

STUDIES ON INFORMAL FINANCIAL MARKETS IN BANGLADESH

Working Paper No. 14

WOMEN AND THE RURAL INFORMAL
CREDIT MARKET IN BANGLADESH

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PREFACE

As in many developing countries, the informal financial markets in Bangladesh are alleged to provide the bulk of the credit needs of the economy, particularly to the small scale sector which has little access to the formal (institutional) sources of credit. Despite various attempts to control and regulate informal financial transactions, their scale and pervasiveness of operations have expanded unabated. In the long debate on the usefulness and the performance of the informal financial market operations, and associated issues like the determinants of interest rates, interlinkages among transactions, etc., some have labelled the markets as usurious, as 'fettters on growth' while others have considered them as desirable adjuncts to the process of brisk growth in trade and commercial operations. Corresponding to these two views, two diametrically opposite policy frameworks are envisaged; the first aims at controlling and ultimately eliminating informal financial transactions while the second aims at expanding the fund flows and increasing the competitiveness in the informal sector. Both lines of arguments however agree that there are imperfections in informal financial markets and that the interest rates usually obtaining in these markets are on the higher side.

Despite the considerable operational significance of the issues involved, and the implications these have for developing an optimal policy environment, information on these markets in Bangladesh remain highly inadequate. The study on the informal financial markets in Bangladesh, conducted by the Bangladesh Institute of Development Studies (BIDS) and sponsored by the Asian Development Bank and the US-Agency for International Development (US-AID), attempts to fill-up this gap in information and analyse some select issues such as the growth and the structure of the markets, formation of interest rates, mobilisation and use-efficiency of resources. A series of case studies have been conducted under the project; all of them are now being reproduced as working papers. A survey to collect some primary level information on the markets and the characteristics of lenders and to know more about the organizational aspects of informal finance gathering and

(iv)

distribution has also been conducted. The survey findings along with those of the case studies are being used to prepare an overview paper on the informal financial markets in Bangladesh.

This study by Tripa Haque addresses one of the rather neglected areas in the literature on financial market, i.e. the role and involvement of women in credit, savings and deposit mobilisation in rural Bangladesh. Two in-depth surveys in two areas in Bangladesh provide the empirical material for the study. The study finds, inter alia, that women participate in RIFM quite significantly, but their participation is constrained by the scarcity of funds and control over cash income of the household.

Given the deprivations of women, meeting the credit needs of women and thus enabling them to participate in income generating activities is an obvious priority. The study finds that women's credit needs remain largely unmet, and although women from all income groups participate in the RIFM, the poor may bear a heavier burden of higher interest rate.

The magnitude of women involvement in RIFM as documented in the study shows once again the need to study credit, savings and deposit mobilisation behaviour of women if monetary and financial policies are to be based on more solid foundations.

Atiq Rahman
Project Director

WOMEN AND THE RURAL INFORMAL CREDIT MARKET IN BANGLADESH

INTRODUCTION

The multiplicity of women's productive roles in developing countries is gaining increasing prominence in development literature. A large part of a household's income is generated by women through their income-earning and expenditure-saving activities, although the often home-based nature of their work, especially for rural women, renders their work invisible to national accounting procedures. In Bangladesh, for example, official statistics note overall labour force participation rates for rural women as being between 7-8% (Labour Force Surveys 1983-84, 1984-85) based on inadequate conceptualization as to the nature and economic value of the work women carry on within the household. In contrast to these statistics, some micro-level studies on time allocation in rural areas have indicated that if women's work such as child-rearing, fuel collection, horticulture, house repair, and unpaid work in family businesses are considered in the category of productive work, then over half of total labour-time by the household is attributable to women.¹ These time studies show that women's productive work is vital to the household and at the aggregated national level. The non-recognition of this work at both the official and individual levels as being of significance, leaves scope for the longevity and replication of inadequate policy planning for women and the household. There is thus a need to make explicit the various relations of production vis-a-vis women's economic activities. In order to enhance women's productive capacity and their control over such capacity, it is perhaps especially necessary to evaluate their access to financial resources. In this regard, the present paper focuses on a relatively neglected aspect, women and the informal credit market. Specifically, the paper investigates rural women's participation in the informal financial market in two villages of Bangladesh.²

In order to understand rural women's credit requirements, it is necessary to understand the nature of their work. Rural Bangladeshi women traditionally engage in income generating work of several types, variations being linked primarily to household resource conditions, seasonal constraints, and the occupation of

the head of the household. Post-harvest crop-processing (by women in landed households or on a hire basis by women of poorer households), livestock and poultry raising, vegetable gardening, fuel collection, food-processing industries (goor, cheera, muri making), spinning, making mats, sewing quilts, weaving fishing nets, etc have formed primary components of rural women's work within the homestead. Most of this work is performed within the homestead, with female and male members carrying out complementary tasks within a vertically integrated production process more or less confined to the household-firm. In the event of a decline in the economic conditions of their households, traditional social taboos on women working beyond the homestead are overlooked and women from these households tend to join the labour force as wage-labourers (e.g. cutting earth and working in the fields).

Even though women are actively engaged in productive work they do not always control the income (especially in cash) derived from their labour. The sale of goods being a public transaction remains primarily in the male domain, and hence cash income also accrues mainly to men. Even in cases where women (labourers) are paid directly, part - or the whole of their income may be handed over to male members. Muslim inheritance laws currently in force provide women with only half the amount that their brothers inherit and in many instances women do not claim their full inheritance. It is thus seen that in a situation of general liquidity crisis, women's access to the use and control of capital is particularly limited. Their lack of control of assets and consequent inability to come up with collaterals also leads to women faring badly under generalized credit programmes (e.g. agriculture loans) available in rural areas. Recognizing the state of affairs, several programmes have been implemented through govt. and NGO channels to ensure women direct access to credit. (Grameen Bank, BRDB MSS and MBSS cooperatives, and NGO organized groups are notable in this regard.) Most of the literature generated on women and credit in Bangladesh has focused on these programmes of formal credit, their accessibility, uses and impact (Rahman (1986), Hossain (1984), Rashid (1987)).

While it is important to recognize the nature and scope of these formal credit programmes for women, it is necessary to place them in the context of the informal financial market (IFM) operating throughout the country and to investigate how women

interact with this latter financial forum. It is generally known that women do participate in the IFM in developing countries, managing revolving savings funds, acting as borrowers and lenders. In Bangladesh this phenomenon holds true as well, but not much is known systematically about the modalities of this participation or how they are changing over time. In this regard, Blanchet's study³ provides a useful starting point: This anthropological study of two villages focuses on some important relations : saving is a part of the traditional role and image of the Bangladeshi women; women may engage in lending and borrowing activities unknown to male members of the household; women have credit networks almost exclusive to women although there are exceptions, etc. The study focuses mostly on lenders and does not go very far into the characteristics of borrowers, uses of credit by women, or potential demand and supply constraints of informal credit for women.

The present paper studies two villages of Bangladesh in order to understand some basic parameters of women and the IFM, and to identify possible points of intervention. The specific objectives are to indicate :

- (a) characteristics of the household which influence the nature of participation a woman would have in the rural IFM (RIFM);
- (b) personal characteristics of the women and her credit status;
- (c) the nature of savings activities by rural women;
- (d) the sources, uses, and conditionality of borrowing by women;
- (e) the repayment performance of women;
- (f) women's participation as lenders;
- (g) potential demand for credit by women; and
- (h) potential steps to intervene in the RIFM to fulfill the specific credit needs of rural women.

In order to do justice to the above list of objectives it would be necessary to conduct a much more exhaustive investigation than the present report has endeavored to do. The findings of this study are intended to be indicative and not definitive.

Methodology

Two villages were selected purposively, one with a high incidence of non-farm activity (Dharmokam, Bogra) and one with a high level of agricultural activity (Pashchim Chhagalnaiya, Feni), in order to identify possible variations in women's participation in the RIFM that might be linked to this difference. A census survey was conducted in both villages based on which the households were separated into male and female-headed households. The head of the household was not defined according to any objective criteria; the member of the household that was identified as head by the members themselves, was taken as the head. In the Bogra village, there were 421 male headed households and 16 female headed households, while in Feni the numbers were 396 and 16 respectively. The male headed households (MHH) were stratified according to landownership and a 12% sample was randomly selected from each land category.⁴ This procedure generated 50 households for Bogra and 46 households for Feni. In order to register possible differences in credit behaviour of women who are household heads and women who do not see themselves as such, the total sample in each village includes all the female-headed households (FHHs) of the village as well as the selected MHHs. It is recognized that the sample of FHHs may be too small (16 in each village) to indicate a definite pattern, but nevertheless the division was maintained in the hope that basic differences might surface to a certain extent.

Two questionnaires were administered on all the sample households. The first questionnaire was directed to heads of household and were conducted by male field officers. The information gathered from this questionnaire related to composition, income and expenditure of the household. A second questionnaire was administered on the "grihokortri" or head female of each household, again identification being subjective. This latter component was conducted by female field officers who, it was felt, would have a better chance of establishing a rapport

with the female respondents. This component collected information on the woman's income, labour time on productive activities, loans taken by her, repaid by her, given by her, etc. All information pertains to the Bengali year 1393 (1986/87). The first questionnaire was fielded during August-October 1987, and the second during September-November 1987.

It is obvious that information on credit activity has been generated for only one woman per household, and not for other women who might also have credit transactions, and hence we cannot form a picture of women and the RIFM in its entirety. Since the head woman in any household is likely to have the greatest responsibility for financial management, however, information on her credit role might serve as a relatively strong first indicator of total female participation in the RIFM.⁵ A future study could include other women of the household in order to capture variations in their access to resources and their credit needs.

In theorizing about factors that would induce a woman to borrow or to lend, it was felt that an important element would be the overall income status and credit needs of the household. It was also felt, however, that a woman's credit behaviour would be linked not only to this broader dimension but also, and perhaps more directly, to the degree of control she has over household resources and the demands made on these resources, elements not perfectly correlated with the income of the household. It is very difficult to define a measure which will capture this idea: a household is an integrated unit within which ownership or control over assets or income is not always well-defined or constant; moreover, in the context of a strong patriarchal tradition in Bangladesh, many women do not own assets or do not perceive themselves as owning or controlling assets independently from their husbands. It was still thought to be a useful exercise to construct an experimental parameter which might shed some light on the issue of control of resources and credit market participation. Towards this end, two indicators were defined: cash income of women (CYW) and kind income of women (KYW). Information was gathered from the women on their participation in productive activities, i.e. activities which either brought income to the household in cash or kind or which produced goods for consumption within the household and which had some exchange value.⁶ From these activities in which women provided some direct labour, the proportion of the resources generated that the

female respondents felt that they could spend according to their own decisions, was attributed to her as CYW or KYW depending on whether the "income" was in cash or in kind.

A few implications of the "woman's income" as constructed above, need to be emphasized. Firstly, this indicator is not a measure of how much women contribute to the generation of resources, but of how much they perceive themselves as controlling. In many cases this will be much smaller than the total actual value of the woman's work, because the marketing of products is often left to the men who then keep control of the cash/kind income thus generated. In the case of women wage labourers who are paid directly, this might be somewhat different, with greater control accruing to the women. Secondly, since women were questioned directly, many activities were registered as contributing some income, especially in kind, that the male head might not have been aware of. Thirdly, the CYW or KYW for a certain household might be greater than the per capita income of that household, since the latter is total household income averaged over all the members of the household, some of whom may earn more and some less than the female respondent, while CYW or KYW is one person's perception of how much of total household resources she controls. Fourthly, CYW or KYW has been derived from the woman's participation in productive activities, to which has been added any remittances or aid she received, and lastly, to CYW, the value of the amount of musti-chal sold and which the woman controls exclusively.⁷ Apart from this total amount, the women might also have access to income earned by other members of the household from activities in which she provides no direct labour. This amount might legitimately form a part of a woman's total access to resources. It was felt, however, that since CYW and KYW are essentially indicators of women's independence and control over income, it would be preferable to include as the woman's income, cash and kind flow only from activities in which she makes some direct contribution or which directly accrue to her; her access to income in the generation or accrual of which her contribution is not evident may be qualitatively different from income which she is seen to generate; Zero women's income thus does not indicate that a woman has no access to cash or kind resources but that she probably has very little control over their uses. A fifth point to note regarding CYW and KYW is that CYW is probably a more reliable indicator of women's control over income than KYW. In the traditional sexual division of responsibilities within the

household, women make the major decisions in the allocation of food and other goods for household consumption purposes. Since CYW and KYW are dependent on whether the woman controls expenditure decisions relating to these resources, KYW of necessity is largely composed of food and other goods produced by the household which are confined to general daily household consumption. A high KYW thus may not necessarily connote a higher welfare level for the woman herself or control over its uses or disposability since its uses are more or less pre-defined, whereas a high CYW, the uses of which may be more flexible, has a greater likelihood of doing so. This paper will use CYW to a larger extent than KYW.

It is clear from the preceding discussion that CYW (and KYW) are to be interpreted only as experimental indicators. They are used here to keep in mind the issue of women's control over resources as separate from the general resource conditions of the household.

We now proceed to a review of the household and personal income characteristics of the women in the sample households.

Characteristics of the Households

A distribution of households according to total land owned shows that while for both male and female-headed households most households fall within the absolutely landless and functionally landless categories (upto .50 acres), the proportion of FHHs in this group is much greater than that of MHHs (Table 1). Total household income, defined as including the imputed value of self-produced and consumed products as well as cash income, rises consistently with total land owned, which is to be expected given that the number of members (and earners) per household also rises (Annexe Table 1). The average number of members per household is significantly lower for FHHs than for MHHs. It is necessary to look at the per capita distribution of incomes to judge whether the simultaneity of lower resources but lower number of members places FHHs on a lower welfare level than MHHs.

In terms of per capita income of the household, the position of MHHs and FHHs in Bogra appear to be roughly similar on average, whereas in Feni, MHHs are definitely better off (Table

TABLE 1
DISTRIBUTION OF HOUSEHOLDS BY LAND OWNED

Land owned by Household (acres)	Bogra		Feni	
	MHhs	FHhs	MHhs	FHhs
No land	7 (14.0)	3 (18.8)	0 -	1 (6.3)
0.01 - 0.50	24 (48.0)	8 (50.0)	24 (52.2)	12 (75.0)
0.51 - 2.50	12 (24.0)	5 (31.3)	19 (41.3)	3 (18.8)
2.51 - 7.50	6 (12.0)	- -	3 (6.5)	- -
7.51 & Above	1 (2.0)	- -	- -	- -
Total	50 (100.00)	16 (100.00)	46 (100.00)	16 (100.00)

Note: Numbers in parenthesis indicate percentage of column total.

TABLE 2

PER CAPITA INCOME OF HOUSEHOLDS

Per capita Income of the Households (Taka)	Percentage of HH	Bogra MHHs			Percentage of HH	Feni MHHs		
		Per capita Income (Taka)	Per capita Cash Income (Taka)	Per capita Kind Income (Taka)		Per capita Income (Taka)	Per capita Cash Income (Taka)	Per capita Kind Income (Taka)
<=Tk. 5000	54.00 (27)	2521	1576	844	43.46 (23)	2701	1698	1003
Tk. 5001- Tk. 10000	36.00 (19)	5375	3261	2114	43.48 (20)	5488	3504	1984
Tk. 10001- Tk. 15000	4.00 (2)	10252	4550	5702	4.35 (2)	10935	7781	3124
>=Tk. 15001	4.00 (2)	13222	16173	2049	6.70 (4)	27945	25550	2395
Total	100.00 (50)	4542	2973	1570	100.00 (46)	5465	4822	1642

(Table 2 continued)

Per capita Income of the Households (Taka)	Percentage of HH	Bogra FHHs			Percentage of HH	Feni FHHs		
		Per capita Income (Taka)	Per capita Cash Income (Taka)	Per capita Kind Income (Taka)		Per capita Income (Taka)	Per capita Cash Income (Taka)	Per capita Kind Income (Taka)
<=Tk. 5000	50.00 (8)	2126	1409	719	62.5 (10)	2630	1760	870
Tk. 5001- Tk. 10000	18.75 (3)	5579	3345	2233	37.5 (6)	6050	4095	1954
Tk. 10001- Tk. 15000	31.25 (5)	9105	4504	4600	0.00	-	-	-
> = Tk. 15001	0.00	-	-	-	0.00	-	-	-
Total	100.00 (16)	4955	2737	2216	100.00	3913	2636	1276

2). On average, per capita incomes in Feni are higher than incomes in Bogra. If we look at per capita cash incomes and per capita kind incomes, it is seen that in most cases the level of per capita cash income is higher for the household than is kind income. This pattern is particularly enhanced for the upper per capita income groups for both male and female-headed households. It thus appears that there is a relatively greater cash flow to the richer households.

If we turn to a classification of households by the major occupation of the household head, it is possible to get some indication of major sources of income within the area. From Table 3 it is seen that in accordance with our village selection criteria, a larger percentage of households depend on self-employment in agriculture in Feni, while in Bogra there is a greater dependence on trade and business and on wage-labour (non-agri as well as agri). FHHs in both areas rely more on non-agricultural activities than on agriculture for their primary income. Within MHHs, most of the poorest households in Bogra are wage-labour households; in the poorer MHHs of Feni, the predominant category is farming households, most likely to be small and marginal farmers. These poorest categories are likely to have the greatest resource constraints.

Characteristics of the Woman

The hypothesis that the extent of women's control over economic resources constitutes an influence on their RIFM participation as distinct from the influence of the household income balance, is based on a further hypothesis that women's control over income does not have a monotonic relationship with (for example) the per capita income of the household. If we look at Table 4 this latter hypothesis seems to find some justification. Across various per capita income groups CYW does not show a consistent increase with an increase in per capita income or per capita cash income of the household. CYW in fact shows some instances of falling in absolute terms as per capita income increases.⁸ Thus an improvement in the income status of the household does not guarantee that the income status of the woman will also improve by a similar proportion. This is seen from Table 4, which indicates that across per capita income groups from lowest to highest, changes in per capita income or

TABLE 3

DISTRIBUTION OF HOUSEHOLDS BY MAJOR OCCUPATION OF HOUSEHOLD HEAD

	BOGRA MHHs					FENI MHHs						
	Number of HH	Self employed Agriculture	Wage labour	Trade & Business	Service	Transportation	Number of HH	Self employed Agriculture	Wage labour	Trade & Business	Service	Transportation
<=Tk. 5000	27	7	12	5	2	-	20	16	-	-	1	3
Tk. 5001- Tk. 10000	19	6	3	7	-	3	20	7	1	7	4	1
Tk. 10001- Tk. 15000	2	1	1	-	-	-	2	2	-	-	-	-
>=Tk. 15001	2	1	-	1	-	-	4	-	1	1	2	-
Total	50 (100.0)	15 (30.0)	16 (32.0)	14 (28.0)	2 (4.0)	3 (6.0)	46 (92.0)	25 (54.3)	2 (4.3)	8 (17.4)	7 (15.2)	4 (8.7)

(Table 3 continued)

	BOGRA FHHs					FENI FHHs						
	Number of HH	Self employed Agriculture	Wage labour	Trade & Business	Service	Transportation	Others	Number of HH	Self employed Agriculture	Trade & Business	Service	Others
<=Tk. 5000	6	-	2	3	-	-	3	10	1	3	2	4
Tk. 5001- Tk. 10000	3	-	1	2	-	-	-	6	-	2	1	3
Tk. 10000- Tk. 15000	5	-	2	2 (40.0) (28.6)	-	-	1	-	-	-	-	-
>=Tk. 15001	-	-	-	-	-	-	-	-	-	-	-	-
Column 0 Total	16 (100.0)	-	5 (31.3)	7 (43.8)	-	-	4 (25.0)	16 (100.0)	1 (6.3)	5 (31.3)	3 (18.8)	7 (43.8)

WOMEN'S INCOME

BOGRA MHHs

Per capita Income of the Household	Percentage of Households	Average Cash Income of the Woman (CYW) (Taka)	Average Kind Income of the Woman (KYW) (Taka)	Average Total Income of the Woman (TYW) (Taka)	Per capita Cash Income of the Household (Taka)	Per capita Kind Income of the household (Taka)	Growth rates between Per capita Income Groups	
							Per capita Cash Income	CYW
<=Tk. 5000	54.00 (27)	833	4527	5370	1676	844		
Tk. 5001- Tk. 10000	38.60 (19)	1096	6497	7583	3261	2114	94.6%	31.6%
Tk. 10001- Tk. 15000	4.00 (2)	5120	15760	20880	4550	5702	39.5%	367.2%
>=Tk. 15001	4.00 (2)	1225	4932	10757	16173	2049	255.5%	-74.1%
Total	100.00 (50)	1124	5923	7047	2973	1569		

FENI MHHs (Table 4 continued)

Per capita Income of the Household	Percentage of Households	Average Cash Income of the Woman (CYW) (Taka)	Average Kind Income of the Woman (KYW) (Taka)	Average Total Income of the Woman (TYW) (Taka)	Per capita Cash Income of the Household (Taka)	Per capita Kind Income of the household (Taka)	Growth rates between Per capita Income Groups	
							Per capita Cash Income	CYW
<=Tk. 5000	45.48 (20)	1525	9200	9826	1698	1003		
Tk. 5001- Tk. 10000	43.48 (20)	2166	9374	10540	3504	1984	106.4%	73.3%
Tk. 10001- Tk. 15000	4.35 (2)	1303	16772	18076	7781	3124	122.1%	-39.8%
>=Tk. 15001	8.70 (4)	3236	24811	28047	25550	2395	228.4%	148.4%
Total	100.00 (46)	1986	10093	12080	4822	1642		

BOGRA FHHs (Table 4 continued)

Per capita Income of the Household	Percentage of Households	Average Cash Income of the Woman (CYW) (Taka)	Average Kind Income of the Woman (KYW) (Taka)	Average Total Income of the Woman (TYW) (Taka)	Per capita Cash Income of the Household (Taka)	Per capita Kind Income of the household (Taka)	Growth rates between Per capita Income Groups	
							Per capita Cash Income	CYW
<=Tk. 5000	50.00 (9)	1280	3911	5191	1409	719		
Tk. 5001- Tk. 10000	19.75 (3)	4239	4083	6222	3345	2233	137.4%	231.2%
Tk. 10001- Tk. 15000	31.25 (5)	1664	4641	6305	4504	4600	34.7%	-50.8%
>=Tk. 15001	0.00	-	-	-	-	-		
Total	100.00 (16)	1955	4171	6126	2739	2216		

FENI FHHs (Table 4 continued)

Per capita Income of the Household	Percentage of Households	Average Cash Income of the Woman (CYW) (Taka)	Average Kind Income of the Woman (KYW) (Taka)	Average Total Income of the Woman (TYW) (Taka)	Per capita Cash Income of the Household (Taka)	Per capita Kind Income of the household (Taka)	Growth rates between Per capita Income Groups	
							Per capita Cash Income	CYW
<=Tk. 5000	62.5 (10)	4996	4514	9511	1760	870		
Tk. 5001- Tk. 10000	37.5 (6)	1592	3610	5203	4095	1954	132.7%	-68.1%
Tk. 10001- Tk. 15000	0.00	-	-	-	-	-		
>=Tk. 15001	0.00	-	-	-	-	-		
Total	100.00 (16)	3720	4176	7896	2636	1276		

per capita cash income across groups are almost always higher than changes in rates for CYW.

Changes in the levels of KYW also do not correspond perfectly with changes in per capita income, but show a relatively clearer positive relation with per capita income than did CYW; in particular, KYW seems to move in the same direction as per capita kind income. This last phenomenon appears to go well with the a priori supposition that KYW is mostly composed of goods destined for household consumption under the managerial control of the female head. A point of interest is that while we have seen that for the household, cash income is larger than kind incomes, for the woman's income, CYW is almost always smaller than her KYW. Thus although cash incomes form a more significant element of the household's income, women do not have much control over this important factor.

In order to get some further insight into women's control over resources, the women were asked to identify those assets which they felt they could dispose of as they saw fit and without anyone else's permission. There was an a priori expectation that a significant relationship would exist between CYW and the amount of assets women control, both being indicators of women's independence/control. It is seen (Table 5), however, that no clear pattern is evident. In attempting to explain this finding, one can hypothesize that even if women have high CYWs, they may not identify assets as their own but as being belonging to the family; alternatively, even if women identify assets as under their control, if they generate very low CYW one can question the extent to which they really control these assets. Women's assets are thus not seen to assure a flow of cash to women and may be in the nature of securities or last resorts.

It is not within the purview of this paper to identify the factors which determine women's access to and control over resources. For this paper it is sufficient to note from the preceding sections that women's control over income as indicated by CYW is not entirely dependent on the resource endowment of the household and that women's credit status will thus probably depend not only on the needs of the HH but also on those of the woman. The presence of assets over which women may exercise control probably won't influence their regular participation in credit markets since assets do not guarantee cash flow.

TABLE 5

WOMEN'S ASSETS

Cash income of the woman (CYM)	Bogra MHHs			Feni MHHs		
	Percentage of households	Land owned by women (decimals)	Value of other assets (Taka)	Percentage of households	Land owned by women (decimals)	Value of other assets (Taka)
Tk. 500 and below	52.00 (26)	5.86	2277	39.12 (18)	0.0	9560
Tk. 501-Tk. 1500	26.00 (13)	11.77	719	41.30 (17)	6.95	4677
Tk. 1501-Tk. 5000	20.00 (10)	10.50	8077	8.70 (4)	92.25	10363
Tk. 5001-Tk. 15000	2.00 (1)	50.00	400	8.70 (4)	15.00	20125
Tk. 15001 and above	X	-	-	2.17 (1)	0.0	9485
Total	100.00 (50)	9.27	2994	100.00 (46)	12.20	3539

(Table 5 continued)

Cash income of the woman (CYM)	Bogra FHHs			Feni FHHs		
	Percentage of households	Land owned by women (decimals)	Value of other assets (Taka)	Percentage of households	Land owned by women (decimals)	Value of other assets (Taka)
Tk. 500 and below	31.25 (5)	-	-	31.25 (5)	18.17	5165
Tk. 501-Tk. 1500	25.00 (4)	5.75	3673	12.50 (2)	4.00	413
Tk. 1501-Tk. 5000	31.25 (5)	13.20	849	12.50 (2)	10.00	535
Tk. 5001-Tk. 15000	12.50 (2)	31.00	7670	43.75 (7)	3.00	1581
Tk. 15001 and above	-	-	-	-	-	-
Total	100.00 (16)	9.44	2144	100.00 (16)	8.74	2424

A further characteristic of the female respondents to note is that almost all the women surveyed from the male headed households in Bogra and Feni are married, while all those from the FHHs are divorced, widowed or abandoned (Annexe Table 2). The women from FHHs are thus socially insecure in a sense and at the same time are exempt from certain socio-religious restrictions on contact with extra-family men applicable to women living in MHHs.

In terms of formal education, the most noticeable factor is the overwhelming incidence of illiteracy within women of both areas (Annexe Table 3). Within FHHs, the situation is comparatively better in Feni. The lack of basic literacy is almost certainly a restraint on access to formal financial institutions.

Given the characteristics of the households and the women themselves, as outlined above, can one link these to women's credit status in any systematic way? Women's credit status is categorised here into borrower, borrower-lender, lender, and non-participant. If a woman borrows or lends an amount larger than Tk. 20 at any one time during the Bengali year 1393, she is categorised as a borrower or lender respectively; if she records both activities she is termed a borrower-lender; the residual are non-participants.⁹

In Table 6 it can be seen that women from most households in both Bogra and Feni either borrow and/or lend, and only a very small percentage of women do neither. Borrowers and lenders are not always mutually exclusive, with many women doing both types of transactions. Statistical tests were carried out to explore the strength of the relationship between women's credit status and per capita income of the household, overall income balance of the household (i.e. whether it is a surplus, deficit or balanced income household), cash income controlled by women, kind income controlled by women, income balance of the women (i.e., relating CYW with expenditures identified by the woman as financed primarily from her own income), total assets of the woman, and levels of formal education. None of the relations were found to be statistically significant.¹⁰

This negative finding is in itself of significance. It indicates firstly, that there is a demand for, and supply of, credit by women across the household income spectrum and

TABLE 6

CREDIT STATUS OF WOMEN

Credit Status of Woman	Bogra MHHs (No. of HHs)	Feni MHHs (NO. of HHs)	Bogra FHHS (No. of HHs)	Feni FHHS (No. of HHs)
Borrower	8 (16.0)	4 (8.7)	3 (18.8)	4 (25.0)
Borrower-lender	21 (42.0)	13 (28.3)	5 (31.3)	4 (25.0)
Lender	18 (36.0)	23 (50.0)	6 (37.5)	4 (25.0)
Non-Participant	3 (6.0)	6 (13.0)	2 (12.5)	4 (25.0)
Total	50 (100.00)	46 (100.00)	16 (100.00)	16 (100.00)

Note: Numbers in parenthesis indicate percentage of column total.

household types (i.e., MHHs and FHHs). Secondly, it seems likely that loans are taken and given for a variety of purposes (i.e. distress as well as investment purposes) and that to capture the multidimensionality that exists in rural women's credit activities, one must probe further, as is attempted in the latter sections of this paper.

Even though no statistically significant relation is found to exist, it may still be useful to note that pure lenders (as distinct from borrower-lenders) have the highest KYW (Table 7). In Bogra they also have the highest CYW; in Feni, borrower-lenders have the highest CYW. It seems likely that a pattern of high CYW and KYW is associated with pure lender status in general; for borrower-lenders in Feni, borrowing is probably more in the sense of social interaction, with small consumption loans taken in kind (rice, sugar, pulses), and lending may be the major credit role in this category for Feni. Borrowers tend to have low CYW (but not always low KYW).

Before proceeding to look at borrowing and lending activities in greater detail, we turn briefly to review savings activities by rural women.

Savings of Women

It is very difficult to identify what constitutes savings in the rural context. Of the income that accrues to women, not much is put aside in a bank account (not many rural women have bank accounts) or even consciously identified by the women as being an amount that she saves. In fact, a section in the questionnaire on how often women might consciously save (defined by themselves) and in what form, failed to elicit any information except on saving by musti. In this section we will look at only a few aspects of women and savings modalities : musti and its prevalence, and investments made by women.

Musti refers to the custom by which women remove a handful or so of uncooked rice from the rice measured out for the day's meals. After a while (ranging from a week to several weeks) the amount saved is recycled or sold. This is an ancient custom and is widely practiced by women. It is of particular interest in that it constitutes a form of habitual saving by women, a

TABLE 7

WOMEN'S PERSONAL INCOME LEVELS BY CREDIT STATUS

Women's Credit Status	Bogra MMs			Feni MMs		
	Percentage of Households	Cash Income of the Woman (Taka)	Kind Income of the Woman (Taka)	Percentage of Households	Cash Income of the Woman (Taka)	Kind Income of the Woman (Taka)
Borrower	16.00	1111	3224	8.70	557	7570
Borrower-lender	42.00	859	5390	28.26	2614	9811
Lender	36.00	1589	7177	50.00	1723	11208
Non-Participant	6.00	369	2325	13.04	2595	6200
Total	100.00	1124	5923	100.00	1927	10094

(Table 7 continued)

Women's Credit Status	Bogra FMs			Feni FMs		
	Percentage of Households	Cash Income of the Woman (Taka)	Kind Income of the Woman (Taka)	Percentage of Households	Cash Income of the Woman (Taka)	Kind Income of the Woman (Taka)
Borrower	18.75	592	2952	25.00	3614	4423
Borrower-lender	31.25	1745	5612	25.00	5062	4673
Lender	37.5	3053	3501	25.00	2777	5316
Non-Participant	12.5	1060	2565	25.00	2428	1291
Total	100.00	1955	4172	100.00	3720	4176

mechanism which may be extended to the regular repayment of any loans incurred by a woman.

Women from households of almost all per capita income groups save to some extent in musti (Table 8). Of the amount saved, a certain proportion may be sold off and this cash amount accrues exclusively to the women. Most women do not inform their husbands about selling from musti saved. Such sales are often made to other women or to paddy traders who come to the women's houses. In MHHs the proportion of musti saved that is sold, is higher than in FHHs (Annexe Table 4). This is to be expected since, in FHHs, with the greater control that the woman has over the cash income of the household, the incremental contribution to CYW that selling musti would make, is probably not very high; in MHHs, musti selling provides a substantial increment to a woman's CYW (Table 9). It is seen that in Feni the proportion of musti that is sold is much higher than that in Bogra. The reason behind this may be that paddy traders travel more frequently directly to the households in Feni than in Bogra; it seems likely that the difference in proportion of musti sold is a major contributor to the differential in CYWs between Feni and Bogra. (Women in Feni have a higher CYW on average than their Bogra counterparts.)

The significance of musti saving and sales from the amount saved should not be underrated: it is an indigenous mechanism which encourages saving; it is controlled by women; it is an important source of cash income for women who may otherwise be cash poor; and the resultant income is disposed of by women. It is seen that musti saving is prevalent even in the poorest households; if any informal credit groups were formed, musti sold could be a source of regular contribution to the group funds without imposing any special hardship on these households. Musti is saved throughout the year, with a certain amount of variation in total amount saved being linked with agricultural lean and peak periods.

Rough estimates derived from projections based on our two sample villages, indicate that additional savings generated from musti withheld in 1986-87 in rural Bangladesh, may have approximated Tk. 4551 million. This figure is equivalent to about 35% of total domestic savings (of Tk. 13073 million) in 1986-87 (Table 9). While the small data-base may mean that the figures are only tentative, it can nevertheless be claimed that

TABLE 8

SAVINGS IN MUSTI

Per Capita Income of the Household	Bogra MHHs			Feni MHHs		
	Total Number of households	Saves in Musti	Does not save in Musti	Total Number of households	Saves in Musti	Does not save in Musti
(< = Tk. 5000	27 (54.0)	23 (85.2)	4 (14.8)	20 (43.5)	19 (95.0)	1 (50.00)
Tk. 5001-Tk. 10000	19 (38.0)	16 (84.2)	3 (15.8)	20 (43.5)	17 (85.0)	3 (15.0)
Tk. 10001-Tk. 15000	20 (4.0)	2 (100.0)	0	2 (4.3)	2 (100.0)	0
= > Tk. 15001	2 (1.0)	2 (100.0)	0	4 (8.7)	3 (75.0)	1 (25.0)
Total	50 (100.0)	43 (86.0)	7 (14.0)	46 (100.0)	41 (89.1)	5 (10.9)

(Table 8 continued)

Per Capita Income of the Household	Bogra FHHs			Feni FHHs		
	Total Number of households	Saves in Musti	Does not save in Musti	Total Number of households	Saves in Musti	Does not save in Musti
(< = Tk. 5000	8 (50.00)	5 (62.5)	3 (37.5)	10 (62.5)	10 (100.0)	0
Tk. 5001- Tk. 10000	3 (19.8)	3 (100.0)	0	6 (37.5)	4 (66.7)	2 (33.3)
Tk. 10001- Tk. 15000	5 (31.3)	3 (60.0)	2 (40.0)	0	0	0
= > 15001	0	0	0	0	0	0
Total	16 (100.0)	11 (68.8)	5 (31.3)	16 (100.0)	14 (87.5)	2 (12.2)

TABLE 9
CONTRIBUTION OF MUSTI-SOLD

	Bogra MHHs	Feni MHHs	Bogra FHHs	Feni FHHs
Musti-sold as percentage of cash income of women ^(a)	.0783	.5272	.0000	.0856
Value of musti sold (Taka) per household ^(b)	49.54	390.91	0.0	108.00
Total Value of Musti Saved (Sold + Non-sold) in Rural Bangladesh in 1986-87 (Taka) ^(c)		4551 million (Approximately)		
Total Value of Musti Sold in Rural Bangladesh in 1986-87 (Taka) ^(c)		2617 million (Approximately)		
Total Domestic Savings in Bangladesh in 1986-87 (provisional) (Taka) ^(d)		13073 million (Approximately)		

Notes: (a)The average is only across those households in which women's cash income (CYW) is greater than zero.

(b)Averaged across all households in the relevant group.

(c)Derived from projections based on the two sample villages of the survey.

(d)Statistical Pocketbook of Bangladesh : 1987, P. 204.

women's musti-savings is a very significant mechanism of savings at the national level and should be taken cognizance of in estimating domestic savings levels. Data from Annexe Table 4 shows moreover, that on average women from the two villages sell 42.5% of total musti saved. Projected to total rural areas, this indicates a cash-flow to women of roughly Tk. 2617 million.

Insights into women's savings behaviour can also be gained by looking at the type of activities on which they incur expenditure. Women decide on and supervise expenditures from overall household resources and also from incomes which she identifies as her own. In Table 10 we list the types of activities on which women make cash expenditures from income they identify as personal income, and which are in the nature of investments rather than consumption. These investment expenditures can perhaps be taken as proxies for savings by women. It is seen that in all MHHs, women most often mention livestock and poultry as an area where they invest cash from their own incomes, followed by vegetable gardening, education, and land purchase. In FHHs, once again, livestock and poultry are mentioned most often, followed by education, land purchase, and house renovations. From income which they consider their own, women thus invest mostly on activities in which they have traditionally been most involved with, e.g. livestock raising and vegetable gardening. Education of children and land purchase are investments with potentially high rates of return.

It is seen that the average cash amount invested per year by individual women from their own incomes is low, a function largely of low control over cash incomes. As a percentage of personal cash incomes (i.e. CYW), women's direct investment comes to about 16.5% in the two villages (Table 10) which is quite a high proportion. On an aggregate scale (based on our sample) rural women were directly responsible for investments of about Tk. 3526.4 million (from own incomes) in 1986-87, equivalent to about 12% of total private fixed investment in 1986/87.

Women were asked whether they maintain any bank accounts. In MHHs the overwhelming response was negative while in FHHs, only about a quarter of the women answered affirmatively (Table 11). In identifying reasons as to why women did not use formal savings mechanisms, the most cited reason was that they felt they did not have much money to put away in banks (Table 11). There was a perception that banks do not favourably view deposits in

TABLE 10
INVESTMENT ACTIVITIES FROM PERSONAL INCOME OF WOMEN

A.

Type of investment ^(a)	Frequency of Responses MHHs (Bogra + Feni)	Frequency of Responses FHHs (Bogra + Feni)
Education	13	8
Vegetable Gardening	14	4
Livestock	22	11
House Renovation	2	5
Jewellery	1	0
Land Purchase	13	6
Others	4	4

B.

	Bogra MHHs	Feni MHHs	Bogra FHHs	Feni FHHs
Investment per Household from Personal Incomes of Women (Taka)	134	426	165	644
Total Investment from Personal Income of Women in Rural Bangladesh in 1986-87 (Taka) ^(b)	3526.4 million			
Total Fixed Private Investment in Bangladesh in 1986-87 (Taka) ^(c)	29489 million			

Notes: (a) Respondents could make more than one response if necessary.

(b) Derived from projections based on the two sample villages of the survey.

(c) Statistical Pocketbook of Bangladesh : 1987, P. 204.

TABLE 11
INCIDENCE OF BANK ACCOUNTS OF FEMALE RESPONDENTS

A.

	With Bank Account	With no Bank Account	Total
Bogra MHHs	8	42	50
Feni MHHs	8	38	46
Bogra FHHs	5	11	16
Feni FHHs	4	12	16

B.

Major Reason for No Bank Account	Bogra MHHs	Feni MHHs	Bogra FHHs	Feni FHHs
Banks too far	0	0	0	0
Bad Treatment by Bank Officials	0	0	0	0
Need Education	7	5	1	3
Need Documents	0	0	0	0
Small size of Savings	24	18	5	3
Family Objections	2	7	0	1
Others	9	8	5	5
Total	42	38	11	12
Total				

very small amounts, which is mostly what the women saw themselves as being able to afford. A second reason cited often was that to access banks one needs formal education, which as we have already seen, is very low among the sample women. In Feni MHHs a few women answered that their husbands objected to their leaving the village, which they would have to do to go to a bank. Feni is an area where religious restrictions on women's mobility are still very strong. In Bogra such considerations have not emerged strongly from the responses of the women.

In summary, income constraints seem to be the greatest single determinant of low levels of investment by women. Within these income parameters women save to a significant extent. This savings activity is not reflected in formal banking statistics, since women do not utilise this system very much.

Borrowing

Information was collected from the female respondent on all loans (larger than Tk. 20) taken out by her personally, for the Bengali year 1393. Apart from loans transacted by herself, women may also have used part or the entirety of a loan taken out by other members of the household. We do not have any direct information on this latter aspect; however, if she was responsible for repaying part of such a loan, then this transaction will have been recorded within the section on repayment. The information on "loans taken" is gathered from borrowers, supplemented by some observations garnered from lenders. The information pertaining to loans and borrowers will be based on borrowers' responses, unless otherwise indicated in the text.

In Bogra we see that women from most households (e.g. 29 out of 50 MHHs in the sample) borrow (Table 12). In Feni this does not hold true but nevertheless, over a third of the households do have women borrowers. For women who do borrow, most women take out one to two loans per year. A maximum number of six loans per year is recorded in Bogra. For MHHs, the greatest number of loans is taken out by women from low per capita income households. For FHHs there does not appear to be any such pattern. Women from poorer households appear to be the major

TABLE 12

NUMBER OF LOANS TAKEN PER FEMALE RESPONDENT

BOGRA MHHs

Per capita income of households	Total numbers of households	Number of Loans Taken					
		0	1	2	3	4	5
<=Tk. 5000	27 (54.0)	11 (40.7)	9 (33.3)	6 (22.2)	-	1 (3.7)	-
Tk. 5001- Tk. 10000	19 (38.0)	7 (36.8)	4 (21.1)	5 (26.3)	2 (10.5)	-	1 (5.3)
Tk. 10001- Tk. 15000	2 (4.0)	2 (100.0)	-	-	-	-	-
Tk. 15001=>	2 (4.0)	1 (50.0)	1 (50.0)	-	-	-	-
Total	50 (100.0)	21 (42.0)	14 (28.0)	11 (22.0)	2 (4.0)	1 (2.0)	1 (2.00)

FENI MHHs (Table 12 continued)

Per capita income of households	Total numbers of households	Number of Loans Taken					
		0	1	2	3	4	5
<=Tk. 5000	20 (43.5)	8 (40.0)	-	7 (35.0)	3 (15.0)	1 (5.0)	1 (5.0)
Tk. 5001- Tk. 10000	20 (43.5)	16 (80.0)	1 (5.0)	2 (10.0)	1 (5.0)	-	-
Tk. 10001- Tk. 15000	2 (4.3)	1 (50.0)	1 (50.0)	-	-	-	-
Tk. 15001=>	4 (8.7)	4 (100.0)	-	-	-	-	-
Total	46 (100.0)	29 (63.0)	1 (2.2)	10 (21.7)	4 (8.7)	1 (2.2)	1 (2.2)

users (as borrowers) of the RIFM in terms of the number of loans taken out per year per borrower.

Next we look at the size of loans, (Table 13). The average size of loans taken per household is smaller than the average size of loans itself (i.e. the total amount of loans averaged across the total number of loans transacted) because a number of households do not take out any loans (i.e. size of loans is zero). We will look at the actual size of loans in greater detail in a later section. Here we restrict ourselves to pointing out that in MHHs in both areas, women from lower per capita households take out larger loans than women from richer households, probably reflecting the overall resource deficits of the low-income households. Secondly, it can be seen that being poor does not automatically prohibit women from obtaining loans. Thirdly, cash loans are almost always larger than kind loans taken by women of each income group, this differential enhanced for poorer households. Given the small size of cash flows controlled by women, it is perhaps to be expected that cash loans will bear greater importance to them than loans in kind. The size of cash loans taken out by women of FHHs are generally larger than those of women in MHHs. This may reflect the fact that women (who are the heads of the household) in FHHs bear the major responsibility for financial management of the household, while women in MHHs share this responsibility with the male head and may have some access to additional credit channelled through him.

The average size of loans per woman was Tk. 240.36 (Table 13, aggregated). Our data further indicates (figures not included here) that household heads (in MHHs) are aware of only about 61.5% of these loans taken out by women. If national estimates of loans taken are to be arrived at by using information from the household head alone, then the resultant figures will need to be adjusted upwards for MHHs to reflect this missing information. The magnitude of adjustment will depend on both the extent of non-reporting by women and the ratio of women's loans to loans taken out by other members of the household.

An attempt was made to see whether the size of loans that a woman commands is dependent on the total value of her assets (assets identified by her as being hers to dispose of) (Annexe Table 5). No such relationship could be established. It is

BOGRA FHHs (Table 12 continued)

Per capita income of households	Total numbers of households	Number of Loans Taken			
		0	1	2	3
<=Tk. 5000	8 (50.0)	4 (50.0)	4 (50.0)	-	-
Tk. 5001- Tk. 10000	3 (18.8)	2 (66.7)	-	1 (33.3)	-
Tk. 10001- Tk. 15000	5 (31.3)	2 (40.0)	1 (20.0)	1 (20.0)	1 (20.0)
Tk. 15001=>	-	-	-	-	-
Total	16 (100.0)	8 (50.0)	5 (31.3)	2 (12.5)	1 (6.3)

FENI FHHs (Table 12 continued)

Per capita income of households	Total numbers of households	Number of Loans Taken		
		0	1	2
<=Tk. 5000	10 (62.5)	5 (50.0)	3 (30.0)	2 (20.0)
Tk. 5001- Tk. 10000	6 (37.5)	3 (50.0)	-	3 (50.0)
Tk. 10001- Tk. 15000	-	-	-	-
Tk. 15001=>	-	-	-	-
Total	16 (100.0)	8 (50.0)	3 (18.8)	5 (31.3)

TABLE 13A

SIZE OF LOANS PER FEMALE RESPONDENT (OR HOUSEHOLD)

BOGRA MHHS

Per capita Income of the Households	Percentage of Households	Loan in cash (Taka)	Loan in kind (Taka)	Total size of loans (Taka)
<=Tk. 5000	54.00 (27)	52	35.19	87.04
Tk. 5001- Tk. 10000	38.00 (19)	152.16	146.32	298.47
Tk. 10001- Tk. 15000	4.00 (2)	0.0	0.0	0.0
Tk. 15001=>	4.00 (2)	0.0	10.00	10.00
Total	100.00 (50)	86.00	75.00	161.00

Note: Loan figures are averaged across all households, borrower as well as non-borrower.

FENI MHHS (Table 13A continued)

Per capita Income of the Households	Percentage of Households	Loan in cash (Taka)	Loan in kind (Taka)	Total size of loans (Taka)
<=Tk. 5000	43.48 (20)	315.0	39.30	354.30
Tk. 5001- Tk. 10000	43.48 (20)	65.0	27.0	92.0
Tk. 10001- Tk. 15000	4.35 (2)	25.0	100.0	125.0
Tk. 15001=>	8.69 (4)	0.0	0.0	0.0
Total	100.00 (46)	166.00	33.00	199.26

Note: Loan figures are averaged across all households, borrower as well as non-borrower.

BOGRA FHHs (Table 13A continued)

Per capita Income of the Households	Percentage of Households	Loan in cash (Taka)	Loan in kind (Taka)	Total size of loans (Taka)
<=Tk. 5000	50.00 (8)	51.25	2.50	54.00
Tk. 5001- Tk. 10000	18.75 (3)	17.00	10.00	27.00
Tk. 10001- Tk. 15000	31.25 (5)	210.00	38.00	248.00
Tk. 15001=>	0.00	0.00	0.00	0.00
Total	100.00 (16)	94.37	15.00	109.37

FENI FHHs (Table 13A continued)

Per capita Income of the Households	Percentage of Households	Loan in cash (Taka)	Loan in kind (Taka)	Total size of loans (Taka)
<=Tk. 5000	62.5 (10)	350.00	205.00	555.00
Tk. 5001- Tk. 10000	37.5 (6)	1041.00	0.00	1042.00
Tk. 10001- Tk. 15000	0.0	0.00	0.00	0.00
Tk. 15001=>	0.00	0.00	0.00	0.00
Total	100.00 (16)	609.37	128.12	737.50

Table 13B

Total Amount of Loans Taken Out by Women in Rural Bangladesh in 1986-87: (a&b)	
In Cash	: 1685 million (Taka)
In Kind	: 702 million (Taka)
Total	: 2387 million (Taka)

Table 13C

Comparison of Loan Size (from Informal Sources) from Various Studies		
(Loans per household, Taka)		
Name of the Author, Name of Study, Study Year	Actual Amount	Deflated Amount ^(d)
1. Azad, M. H., An Analysis of the Effects of the Land Tenure System on the Availability and the Use of Credit in Selected Areas of Mymensingh District (1971): ^(c)	354.76	319.40
2. Islam, N., An Analysis of the Role of Credit in Capital Formation in Agriculture in Some Areas of Mymensingh District (1974): ^(c)	157.31	39.76
3. Rahman, A, Usury Capital and Credit Relations in Bangladesh Agriculture : Some Implications for Capital Formation and Capitalist Growth (1974-75): ^(c)	590.36	111.36
4. Current Study on Women and the RIFM (1986-87): ^(e)	240.36	26.06

Notes:

- (a) Derived from projections based on the two sample villages of the survey.
- (b) The information is obtained from the head woman (who may or may not be the household head) of each household. Loans transacted by other women in the household are not reflected in any figures in the report.
- (c) The actual amounts of loans per household for these studies are obtained from Hussein (1983).
- (d) The deflator is the average retail price for medium quality rice (in principal towns). The base year is 1969.
- (e) While loan amounts for the other studies are for all loans (from informal sources) taken out by the household, figures from the current study reflect only loans taken out by the head woman of each household

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- (e) While loan amounts for the other studies are for all loans (from informal sources) taken out by the household, figures from the current study reflect only loans taken out by the head woman of each household

useful to note that the absence of control of assets does not necessarily prohibit women from getting credit in the RIFM.

If we turn to the actual size of loans taken, it is seen that most loans taken out by women in the Bogra village were very small, in the Tk. 20 to Tk. 50 range (Table 14). While it is true that in Feni larger loans have been taken out relatively more times than in Bogra, in neither area do we see any significant incidence of large loans, i.e. larger than Tk. 2000, or even on a smaller scale, in the Tk. 500 to Tk. 2000 range. We speculate as to why this is so in a following section.

In terms of uses of loans, based on information from women borrowers, it is seen that most loans taken by them are for consumption purposes (Table 15)¹¹, which is only to be expected given the consumption management role traditionally ascribed to women in Bangladesh. Even in FHHs, where most women heads record trade and business as their major occupation, the incidence of loans taken for business purposes is quite low (about 8% of all loans taken). Productive loans are seen to be larger than loans used for consumption purposes and are almost entirely taken in cash, while consumption loans have a high kind content (Table 15).

We link this information to information collected on the conditionality of repayment of loans. This paper focuses only on explicit or stated interest rates within the range of terms and conditions attached to loan repayment, although it is recognized that implicit rates of interest through service demands or seasonal demands, etc. in repayment, may in some cases be substantial. Explicit interest rates were found to be significantly positively related with the size of the loan in general (except for Feni FHHs), although some large loans do not record any interest attached to them (Table 16). The level of a woman's assets do not have any significant bearing on the interest rate she is charged.¹² In examining whether interest rates were linked with specific purposes for which the loans were taken, it was observed that high stated interest rates are associated with business loans (Table 15). We have already seen that business loans are relatively larger and are taken mostly in cash; the combination of these two characteristics probably largely explain the high interest rate on these loans, since large amounts of cash possess high scarcity value to cash-poor women. Women borrow mostly from other women (Annex Table 6), which

TABLE 14
SIZE OF LOAN TAKEN PER WOMEN

Size of Loan Taken	Bogra MHHs	Feni MHHs	Bogra FHHs	Feni FHHs
	Percentage of loan cases			
Tk. 20-Tk. 50	55.77 (29)	23.81 (10)	50.00 (6)	23.08 (3)
Tk. 51-Tk. 150	23.08 (12)	23.81 (10)	25.00 (3)	15.38 (2)
Tk. 151-Tk. 500	15.38 (8)	50.00 (21)	16.67 (2)	15.38 (2)
Tk. 501-Tk. 2000	5.77 (3)	2.38 (1)	8.33 (1)	38.46 (5)
Tk. 2001 & Above	0	0	0	7.69 (1)
Total	100.0 (52)	100.0 (42)	100.0 (12)	100.0 (13)

TABLE 15

SIZE OF LOAN, INTEREST RATE AND KIND/CASH RATIO BY PURPOSE OF LOAN

BOGRA MHHs

Purpose for which loan used	Percentage of Loan Cases	Size of Loan Taken (Taka)	Stated Interest Rate (per cent per annum)	Kind/Cash Ratio of loans
Day-to-day Household Consumption	75.00 (39)	85.00	9.00	.7949
Special Social Event	3.85 (2)	520.50	0.00	.9995
Health	1.92 (1)	140.0	0.00	0.00
Own Business	7.69 (4)	487.50	75.0	.2500
Household Business	1.92 (1)	500.00	60.0	0.00
Other	9.62 (5)	324.00	24.0	.6000
Total	100.0 (52)	165.0	14.81	.7116

Note: All information is averaged across the number of loan cases within group (e.g. Bogra MHHs).

FENI MHHs (Table 15 continued)

Purpose for which loan used	Percentage of Loan Cases	Size of Loan Taken (Taka)	Stated Interest Rate (per cent per annum)	Kind/Cash Ratio of loans
Day-to-day Household Consumption	66.67 (28)	167.0	15.35	.4286
Special Social Event	11.90 (5)	170.0	38.00	.2000
Health	9.52 (4)	262.50	0.0	.2500
Own Business	2.38 (1)	300.0	120.0	0.0
Household Business	2.38 (1)	200.0	0.0	0.0
Other	7.14 (3)	700.0	80.0	0.0
Total	100.0 (42)	218.23	23.33	.3333

Note: All information is averaged across the number of loan cases within group (e.g. Bogra MHHs).

BOGRA FHHs (Table 15 continued)

Purpose for which loan used	Percentage of Loan Cases	Size of Loan Taken (Taka)	Stated Interest Rate (per cent per annum)	Kind/Cash Ratio of loans
Day-to-day Household Consumption	66.67 (8)	77.50	26.25	.5000
Special Social Function	8.33 (1)	30.00	0.00	1.00
Own Business	8.33 (1)	100.00	112.00	0.00
Other	16.67 (2)	500.00	120.00	0.00
Total	100.00 (12)	146.00	47.00	.4167

FENI FHHs (Table 15 continued)

Purpose for which loan used	Percentage of Loan Cases	Size of Loan Taken (Taka)	Stated Interest Rate (per cent per annum)	Kind/Cash Ratio of loans
Day-to-day Household Consumption	46.15 (6)	558.33	17.00	.3333
Special Social Function	30.77 (4)	537.50	0.00	.5000
Own Business	7.69 (1)	500.00	120.00	0.0
Other	15.38 (2)	2900.00	0.00	0.0
Total	100.00 (13)	908.00	17.00	.3077

TABLE 16
STATED INTEREST RATE BY SIZE OF LOAN

Size of Loan Taken	BOGRA MHHs		FENI MHHs	
	Percentage of loan cases	Stated interest rate (per cent per annum)	Percentage of loan cases	Stated interest rate (per cent per annum)
Tk. 20-Tk. 50	55.77 (29)	0.0	23.81 (10)	0.0
Tk. 51-Tk. 150	23.08 (12)	15.00	23.81 (10)	19.0
Tk. 151-Tk. 500	15.38 (8)	73.75	50.00 (21)	31.0
Tk. 501-Tk. 2000	5.77 (3)	0.0	2.38 (1)	120.0
Tk. 2001 & Above	-	-	-	-
Total	100.0 (52)	14.81	100.0 (42)	22.88

Note: All information on interest rates is averaged across the number of loan cases within the relevant group (e.g. Bogra MHHs).

(Table 16 continued)

Size of Loan Taken	BOGRA FHHs		FENI FHHs	
	Percentage of loan cases	Stated interest rate (per cent per annum)	Percentage of loan cases	Stated interest rate (per cent per annum)
Tk. 20-Tk. 50	50.00 (6)	0.00	23.08 (3)	0.0
Tk. 51-Tk. 150	25.00 (2)	67.33	15.38 (2)	0.0
Tk. 151-Tk. 500	16.67 (2)	120.0	15.38 (2)	60.0
Tk. 501-Tk. 2000	8.33 (1)	120.0	38.46 (5)	20.0
Tk. 2001 & Above	-	-	7.69 (1)	0.0
Total	100.0 (12)	47.0	100.0 (13)	17.0

Note: All information on interest rates is averaged across the number of loan cases within the relevant group (e.g. Bogra FHHs).

tends to further compound the cash constraint faced by women borrowers. Consumption loans also have positive interest rates, but these rates are on average lower than those charged by institutional banks and may be on concessionary terms. Indeed, borrowing in small amounts in kind (or small cash outlays) for consumption purposes occurs across the household income spectrum and there is thus not much scope for charging high interest rates since it is a largely reciprocal service rendered by most women in a village, with funds coming from the kind income that women control (kind resources, i.e. KYW, of women being much bigger than their cash resources, i.e. CYW, in almost every case). Some consumption loans fall outside this reciprocal mechanism, however, and are larger in size; the interest rate that these loans bear was seen to be much higher than the average rate for consumption loans.

Summarizing the preceding section, it women engage in a considerable amount of borrowing activities within the RIFM. They appear to have a higher demand for cash loans than kind loans in general, reflected in the higher amount of borrowing in cash even though in terms of borrowing from other women, the potential availability of borrowable resources is greater in kind form. Loans for productive purposes command relatively high interest since they consist of relatively large amounts of (scarce) cash. These high interest rates limit access to this type of loan, which in turn reflected in a low incidence of loans for productive purposes (although a large unmet demand exists, as is seen in the final sections of the report). The distinction between cash and kind loans is maintained on the hypothesis that the degree of convertibility of kind to cash is low. Given the lack of control that women possess over most marketing channels, it does not seem unreasonable to assume that women would find it very difficult to convert a loan taken in goods, to equivalent cash, and still keep control of the loan or cash thereby generated. It should also be noted that high interest on large cash loans have led to their use for productive/business purposes rather than for consumption, indicating an efficient allocation of the scarce resource, cash funds. The high interest burden is likely to be felt more intensively by the woman from a low income household who at the same time might face the greatest capital constraints. Cash constraints simultaneously impose a high premia on cash loans of any significant size given by women, as well as maintaining a high level of latent demand from them for cash loans. Increasing the flow of cash to women through more

income-earning activities, control by them over the income of which would need to be ensured, would ease the market clearing interest rate from both sides of the equation. Greater market-oriented economic activity controlled by women is likely to generate a higher level of credit activity at a lower equilibrium interest rate.

Lenders

Most women in our sample households lend to some extent. This is true across household per capita income groups and CYW levels (Table 17). A large part of this lending may, however, be of the reciprocal small consumption loan type alluded to in the preceding section and does not connote any consistent surplus in the woman's income. We have already noted previously that pure lender status, on the other hand, tends to be associated with higher levels of women's income. Women from poorer households are not excluded from the pure lender category; their direct control over cash/kind incomes earned through their wage-labour may at times place them with fungible resources at hand which can be loaned out for further incremental income.

Most women lenders report that the majority of their loanees are women, although a few state that men constitute the major part of their clientele (Annexe Table 7). Lenders have, on the whole, known their loanees for a number of years (usually 5-10 years in Bogra and longer in Feni), male and female borrowers come mostly from the lender's own village, and most borrowers are termed "friends, relatives or neighbours" by the female lenders (Table 18.) Women thus lend to a group which they know well, with whom they maintain social relations, and whom they can monitor closely. Given the fact that the level of total assets of the woman borrower or the income of the borrower household does not prohibit a woman from access to small or large loans, the social relations between lender and borrower are undoubtedly important de facto collaterals and sources of security for the repayment of these loans.

Women borrowers do not borrow exclusively from women, although most of the lenders they do approach are indeed women (as seen in a previously noted table, Annexe Table 6). Women

TABLE 17

WHETHER THE FEMALE RESPONDENT IS A LENDER

Per capita income of the household	BOGRA MHHs			FENI MHHs		
	Total Number of households	Yes	No	Total Number of households	Yes	No
<=Tk. 5000	27 (54.0)	21 (77.8)	6 (22.2)	20 (43.5)	16 (80.0)	4 (20.0)
Tk. 5001-Tk. 10000	19 (38.0)	15 (78.9)	4 (21.1)	20 (43.5)	14 (70.0)	6 (30.0)
Tk. 10001-Tk. 15000	2 (4.0)	2 (100.0)	0	2 (4.3)	2 (4.3)	0
Tk. 15001 = >	2 (4.0)	1 (50.0)	1 (50.0)	4 (8.7)	4 (100.0)	0
Total	50 (100.0)	39 (78.0)	11 (22.0)	46 (100.0)	36 (78.3)	10 (21.7)

(Table 17 continued)

Per capita income of the household	BOGRA FHHs			FENI FHHs		
	Total Number of households	Yes	No	Total Number of households	Yes	No
<= Tk. 5000	8 (50.0)	5 (62.5)	3 (37.5)	10 (62.5)	5 (50.0)	5 (50.0)
Tk. 5001-Tk. 10000	3 (18.8)	3 (100.0)	0	6 (37.5)	3 (50.0)	3 (50.0)
Tk. 10001-Tk. 15000	5 (31.3)	3 (60.0)	2 (40.0)	0	0	0
Tk. 15001=>	0.0	0	0	0	0	0
Total	16 (100.0)	11 (68.8)	5 (31.3)	16 (100.0)	8 (50.0)	8 (50.0)

TABLE 18
INFORMATION ON BORROWERS DERIVED FROM LENDERS

A-1 : Time lender has known Female Borrowers

	Frequency of Responses	
	Bogra (MHHs + FHHs)	Feni (MHHs + FHHs)
1 Years	2	0
1-5 Years	6	1
5-10 Years	21	4
10-20 Years	8	16
Above 20 Year	4	16
Total	41	37

Note: For part-A of Table 18, lenders with female borrowers were asked to give information on any one female borrower of the preceding year.

A-2 : Status of Female Borrower

	Frequency of Responses	
	Bogra (MHHs + FHHs)	Feni (MHHs + FHHs)
Neighbour	16	3
Relative/friend	25	34
Sharecropping Tenant	0	1
Total	41	37

A-3 : Village of Female Borrower

	Frequency of Responses	
	Bogra (MHHs + FHHs)	Feni MHHs + FHHs)
Lender's village	39	35
Other village	2	2
Total	41	37

A-4 : Whether any documents were transferred from female borrowers

	Frequency of Responses	
	Bogra (MHHs + FHHs)	Feni MHHs + FHHs)
Yes	0	0
No	41	37
Total	41	37

B-1 : Time lender has known Male borrower

	Frequency of Responses	
	Bogra (MHHs + FHHs)	Feni MHHs + FHHs)
1 Year	1	0
1-5 Years	0	0
5-10 Years	10	2
10-20 Years	1	3
Above 20 Years	2	6
Total	14	11

Note: For part-B of Table 18, lenders with male borrowers were asked to give information about any one male borrower of the preceding year.

B-2 : Status of Male borrower

	Frequency of Responses	
	Bogra (MHHs + FHHs)	Feni MHHs + FHHs)
Neighbours	5	1
Relative/friends	6	7
Sharecropping Tenant	1	0
Hired labour of Household	1	1
Same group	0	1
Other	1	1
Total	14	11

B-3 : Village of Male borrower

	Frequency of Responses	
	Bogra (MHHs + FHHs)	Feni MHHs + FHHs)
Lender's village	12	11
Other village	2	0
Total	14	11

B-4 : Whether any documents transferred from Male borrower

	Frequency of Responses	
	Bogra (MHHs + FHHs)	Feni MHHs + FHHs)
Yes	0	0
No	14	11
Total	14	11

borrowers identify their lenders as being friends and relatives or neighbours for the most part (Table 19). FHHs seem to have a greater interaction with "non-friend" moneylending categories (e.g. traders and shopkeepers) who are usually men, indicating that women who do not have recourse to male intermediaries (such as husbands), deal directly with male creditors as the need arises. Women in MHHs on the one hand can utilise men in their households for this purpose, and on the other hand, face greater social sanctions against interaction with men.¹³ Another point to note is that among the sources of credit listed, there is an almost absolute absence of institutional sources (i.e. registered banks or groups). Women in our sample households also did not register belonging to any informal credit groups which would negotiate regular access to loans. In fact no informal women's groups were found in the two sample villages. A legitimate question to ask would be why no such group was organized by the women to meet their credit needs or to pool their resources. Women responded with a variety of reasons, including lack of a leader, desire to keep interest earning activities hidden from male and/or other members of the household, lack of confidence in their collective ability to generate enough capital, etc.

Even when women's relations with their lenders are of friends or neighbours, it does not necessarily imply that they get loans free of interest. Borrowers report that explicit interest rates charged by these categories (of which a large proportion are women) are quite high (Table 19). Highest interest rates are from lenders who are classified as traders, retail shop keepers and moneylenders. The one loan mentioned from institutional sources also carries a high interest (100% per year) and was from an NGO organized group.

Of the lenders interviewed, only five women in both areas taken together admitted giving loans on interest, but from the discussion above, it is very likely that a good many more women do charge interest. Women do not readily admit accepting interest because of religious taboos against taking interest. The women who mentioned taking interest were all from lower per capita income households. This may be an indication that lending for poorer women is not a favour but a necessity, i.e. a means of supplementing a meagre household income. The highest rate of interest to which women admit to is 15% per month.

TABLE 19
STATED INTEREST RATE BY TYPE OF LENDER

Type of lender	Bogra MHHs		Feni MHHs	
	Percentage of loan cases	Stated Interest Rate (per cent per annum)	Percentage of loan cases	Stated Interest Rate (per cent per annum)
Moneylender	3.85 (2)	90.00	2.38 (1)	0.0
Neighbours	19.23 (10)	35.00	42.86 (18)	41.11
Relatives/Friends	76.92 (40)	6.00	54.76 (23)	10.43
Owner of sharecropped land	0.00	x	0.00	x
Agricultural Employer	0.00	x	0.00	x
Trader	0.00	x	0.00	x
Retail shopkeeper	0.00	x	0.00	x
Formal Financial Institution (Bank/group)	0.00	x	0.00	x
Informal group	0.00	x	0.00	x
Total	100.00 (52)	14.81	100.00 (42)	22.88

Note: Information obtained from female borrowers.

(Table 19 continued)

Type of lender	Bogra FHHs		Feni FHHs	
	Percentage of loan cases	Stated Interest Rate (per cent per annum)	Percentage of loan cases	Stated Interest Rate (per cent per annum)
Moneylender	8.33 (1)	90.00	0.00	x
Neighbours	16.67 (2)	60.00	7.69 (1)	0.0
Relatives/Friends	33.33 (4)	28.00	61.54 (8)	15.0
Owner of sharecropped land	0.00	x	0.00	x
Agricultural Employer	25.00 (3)	0.00	0.00	x
Trader	8.33 (1)	120.00	15.38 (2)	0.0
Retail shopkeeper	8.33 (1)	120.00	0.00	x
Formal Institutional (Bank/group)	0.00	x	7.69 (1)	100.0
Informal group	0.00	x	7.69 (1)	0.0
Total	100.00 (12)	46.83	100.00 (13)	16.92

Not many lenders identify any concept of cost involved in lending (Annexe Table 8). Where they do, they cannot quantify the costs but mention mostly costs of entertainment and value of time spent.

Lenders report that there is a seasonal dimension to the demand for loans, the highest number of requests being in the August to November period (Table 20). This coincides with the agricultural lean season. Most requests during this period are for consumption loans. Lenders also indicate that they cannot meet the total demand for loans which they receive (Annex Table 9). This is mentioned more often by women lenders with low household per capita incomes and low personal incomes.

A last point to note with regard to women money lenders is that while women borrowers have more access to them than do men, this does not necessarily indicate that men are discriminated against. The opposite may in fact be indicated in one sense, if we look at Table 21. Based on information from female lenders in Bogra, it appears that men get slightly larger loans than do women; moreover, the largest loan given to men in both areas is larger than the largest loan given to women. One can speculate that the reason for this state of affairs is that since larger loans generally carry higher interest rates, men, who have access to a higher income than women, are in a better position to afford such loans. Women lenders may feel that such loans (and interest) are likely to be repaid more easily by men than women who face relatively more severe resource constraints. Most women refrain from lending to men, however, in view of social restrictions imposed on such interactions and by the same token, not many men approach women lenders.

Repayments of Loans

Information on loan repayment was collected for all loans on which any repayment (of either capital or interest) was made by the female respondent during 1986/87. It includes loans taken out by the female respondent or other members of the household, towards the repayment of which the respondent consciously engaged in savings and/or contributed labour, such repayment identified by the women themselves. Secondly, the information also relates to loans taken out in years preceding the reference year, but part or the whole of which was repaid in the reference year. On

TABLE 20

FREQUENCY OF MONTH WITH HIGHEST LOAN DEMAND

(Bogra and Feni)

Month		Frequency of Responses
Boishakh	(April - May)	1
Jaishtha	(May - June)	0
Ashar	(June - July)	9
Sravon	(July - August)	14
Vadro	(August - September)	47
Asshin	(September - October)	56
Kartik	(October - November)	30
Augrahayon	(November - December)	9
Poush	(December - January)	7
Magh	(January - February)	2
Falgun	(February - March)	0
Chaitra	(March - April)	4

Note: Lenders could mention more than one month.

TABLE 21
AVERAGE LOANS TO WOMEN AND MEN

	Bogra MHHs			Feni MHHs		
	Average Size of Loan (Taka)	Minimum Loan Size (Taka)	Maximum Loan Size (Taka)	Average Size of Loan (Taka)	Minimum Loan Size (Taka)	Maximum Loan Size (Taka)
Loans to Male Borrowers	68.54	100.0	2020.00	119.33	90.0	1000.00
Loans to Female Borrowers	61.67	20.0	520.00	148.78	40.0	860.00

Note: This information is derived from lenders' responses regarding one female and one male borrower.

Table 21 continued)

	Bogra FHHs			Feni FHHs		
	Average Size of Loan (Taka)	Minimum Loan Size (Taka)	Maximum Loan Size (Taka)	Average Size of Loan (Taka)	Minimum Loan Size (Taka)	Maximum Loan Size (Taka)
Loans to Male Borrowers	200.91	50.0	1000.00	0.0	0.0	0.0
Loans of Female Borrowers	25.64	20.0	150.00	149.88	35.0	815.0

average, therefore, one can gain an idea of the repayment performance of women over a period of one year.

Repayment performance is defined as percentage of the loan capital that is repaid. It is seen from Table 22 that almost the entire loan capital is repaid within one year of taking the loan. This is true regardless of the household per capita income situation of the female borrower. Repayment rates across sizes of loans vary, however, with larger loans being repaid more slowly (Annexe Table 10).

In terms of repayment of loans taken out for various purposes, the worst performance is for loans used in the woman's own business (Table 23). This is not surprising since we have seen that business loans are mostly in cash and bear high interest, both aspects placing a strain on women's low cash incomes. Consumption loans which are smaller, in kind, and generally bear no or low interest, can be repaid more easily.

We also tried to see whether the respondents could identify what sources of income were primarily used in repaying each type of loan. The high incidence of consumption loans in kind for women borrowers naturally results in the high frequency of home production and commodities used for everyday consumption purposes figuring in sources of loan repayment (Table 24). Another frequently mentioned source is income from the woman's own business. In Bogra MHHs where the incidence of non-farm activities is higher, the contribution of personal business income towards repayment is higher than in Feni MHHs.¹⁴

In summary it seems that although interest payments and repayments and repayment in general may place a greater relative burden on women of poorer households, they nevertheless repay loans at a level on par with women from richer households, perhaps to ensure their continuing credit worthiness and access to the RIFM. The low size of loans may be a contributing factor ensuring that a major part of the loan is repaid within one year. Women have access to household resources in repaying loans but personal income sources are also very important. Women are not seen to sell off many of their own assets to repay loans, which may be a combined outcome of small average loan size and low levels of asset ownership and control.

TABLE 22

REPAYMENT PERFORMANCE BY PER CAPITA INCOME OF THE BORROWER'S HOUSEHOLD

Per capita Income of the Household	Bogra MHHs		Feni MHHs	
	Percentage of loan cases	Capital Repaid as % of loan capital	Percentage of loan cases	Capital Repaid as % of loan, capital
<=Tk. 5000	44.44 (20)	.9305	80.00 (16)	.958
Tk. 5001-Tk. 10000	53.23 (24)	.8656	15.00 (3)	1.000
Tk. 10001-Tk. 15000	0.00	x	5.00 (1)	.99
Tk. 15000 = >	2.22 (1)	1.00	x	x
Total	100.00 (45)	.8974	100.00 (20)	.97

Note: Loan cases are loans on which either capital and/or interest has been repaid at least partially in reference year (see text).

Table 22 continued)

Per capita Income of the Households	Bogra FHHs		Feni FHHs	
	Percentage of loan cases	Capital Repaid as % of loan capital	Percentage of loan cases	Capital Retail as % of loan capital
<=Tk. 5000	30.00 (3)	.8444	45.45 (5)	.8518
Tk. 5001-Tk. 10000	20.00 (2)	.5000	54.54 (6)	1.00
Tk. 10001-Tk. 15000	50.00 (5)	.7382	0.00	x
Tk. 15000 = >	0.00	x	0.00	x
Total	100.00 (10)	.7224	100.00 (11)	.9326

Note: Loan cases are loans on which either capital and/or interest has been repaid at least partially in reference year (see text).

TABLE 23
REPAYMENT PERFORMANCE BY PURPOSE OF LOAN

Purpose for which loan taken	Bogra MHHs		Feni MHHs	
	Percentage of loan cases	Capital Repaid as % of loan capital	Percentage of loan cases	Capital Repaid as % of loan capital
Day-to-day Household consumption	77.78 (35)	.8910	55.00 (11)	.995
Special Social Occasion	2.22 (1)	1.00	20.00 (4)	1.00
Health	0.00	x	5.00 (1)	1.00
Education	0.00	x	5.00 (1)	1.00
Own Business	4.44 (2)	.5500	0.00	x
Household Business	6.67 (3)	.88	10.00 (2)	.85
Repayment of own loan	0.00	x	5.00 (1)	.7143
Repayment of Household Loan	0.00	x	0.00	x
Other	8.89 (4)	1.0	0.00	x
Total	100.00 (45)	.8974	100.00 (20)	.97

Note: Loan cases are loans on which either capital and/or interest has been repaid at least partially in reference year (see text).

Table 23 continued)

Purpose for which loan taken	Bogra FHHs		Feni FHHs	
	Percentage of loan cases	Capital Repaid as % of loan capital	Percentage of loan cases	Capital Repaid as % of loan capital
Day-to-day Household consumption	80.00 (8)	.7114	36.36 (4)	1.00
Special Social Occupation	0.00	x	9.09 (1)	1.00
Health	0.00	x	27.27 (3)	1.00
Education	0.00	x	9.09 (1)	.3500
Own Business	10.00 (1)	.7000	9.09 (1)	.9091
Household Business	0.00	x	0.00	x
Repayment of own loan	0.00	x	0.00	x
Repayment of Household Loan	0.00	x	0.00	x
Other	10.00 (1)	.8333	9.09 (1)	1.00
Total	100.00 (10)	.7224	100.00 (11)	.9326

Note: Loan cases are loans on which either capital and/or interest has been repaid at least partially in reference year (see text).

TABLE 24

INCIDENCE OF REPAYMENT BY SOURCE OF REPAYMENT

Primary Source of Repayment	Percentage of Loan Cases			
	Bogra MHHs	Feni MHHs	Bogra FHHs	Feni FHHs
Sale of Woman Assets	0.00	0	10.00 (1)	0.00
Commodities of daily consumption	24.44 (11)	0	0.00	0.00
Crops from Household land	22.22 (10)	35.00 (7)	10.00 (1)	9.09 (1)
Mortgage of Womans Assets	0.00	0	0.00	0.00
New loans by Women	0.00	5.00	0.00	0.00
New loans by Men	0.00	0.00	0.00	0.00
Income from Woman's Business	17.77 (8)	20.00 (4)	20.00 (2)	36.36 (4)
Income from Household Business	4.44 (2)	0	50.00 (5)	36.36 (4)
Other	37.11 (14)	40.00 (8)	10.00 (1)	18.18 (2)
Total	100.00 (45)	100.00 (20)	100.00 (10)	100.00 (11)

Note: Loan cases are loans on which either capital and/or interest has been repaid at least partially (see text).

Potential Demand for Credit

We have noted earlier that women in our selected villages have considerable unmet demand for credit. It was thought to be a useful exercise to establish broad thresholds of demand for various types of productive loan use at varying levels of interest. The only condition mentioned was the interest rate. The women were asked to conceptualize the total amount (in cash) they would wish to borrow at that rate and then to allocate portions of the total loan for specific types of activities. The utility of the demand figures for various activities lies in indicating the order of preference amongst different types of productive loan use (to be seen by which purpose has the highest demand for credit) and in giving a rough idea of a one-time credit absorption level by women at given interest rates by activity type in the villages. The entire amount of the loans demanded may not be used by the woman alone, but by other members of the household as well.

As a supplementary exercise we posed a question to all female respondents as to which activities they considered most profitable (Table 25). The most frequently mentioned activity was paddy-trading, followed by livestock-raising and other small businesses. This pattern is reflected to a large extent in the average amounts of credit demanded by women for investment by activity type (Table 26). In the preparation of Table 26, we combined the credit amounts demanded by the respondent at the simple interest rates of 3.5% per month, 2.5% per month, and at no interest, for use in a particular type of activity. This total amount is thus the average size of loans demanded by women at an average interest rate of 2% per month for a given productive purpose. The highest amount demanded universally is for non-farm activities, followed in most cases by the demand for credit for the livestock sector. There is also quite a high demand for loans for crop agriculture, especially in MHHs, where crop agriculture plays a relatively more important role than in FHHs.

In terms of interest rates, we have mentioned that a three and a half percent per month level, a two and a half percent level and a zero interest level were specified. The resulting ranking of total credit demands at every level, however, do not always fulfill the a priori expectation that higher total demand

TABLE 25
MOST PROFITABLE ACTIVITY

Activity type	Frequency of Responses	
	Bogra	Feni
	(MHHs + FHHS)	MHHs + FHHs
Paddy trade	42	27
Small Industry/Handicrafts	18	29
Retail Shopkeeping	3	11
Livestock/Poultry	21	14
Others	8	10

Note : Respondents could mention more than one activity.

TABLE 26
POTENTIAL DEMAND FOR PRODUCTIVE LOANS BY ACTIVITY TYPE
(Per Household)^(a)

Activity type	Amount Demanded per Household			
	Bogra	Feni	Bogra	Feni
	MHHs	MHHs	FHHs	FHHs
	(TK.)	(TK.)	(TK.)	(TK.)
Crop Agriculture	1620	978	281	867
Non crop Agriculture (livestock not included)	146	414	181	250
Livestock	1301	1470	970	1735
Trade/Industry	2300	3553	1813	2071
Total	5367	6416	3245	4923

Note: (a) The figures reflect credit demand by the head woman of each household only. Figures reflect simple averages of credit demanded at monthly interest rates of 3.5%, 2.5% and 0%.

TABLE 27
 POTENTIAL DEMAND FOR PRODUCTIVE LOANS^(a)
 (by interest thresholds)

A.

Monthly Interest Rate	Amount Demanded per Household (Taka)				
	Bogra MHHs	Feni MHHs	Bogra FHHs	Feni FHHs	
	(TK.)	(TK.)	(TK.)	(TK.)	
	Mean Amount	3494	2996	1250	1000
3.5%	Minimum Amount	0	0	0	0
	Maximum Amount	20300	50400	9000	15000
	Mean Amount	6483	7646	5041	2969
2.5%	Minimum Amount	0	0	0	0
	Maximum Amount	29800	57000	18000	18000
	Mean Amount	6185	8607	2797	10806
0%	Minimum Amount	0	0	0	0
	Maximum Amount	36400	64000	20500	34300

B.

Total Demand for Credit for Productive Use by Women in Rural Bangladesh in 1986-87^(b):

Monthly Interest Rate	Amount Demanded (Taka)
3.5%	40117 million
2.5%	87537 million
0%	92609 million

Note : (a) The figures reflect credit demanded by the head woman of each household only.

(b) Derived from projections based on the two sample villages of the survey.

Cash loans taken are larger on average than kind loans, inspite of greater kind incomes being at the disposal of women. This indicates a higher demand for cash loans than for kind loans. Since most large cash loans are used for productive purposes and scarcity of cash raises the interest rates on these loans, the incidence of productive loans is quite low. There is a consequent lack of working capital, leading to low investment in productive activities. This in turn leads to low cash income flow to women which again, by reinforcing scarcity, of loanable funds raises the interest rate and constrains productive activity.

Transactions costs of loan administration are likely to be very low because of proximity of lenders and borrowers and a minimal degree of formalities involved. Most lenders in fact do not identify costs in most cases. High interest rates therefore are likely to be composed of a large scarcity premia added on to a normal rate of profit. With a greater flow of (cash) credit, a substantial dent could be created in this premia.

At the present moment women from all income groups take out loans of all sizes and at all levels of interest; women from poorer household are seen to take out greater numbers of loans per woman. This implies equity in access in one sense; the burden of high interest rates are likely to be more severe on poorer women borrowers, however, who may nevertheless borrow because there is no alternative. High interest also tends to keep out many potential borrowers.

It appears that the expansion of rural informal credit is strongly linked to cash flow to women. This needs to be enhanced and ensured in order to facilitate greater availability of credit at lower interest rates. In order to do this, some initial lending from formal sources to participants in the RIFM should be encouraged. Rather than provide loans to individuals, greater prospects of equity would be engendered if those funds were channelled through informal groups constructed with class homogeneity.¹⁶ In the two sample villages, such informal groups could not be identified. Women's informal lending, however, already occurs within a more or less closed/network and it seems likely that given minimal logistic support, such groups could be organized on a self-monitoring basis. Class homogeneity of the women within each group should be maintained. While the primary

will be linked to lower or no interest (Table 27). The respondents were questioned as to why they sometimes demanded less credit at no interest charged than that demanded at a positive interest rate. They answered that there was a likelihood of non-repayment occurring and bears of foreclosure were mentioned; moreover hidden costs in terms of services etc. were feared.

If we take the total credit amount demanded at no interest, this could serve as an indicator of the ceiling of credit demand for productive use by the head women in rural households. This figure was roughly Tk. 92609 million in 1986-87, while total loans obtained by women from informal sources was (about) Tk. 2387 million (Table 13).¹⁵ The amount of total productive credit demanded by rural women that was met through the RIFM in 1986-87, thus, was only between 1-2%.

Concluding Remarks

The productive capacity of rural women is severely constrained by the overall dearth of credit and working capital. From the preceding review it is apparent that it is the informal market that provides women with access to limited credit, the presence of the formal sector being negligible. In two typical villages of Bangladesh, women from almost every type of household participate in the RIFM. The women participate as borrowers and lenders, in some cases the roles overlapping and the transactions being reciprocal. This latter phenomenon is especially significant in the case of small consumption loans.

No clear relation between the household income status and the woman's credit status is established, but women who lend beyond the reciprocal mechanism are seen to have higher personally controlled incomes. Evidence further shows that very low women's cash incomes create severe constraints for their participation in credit transactions. Loanable funds of the household in general may be scarce, but this dimension is particularly emphasized for women, for they do not always have much independence or say in deciding over cash expenditures. This scarcity of funds also implies a high level of credit demand which remains largely unmet. Since women mostly lend to and borrow from other women, these scarcity conditions are magnified further.

focus should be women from resource poor households, attention also needs to be given to women of richer households who do not have much effective control over household resources. This is important in a society where women from all classes may have little social security and great economic vulnerability. Measures should be taken to stipulate that women should be the recipients of credit generated by these groups, because men have greater access to other sources of credit. It is also important to ensure that income derived from the use of credit, accrues directly to the women themselves. If this does not happen, women will continue to be cash-poor and their own welfare remain unchanged (or worse) although the welfare-level of the household may be enhanced. A measure which would probably be useful in this regard is women's control over marketing channels. The credit groups could assist in this, finding buyers for the goods as well as arranging transportation of the goods. The income derived from sales could thus accrue directly to women. Women already have developed savings mechanisms in musti-saving, which could contribute towards generating capital and ensuring repayment. Musti-savings is already seen to have considerable national significance.

The survey further indicates that women are used to managing resources, cash as well as kind, that they are experienced and efficient borrowers (and lenders) on the whole, that their repayment performance is exemplary, and that they can and do conceptualize the variety of uses for which they would take credit as well as the amounts involved. Credit demand is highest for trade/business and livestock activities and formal credit extension activities should focus on these areas. Although the primary demand is for cash loans, relatively larger loans in kind for consumption purposes command high interest. Thus providing some loans in kind for consumption, especially during agricultural lean seasons, could also be considered.

NOTES

1. Farouk & Ali (1975), Khuda (1982), Hamid (1988).
2. Informal financial or credit markets (IFM) are here defined as all credit transactions in which the lender is not a registered bank or cooperative or other financial institution. This market is virtually unregulated by state laws or agencies.
3. Blanchet, Therese, Rural Women, Savings and Credit : An Anthropological View, USAID, Dhaka (mimeo) 1986.
4. The figure of 12% was chosen with logistic constraints in mind.
5. Moreover, not many households were found to have more than one adult woman (above 12 years of age).
6. Child-rearing, washing, cooking, and cleaning for the household were not included within the purview of the survey (although they are definitely socially productive activities) because they do not produce tradeable goods.
7. If musti chal saved is sold and added to CYW, it is deducted from KYW. Otherwise, the value of the musti-chal saved is added to the KYW in those cases where the respondent does not register any participation in rice processing; in cases where there is participation, the amount of musti-chal saved is already subsumed under KYW from crop-processing.
8. This may be because women from poorer households are more likely to work as labourers and be paid in cash which accrues to them directly and which they may control. Women from upper-income households may not have as much direct control over disposable cash income.
9. No distinction was made between formal and informal sources of loans. As we shall see later in the report, only one instance of a woman borrowing from formal sources has been recorded in our sample.
10. The relevant tables are not included in this report. The basic procedure was a series of cross-tabulations and

analysis of variance with Chi-tests.

11. Data from women lenders also indicate that most borrowers take loans for consumption.
12. Relevant table not included in this report.
13. Existing social norms discourage interaction between women and men outside the woman's direct kinship system.
14. In the MHHs of Bogra many women are contract-suppliers for a local middleman trader of woven-grass baskets.
15. A large percentage of loans taken out by women were used for consumption; thus only a part of Tk. 2387 million went directly towards meeting total productive credit demand.
16. The Grameen Bank group model could be a starting point.

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ANNEXE TABLE 1

NUMBER OF MEMBERS PER HOUSEHOLD

Land owned by the household (acres)	Bogra MHHs Members per HH	Feni MHHs Members per HH	Bogra FHHs Members per HH	Feni FHHs Members per HH
No land	3.00	N/A	2.00	1.00
2.51-7.5	6.33	7.67	N/A	N/A
7.51 & Above	6.00	N/A	N/A	N/A
Total	4.94	6.20	3.19	3.25

N/A = Not applicable.

ANNEXE TABLE 2

MARITAL STATUS OF FEMALE RESPONDENTS

Marital Status	Bogra MHHs	Feni MHHs	Bogra FHHs	Feni FHHs
Married	49	46	0	0
Unmarried	1	0	0	0
Divorced	0	0	0	1
Widowed	0	0	0	15
Abandoned	0	0	16	0
Total	50	46	16	16

ANNEXE TABLE 3

EDUCATION LEVEL OF FEMALE RESPONDENTS

Education Level	Bogra MHHs	Feni MHHs	Bogra FHHs	Feni FHHs
Illiterate	42	31	15	9
Literate (can read and write)	2	6	1	3
Upto class V	5	7	0	3
Class VI - X	1	2	0	1
Class XI & Above	0	0	0	0
Total	50	46	16	16

ANNEXE TABLE 4
 PERCENTAGE OF MUSTI-SAVED THAT IS SOLD,
 BY P/C INCOME OF THE HOUSEHOLD

Per capita Income of the Household	Bogra MHHs		Feni MHHs	
	Percentage of House- holds	Percentage of Musti sold	Percentage of House- holds	Percentage of Musti sold
Tk. 5000 and below	53.49 (23)	.1304	46.34 (19)	.7237
Tk. 5001-Tk. 10000	37.21 (16)	.2505	41.46 (17)	.8929
Tk. 10001-Tk. 15000	4.65 (2)	0.0	4.88 (2)	.7214
Tk. 15001 and above	4.65 (2)	.50	7.32 (3)	.3056
	100.00 (43)	.1862	100.00 (41)	.7631

Note: Information is presented for those households in which the respondent saves in musti. Numbers in parentheses indicate numbers of households.

(Annexe Table 4 continued)

Per capita Income of the Households	Bogra FHHs		Feni FHHs	
	Percentage of House- holds	Percentage of Musti sold	Percentage of House- holds	Percentage of Musti sold
<=Tk. 5000	45.45 (5)	0.0	71.43 (10)	.60
Tk. 5001-Tk. 10000	27.27 (3)	0.0	28.57 (4)	.25
Tk. 10001-Tk. 15000	27.27 (3)	0.0	0.0	-
=> Tk. 15001	0.0	-	0.00	-
	100.00 (11)	0.0	100.00 (14)	.50

ANNEXE TABLE 5

SIZE OF LOANS BY ASSET LEVELS OF THE RESPONDENT

Total Assets of the woman (Taka)	Bogra MHHs				Feni MHHs			
	Percentage of Households	Loan in Cash (Taka)	Loan in Kind (Taka)	Total Loan (Taka)	Percentage of Households	Loan in Cash (Taka)	Loan in Kind (Taka)	Total Loan (Taka)
No Assets	8 (4)	310	16	327	0.00	-	-	-
Tk. 1-Tk. 500	25 (14)	29	30	59	30.43 (14)	193	67	260
Tk. 501-Tk. 2000	12 (6)	200	223	423	4.35 (2)	0.0	0.0	0.0
Tk. 2001-Tk. 5000	18 (9)	95	132	227	4.35 (2)	0.0	0.0	0.0
Tk. 5001-Tk. 15000	18 (9)	67	61	128	34.78 (16)	175	24	199
=>Tk. 15001	16 (8)	0.0	23	23	26.07 (12)	179	17	196
Total	100.00 (50)	86	75	161	100.00 (46)	166	33	199

Note: Loan figures are averaged across all households, borrower as well as non-borrower.

Annex Table 5 continued

Total Assets of the Woman (Taka)	Percentage of Households	Bogra FHs		Feni FHs	
		Loan in Cash (Taka)	Loan in Kind (Taka)	Loan in Cash (Taka)	Loan in Kind (Taka)
No Assets	6.25	0.0	0.0	0.0	0.0
-Tk. 1-Tk. 500	31.25	60	48	50	50
Tk. 500 and below	(5)	60	48	50	50
Tk. 501-Tk. 2000	0.00	0	0	0	0
Tk. 2001-Tk. 10000	28.21	100	100	100	100
Tk. 10001-Tk. 15000	4.65	0	0	0	0
Tk. 15001 and above	28.9	257	267	305	513
Total	100.00	152	158	155	513

Note: Information presented for those households in which the respondent has a loan in cash or kind.

Numbers in parentheses indicate number of households.

Annex Table 4 continued

Per capita income of the Households	Bogra FHs		Feni FHs	
	Percentage of Households	Percentage of Musti sold	Percentage of Households	Percentage of Musti sold
<Tk. 5000	45.45	0.0	71.43	.60
Tk. 5001-Tk. 10000	27.27	0.0	28.57	.28
Tk. 10001-Tk. 15000	27.27	0.0	0.0	-
> Tk. 15001	0.0	-	0.00	-
Total	100.00	0.0	100.00	.88

ANNEXE TABLE 6

LENDERS OF CREDIT TO WOMEN (BY SEX OF LENDER)

	Bogra MHHs	Feni MHHs	Bogra MHHs	Feni MHHs
Female lenders	35	31	7	7
Male lenders	17	11	5	6

Note: Information is from each loan taken out by the female respondent.

ANNEXE TABLE 7

BORROWERS OF FEMALE LENDERS (BY SEX OF BORROWER)

	Frequency of Responses
Mostly women Borrowers	83
Mostly men Borrowers	11
Total	94

Note: Information based on lenders' responses. Both sexes taken together.

	Frequency of Responses
ANNEXE TABLE 8	15

WHETHER COSTS MENTIONED

	No. of lenders who mentioned costs
Bogra MHHs	3
Feni MHHs	12
Bogra FHHs	2
Feni FHHs	1

ANNEXE TABLE 9

IF ABLE TO MEET DEMAND FOR LOANS

As

Cash income of the Lender	Bogra MHHs			Feni MHHs			Bogra FHHs			Feni FHHs		
	Cases of Lenders	Yes	No	Cases of Lenders	Yes	No	Cases of Lenders	Yes	No	Cases of Lenders	Yes	No
<Tk. 500	20	1	19	13	0	13	3	0	3	2	0	2
Tk. 501-Tk. 1500	10	2	8	16	1	15	3	0	3	1	0	1
Tk. 1501-Tk. 5000	8	1	7	3	0	3	4	0	4	3	1	2
Tk. 5001-Tk. 15000	1	0	1	2	1	2	1	0	1	2	0	2
Tk. 15001 & Above	0	0	0	1	0	1	0	0	0	0	0	0
Total	39 (100.0)	4 (10.3)	35 (89.7)	35 (100.0)	2 (5.6)	34 (94.4)	11 (100.0)	0 (0.0)	11 (100.0)	8 (100.0)	1 (12.5)	7 (87.5)

B: (Annexe Table 7 continued)

Per capita income of the lender's households	Bogra MHHs			Feni MHHs			Bogra FHHs			Feni FHHs		
	Cases of Lenders	Yes	No	Cases of Lenders	Yes	No	Cases of Lenders	Yes	No	Cases of Lenders	Yes	No
<Tk. 5000	21	2	19	16	0	16	5	0	5	5	1	4
Tk. 5001-Tk. 10000	15	2	13	14	1	13	3	0	3	3	0	3
Tk. 10000-Tk. 15000	2	0	2	2	0	2	3	0	3	0	0	0
Tk. 15001 & Above	1	0	1	4	1	3	0	0	0	0	0	0
Total	39 (100.0)	4 (10.3)	35 (89.7)	35 (100.0)	2 (5.6)	34 (94.4)	11 (100.0)	0 (0.0)	11 (100.0)	8 (100.0)	1 (12.5)	7 (87.5)

ANNEXE TABLE 10
REPAYMENT PERFORMANCE BY SIZE OF LOAN

Size of loan Taken (Taka)	Bogra MHS		Feni MHS	
	Percentage of loan cases	Capital Repaid as % of loan capital	Percentage of loan cases	Capital Repaid as % of loan capital
Tk. 20-Tk. 50	51.11 (23)	.9886	15.00 (3)	.985
Tk. 51- Tk. 150	20.00 (9)	.9468	25.00 (5)	.99
Tk. 151- Tk. 500	20.00 (9)	.8111	55.00 (11)	.98
Tk. 501- Tk. 2000	8.89 (4)	.4563	5.00 (1)	.71
Tk. 2001 & Above	0.00	0	0.00	0
Total	100.00 (45)	.8974	100.00 (20)	.97

Note: Loan cases are loans on which either capital and/or interest has been repaid at least partially in the reference year (see text).

Annexe Table 10 continued)

Size of loan Taken (Taka)	Bogra FHHs		Feni FHHs	
	Percentage of loan cases	Capital Repaid as % of loan capital	Percentage of loan cases	Capital Repaid as % of loan capital
Tk. 20- Tk. 50	50.00 (5)	.7200	27.27 (3)	1.00
Tk. 51- Tk. 150	10.00 (1)	1.00	27.27 (3)	1.00
Tk. 151- Tk. 500	30.00 (3)	.6414	0.00	0
Tk. 501- Tk. 2000	10.00 (1)	.7000	45.45 (5)	.8518
Tk. 2001 & Above	0.00	0	0.00	0
Total	100.00 (10)	.7224	100.00 (11)	.9321