

Micro Credit Project A Workable Tool to Address Mass Poverty A Case Study of Slum Dwellers in Quetta District

Sociology

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Abstract

Micro Credit Program is basically a kind of institutionalized efforts, of lending small amount of loan to individuals for self employment, which was initially introduced to combat mass poverty. The program got popularity as it encompasses a detailed package of social mobilization, therefore, in most cases, ends up with almost cent percent recovery rate and without compromising the self esteem of recipient communities. Many Non Governmental Organizations NGOs duplicates it among their targeted population while increasing monthly household's income within the context of addressing mass poverty. Taraqee Foundation TF, a provincial NGO has undertaken a micro-credit project to loan poor individual families, indeed, through household women, to primarily address mass poverty, while empowering womenfolk in particular and slum dwellers of Quetta District in general. The study explains how effective the project has been, despite of its gloomy ending as a result of political uncertainty, to the recipient communities.

Key words: Micro credit scheme, poverty, Non Governmental Organization, slum dwellers, institutionalized efforts, combat, curb, minimize and humane responses

Introduction

Mass poverty is a major characteristic of most developing nation state. The daily earning of poor is less than a dollar a day, which indicates that these masses cannot be properly managed and developed as human resource towards efforts to achieve national development objectives. Pakistan is no exception. Poverty prevails with its ugly face both among rural and urban slums. The poverty level in Pakistan is about 33% to 35%. It means that one third of the

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population of 180 million people of Pakistan is below the poverty line. The women are much more vulnerable than men. Gaps between rich and poor have been increasing every day. The idea of combating poverty has since long been realized internationally including Pakistan.

Microfinance role in poverty alleviation

The traditional methods of loaning have been practiced in the subcontinent before partition and subsequently transmitted from the united India to Pakistan after the partition. There is no standardized mechanism of traditional loaning being practiced by rich loaners both in Pakistan and neighboring countries of the region. These indigenous mechanisms have neither contributed for poverty alleviation nor helped the poor; rather it helped only the financiers groups who are involved in providing loan on high rate of interests. This has aggravated the socio-economic conditions of the borrower to a considerable level. Apart from that, the traditional micro credit earnings sometime exceed more than two or three times than the original amount financed. Thus it was widely acknowledged that the traditional micro credits schemes are failed to provide the services to poor and needy people (**Khandker, 1998**). Realization, such as this about adverse effects of traditional loaning culture has given birth to the idea and concept of ongoing practice of micro financing program and projects executed in various parts of the world. In Bangladesh, the Grameen Bank describes it in the following manner. "Microcredit program extend small loans to every poor people for self employment projects that generate income, allowing them to care for themselves and their families (**Grameen bank 2015**) In the past several years, there has been increasing interest in the use of microcredit as a tool for improving the lives of the poor. "The idea is simple: support the business enterprises of the world's small-scale, low-income entrepreneurs by providing them with access to reliable credit on reasonable terms. The appeal of Microcredit cut s across the political spectrum, since it combines the valves of hard work, self-help, free markets, and improving the economic conditions of the poor. There are now thousands of programs offering microfinance services to entrepreneurs in both developing and developed countries (**Elizbithet al., 2001**).

State of micro credit in Pakistan

Micro financing schemes was recognized as a workable tool for uplift of poor masses. Success stories from around the world including neighboring countries gave it further importance to be adopted in Pakistan against poverty. The following table gives a glimpse view of disbursement of micro financing loan being distributed among masses to help them earn a respectable livelihood.

Position of Micro credit Disbursements

Microfinance Providers	2009-10		2010-11 (July-December)	
	No. of loans	Disbursements (Rs Billion)	No. of loans	Disbursements (Rs Billion)
First Microfinance Bank Ltd.	261,464	4.7	63,733	1.4
Khushhali Bank	373,430	4.9	171,487	2.3
Tameer Microfinance Bank	103,073	3.3	64,981	2.6
Kashf Foundation	111,009	2.1	39,329	0.9
National Rural Support Program	591,991	10.4	290,129	5.1
Other Microfinance Providers	525,490	8.4	258,627	4.6
Total	1,966,457	33.8	888,286	16.8

Source: Economy Survey of Pakistan (2010-11).

Microfinance benefactors include two sections: Microfinance banks and microfinance institutions (other than banks like rural support programs) as shown in table 1, major micro credit providers along with disbursements and number of loans in 2009-10 and July-December, 2010-11. During 2009-10, Rs 33.8 billion were disbursed and almost halve of this in the first six months of 2010-11.

The idea of promoting micro credit programs got further magnitude due to voices of civil society organizations at national level while devising policies and converting them in to actions. Many national level NGOs came forward to opt for micro credit loans as tool towards rural poverty eradication. Rural Support Programs like, Agha Khan RSP, Punjab RSP, Khaiber Pakhtonkhwa RSP and Balochistan RSP started micro financing projects among their target audiences in almost all four province of the country. Since the main focus of these support programs were rural areas, therefore, they remain confine to only rural masses. Taraqee Foundation one of the leading NGO in Balochistan has started focusing urban masses towards poverty alleviation through micro credit projects. The approach adopted by Taraqee Foundation is the Grameen Approach” where group lending is addressed instead of individuals. “The main objective of Taraqee is to improve livening conditions of masses especially the least prosperous and deprived section of communities. To achieve this objective it works for awareness creation regarding the true concept of development, problem identification, and resource mobilization and assisting communities to establish self-help organizations for satisfying their needs.

Microfinance providers in Balochistan

In Balochistan, particularly, the provincial capital Quetta, Taraqee Foundation was the first to come forward and undertake micro credit schemes among poor suburb dwellers, which was later expanded to other districts as ration of high rate of return was remarkable in Quetta. Nonetheless, the project undertaken in Quetta, probably the micro credit project of Taraqee Foundation TF was never studied thoroughly to gauge the overall impact it might have done to the lives of targeted women in terms of improving their socio-economic status indicated by improved accessed, which in turn might have positive impact over the grown up of their children and improvement of their economic contribution. According to a research report conducted in this regard “The irony is that, most of the official data on women’s work in the rural economy do not present the real picture of women participation in economic activities and show unbelievably low female labor force participation rates. Even the Annual Labour Force Surveys gives a low rural female labour force participation rate. More or less the same is the case of population census which shows a massive underestimation regarding the rural female labour force participation rate.” (Idris, A. J., & Agbim, K. C. (2015).

. “The effective involvement of women in development process is highly emphasized. There is a growing realization that sustainable development cannot take place without the active role of women” (Achakzai, 1998). Indeed, women comprises almost half of the populace of the entire human soul in the country, who is faced with the ugliest face of poverty and does require strategies and modules such as micro credit to combat it and bring about positive changes in the overall deprived situation of women and mass poverty. “The microcredit is now a proven strategy for the poverty alleviation among poor rural and urban women. In other word, the microcredit enables the beneficiaries get out of the vicious circles of poverty. The conventional credit programs only provide a limited amount to rural and urban women (Achakzai S. B., 2011).

Taraqee Foundation has targeted almost all slums and Kachi Abadies in and around Quetta. Womenfolk were targeted for micro credit schemes. While forming groups for lending small amount of credit the social mobilization team of Taraqee were supposed to sensitize women for realization of their deteriorating social status due to their economic dependency over male counter parts. The social mobilization package also emphasized over promotion of household industry as a group asset and skill development. Dozens of groups were formed, they were provided micro credit loans, women invested the amount of loans and the most successful aspect of the project of almost cent percentage returns of the loan by target women. Many years have passed, yet the current state of targeted women and the over impact of project interventions

particularly lending of amount is to be studied. The proposed research study therefore is intentionally focused to target audiences of Taraqee Foundation. Another reason for selection of one particular NGO is its group lending approach which has been the pioneer in introducing micro credit among womenfolk of urban slums of Quetta District.

Objectives of the study

- To describe the needs and significance of micro credit schemes and program
- To analyze micro credit program as a workable tool to address mass poverty
- To assess the level and pace of mass poverty among womenfolk in Quetta
- To suggest pragmatic measures for improvement

Methodology

Since this research is descriptive in its very nature, therefore, apart from reviewing relevant literature, interview schedule, was implied to collect primary data from the project targeted women from among the slum dwellers of Quetta district. Prior to design, interview schedule, to get deep insight to the issue of mass poverty and micro credit scheme a series of focus group discussions were held for enrichment of data collection tool. The collected data was analyzed both quantitatively and qualitatively to draw some solid conclusion while suggesting pragmatic measures to be taken to improve effectiveness of the micro credit program and its long lasting impact, indeed, for positive changes in the already deteriorated socio-economic status of womenfolk among poor communities, particularly slum dwellers.

Result

Following table shows few of the indicators of socio-economic changes that have occurred due to execution of micro credit loans disbursed among targeted households/ families in the project areas.

Use of Household Consumption

Hypothesis 1. There is no association between access to credit (before and after) and use of household consumption.

Table 1.1: Association between Access to Credit and Household Consumption

Household Consumption	Access to Credit		d.f	c.v	χ^2
	Before	After			
Me	33 (22.0%)	45(30.0%)	2	.285	26.57**
Husband/head	62 (41.3%)	22(14.7%)			
Both	55 (36.7%)	83 (55.3%)			

Source: Field survey 2014.

Note: 1. The figures given in parentheses indicate percentages of respondents before and after access to credit.

2. ** denotes significant at 1% and 5 % level. Critical Value of Chi-square = 9.21 & 5.99 respectively.

The value of chi –square is significant at 5% level of significance .Therefore; we may conclude that there is significant relationship between microcredit programs and women dominance decision making of use of household consumption. The of value contingency value .29, which shows the moderate relationship between access to micro credit and women dominance in use of household consumption.

Access and Possession of Household Items

Complete examination about possession and access to basic household belongings in the survey area are explained in this section.

Assets	Key Indicators	Frequency and percent of respondents (n = 150)				
		Yes	N	χ^2	d.f	P-Value
Access to ICT	Telephone	23 (15.4)	127 (84.6)	72.1	1	0.000 ***
	Mobiles	119 (79.3)	31 (20.7)	51.62	1	0.000 ***
	Internet	61 (40.6)	89 (59.4)	5.22	1	0.002 ***
Logistics	Auto- Rickshaw	30 (20)	120 (80)	54	1	0.000 ***
	Push Cart	7 (4.7)	143 (95.3)	123.2	1	0.000 ***
	Motorcycle	74 (49.4)	76 (50.6)	0.02	1	0.887 ^{ns}
	Cycle	33 (22)	117 (78)	47.04	1	0.000 ***
	Cab	26 (17.4)	124 (82.6)	64.02	1	0.000 ***
Electronics	Radio	27 (18)	123 (82)	61.44	1	0.000 ***
	Television	142 (94.7)	8 (5.3)	119.6	1	0.000 ***
	Washing machine	130 (86.7)	20 (13.7)	80.6	1	0.000 ***
	Sewing machine	121 (80.7)	29 (19.3)	56.4	1	0.000 ***
	Computer	81 (54)	69 (46)	0.96	1	0.327 ^{ns}
	Fridge/Refrigerator	110 (73.3)	40 (26.7)	32.66	1	0.000 ***

Source: Field Survey, 2014.

Note: 1. Figures in parenthesis are percentages.

2. *** shows significant at 1% and 5% level of significance.

Access to ICT

The result of chi square tests show that chi square values falls in rejection rejoin at 5% level of significance since p values < 0.05 . The fore, the null hypothesis which states that there is no significant relationship between access to microcredit and access to ICT is rejected. This implies that data provide evidence that there is significant relationship between access to access to micro credit and access to ICT.

Access to Logistics

Majority of the Results of the chi-square values are significant shows that majority of the respondents hade accessed logistic services.

While having motorcycle by the sample respondents were not significant at the chi-square p value. This again suggested that data provide enough evidence that there is significant relationship between access to access to micro credit and access to logistics.

Access to Electronics

Again almost all the results of chi-square values are significant as indicated by p-values, the access to computer has insignificant value which concludes that respondents might not aware of the utility and functioning of the computer due to any educational, technical and medium of language reasons.

Conclusion

No doubt mass poverty is one of the major issues of entire country. However its intensity is more severe and ugly among the poor masses of Balochistan. Obviously, this province is least developed part of the country. People in Balochistan believe that the entire province has never received proper attention of federal Government with regard to promote means of livelihood as a tool to provide masses with opportunities to increase income to curb poverty. The plea somewhat seems true as even today means of livelihood of majority is confined to two major source of income like agriculture and livestock. Other sector such as industries, service provision and exploration of natural resources for providing job to masses are yet to be developed. Since undertaking a project of micro financing is previously been tailor-made, which included certain sessions of social mobilization and training as replica of Graham Bank of Bangladesh it was almost a comprehensive package. However, conclusion of this research is that the entire package was more focused around efforts to ensure reimbursement of loan and building capacity of the targeted women

groups. Secondly, the social aspect of training and sessions of orientation was not in accordance with the felt needs of communities because needs and priority of need differ from community to community. Had it been so, the project could have achieved more social benefits than it has achieved now. For example, conditioning disbursement of loan with adopt of family planning methods as a tool keep the size of their family under their control. Similar other conditions could have been implied to achieve social benefits of the project

- It was also found that awareness and practicing values among recipients of project with regard to improved access to basic facilities were increased. Collected data revealed increased number and percentage of recipients getting benefits of health facilities as compared to situation prior to project interventions. Self treatment and looking after conventional methods treatment of diseases was replaced by scientific methods such as visiting Doctors and approaching hospitals
- Decision making is another aspect that has improved. Since the targeted women groups were somewhat economically independent, they find adequate space to either take part in decision making processes on the issue which were very much linked to their lives. Decisions at household and family level pertaining to clothing and going outside of household for shopping are relatively up the ever demand of concerned womenfolk. This would definitely have positive repercussion to minimize deprivation and weak social status of womenfolk
- It was also observed that living standards were relatively improved. People seem to be enjoying better food stuff and health and hygiene condition. The pathetic and deplorable living condition associated with poverty got improved with the monthly income of the family as an immediate effect of micro financing project.
- Improved living standards has already lead people to buy and utilize better households goods, home appliances and facilities such as washing machine, motor bike, refrigerator, TV and computer facilities. With improved living conditions the level of confidence also improved that further helped these communities to participate in matters of social live and contribute among themselves for socialization and mutual learning.

Recommendations

Based upon findings of secondary and primary data analysis and observation the following are suggested as pragmatic recommendations of the research study. All possible efforts have been made to suggest doable

activities, which is further divided into broader guidelines and specific actions to be taken by relevant stakeholders

- The NGOs involved in executing micro credit projects in particular and civil society organizations in general must raise the issue of influencing decision making mechanism through advocacy and lobbying for formulation of national policy and legislation with regard to micro credit projects to alleviate mass poverty.
- The amount of disbursement of loan to individuals and group loanees must be increased from Rs. 50,000/- to Rs. 100,000/- during initial loan disbursement. The increased amount besides matching with ever increasing ration of inflation will also provide individuals to seek better investment options in the marketplace. Increase in sum of second and third round of loan disbursement is also an advisable suggestion to organizations undertaking micro credit projects
- Building capacities of women group is another ever demanded task to be performed by NGOs executing micro credit projects. Women groups with built capacities will further enrich the efforts of women empowerment. The targeted women groups than can be given additional tasks to be accomplished such as advocating, lobbying and influencing stakeholders of various women related issues such as workplace harassment and violence of all kinds that prevail on gender ground in our society
- Women groups in particular and the targeted groups of micro credit projects in general must be provided with courage, technical knowhow and financial support to collectively invest for establishment of small industries in the areas of their expertise and marketable interests. In this regard, initially, few areas may be made model project areas, where establishment of small industries are tested for its replication among other groups all over the province
- Any empowerment effort is well executed when it includes monetary benefits. Therefore, social mobilization packages with regard to women empowerment must be added into soft package of micro credit projects. The bread earner female family members will be relatively more confident in decision making matters that has its impact over their live.

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