDS of IBBL.

7.2.15 Customer Satisfaction on Technology-based Prompt Services

ATM Card & VISA Card (Debit Cards), Khidma Card (Credit Card), Remittance Card, SMS Banking, mCash (Mobile Banking), i-Banking and Online Banking System of IBBL, has created an idiosyncratic height in the banking industry of Bangladesh which is a good sign for the Financial institution (FIs) including banking industry and an indication of modern services. The Table-7.1 shows that **76% of the total clients are**

satisfied with the technology-based products and services of the RDS program of IBBL while a small minority (22%) are dissatisfied. So, the performance in this field is good.

7.2.16 Customer Satisfaction on Congenial Atmosphere of the Branches

Earth is a green planet. So, congenial atmosphere should be maintained for the greater interest of the mankind, institutions and for the rural poor. The Table-7.1 shows that 71% of the total clients are satisfied with the **Sitting Arrangement in the Branch, AC Services, Ladies Waiting Room, Praying Salat, Toilet, Brest Feeding Arrangement** etc while 27% are dissatisfied with the facilities of RDS branch premises.

7.2.17 Customer Satisfaction on Time of Repayment System of Micro-investment

It is general consensus that the minimum time is required to generate income from the any sector after investment of money. The Table-7.1 shows that only 10% of the total clients are happy with the weekly repayment system and installment repayment time after receiving the investment while the majority portion (87%) of the clients are very much unhappy with the system like other MFIs. They opined that at least 6-months time should be given for starting first installment repayment while the present system or period of time is too short. So, focus should be given by the Management of RDS on the matter significantly.

7.2.18 Customer Satisfaction in the Increase of Income, Expenditure and Living Standard

Increasing of income may lead a person to make expenditure on various basic needs of the family and enhancing purchasing ability uplift the standard of living. The table-7.1 shows that RDS program of IBBL has enhanced the client's income, purchasing ability and uplift the standard of

living of their family and for this reason, 67% of the total clients are happy with the program under study and 20% are unhappy on the issue, which indicates the great achievement of the MF-Providing institution IBBL.

7.2.19 Customer Satisfaction on Strong Brand Global Network of the Institution

IBBL has a strong brand image & network in the globe and for this reason, the wage earners of the country residing at abroad can easily send their earnings through proper channel to IBBL and it is a great opportunity for all citizens of Bangladesh as it is claimed. The table-7.1 shows that 59% of the total clients are happy with the present strong global network of the RDS leading Islamic institution IBBL and it is a great opportunity for the poor as they opined.

7.2.20 Customer Satisfaction on Child and Ault Literacy Program

According to the recent report of UNICEF and UNESCO, at present about **56.00 lac Children's of Bangladesh** who are eligible for going to school (Both Primary and High School), are not going to school which is a great concern for the country (www.prothom-alo.com, **March 3, 2014, PP.1 &9**) and it is a penetrating feature of the country. The table-7.1 shows that 83% of the total clients are satisfactory with the child and adult literacy program taken by the RDS of IBBL and it is also a praiseworthy program for the poor illiterate segment of the program as opined by its clients.

7.2.21 Customer Satisfaction on Encouragement of Brest Feeding Habits

There is no alternative or substitute is better than the Breast-feeding for the kids and so, breast-feeding is most appropriate approach for one's baby. Through the RDS Programs, it is encouraged for breast-feeding to

the baby of the clients which is a best way for the mothers having children. The Table-7.1 shows that 58% of the clients are happy with such types of awareness program like breast feeding which is a very important for the healthcare of the clients' children's as opined by them.

7.2.22 Customer Satisfaction on the Provision of Waiver

Waiver of profit in case of genuine business loss, even waiver of entire liability in case of client's death, has created a new Islamic height of the RDS program as it is claimed. It is a unique financial as well as social service of RDS of IBBL in Bangladesh. The Table-7.1 shows that 98% of the total clients are very happy with the provision of waiver of profit, even waiver of entire liability of the clients in case of actual business loss and in case of clients death respectively which is the great innovation of the institution from the humanitarian ground as opined by the clients. So, it is an exceptional facilities and great opportunities for the rural assetless poor of the country which has initiated first by the RDS program of IBBL.

7.2.23 Customer Satisfaction on the Scholarship and Free Educational Equipments Supply to the Poor Children of the Clients

It is claimed that IBBL has been distributing the special scholarship and free educational equipments among the poor student of the clients children who are going to school, college and the higher education to encourage them and to financially help them for ensuring better education.

From the Table-7.1 it is seen that 64% of the total clients opined that they are satisfied with such type of free facilities for the education of their children which is a great phenomena for the history of education initiated

by the Islamic Microfinance institution like IBBL. It is also reported that IBBL has established Pre-primary Schools and Moktabs (Islamic Schools) through the RDS operating Branches where all kinds of expenses are free for the students and some local educated persons are employed there for teaching purpose. So, by this program, IBBL has been providing the educational facilities to the poor segments of the society is one side and another side is creating employment opportunities.

7.3 Concluding Words

From the analysis of this section having Table-7.1, it may be opined that on an average, about 75% of the total clients are satisfied with the products and financial services of RDS programs of IBBL, which is a milestone for the Islamic MFIs of Bangladesh as data revealed. So, it is a great achievement of the institution and it is a blessing from the creator for the poor segment of Bangladesh. It is a tremendous success.

In the next chapter, the changes have been taken place in the socio-economic indicators has been discussed.

Chapter Eight

Impact of Microfinance of IBBL on Socio-economic Changes of the Beneficiaries Households After Joining in the Program

8.1 Prelude

In the present chapter, an attempt has been made to examine the socio-economic changes of the client's households using the RDS investment of IBBL for a period of seven years on an average. The contribution of RDS investment in the total income generated by the clients households is also estimated to unearth invest the present poverty situation and also expose the impacts of RDS investment on different socio-economic indicator of the sample households based an qualitative and quantitative techniques and also descriptive analysis has been used for the same.

8.2 Impact of Microfinance of IBBL on Socio-economic Changes of the Beneficiaries Households: Before and After

Socio-economic development and changes are the main focus of this study. This section will be discussed socio-economic changes of the beneficiaries households chronologically based on both qualitative and quantitative data.

8.2.1 Changes in Poverty Situation of the Beneficiaries Households in terms of Annual Per Capita Income

The change in poverty status of the sample households in terms of per capita income is shown in the Table-8.1.

From the Table-8.1, it is observed that at present, 28.20%, 52.31% and 19.49% of the total respondent's households is under extreme poor, moderate poor and vulnerable non-poor groups respectively while before joining in the RDS program of IBBL, the position was 48.60%, 39.70% and 11.70% respectively.

Table-8.1: Impact on Poverty Status of the client’s Households in terms of Annual Per Capita Income

Sl. No.	Poverty Groups in terms of Per Capita Income	At Present		Before Joining	
		No. of Households	%	No. of Households	%
1.	Extreme Poor (Upto Tk.3,650/- Per Capita Per Year)	110	28.20	190	48.60
2.	Moderate Poor (From Tk.3,560/- to Tk.6,287/- Per Capita Per Year)	204	52.31	155	39.70
3.	Vulnerable Non-Poor (More than Tk.6,287/- Per Capita Per Year)	76	19.49	45	11.70
Total		390	100.00	390	100.00

Source: Field Survey, 2013.

So, it can be concluded that the incidence of poverty has decreased among the households of sample beneficiaries.

8.2.2 Major Changes in the Socio-economic Indicators of the Beneficiaries Households

Socio-economic indicators are the crucial factor for the development and changes of the poor and their households. So, this section has been discussed on the major changes occurred by RDS investment in the socio-economic indicators of the respondent’s households based on both qualitative and quantitative data. **Major changes in the socio-economic 33-indicators of the beneficiaries’ households have been shown in the Table-8.2** from which we may able to understand the real situation and contribution to the Microfinance beneficiaries of IBBL easily from the Table-8.2 and **also most important 26-indicators out of 33-indicators have been focused in details discussion in this chapter chronologically.**

Table-8.2: Major Changes in the Socio-economic Indicators of the Client's Households After Joining in the RDS of IBBL

Sl. No.	Indicators	Increase		Decrease		Remain Constant/ Unchanged		Total Respondents	
		Number	%	Number	%	Number	%	Number	%
1.	Total Family Income	234	60.00	13	03.40	143	36.60	390	100.00
2.	Total Family Expense	219	56.26	16	04.00	155	39.74	390	100.00
3.	Total Family Savings	263	67.40	8	02.00	119	30.60	390	100.00
4.	Food & Consum. Exp.	219	56.20	17	04.30	154	39.50	390	100.00
5.	Calorie Intake Status	207	53.20	23	05.70	160	41.10	390	100.00
6.	Overall Assets	86	22.08	10	02.60	294	75.32	390	100.00
7.	Overall Economic Solvency	259	66.20	12	03.20	119	30.60	390	100.00
8.	Amount of Investment	328	83.90	22	05.72	40	10.38	390	100.00
9.	Burden of Indebtedness	129	32.99	16	04.15	245	62.86	390	100.00
10.	Borrowings from other Sources	17	04.16	112	28.83	261	67.01	390	100.00
11.	Attendance of School Going Students	103	26.44	9	02.39	278	71.17	390	100.00
12.	Installment Repayment Capacity	209	53.50	10	02.55	171	43.95	390	100.00
13.	Housing Status	261	66.80	5	01.25	124	31.95	390	100.00
14.	Drinking Water (Tube-Well)	216	55.50	4	01.10	170	43.40	390	100.00
15.	Sanitary Latrine	266	68.20	2	00.51	122	31.29	390	100.00
16.	Early Marriage in the family	41	10.50	207	53.20	142	36.30	390	100.00
17.	Exchange of Dowry	66	16.88	142	36.37	182	46.75	390	100.00
18.	Earning Persons of the family	196	50.20	37	09.60	157	40.20	390	100.00
19.	Social Awareness	199	51.02	2	00.51	189	48.47	390	100.00
20.	Educational Status	213	54.50	-	-	177	45.50	390	100.00
21.	Knowledge & Skill in business	207	53.10	-	-	183	46.90	390	100.00
22.	Women Empowerment	184	47.25	-	-	206	52.75	390	100.00
23.	Modern-Treatment Status (Alopath)	110	28.30	40	10.14	240	61.56	390	100.00
24.	Standard of Living	257	65.84	8	02.05	125	32.11	390	100.00
25.	Social Dignity/Status	206	52.90	4	01.02	180	46.08	390	100.00
26.	Religious Activities (Islam)	208	53.25	13	03.33	169	43.42	390	100.00
27.	Family Planning Status	11	02.82	-	-	363	93.08	390	100.00
28.	Fertility	83	21.27	5	01.20	302	77.53	390	100.00
29.	Mortality	40	10.20	108	27.80	242	62.00	390	100.00
30.	Modern Sources of Lighting & Energy	202	51.70	2	00.51	186	47.79	390	
31.	Customer Satisfaction Level	219	56.07	13	03.42	158	40.51	390	100.00
32.	Moral & Ethical Development	245	62.73	11	02.71	134	34.56	390	100.00
33.	Poverty Alleviation	213	54.60	27	06.90	150	38.50	390	100.00

Source: Filed Survey, 2013.

8.2.2.a Changes in Total Family Income

It is seen from the Table-8.2 that the amount of total income of the client's households has increased, decreased and remain constant or unchanged in case of 60%, 3.40% and 36.60% households respectively after joining in the RDS of IBBL, i.e. RDS of IBBL has significant positive impact on the clients family income increasing status.

8.2.2.b Changes in Total Family Expenditure

It is seen from the Table-8.2 that the amount of total expenditure of the client's households has increased, decreased and remain unchanged in case of 56.26%, 4% and 39.74% respectively after joining in the RDS of IBBL, which indicates that the RDS of IBBL has significant positive impact on the client's households expenditure.

On the other hand, the amount of expenditure in food and consumption purpose of the client's households has increased, decreased and remain unchanged in case of 56.20%, 04.30% and 39.50% respectively after joining in the RDS of IBBL, which also indicates that the RDS of IBBL has significant positive impact on the client's households food & consumption expenditure.

8.2.2.c Changes in Total Family Savings

It is seen from the Table-8.2 that level of family savings of the clients households after joining in the RDS of IBBL has increased, decreased and remain unchanged over a period of seven years on an average in case of 67.40%, 2% and 30.60% respectively.

8.2.2.d Changes in Calorie Intake Status

It is seen from the Table-8.2 that the calorie intake status of the client's family after joining in the RDS of IBBL has increased, decreased and remain unchanged in case of 53.20%, 05.70% and 41.10% respectively. This picture indicates that the program under study has significant positive impact in poverty alleviation.

8.2.2.e Changes in Overall Assets

It is seen from the Table-8.2 that the overall assets of the client's family after joining in the RDS of IBBL has increased, decreased and remain unchanged in case of 22.08%, 02.60% and 75.32% respectively.

8.2.2.f Changes in Overall Economic Solvency

It is seen from the Table-8.2 that the overall economic solvency of the client's family after joining in the RDS of IBBL has increased, decreased and remain unchanged in case of 66.20%, 03.20% and 30.60% respectively and it is a positive sign for the poor in changing their economic solvency.

8.2.2.g Changes in Burden of Indebtedness

It is seen from the Table-8.2 that the burden of indebtedness or dependency on Micro-loans of the client's family after joining in the RDS of IBBL has increased, decreased and remain unchanged in case of 32.99%, 04.15% and 62.86% respectively. So, it should be looked into by the Management of the Program under study for graduation of the poor in real sense.

8.2.2.h Changes in Borrowings from Other Sources

It is seen from the Table-8.2 that the borrowings from other sources of the client's family after joining in the RDS of IBBL has increased, decreased and remain unchanged in case of only 04.16%, 28.83% and 67.01% respectively and it is a positive sign for the poor in changing their overwhelming or overlapping status by this program and it also indicates that this program has positive impact on reducing borrowings from the local money-lenders or other MFIs.

8.2.2.i Changes in Attendance of Eligible School Going Students

It is seen from the Table-8.2 that the attendance of eligible school going students status of the client's family after joining in the RDS of IBBL has increased, decreased and remain unchanged in case of 26.44%, 02.39% and 71.17% respectively which is positive sign for the poor but this status should be improved further and special focus should be given to create mass awareness with involvement among the poor children's by this program.

8.2.2.j Changes in Installment Repayment Capacity

It is seen from the Table-8.2 that the installment repayment capacity of the clients after joining in the RDS of IBBL has increased, decreased and remain unchanged in case of 53.50%, 02.550% and 43.95% respectively which is the indication of productive use of Micro-investment & income generation and employment creation from this sector.

8.2.2.k Changes in the Housing Status

It is seen from the Table-8.2 that the housing status of the client's family after joining in the RDS of IBBL has increased, decreased and remain unchanged in case of 66.80%, 01.25% and 31.95% respectively, i.e. pucca or semi-pucca houses are increased & kutcha (Nither pucca nor semi-pucca) houses are reduced after enrollment in the program, is a positive impact of the program and it indicates the living standard of the poor.

8.2.2.l Changes in the Use of Pure Drinking Water (Tube-well)

It is seen from the Table-8.2 that the sources of pure drinking water (tube-well) status of the poor client's family after joining in the RDS of IBBL has increased, decreased and remain unchanged in case of 55.50%, 01.10% and 43.10% respectively and it is also an indication of quality living standard of a family.

8.2.2.m Changes in the Use of Sanitary Latrine

It is seen from the Table-8.2 that the sanitary latrine use status of the poor client's family after joining in the RDS of IBBL has increased, decreased and remain unchanged in case of 68.20%, 0.51% and 31.29% respectively and it is also an indication of quality living standard of a family.

8.2.2.n Changes in Exchange of Dowry in the Marriage Ceremony

It is seen from the Table-8.2 that the exchange status of dowry in their children's marriage ceremony of the poor client's family after joining in the RDS of IBBL has increased, decreased and remain unchanged in case of 16.88%, 36.37% and 46.75% respectively which is good indication of the program under study in creation of social awareness regarding dowry exchange among the poor client's family.

8.2.2.o Changes in Earning Persons of the Family

It is seen from the Table-8.2 that the earning persons of the poor client's family after joining in the RDS of IBBL has increased, decreased and remain unchanged in case of 50.20%, 09.60% and 40.20% respectively and it is also an indication of creation of employment and income generating activities by through this program.

8.2.2.p Changes in Creation of Social Awareness

It is seen from the Table-8.2 that social awareness among the poor client's family after joining in the RDS of IBBL has increased, decreased and remain unchanged in case of 51.02%, 0.51% and 48.47% respectively which may help to ensure better and secured life of the poor.

8.2.2.q Changes in Educational Status

The Table-8.2 shows that the educational status of the client's family has increased and remain unchanged after joining in RDS of IBBL in case of 54.50% and 45.50% respectively. So, the program has positive impact on the educational side of the poor family.

8.2.2.r Changes in Knowledge and Skill in Business

The Table-8.2 shows that the knowledge and business skill, specially vocational knowledge and training of the poor client's has increased and remain unchanged after joining in RDS of IBBL in case of 53.10% and 46.90% respectively. So,

the program has positive impact on the business knowledge and skill development status of the poor.

8.2.2.s Changes in Women Empowerment

The Table-8.2 shows that the women empowerment status has increased and remain unchanged after joining in RDS of IBBL in case of 47.25% and 52.75% respectively. So, the program has positive role on the empowerment of women.

8.2.2.t Changes in Modern Treatment Status (Alopath)

The Table-8.2 shows that the m status has increased, decreased and remain unchanged after joining in RDS of IBBL in case of 28.30%, 10.14% and 61.56% respectively. Though there have been some improvement in the modern treatment status of the poor but there is enough scope for further improvement and focus should be given in the matter seriously because health is valuable asset for all mankind. If health is well, then every thing is well.

8.2.2.u Changes in Standard of Living

The Table-8.2 shows that the standard of living and quality of life of the poor clients has seriously improved for 65.84% and decreased for only 02.05% and also remain unchanged for 32.11% after joining in RDS of IBBL. So, the program has significant positive contribution in improvement of living standard of the poor.

8.2.2.v Changes in Social Dignity and Status

The Table-8.2 shows that the social position, dignity & status of the poor clients has increased and remain unchanged after joining in RDS of IBBL in case of 52.90% and 46.08% respectively. So, the program has positive contribution in creation of social status with dignity within the family and also in the society, especially in case of women borrowers.

8.2.2.w Changes in Family Planning Status

The Table-8.2 shows that the program has no remarkable contribution in the family planning program of the government, which should be reviewed and rethinking by the Management of the program, i.e. demographic impact is absent in this case.

8.2.2.x Changes in Customer's Satisfaction Level

The Table-8.2 shows that 56.07% poor clients are happy or satisfied with the products & services of the program and only 03.42% are unhappy with the program under various reasons, **is a positive indication for long term sustainability of the program and it also indicates the wide demand of Islamic Microfinance among the poor.**

8.2.2.y Changes in Moral and Ethical Development

The Table-8.2 shows that the program has positive significant impact in the increase of moral & ethical development including changing of bad habits of the poor family members after joining in RDS of IBBL.

8.2.2.z Changes in Poverty Alleviation

Poverty alleviation is the main goal of all MFIs as it is claimed. The Table-8.2 shows that 54.60% poverty has been reduced or alleviated by this program under study which is the core & expected result of this study. So, the program has positive contribution in alleviation of poverty including other socio-economic parameters of the poor.

8.3 Concluding Words

In this chapter the changes undergone by the client's households with RDS investments in terms of different socio-economic indicators has been analyzed by using both qualitative and quantitative techniques. From the analysis, it is observed that except a few cases, in most of the parameters the RDS of IBBL has successful contribution on the socio-economic development of the poor clients including poverty alleviation which is very important outcomes of the study.

Chapter Nine

Statistical Analysis and Interpretation

9.1 Prelude

Statistical Analysis is very important for any research works. In the present chapter, an attempt has been made to analyze the data statistically based on primary survey data. An impact assessment has been made statistically to examine where there is an impact of Microfinance Program of IBBL on the clients' socio-economic development or not which is the main corpus of this study. In this section, **Kearl Pearson's Product Moment of Correlation Co-efficient, Linear Regression (LR) Analysis, Ordinary Least Square (OLS), Logit Model, Chi-Square** etc statistical analysis tools and techniques has been used for this study.

9.2 Statistical Analysis and Interpretation

Statistical Analysis and analytical results based on surveyed data and information's make the research fruitful and attractive to the researchers. In this research, several statistical models such as Correlation Co-efficient, Linear Regression Analysis, Ordinary Least Square, Logit Model and Chi-Square etc Models has been used to analyze the data.

9.2.1 Analysis of the Results of Correlation Co-efficient Model

Kearl Pearson's Product Moments of Correlation Co-efficient analysis is very important for assessing relationship between the dependent and independent variables. In the following Table-9.1, the results of the Correlation Co-efficient of the selected variables has been shown and the analysis is consisted of **11-variables**. From the Table-9.1, it is observed that at 1% level of significance, the V_1 has positive significant correlation with

V₂, V₃, V₄, V₆, V₇, V₈, V₉, V₁₀ and V₁₁ except V₅, i.e. there is a positive correlation between monthly income of the family before joining RDS (V₁) and monthly income of the family at present (V₂), monthly expenditure of the family before joining at RDS (V₃) Monthly expenditure of the family at present (V₄) monthly savings of the family at present (V₆), cultivate land before joining (V₇), cultivable land at present (V₈), protein intake type before joining (V₉), protein intake type at present (V₁₀) and number of earning persons of the family (V₁₁) except monthly savings of the family before joining (V₅).

Table-9.1: Correlation between Selected Variables of the Study.

Var/ Var	V ₁	V ₂	V ₃	V ₄	V ₅	V ₆	V ₇	V ₈	V ₉	V ₁₀	V ₁₁
V ₁	1.00	.729**	.982**	.750**	.071	.478**	.326**	.331**	.475**	.382**	.278**
V ₂		1.00	.737**	.994**	-.230	.827**	.254**	.462**	.160	.523**	.374**
V ₃			1.00	.758**	.035	.485**	.322**	.336**	.439**	.356**	.303**
V ₄				1.00	-.037	.759**	.264**	.457**	.149	.516**	.398**
V ₅					1.00	.050	-.088	-.025	.179	.309**	.012
V ₆						1.00	.149	.391**	.181**	.454**	.188**
V ₇							1.00	.870**	.197*	.220*	.041
V ₈								1.00	.102	.303**	.088
V ₉									1.00	.322**	-.048
V ₁₀										1.00	.076
V ₁₁											1.00

Note: **=1% level of significance & *=5% level of significance.

Source: Field Survey, 2013.

Table-9.2: Description of the Selected Variables for Correlation Co-efficient.

V ₁ =Monthly Income of the family before joining at MF of IBBL
V ₂ =Monthly Income of the family at present
V ₃ =Monthly Expenditure of the family before joining at MF of IBBL
V ₄ =Monthly Expenditure of the family at present
V ₅ =Monthly Savings of the family before joining at MF of IBBL
V ₆ =Monthly Savings of the family at present
V ₇ =Cultivable Land of the family before joining at MF of IBBL
V ₈ =Cultivable Land of the family at present
V ₉ =Protein intake type of the family before joining at MF of IBBL
V ₁₀ =Protein intake type of the family at present
V ₁₁ =Number of earning persons of the family.

From the Table-9.1, it is found that 1% level of significant V_2 has positive significant correlation with $V_3, V_4, V_6, V_7, V_8, V_{10}$ and V_{11} except $V_3, V_4, V_6, V_7, V_8, V_9, V_{10}$ and V_5 and V_9 .

From the Table-9.1 it is found that at 1% level of significance, V_3 has positive significant correlation with $V_4, V_6, V_7, V_8, V_9, V_{10}$ and V_{11} except V_5 .

The Table-9.1 shows that at 1% level of significant, V_4 has positive correlation with V_6, V_7, V_8, V_{10} and V_{11} except V_9 .

The Table-9.1 shows that at 1% level of significance, V_5 has positive significant correlation with only V_{10} .

The Table-9.1 shows that at 1% level of significance, V_6 has positive significant correlation with only V_8, V_9, V_{10} and V_{11} except V_7 .

The Table-9.1 shows that at 1% level of significance, V_7 has positive significant correlation with only V_8 and at 5% level of significance, V_7 has positive significant correlation with only V_9 and V_{10} .

The Table-9.1 shows that at 1% level of significance, V_8 has positive significant correlation with only V_{10} .

The Table-9.1 shows that at 1% level of significance, V_9 has positive significant correlation with only V_{10} .

The Table-9.1 shows that at 1% & 5% level of significance, there is no correlation between the variables V_{10} & V_{11} .

So, from the above, it may conclude that at 1% level of significance, most of the variables have positive significant correlation with each others except for a very few cases.

9.2.2 Analysis of the Results of Linear Regression Model

Statistical Analysis using Linear Regression Model is very important for the statistical point of view. In this section, an attempt has been made to analysis the impact of RDS of IBBL on the beneficiaries using the variables like monthly income, monthly expenditure, monthly savings, area of cultivable land, protein intake status etc through Linear Regression Model, which is presented below in the Table-9.3.

Table-9.3: Linear Regression Analysis of the Selected Variables

Y (Dependent Variables)	X (Independent Variables)	R-Square (R ²)	F	Value of Significant
Monthly Income	No. of earning members	0.140	17.887	0.000
	Quantity of Agri-Land	0.214	29.917	0.000
Monthly Expenditure	No. of family members	0.271	40.957	0.000
	Monthly income of the family	0.987	8552.73	0.000
Monthly Savings	Monthly income of the family	0.684	238.291	0.000
	Monthly expenditure of the family	0.576	149.279	0.000
	Area of Agri-land	0.153	19.90	0.000
Quantity of Cultivable Land at present	Monthly income of the family	0.214	29.917	0.000
	Quantity of cultivable land before joining at MF of IBBL	0.759	341.584	0.000

Source: Field Survey, 2013.

From the Table-9.3, it is found that at 1% level of significance, the value of Regression is 14.00%, which indicates that the total or gross monthly income of the family 14% depends on the total number of earning persons of the family, i.e. number of earning persons of a poor family has positive impact on income of the family.

Table-9.3 shows that at 1% level of significance, the value of Regression is 21.40%, which indicates that the total monthly income of the clients 21.40% influenced by the total area of cultivable land.

Table-9.3 shows that at 1% level of significance, the value of Regression is 27.10%, which indicates that the total number of family member 27.10% influenced to the total expenditure of the family.

Table-9.3 shows that at 1% level of significance, the value of Regression is 98.70%, which indicates that the monthly income of the family 98.70% influenced to the total monthly expenditure of the family.

Table-9.3 shows that at 1% level of significance, the value of Regression is 68.40%, which indicates that the present monthly savings of the family 68.40% depends on the monthly income of the family.

Table-9.3 shows that at 1% level of significance, the value of Regression is 57.60%, which indicates that the present monthly savings of the family 57.60% depends on the monthly expenditure of the family.

Table-9.3 shows that at 1% level of significance, the value of Regression is 15.30%, which indicates that the present monthly savings of the family 15.30% depends on the quantity of cultivable land of the family.

Table-9.3 shows that at 1% level of significance, the value of Regression is 21.40%, which indicates that the present quantity of cultivable land of the family 21.40% influenced the monthly expenditure of the family.

Table-9.3 shows that at 1% level of significance, the value of Regression is 75.90%, which indicates that the present quantity of cultivable is dependent on the previous quantity of cultivable land, i.e. the present quantity of cultivable 75.90% depends on the previous quantity of cultivable land of the family.

From the above analysis, it may conclude that in most of the cases, the result of Linear Regression Analysis is positive in respect of assessing the impact of the variables on the poor households of Bangladesh under study.

9.2.3 Analysis of the Results of Chi-Square Model

During the survey period, the clients replied “Yes” and “No” is qualitative reply and the Chi-Square is appropriate approach to test the hypothesis based on qualitative data. So, Chi-Square test has been selected for this study based on six hypotheses of the selected variables are as under:

- Hypothesis One** : Microfinance of IBBL is productive.
- Hypothesis Two** : Installment paid from the income of Micro-investment.
- Hypothesis Three** : Social awareness increased by Microfinance program.
- Hypothesis Four** : Rural women’s income increased by Microfinance.
- Hypothesis Five** : Savings accumulated by the Microfinance program.
- Hypothesis Six** : Microfinance has an impact on poverty alleviation.

9.2.3.a Test of Microfinance Impact on Productivity

In the following Table-9.4, the productivity of Microfinance tested for assessing the impact of Microfinance of IBBL on the poor clients.

Table-9.4: Whether the amount of Microfinance is productive or not?

Opinion of the Clients	Yes	No	Total
Determining Factors of Productivity			
Whether the amount of Micro-investment is used in productive purpose/sector or not?	203 (82.34)	87 (29.67)	390
Installment repayment generated from the income of Micro-investment or not?	209 (82.34)	181 (29.67)	390
MF is profitable or not?	348 (82.34)	42 (29.67)	390
Total	8860	310	1170

Source: Field Survey, 2013.

Results & Remarks: The result of the Table-9.4 shows that at 5% level of significance for 2 degrees of freedom [**d.f.** =(c-1) (r-1) =(2-1) (3-1) = **2**], the calculated value of χ^2 is 39.13 and the tabulated value is 05.991, **i.e. the calculated value of χ^2 is greater than the tabulated value.** So, the null hypothesis is rejected at 5% level of significant, **i.e. Microfinance of IBBL is productive and Microfinance of IBBL has a significant impact on productivity** or Microfinance of IBBL has a significant relation with productivity.

9.2.3.b Test of Microfinance Impact on Installment Repayment Capacity through Income Generation

In the following Table-9.5, the installment repayment capacity generated or not through income generation by Microfinance of IBBL tested for assessing the impact of Microfinance of IBBL on the poor clients.

Table-9.5: Whether the installment repayment is generated from the income of Micro-investment or not?

Opinion of the Clients	Yes	No	Total
Determining Factors			
Installment repayment generated from the income of Micro-investment or not?	17 (37.34)	373 (74.67)	390
Installment repayment arranged from other sources or not?	53 (37.34)	337 (74.67)	390
Installment repayment arranged from the earnings from the head of family or not?	320 (37.34)	70 (74.67)	390
Total	390	780	1170

Source: Field Survey, 2013.

Results & Remarks: The result of the Table-9.5 shows that at 5% level of significance for 2 degrees of freedom [d.f. = (c-1) (r-1) = (2-1) (3-1) = 2], the calculated value of χ^2 is 182.06 and the tabulated value is 05.991, **i.e. the calculated value of χ^2 is much greater than the tabulated value.** So, the null hypothesis is rejected at 5% level of significant, **i.e. Micro-investment installment repayment capacity is generated from the income of Microfinance of IBBL** and there is a significant relationship between Microfinance of IBBL and Micro-investment installment repayment capacity building.

9.2.3.c Test of Microfinance Impact on Social Awareness Creation

In the following Table-9.6, the impact of Microfinance of IBBL in creation of social awareness tested for assessing the impact of Microfinance of IBBL on the poor clients.

Table-9.6: Whether there is an impact of Microfinance of IBBL in creation of social awareness or not ?

Opinion of the Clients	Yes	No	Total
Determining Factors			
The active children's goes to school or not?	348 (95.67)	42 (16.34)	390
Involved in Family planning measures or not?	296 (95.67)	94 (16.34)	390
Sanitary Toilet used or not?	356 (95.67)	34 (16.34)	390
Total	1000	170	1170

Source: Field Survey, 2013.

Result & Remarks: The result of the Table-9.6 shows that at 5% level of significance for 2 degrees of freedom [d.f. = (c-1) (r-1) = (2-1) (3-1) = 2], the calculated value of χ^2 is 12.37 and the tabulated value is 05.991, **i.e. the calculated value of χ^2 is greater than the tabulated value.** So, the null hypothesis is rejected at 5% level of significant, **i.e.** there is a significant relationship & impact of Microfinance of IBBL in creation of social awareness.

9.2.3.d Test of Microfinance Impact on the Income Increase of Rural Poor Women

In the following Table-9.7, the impact of Microfinance of IBBL in the income increase of rural poor women tested for assessing the impact of Microfinance of IBBL on the poor clients.

Table-9.7: Whether there is an impact of Microfinance of IBBL in the income increase of rural poor women or not ?

Opinion of the Clients	Yes	No	Total
Determining Factors			
Microfinance increase women's income or not?	348 (86.67)	42 (25.34)	390
Installment repayment generated from Micro-investment income or not?	209 (86.67)	181 (25.34)	390
Microfinance is profitable or not?	348 (86.67)	42 (25.34)	390
Total	905	265	1170

Source: Field Survey, 2013.

Result & Remarks: The result of the Table-9.7 shows that at 5% level of significance for 2 degrees of freedom [d.f. =(c-1) (r-1) =(2-1) (3-1) =2], the calculated value of χ^2 is 54.41 and the tabulated value is 05.991, **i.e. the calculated value of χ^2 is greater than the tabulated value.** So, the null hypothesis is rejected at 5% level of significant, **i.e.** there is a significant relationship & impact of Microfinance of IBBL in the increase of income of rural poor women and there is a significant relationship between Micro-investment and rural women's income increase.

9.2.3.e Test of Microfinance Impact in Accumulation of Savings Habit

In the following Table-9.8, the impact of Microfinance of IBBL in the accumulation of savings habit tested for assessing the impact of Microfinance of IBBL on the poor clients.

Table-9.8: Whether there is any role of Microfinance in creation of Savings habit or not?

Opinion of the Clients	Yes	No	Total
Determining Factors			
Interested to accumulate weekly savings or not?	226 (64.00)	164 (48.00)	390
Weekly savings on regular basis or not?	313 (64.00)	77 (48.00)	390
Savings with others institution or not?	129 (64.00)	261 (48.00)	390
Total	668	502	1170

Source: Field Survey, 2013.

Result & Remarks: The result of the Table-9.8 shows that at 5% level of significance for 2 degrees of freedom [d.f. =(c-1) (r-1) =(2-1) (3-1) =2], the calculated value of χ^2 is 51.24 and the tabulated value is 05.991, **i.e. the calculated value of χ^2 is greater than the tabulated value.** So, the null hypothesis is rejected at 5% level of significant, **i.e.** there is a significant impact of Microfinance of IBBL in the savings accumulation habit of the rural poor and there is a significant relationship between Microfinance and savings accumulation habit.

9.2.3.f Test of Microfinance Impact on Poverty Alleviation

In the following Table-9.9, the impact of Microfinance of IBBL in poverty alleviation tested for assessing the impact of Microfinance of IBBL on the poor clients.

Table-9.9: Whether there is a significant role of Microfinance in poverty alleviation or not ?

Opinion of the Clients	Yes	No	Total
Determining Factors			
MF increase income or not	348 (94.25)	42 (17.75)	390
Quantity & quality of Food increase or not	348 (94.25)	42 (17.75)	390
MF increased social awareness	320 (94.25)	70 (17.75)	390
MF increases in the standard of life style or not	296 (94.25)	94 (17.75)	390
Total	1312	248	1560

Source: Field Survey, 2013.

Result & Remarks: The result of the Table-9.9 shows that at 5% level of significance for 2 degrees of freedom [d.f. =(c-1) (r-1) =(2-1) (3-1) =2], the calculated value of χ^2 is 10.47 and the tabulated value is 07.815, **i.e. the calculated value of χ^2 is greater than the tabulated value.** So, the null hypothesis is rejected at 5% level of significant, **i.e.** there is a significant impact of Microfinance of IBBL in poverty alleviation of the rural poor and there is a significant relationship between Microfinance and poverty alleviation.

So, from the all above results of χ^2 test, it may conclude that there is a significant relationship between Microfinance of IBBL and the above stated all six hypothesis taken for this study and **all results are positively significant. But we can not say with confident that the result is 100% correct** because if we test any hypothesis at 5% level of significant, the result may be 95% true and the rest 5% may be false. So, in this study, the all hypothesis for χ^2 test used at 5% level of significance and the results may vary 5%, i.e. 5% error may be found in the χ^2 test result, which may be considered at acceptable level.

9.2.4 Analysis of Ordinary Least Square (OLS) Estimation Results

To estimate the effect of Microfinance on the dependent variables such as income, saving and expenditure, the Ordinary Least Square (OLS) method is used for this study.

One of the prime objective of the study is to assess the factors influencing household's income, expenditure, clients well-being, ethical and morals of the clients. Ordinary Least Square (OLS) technique is used to estimate the model for assuming the effect of different factors of the model. Regression estimation equation of similar functions involves more variables, the model would have suffered from low degrees of freedom and multicollinearity problems resulting in inefficient estimates. Therefore, multicollinearity was tested and the outcome of some independent variables not being significant could be the effect of multicollinearity, so multicollinearity test was conducted. The Regression Model was re-estimated dropping some variables, whose level of significance was very low. The results were significantly improved and hence have been interpreted. In this study, Ordinary Least Square (OLS) was used to assess the effect of Micro-credit

on the dependent variables such as income, saving, and expenditure. The models with results have been discussed below:

9.2.4.a Analysis of OLS Results for the Household Income Model

It is expected that the amount of investment taken by the borrowers (clients) would increase their household income. Therefore, this study examined the influence of Micro-investment on the households income, However, household income does not depend on only one factor like amount of investment. It also depends on the other socio-economic factors. That is why, variables like borrower's age, borrower's educational background, involvement of family members in farming, total land size of the households, distance to branch from the borrowers place and ethics and moral of the clients are considered as independent variables. **Table-9.10** shows the results of OLS for the households income.

Table-9.10: Estimated OLS Results for the Household Income

Sl. No.	Variables	Co-efficient	t-value	Sig.
1.	Constant	4.079	38.384	0.000**
2.	Log of Investment taken in 2012	1.210	2.612	0.019**
3.	Log of total land size	0.101	0.408	0.684
4.	Log Number of earning family members	1.160	1.990	0.024
5.	Distance of Branch dummy (upto 10 Km is 1 & 11 to 16 Km is 0)	-0.030	-0.115	0.108
6.	Borrowers age dummy (above 40 years)	0.201	2.646	0.018**
7.	Education dummy (Upto 5 years schooling is 1 & otherwise is 0)	0.120	0.738	0.460
8.	Ethics and Moral (Dummy)	0.090	1.847	0.055**
R-Squared: 0.603				

Note: ** Significant at 1% level & * Significance at 5% level.

Source: Filed Survey, 2013.

As can be seen from Table-9.10 that the sign of all the variables are plausible but only four of them namely, client's or borrower's age, amount of investment taken by the borrowers, number of family members involved

in earning process and clients' ethics & moral has positive and significant influence on the household income. The value of R-Square is 0.693. It indicates that about 69% of the total variation of the dependent variable is explained by the independent variables.

It is found that the amount of investment taken by the borrowers has a positive and significant influence on the household income. The collateral-free investment-money has increased their opportunity to start up income generating activities. It has also increased their ability to invest more on the existing economic activities resulting in more earnings from their investment. All these reasons has assisted them in increasing their household income. Household income would increase by 01.21 taka because of receiving additional one unit of investment by the clients or borrowers from the Micro-investment providers.

The study shows that the borrower's (client's) age variable is positively and significantly related with household income. As age increases, borrowers acquire more experiences which will ultimately assist them to increase their household income level. Many researchers used age as independent variable in their regression analysis in order to assess its influence on borrowers saving, agricultural production, household income and consumption (**Amin et al., 1999; Khandker, 2000**) and found significant influence.

This study shows that number of earning family members has positive and significant influence on their households income. This result implies that higher the number of earning family members the higher the family income. This expected result is also supported by **Mahmood (2006)**.

Education did not show any significant influence on household income as there was small variation of education among the clients. Result shows that

more than 90% of the borrowers had schooling less than five years. However, the variable has a positive sign. It indicates that education might influence their income level but it required more time and more educational facilities for the borrowers to realize the effect of education on income.

The result shows that the distance of branch from borrowers place has no significant effect on the households' income level. However, the sign for the dummy variable (10 to 16 km distance from branch) has negative meaning that further increasing distance between branch and borrowers' place would decrease the income earning opportunities. It may be mentioned here that ethics and morals has positive contribution on household income. This result is not unlikely as **it is assumed that the clients who are bearing good moral and ethical characters are honest and sincere enough so did not divert their borrowed money to any unproductive sector.** Besides, they are sincere enough to their activities hence might have generated more income.

9.2.4.b Analysis of OLS Results for the Household Food Expenditure Model

Table-9.11 shows the results of OLS for the households' food expenditure. Variables like households' income, amount of investment taken by the borrowers and family size has positive and significant influence on the household food expenditure. The value of R-Square is 0.591 indicating that 59% of the total variation of the dependent variable has explained by the independent variables.

It is expected that the Micro-investment program would bring positive changes in the food expenditure of the borrowers. The amount of investment taken by the borrowers is positively and significantly related with the expenditure for food. The results reveal that expenditure on food would

increase by 01.13% due to increase of an additional one unit of investment-money. **The result indicates that** the amount of money provided to borrowers **helped them to increase their buying ability for food items which should lead them to a higher living-standard.**

Table-9.11: Estimated OLS Results for the Household Food Expenditure

Sl. No.	Variables	Co-efficient	t-value	Sig.
1.	Constant	2.521	8.991	0.001**
2.	Log of Investment taken in 2012	1.133	2.838	0.052*
3.	Log of Household Income in 2012	0.249	3.641	0.021**
4.	Log Number of Family Members	0.306	3.712	0.011**
R-Squared: 0.591				

Note: ** Significant at 1% level & * Significance at 5% level.

Source: Filed Survey, 2013.

The increasing income of the poor household usually results to spend more on food items because fulfilling the food requirements is the first priority for them. Table-9.11 shows that households' income is positively and significantly related to food expenditure. Food expenditure would increase by 0.25% for an additional one unit increase in income. **It indicates that more household income would lead them to spend more on food items.**

Family size is positively and significantly related to the 'food expenditure' which implies that an increase in family size would increase food expenditure. Table-9.11 shows that the food expenditure would increase by 30% for an additional increase of one member in the family. **Large families had to spend more on food as compared to small families for their survival.**

Here mentionable that **food expenditure** indicates households' expenditure on rice, wheat, pulse, beef, fish, milk, edible oil, vegetable and fruits in 2013. On the other hand, **non-food expenditure** indicates households' expenditure on clothing, health care, social functions, transportation and repair, electricity, fuel and soap in 2013.

9.2.4.c Analysis of OLS Results for the Household Total Expenditure Model

Total household expenditure includes expenditure on food items and non-food items. This study assessed the influence of the amount of investment on households' total expenditure. Study also assessed the influence of socio-economic variables on the total households' expenditure. **Table-9.12** shows that three variables has significant influence on total expenditure. **The significant variables were households' income, total land size and family size.** All the variables in the model has shown the expected signs.

Table-9.12: Estimated OLS Results for the Household Total Expenditure

Sl. No.	Variables	Co-efficient	t-value	Sig.
1.	Constant	1.697	11.343	0.000**
2.	Log of Investment taken in 2012	0.006	1.009	0.313
3.	Log of Household Income in 2012	0.464	7.692	0.001**
4.	Log of Total Land Size	0.139	6.091	0.002**
5.	Log of Family Size (number)	0.032	5.186	0.000**
R-Squared: 0.683				

Note: ** Significant at 1% level & * Significance at 5% level.

Source: Filed Survey, 2013.

The R-Square value for total expenditure model is 0.63 indicating that 68% of the total variation of the clients expenditure is explained by the independent variables.

It is observed that the amount of investment taken by the borrowers has failed to create any significant effect on the total expenditure. There are several reasons behind it. Borrowers are too poor and they has difficulties in obtaining their basic needs like food, clothing and shelter. **The first priority for them is to fulfill their food demands of the family.** Therefore, the borrowers has spent more on food items than on other non-food items. Moreover, the amount of investment they received from the Micro-

investment providers is inadequate to improve the overall expenditure of the households. However, it is notable that the sign of the co-efficient for this variable (amount of investment taken by the borrowers) is positive.

It is expected that due to increase in income, purchasing power of the households would increase and eventually poor people would spend more. The result shows that household income has significant and positive effect on the total expenditure.

This study has shown that an increase in the land size would increase borrowers ability to spend on food and non-food items, leading them to higher level of living standard. The reason could be that the households having more land are in better position to invest in income generating activities hence they are more likely to obtain more returns from their investment as compared to households having little assets. Table-9.12 also shows that family size is positively and significantly related to total expenditure of the households. **This result indicates that an increase in number of family members would increase the household expenditure.**

9.2.5 Analysis of Results of the Logit Model for Clients' Well-being

Logit Model has been selected in this study to find out the probability level that the clients would be well-off and it is expected in this study that the Microfinance bring moral & ethical changes including development due to the influence of particular explanatory variable. The results of Logit Model used in this study is discussed below:

9.2.5.a Analysis of the Logit Model Results for the Clients' Well-being

Logit Model has been selected in this study to find out the probability level that the clients would be well off due to the influence of particular

explanatory variable. In the Logit Model, dependent variable “clients’ Well-being” has two categories such as “borrowers were well-off” under the program coded as one (1) and otherwise coded as zero (0). **The rural poor has to lead a low quality of life. It is expected that** Microfinance program would bring a positive change in the overall living-standard of the borrowers by improving their socio-economic activities. Therefore, an attempt has been made to investigate the influence of socio-economic variables on the dependent variable “**Borrowers Welfare**”. **Based on the borrowers perceptions**, the dependent variable has coded as one (1) if the borrowers were answered well-off under the Micro-investment program, otherwise, it was coded as zero (0). Logit Model is used in order to find out the probability level that the borrowers would be well-off due to the influence of a particular independent variable.

Table-9.13: Estimated Results of the Logit Model for Clients’ Well-being

Sl. No.	Variables	(B)	Standard Error	Wald	Sig.	Odd Ratio EXP. (B)
1.	Constant	-0.954	0.823	1.344	0.246	0.385
2.	Duration of Membership	0.238	0.062	14.64	0.000* *	0.788
3.	Education dummy (upto 5 Years of Schooling is 1 & otherwise is 0)	0.014	0.251	0.201	0.986	0.996
4.	Income Generating Family Members	0.208	0.073	13.67	0.000* *	0.768
5.	Age of the clients dummy (Upto 40 years of age is 1 & otherwise is 0)	-0.060	0.556	0.011	0.916	0.942
6.	Share of food expenditure to the total expenditure (%)	0.014	0.006	5.746	0.017* *	1.014
7.	Health expenditure (Taka)	0.017	0.020	3.031	0.054*	1.010
8.	Ethics and Moral	0.164	0.243	3.476	0.050*	0.846
Cox and Snell R-Square: 0.198 -2Log Likelihood: 667.280 Overall Accuracy: 82.8						

Note: **Significant at 1% level and *Significant at 5% level.

Source: Filed Survey, 2013.

Table-9.13 shows that the duration of RDS membership, number of income generating family members, share of food expenditure to total expenditure, households health expenditure and clients ethics and moral **has positive and significant contribution one clients well-being.**

Table-9.13 shows that the wald statistic for the variable ‘expenditure on health’ was 3.03 and it was positively and significantly related with the dependent variable. **It indicates that more expenditure on health care would increase the likelihood for the borrowers to be well-off.**

Due to the low level of purchasing ability, borrowers has to maintain a low level of expenditure indicating a lower quality of living. They have to struggle even to meet up their expenditure on food items. **Microfinance program takes the effort to increase borrowers’ ability to spend more on food items for better living.** Table-9.13 shows that wald statistic for the independent variable ‘share of food expenditure to the total expenditure’ was 05.746 and it is found significantly and positively related with the dependent variable.

It may be mentioned here that ethics and moral has positive contribution on clients’ well-being. This result is not unlikely as the **clients bearing good moral and ethical characters** are honest enough **so did not divert their borrowed money to any unproductive sector.** Besides, they are sincere enough to their activities hence were better-off.

9.2.5.b Analysis of Results of the Logit Model for Assessing the Clients' Ethics and Moral

It is expected that Microfinance (RDS) Program of IBBL would bring a positive change in the ethical and moral development of the clients. Therefore, an attempt has been made to investigate the influence of socio-economic variables on the **dependent variable 'moral and ethical development'**.

Based on the borrowers' perceptions, the dependent variable coded as one (1) if the borrowers are morally and ethically well-off under the Micro-investment program and otherwise it is coded as zero (0). Logit Model is used in order to find out the probability level that the borrowers would be morally and ethically well-off due to the influence of a particular independent variable.

Table-9.14: Estimated Results of the Logit Model for Assessing the Clients' Ethics and Moral

Sl. No.	Variables	(B)	Standard Error	Wald	Sig.	Odd Ratio EXP. (B)
1.	Constant	1.101	0.447	6.070	0.014**	3.008
2.	Education dummy (upto 5 Years of Schooling is 1 & otherwise is 0)	0.633	0.165	14.076	0.000**	0.531
3.	Age of the Clients dummy (Upto 40 years of age is 1 & otherwise is 0)	1.424	0.366	15.136	0.000**	0.241
4.	Duration of Membership (Years)	0.102	0.032	10.028	0.002**	1.108
5.	Distance of Branch (upto 10 km distance is 1 & otherwise is 0)	-0.402	0.246	2.665	0.103	0.669
Cox and Snell R-Square: 0.178 -2Log Likelihood: 1241.76 Overall Accuracy: 72.8						

Note: **Significant at 1% level and *Significant at 5% level.

Source: Filed Survey, 2013.

Table-9.14 shows that the educational level, age and membership during has positive and significant contribution on clients' ethics and moral development. **This result implies that elderly and educated clients who**

have several years involvement with this Microfinance (RDS) Program have ethically and morally been more developed than the young and illiterate new clients.

9.3 Concluding Words

Statistical analysis and interpretation is a very important part of analysis and interpretation of any research works. This chapter exclusively emphasizes this analytical issues using various statistical models and tried to interpret accordingly to assess the impact of Microfinance of IBBL on the poor borrowers and found positive results in most cases. In the next chapter, SWOT Analysis of the program has been highlighted and briefly interpreted based on the overall outcomes of the study for better improvement of the poor and further improvement of the Microfinance Program (RDS) of IBBL under study.

Chapter Ten

SWOT Analysis of the Program

10.1 Prelude

SWOT (Strengths, Weaknesses, Opportunities and Threats or Challenges) Analysis of an institution or of a program, specially on MFIs is very important from the standpoint of program efficiency, sustainability, customers' demand and for further improvement of the program. Islamic Microfinance is completely separate phenomena and a new wave of Microfinance for the poor to eradicate poverty and improvement of life style of the poor, has created a new height in Bangladesh under Islamic framework. So, SWOT Analysis on Islamic Microfinance of IBBL is very important phenomena among the contemporary issues. Keeping this idea in view, this chapter has given emphasis to analyze SWOT of the MF-Program of IBBL for the greater interest of the poor & of the program/institution and also for further improvement of the program under study to ensure the real improvement of the poor populace of Bangladesh as a whole.

10.2 SWOT Analysis of the Microfinance Program of IBBL

SWOT Analysis is a very essential part of analysis as we known it from earlier discussion. This section has been discussed Strengths (internal), Weaknesses (internal), Opportunities (external) and Challenges or Threats (external) of the program under study chronologically.

10.2.1 Strengths of Microfinance of IBBL

It is an internal advantages lying with the program/institution for meeting the demands of the customers. From the descriptive and statistical analysis, so far the record reveals and so far the study goes, the following strengths of the program under study has been found:

- ▶ Shariah-based Interest-free Microfinance.
- ▶ Collateral-free Microfinance.
- ▶ Profit Motive-free Microfinance.
- ▶ Family empowerment including women empowerment is the core objective.
- ▶ Job creation/employment generation through income generating activities.
- ▶ Microfinance on off-farming & on-farming activities.
- ▶ Religious teachings, welfare, moral and ethical services & training to the poor (promote & patronize the pardah/hijab, religious education, changing of bad habits etc).
- ▶ Quard facilities for sanitation & tube-well.
- ▶ Low operation cost & low profit rate of Micro-investment compared to other NGOs/MFIs.
- ▶ Strong Brand Image of the MF-Program/Bank/Institution.
- ▶ Completely local fund-based Microfinance (no external or donor fund).
- ▶ Wide ranging Branch Network/wide area coverage by the program & good reputation in the rural market/locality.
- ▶ High rate of recovery (99 %+).

- ▶ Well trained, efficient, educated, honest, sincere & committed workforce.
- ▶ Technology-based services (Computer generated statement, Online Banking, ATM Card, VISA Card, Credit Card, Remittance Card, SMS Banking, Internet-Banking, mCash etc) .
- ▶ Miscellaneous facilities & services (free treatment, free tree distribution, bearing of burial expenses, financial assistance in the marriage ceremony of the clients childrens, scholarship & distribution of free educational equipments, winter cloths distribution and romadan tohfa/goods for the poor clients etc).
- ▶ Strong customers demand, quality customer services and satisfaction of the clients at acceptable level.
- ▶ Socially responsible investing system (RDS).

10.2 Weaknesses of Microfinance of IBBL

It is an internal deficit's hindering the program in meeting demands of the customers. Assessment of weaknesses of an institution or program and proper treatment thereof in time is a very crucial factor for the program or institution and if fail to take appropriate steps in time, the program or institution may obviously be failed or collapsed. So, the weaknesses of the program under study, found from the study outcomes and from the various secondary sources are as under:

- ▶ No female officials in the program and male officials are breaking the women's pardah/hijab.
- ▶ Small size of finance/investment to the poor.
- ▶ Cumbersome process and too time is required for Micro-investment.

- ▶ Installment repayment time is too short like other traditional MFIs.
- ▶ Beggar, disabled and deprived segment (like divorced, widowed) of the society are not remarkably emphasized or little emphasized in word & spirit.
- ▶ Male & female are not equally emphasized in the program.
- ▶ Dropout/overwhelming/overlapping data management system not Ensured/introduce by the program/institution.
- ▶ Failure of Shariah Compliance strictly in Micro-investment operations.
- ▶ No participation in the family planning program (FPP) of the Government raising religious restrictions/obligations as reported.
- ▶ Operational/activity area is far distant from the Branch locations.
- ▶ Lack of sufficient product diversification.
- ▶ Absence of appropriated caring by the mainstream employee's (including Branch Incumbent) to the scheme (RDS).
- ▶ Deposit-Investment or Savings-Investment profit ratio gap.

10.2.3 Opportunities of Microfinance of IBBL

Any external circumstances or trend that favor the demand for an organizations/programs specific competence is an opportunities for the program/institution. Financial transactions cover a significant part of daily activities of human life. Applying and following Islamic Laws in daily life activities, it is assumed that it will be easier to get rid of any illegal activities, harmful for mankind, if one works under IMPs (Islamic Microfinance Programs). So, opportunities or potentials of Islamic

Microfinance of IBBL are important discussion matter and which are depicted below:

- ▶ Huge demand & scope for Micro-investment under RDS of IBBL.
- ▶ Strong belief & confidence on Islam of the majority populace of the country.
- ▶ Increasing demand of the rural poor to avail Islamic Financial Products.
- ▶ Islamic ethics & values are widely practicing in Bangladesh.
- ▶ Strong interest for moral & ethical improvement among the poor clients of RDS.
- ▶ Wide network & clientele-based of the program/institution.
- ▶ Islam is the fastest growing religion in the world.
- ▶ Traditional interest-based MFIs are losing its value as reported.
- ▶ General peoples attraction in Islamic Financial System.
- ▶ Huge scope to introduce products & services, specially IT-based products & services.
- ▶ New markets are emerging in non-Islamic regions.
- ▶ Bagger, disabled and other deprived segment of the society be involved & included in the program.
- ▶ Qualified Madrasha Students can be appointed as Field Officer to ensure religious teachings.
- ▶ Qualified Children's of the Microfinance Beneficiaries can be appointed as Field Officer for employment generation.
- ▶ RDS Officials and Beneficiaries/Clients can be used as foreign remittance earning sources.

10.2.4 Threats or Challenges of Microfinance of IBBL

Any external circumstances or trend which will decrease the demand for the program or institutional or organizations competence is threat or challenge for the program/institution/organizations. From the beginnings, Islamic Microfinance Institutions/Programs (IMFIs or IMPs) in Bangladesh have been encountering numerous challenges. The major challenges or threats so far encountered by the Islamic NGOs, Co-operatives and IMFIs including RDS of IBBL can shortly be described in the following heads:

- ▶ Lack of separate rules & regulations for both the Islamic MFIs & traditional MFIs.
- ▶ Frequent unstable political situation of the country.
- ▶ Rapid development of E-services/E-financing in the Microfinance market & survive in the competitive market.
- ▶ Frequent changes in the policy by the Policy Makers.
- ▶ Some local & foreign donor based traditional MFIs may be challenge For the Microfinance of IBBL to introduce new products in the Microfinance system.
- ▶ Frequent natural calamities in the country.
- ▶ Regulatory restrictions of the present Government in the opening & expansion of new Branches of IBBL may caused main challenge for covering all the villages of Bangladesh under this program.
- ▶ Microcredit Regulatory Authority (MRA) of Bangladesh and Bangladesh Bank (BB, Central Bank of Bangladesh) are not properly acting & controlling the traditional MFIs as claimed by some of the traditional MFIs regarding regulatory issues.

- ▶ 100% Shariah Compliance in the Islamic Microfinance operations is a big challenge in the interest-based economy.
- ▶ Present political action/steps against GB & IBBL, may be the main Hindrance/obstacle for desired improvement & expansion of the program.
- ▶ It will be difficult for long run survive based on only local fund.
- ▶ Interest-based economy of the country (Bangladesh).
- ▶ Majority MFIs of the country are interest-based traditional MFIs.
- ▶ Lack of sufficient fund for targeting the ultra poor.
- ▶ Lack of entrepreneurial and managerial skills.
- ▶ Lack of Islamic knowledge among the poor members.
- ▶ Reaching to the door step of the all poor of the country.
- ▶ Misconception/misinterpretation of MFIs & traditional MFIs.
- ▶ Burden of old debt of the clients.
- ▶ Lack of sufficient product diversification.
- ▶ Sustainability of the program.
- ▶ Clearly defining the target group.
- ▶ Changing terminology of Microfinance.
- ▶ To maintain & manage the tremendous success of Microfinance of IBBL.
- ▶ Equal participation of male & female in the Microfinance as their equal participation in family decisions has already been globally recognized for peaceful family life.

10.3 Concluding Words

Bangladesh is the “**birth place**” and “**global center for excellence**” in **Microfinance**. It is home to some world’s leading Microfinance Institutions (MFIs) and has been recognized as the “**university of Microfinance**”. Microfinance in Bangladesh emerged as a dynamic industry responsive to the challenging and varied financial needs of the poor.

IBBL a private sector Islamic Bank, developed the “**Rural Development Scheme (RDS)**” a successful innovation and scaling up of an Islamic Microfinance channel to answer the demand of the rural Muslim poor in Bangladesh who were left out from the conventional Micro-financing due to religious beliefs who demand financial products in accordance with Islamic financial principles leading to the development of Islamic Microfinance as new market niche (**Jahan, 2012**).

Though Microfinance Programs in Bangladesh have attained tremendous success, still they are not free from flaws and in other word, Microfinance is not an unmixed blessings. It has been criticized continuously and the debates on Microfinance, especially on traditional Microfinance raised to mountain now a days. So, SWOC analysis on Islamic Microfinance of IBBL is very important to answer the debates on traditional MFIs.

Chapter Eleven

Summary, Conclusion and Recommendations

11.1 Prelude

Microfinance and banking in the modern world has adopted many innovations, but very recent and most remarkable innovation has been the system of Islamic Microfinance and Islamic Banking. However, the emergence of Islamic Banking and Islamic Microfinance in Bangladesh has added a new height in the banking sector as well as Microfinance sector. The role of Islamic banking and Islamic Microfinance activities seems to be magnificently surpassed among all the banks and Islamic microfinance institution in Bangladesh during the last three decades (**Khalifa, 2013**), although IBBL has introduced the Microfinance Program (RDS) in 1995.

Based on Islamic doctrines of social and economic justice, ethics, wealth distribution and public interest, Islamic Microfinance advocates socio-economic empowerment through entrepreneurship, risk sharing (profit-loss) and financial inclusion. As there are **currently 300 Islamic Microfinance institutions (IMFIs) operating in 32 countries across all six continents of the world**, which provides a clear indication the demand of Islamic Microfinance is high given that there are **currently 01.30 billion people who belong to the Muslim faith**, Islamic Microfinance has a positive role in poverty alleviation with a huge untapped potentials as an effective socio-economic development tool and has a great potential in achieving the MDGs (**UNDP, 2013**).

According to a World Bank study, there are more than **01.00 million small business in Bangladesh** as potential borrowers but **only 7% of them have access to formal financial institutions**, though Bangladesh has been considered as the

“Birthplace” and “University of Microfinance” having thousands of MFIs. IBBL has introduced the RDS Program in order **to capture this market and to address the gap** that the government, **conventional MFIs and NGOs failed to address** and perhaps, **RDS the first Islamic Microfinance Model** to be introduced in the country and abroad, without needing financial support from the government or external donors (UNDP, 2013).

Microfinance is now a well established poverty alleviation program which is being implemented across the world and **now more than 70 countries of the world are practicing the GB Model** and also at present, GB with Top-3 MFIs **market share is 80%** of the total portfolio (Majumder, 2002; Prothom Alo, 2010). On the other hand, **RDS of IBBL covers almost 50% of the total Islamic Microfinance of the world** (Mannan, 2012), which speaks that there is a wide demand of Islamic Microfinance in the world especially in Bangladesh.

Though Bangladesh has pioneered the Microfinance in the world with huge achievements as claimed by the MFIs, unfortunately all these institutions working in Bangladesh provide interest-based Microfinance and the rate of interest charged by them is often exorbitantly high. Besides, there hardly any credits facilitating institution that care about the ethical aspects (**righteous principles**) of the rural poor but we have to maintain ethical standard not only in business sector but also in all aspects of life and business & ethics should be interrelated.

Keeping this idea in view, IBBL has launched a program named **“Rural Development Scheme (RDS)”** to uplift the overall socio-economic plight of the rural poor and in order to improve the overall living standard of the deprived segment of the society. Of them, ensuring education and training facilities, enhancing social mobility, establishing rural infra-structures and developing ethics

and moral of the clients are important, which can play a crucial role in alleviating poverty.

Presently, the scheme is being implemented through 209-Branches in 17,104 villages under 64 districts covering all 7-divisions of Bangladesh. **About 0.84 million group members including 0.53 million investment clients of which 85% are female** are involved in this scheme (**Annual Report of IBBL, 2013**).

Focusing these new areas, this piece of work has been done to study the contribution of RDS of IBBL in the socio-economic development field of Bangladesh. As the term “**Microfinance**” include vast area and **it has some components like income, expenditure, savings, education and training, employment including income generating activities, women empowerment** etc. So, an attempt has been made to see the how far the Islamic Microfinance (RDS) of IBBL is contributing in the improvement or development focusing these areas with special emphasis on moral and ethical issues.

Keeping this view in mind and focusing the objectives of the study, **primary data from randomly selected 390-Clients of 26-Branches of 13-Consecutive Zones of IBBL across the country** were collected through questionnaire survey using **stratified random sampling approach**. Two sets of semi-structured questionnaires (one for the Microfinance Beneficiaries and another one is for the Bank Personnel’s/Branch Managers/RDS In-charges) were used to collect data and survey was conducted **during January 2013 to June 2013**. The data were processed using SPSS Version 16.01 for Windows and Correlation Co-efficient, Linear Regression Model, Ordinary Least Square Method, Chi-Square Model and Logit Model used for statistically analysis of the collected data. The summary of the major findings of the study, conclusion and recommendations for policy implications have been presented in the next section.

11.2 Summary of Major Findings of the Study

The RDS of IBBL is the leading one Islamic Banking & Islamic Microfinance institution, which emerged as miracle in 1983 as Islamic Banking operation and **in 1995 as Islamic Microfinance operation (RDS)** with a great mission and vision with promise to uplift the socio-economic conditions of the rural poor of Bangladesh through providing them soft investment and developmental supports simultaneously.

To justify the claims of the proponents regarding the miraculous success of Islamic Microfinance Model of IBBL in Bangladesh, the present study has been undertaken to examine mainly the impacts or contribution of RDS both from the borrower and lender sides. The nature and extent of the program and impact on socio-economic development indicators including women empowerment were the major objectives of the study. In addition, SWOC of the program evaluated to unearth the programs viability and sustainability in the country.

Islamic Microfinance System is a financial system whose aim is to fulfill the teachings of the Holy Quran, operate on principles of Shariah strictly avoiding interest including Profit-Loss Sharing and directly involved with core values and social justice. So, **those who are weeded to western Micro-lending System may take lessons** regarding welfare from the Islamic Microfinance System (**Rahman 1999; Mannan, 2012; Khalifa, 2013**). This field of study is very important from the stand point of welfare and ethical dynamics of Islamic Microfinance System like RDS of IBBL.

As it is mentioned earlier that information of **390-Microfinance Receivers are used & interviewed in this study** to assess the role of RDS of IBBL, hence at the beginning, the basic characteristics and profiles of the beneficiaries have been

studied. Later on the contributions of RDS of IBBL in overall socio-economic development have presented chronologically.

The main characteristics of the beneficiaries under study are as follows:

- i.** The clients under study are predominantly female, i.e. 100% of the clients under study are female.
- ii.** Most of the clients are literate, i.e. 95% of the clients are literate.
- iii.** They are not highly educated, i.e. only 3% of them are 11+ years of schooling.
- iv.** They are predominantly married, i.e. 88.30% of them are married.
- v.** They are matured enough, i.e. 97% of them are in the age of interval 20+ years.
- vi.** Most of them are housewives in real sense, i.e. 98% of them are functionally housewives.
- vii.** Majority portion of them are not using contraceptive, i.e. 93% of them are not contributing in the family planning process.
- viii.** Most of them are Muslims, i.e. 93% of them are Muslims though there is no restriction in the membership criteria as opined by the clients.
- ix.** Less mortality rate, i.e. only 2% death occurred (01.28% baby and 0.52% mother's death) in the family.
- x.** Most of them have little vocational knowledge, i.e. 89% have no vocational knowledge.
- xi.** Most of them are morally and ethically equipped enough, i.e. 98% of them have no bad habits and 99% of them are related with religious activities.

In Chapter One, the main literatures regarding Microfinance impact studies were reviewed and found that most of the reviewed literature was on the traditional interest-based MFIs and a very little of them were on the Islamic Microfinance

institutions (IMFIs) which were not focused on the moral and ethical filter of Microfinance activities, **before-after** changes, SWOC Analysis of the program, area coverage was too little, regional variations, dropout/expelled clients etc and **basically, no geographer was studied on Islamic Microfinance as the record reveals**. So, these important areas were omitted or not focused significantly, i.e. no in-depth studies on Islamic Microfinance, especially on Microfinance (RDS) of IBBL was found from the literature review. So, the gaps of the previous researchers justified need to the present study.

In Chapter Two, the methodology that is adopted for the present study has been explained. As to choice of the study area, **26-Microfinance Operating Branches from 13-Consecutive Zones of IBBL covering all 7-Divisions of Bangladesh** is selected based on stratified random sampling approach and **also the 26-Bank Personnel's have been selected purposefully** to bring the geographical diversity in the study. Both primary and secondary sources of data have been used in this study and the primary surveyed data were main focused of this study collected through two sets of questionnaire survey.

One set for active clients and other set for the Bank Personnel's were prepared through which the particular respondents have been interviewed in a cordial atmosphere. For this purpose, **390-Clients were selected randomly from 26-Branches under 13-Consecutive Zones of IBBL**. Also secondary data were collected from various publications and reports of the IBBL, government, non-government and international organizations through library work method. Geographical, Mathematical, Statistical, Econometrical, Sociological and Computer tools were used to process, estimate and show the result of the study.

In Chapter Three, Islamic Microfinance performance of IBBL, geographical expansion of RDS of IBBL, comparative position of RDS with other major

traditional MFIs and Islamic Microfinance background and evolution has been discussed. From the detailed descriptive analysis based on both quantitative and qualitative data, it is seen that RDS of IBBL has established a wide-ranging network of group based collateral free and interest-free Microfinance program in rural Bangladesh. **During the year 2013**, RDS has disbursed investment of 19,522.60 million among 0.53 million clients, **of whom almost 85% are female and the rate of recovery was 99.70%**. It seems to be the highest rate of recovery among the all MFIs in the country. Although some renowned organization like BRDB, BRAC, GB, ASA, PROSHIKA etc started MF-Programs in the rural areas before inception of the RDS Program of IBBL, **RDS of IBBL introduced a very special type of MF-Program without collateral and interest-free MF-System**, which have played a vital role for the upliftment of the poor segment of the country which have played a crucial role behind the rapid expansion of RDS in Bangladesh.

In Chapter Four, nature and extent of Micro-investment of IBBL has been explored. It is seen from this chapter that the highest investment (54.80%) taken by the clients under study for the off-farm activities while second highest sector was rural housing (22.20%) but agri-sector has been less prioritized. So, this is a sectoral imbalance and disparities exists in the RDS's investment distributional pattern. It is also seen that 4.87% clients diverted 10.66% fund in unproductive sector like dowry, marriage ceremony, social occasions etc and so, it should be looked into by the Management of RDS. It is also found that fully the interest-free loan, i.e. **Quard-E-Hasana** has been provided by the institutions among the selected clients for 07.17% which is small in percentage but such type of exceptional products has created customer's satisfaction which is also reflected in the chapter seven. It is also seen that about 54% clients are availing investment up to Tk.01.00 lac and 6% are availing above Tk.03.00 lac which has created a big

disparities in the investment distributional process. From the analysis, it is also found that majority portion of investment (76.15%) were disbursed under Bai-Muajjal mode of investment while under Musharaka **mode (best of Islamic business and ethics)** of investment only 3.85% disbursed which indicates a great disparities in the mode of investment distribution. But the most interesting feature was found in the investment utilization status of the clients that 72.05% of the total clients have been utilizing their borrowed money in the prescribed sector except few exception which is a good sign for the socio-economic development of the clients and it also indicates that the most of the clients has strong moral and ethical standard in utilization of fund in the proper sector. But the size of investment has been found to be inadequate in order to meet the genuine need or demand of the clients.

In Chapter Five, the primary data regarding the entire delineation of the beneficiaries and their households have been analyzed in details based on both qualitative and quantitative techniques including descriptive analysis. From the individual profiles, it is found that RDS of IBBL does not select the most potential group of people in terms of age, gender, religion, education, marital status, vocational knowledge, disabled persons etc. It is seen that about 54% of the total clients are functionally illiterate, about 68% of the total female clients are over-aged (41+ years), only 11% of the clients have vocational knowledge, and 6.92% clients are non-Muslim. On the other hand, 27.18% clients are till now fully housewife, of whom 1.04% are still involved with money lending activities and 32.56% clients are involved with other MFIs, though their membership period is on an average 7 years, 45.90% clients' make repayment from other sources, 4.50% opined that this program is hampering family life etc **but no one claimed about the rate of profit on Micro-investment of IBBL is high**. The most remarkable and exceptional feature of this program is that at present widow, divorce and

separation cases have been increased than earlier (before joining) though the quantity is very small. Only 16.92% of the total clients are using sanitary latrine, 49.25% taking modern treatment, 47.25% clients themselves making household decisions, 07.17% clients are not taking Calorie, 71.80% were landless, only 6% have pucca house, 84.62% have no recreational facilities and **finally, 54.10% poverty reduced by this program**. In fact, the impact of RDS Programs of IBBL is not insignificant on the client's personal profiles.

Maximum number of client's households (76.70%) have been found to be nuclear type and headed by male members. The status of the clients households regarding education, dowry exchange, school going status of active school going students, vocational knowledge and self-employment in entrepreneurial and business and also income generating activities have been seen to have almost improved after joining in the RDS of IBBL. The repayments of RDS investment by the clients are mainly made from other sources of income of the family members. It is estimated that clients' income including households has increases by 33% and for medication, 51% expenditure increased, 17% clients' family heads are fully labour. From the nature of clients with household's interaction in groups, **it is observed that group members are more helpful for investment recovery rather than helping to each other for socio-economic development**. It is mentionable that the RDS investment is not actually collateral-free as a group people takes the responsibility for investment recovery, which is more powerful than material collateral.

In Chapter Six, the impact of RDS Programs on the female clients in terms of various socio-economic parameters have been analyzed descriptively based on their operations. Mainly women empowerment has been focused in this chapter. From the analysis, it is found that except few cases like family planning, legal

rights, divorce and separation, early marriage of the children, changing bad habit etc, the tremendous success of RDS have been found in respect of socio-economic and political awareness and also empowering them. It is also mentionable that **moral and ethical development has been found positively improved** among the female clients. So, from this, it may conclude that the **RDS of IBBL has significant impact on the women empowerment by economically empowering them.**

In Chapter Seven, the impact of RDS Programs in respect of customers' satisfaction have been assessed to unearth the programs viability and sustainability by which customers retention maintained. Result was analyzed based on both qualitative and quantitative data and descriptive analysis has been made solely. From the analytical result, **it is found that on an average, 75% clients are satisfied with the program, products and services,** which is a crucial demand from the customers side as well as from the institutional side. So, RDS of IBBL has significant positive impact on customer satisfaction barometers, which is the main causes of expansion, growth and customers retention of the institution.

In Chapter Eight, before-after changes in the socio-economic indicators have been assessed by using both qualitative and quantitative analysis techniques. From the analysis, it is observed with significant positive result in most of the indicators of socio-economic development and changes. It is also found that the incidence of poverty status of the clients' households interms of annual per capital income has been reduced. More specifically, 54.60% poverty alleviation has been made by IBBL through RDS program for a period of seven years on an average which implies that the RDS of IBBL has significant positive impact on the poverty alleviation. Moral and ethical development also have been found significantly improved. Social dignity including women empowerment have been enhanced.

Income, expenditure, savings, assets, economic solvency, installment repayment capacity, living standard, life style, social awareness have been significantly improved through this program except in case of family planning, exchange of dowry and increasing of burden of indebtedness.

In Chapter Nine, statistical analysis has been made to assess the impact of Microfinance of IBBL in the socio-economic development of Bangladesh. **From the Correlation Co-efficient analysis**, it is found that except few exception, there is a positive Correlation between monthly income of the households (before-after), monthly expenditure of the households (before-after), monthly savings of the households (before-after), cultivable land (**before-after**), protein intake type (before-after) and number of earning persons of the family at 1% level of significance. **From the Linear Regression analysis**, it is found that at 1% level of significance, total gross income of the family depends on total earning persons of the family, total monthly income of the clients influenced by the total cultivable area of land, total number of family member influenced to the total expenditure of the family, total monthly income of the family influence the total monthly expenditure of the family. Monthly savings of the family depends on the monthly income of the family, monthly expenditure of the family and the quantity of cultivable land, present-quantity of cultivable land influence to the monthly expenditure of the family and previous quantity of cultivable land. **So, in most of the cases, the result was positive which indicates that there is a positive impact of RDS on the clients socio-economic aspects.**

From the Chi-Square analysis, it is found that the investment of RDS is productive, installment repayment is generated from the MF-income, MF is creating social awareness, increasing income of the rural poor women, encouraging savings accumulation and **also has significant role on the poverty alleviation.**

In the OLS estimation, the variables like income, expenditure, age, education, number of earning family members, amount of investment, total land size, distance of branch from the clients place, ethics and moral of the clients etc has been considered and tested. From the analysis, it is found that amount of investment taken by the client had a positive impact on household income, expenditure and clients' ethics and moral. On the other hand, age, education, land size, distance of branches, number of earning family members has positive impact on the household income, expenditure and ethics and moral.

It is also found from the **Logit Model estimation** based on the client's opinion that the duration of membership, number of income generating family members, share of food expenditure to total expenditure, households health expenditure and clients ethics and moral had positive impacts and significant contribution on the clients wellbeing. On the other hand, it is also found that educational level, age and membership duration had positive and significant contribution on client's ethics and moral development.

In Chapter Ten, SWOT (Strengths, Weaknesses, Opportunities and Threats or Challenges) of the program under study has been analyzed based on the findings of the study. **The main strengths of this program** are quality service, local fund, customer satisfaction, low rate of profit, interest-free & collateral-free Islamic mechanism, wide network, modern technology, wide area coverage, high rate of recovery etc. **The major weaknesses of this program** are flat rate, burden of old debt, small size of investment, too minimum time for repayment, cumbersome process of investment, legal system, male, beggar and disabled are less emphasized, no female officials in the program and breaking of woman's Parda by male officials, no family planning program etc.

The opportunities are Muslim majority country (Bangladesh), wide clientele-based institution, general people attraction, introduction of new products, traditional MFIs are losing their value, beggar-disabled and other deprived segment and clients be used for foreign remittance earnings, women employment in the program etc.

The threats or challenges are misconception/miss-interpretation of the interest-free system, rapid development of e-financing of other MFIs, traditional MFIs based on local and foreign donors, Bangladesh Bank and Microcredit Regulatory Authority of Bangladesh are not properly controlling the MFIs as it is claimed, regulatory & political restriction in branch expansion, instable political situation of the country etc.

So, from the above findings, we may conclude that the RDS of IBBL has a significant role on socio-economic development of the rural poor of Bangladesh and socio-economic development of the rural poor is possible by taking financial services from the Islamic Microfinance institutions (IMFIs) like RDS of IBBL and it may be considered as an alternative effective tool for poverty alleviation in Bangladesh as the study revealed that **54.60% poverty has been alleviated or reduced by this program which is the doctrine of this study**. The key finding of this study manifest the different areas of socio-economic development in Bangladesh by RDS of IBBL. **The findings of this study hold that Islamic Microfinance industry has been making a break through improvement to become truly viable and alternative to conventional systems in Bangladesh.** Islamic Microfinance has acquired booming grounds in the rural area in the country.

11.3 Concluding Words

It is claimed that Microfinance is a latest blessings for the rural poor and it is a miracle for poor populace of the world (Quasim, 1992). The aims and objectives of some MFIs have been overviewed in the chapter three and all most all of the MFIs including RDS of IBBL raised very interesting and lucrative slogans but reality is quite different. The common slogan of the MFIs are to alleviate poverty of the poor, to remove illiteracy and to improve the socio-economic conditions of the distressed persons like widowed, divorced and separated women. But looking on the characteristics of the clients of the target group of RDS is quite different features are observed.

From the findings of the study, the following conclusion can be drawn:

- a)** It is hardly be found in Bangladesh that poverty alleviation programs at non-government level are self-financed, originated and developed entirely based on local initiative and resources. Probably, RDS of IBBL is the only exception that emerges out of local initiative without taking support either from the governmental or from any donor agency of local or foreign origin..
- b)** Although, the level of participation in religious activities and moral and ethical sides of the clients improved after joining in the program, but still there is a room to improve the knowledge about interest, its impact on the society and how to get rid of it etc.
- c)** The data revealed that there is an wide distributional gaps of investment in the off-farm (54.80%) and on-farm sectors, which should be looked into by the Microfinance Management of IBBL.
- d)** 04.87% clients diverted 10.66% fund in unproductive sector instead of income generating sectors which should also be looked into.

- e)** RDS of IBBL is providing investment only under Bai-muajjal and HPSM modes but not practicing the welfare oriented modes like Musharaka and Mudaraba which is the core demand of the clients.
- f)** Majority of the clients opined that the investment size is inadequate compared to their requirements.
- g)** Gestation period for repayment of investment is too short.
- h)** In fact, female clients have no effective control over the use of investment.
- i)** Microfinance of RDS model ultimately increased rural indebtedness.
- j)** Assets of the rural poor households not increased significantly.
- k)** Most of them (98%) are housewives who have very irregular involvement with income generating activities and have no effective control over the receiving Micro-investments.
- l)** Most of the clients (97%) are matured enough (20+ years) but some are old aged who are not productive.
- m)** Most of them (93%) are not contributing in the family planning program of Bangladesh.
- n)** They are predominantly married (88%) and a very little attention have been paid in the widowed, divorced, disabled sector, though it was the core program of all MFIs as per their slogan revealed.
- o)** The contribution of RDS investment in the total income generated by the clients are not significant after using the same on an average 7 years.
- p)** Most of the clients are functionally illiterate and are only 7% clients are non-Muslim.
- q)** Only 11% of them have vocational knowledge and training.

- r) The RDS program of IBBL is hardly related to education and human development in real sense.
- s) The RDS faces a great competition from other traditional MFIs and a handsome portion of the clients are involved with other MFIs.
- t) The RDS has no significant impact on the traditional rural power structure (i.e. on the local money-lenders).
- u) The weekly recovery of RDS investment is not significantly generated from the return of RDS investment.
- v) The RDS could not reduce the dependence of the rural poor on informal money-lenders and some of the clients are involved with them till now.
- w) It has not able to select the targeted landless, assetless rural poor, disabled and deprived segment (like divorced, widowed, disabled, beggar etc) of the society.
- x) The extent of self-employment creation and involvement with the income generating activities is insignificant in comparison with the extension of the RDS investment programs.
- y) The RDS has established a strong parallel money market in the rural areas.
- z) Finally, the RDS program of IBBL overall have been able to alleviate 54.60% poverty, earned 75% customers satisfaction, empowered women in respect of socio-economic and socio-political aspects except few exception, involving them income generating activities and creating employment in a considerable rate.

However, from the above findings, we may sum up that the Microfinance Program of IBBL has positive and significant impact on the beneficiaries geodemographic, socio-economic and socio-political development and changes. **So, it may conclude that Bangladesh is a congenial environment and it is also a great hub or home**

for Islamic Microfinance operations as an alternative and effective tool for poverty alleviation from the successful experiences from the Microfinance Programs of IBBL and **there is a room** for the Muslim world. **Socio-economic and socio-political development and changes are possible in Bangladesh, even in the world by using Islamic Microfinance tools** lessons learned from MF-Program of IBBL, an alternative channel and intervention for poverty alleviation, if the proper monitoring, & effective supervision are performed by the officials and high quality of honesty- integrity maintained and hard labor paid with utmost care, sufficient devotion and dedication both by the clients and institutional sides, **which is the doctrine of this present study.**

11.4 Recommendations and Policy Implications

To make the Microfinance Program of IBBL effective under study, some policy prescriptions are suggested here:

- a)** The rate of profit may be reduced from 12.50% to 10% considering the greater interests of the rural poor as a welfare oriented and socially responsible Islamic Microfinance Institution.
- b)** The rate of profit should be calculated using reducing balance method in stead of flat rate method.
- c)** Gestation period for repaying the investment installments should be increased i.e. at least six months from the receiving of investment and installments should be monthly or quarterly basis so that the clients feels comfort to repay the installment after generating income availing a reasonable time.
- d)** Size of first disbursement and enhancement of investment be increased up to Tk.05.00 lac to fulfill the genuine need of the clients.

- e) To avoid unexpected and unbearable situation of overlapping, the operational areas of different MFIs should be strictly separated based on congenial and effective communication among the MFIs, which may also lead the wide area and clients coverage for poverty alleviation.
- f) It would be better to have separate autonomous institution in stead of working under the Branch of IBBL for the RDS operation and it also **may think for a separate Islamic Microfinance Bank namely “Islamic Microfinance Bank of Bangladesh”**, which will be the new height & plight to the poor of Bangladesh to fulfill the long cherish demand of the country.
- g) Males are less emphasized in this program but avoiding 50% poor segment of the society, the program would not have been successful. So, both male and female are to be considered as beneficiaries equally for the better improvement of the poor segments of Bangladesh.
- h) Branch distance from RDS clients place (11 km-16 km) has negative impact on the clients’ income and wellbeing. So, command area of RDS program should not be expanded further and if possible, it would be within 10 km radius.
- i) Investment should be provided in time and cumbersome process should be relaxed in a suitable and secured manner.
- j) Musharaka and Mudaraba Investment Mechanism be utilized properly based on the doctrines of Islamic principles and values.
- k) Poor clients are not aware of the modern technology and need based training. Therefore, provision should be made to provide demand-led and effective need based training on different aspects of on-farm and off-farm activities including health and Medicare. On the other hand, frequent training program should be

organized for improving the field officials and clients' knowledge, skill, moral and ethical values, knowledge on interest related issues

- l)** Instead of opening new branches and expansion of area coverage, RDS of IBBL should focus the existing areas and work intensively in order to eliminate poverty drastically in word and spirit.
- m)** The mostly deprived section of the poor like divorced, widowed, separated, unmarried and street beggar would have been paid attention for inclusion in the financial cycle.
- n)** Also women's should be appointed or employed for the female borrowers to maintain Parda and also to maintain congenial atmosphere /weather / environment among the clients & officials as it is one of the core objectives of Islam and Islamic institutions.
- o)** RDS clients' should be motivated for foreign remittance collection and new best client's induction from the rural market/areas.
- p)** The growth of RDS clients was accounted for 32% but the average rate of dropout clients not accounted and reported in the Annual Report 2013 of IBBL. So, the correct statistics regarding dropout must be maintained and displayed or published in every Annual Report of IBBL.
- q)** One technical expert should be appointed specially for the RDS Program at every Microfinance operating Branches of IBBL to provide vocational knowledge among the clients households and to supervise the activities run by RDS.
- r)** To achieve the goals of education and human development, client's households should be provided interest-free education loan (like Quard-E-Hasana) from the obligatory savings deposit fund of the clients.

- s) RDS needs to make comprehensive efforts with the agents of local government to identify the actual poorest clients and to avoid overlapping in different MFIs.
- t) A certain and eligible percentage of the employees of RDS should be selected from the existing clients households.
- u) To improve the standard of living & quality of life and to enhance women empowerment, better improvement of the poor segment, a big push of income generating activities are needed and hence, RDS can be suggested to provide sufficient investments to their clients to earn more and to change their occupational status, though the occupation of the most MFIs, clients did not change even after three decades (Ali, 2006).
- v) If the objective of the RDS is alleviation of poverty of the society rather empowerment of the women, then it could be suggested that the RDS investment and services may be provided to the poor, needy, distressed and active persons irrespective of males and females so that they can use the investment more effectively and efficiently to earn more income for their family needs and in turns to remove the poverty from the society.
- w) Government should monitor the entire flow of RDS funds including the fields of operations through Bangladesh Bank (BB) and Microcredit Regulatory Authority (MRA) of Bangladesh and also should co-operate the institution in poverty alleviation as a whole for the betterment of the poor & institution.
- x) The overall impacts and contributions of RDS activities in Microfinance program on national economy need to be studied. The rate of dropout clients and regional variations of the MF-Program (RDS) under study need to be further studied.

- y) It is hoped that this study will increase our knowledge gap in this field and will help the researchers including geographer interests to study in this new area/field.
- z) This study finally suggests that the geographical area coverage of this program need to be greater or not to be reduced need to be further studied for reaching the extreme-poor and building successful collaboration with government and ensuring accountability. For this reason, an appropriate policy measure can be adopted by the policy makers of both government and the institution (RDS of IBBL) for future betterment of the beneficiaries & institution as a whole.

In addressing global poverty problems, many argue that **action must be taken at the local level, following the slogan “think globally, act locally”**. Microfinance sustainability can surely not be achieved unless and until real poor men & women are included in Microfinance thinking both in Governmental, NGOs, traditional MFIs & Islamic MFIs operations in word & spirit.

Finally, as we entered into the 2nd decade of 21st Century, there appear huge potentials for Islamic Microfinance and Islamic Banking around the globe in general and in Bangladesh in particular. **In a competitive world, the fittest one will survive, the best one will sign and Allah helps those, who help themselves maximizing their efforts (Khalifa, 2013).**

Appendix-A

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Appendix-B

Questionnaire for Survey

Department of Geography & Environmental Studies
Rajshahi University

Ph.D Thesis Title: “The Nature of Micro-Finance of Islami Bank & Its Impact on Socio-economic Development of Bangladesh : A Geographical Study.”

Questionnaire-I: For Micro-Finance Beneficiaries Only

(N.B. : Collected information/data will be used only for research work & secrecy will be maintained strictly)

Sample No.	
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Date of Interview		
Day	Month	Year

A. Personal Profile of the Beneficiaries

- | | |
|--|---|
| <p>1. Name :</p> <p>3. Gender : <input type="checkbox"/> Male.....<input type="checkbox"/> Female.....</p> <p>5. Address : <input type="checkbox"/> Village.....<input type="checkbox"/> Ward.....</p> <p>6. Marital Status: <input type="checkbox"/> Married <input type="checkbox"/> Unmarried
<input type="checkbox"/> Divorcee</p> <p>7. Number of children: <input type="checkbox"/> At present</p> <p style="padding-left: 20px;"><input type="checkbox"/> Male.....<input type="checkbox"/> Female.....<input type="checkbox"/> Total.....</p> <p>8. Education : <input type="checkbox"/> At present.....</p> <p><input type="checkbox"/> Illiterate <input type="checkbox"/> Can Put Signature only <input type="checkbox"/> Class-V
<input type="checkbox"/> Class-VIII <input type="checkbox"/> Below SSC <input type="checkbox"/> SSC & equivalent
<input type="checkbox"/> HSC & equivalent <input type="checkbox"/> Graduate & equivalent
<input type="checkbox"/> Master & equivalent</p> <p>9. Vocational knowledge status: <input type="checkbox"/> At present..</p> <p><input type="checkbox"/> Sewing/Knitting/Embroidery <input type="checkbox"/> Handicraft
<input type="checkbox"/> Weaving <input type="checkbox"/> Others</p> <p>10. Occupation: <input type="checkbox"/> At present.....</p> <p><input type="checkbox"/> Main occupation.....</p> <p><input type="checkbox"/> Only housewife <input type="checkbox"/> Domestic helper <input type="checkbox"/> Paddy husking <input type="checkbox"/> Poultry raising at domestic level <input type="checkbox"/> Vegetables growing & selling <input type="checkbox"/> Handicraft <input type="checkbox"/> Crops production <input type="checkbox"/> Weaving <input type="checkbox"/> Sewing/Knitting/Embroidery <input type="checkbox"/> Petty business <input type="checkbox"/> Sweet preparation <input type="checkbox"/> Day laborer <input type="checkbox"/> Others</p> <p><input type="checkbox"/> Secondary/Subsidiary occupation.....</p> <p><input type="checkbox"/> Only housewife <input type="checkbox"/> Domestic helper <input type="checkbox"/> Paddy husking <input type="checkbox"/> Poultry raising at domestic level <input type="checkbox"/> Vegetables growing & selling <input type="checkbox"/> Handicraft <input type="checkbox"/> Crops production <input type="checkbox"/> Weaving <input type="checkbox"/> Sewing/Knitting/Embroidery <input type="checkbox"/> Petty business <input type="checkbox"/> Sweet preparation <input type="checkbox"/> Day laborer <input type="checkbox"/> Others</p> <p>11. No. of wives of the husbands of the female</p> | <p>2. Father's/Husband's Name :</p> <p>4. Age :</p> <p><input type="checkbox"/> Union.....<input type="checkbox"/> Thana/Upazila.....<input type="checkbox"/> District.....</p> <p><input type="checkbox"/> Widow/Widower <input type="checkbox"/> Deserted <input type="checkbox"/> Separated</p> <p><input type="checkbox"/> Before joining RDS.....</p> <p style="padding-left: 20px;"><input type="checkbox"/> Male.....<input type="checkbox"/> Female.....<input type="checkbox"/> Total.....</p> <p><input type="checkbox"/> Before joining the RDS.....</p> <p><input type="checkbox"/> Illiterate <input type="checkbox"/> Can Put Signature only <input type="checkbox"/> Class-V
<input type="checkbox"/> Class-VIII <input type="checkbox"/> Below SSC <input type="checkbox"/> SSC & equivalent
<input type="checkbox"/> HSC & equivalent <input type="checkbox"/> Graduate & equivalent
<input type="checkbox"/> Master & equivalent</p> <p><input type="checkbox"/> Before joining the RDS.....</p> <p><input type="checkbox"/> Sewing/Knitting/Embroidery <input type="checkbox"/> Handicraft
<input type="checkbox"/> Weaving <input type="checkbox"/> Others</p> <p><input type="checkbox"/> Before joining the RDS.....</p> <p><input type="checkbox"/> Main occupation.....</p> <p><input type="checkbox"/> Only housewife <input type="checkbox"/> Domestic helper <input type="checkbox"/> Paddy husking <input type="checkbox"/> Poultry raising at domestic level <input type="checkbox"/> Vegetables growing & selling <input type="checkbox"/> Handicraft <input type="checkbox"/> Crops production <input type="checkbox"/> Weaving <input type="checkbox"/> Sewing/Knitting/Embroidery <input type="checkbox"/> Petty business <input type="checkbox"/> Sweet preparation <input type="checkbox"/> Day laborer <input type="checkbox"/> Others</p> <p><input type="checkbox"/> Secondary/Subsidiary occupation.....</p> <p><input type="checkbox"/> Only housewife <input type="checkbox"/> Domestic helper <input type="checkbox"/> Paddy husking <input type="checkbox"/> Poultry raising at domestic level <input type="checkbox"/> Vegetables growing & selling <input type="checkbox"/> Handicraft <input type="checkbox"/> Crops production <input type="checkbox"/> Weaving <input type="checkbox"/> Sewing/Knitting/Embroidery <input type="checkbox"/> Petty business <input type="checkbox"/> Sweet preparation <input type="checkbox"/> Day laborer <input type="checkbox"/> Others</p> <p>beneficiaries :</p> |
|--|---|

At present.....

Before joining the RDS.....
(in Taka) :

12. Average monthly Income of the beneficiaries

At present..... Before joining the RDS.....

B. Households Profile of the Beneficiaries

1. General information of the family members of the respondent at present:

Sl. No.	Gender		Age				Educational qualifications		Occupation		Average monthly Income (in Tk.)	Relationship with the Borrower
	Male	Female	0-14	15-30	31-45	45+	General	Vocational	Main	Subsidiary/Secondary		
1												
2												
3												
4												
5												
6												

2. Type of family: At present.....

Nuclear Extended

Before joining the RDS.....

Nuclear Extended

3. Size of family (number of family members

At present.....

including respondent) :

Before joining the RDS.....

4. Educational qualification of the family

At present.....

members (excluding respondent) :

Before joining the RDS.....

Type-----Number

Illiterate

Can Put Signature only

Class-V

Class-VIII

Below SSC

SSC & equivalent

HSC & equivalent

Graduate & equivalent

Master & equivalent

Type-----Number

Illiterate

Can Put Signature only

Class-V

Class-VIII

Below SSC

SSC & equivalent

HSC & equivalent

Graduate & equivalent

Master & equivalent

5. Head of the household : At present.....

Husband Father Brother Self

Before joining the RDS.....

Husband Father Brother Self

6. Familial Occupation(excluding respondent):

At present.....

Main..... Secondary/Subsidiary.....

Type-----Number

Service

Petty business

Cultivation

Day laborer

Rickshaw/Van pulling

Rice husking

Fishing

Weaving/Knitting/Embroidery

Handicraft

Others

Before joining the RDS.....

Main..... Secondary/Subsidiary.....

Type-----Number

Service

Petty business

Cultivation

Day laborer

Rickshaw/Van pulling

Rice husking

Fishing

Weaving/Knitting/Embroidery

Handicraft

Others

7. Number of family members with vocational

At present...Male.....Female.....

Type-----Number

Knowledge:

Before joining the RDS...Male....Female.....

Type-----Number

- | | |
|---|---|
| <input type="checkbox"/> Sewing/Knitting/Embroidery | <input type="checkbox"/> Sewing/Knitting/Embroidery |
| <input type="checkbox"/> Handicraft | <input type="checkbox"/> Handicraft |
| <input type="checkbox"/> Weaving | <input type="checkbox"/> Weaving |
| <input type="checkbox"/> Others | <input type="checkbox"/> Others |
- 7.Total Annual Income of your family(inTk) : At present..... Before joining the RDS.....
- 8.Total Annual Expense of your family(inTk): At present..... Before joining the RDS.....
9. Total family members in earning process :
- At present..... Before joining the RDS.....
- Male..... Female..... Male..... Female.....
10. Economic Category or Poverty Category of the Households :
- At present..... Before joining the RDS.....

C. Other Information related with the client's selection, sanction, disbursement & recovery thereof

1. What are the criteria to be fulfilled by the beneficiaries at the time of investment sanction?
....................
2. Do you receive any kinds of documents at the time of investment sanction ? Yes No
3. If yes, please mention name of the documents :
4. What are the criteria by which you measure the success of the borrowers ?
 Timely Recovery
5. How do you investigate the certainty of utilization of the fund/facilities on the specific fields?
..............................
6. Have you ever given non-investment assistance to the borrowers without monetary return ?
 Yes No
7. If yes, please mention the non-investment assistance :
8. Explain the methods of recovery followed by you :
9. How do you calculate the rate of profit ?
10. How do you fix the weekly installments ?
11. Have you faced any difficulties to recover the installments ? Yes No
12. If yes, how has the problems been solved ?
13. Please mention the number of defaulted borrowers with amount in your Branch :
 Male..... Number of borrowers..... Amount (in Tk.).....
 Female..... Number of borrowers..... Amount (in Tk.).....
14. How many weeks do you wait for the defaulter clients before expelling them ? Weeks.....
15. What kinds of measures are taken by you to control overlapping of Micro-finance from other sources ?
16. Do you face any problem in rendering your duties ? Yes No
17. If yes, mention the problems & how could be solved ?
 Nature of Problems :
 How could the problems be solved ?
18. Do the existing members of group help you to recover the default investment? Yes No
19. If yes, mention their supports :
20. How do you calculate & distribute the profit of the borrowers savings deposit to RDS ?
..........
21. Explain your achievement of the last....years in the case of poverty alleviation under your Branch :
22. What do you know about the related activities of RDS for rural development ?
..............................
23. What are your suggestions for better performance & achievement of the RDS Program ?
..............................
24. Please mention the year-wise number of borrowers & disbursement amount since inception of

- RDS in the Branch :

25. Do you have any official relationship with the dropout borrowers ? Yes No
 26. If yes, mention the process of maintaining relationship with dropout borrowers :
 27. Why don't you give facilities to the male members of the poor household ?
 28. What special strategies are taken by you for sanctioning of MEIS investment ?

 29. How much MEIS disbursement has been made against MSS lien marked & why?
 No. of MEIS clients..... Amount (in Tk.)..... Causes of MSS lien.....
 30. Have you found any basic difference between Micro-Finacne of IBBL & Grameen Bank or NGO's or MFI's ? Yes No
 31. If yes, mention the difference you are able to find out :
 32. Do you think that the RDS model of IBBL is a successful model for the Socio-economic development of the rural poor as well as rural poverty alleviation ? Yes No
 33. If you think so but how ?

 34. Do you face any special influences from any political party or from any religious corner of the country for sanctioning the investment facilities ? Yes No
 35. If yes, please mention from whom & what types of pressure ?
 36. Is there any kinds of religious peoples are preferred for RDS Member ? Yes No
 37. If yes, mention the preferable class of religion & causes of preference :
 Preferable religious class.... Muslim Hindu Christian Buddhist Others
 Causes of preference Instructed by Bank Authority Others
 38. Do you think that this program is not sufficient enough to poverty alleviation? Yes No
 39. If no, please mention why not so?
 40. What kinds of securities are taken for investment sanction or disbursement ? Yes No
 41. If yes, please mention the kinds of securities are taken & causes of taking securities :
 Kinds of securities.....
 Causes of taking securities.....
 42. Do you think that this program is a successful program for poverty alleviation in real sense ? Yes No
 43. If yes, please mention the success from what ground ?
 44. If no, please mention the causes of unsuccess :
 45. Do you think that some new products may be introduced for betterment of the program ?
 Yes No
 46. If yes, please mention what kinds of welfare oriented & brand new products be launched in addition to the existing products :
 47. Do you arrange any Base-line survey for selection of RDS members ? Yes No
 48. Do you think that the existing investment area for 15 KM radius of all rural Branches be increased ? Yes No
 49. What kinds of measures are taken from your end to encourage for increasing deposit accumulation by the group members ?
 50. Do you think that there is any positive change & development made by this program towards the poor ? Yes No
 51. If yes, please mention the changes have been made through this program & creating a positive impact in the rural poorest society :
 52. Has any month-wise/year-wise & Officer-wise target from the top Management ?
 Yes No
 53. If yes, please mention the targets fixed by top Management :
 Per Field Officer target..... No. of minimum RDS Members..... No. of Inv. clients.....
 Minimum disbursement amount (in Tk.).....
 54. Do you think that this target is justified for all area aspect equally ? Yes No
 55. Under what Islamic Modes of Investment disbursed by you ?

- Under Bai-Modes : Bai-Murabaha Bai-Muajjal Bai-Salam Bai-Istishna
 Under Sharing-Modes :... Mudaraba Musharaka
56. Please mention which modes generally preferred by you/your authority & why ?
 Name of Modes : Bai-Muajjal Musharaka Bai-Murabaha Bai-Salam
 Bai-Istishna Mudaraba
 Causes of choosing the modes :
57. Do you think that you are complying 100% Shariah in all sphere of operational level for disbursement & recovery ? Yes No
58. If not, please mention the causes :...
59. Do you think that this RDS model is a real model, successful model & Shariah based model for rural development ? Yes No
60. Please mention the suggestions (if any) for the development of this program from which the poor society will be immensely benefited & by which the program will be more successful in near future :
 Suggestions :.....

Thank you for your kind co-operation and like to express my deepest indebtedness & gratitude for providing the information & spending your most valuable time.

Appendix-C

Questionnaire for Survey Department of Geography & Environmental Studies Rajshahi University

Ph.D.Thesis Title:“The Nature of Micro-Finance of Islami Bank & Its Impact on Socio-economic Development of Bangladesh : A Geographical Study.”

Questionnaire-II: For Micro-Finance Personnel (Branch Manager) only

(N.B. : Collected information/data will be used only for research work & secrecy will be maintained strictly)

Sample No.	
-------------------	--

Date of Interview		
Day	Month	Year

A. Particulars of the Bank Personnels/Branch Manager

- | | |
|--|-------------------------------------|
| 1. Name | 2. Designation : |
| 3. Educational qualifications : | 4. Professional Training : |
| 5. Previous experiences (if any) : | 6. Length of service in RDS : |

B. General Information of the Branch

- | | |
|---|---|
| 1. Name of the Branch : | 2. Date of inauguration of RDS : |
| 3. Status of Branch building : <input type="checkbox"/> Rented..... | <input type="checkbox"/> Owned by the Bank..... |
| 4. Total No.of RDS Officer's in the Branch : .. | <input type="checkbox"/> Male..... <input type="checkbox"/> Female..... |
| 5. Total No. of Centres under the Branch : | 6. No.of groups : |
| 7. Total No. of group leaders : <input type="checkbox"/> Male..... | <input type="checkbox"/> Female..... |
| 8. Total No. of villages covered : | 9. Total No.of members: <input type="checkbox"/> Male... <input type="checkbox"/> Female... |
| 10.Total No.of active members : <input type="checkbox"/> Male.... | <input type="checkbox"/> Female..... |
| 11.Total No. of Investment clients: <input type="checkbox"/> Male..... | <input type="checkbox"/> Amount disbursed (in Tk.) |
| <input type="checkbox"/> Female.. | <input type="checkbox"/> Amount disbursed (in Tk.) |
| 12.Total No. of dropout clients : <input type="checkbox"/> Male..... | <input type="checkbox"/> Lastly disbursed amount (in Tk.) |
| <input type="checkbox"/> Female.. | <input type="checkbox"/> Lastly disbursed amount (in Tk.) |
| 13.Total savings accumulated : <input type="checkbox"/> Male..... | <input type="checkbox"/> Savings amount (in Tk.) |
| <input type="checkbox"/> Female.. | <input type="checkbox"/> Savings amount (in Tk.) |
| 14. Period of obtaining maximum member : ... | <input type="checkbox"/> Male.....Moths <input type="checkbox"/> Female.....Moths |
| 15. Period of recovery : | |
| <input type="checkbox"/> Period of highest rate of recovery..... | <input type="checkbox"/> Period of lowest rate of recovery..... |
| 16. Tot. waiver of investment of your Branch: | |
| <input type="checkbox"/> No.of Male clients... <input type="checkbox"/> Amount(in Tk.)..... | <input type="checkbox"/> Causes of waiver..... |

No. of Female clients... Amount (in Tk.).. Causes of waiver.....

17. Age-wise total No. of RDS clients :

- Above 10-years : Male..... Number..... Amount (in Tk.).....
 Female..... Number..... Amount (in Tk.).....
 Above 05-years : Male..... Number..... Amount (in Tk.).....
 Female..... Number..... Amount (in Tk.).....
 Below 05-years : Male..... Number..... Amount (in Tk.).....
 Female..... Number..... Amount (in Tk.).....

18. State your opinion about the causes of dropout of the RDS clients :

- Very small amount Loss in business Not profitable Husband destroyed the fund
 Fund utilized otherwise Borrowed from other NGO's Fund expended for children's education
 High rate of profit Others

19. Please mention the suggestions for remedy of dropout :

20. Please mention the sector-wise (types) disbursement amount till date :

Sl. No.	Types/Sector of Investment	Total amount disbursed (in Tk.)	Comments (if any)
1.	Trading (including Grocery)		
2.	Production (Agricultural)		
3.	Seasonal Crops (Trading)		
4.	Seasonal Fruits (Trading)		
5.	Machinery Parts/Spare Parts		
6.	Small Cottage Ind. (Production)		
7.	Sewing of Nakshi Katha		
8.	Sewing of Dates Mat		
9.	Tube-Well		
10.	Sanitary Latrine		
11.	Educational purpose		
12.	Others		
	Grand Total		

C. Other Information related with the client's selection, sanction, disbursement & recovery thereof

- What are the criteria to be fulfilled by the beneficiaries at the time of investment sanction ?
....................
- Do you receive any kinds of documents at the time of investment sanction ? Yes No
- If yes, please mention name of the documents :
- What are the criteria by which you measure the success of the borrowers ?
 Timely Recovery
- How do you investigate the certainty of utilization of the fund/facilities on the specific fields ?
- Have you ever given non-investment assistance to the borrowers without monetary return ?
 Yes No
- If yes, please mention the non-investment assistance :
- Explain the methods of recovery followed by you :
- How do you calculate the rate of profit ?
- How do you fix the weekly installments ?
- Have you faced any difficulties to recover the installments ? Yes No

12. If yes, how has the problems been solved ?
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21. Explain your achievement of the last.....years in the case of poverty alleviation under your Branch :
22. What do you know about the related activities of RDS for rural development ?

23. What are your suggestions for better performance & achievement of the RDS Program ?

24. Please mention the year-wise number of borrowers & disbursement amount since inception of RDS in the Branch :
..............................
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34. Do you face any special influences from any political party or from any religious corner of the country for sanctioning the investment facilities ? Yes No
35. If yes, please mention from whom & what types of pressure ?
36. Is there any kinds of religious peoples are preferred for RDS Member ? Yes No
37. If yes, mention the preferable class of religion & causes of preference :
 Preferable religious class.... Muslim Hindu Christian Buddhist Others
 Causes of preference Instructed by Bank Authority Others

38. Do you think that this program is not sufficient enough to poverty alleviation? Yes No
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40. What kinds of securities are taken for investment sanction or disbursement ? Yes No
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43. If yes, please mention the success from what ground ?
44. If no, please mention the causes of unsuccess :
45. Do you think that some new products may be introduced for betterment of the program ?
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51. If yes, please mention the changes have been made through this program & creating a positive impact in the rural poorest society :
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57. Do you think that you are complying 100% Shariah in all sphere of operational level for disbursement & recovery ? Yes No
58. If not, please mention the causes :............................
59. Do you think that this RDS model is a real model, successful model & Shariah based model for rural development ? Yes No
60. Please mention the suggestions (if any) for the development of this program from which the poor society will be immensely benefited & by which the program will be more successful in near future :
Suggestions :..............................

Thank you for your kind co-operation and like to express my deepest indebtedness & gratitude for providing the information & spending your most valuable time.

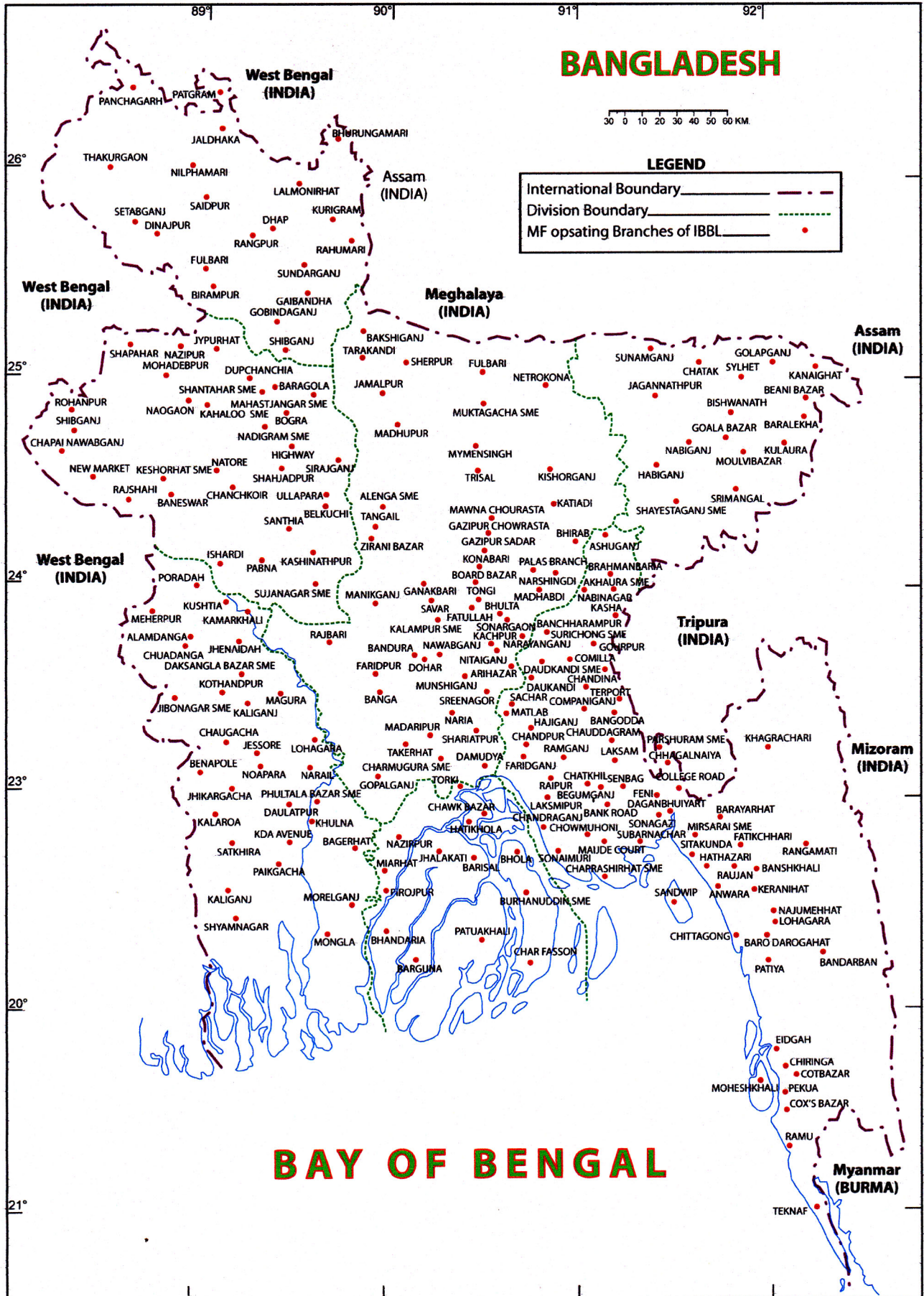
Table-3.2: Geographical Expansion and Coverage of Islamic Micro-Finance of IBBL in Bangladesh (1995-2013)

Year	No. of Branches	Total No. of Districts	Total No. of Thanas	Total No. of Unions	Total No. of Villages	Total No. of Centres	Total No. of Members	Total No. of Clients	Total No. of Field Officers	Rate of Woman Members	Total Amount of Investment Outstanding (Fig. in Million Taka)	Rate of Recovery	Total Amount of Savings (Fig. in Million Taka)	Total Tube-well Distribution (Without Profit)	Total Sanitary Latrine Distribution (Without Profit)
1995	20	17	-	175	20	-	1,940	-	-	52%	-	100%	00.19	-	-
1996	20	17	-	180	20	-	3,335	-	-	55%	09.94	100%	00.91	-	-
1997	32	27	-	190	63	-	8,190	-	-	62%	27.01	99%	03.50	224	100
1998	45	33	-	201	258	-	15,135	-	-	75%	49.44	99%	07.99	305	175
1999	52	38	-	230	1,062	-	41,115	-	-	87%	140.30	100%	22.97	504	271
2000	69	45	117	481	1,365	3,104	74,315	59,434	522	91%	272.60	99%	56.05	850	400
2001	69	45	-	481	2,214	-	1,00,470	-	-	93%	371.09	98%	99.07	1,200	550
2002	73	48	-	540	2,875	-	1,07,225	-	-	93%	432.06	98%	166.83	1,894	711
2003	83	50	-	656	3,700	-	1,30,465	-	-	94%	557.97	98%	228.74	2,539	977
2004	90	54	-	729	4,230	-	1,63,465	-	-	94%	789.97	98%	323.10	3,400	1,509
2005	101	57	204	781	4,560	8,526	2,98,025	1,64,116	969	94%	1,106.47	99%	459.06	4,421	2,204
2006	118	61	215	906	8,057	15,321	4,09,430	2,95,012	1,368	92%	2,242.22	99%	724.22	5,522	3,147
2007	129	61	232	927	10,023	18,897	5,16,725	3,50,278	1,732	92%	2,884.66	99%	728.00	6,242	3,551
2008	136	61	258	938	10,676	21,193	5,77,740	3,21,484	1,819	89%	3,011.72	99%	1,054.00	6,844	3,838
2009	136	61	295	997	10,751	22,261	4,92,475	3,12,036	1,712	8%8	3,752.20	99%	1,272.00	7,478	4,270
2010	158	61	310	1,050	11,482	20,833	5,23,941	3,19,859	1,832	86%	5,110.00	99%	1,489.00	8,274	4,472
2011	176	61	360	1,168	12,857	22,206	6,08,703	3,82,319	1,903	85%	7,072.00	99%	2,340.00	8,860	4,742
2012	197	61	382	1,228	15,371	24,363	7,35,628	4,74,766	2,154	85%	10,393.00	99%	3,322.00	9,578	4,990
2013	209	64	438	1,455	17,104	26,257	8,36,274	5,32,235	2,482	85%	13,730.92	99%	4,377.98	10,293	5,285

- Sources:**
1. Islami Bank Palli Unnayan Barta, The Journal of Rural Development Scheme, Vol.2, No.3, January-March: 2007, IBBL.
 2. Annual Reports of IBBL from 1995-2013.
 3. Rural Development Division, IBBL, Head Office, Dhaka, 2013.
 4. Respective 26 Branches of IBBL, 2013.

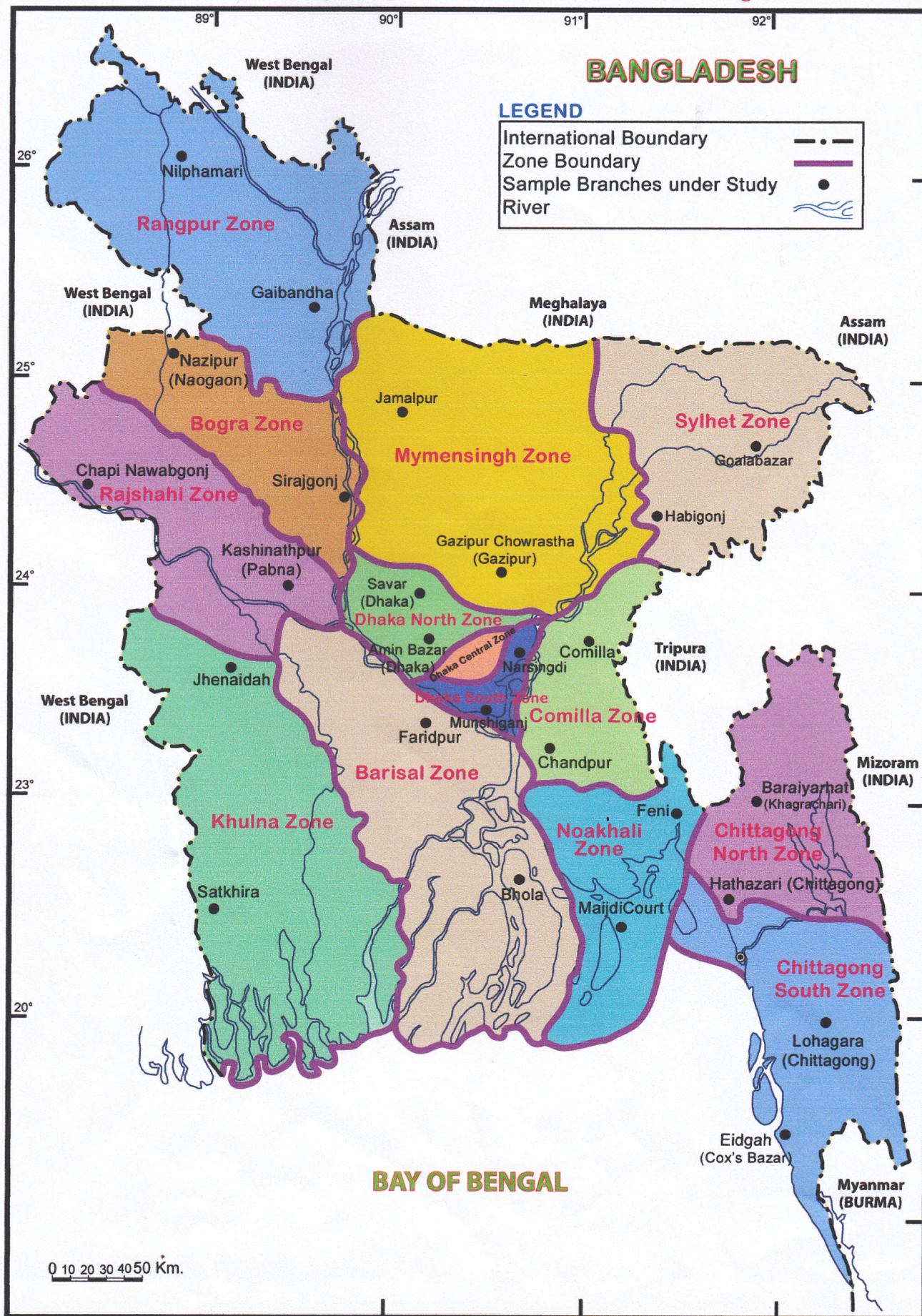
Note: Figure in the Parenthesis indicates that the data are absent or not available.

Map-3.1: Geographical Location of Microfinance Operating Branches of IBBL



Source: Based on Annual Report-2013 of Islami Bank Bangladesh Limited.

Map-2.1 : Bangladesh Citing Sample Branches of Islami Bank Bangladesh Limited



Source: Based on Annual Report-2012 of Islami Bank Bangladesh Limited.

Note: Dhaka Central Zone (DCZ) have been excluded from this study due to non-operating of Microfinance activities by this zone.