Micro finance for Poverty Alleviation in Bangladesh

Presented by M. Sayeedul Haque

According to the most population density which have income per capita USD 848 annually, it can be said that 31.5% population live under poverty line and more than 90% of their income expenditure for food. In fact, people below the poverty line reached 83% in 1975 and declined to 74% in the period 1981-1982. The trend of poverty line declining was also shown during 1991-2000 from 58.8% in 1991 to 48.9% in 2000. This poverty line level continued went down to 40.0% in 2005. To address this issue, Government of Bangladesh has developed micro finance system to eradicate poverty.

There is no single factor can cause rural poverty in Bangladesh. The main factors identification have related to higher household dependency ratio, deprivation, social administration, illiteracy, unemployment, gender discrimination and poverty transfer through forefather. However the most important cause are rooted in the complex web of demographic, social, political and natural factors of this country.

Government of Bangladesh had been undertaking and implementing a number of poverty alleviation initiative including rural cooperative movement, microfinance, micro credit programs, livestock and fisheries development program, rural industries, infrastructural development, input distribution programs, skill development training, various social safety net programs and creation of employment opportunities for the poor.

Encouraged Non Government Organization participation and its role in microfinance program is alternative solution to decrease the level of poverty. NGO collaboration with government can intervention and bridging to establish the system palli karma sahayak foundation (PKSF), NGO affair bureau, and micro credit regulatory authority; which are now controlling and patronizing the overall microfinance industry in Bangladesh. Another program of microfinance was Islamis Microfinance Model as approach for poverty alleviation.
As a result, microfinance program can enhance some socio-economic well being of the economically active poor, who are capable of taking care themselves without participating it. However, it failed to improve the socio-economic status of the majority of the poor.