

What Causes Dropout from Microcredit Programmes?

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Abstract: Increasing number of dropout has emerged as a threat for the wonderful successes of the microcredit programmes in poverty alleviation. Some studies have shown dissatisfaction over the services offered by the microcredit programmes compared to other programmes as major reason for dropout. This article, based on in-depth data collected from the dropped out participants of pioneer microcredit programme Grameen Bank Bangladesh, found that majority of the dropout decisions were taken by the participants or their families as results of awful experiences caused by detrimental individual and family conditions, mostly, relating to regular meetings and regular repayment through instalments – two salient features of success of microcredit programmes. Majority of the dropped out participants were also found not entered into any other programme indicating their negative attitude towards microcredit programmes. It is necessary to reformulate microcredit policies incorporating factors contributing to dropout to reduce the problem.

Key Words: Microcredit programme, reasons for dropout, Bangladesh

INTRODUCTION

Microcredit approach has been recognised as an effective tool to reduce poverty^[1]. Subsequently, at present, huge number of poor are participating in numerous microcredit programmes worldwide including Bangladesh in an effort to come out of poverty^[2,3]. However, by now, increasing number of dropout has already emerged as a potential threat for the wonderful successes of the microcredit programmes^[2,4-6]. Karim^[4] found as high as 42.4 percent dropout from one branch of Grameen Bank, Bangladesh. Moreover, dropped out participants found neither economically graduated nor came out of poverty^[5]. Thus, dropouts are actually remaining in poverty. When much of world's poverty alleviation depend on the successes of microcredit programmes dropout from microcredit programme has emerged as a major obstacle. Considering the importance of the problem some studies have already been conducted to identify the reasons for dropout from microcredit programmes^[4,7-10]. Wright^[10], reviewing some of these studies, concluded that about three-quarters of the dropouts caused by dissatisfaction over the financial services offered by the programme and a belief that other programmes offer better facilities. This implies that dropped out participants could have involved with other microcredit programmes. However, study by Khan and Chowdhury^[9] found that more than three-quarter (75.7 %) of the dropped out participants of BRAC (Bangladesh Rural Advancement Committee a Bangladeshi large international NGO) didn't involve with any other microcredit programme. This indicates that these

participants might have dropped out due to some other reasons, which deserves to be studied in-depth. Present study has tried to identify the dynamics of dropout decision and actual reasons that led to take that decision analysing data collected from the dropped out participants of Grameen Bank, Bangladesh. It is worth mention that microcredit programmes focus mainly on women^[2,3,11-13]. For example, 95.6 percent of the participants of Grameen Bank are women^[14]. Therefore, only women participants of microcredit programmes have been considered in this study.

Dynamics of dropout decision: Dropout from microcredit programme may happen in three ways. First, participants themselves may leave the programme or 'family decision'. Scholars have mentioned these dropouts as voluntary dropout^[9] or retirement and self-quitters^[8] or personal decision^[5]. Whatever the term used these participants themselves or their family members take the dropout decision. As participation in microcredit programme is an opportunity for the poor to come out of poverty, there is no scope of viewing these decisions as taken willingly. Rather adverse individual and family conditions might have contributed to these decisions. For example, participant might have asked by husband, she might have failed to continue participation in programme activities due to maternity grounds, the investment project might have incurred loss or capital might have consumed and the family faced a traumatic experience in regular repayment, she might have faced conflict with other group members, etc. These might have led to dropout. Second, the programme authority may take the decision as the

Table 1: Some Basic Characteristics of the Respondents of the Study

Characteristics	Minimum	Maximum	Mean	Std. Deviation
Age of the respondent (Years)	20	50	30.59	6.47
Number of family member	2	8	4.52	1.28
Per capita yearly income (Tk.)	1167	24000	6039.40	3686.76
Duration in the programme (Years)	1	25	3.91	2.85
Total number of loans taken	1	12	4.88	3.25
Average amount of loan (Tk.)	1000	5571	3033.06	889.35

participant failed to comply with the programme activities. Scholars have mentioned these dropouts as 'expulsion' due to in-discipline^[5,8,9]. Third, some unavoidable events may occur which cause certain dropout. These are 'death of participant' and 'migration of participant'. Migration can be due to marriage or marital hazards, i.e. divorce, separation or death of husband, and economical or other reasons. Khan and Chowdhury^[9] showed 80.5 percent participants dropped out voluntarily while rest 19.5 percent expelled. They, however, didn't show anyone as departure from the area due to migration or death. Karim and Osada^[15] studying all dropouts from one branch of Grameen Bank, Bangladesh found 84.1, 7.4 and 8.9% participants dropped out by personal decision, expulsion and departure from the area respectively. In the present study as the dropped out participants of the latter category were not available in the area first two categories have been considered.

Respondents: 124 dropped out participants of the Grameen Bank (women) branch Parila Paba under Rajshahi district of Bangladesh were selected purposively, both close and far from the branch office to minimise the geographical distance factor in dropout. In-depth data on reasons of dropout along with basic characteristics were collected from them through face to face interview with a structured open-ended schedule during October-November 1998. To understand the dynamics of dropout some case studies were also done. The average age, number of family member, and per capita yearly income of the respondents were 30.6 years, 4.5 and Tk. 6039.4 (US\$ 1= Tk.60/-), respectively. During average 3.9 years' stay in the programme respondents received average five loans, amounted average Tk. 3033/- (Table 1).

Dropout was a family decision: Majority (80.7%) of the dropout decisions came from family. Among these highest 39.1% participants themselves decided to dropout, followed by 37.1% asked by husband and another 4.0 % by other family members, son and stepson. 19.4 percent dropped out participants mentioned that programme authority expelled them (Table 2). Reasons behind these, however, found mostly originated from the adverse individual and family conditions of the participants.

Reasons for dropout

Complex and multidimensional: Whoever took the dropout decision, as discussed earlier, there found reasons behind that decision. These reasons were identified through interviewing the dropped out participants using structured and open-ended questions. Multiple responses (up to three) were considered. 237 responses were recorded from 124 dropped out participants. These responses have been grouped into eight broad categories, i.e. related to individual and cultural factors, related to family factors, related to husband, related to problem in loan repayment, related to regular meeting, related to programme factors, related to group members and related to programme worker. Then presented in Table 3 by who took decision. Under each broad category specific reasons have been presented. The data have revealed the complex and multidimensional nature of reasons for dropout.

Negative image of loan in society directly contributed to dropout: 23.4% of the dropped out participants mentioned that to get rid of bad feelings and always tension as loanee they dropped out. 7.3% mentioned fear of inability to repay loan in future and another 6.5% didn't like loan or they didn't feel loan essential for socio-economic improvement (Table 3). Together these three categories (37.1%) reflected the negative image of loan in Bangladesh society. Those who are in debt, usually, possess a negative image and loan is not considered as means of economic improvement in Bangladesh society. Rather, loan is seen inevitable only when a person falls in severe economic crisis. There is a proverb in Bengali Rin kore Ghee khawa valo na (eating butter through having loan is not good). This indicates the degree of negation of loan. Such attitude towards loan is deep-rooted into the culture of the society. Interestingly, this reason found more worked for the decisions taken by husbands (63.0%) than participants themselves (32.6%). Women's participation in microcredit programmes requires their movement outside household and involves interaction with outsiders seen against community norms also contributed to 6.5% dropped out cases. Husbands' decision to dropout was more (13.0%) caused by this than that of wives' decision. It indicates that husbands are

Table 2: Who Took the Dropout Decision

Dropout decision	Who Decided	Frequency	Percent
Decision by family (100 or 80.6 percent)	Herself	49	39.5
	Husband	46	37.1
	Other family members	5	4.0
Decision by authority (24 or 19.6 percent)	Group/center members	4	3.2
	Programme authority	20	16.2
Total		124	100

more rigid in this regard. It is evident that cultural factors through personal or family decision directly contributed to dropout.

Family factor as reason for dropout: More than one-fifth dropped out participants mentioned reasons related to family factors contributed to their dropout. Among these, problem in housework (11.3%) and problem in childcare (5.6%) during participation in programme activities were prominent. 4.0 % mentioned that they didn't have eligible person in family to invest loan (Table 3). Housework and childcare are two major traditional roles of rural Bangladeshi women. In fact they are overburdened with these roles. As husbands do not share these roles programme participation is new and additional for these women. It is not unlikely that they face conflict between their traditional and new roles, which might have contributed to dropout. Findings of the present study support this. Interestingly problem in housework and childcare contributed more (21.7%) in case of decisions taken by husbands than the participants themselves (16.4%). This might be caused by the fact that when wives were out of home for programme activities husbands had to take the responsibility of housework and childcare, which they found difficult. It is clear that women participant of microcredit programmes face difficulties in their traditional roles, which concerns them and their family members, contributed to dropout through family decision.

Husband's misdeed as reason for dropout: Nearly one-fourth (22.6%) of the respondents mentioned factors related to husband as reasons for their dropout. Top in this category was husband refused to provide regular repayment instalments (9.7%). Loans in these cases, however, handed over to husbands for investment. Others in this category were husband lazy/not good in investment, husband's second marriage, husband addicted, and husband left with capital (Table 3). It is notable that in case of nearly half of the decisions taken by the participants themselves were related to husband. When husband abuses loan either due to inability in investment or through misdeed women face dire crisis in repaying from their own capacity. That gives them such

a traumatic experience that they can't think anything else other than dropout. Although not in a large scale, it is also seen that when group members or programme authority came to know the misdeed of husband they expelled the respective participants guessing future problem in loan repayment (Case 1).

Findings reveal that husband's misdeed contributed to dropout in two ways. First, it caused traumatic experience in loan repayment for the women that led to dropout through own decision. Second, it created doubt among other group members and programme authority about the loan repayment ability of the participant that led to expulsion by the authority. These indicate the helpless condition of women participants of microcredit programmes in society. It appears that unless husbands become responsible, microcredit programmes may cause more sufferings for the already oppressed women in the society.

CASE 1

Shukzan Victim of husband's misdeed

The family: Shukzan (24) joined with Grameen Bank in September 1990. She had husband (30) and daughter (2) in family. With only 4 decimals of land Shukzan's husband was a day labour. Shukzan was not engaged in any earning activities. Their annual income was about Tk.7,000/- seemed enough for their family. Living in natal house Shukjan used to receive help from natal family.

Loan history: Shukzan, took Tk.2,500/- as 1st loan and gave to her brother. Her brother supplied repayment instalments. There was no problem. She herself used 2nd loan of Tk.3,000/- in goat raising, yielded a profit of about Tk.1,400/-. By this time, Shukzan's husband became drug addicted and gambler. Shukzan handed over 3rd loan of Tk.5,000/- to husband for investment. Husband spoiled the money in drug and gamble. Shukzan, with severe hardship, repaid the loan herself with help from natal family. Shukzan took 4th loan of Tk.5000/- and, again, gave to her husband. This time also, husband spoiled the money in same way. He didn't supply the repayment instalments. This caused severe conflict between husband and wife. Shukzan tried to repay loan through working in others house and receiving help from natal family. Yet she failed. Finally, the authority expelled her though she was not intended to dropout.

Frustrated Shukjan: Shukjan's struggle to come out of poverty ended in dropout or failure about 4 years after she joined Grameen Bank. She accused her husband for

Table 3: Reasons for Dropout by Who Took the Decision

Reasons	Decision by family						Decision by authority				Total (N=124)	
	Herself (N=49)		Husband (N=46)		Others (N=5)		Group (N=4)		Programme (N=20)			
	No.	Col.%	No.	Col.%	No.	Col.%	No.	Col.%	No.	Col.%	No.	Col.%
Related to individual and cultural factors	18	36.7	35	76.1	1	20.0	-	-	-	-	54	43.6
Bad feeling and always tension as loanee	10	20.4	18	39.1	1	20.0	-	-	-	-	29	23.4
Fear of inability to repay loan in future	6	12.2	3	6.5	-	-	-	-	-	-	9	7.3
No need of loan or don't like loan	-	-	8	17.4	-	-	-	-	-	-	8	6.5
Against community values	2	4.1	6	13.0	-	-	-	-	-	-	8	6.5
Related to family factors	12	24.5	11	23.9	3	60.0	-	-	-	-	26	21.0
Problem in household work	4	8.2	7	15.2	3	60.0	-	-	-	-	14	11.3
Problem in childcare	4	8.2	3	6.5	-	-	-	-	-	-	7	5.6
No eligible person in family for loan investment	4	8.2	1	2.2	-	-	-	-	-	-	5	4.0
Related to husband	24	49.0	-	-	-	-	2	50.0	2	10.0	28	22.6
Husband not provide repayment instalment	10	20.4	-	-	-	-	1	25.0	1	5.0	12	9.7
Husband lazy/sick/not good in investment	8	16.3	-	-	-	-	-	-	-	-	8	6.4
Husband's 2nd marriage	2	4.1	-	-	1	20.0	25.0	-	-	3	2.4	
Husband addicted	2	4.1	-	-	-	-	-	-	1	5.0	3	2.4
Husband left with capital	2	4.1	-	-	-	-	-	-	-	-	2	1.6
Related to problem in loan repayment	23	46.9	21	45.7	1	20.0	4	100	16	80.0	65	52.4
No continuous source of money	9	18.4	9	19.6	1	20.0	2	50.0	9	45.0	30	24.2
Capital lost/consumed	5	10.2	9	19.6	-	-	2	50.0	3	15.0	19	15.3
Husband/she sick	5	10.2	2	4.3	-	-	-	-	4	20.0	11	8.9
Don't find work always	3	6.1	1	2.2	-	-	-	-	-	-	4	3.2
Husband died	1	2.0	-	-	-	-	-	-	-	-	1	0.8
Related to regular meeting	6	12.2	7	15.2	-	-	-	-	3	15.0	16	12.9
Meeting takes too long/held early morning	1	2.0	4	8.7	-	-	-	-	-	-	5	4.0
Delay/absent in meeting as pregnant	3	6.1	-	-	-	-	-	-	2	10.0	5	4.0
Delay/absent in meeting as having young child	1	2.0	1	2.2	-	-	-	-	-	-	2	1.6
Delay/absent in meeting as due to housework	-	-	1	2.2	-	-	-	-	1	5.0	2	1.6
Delay/absent in meeting as husband sick	1	2.0	-	-	-	-	-	-	-	-	1	0.8
Delay/absent in meeting as family member died	-	-	1	2.2	-	-	-	-	-	-	1	0.8
Related to programme factors	8	16.3	11	24.0	2	40.0	-	-	1	20.0	22	17.7
Desired loan not sanctioned	7	14.3	8	17.4	2	40.0	-	-	-	-	17	13.7
Strict rules could not follow	1	2.0	1	2.2	-	-	-	-	-	-	2	1.6
Visit to other members for loan collection	-	-	2	4.3	-	-	-	-	-	-	2	1.6
Both mother and daughter member	-	-	-	-	-	-	-	-	1	5.0	1	0.8
Related to group members	6	12.2	-	-	-	-	1	25.0	3	15.0	10	8.1
Conflict over delay/absence in meeting	4	8.2	-	-	-	-	-	-	-	-	4	3.2
Conflict over construction of centre house	1	2.0	-	-	-	-	-	-	-	-	1	0.8
Conflict over other members' misreporting	-	-	-	-	-	-	1	25.0	3	15.0	4	3.2
Conflict over selection of group member	1	2.0	-	-	-	-	-	-	-	-	1	0.8
Related to programme worker	4	8.1	5	10.8	-	-	-	-	7	35.0	16	12.9
Misbehaviour of worker or participant	2	4.1	4	8.6	-	-	-	-	3	15.0	9	7.2
As forced to adopt authority's suggested project	1	2.0	-	-	-	-	-	-	-	-	1	0.8
Her refusal to repay absconding member's loan	1	2.0	-	-	-	-	-	-	1	5.0	2	1.6
Her favoured person not allowed as member	-	-	-	-	-	-	-	-	2	10.0	2	1.6
Conflict over workshop participation	-	-	1	2.2	-	-	-	-	-	-	1	0.8
As she opposed worker's bribe collection	-	-	-	-	-	-	-	-	1	5.0	1	0.8
Total Number of responses	101		90		7		7		32		237	

her dropout and miseries. She was found frustrated with a belief that it is impossible to improve her family condition due to her husband. Shukzan was willing to join Grameen Bank again, only if she can avoid her husband and invest loan herself.

This case study is a typical example of how misdeeds of husband can increase the sufferings of the poor women in microcredit programme. It appears that microcredit programmes need to develop effective policy intervention in such cases.

Problem in regular loan repayment as reason for dropout: Loans received from microcredit programmes are to repay through regular, mostly weekly, instalments. It is one of the salient features of success of microcredit programmes. However, findings show that this provision worked as one of the major reasons for dropout. More than half (51.6%) of the participants mentioned problem in loan repayment as reason for their dropout. Going through what caused problem in repayment reveals that it emerged mostly out of the vulnerable socio-economic

conditions of the poor. No continuous source of money, husband/she sick, capital lost or consumed, do not find work always were mentioned as causes of problem in regular loan repayment (Table 3). These are all related to the vulnerability of the poor. It also indicates that these participants failed to develop any project with loans that could have provided them with regular incomes. Hence the assumption microcredit approach holds that if provided loan the poor can invest it successfully through self-employment not working for all poor. Anyway, to repay regular repayment instalments, these participants had to depend on their extremely scarce other sources of income. As a result they faced traumatic experience in loan repayment and dropped out. Although majority of those who experienced problem in loan repayment dropped out by family decision it is seen that programme authority also expelled a significant proportion of them. Among 24 expelled dropped out participants 20 (83.3 %) reported that as the authority found them facing problem in loan repayment they expelled them (Case 2). These findings reveal that to keep the repayment update fellow group members or programme authority, whenever guess a participant may become unable to repay loan compelled her to dropout. Microcredit groups are considered as solidarity group. Hence group members and programme authority are expected to help participants in problem rather than compelled them to dropout. It actually indicates the dysfunction of the solidarity group. It may be mentioned here that Khan and Chowdhury^[9] found 42.4% of the dropped out female members of BRAC faced problem in regular loan repayment. ASA^[7] also reported that problem in regular loan repayment contributed to 49.5% dropped out cases. All these findings firmly establishes that though system of loan repayment through instalments is considered one of the key factors of high recovery rate it also works as the major reason for dropout from microcredit programmes. Thus, unless microcredit programmes adopts some special measures they may cause more vulnerability, instead of bringing out of poverty, for a considerable number of poor.

CASE 2

Nurjahan Problem in repayment caused by problem in investment concerned other members led to expulsion

Introduction: Nurjahan (18) joined Grameen Bank in 1990. She had husband (25) and only son (1) in family. They lived on their homestead (5 decimals) besides a metal road. Both husband and wife were illiterate. Her husband was engaged in petty business. Nurjahan was not involved in any earning activities. The yearly income of the family was about Tk.8,000.

Loss in business caused other group members concerned: Nurjahan received five loans during her five-year stay in Grameen Bank. With 1st loan she bought a cow. As the cow died she lost capital. She faced severe problem in loan repayment. With 2nd loan she bought a Rickshaw. That was profitable. But after few months the Rickshaw broken down. Again, somehow, she repaid the loan. With 3rd loan Nurjahan's husband started a sweet shop. 4th and 5th loans were also invested in that shop. It was running well. However, as money sold on credit was not recovered, the shop incurred loss. Other group members came to know that and reported to the authority. Guessing problem in repayment, authority refused to sanction her a seasonal loan, as she still owed 25 instalments of a general loan. It is worth mention that during the study, most Grameen Bank participants simultaneously had two loans, i.e. general and seasonal. Nurjahan's shop was in the verge of shut down for want of capital. She became afraid that if the shop closes down the money, sold on credit, would never be recovered. So she was desperately looking for capital to save and revitalise their shop. She repeatedly requested the authority to sanction her seasonal loan for which she was eligible as she fully repaid her prior seasonal loan. The authority, however, was not convinced about her ability to repay the loan. The loan was not sanctioned. Nurjahan, out of grievances, stopped repaying. This was followed by an operation at her house by the group members in an effort to recover the 21 instalments she owed. All valuables of her house were taken away. Later, with the interference of the branch manager, Nurjahan received back her valuables. These, however, led to Nurjahan's dropout against her will. Nurjahan didn't repay 21 instalments that she owed. She didn't receive her savings in the group fund either.

Nurjahan's case indicates several important findings. First, the participants may incur loss in investment due to reasons beyond their control. Second, if incurred loss other group members or programme authority become worried about loan repayment. Third, in such circumstance the authority refuses to sanction new loan. Fourth, this causes more difficulties for the participants and lead to non-cooperation with programme activities out of grievances. Fifth, group pressure may turn violent in an effort to recover loan. And finally, all these could lead to expulsion of the participant by the authority.

Delay/absence in meeting as reason for dropout: Another major programme related factor contributed to dropout was found delay/absence in meeting. Presence in regular meeting, mostly weekly, is one of the compulsory provisions for participation in microcredit programme. It

is also featured as one of the key factors in poverty alleviation and women's empowerment. Along with other activities all loan-related decisions are taken in the meetings. A meeting doesn't start unless all members gathered and continues until all members repay their repayment instalments. Thus meetings become lengthy if one or more members delay. If meeting gets lengthy it bothers already present members, as they are worried about their household duties. For example, it is painful for the participants having young baby in home to attend lengthy meeting. Data also support this. Five among 16 respondents in this category mentioned lengthy meeting as their reason for dropout. Thus, continuation with the programme for the rural women overburdened with household activities become difficult. Again, if a member delays or remain absent from meeting, recovery of her instalment becomes uncertain, which is a serious concern for everybody. Thus delay/absence in meeting is highly undesirable. However, some unavoidable events may cause some participants unable to attend the meeting, for example during pregnancy or delivery. Young Bangladeshi rural women used to visit natal house (far from programme area) during delivery. This may take few months. All these make it difficult for the women to attend the meetings. Data also show that participants delayed or remained absent in meeting due to such unavoidable reasons (Case 3). Five among 16 in this category mentioned pregnancy for delay/absence in meeting. Other reasons found engaged in housework, mother of young child, and family member sick/died (Table 3). As reasons for delay/absence in meeting found unavoidable there should be explicit policies regarding this. So that there won't be any scope for misunderstandings among the members. In practice, Grameen Bank workers practice some flexibility to cope with such events. However, as nothing has been mentioned in policy this often creates discord among the members, which contributed to dropout. It was learnt that even if an absent member sends her instalment anyhow, other members strongly oppose claiming that they would also remain absent. These do not imply that the provision of regular meeting has to be abandoned. Regular meeting is vital for the success of both the programme and participants. Hence such events should be exhaustively identified and incorporated into programme policies. This should be followed up by motivational activities so that others do not raise question about delay/absence in meeting with valid grounds.

CASE 3

Hawazan Absence in meeting due to pregnancy caused dropout

The family: Hawazan (26) joined Grameen Bank in January 1991. Her family composed of five members: husband (32),

two daughters (8 and 1) and one son (4). Hawazan studied up to class-IX and her husband up to Class-X. Her husband was engaged in business. The family possessed 30 decimals of land. The yearly family income was about Tk.12,000. The family seemed economically easy going.

Loan history in grameen bank: In two years Hawazan received two loans from Grameen Bank used by her husband. She had no problem in repaying regular instalments.

Absence in meeting due to pregnancy caused fellow members' concern: In her 3rd year in Grameen Bank Hawazan became pregnant. At the advance stage of pregnancy, she felt shy in walking through village and remained absent in meetings. She, however, sent the instalments regularly through her daughter or by other members. Other group members, however, became concerned, visited her house and asked to attend the meetings. Other members, as reported by Hawazan, used rough words. She and her husband felt insulted decided to dropout.

Events like pregnancy, delivery, death of family member, etc., cause obvious absence in regular meeting. It is essential to formulate explicit policies permitting the members remain absent in meeting during such events. These policies should be well circulated among the members so that there would be no scope for misunderstanding among the members as seen in the case of Hawazan.

Whatever the reasons of delay/absence in meeting it contributed to dropout. It concerns group members and authority either due to the fear of loan recovery or other members' claim that they would also remain absent. Sometimes this led to conflict between members and authority, which contributed to dropout either through a family decision out of grievances or through expulsion by the authority due to in-discipline.

Refusal of desired loan as reason for dropout: Problems related to programme factors contributed to 17.7 % dropout cases. Top in this category was desired loans not sanctioned, 13.7% (Table 3). Desires included higher amount of loan, housing loan, and seasonal loan, loan immediately after repaying the overdue loan, etc. In the microcredit programmes, the group members and programme authority assesses participant's eligibility and loan use capacity. Based on these loan decisions are made. Definitely this may not satisfy all participants. It is, however, evident that, in some cases, there remained a gap between the authority and participants. Authority found some participants ineligible for the loan while participants perceived themselves eligible for the loan

sought. This reveals that the poor are unable to judge their loan use ability by their own. Therefore, the programme authority had to intervene. It raises the question that if the poor are unable to judge even their loan use ability how they themselves would be able to come out of poverty using microcredit loans successfully as assumed? These, actually, indicate the necessity of motivating and guiding the poor in the process of coming out of poverty through participating in microcredit programmes. Again microcredit programmes both in principle and in practice, leaves the matter of coming out of poverty completely to the participants. Hence controlling the participants' loan desire authority actually exercising control over the process although not done in a planned manner and for the interest of the participants. Rather, it was executed based on mere loan use ability of the participants. It is not argued here that these participants were able to use the loans they desired. Rather, if the authority sanctioned their desired loans these participants could be in a more critical situation. The point is that the poor may not be able to do all needed for coming out of poverty using microcredit. Unless guided properly increasing number of poor would experience failure in their effort to come out of poverty in microcredit programmes.

It is clear that a proportion of the participants didn't get desired loan or amount of loan. It happened because either they were found unable to use the desired amount or found not eligible for the desired loan. In both cases, these participants became disappointed and dropped out through family decision (Case 4).

CASE 4

Maleka Disappointed as desired loan not sanctioned

Maleka's Background: Maleka (32) joined with Grameen Bank in June 1990. Her family was composed of husband (37), one son (12) and two daughters (8 and 6). They owned 41 decimals of land. Her husband was engaged in agriculture. All three children were students. The total yearly income of the family was about Tk.9,000. *Maleka* was a housewife.

Maleka in Grameen Bank: Maleka stayed in Grameen Bank for about four years and received eight loans. All loans, invested by her husband in agriculture in their own land and land leased in, yielded profit. Maleka, although reported difficulties in collecting instalment money sometimes, was regular in repayment.

Refusal to sanction desired housing loan caused maleka's dropout: Maleka, after participating more than four years and being regular in loan repayment, requested for a housing loan of Tk.10,000. The Grameen Bank

authority, however, refused to sanction housing loan, as older members deserved. This made Maleka and her husband aggrieved and they decided to dropout.

There might be valid reasons behind authority's decision for not sanctioning the house loan to Maleka. It, however, appears that the authority failed to make Maleka understand that. Grameen Bank possesses highest transparency in its operation. Yet it fell short of convincing its members with valid grounds as happened in case of Maleka. This caused the end of Maleka's effort to come out of poverty, which is undesirable. To combat this undesirable result Grameen Bank needs to put more stress on motivational activities.

Conflict with programme worker and group members as reason for dropout:

About one-fifth of the dropout decisions came from programme sources, i.e., either by group members or by programme authority. Majority of these (20 out of 24), however, came from programme authority. Conflict with programme worker or group members found contributed to dropout considerably. It is already seen that delay/absence in meeting is a serious concern for the group members and programme workers. Delay/absence in meeting and subsequent discord with group members and programme worker found as a major source of conflict. Other points of conflict were construction of centre house, other members' false reporting, selection of group member, force to adopt authority's suggested project, participants' refusal to repay absconding member's loan, participants' favoured person not allowed as member, workshop participation, and as opposed worker's bribe collection from members (Table 3). Whatever the point of conflict participants and their family members felt insulted or disliked it and decided to dropout. On the other hand authority also considered these participants as threat for the programme operation and expelled them.

Four participants in this category reported that other group members misreported to the authority on their ability to repay loan or loan use that contributed to expulsion decision. This, again, indicates other members' concern about loan repayment ability of the members. It reveals that, although not in a large scale, there are cases where peer pressure caused dropout. In microcredit approach group is responsible for repaying the defaulted or overdue loans. Thus, group members maintain extra cautions in this regard. Whenever it appears that a member may face problem in loan repayment, other members and programme worker suppose to exclude that member from the group. This may be another interesting field of study. However, from the present findings it may be said that although groups are suppose to do good for its members, in practice, it may work to exclude the vulnerable members. This may be good for the programme

Table 4: Whether Dropped Out Participants Entered into Other Microcredit Programmes

Whether entered	Number	Percent
No	90	72.6
Yes	34	27.4
Total	124	100.0

and for the remained members but not for those who compelled to dropout.

Another point of disagreement among the group members was found replacing the dropouts with new members. Sometimes contradictions arise over selection of new members among the existing members. Members' refusal to repay absconding members loan, conflict over workshop participation or construction of centre house; also caused discord among group members or with programme worker. It might be concluded that dropouts of this category were mostly the result of conflict between group members and/or programme worker. Grameen Bank groups consist of only five women. So conflict over different matters resulted in undeserved dropout indicates the weakness of rural women working in groups. It is also a drawback for the success of the microcredit programmes work through groups.

After the dropout: majority not joined with any other microcredit programme: It is claimed that one of the major reasons for dropout from microcredit programmes is dissatisfaction over the services provided by the respective programme^[7,10]. If so dropped out participants would enter into other microcredit programmes. However, data clearly show that majority (72.6%) of the dropped out participants did not enter into any other microcredit programme. Only 27.4 percent entered into another programme working in the area (Table 4). These dropped out participants might have been dissatisfied with their dropout. Most of these respondents mentioned that their new programme was less rigid than Grameen Bank in terms of loan repayment. Following conclusions may be drawn from the findings of the study. First, negative image of loan in society and continuous tension of regular repayment instalments contributed to dropout directly. If properly used loan would be an important tool for socio-economic improvement. However, findings revealed that a significant proportion of the poor has failed to realise that. This indicates the need for motivational activities among the poor about how loan can play an effective role in their poverty alleviation. Second, participation in microcredit programme makes it difficult for the women to perform their traditional roles, which concerns them and their family members resulted in dropout through family decision. Third, husband's misdeed caused traumatic experience for the women in loan repayment. So they decided to dropout. It also creates doubt among other

group members and programme authority on loan repayment ability of the participant resulted in expulsion by the authority. These indicate the helpless condition of women microcredit participants in society. It appears that unless husbands become responsible, microcredit programmes may cause more sufferings for the already oppressed women in the society. Fourth, regular loan repayment is considered as one of the key factors of success of microcredit programmes. However, findings of the present study revealed that this provision contributed to more than half of the dropped out cases. Although majority of those who experienced problem in loan repayment dropped out by family decision, authority also expelled a significant proportion of them. To keep the repayment update, fellow group members or programme authority compelled a participant to dropout whenever they guess she may face problem in loan repayment. Groups in microcredit approach are considered as solidarity group. Group members are expected to help the participants facing problem rather than compelled them to dropout. It actually indicates the dysfunction of the solidarity group. It is also evident that more vulnerable microcredit participants faced problem in loan repayment. It appears that microcredit programme may cause more vulnerability for the poorest instead of bringing them out of poverty. Hence, this deserves highest priority in microcredit operation. Fifth, participation in regular meeting is a compulsory provision in microcredit approach. It is also seen as one of the key factors in poverty alleviation and women's empowerment. A considerable proportion of women participants found delayed or remained absent in meeting due to unavoidable individual and family reasons. Whatever the reasons it concerned other group members and authority either due to the fear of loan recovery or other members' claim that they would also remain absent. This led to an altercation/conflict between members and authority, which contributed to dropout either through a family decision out of grievances or through expulsion by the authority on disciplinary ground. As the events caused delay/absence in meeting are obvious there should be explicit policy regarding this. So that there won't be any scope of misunderstandings among the members. Sixth, a proportion of the participants didn't get desired loan because either they were assessed as unable to use the desired amount of loan or found not eligible for the desired loan. In both cases, these participants became disappointed and dropped out. It appears that refusal of these loans were based on proper evaluation by the authority. However, these participants were not convinced. This indicates the need for proper orientation about the ability of the participants. Seventh, major reason for dropout related to programme factors was found conflict with programme worker or other group

members. Whatever the point of conflict participants and their family members felt insulted or disliked it and decided to dropout or the authority considered these participants as threat for smooth programme operation and expelled them.

It may be concluded that regular meeting and regular loan repayment, two prominent features of success of microcredit programmes, in present form, significantly contributed to dropout. Reasons made the participants unable to comply with these two vital provisions found embedded into their detrimental individual and family conditions. In most cases participants faced awful experiences relating to these due to adverse individual and family conditions and decided to dropout through family decision. Authority also expelled participants who faced problem or guessed would face problem in loan repayment. Regular repayment and participation in regular meeting are vital for the success of the microcredit programmes. So these have to be redesigned in such a way that best suit with the conditions of the participants. That is, policies have to be re-formulated incorporating all those factors affecting proper functioning of these two vital features. Conflict over programme factors also caused dropout either through family decision out of grievances or through expulsion by the authority. Majority of the dropped out participants was found not entered into any other programme indicating that they were actually dissatisfied with microcredit programmes in general rather than with a particular programme. All these indicate need for reformulation of the microcredit policies incorporating the factors contributing to dropout so that the successes of microcredit programmes in poverty alleviation would be sustained.

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