

# ***The Path designed to exterminate Poverty: PKSF Experiences in Bangladesh***

**Ruma Akhter<sup>1</sup>**

## ***Abstract***

*Poverty mitigation with microcredit is now growing attention among all evangelists, governments, donors, development agencies and others. The study primarily has been conducted to find out to what extent microcredit can surface the way to alleviate poverty of the Ultra-poor. A large number of hardcore poor are widowed, divorced or abandoned women. The rural poor are largely deserted by formal credit sources. Collateral requirements, complex procedures, poor communications and contemptible banking networks have restricted the availability of credit in the rural areas. Various informal credit sources were accessible to the rural poor, but these sources are still exploitative and inadequate. This paper shows that vulnerabilities and shocks are uncertain and painful phenomenon in the life of the Ultra-poor. The study investigate the impact of Ultra-poor Program of PKSF on increasing income, expenditure, saving, consumption level, wage employment versus self-employment creation, enrollment of the school going children, asset, social dignity, acceptance, vulnerabilities and shocks, crisis coping mechanism, participation of ultra-poor in rural power structure.*

**Keywords:** Ultra-poor, PKSF, PIDIM Foundation, Poverty, Microfinance, Partner Organization

**JEL Classification:** D24, G21, D03, D82, O12

## **1. Introduction**

The ultra-poor lack social capital, more particularly, the social networks awfully needed to improve their living in rural area of Bangladesh. The ultra-poor fail to benefit from the increase in purchasing power, along with the enrichment of knowledge and confidence that accrues to the poor women who get organized in these microfinance groups. Consequently, PKSF runs Ultra-poor Program (UPP) by its Partner Organizations (PO) who is mostly working in poverty stricken area. PKSF's Partner Organizations are

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<sup>1</sup>Assistant Director, Bangladesh Bank Training Academy, Mirpur-2, Dhaka-1216 (e-mail: ruma.akhter@bb.org.bd). Views expressed in this article are the author's own and do not necessarily reflect the views of Bangladesh Bank.

providing a mere microfinance service which is still believed to be helpful to purge acute poverty. The millions of money spend on government, NGO, multilateral, bilateral and private sector led antipoverty programs. Banking, microfinance and asset transfer program figure prominently in efforts to tackle the capital constraint. The amounts of money spent on poverty reduction are gigantic in both developed and developing nations. And yet whether these plethora's of program are actually enabling the poor to permanently exit poverty by allowing them to move into higher productivity occupations is often called into question. One reason to be skeptical is that we do not really know what works and the results from credible evaluations often fall short of the expectations of the agencies that fund this program (Banerjee *et al.* 2010, Crepon *et al.* 2011). In general, Micro-finance Institute (MFIs) have a tendency to avoid risky borrowers usually the ultra-poor in order to maintain the high repayment rate despite the fact that group works as a collateral to enforce borrowers loan contracts. On the contrary, the ultra-poor voluntarily exclude themselves from microcredit at times because of the fear of not being able to repay in time and getting further indebted. The mandatory requirements of microcredit operations like weekly meeting, weekly repayment and weekly savings are also discourage the ultra-poor. Moreover, the ever-increasing emphasis on viability of their microcredit operations particularly dependent on supplying larger volume of loans to the same borrower virtually rule out ultra-poor from the financial system. This reasonably has led to call for a stronger focus on evaluation to guide expenditures on anti-poverty program to be skeptical. To shed light on these issues, this paper made an effort to assess the impact of Microcredit program for ultra-poor launched by PKSF which offers different credit services merely to the poorest women in rural communities, typified by being largely asset less and low skilled, and generally trapped in stumpy return and insecure occupations. **The questions to be addressed are,** “*What are the problems, needs and vulnerabilities of the ultra-poor? And what are the capabilities and limitations of the ultra-poor to manage the crisis and in what extent Microfinance facilities for the ultra-poor are effectual*”?

## 1.2 Literature Review

The people's republic of Bangladesh is the seventh largest country (Wikipedia, 2021) in the world with a population of 166.3 million people living in area of 147570 square kilometers (www.worldometer.com). Bangladesh is the most densely populated country

with roughly 1265 people per square kilometer ([www.worldometer.com](http://www.worldometer.com)). According to human development Index of the 2021 Bangladesh ranks 133<sup>th</sup> with low achievement in three key areas: life expectancy, health education and standard of living (HDI, 2021). Recent estimates suggest that as much as 28.5% of the population of Bangladesh is extremely poor (South Asian Network on Economic Modeling (SANEM), 2020). In Bangladesh, the proportion of population falling below the lower poverty-line (corresponding to the consumption of 1,805 kcal per capita per day) is variously termed as ‘extreme poor’, ‘hardcore poor’, or ‘ultra-poor’, and this comprises around 28.5% of the population (BBS, 2005 and Matin I, Halder, 2004). The ultra-poor are characterized by their inability to participate fully in social and economic activities and in decision making that has an impact on their daily lives. This social exclusion denies them the consumption of essential goods and services, such as healthcare, that are available to other segments of the population (Santana P: 2002 and Nayakar KR: 2007). These households have a few or no assets, are highly vulnerable to any shock, such as natural disasters, death, or disability of an income- earner, illnesses requiring costly care, and mainly depend on wage-labor for survival. Their disadvantaged condition makes them vulnerable to differential treatment by the health system as well (Woolf SH: 2004 and Rownshon, M: 2005). The income-erosion effect of ill-health for the poor households, especially the bottom 15- 20%, is well-documented in Bangladesh (Sen B: 2007). This may occur through loss of income due to illness, catastrophic health expenditure, and potentially irreversible crisis-coping mechanisms that involve asset and savings depletion (Meesen B and et. al.:2003 and Xu K, and et. al: 2003). The ultra-poor are often left out of the conventional financial services on the presumption that they are vulnerable to loan repayment. Even the conventional microfinance services have also been rigid for decades to include the ultra-poor. For the better understanding of this identifiably vulnerable group, PKSF launched a pilot project titled Financial Services for the Poorest (FSP) in 2002 that encouraged PKSF to mainstream the microcredit program for ultra-poor. From the experience of FSP, it was found that the ultra-poor require higher flexibility in terms of repayment, savings, attendance to group meetings and grace period. Later, PKSF has initiated ‘Pathways to Prosperity for Extremely poor people (PPEPP)’ project with financial assistance from the UK’s Department for International Development (DFID) and the European Union (EU) (Annual Report, PKSF, 2019).

### 1.3 Aim and Objective of the study

The main purpose is to explore and investigate the existing scenario, needs and problems of the participants of ultra-poor program of PKSf, which are directly related to the socioeconomic development of Bangladesh.

#### Research Objectives

The present study has been conducted to discern the efficacy of UP Program of PKSf to deal with the problems of ultra-poor.

There are some specific objectives:

- a. To distinguish the socio-demographic condition of the ultra-poor;
- b. To investigate the problems, needs and vulnerabilities of the ultra-poor;
- c. To identify the capabilities and limitations of the ultra-poor to cope with the crisis;
- d. To discern the extent of impact of PKSf's existing programs to deal with the problems of ultra-poor ;
- e. To look through the recommendation for effectual ultra-poor program.

**1.4 Operational Definition of the Concepts:** Key concepts are: Microfinance, Ultra-poor, PKSf, Partner Organizations (POs), NGO, Social condition, Economic condition, Socio-economic Development etc.

#### 1.4.1 Microfinance

Microfinance refers a broader range of financial services that create a wider range of opportunities for success. Examples of these additional financial services include savings, insurance, housing loans and remittance transfers.

#### 1.4.2 Ultra-poor

In this research the key term 'Ultra-poor ' used to indicate the People of lower socio-economic strata such as beggars, daily laborers, bonded laborers and domestic helps, floating sex workers, members of female-headed households, and disabled persons with no alternative source of income are the targeted people of UPP.

### **1.4.3 PKSf**

Palli Karma-Sahayak Foundation (PKSF) was established in 1990 by the Government of Bangladesh as a 'not-for-profit' company, registered under the Companies Act 1913/1994. The principal objective of PKSf is to provide funds to various organizations for their microcredit program with a view to help the poor who have no land or any credible material possession. Funds enable them to gain access to resources that lead to employment opportunities and enhancement of their livelihood.

### **1.4.4 Partner Organizations (POs)**

PKSF POs network gives the apex organization an unparalleled strength in implementing its various activities aimed at poverty alleviation through employment generation. The PKSf works with 1.4 million extremely poor, poor, and non-poor (mainly for promotion of micro enterprises).

### **1.4.5 Social Condition**

In this study, social condition includes the roles of society in general meeting one's own basic needs include physical aspects (food, shelter, safety, health care and protection) personal fulfillment (education, recreation, values, esthetics, religion and accomplishment), emotional needs (a sense of belonging, mutual caring, and companionship), and an adequate self-concept (self-confidence, self-esteem, and identity).

### **1.4.6 Economic Condition**

In this research, Economic condition denotes the way of passing life, which on economy. It also might be good or bad in terms of their income and expenditure condition to lead their daily life.

### **1.4.7 Socio-economic Development**

The term Socio-economic Development refers to a gradual growth, which is related with social and economic indicators. Rigidly integrated the scope of such indicator can be narrowed down to aspects such as employment, wage, working conditions, household income, expenditure, savings, indebtedness, distribution of wealth's education and

educational services, health and health services, social welfare services, public orders and safety etc.

### **1.5 Methodology and Study Design**

In relation to research nature, the researcher was interested to accomplish the research work using mix method (comprising both qualitative and quantitative method). Particularly, the researcher had the plan to dig out the related information practically. The researcher has conducted Focus Group Discussion (FGD) for Qualitative data. The researcher has also used quantitative method for primary data collection and data analysis.

By using quantitative method it was possible to present the result in a structured form and also to do statistical measurements like mean, median, mode, and percentage and the results publish in different tables and charts. This study has been conducted on the selected area of Fulbaria Union of Kaliakoir thana at Gazipur District. The study had covered the four villages of Fulbaria union named Kachighata, Pengabohor, Fulbaria, and Chakuria Chala.

The researcher has collected data from these villages and these were very remote area from Kaliakoir, Gazipur. All the women who are involved with PKSf's PO's UPP microfinance programs were considered as population and every woman as unit of analysis for data collection and interpretation. Initially the area has been selected purposively and then sample has been taken accidentally. A total of forty women as the main target group of PKSf have been selected from the research area.

A sample of forty women has been divided into three strata as, the women at entry level, women/participants who are involved in UP program below five years and the women/participants more than five years. Required information for the study has been collected from the primary sources. The primary data had been collected from every respondents of the present research. The secondary data for the study have been collected from published research papers, monographs or working papers, annual reports and websites at the relevant area. Interview and observation technique has been applied to collect data. Using the interview schedule, written in lucid Bengali and comprising both structured and unstructured questions, information has been collected by direct interview.

The whole interview session has been recorded by the researcher. The interview schedule has been pre-tested for making it standard. Open ended and close ended questions have been included in the schedule. Besides, in the whole data collection session, a careful observation has been set upon during interview.

### **1.6 PIDIM Foundation as a Partner Organization of PKSf**

Researcher selected PIDIM Foundation one of POs of PKSf to conduct a study for drawing overall information and picture of UP Program. The researcher conducted a study at PIDIM Foundation by taking Interview of 40 respondents and conducted FGD of two groups consist of 18 members respectively. It was founded in the year 1992 by a group of educated and likeminded social workers aiming to improve life and livelihood of the hard to reach people focusing primarily on women and children. A large number of ultra-poor were included in the program for development of their livelihood. (pidimfoundation.org, 2021)

### **1.7 Scope and Limitation of the Study**

Although a great deal of data were collected and analyzed, there are some limits to the study itself. Due to political unrest since long days, data was collected within short period of time. The data appears to have face validity. Researcher tried to collect information from the participants without bias. Web search was undertaken to identify research reports for the literature review. Some limitations can be mentioned underneath:

1. There is no National level and countrywide screening program for targeting ultra-poor
2. Very few academicians had conducted their study on Ultra-poor segment.
3. Inadequate educational materials/equipment along with limited time and cost.
4. Limited public awareness regarding the need and vulnerabilities of the ultra-poor.
5. Less involvement of Government in the field of microfinance for the UP People.
6. The study could cover a large number of areas which was not possible by the researcher.
7. No baseline survey has been found regarding research area.
8. The study will face generalization problems as it conducted in one organization only.

## 2. Findings of the Study

The researcher had collected data from 40 respondents who were the members of UP at PIDIM Foundation. They were the ongoing members of Fulbaria branch at Kaliakoir, Gazipur. The researcher had tried to incorporate different respondents in terms of age, education, income, assets, expenditure, social acceptance, involvement in rural power structure, level of involvement in microfinance program rendered for them by the national NGOs etc. As a participant in the PIDIM's UP program, the household had to fulfill at least one of the conditions: (i) Monthly income of household less than BDT 1,500; (ii) Primary occupation of household head was daily wage earning; (iii) Land ownership was less than 50 decimals. Meeting these eligibility criteria themselves, however, did not guarantee participation because it is voluntary from the households' point of view. Field officer and households were jointly determined an outcome entailing whether participation took place or not. The households are predominantly living in backward areas in the District of Gazipur, more female headed with less education.

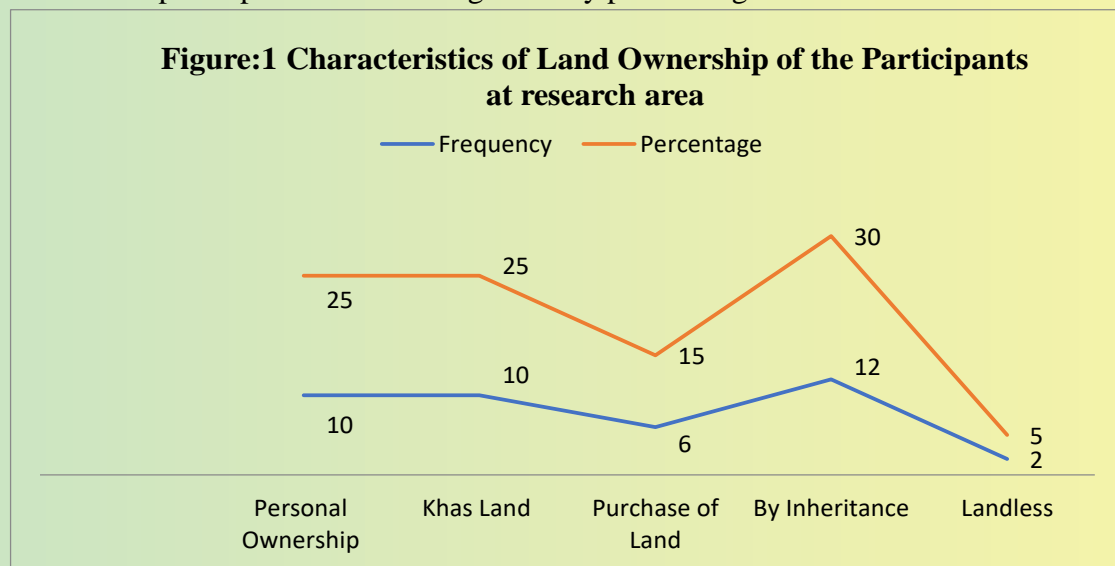
### 2.1 Findings of the Quantitative Part of the Study

The investigation had conducted to know the socio-economic and demographic characteristic of the ultra-poor families, their income, expenditure and consumption level, their access to rural power structure, social networking, social dignity and social justice, women empowerment situation, school enrollment of the children, access to health and education services rendered by the government, political consciousness, access to education and training, situation of income generation activities, access to asset, creation of self-employment etc. The households that participated in PIDIM in 2005 had a high drop-out rate within four years. There are factors associated with such drop-out. For example, female headed households with lesser income opportunity are more likely to drop out from microfinance interventions.

### 2.2 Village Characteristics of the Participants of PIDIM

The majority of the land of Fulbaria union of Kaliakoir thana (Gazipur District) is under the ownership of Forestry Department of Bangladesh. Bulk of the participants was living in Fulbaria Union. Data had been collected from the different villages of this union named Kachighata, Pengabohor, Fulbaria, and Chakuria Chala. Historically in Bangladesh 'land poor' are the poor in general and there has always been a strong negative correlation

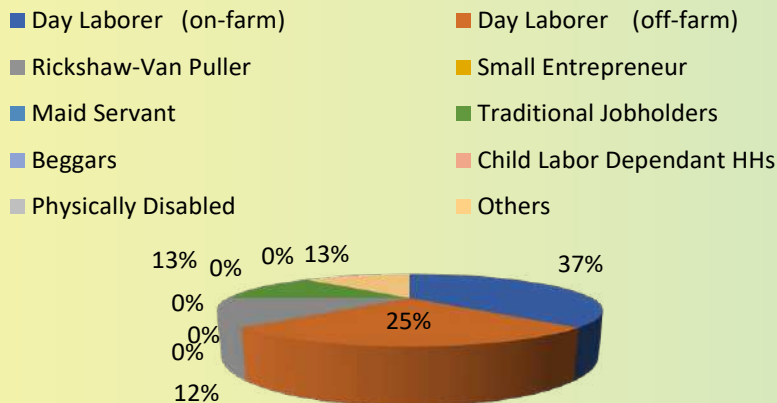
between land ownership and incidence of poverty (BBS, 2007). According to the study, 25% of the respondents had land by personal ownerships and through the contact of khas land (government ownerships). The higher percentage of land of the UP households received by inheritance. Merely 5% of the total participants were found landless whereas 15% of the participants were holding lands by purchasing



### 2.3 Distinctiveness of the Participant of PIDIM’s UP Program

The study represents that, the highest percentage of respondents work on any agricultural farm as day labor. On the contrary, the lowest percentage of respondents are rickshaw puller, traditional job holder and from miscellaneous occupation. The percentages are 12%, 13% and 13% respectively. A good number of participants involved in off-farm activities as day laborer. It is noteworthy that the occupation relates to small entrepreneur, Maid servant & Bagger are absolutely absent.

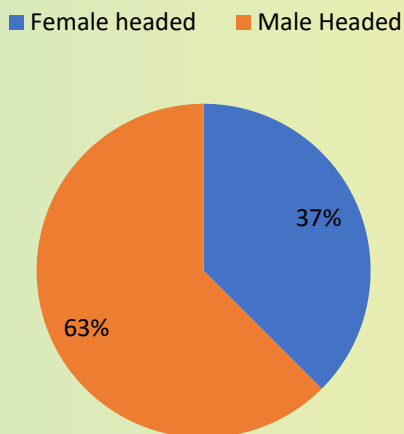
**Figure 2 : Distinctiveness of Beneficiaries by Occupation**



## 2.4 Vulnerabilities and Nature of Households

The vulnerable groups are often identified by age, sex, religion, ethnicity, location etc. For example, households with elderly are more prone to health shocks in Bangladesh. The extreme poor are highly vulnerable to health shocks, not only in their exposure to such shocks but also in lack of coping mechanisms. People with disability face different extent of vulnerability. Populations in specific geographical areas are prone to food insecurity or natural calamities. The study illustrates that, the highest percentages of households are male headed and the lowest percentages of households are female headed. The percentages are 63% and 37% respectively. The data shows the male dominance in our society as well.

**Figure 3: Vulnerabilities and Nature of Households**



## 2.5 Demographic Information of the Respondents

The majority of the respondents' age ranges between 25 years to 50 years. They could merely sign their name. They either married, widowed, abandoned or older women.

**Table 1: Demographic Information of the respondents**

<b>Age Range</b>	25-50 (years)
<b>Education</b>	Only Can Sign Name
<b>Ultra-poor Member Status</b>	Married, Widowed, Abandoned, Older person(Women)
<b>Family Type</b>	Single

## 2.6 Access to Physical Amenities

The study reflects that 75% of the households have electricity and 62.5% households are lacking the opportunity to safe drinking water. Surprisingly all the household have access to sanitary toilet access.

**Table 2: Access to Physical Amenities**

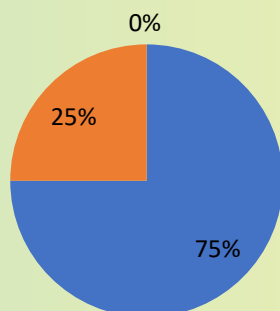
Infrastructure Facilities	Frequency (Have Access)	Percentage (N=40)	Frequency (Have not Access)	Percentage (N=40)	Total Frequency	Total Percentage
Household have access to electricity	30	75	10	25	N=40	100
Household drink from tube-well/tap	15	37.5	25	62.5	N=40	100
Household use sanitary latrine	25	62.5	15	37.5	N=40	100

## 2.7 Food Consumption of the Participant Households

The highest percentage of food consumption by the households shows moderate in amount compared to the recommended intake for Bangladeshis and the mean national rural intake. Shockingly, the study does not found any household having balance of food consumption.

**Figure 4: Consumption Ordering**

■ Moderate ■ Good ■ Balanced

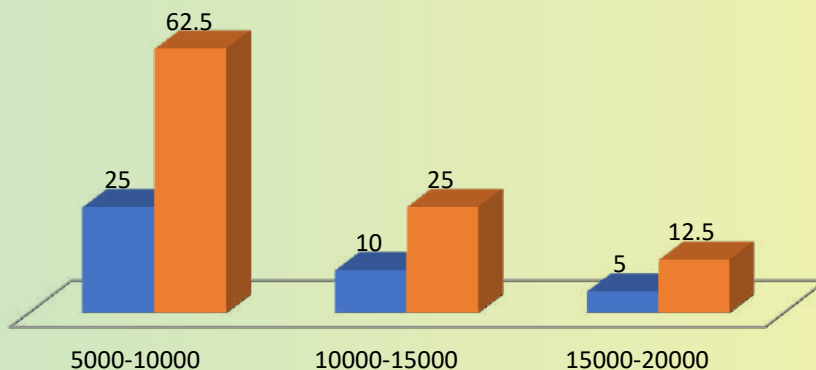


## 2.8 Employment and Income

This section analyzes employment and income of the diverse wealth groups of households. It shows that the peak percentage of participant's income range is 5000-10000(BDT) which is sharply low. Conversely, the lowest proportions of participants have gain reasonable income range is 15000-2000(BDT).

**Figure 5: Incomes in BDT**

■ Frequencies ■ Percentage



## 2.9 Expenditure

The study illustrates that a huge amount of money is spent on food items, while a relatively small amount of money is spent on non-food items such as health, education, and entertainment purposes. The proportions of expenditure are 75% and 25% respectively.

**Table 3: Expenditure**

Expenditure	Frequencies	Percentage
Food	30	75
Non-food	10	25
Total	<b>N=40</b>	<b>100</b>

## 2.10 Assets: Natural, Physical and Financial

A natural asset like land is not only a source of productivity and livelihood but also a determinant of security and shelter. Physical assets, both productive and non-productive, on the other hand, are essential for maintaining livelihood when natural assets are scarce or not available to the poor. Physical assets like livestock and poultry can help a poor household by augmenting income through selling their products in the market. Moreover, these products can also be domestically consumed, creating an expenditure saving mechanism. Other productive assets, like rickshaws and vans, may also be considered as a substitute to land as they provide alternative income-generating activities for the poor. The subsequent table demonstrates that the higher percentage of respondents (50%) holding 10 decimal of land and the lower percentage of respondents (25%) holding 15 and 20 decimals respectively. In case of physical assets, the higher proportions (37.5%) of UP households have poultry and 25% of the total respondents have livestock assets and merely 12.5% have Rickshaw or Van. Shockingly, about 25% of the respondents have mentioned they have no physical asset.

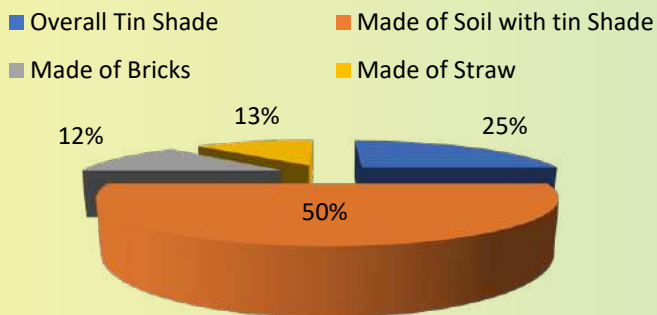
**Table: 4 Nature of Asset of Participant Household**

Assets Type	Frequency		Percentage
Natural Asset	Total land holds by the households (in Decimal)	Total Frequency <b>N=40</b>	Total Percentage <b>(100%)</b>
	10 decimal	20	50
	15 decimal	10	25
	20 decimal	10	25
Physical Asset	Livestock	10	25
	Poultry	15	37.5
	Rickshaw,/van	5	12.5
	No Physical Asset	10	25
Financial Asset	Have access to existing Microfinance services	35	87.5
Access to loan from NGOs and other financial institution	No access to microfinance services	5	12.5

### 2.11 Housing Condition

In case of building materials, economically better off households have houses with better quality building materials such as brick, tin or wood .Poorer households, in contrast, mostly use inferior quality materials such as clay, hay sticks or leaves for building their houses. As expected it was also found that the condition of the house was better for the economically better off groups compared to the worse off groups. The chart shows that, Majority of the participants' households made of soil, straw and tin. Barely, 12% of household have houses made with brick.

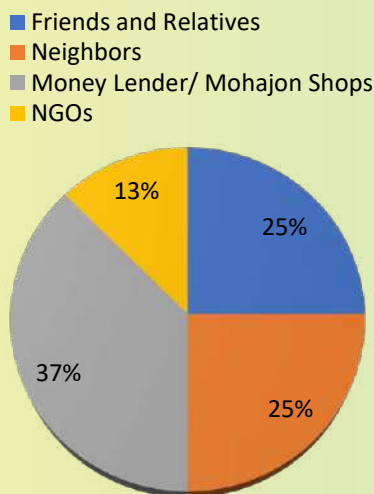
**Figure 6: Housing Conditions of UP Household**



### 2.12 Access to Credit

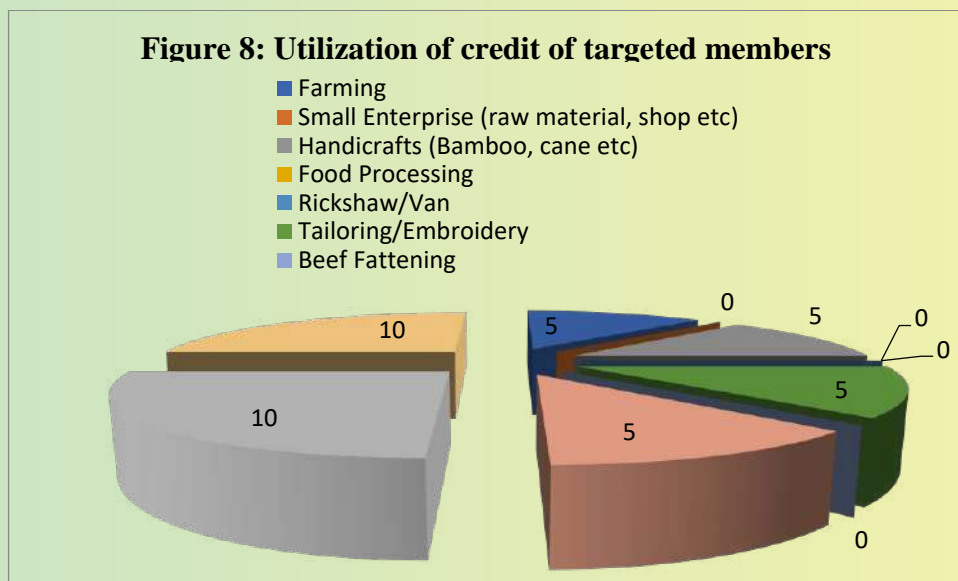
Ultra-poor households are often faced by vulnerabilities and shocks. Their vulnerabilities are mainly relating to financial insecurity. Figure 11 shows the access to credit of UP households during financial crisis to cope with vulnerabilities. The higher ratio of respondent have access to credit to money lenders which is highly informal with high rate of interest and the lower ratio have access to formal financial sector. The figure was 37% and 13 % respectively. Access to credit to friends, relatives and neighbors are remained same and the figure has shown 25%.

**Figure 7: Access to Credit of UP Members**



### 2.13 Utilization of Credit of Targeted Member

Following chart reports the actual utilization of microfinance of PIDIM participants. During investigation, it has found that 75% of the borrowers spend their money for Income Generating Activities (IGA) such as poultry rearing, cow-goat rearing, handicraft, and tailoring, farming and small entrepreneur. The chart clearly states that about 25% loan are utilized in unproductive sector.



### 2.14 Utilization of Credit on following Sector Information Given by PIDIM Foundation

Fulbaria branch of PIDIM Foundation provide following information on utilization of credit. This information created a sharp contradiction with the investigated information. The chart demonstrates that most of the UP respondents utilize their loan on productive and income generating activities like small enterprise, farming and purchasing rickshaw/van.

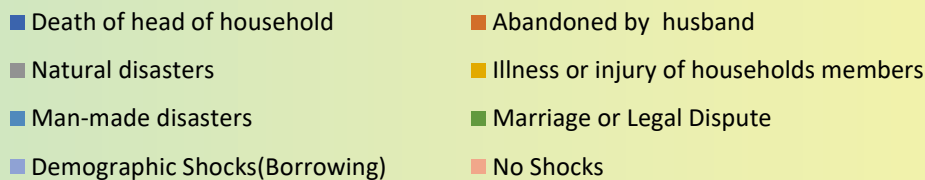
**Table 5: Utilization of credit on following Sector information given by PIDIM Foundation**

Utilization of credit on Following Sector information given by PIDIM Foundation	Frequencies	Percentage
Farming	10	25
Small Enterprise (raw material, shop etc)	14	35
Handicrafts (Bamboo, cane etc)	3	7.5
Food Processing	0	0
Rickshaw/Van	5	12.5
Tailoring/Embroidery	0	0
Beef Fattening	0	0
Goat Rearing	2	5
Duck and Chicken Rearing	6	15
Others Sector	0	0
Total (N=40)	<b>40</b>	<b>100</b>

### 2.15 Vulnerabilities and Shocks Affected by the UP Participants Households

Vulnerabilities and shocks are uncertain and painful phenomenon in the life of the ultra-poor. The following findings represent the vulnerabilities and shocks which affect ultra-poor. Most of the respondent's households are traumatized by man-made disaster such as destitute women abandoned by husband, death of chief income earner, illness or injury, legal dispute etc.

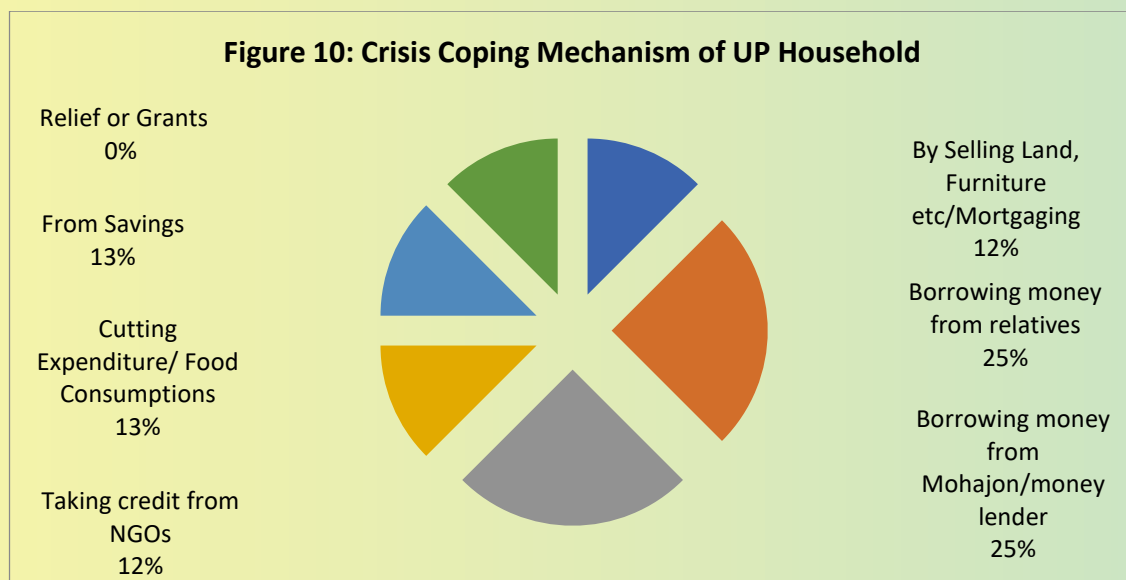
**Figure 9: Vulnerabilities and Shocks Affected by the Ultra-poor**



## 2.16 Crisis Coping Mechanism

In numerous cases, the households are left with nothing to do in response to particular shocks (e.g. death of livestock or damaged dwellings) and live with that. Majority of the households, who face any crises, reported doing nothing to cope with it. In cases of disaster where they suffer income erosion or need to incur further costs, households take up different coping mechanisms. Spending from savings shows households' ability to cope with the crisis. Different groups of households in UP areas confirmed greater reliance on savings. Conversely reduction in household expenditure was more common in the UP areas. While the ability to borrow to cope with crisis may reflect financial asset, it can create long-term indebtedness. Informal assistance from friends and relatives is of particular significance to the poorer households. Expenditure cut and informal borrowing as coping strategy are more common for demographic shocks.

**Figure 10: Crisis Coping Mechanism of UP Household**



### 2.17 Situation of Education, Health and Training Program of PIDIM

PIDIM intervention can be broadly categorized only by financial intervention, no non-financial intervention has been found to the UP members. Manifold technical training includes livestock, fisheries, agricultural, tailoring etc. Taking healthcare services to the door-steps of the ultra-poor has recently generated much interest. In reality, PIDIM foundation had no policies and programs on education, training and health care program for UP members at all.

### 2.18 Drop-out of the participants from PIDIM

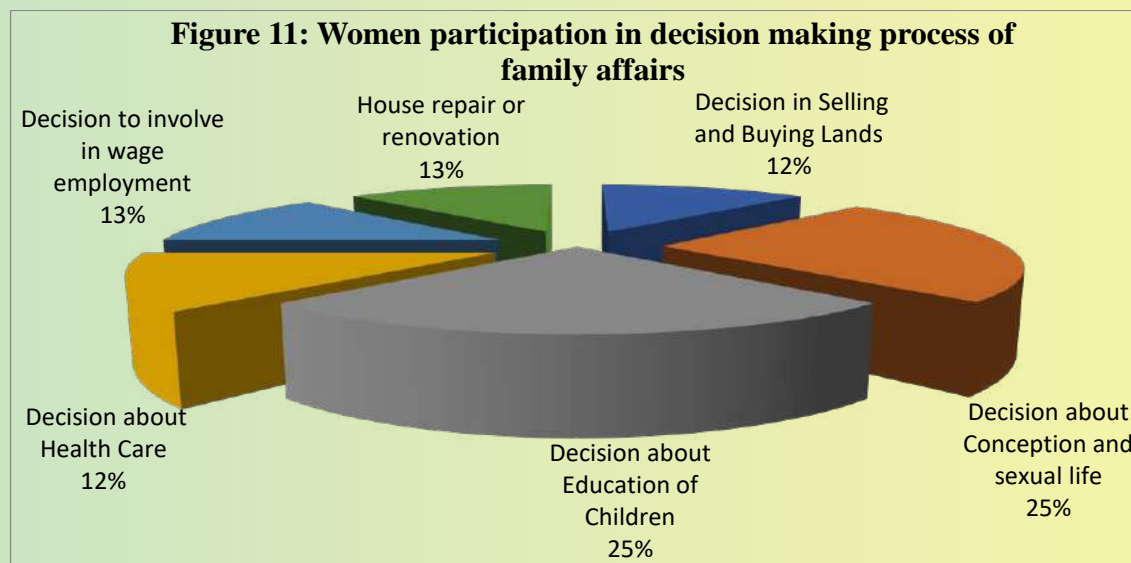
This section is dedicated to present the current membership status (i.e. as of 2013 calendar year) for the households who reported participating in the PIDIM program 2013. The proportion of households dropping out from microfinance industry (in particular from the PIDIM UP program) is quite large within 2013. Further study explored reasons for such high drop-out rates. Table 6 describes that, PIDIM had higher percentage of drop out of UP members and the figure was 20% on a year consequently. The reason behind this huge drop out is highly associated with weekly repayment of loan.

**Table 6: Drop out situations from ultra-poor program**

Drop Out From PIDIM(UP Program)	Result
Total Inclusion at PIDIM in the year 2013(January - October)	69
On Going Member	49
Drop Out	20
Percentage of Drop out	28.99

### 2.19 Women Empowerment Position in Family

The study examines the women empowerment situation in terms of perceived ability to influence major decisions of the household regarding domestic, financial, and child development issues, buying land, house repair or renovation, lending money from a different source, getting involved in new activity without seeking permission, influencing husband/son/daughter to take up a new activity, children’s education, influence husband on spending more on children’s clothing, conception and sexual life.



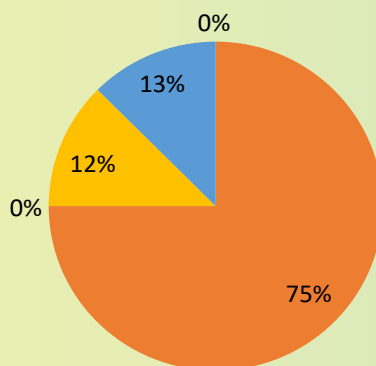
Subsequent chart shows the percentage of Women participation in decision making process regarding family affairs. Surprisingly the higher percentage of women can take decision about conception and sexual life, education of children and the figure is 25%. The lower percentage of women can take decision about treatment; buying or selling land, house repairing, wage employment etc.

## 2.20 Social Acceptance situation and Social Networking Capacity of the Participant

The study discovers the impact of microfinance on increasing the social acceptance. Social acceptance is highly connected with the economic status of the UP household. Microfinance as well as social linkage has tremendous role in enhancing social acceptance of the UP households. Figure 12 reflects that, a higher percentage (75%) of the respondents are involved with existing microfinance program, their economic status has been increased which resulted in sharp increase of social dignity.

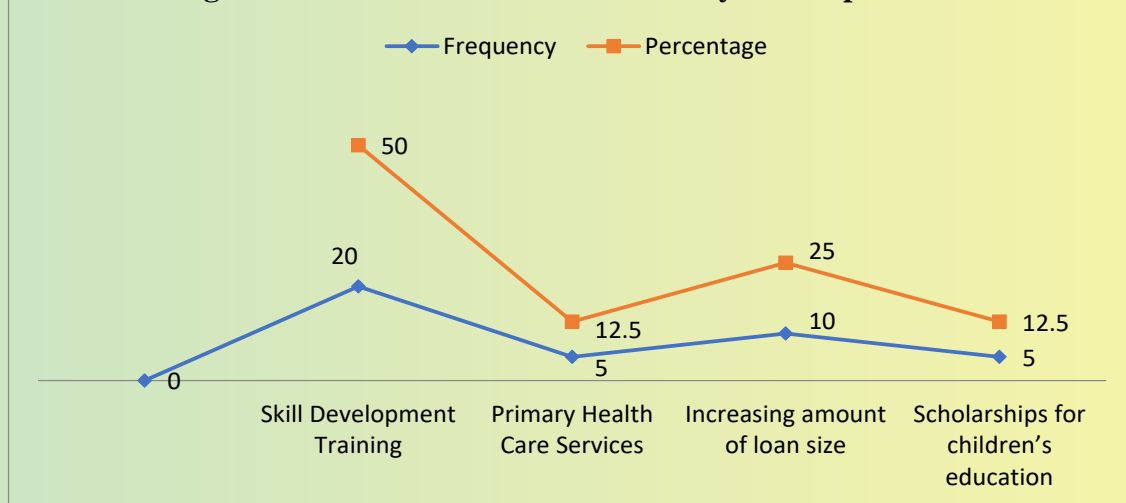
**Figure 12: Percentage of Social Acceptance and Social Networking**

■ Increased ■ Decreased ■ Remain Unchanged ■ No Idea



## 2.21 Needs and Demands of the Respondents to Make Effective Ultra-poor Program

During data collection, when respondents were asked about their expectation from existing program designed for them they demanded the following needs to facilitate for them which are stated in following ways.

**Figure 13: Needs and Demands raised by the Respondents**

The researcher has conducted two Focus Group Discussion on the graduated members (UP) and drop out members (UP) of PIDIM Foundation at Fulbaria branch. The key findings have stated bellow.

### 3. Findings of the Focus Group Discussion

#### 3.1 Methods and procedures of FGD

Researcher had an intention to include different respondents in focus group discussion that's why this study was divided group into two sections i.e. 1. Female headed households 2. Male headed households. First group was from the village named 'Kachighata', second group from village named 'Pengabohor'. Before conducting FGD, an informed content was sent to them whether they were agree or not to participate the discussion session. A checklist was made for focus group discussion and all questions were open ended. The participants were very much enthusiastic and took part in the discussion. The FGD presented through different themes. The table below shows the demographic conditions of the three FGD participants.

**Table 7: Characteristics of the participant of focus group discussion**

Group No.	Respondent	Nature of the Respondent	Number of respondent	Age Range	Location	Level of Education	Present Profession
01	Women	Graduated from UP	8	30-45 years	Kaliakoir Thana, Gazipur	Only can sign their name	All are housewives
02	Women	Dropout UP	10	30-50	Kaliakoir Thana, Gazipur	Only can sign their name	All are housewives

### 3.2 Evidence of Graduation from Extreme Poverty to rural microcredit program

In FGD, the three families comprised of five family members, two were six members and the rest were four family members. The income (monthly) of two participants were 20,000 (BDT), 3 three participants had 15000 (BDT) and the rest had 10000 (BDT) approximately. The savings mentality of the participants is praiseworthy. The inclusion rate in primary school and Secondary School are excellent. Most of the families had school going children and they enrolled in primary and secondary school. In terms of physical asset, three participants have two ponds for fisheries, two respondents have nursery, and the one have tailoring shop. Along with, they are also generating income through livestock rearing, and poultry in a limited scale. Most of the members of FGD participant are self-employed.

FGD participants are excluded from rural power structure. Though they mentioned that they have good linkage with village leader, elite persons, imam of the mosque and with other resource person of the village. During crisis, shocks or capital requirement, Participants families have tendency to go to informal sources of lending money. As one participant said, *“formerly, I had financial crisis and could not accumulate money to do anything that could generate income. We had to go to Mohajon (local elite person) and had to pay interests in a high rate. PIDIM Foundation helped us to accumulate money for capital formation.”*

Social acceptance, participation in social gathering and power structure, education of the children, improvement in living conditions and household's environment, social dignity were the major factors of the participant's asset based information. Most of the participants in FGD had shared that their household income sources are varied; it appears that most of households generate a higher proportion of their income from farm self-employment. This is because; the households have more access to cultivable land. The households also generated their income from non-farm for instances home based cottage industry, home side gardening, poultry rearing, dairy etc.

Among the eight graduate participants, five members told that PIDIM foundation played essential role for the graduation from ultra-poor program to Rural Microcredit and the rest mentioned different story of graduation.

### **3.3 Drop out situation of the Members from Ultra-poor program**

Different experiences and significant results have been gathered from focus group discussion regarding the multiple responsible causes of drop out of the ultra-poor members from UP program of PIDIM Foundation.

1. Among the respondents, around 4-5 respondents claimed that weekly loan repayment was challenging for them as they did not able to make the money effective within very short time. It had also found that someone had bought a goat by the money and it became productive after six or seven month later. So it was tough for them to repay the loan instantly. Another respondent opined that, *"I had taken the loan for vegetable cultivation, it took three months for being income generative, beyond this time , we had to pay the loan by borrowing money from others and of by selling labor."*
2. FGD shows that, one single participant was the member of more than one lending organization (BRAC, Grameen Bank, ASA) simultaneously. Involving with different organizations, they could not get back from the cycle of credit as a result they were taken decision of dropping out from PIDIM. As one respondent commented that, *"I had no alternative, I took loan from one organization initially, when I could not repay the installment then I decided to take credit again from another organization to repay previous debt."*

3. PIDIM foundation only concern to render credit services to the UP members. Most of the respondents mentioned that, *“we are not provided with any training on how to utilize the money effectively, no health awareness program had provided for us. PIDIM were merely concerned to get back loan on weekly basis. If we were not able to give installment in a week by any means, they stayed at our house until to pay the installment”*.
4. PIDIM Foundation didn't pay any attention to the needs, demands and problems of the ultra-poor. The needs of the ultra-poor are divers as respondent mentioned that, *“we needed training, educational support for the children, assistive supports such as; seeds, fertilizer, pesticide, providing productive assets like cows, goats, poultry etc. we also wanted primary health support as well as vocational training for the children who are unemployed and desired to be trained.”*
5. In beneficiaries selection, PIDIM foundation have tremendous indifference and accountable for miss targeting. Among the ten members, three participants were included in UP program who were really not worthy of getting this loan. Even, PIDIM did not follow the policies rendered by PKSF to select ultra-poor members.
6. It is worth mentionable that, PKSF' spolicies of UP program were not followed by the PIDIM foundation correctly. They select the beneficiaries and provide loan to those members who are able to repay the loan.
7. Most of the respondents claimed that we got the UP loan for two years, at the amount of 4000 BDT only, after that it was stopped. Then we had become the member of another NGO, named Grameen Bank. The participants blamed that during FGD, the amount of loan was insignificant to demand and continuation of loan war highly irregular which lead the members to quit.

#### **4. Recommendation and Conclusion**

PKSF and its POs should agree to following proposal and proposition for getting effectual output from the UP program.

1. PIDIM Foundation is needed to correct targeting of beneficiaries.

2. PIDIM Foundation is to take obligatory steps to recognize the barriers which are restraining the way of graduation from UP to mainstream program.
3. More intensive monitoring and supervision is required by PKSF about overall microfinance activities for UP at PIDIM Foundation.
4. Training need is a prior concerned for UP as they are unskilled, less confident and even does not know how to utilize the loan amount.
5. It is needed to provide holistic services like education, health care and clinical support besides microfinance.
6. PIDIM Foundation should inspire the UP members for voluntary savings.
7. Financial support should be regular, effective and sustainable for livelihood development of the Ultra-poor households.
8. PIDIM Foundation should take compulsory steps for capacity building program for the ultra-poor members.
9. PKSF should redesign the UP program by combining of development. Strong collaboration, co-ordination and true partnership are necessary for PKSF and its POs.
10. Before providing credit professional skill training should be given, if the borrowers are unskilled or semi-skilled. A consultation services should be provided to the borrowers to select the appropriate profitable enterprises.
11. Sufficient amount of loan should be given to start up the selected enterprises at a lower interest rate. A strong monitoring and follow-up support and services should be given in executing the enterprises especially in the first few months.
12. Steps should be taken for liquidation of all of UP members previous indebtedness borrowed from the moneylenders with the help local government and Upazila administration. Government should come forward to eliminate the traditional exploitative moneylenders to rescue the poor people.

13. It is highly needed to monitor the enterprises taken by the borrowers at least once a week and prepare a progress report, provide suggestions regarding further improvement.
14. Steps should be taken to facilitate social networking and linkage with the UP household during crisis intervention to engaging ultra-poor segment at rural power structure.

## 5. Conclusion

The study has been conducted within restricted time and during continuous political turmoil all over the country. Inadequate time restrained the researcher to go for in-depth discussion. However, the present learning must bring noteworthy findings for policy makers of PIDIM and the funding organization (PKSF). They have to be concerned that sheer microcredit cannot change the life of ultra-poor. There is needed rigorous education, vocational training and primary health care facilities for them. Microcredit without manifold services can make their life despondent. Appropriate monitoring and evaluation is desirable so that these initiatives can get its outgrowth successively. The program must focus on the special need of the ultra-poor. So far 126 POs are implementing this program of PKSf. PIDIM is one of partner organization of PKSf and it is running ultra-poor program at different districts in Bangladesh. PKSf supposed to be honest, dedicated as well as required to be committed to serve the poorest segment of the society. PIDIM should focus on miss targeting and dropout rate. PKSf should take necessary ladder to guide and stimulate the POs like PIDIM to go ahead toward objectives and policies of UPP. Besides, PKSf should be endeavored as a big role model for eradicating extreme poverty by its existing POs. There is authentic need of true partnership provisions between PKSf and POs at national and local levels.

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