

Micro-credit: let poor women benefit

Dr. Firoza Ahmed

The term 'micro credit' has gained currency in our society with a recent upsurge of workshops on the issue. Yet there continues to be a lack of understanding about what this means for the poor segments of society. Micro credit, in fact, is meant only for the poor; for those to whom freedom from starvation is a matter of daily concern.

Behind the platitudes one often hears on micro-credit there are countless people living in abject poverty. The concept of a democratic order that supports the rising expectations of the citizenry tells us that while our institutions do have the ability and the capacity to eliminate poverty, we have not been able to rise above our own vested interests.

There is an urgent need to search for ways to provide immediate respite to the rural population living under bondage. A critical component of the goal of community development is women's involvement in programmes designed to transform their lives.

At the economic level, there is a need to initiate the process of institutionalisation of micro-credit with transparency. Such an exercise will increase the competitiveness in trading partners and initiatives of women in particular.

The question is: Are we doing the right thing in the right manner at the present time? The answer is not so simple: A major concern about institutionalised credit and non-institutionalised credit is that the various aspects in the two contexts need to be integrated. Why isn't this need being addressed?

The correlation between micro-credit and women's participation in the community is significant. It is a well-documented fact that a government aiming to remove poverty must genuinely work with

women in the first instance.

So what prevents us from harnessing women's capabilities in projects designed for their welfare? Policy makers must choose a road to development that utilises the strength and the spirituality of women. There is no other course of action.

Without dismantling the social and cultural fabric, we need to seriously address the issue of land reforms to help women currently without economic and social power to become self-reliant and confident. As the vision of self-enrichment seeps into women's minds, they will begin to exercise financial control in their homes to begin with.

The complexities resulting from feudal practices currently deprive women of their right to livelihood. Rooted in insecurity, rural women are threatened by mega initiatives that have little or no impact on their life. Enhancing their capacity and utilizing their ingenuity will promote a socially supported economic paradigm. Micro credit project would blossom if women were to lead these projects at different levels - although of course, micro-credit by itself is not the answer to all the problems of poverty. It is an inducer to action that can improve the life of communities.

The institutional credit source, which has broadened its base in several developing societies, emerged with the introduction of the Green Revolution. Other programmes include the Agricultural Development Bank (ADB) and the Aga Khan Rural Support Programme. It is sad that disbursement of providing financial assistance to farming women is scattered and ad hoc and marked with local imbalances.

Reviewing our operational methods reveal that there are a number of alternative strategies that could revitalise the micro credit system in Pakistan. Grameen Bank of Bangladesh is a case in point, which has particularly encouraged the

consolidation of women's groups at the grassroots level. Such experiences have demonstrated that higher economic growth is linked to an effective strategy for domestic resource mobilisation and human resource management.

Institutional loans that are generally subsidised in Pakistan have increased over the years. For example in aggregate terms institutional sources that amounted to about a tenth of total borrowings in 1973 rose to nearly two-fifths of the total borrowing in 1985. However in the final analysis, this tends to facilitate the landowners and "owner-cum-tenants" by strengthening their power base and the privileges that they demand. The question is: How can their grip upon the landless families be loosened? Unless rural women have access to cooperatives and a systematic micro-credit system the likelihood of any substantial personal improvement taking place becomes grim.

Most women-headed households surviving on loans from shopkeepers tend to get exploited. The resistance of the village moneylender to women's education is also obvious.

Only by employing a balanced mix of informal and institutionalised credit, can the system help village women and girls gain the confidence to make the right choices. Sustainable human development is linked to women's decision-making roles and its social interweaving in the extended family.

Khushali Bank, a government organisation that provides small loans is stepping up its operation in fifty districts with a clientele of 250,000 and total disbursement of two billion rupees. What is the impact of such a large investment on landless families? This calls for serious assessment. There is also a need to evaluate the role of the 40 partner organisations in ensuring equitable distribution of benefits to women. How can we proceed further without doing so?