

## Impact of Micro Credit on Poverty Reduction through Comprehensive Village Development Programme: A Case Study

Md. Mashiur Rahman\*

**Abstract:** *The role of micro credit on poverty reduction is well recognized throughout the world. Bangladesh is the place where the seedbed of micro credit was prepared, experimented and flourished with a recognized system to serve the poor. Bangladesh Academy for Rural Development (BARD) introduced micro credit in the early sixties through two tier cooperatives and further experimented it following the target group approach through SFDF since 1976. In 1983 BARD undertook Comprehensive Village Development Programme (CVDP) for the holistic development of the villagers through the participation of all classes of people. The main functions of this society are to collect deposit and to disburse the collected amount of money to the members of the society as micro credit for poverty reduction. This study is an attempt to assess the impact of micro credit on poverty reduction through an institutional approach like CVDP. The study emphasizes on the access of micro credit through capital accumulation and its utilization and assesses the changes in poverty situation through micro-credit. The study also comes up with some important findings related to impact of micro credit on food provisioning, asset formation, capital formation, income generation, housing condition, incidence of income and human poverty related issues like health, nutrition, sanitation etc and overall economic condition. The findings of the study will be useful for the policy planners to formulate appropriate policy and review the existing policies for poverty reduction.*

### Introduction:

Poverty free world is a worldwide dream of our time. Today we have enough resources, knowledge and techniques to invest to end poverty and exclusion for the sake of human dignity, peace and stability in the world. Our constitution recognizes the rights to health, education and livelihood as basic rights of the people. Bangladesh has declared its aim to eradicate poverty and endorsed Millennium Development Goals (MDGs) as its goal by unlocking potential of growth and equity. Apart from many positive changes in promoting quality of life, the poverty situation in

---

\* Asst. Professor, Department of Public Administration, Comilla University, Kotbari, Comilla

Bangladesh is not changing significantly. Providing the poor with access to financial services is one of many ways to help increase their incomes and productivity. In many countries, however, traditional financial institutions have failed to provide this service (Adams, Graham, and von Pischke 1984; Braverman and Guasch 1986, 1989; Hoff and Stiglitz 1990; World Bank 1975, 1993). Microcredit and cooperative programs have been developed to fill this gap.

In the 1970s and 1980s, a large sum of money in the form of loans and grants for microcredit programs were mobilized to combat poverty of the people in many developing countries (Dasgupta, 2004). Bangladesh made considerable progress in alleviating poverty in the 1980s and 1990s (Khan 1990; Osmani 1990; Hossain and Sen 1992; Rahman and Hossain 1995; Sen, 2003; World Bank, 2007). The attractive feature of microcredit is its ability to address the credit needs of the poor. Microcredit Institutions in Bangladesh have developed strategies for providing collateral free loans to the poor and assetless households. The country has been going through the experience of an extensive system of microcredit operation involving a variety of organizations. Grameen Bank and a large number of NGOs in Bangladesh came forward to cater to the credit needs of the rural poor through the supply of microcredit. A number of government organizations have also been involved in the microcredit sector for more than three decades. During sixties under the leadership of Dr. Akhter Hameed Khan, Bangladesh Academy for Rural Development (BARD), Comilla innovated two tier cooperative system, which added a new dimension in the sphere of cooperative movement in this country. Initially the two tier cooperatives were aimed at ensuring a comprehensive development of the entire villages. But with the East Pakistan Government's slogan of grow more food, the cooperative society was mainly based on agriculture. Considering the aspects of heterogeneity of rural people, BARD undertook a rural development project in 1975 in the name of Total Village Development Programme (TVDP), which later on was renamed as Comprehensive Village Development Programme (CVDP). The view of the project was to develop a package programme for an integrated and total development of the villages by bringing all classes of people within one institutional framework. From the eighties to till CVDP is performing its various activities considering poverty reduction. Microcredit operation is one of the prime activities of CVDP.

Findings of different studies implied that the per capita income of the micro-finance borrowers was significantly higher than that of the non-borrowers. International Development Association (IDA) in 1999 showed that beneficiaries of Palli Karma Shahayak Foundation (PKSF) increased their income by 98 per cent. Among the microfinance borrowers, 89 per cent improved quantity and quality of food intake, 88 per cent improved clothing, 75 per cent improved housing condition, 69 per cent improved sanitation and overall quality of life improved by 95 per cent. An evaluation study on BRAC micro-finance programme revealed that percentage of households living below the upper poverty line was about 17 percentage point lower than that of comparison groups. But Ahmed in 2004 showed that there had no significant decline in the overall levels of poverty. Biswas in 2008 through before after comparison with recall method showed that 16 percentage points poverty reduced among the borrowers within 5 years. But poverty line estimated through direct calorie intake method in programme and control areas revealed that 6 percentage points poverty reduced due to the involvement in micro-finance programme. A summary of findings of different studies showed that percentage of income or expenditure increased varies widely from 8 to 82 per cent (Biswas, 2010).

Although most of the individual evaluations studies show significant contribution of micro-finance to poverty reduction, the national level poverty reduced by only one per cent per year during 1995-96 to 2005 (BBS, 2007). Moreover, the poverty reduced during the last 10 years is not only due to the implementation of micro-finance programmes. There are some other factors including foreign remittance, government safety net and other development programmes. With the passage of time, the Microcredit Institutions are facing new challenges and are operating in a changing economic environment. Therefore, an evaluation of the programmes for microcredit and the condition of such credit in poverty alleviation in Bangladesh is called for. A large number of studies on the impact of microcredit of CVDSP societies have been conducted so far. The results of these studies should be reviewed in order to examine whether there is a consensus on the major findings. Such an assessment can serve as the basis for an analysis of the emerging concerns about the role of Microcredit Institutions in poverty reduction. Moreover most of the studies did very much qualitative assessment. So the study will make to discuss the impact of microcredit on household income, savings or capital

accumulation and its utilization, employment generation, factors that contributing reduces poverty etc. The findings of the study will be useful for the policy planners to formulate appropriate policy and review the existing policies for poverty reduction and also this study will add new knowledge for the researchers and academicians. This study will also give us the idea of coping strategies of estimating poverty levels and designing poverty alleviation measures.

## 2.0 Objectives of the Study

The general objective of the study is to assess the impact of micro credit on poverty reduction. The specific objectives of the study are to:

- i) enumerate capital accumulation and its utilization in micro credit,
- ii) assess the changes in poverty situation through micro-credit, and
- iii) investigate the factors related with the changes in poverty.

## 3.0 Study Methods

The study was based on both primary and secondary sources of data. A combination of qualitative and quantitative methods was used in collecting the primary data. The research approach and methods of the study are as follows:

### 3.1 Selection of Study Area and Sample Respondents

The study was conducted at Digholgaon Village under Adarsha Sadar Upazila of Comilla district. The study area was selected purposively considering the poverty reduction strategy through micro credit by the CVDP Societies. Selected respondents were interviewed using a structured questionnaire. To determine the sample size from the universe/population, standard statistical formula in case of known population as mentioned by Kothari (2004) were used. Sample size was also be calculated at 95% confidence level and 5% margin of error.

The formula for calculating the sample size is as follows:

$$n = \frac{z^2 pqN}{e^2(N-1) + z^2 pq}$$

Where,

n = Sample size;

z = The value of the standard variate at a given confidence level and

accumulation and its utilization, employment generation, factors that contributing reduces poverty etc. The findings of the study will be useful for the policy planners to formulate appropriate policy and review the existing policies for poverty reduction and also this study will add new knowledge for the researchers and academicians. This study will also give us the idea of coping strategies of estimating poverty levels and designing poverty alleviation measures.

## 2.0 Objectives of the Study

The general objective of the study is to assess the impact of micro credit on poverty reduction. The specific objectives of the study are to:

- i) enumerate capital accumulation and its utilization in micro credit,
- ii) assess the changes in poverty situation through micro-credit, and
- iii) investigate the factors related with the changes in poverty.

## 3.0 Study Methods

The study was based on both primary and secondary sources of data. A combination of qualitative and quantitative methods was used in collecting the primary data. The research approach and methods of the study are as follows:

### 3.1 Selection of Study Area and Sample Respondents

The study was conducted at Digholgaon Village under Adarsha Sadar Upazila of Comilla district. The study area was selected purposively considering the poverty reduction strategy through micro credit by the CVDP Societies. Selected respondents were interviewed using a structured questionnaire. To determine the sample size from the universe/population, standard statistical formula in case of known population as mentioned by Kothari (2004) were used. Sample size was also be calculated at 95% confidence level and 5% margin of error.

The formula for calculating the sample size is as follows:

$$n = \frac{z^2 pqN}{e^2(N-1) + z^2 pq}$$

Where,

n = Sample size;

z = The value of the standard variate at a given confidence level and

to be worked out from table showing area under Normal Curve. In the present study it would be considered standard normal deviate at 95% confidence level =1.96;

- p = Sample proportion, which may either be based on personal judgment, experience or may be result of a pilot study. In absence of such estimation one method may be to take the value of p=0.50 in which case 'n' will be the maximum and the sample will yield at least the desired precision. In the present study value of p will be estimated as 0.50;
- q = 1-p (In the present study q=1 - 0.50 =0.50)
- e = Acceptable margin of error (the precision), usually considered 0.05
- N = Size of household

The estimated sample size:

$$n = \frac{(1.96)^2 (0.50 \times 0.50) 70}{(0.05)^2 \times (70 - 1) + (1.96)^2 (0.50 \times 0.50)}$$

$$= \frac{67.228}{1.1329} = 59.34$$

A total of 60 beneficiaries from 70 members those who come from poor and medium family will be considered for the study. Following the formula of Kothari, size of sample was calculated as 60. Thus, the sample size of 60 was selected purposively from the study area.

### 3.2 Methods of Data Collection

Both quantitative and qualitative data was used to address the objectives of the study. For collecting the data a structured interview schedule were developed with combination of both closed and open-ended questions. The researchers themselves were also involved to collect the information of the study. Focus Group Discussion was conducted for the study. Secondary information was also collected from books, journals, newspapers, office records of CVDP and other published documents. Researchers' observations were also incorporated in the study.

### 3.3 Data Processing and analysis

MS Access 2000 was used to develop the data entry programme, while Statistical Package for Social Science (SPSS) Version-11.00 was used for processing and analysing the data. Collected data was presented in tables, graphs and charts. Simple statistical tools such as percent, average, correlation, regression were also used to interpret findings of the study. The data was also tabulated by the researchers themselves.

## 4.0 Results and Discussion

### 4.1 Access to Micro-credit and Its Utilization

To generate income activities as well as to reduce poverty are the important roles of micro credit. The poor people can not be able to take loan from the commercial banks of the country. This is why; they face many problems regarding the poverty reduction. CVDP, a concerned of BARD, has attempted to meet the necessities with a view to reducing the poverty through utilization of micro-credit. This chapter discusses issues regarding the duration of the membership, own capital formation, credit disbursement, utilization of credit, formulation of assets among others of the respondents.

#### 4.1.1 Duration of Membership

The membership duration of the respondents in micro credit program is an important issue needed to discuss its role in poverty reduction.

Table-1.1: Duration of Membership

Duration of the membership (year)	Number	Percentage
0 to 10	9	15
11 to 20	28	46.7
21 and above	23	38.30
Total	60	100.0

The above table shows that the number of membership has not been increased significantly out of 60 observations collected through survey. We got only 9 observations in the latest decade whereas it was 23 during its decade of inception. There was a little improvement in the number of membership during the second decade from its inception. So there is a problem enlisting procedure from the third decade.

#### 4.1.2 Own Capital Formation

Utilization of micro-credit through capital formation is an important indicator. If the poor can increase their received loan by investing in different sectors then it would facilitate to generate income and to reduce their poverty.

Table-1.2: Own Capital Formation

Share Values (Taka)	Frequency	Percentage
Up to Tk. 5,000.00	12	20
5001-10,000	32	53.3
10001-15,000	13	21.7
15001-20,000	2	3.3
20001 and above	1	1.7
Total	60	100

Capital can be formed through either by savings or buying shares. Out of 60 members 53.3 percent belongs to the range of share values from Tk.5001 to Tk.10000 which obviously the highest percentage whereas, only 17 percent of the respondents belong to the range of share values Tk. 20,001 and above. So the comparison among the share values tells that there is a below moderate level of capital formed by the maximum respondents.

#### 4.1.3 Number of Credit Disbursement

Both the frequency and the amount of credit received by the respondents are very important to reduce the poverty.

Table-1.3: Frequency of Credit and Composition of Credit Disbursement

Frequency of Credit			Composition of Credit Disbursement		
Number of Times Credit Received	Frequency	Percentage	Volume of the respondents received credit (Taka)	Frequency	Percentage
1	20	33.3	up to 10,000	22	36.7
2	27	45.0	10,001-20,000	18	30.0
3	13	21.7	20001-30,000	11	18.3
-	-	-	30001-40,000	7	11.7
			40,001 and above	2	3.3
Total	60	100.0	Total	60	100.0

Maximum respondents have borrowed from the cooperative for two times and the volume of credit received the same is belong to the range up to Tk. 10,000.00 with the range Tk.10,001.00 to Tk.20,000.00 as the next to maximum. From the above comparison we can able to say that maximum respondents moderate volume credit receiver.

#### 4.1.4 Credit Utilization

Effect of micro credit on poverty reduction depends on how effectively credit is being utilized, particularly to initiate income generating activities as well as to earn income through proper utilization of credit.

Table-1.4: Credit Utilization

Sector	Frequency on Purposes	Frequency on Uses	Members utilized credit as per purpose
Agriculture	27	27	100%
Livestock	6	6	100%
Poultry	5	5	100%
Fisheries	5	5	100%
Sewing	1	1	100%
Home Construction	3	3	100%
Going Abroad	8	8	100%
Small Business	5	5	100%
Total	60	60	100%

From the above given table-1.4, we can observe that modal number of membership received credit fro agriculture purpose followed by going abroad, livestock, poultry, fisheries, home construction, sewing among others. In terms of credit utilization, almost 100 percent members utilized credit as per proposed activities for eight areas out of the same.

#### 4.1.5 Training Received

Training plays vital role for proper utilization of micro-credit. Disbursement of micro-credit along with training on concerned income generating activities is more effective compared to the disbursement of micro-credit alone for initiating income generating activities.

Table-1.5: Received Training by the Respondents

Major Types of Training Received	Number of Members	Percentage of members received training
Agriculture	35	58.3
Livestock	21	35
Fisheries	12	20
Poultry	10	16.7
Sewing	3	5
Dai	3	5
Cottage Industry	1	1.7
Family Planning	5	8.3
Co-operative Management	13	21.7

It was found that a total of 43 respondents out of 60 respondents in the given program area received training on micro-credit utilization indicating 71.33 (app.) of the total respondents. Major types of training received by the respondents in program area are mentioned in the table-1.5. It implies that maximum number of respondents received training on agriculture and livestock rearing. It is to be noted that micro-credit institutions imparted training to their members not only on income generating activities but also on health, sanitation, family planning, nutrition and social development issues. These types of training may help in reducing human poverty along with income poverty.

#### 4.1.6 Formation of Assets

Asset helps people to generate income as well as to cope with the crisis. Therefore, those households who have more assets they are less vulnerable in different crisis period. In this section attempted has been made to assess the number and the percentage of households that formed asset through utilization of credit.

Table-1.6 (a): Number and Percentage of Households Formed Assets through Utilization of Micro-credit

Types of Assets Formed	Before Membership	After Membership
TV	6 (10%)	56(93.33)
Refrigerator	0	25(41.66)
Sewing Machine	5 (8.33%)	15(25%)
Furniture	3(5%)	25(41.66%)

It was found that maximum number of respondents purchased TV followed by the household furniture with the income generated from micro-credit. Income generated from the utilization of micro-credit was used for both households necessities and future income generating activities. There are some assets that were formed by the profit derived from micro-credit like cattle, sewing machine, rice mill and other income rearing related assets. On the other hand, assets like household furniture, TV, refrigerator, were important necessities for household would not any further income. Therefore, at initial stage, emphasis should be given to utilize the profit in further income generating activities and then it can be utilized for households necessities.

Table-1.6 (b): Own Housing Land before and after membership

Land (Decimal)	Before Membership		After Membership	
	Frequency	Percentage	Frequency	Percentage
0 to 5	15	25	14	23.3
6 to 10	31	51.7	30	50.0
11 to 15	6	10.0	8	13.3
16 to 20	5	8.3	5	8.3
21 and above	3	5.0	3	5.0
Total	60	100.0	60	100.0

Observing above given table-1.6 relating to own housing before and after membership (in decimal) we come to conclusion that there is no significant change in the area coverage for housing of the respondents.

Table-1.6 (c): Number and Percentage of Households Owned Livestock

Category	Before Membership	After Membership	Increased (Percentage)
Number of Livestock (Cow)	57	113	98.24
Number of Livestock (Goat)	20	48	140.00

From the above table it could easily say that live stocks possess by the respondents have been increased significantly.

## 5.0 Impact of Micro-credit and Changes in Economic Condition

### 5.1 Changes in Food Intake

Any changes in food intake measures the poverty status of the household. Food intake and incidence of poverty are inversely related. This means that the higher the food intake the lower the incidence of poverty. Food

intake of the households depends on their own production and procurement ability from all other sources of income. Since rice is the main food of our country, food security depends mainly on how much rice produced by the household members. In this study food intake means the availability and affordability of food in terms of quantity, quality and culturally acceptable from own production and all other sources of income of the household members.

Table-2.1: Changes in Food Intake

Food intake with before and after comparison	Food Intake (month)			Total number of the respondent	Average	Standard Deviation
	6	9	12			
Ability to meet up food demand before membership	7 (11.7%)	42 (70%)	11 (18.3%)	60	9.20	1.64
Ability to meet up food demand after membership	-	8 (13.3%)	52 (86.7%)	60	11.60	1.03

Changes in food intake of the respondents are measured through a comparison between before and after with recall method. Food intake of the respondents increased due to the micro-credit intervention during the before membership compared to the present context. Average food intake of the respondents increased about 9 months to 12 months. It is also mentioned that not only average food provisioning is increased but also inequality of the respondents regarding food intake is reduced. This implies that the difference between the changes in food intake found through before and after with recall method plays impact remarkably.

## 5.2 Changes in Housing

Housing condition is one of the important indicators for assessing the poverty situation. Because when the economic condition of a person is improved he or she tries to construct a new house or to repair the old house. Housing conditions of the respondents in the study area were classified into three categories – *pacca*, *semi-pacca* and *kancha*. Changes in poverty situation of the respondents was assessed through comparing the housing condition in before and after involving in micro-credit programme through recall method of the respondents.

Table-2.2: Changes in Housing

Type of main dwelling house	Before membership	After membership
Pacca	-	2 (3.3%)
Semi pacca	5 (8.3%)	53 (88.3%)
Kancha	55 (91.7%)	7 (11.7%)
Total	60 (100%)	60 (100%)

The above table shows that due to the micro-credit programme there was a significant improvement in structure of dwelling house of the respondents. The major changes occurred among the respondents those who had kancha. It was found that before involving micro-credit programme, about 92 per cent respondents' main dwelling house was *kancha* and after involving in micro-credit programme it was significantly changed to *semi-pacca* (88%) and also reduced of *kancha* house (12%).

### 5.3 Changes in Access to Safe Drinking Water

Access to safe drinking water is a primary need for a human being. In order to analyse the access to safe drinking water the respondents were asked to mention the main sources of drinking water. All respondents expressed that they have easy access to tube-well water before membership of the cooperative.

Table- 2.3: Changes in Access to Safe Drinking Water

Sources of Drinking Water	Before membership	After membership
Owned tube well	4 (6.7%)	51 (85%)
Not owned tube well	56 (93.3%)	9 (15%)
Total	60 (100%)	60 (100%)

This study was asked to the respondents regarding the ownership of the tube-well through a comparison between before and after with recall method. The study is found that whereas about 93 per cent household had no owned tube-well before membership of the co-operative, 85 per cent household has managed owned tube-well after membership of the cooperative. It implies that numbers of tube-well of the study area were increased regarding ownership remarkably.

### 5.4 Changes in Types of Latrine

Types of latrine used by a household indicate the level of hygienic awareness as well as poverty level of the household. In this study, all types of latrines used in the study area are classified into four categories - Pacca latrine, Pit latrine, Ring latrine and Open latrine.

Table-2.4: Changes in Types of Latrine

Types of Latrine	Before membership	After membership
Pacca latrine	-	17(28.3%)
Pit latrine	1 (1.7%)	2 (3.3%)
Ring latrine	17 (28.3%)	41 (68.3%)
Open latrine	42 (70%)	-
Total	60 (100%)	60 (100%)

The above table shows that nobody use open latrine in the study area after membership whereas 70 per cent open latrine were used before membership of the cooperative. Moreover, percentage of households using ring latrine increased significantly in situation compared to the before membership of the cooperative society. This implies that micro-credit programme helped the respondents to use at least ring latrine instead of open latrine.

### 5.5 Changes in Poverty

To assess the improvement of economic condition, the respondents were asked to answer through recall method whether their economic condition improved due to their involvement in micro-credit programme.

Table-2.5: Changes in Poverty

Economic Status	Before membership	After membership
Middle Class	3 (5%)	25 (41.7%)
Poor	23 (38.3%)	33 (55%)
Ultra Poor	32 (53.3%)	-
Below poverty line	2 (3.3%)	2 (3.3%)
Total	60 (100%)	60 (100%)

Changes in poverty of the respondents are measured through a comparison between before and after membership of the cooperative society. From above table shows that there is no existence of ultra poor household after membership of the society whereas about 53 per cent

respondents' household were under ultra poor before membership. It is also implies that about 42 per cent household now is in middle class whereas 5 per cent household as same class. Moreover, economic status of the household is improved enormously due to micro-credit intervention.

### 5.6 Networking

Various government and non-government organizations perform their different activities in rural areas. Since most of the people are found weak in financial incapability of the rural areas, they have to involve in several organizations for survival. It is mentioned that all respondents are the members of the cooperative society named Digholgaon Comprehensive Village Development Society (DCVDS). Moreover, the respondents were asked having involvement with other organizations and which one is the best.

Table-2.6: Involvement of the respondents with other organizations

Networking	Name of the various involved organizations						Best Organization
	Grameen Bank	ASA	BRAC	Insurance Company	Others	No involvement	CVDP
Involvement of the respondents with other organizations	13 (21.7%)	1 (1.7%)	1 (1.7%)	1 (1.7%)	2 (3.3%)	42 (70%)	18 (100%)

It is observed that out of 60 respondents, only 30 per cent respondents were found involved with other organizations whereas 70 per cent respondents have only access to DCVDS. That means most of the members of DCVDS have trust on their cooperative society. The respondents those who are involved with other organizations side by side DCVDS opined that DCVDS is playing major roles in poverty reduction through its various activities other than organizations.

### 5.7 Contributing Factors of the Co-operative Society in Poverty Reduction

Identification of significant factors and their relative contribution to poverty reduction is an important aspect for formulating future development policy regarding poverty reduction.

Table-2.7: Contributing Factors of the Co-operative Society in Poverty Reduction

Indicators	Frequency of Respondents	Percentage
Irrigation facilities through DTW	51	85
Low rate of interest	28	46.7
Awareness building through training	25	41.7
Installment at a time after using credit	24	40
Savings habit	17	28.3
Cultivation facilities through tractor	13	21.7
Accumulation of capital and asset through utilization of credit	8	13.3

It is observed that 85 per cent respondents identified irrigation facilities through deep tube-well which most contributes in poverty reduction. It also reveals that low rate of interest and awareness building through training was the second and third factors which contributed in poverty reduction.

### 5.8 Problems Experienced by the Respondents

In order to develop strategies for poverty reduction, identification of the problems faced by the respondents is the crucial aspect. For this regard, the respondents were asked to mention the problems related to poverty reduction activities. Among the different problems identified by the respondents, a large proportion of respondents mentioned that the cooperative society don't provide credit to the respondents at present.

Table-2.8: Problems Experienced by the Respondents

Indicators	Frequency of Respondents	Percentage
Not to provide credit at present	40	66.66
Tempered voucher of expenditure from management of the society	20	33.33
Pressure of influential member in various activities of Society	19	31.7
Small amount of loan	10	16.7
Absence of training program at present	10	16.7
Don't provide credit in time	2	3.3

Tempered voucher of expenditure made by the management of the cooperative society was also identified by the respondents as one of the important problems. Pressure of influential member in various activities of Society was also identified an important problems which belongs to about 32 per cent. On the basis of the problems mentioned by the respondents and the researcher's observations during the field survey, lack of providing credit to the respondents at present was identified as the core problem.

## **6.0 Conclusions & Recommendations**

Micro credit plays an important role to improve the socio-economic status of the borrowers those who received credit from the Comprehensive Village Development Society. It helped borrowers in initiating income generating activities by that they were able to earn some additional income for their households. According to the self-assessment of the respondents, access to micro credit was significantly related to the improvement of their economic condition. Improvement level of economic condition through micro credit was related to the duration of membership in micro credit programme, number of credit disbursement, number of credit received, amount of credit received and proper utilization of credit money. Besides these, micro credit helped to the credit receiver significantly regarding capital formation and formation of assets etc. It is mentioned that CVDPs imparted training to their credit receiver not only on income generating activities but also on health, sanitation, family planning, nutrition and social development issues. Live stocks possess by the respondents have been increased significantly through the utilization of credit. Utilizing of received credit, not only average food provisioning is increased but also inequality of the respondents regarding food intake is reduced. After the intervention of credit changes in housing condition, access to safe drinking water, changes in types of latrine of the respondents was developed significantly. But the major limitation of the study is that the researcher didn't able to differentiate the impact of credit and other than factors on poverty reduction. Moreover, micro credit helped borrowers to improve their socio-economic condition as well as to reduce poverty to a certain level. To reach beyond that level some more strategies need to be developed and implemented. Therefore, micro credit can be considered as one of the important instruments to reduce poverty. In order to make the

micro credit programme more effective through institutionalization like CVDPs for poverty reduction some recommendations based on the study findings are mentioned below:

Firstly, as the most of the respondents opined that the management authority will have to control the power of influential member of the society in various decisions making.

Secondly, as the respondents opined that the amount of credit received by them were not enough to generate effective income, therefore, based on demand and credit utilization ability of the members, size of micro credit can be increased.

Thirdly, the authority must be ensured the transparency & accountability of management of the society with the integrity.

Fourthly, appropriate training to the beneficiaries on concerned income generating activities should be the integral part of micro credit disbursement.

Fifthly, accelerating the agriculture sector the authority must take decision to install or reinstall minimum one deep tube well in one CVDP village.

Sixthly, in addition to economic activities micro credit programmes need to be integrated with human poverty related issues like health, nutrition, sanitation, population etc. This will help in reducing both income and human poverty.

Seventhly in order to generate effective income, proper utilization of micro credit as per approved plan by the beneficiaries should be ensured. For this regard, micro credit organizations need to establish an effective monitoring and evaluation systems for utilization of credit by the borrowers.

Lastly, there is huge number of younger and elder age population who do not have formal education. For them, micro credit programmes may introduce non-formal education with credit support. This type of non-formal education needs to be provided to the micro credit recipients before receiving their credit. So that they can apply this education for initiating income generating activities through micro credit.

**References:**

- Abed, F. H. 2004. Tracking Poverty through Microfinance. The daily Star, 13 February 2004.
- Adams, Dale W., Douglas Graham, and J. D. von Pischke, eds. 1983. Limitations of Cheap Credit in Promoting Rural Development. Washington, D.C.: World Bank, Economic Development Institute.
- Ahmed, S. 2004. "Microcredit: Giving the Poor a Chance". The Daily Star, 18 February 2004.
- Ahmed, Salehuddin and M.A. Hakim (edited). 2004. Attacking Poverty with Microcredit. Palli Karma-Sahayak Foundation (PKSF). The University Press Limited.
- Bangladesh Bureau of Statistics. 2008. Statistical Pocket Book of Bangladesh, 2007, Dhaka. Ministry of Planning.
- Braverman, Avishay, and J. Luis Guasch. 1986. "Rural Credit Markets and Institutions in Developing Countries: Lessons for Policy Analysis from Practice and Modern Theory." World Development 14: 1253-67.
- Biswas, Dr. Tapash Kumar. 2010. "Effectiveness of Micro-finance on Poverty Reduction and Future Challenges: A Case of Bangladesh," a journal article of Bi-annual Journal of AARDO, Vol. XXXXIII, No. 1, January-June 2010
- Biswas, Dr. Tapash Kumar et al. 2010. "Impact of Microcredit on Poverty Reduction and Adoption of Family Planning Methods". Bangladesh Academy for Rural Development (BARD), Comilla.
- Dasgupta, Swapan Kumar and Koichi Usami. 2004. "Sustainability of a Small Micro Credit Institution in Bangladesh-based on its Experiences.
- Hoff, Karla, and Joseph E. Stiglitz. 1990. "Introduction: Imperfect Information and Rural Credit Market: Puzzles and Policy Perspectives." The World Bank Economic Review 4 (3): 235-51.
- Hossain, Mahabub and Binayek Sen. 1992. Rural poverty in Bangladesh: trends and determinants. *Asian Development Review* 10(1): 1-34.
- Islam, Dr. Md. Shafiqul. 2007. "Sustainable Livelihoods of Rural Community through Comprehensive Village Development Programme of Bangladesh Academy for Rural Development", Comilla.

Microcredit Summit Report (1997). Washington: Results Educational Fund.

Rahman, A. (1999). "Microcredit Initiatives for Equitable and Sustainable Development: Who Pays?" *World Development*, vol. 27, no. 2, pp. 67-82.

Rahman, Rushidan Islam. 2000. Poverty Alleviation and Empowerment through Microfinance: Two Decades of Experience in Bangladesh. Research Monograph of Bangladesh Institute of Development Studies, Dhaka, Bangladesh.

Sen, Binayek. 2003. Drivers of escape and descent: changing household fortunes in rural Bangladesh. *World Development* 31(3): 513-534