

Microfinance Operations in Bangladesh- An Overview

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This paper reviews the evolution, current status of microfinance in Bangladesh including its performance and past impact studies. The paper is based on the documentary data downloaded from different sources. The review of document analysis revealed that a significant growth was achieved in most of the indicators including loan disbursement, size of loan per borrower, net savings per microfinance institutions (MFI), and loan outstanding per MFI in Bangladesh. Also, the study found that the review of impact study on microcredit has so far focused on rural households in respect to income, consumption, asset building, health and schooling issues.

INTRODUCTION

Microfinance operations have been prevailing in Bangladesh since 1970. The progress of the microfinance operations has been continuous since its inception with the implementation of a project in “Jobra” village under Chittagong district in Bangladesh. Afterwards, from 1990, the country experiences a huge expansion of microfinance operations which draws the attention of all important quarters such as donors, developing partners and policy makers all over the world. Sensing the significant development in the area of microfinance and to relending the fund received from the donor countries, the government of Bangladesh established “Palli Karma-Sahayak Foundation”, PKSF (in English it is called “Rural Activities Support Foundation”) in late 1990 (Hasan & Ahmed, 2009). The prime mandate of PKSF is to alleviate poverty with employment creation by providing subsidized fund to microfinance institutions (MFIs). PKSF provides fund to those MFIs which are its Partner Organizations (PO) to implement development programs designed for the poor. Till October 2015, PKSF provided financial assistance amounting BDT 1906.95 billion to 11.11 million households through 7061 branches of 273 PO in 64 districts (PKSF 2015).

Since the last three decades, Microfinance activities have become a very crucial component in the economy to alleviate poverty in the developing countries and least developing countries (Hasan & Ahmed, 2009). Actually, we may find few poor countries and development donor agencies which are not involved in the microcredit programs. Many achievements are claimed about the impact of microfinance programs, and an outside observer cannot but wonder at the range of diversity of benefits claimed. The

poor cannot access to formal banking to get small loan due to policy constraints. Because of this situation, MFIs come forward to provide collateral free loan to the poor people which allows them to involve in various income generating activities. Thus, the study describes the performance and growth of microfinance emphasizing the delivery of various financial and nonfinancial services to the poor households all over the country.

The rest of the paper is organized as follows: Section two briefs the microfinance institutions in Bangladesh and its coverage. Section three describes the research methods. Section four presents the findings, and Section five concludes the paper with a discussion of the possible implication of the research.

MICROFINANCE INSTITUTIONS IN BANGLADESH AND ITS COVERAGE

Bangladesh has played a pivotal role in the movement of microcredit and has shown the world that the poor are creditworthy enough to repay the debt (Faruqee & Badruddoza, 2011). Thus, microfinance has so far reached numerous people across the world. In this regard, MFIs have become dominant financial institutions for the poor who cannot access to formal financial institutions. There are about 1000 listed micro finance institutions (MFIs) now operating in Bangladesh (InM 2015). Beyond the MFIs, Non-government organizations (NGOs) are also actively involved in delivering microfinance activities in Bangladesh. The total amount of credit so far disbursed till 2013 by all the MFIs is BDT 515,364.60 million (CDF 2013).

The overall scenario and performance of MFIs in Bangladesh can be found at a glance from the following Table 1. The table shows the name of the MFIs, numbers of active members, outstanding borrowers, disbursement amount and outstanding amount of loan and number of branches till 2013 in Bangladesh.

Among the top fifty MFIs as reported by Credit and Development Forum (CDF), we have given the key information of the top eight MFIs in Bangladesh. The Table 1 shows that the total number of active members of Grameen Bank was 8543977 while the number of outstanding borrowers is 6738588. The next position is held by BRAC, which has 5640684 active members and 4528600 outstanding borrowers. As the most promising MFI, DISA has been performing very well having 45429 numbers of active members while the outstanding borrowers stands at 36161. The amount of disbursement of loan of DISA for the year 2013 is BDT 921.15 million.

TABLE 1
MICROFINANCE OPERATIONS IN BANGLADESH

Name of the Organization	Active Members (Numbers)	Disbursement of Loan (in Million BDT)	Outstanding Loan (in Million BDT)	Outstanding Borrowers (Numbers)
Grameen Bank	8543977	126026.3	84385	6738588
BRAC	5640684	121148.9	71889.57	4528600
ASA	4859588	99964.15	59214.94	4339877
Proshika	1219663	2256.79	1948.47	729583
BURO BD	1067219	25242.24	16584.22	934237
TMSS	856744	16177.22	9950.26	713846
SSS	461119	12490.59	6429.68	367817
DISA	45429	921.15		36161

Source: Credit and Development Forum statistics, 2013 and DISA Annual Report, 2014

Grameen Bank, as a single institution, dominates as the leader of MFIs by disbursing the amount of loan by BDT 126026 million with an outstanding loan amount of BDT 84385 million. BRAC is also considered to be the next best performer with the disbursement of loan by BDT 121148.9 million with loan outstanding at BDT 71889.57 million. Among other leading MFIs, we can mention the name of ASA, Proshika, BURO BD, TMSS, and SSS which have been doing extremely well since their inception.

RESEARCH METHODS

In undertaking the research, this study made references to a number of documents released by various MFIs, NGOs and research institutions. Online research databases have been used to look for the documents related to microfinance growth and trend over the years. Searching online with the keywords microfinance, Bangladesh, etc. helped to identify MFIs, NGOs and research organizations that have been working with microfinance related issues. The selected organizations are: Credit and Development Forum (CDF), Institute of Microfinance (InM), Palli Karma-Sahayak Foundation (PKSF), Microcredit Regulatory Authority (MRA), Grameen Bank (GB), Bangladesh Rural Advancement Committee (BRAC), Development Initiative for Social Advancement (DISA), Bangladesh Institute of Development Studies (BIDS). The rationale for selecting these organizations was that their organizational background makes them widely acknowledged and accepted as prominent in issues to know about microfinance related information in Bangladesh. Afterwards, the quantitative and qualitative information are presented through trend analysis and in tabular format.

FINDINGS AND DISCUSSION

This section presents the trends and growth of different indicators of MFIs along with the different programs run by the major MFIs (GB, BRAC) along with one most promising MFI (DISA) surveyed by the researcher in Bangladesh. Beyond that the licensing status of NGO-MFIs and most significant impact studies on microfinance in Bangladesh have been discussed briefly.

Trends and Growth of Microfinance Program

The overall scenario focusing on the trends and growth of different indicators of the overall MFIs in Bangladesh is depicted in Table 2. The yearly data of 2009 and 2013 of all the reporting MFIs (745 MFIs in 2009 and 550 MFIs in 2013) have been used and average figure per MFI and growth in 2013 over 2009 have been calculated carefully.

On an average, staff strength per MFI has increased by 27.02% over a period of five years since 2009. The number of members per MFI has also been improved. Members per MFI were 58,198 in 2013 compared to 47,930 in 2009 which shows a 21.42% increase over the last five years since 2009. In the MFIs, all the borrowers are members but all the members may not be the borrowers. A deeper analysis of the data shows that the growth of borrowers per MFI compared to the growth of member per MFI is higher since 2009. A 28.54% growth in 2013 over 2009 has been observed in regards of growth of borrowers per MFI over a period of five years since 2009. Now, it is high time for the MFIs to put concentration on the issue how to maintain the borrower-member ratio at ideal stage.

Generally, the MFIs mobilize savings from the members through a mechanism of mandatory and flexible savings. The more the amount of net savings, the higher the retention rate of the members in the program. The average net savings per MFI is found to be BDT 351 million which is double compared to the net savings per MFI in 2009. The indicator having such growth shows strong footing of MFIs in the community day by day. The review of data shows that loan disbursement per MFI increased to BDT 1030.62 million compared to BDT 497.71 million in 2009 recording a tremendous growth of 26.77% over the last five years since 2009. Outstanding loan refers to the amount of money in the borrowers' hand for their use for business purpose. The Table shows that the amount of outstanding loan has increased to BDT 348,053.22 million in 2013 which was BDT 189,267.20 million in 2009. It indicates a growth of 149.07% in 2013 over 2009 considering per MFI outstanding loan portfolio. Now, if we analyse the

average per borrower outstanding loan, the figure shows that per borrower outstanding loan was only BDT 6,996 in 2009, which has increased to BDT 13,557 in 2013 with a growth of 93.78% over the five years.

TABLE 2
TRENDS AND GROWTH OF DIFFERENT INDICATORS OF MFIs

Indicators	Year 2009			Year 2013			Growth in 2013 over 2009 (%)
	MFIs Reported	Figure	Per MFI	MFIs Reported	Figure	Per MFI	
Employment generation (in No.)	745	242,469	325	550	227,806	414	27.02
Members (in No.)	745	35,707,896	47,930	550	32,008,923	58,198	21.42
Borrowers (in No.)	745	27,053,930	36,314	550	25,672,350	46,677	28.54
Members Net Savings (mil BDT)	745	131,306	176	550	192,810	351	99.45
Loan Disburse (in million BDT)	745	370,796.14	497.71	550	566,841.57	1030.6	107.07
Outstanding Loan (in million BDT)	745	189,267.20	254.05	550	348,053.22	632.82	149.07
Outstanding Borrower (in No.)	745	27,053,663	6,996	550	25,672,383	13,557	93.78
Loan Recovery (in million BDT)	745	71,683.90	96.22	550	52,206	94.92	-1.35
Overdue Loan (in million BDT)	745	6,016.52	8.08	550	12,225.53	22.23	175.12

Source: Authors' own calculation based on CDF statistics (2013); BDT= Bangladeshi Taka

Loan recovery is a vital issue for MFIs just like a loan disbursement. A good recovery rate indicates a good sign of overall operational efficiency of the program and continuous supply of loan fund for institutional sustainability. During the review period, in 2013, loan recovery rate was found to be 94.92% which is shown to be less than the recovery rate of 2009 as recorded 96.22%. Concurrently, the overdue loan stood at BDT 12,225.83 million in 2013 from BDT 6,016.52 million in 2009. Table 2 shows that the overdue loan per MFI was BDT 8.08 million in 2009 which has increased to BDT 22.23 million in 2013 reflecting an overall growth of overdue loan by 175.12% over the years since 2009. It is further appeared from the table that overdue loan situation improved against the outstanding loan amount in 2013, which was 3.51% and the rate was 3.18% in 2009.

Leading (Surveyed) MFIs in Bangladesh

Among the major MFIs that have been operating in Bangladesh since last three decades, the name of Grameen Bank (GB), Bangladesh Rural Advancement Committee (BRAC) are worthy to mention. Besides that among the most promising MFIs, the name of Development Initiative for Social Advancement (DISA) can be the best one to mention here.

Grameen Bank (GB)

Grameen Bank is the first MFI which was established as a Grameen Bank project in the village *Jobra* of Chittagong district, Bangladesh in 1976 by Dr Muhammad Yunus. Later, GB was established as an independent bank in October 2, 1983 by the ordinance of Bangladesh Government. In 2006, the bank along with its founder Muhammad Yunus were jointly awarded the Nobel Peace Prize (Nobelprize.org 2006). It is owned by the poor borrowers of the bank who are mostly women and it works exclusively for them. Borrowers of Grameen Bank at present own 94 per cent of the total equity of the bank and the remaining 6 percent is owned by the government. Total number of borrowers is 7.06 million, 97 per cent of them are women. Grameen Bank has 2,422 branches. It works in 78,101 villages. Total staff are 22,924. Total amount of loan disbursed by Grameen Bank, since its inception, is BDT 326.96 billion (US\$ 6.25 billion). Out of this, BDT 293.26 billion (US\$ 5.58 billion) has been repaid. Loan recovery rate is 98.28 per cent (GB, 2015). Grameen Bank was established having some distinct features such as (i) Collateral free loan; (ii) small size of loan (usually USD 100-150); (iii) group based consist of five members; (iv) weekly attendance of the borrowers in the meeting; (v) participatory approach.

The Bank continues to expand across the nation. By 2014, Grameen Bank branches numbered over 2,100. Its success has inspired similar projects in more than 40 countries around the world, including a World Bank initiative to finance Grameen-type schemes. The simplicity of methodology developed by GB inspired many NGOs to replicate the model. The main incentives for NGOs, which were involved in many social programs such as education, health, relief and rehabilitation to move quickly into microcredit, were demand from the members and the opportunity to become self-reliant (Faruqee & Badruddoza, 2011).

Major Operations of GB

GB has been operating different programs in different areas of development since last three decades. The most important programs can be described as follows.

Microfinance Program

Grameen Bank has been operating microcredit programs since last three decades for improving living standard of the poor through various types of operations such as crop cultivation, poultry firm, animal husbandry, fisheries, small business operations, social forestry and handicrafts etc. GB mainly provides loan to the women borrowers for various purposes as mentioned earlier already. Moreover, GB provides housing loan for the poor, microenterprise loans for its fast moving members, struggling member loans without interest for beggars, village phone programs for women entrepreneurs.

Health Program

Beyond the microfinance operations, GB also added a Micro Health Insurance (MHI) scheme in the late 1990s, with a view to protect its clients from health risks related to their economic breakdown (Hamid, Roberts, & Mosley, 2011). GB sells annually renewable prepaid MHI card to its clients and offers primary health care directly from health centres operated by them. The service package contains curative care and maternity and child healthcare.

Education Program

GB offers scholarship which are given to the high performing children of GB members. Also, education loans are given to the children of the members who reached the tertiary level of education (GB 2015). This kind of attempts by GB has got appreciation from mass people as this has opened the new avenues for the distressed people who could not send their children for higher education earlier because of financial constraints.

Bangladesh Rural Advancement Committee (BRAC)

BRAC was established in 1972 by Sir Fazle Hasan Abed with the mission to empower people and communities in the situation of poverty, illiteracy, diseases and social injustice. Although BRAC was

established immediately after the independence of Bangladesh, yet this is the second largest MFI in Bangladesh operating successfully since its inception. To achieve the objective of reducing poverty for the poor, BRAC has developed support services in the areas of human rights and social empowerment, education and health, economic empowerment and enterprise development, livelihood training, environmental sustainability and disaster preparedness (BRAC 2015). As a reward for ensuring food security and a pathway out of poverty, the founder of BRAC Sir Fazle Hasan Abed has been honoured as the 2015 World Food Prize Laureate (BRAC 2015).

Major Operations of BRAC

BRAC has been operating different programs in different areas of development since the last 40 years of expert operations in different parts of the world. BRAC has made significant contributions in attaining MDGs that have been set to achieve by 2015. Bangladesh is on track in achieving the 5 of the 8 MDGs. The country has made remarkable progress in the areas of poverty alleviation, primary school enrolment, gender parity in primary education, lowering the infant and under-five mortality rate and maternal mortality ratio. Among the various operations of BRAC, the most noteworthy operations have been mentioned below. Beyond the local boundary, BRAC is also providing services in seven countries in the world.

Microcredit Program

BRAC has reached to be one of the world's largest financial services providers for the poor since launching its microfinance operations in 1974. With 40 years of expertise, BRAC has designed, tested and adapted microfinance related products to satisfy the exclusive needs of the poor living in the society. BRAC's microfinance operations are seen as a part of its broader and holistic approach to development through access to socio-economic services. BRAC has been operating microfinance programs in seven countries comprising Bangladesh, Pakistan, Sierra Leone, Uganda, Liberia, Tanzania and Myanmar. BRAC provides microfinance to women and the main forms of microcredit include '*Dabi*' for small enterprises for rearing poultry and livestock, growing vegetables, making handicrafts; '*Progoti*' for working capital for shops, agricultural business, small manufacturers; '*Migration*' for financing to meet up outgoing migration costs, immediate well beings of household after migrant's departure. In addition, BRAC has three special projects related to agricultural microfinance which reached to 660,000 farmers and has disbursed US\$ 280 million over the last 12 years. The agricultural microfinance comprises '*Borgachasi Unmayon*' Project (BCUP), North-west Crop Diversification Project (NCDP) and Second Crop Diversification Project (SCDP). Significant improvements have been made by BRAC in alleviating ultra poverty. Since 2002 BRAC's ultra-poor programme covered 1.6 million people and 95% of this population have been able to come out of ultra poverty (BRAC Annual Report, 2014).

Health Program

Despite the efforts of the government to provide health services to the citizens, still the people suffer a high burden of death and diseases. Sensing the problems, BRAC has introduced some important health service related programs since 1991. BRAC started with the introduction of Essential Health Care (EHC) service. Subsequently, it introduced maternal, neonatal and child health (MNCH) program, Tuberculosis (TB) control program in collaboration with the government, Malaria Control Program (MCP) with the consortium of 21 NGOs. Further to mention that BRAC also started Maternal, infant and young children nutrition (MIYCN) home fortification program to mitigate the problem of malnutrition. Among other health oriented programs, Eye care Intervention (ECI), Non-communicable disease (NCD) are remarkable.

In line with the global concern of achieving the Millennium Development Goals (MDGs) by 2015, BRAC has introduced and implemented several health related programs in different parts of the world. BRAC has reached the under-privileged and deprived community through its Community Health Workers (CHW) adopting service delivery at door steps. BRAC initially introduced water, sanitation and hygiene (WASH) program with the aim of achieving the seventh MDG of reducing the proportion of people

without access to safe drinking water and basic sanitation by half. Now, the program confirms the sustainability of intervention of WASH through community ownership, and developing linkages with Local Government Department (LGD). In health sector, BRAC has achieved 91 per cent immunisation coverage in its working areas across 64 districts. The TB treatment success rate is 95 per cent (BRAC Annual Report, 2014).

Education Program

BRAC has established the largest secular, private education system in the world having enrolled 900,000 students in its primary schools in six countries. BRAC runs primary schools in communities where formal education system has not yet reached through complementing mainstream school systems with innovative teaching methods and materials (BRAC 2015). Also, at the pre-primary level, it targets underprivileged children to get them ready for primary school entry. Moreover, BRAC provides need-based training, student monitoring activities and e-learning materials to improve the mainstream secondary education system. In addition, it also provides adolescents and youth development programs offering livelihood and skills development training. 99.97 % out of 43,843 BRAC primary school students passed the PSC exam in 2014. Around 61.17 per cent of these students are girls and their pass rate is 99.9 per cent (BRAC Annual Report, 2014).

Development Initiative for Social Advancement (DISA)

Development Initiative for Social Advancement (DISA) was established in 1993 as a socio-economic development organization by some social workers. Under the leadership of Md Shahid Ullah, who is also the founder, DISA has been working for the rural households, especially for the poor women and children with the objectives of poverty alleviation, awareness building, violence reduction and empowerment of women to uplift their socio-economic status (DISA 2015). The principal mission of DISA is to encourage participatory, self-sufficient and sustainable development of the poor and assist them to accomplish their potential through social and economic empowerment.

Major Operations of DISA

DISA has been operating different programs in different areas of development since last sixteen years of restless journey. We have picked up the following dynamic programs of DISA although they are actively involved in various programs.

Microcredit Program

DISA has introduced microfinance program with the objective of reducing poverty of the rural households including the alleviation of invisible hunger of adolescents and children. The main purpose of microfinance programs is to render financial services to rural women through the mechanism of generating savings as well as delivering microcredit. DISA operates the microcredit activities in 8 districts of Bangladesh covering 1699 village organizations (VO) under 37 branches. The number of group members of VO now is 58050 and total borrowers are 43611 up to June 2015. To run the microcredit program, the most of the fund of the program has been collected from Palli Karma-Sahayak Foundation (PKSF), Stromme Foundation and various private commercial banks in Bangladesh (DISA Annual Report, 2014).

Microfinance programs of DISA run different components of economic development program to fulfil the need of the target people in a coordinated and coherent manner. The major components include *Jagoron/Rural Micro-credit (RMC)*, *Agrosor/ Micro Enterprise (ME)*, *Buniad/Ultra Poor Program (UPP)*, *Sufolon/Seasonal Loan (SL)*, *Innovative Loan Fund (ILF)*, *Income Generating Activities (IGA)* and *Group members' savings of microfinance program*.

Education Program

Beyond the services relate to microcredit, DISA also run different kinds of educational programs for the betterment of its members or family members of members. Those educational programs consist of

Education Support Program (ESP), DISA Technical Training Institute (DTTI), *ALOGHAR* Library, Scholarship Program under MFP, *Aloghar* Scholarship, *Onuron* Scholarship for Disadvantaged Students and Social Advancement through Knowledge and Technical Interventions (SAKTI) project.

Health Program

The rural poor in the areas where DISA runs its operations are not financially solvent to get emergency treatment during sudden sickness. DISA come forward in this regard to provide the emergency health care support to the sick people in the areas where they operate. As a process of rendering health related services, DISA adopted different mechanisms that include Health Services for MFP Group Members, Health, Nutrition and Sanitation Program under MFP. DISA has introduced an ongoing health and nutrition education to make the rural people more aware and careful to the health and nutrition needs, particularly for the women and their children. Consequently, the group members have become aware about their health, nutrition and sanitation situation. Throughout the previous years, the issues that have been given preferences under the health and nutrition related education include breast feeding for baby, complementary food for growing baby, need for intake of protein and micronutrients, adolescents girl's care, special needs of the pregnant mothers, hygienic food preparation, safe child birth, access to safe drugs and behavioral change communication.

Agricultural Program

DISA has been actively involved with the agro-based programs as the performance of this sector has an overwhelming impact on major macroeconomic objectives. The major agricultural programs so far operated by DISA include Community Based Dairy (CBD) and Livestock Development Project (DLDP), Farmers Organization (*Sada Dal*), Livestock Treatment Under MFP, Local Agri-Business Network (LAN) project, Climate Change and Agricultural Development (CCAD).

Licensing Status of NGO-MFIs in Bangladesh

The Microcredit Regulatory Authority (MRA), established in August 2006 by the Government of Bangladesh, is the sole licensing authority to provide license to NGO-MFIs in Bangladesh. MRA had approved licenses in favour of 697 NGOs and cancelled licenses of 60 NGOs till October 2015 (MRA, 2015). As of May 2015, MRA rejected 3456 applications. Recently, MRA has invited new applications for obtaining license to conduct microcredit activities among which 202 institutions have been given temporary approval.

Impact Study on Microfinance in Bangladesh

There have been many impact studies conducted on microcredit programs since 1980s. The aims of the studies were to evidently and verifiably prove the economic impact of microcredit programs on the livelihood of poor households. Actually, the microcredit programs have been granted so that the poor people can be reached with financial services; they will prudently utilize the funds for investments and other purposes to reduce their poverty level. We have found major variations in methodological approach and scope of studies conducted over more than two decades. The studies can be grouped into different categories: (a) impact or evaluation of microcredit; (b) comparative evaluation of more than one microfinance programs; (c) impact of microfinance programs on poverty; (d) Sustainability analysis; (e) evaluation of performance of different MFIs, and (f) studies on human resources and management systems of organizations.

Table 3 depicts the summary of major quantitative impact studies up to 2013. The table reproduces Rahman (2000) and it is extended beyond 2000 covering recent impact studies. The Table shows that microcredit has usually helped the poor households by raising income and consumption as indicated by the positive (+) changes marked, and empowering women borrowers. Most of the studies show that microcredit has helped in smoothing income or consumption. The study on GB conducted by Hossain (1988) was the first microcredit impact study which dealt with statistically valid sample comparing treatment and control groups. The study found significant positive changes in income of the GB members

TABLE 3
IMPACT OF MICROFINANCE ON HOUSEHOLD INCOME/EXPENDITURE

Study Source	Studied organization	Income/ Expenditure per annum (BDT)	Type of Change	Participant (Treatment group)	Non-participant (Control group)	% difference between treatment and control group
Hossain 1984*	GB	Income per capita	+	1762	1346	30.9
Hossain 1988	GB	Income per capita	+	3524	2523	39.7
BIDS 1990*	BRDB	Income per household	+	6204	4260	45.6
BIDS 1990*	BRAC-RDP	Income per household	+	2844	1560	82.3
IMEC 1995*	Proshika	Income per household	+	22,244	17,482	27.2
Rahman 1996*	PKSF	Expenditure per household	+	26,390	23,802	10.9
Khandker 1998	BRAC	Expenditure per capita	+	5180	4202	23.8
Khandker 1998	GB	Expenditure per capita	+	5050	4335	16.5
Khandker 1998	RD-12	Expenditure per capita	+	4931	4279	15.2
Halder 1998*	BRAC	Expenditure per capita		8244	6480	27.2
BIDS 1999*	PKSF	Expenditure per capita	+	36,528	33,732	8.3
IMEC 1999*	Proshika	Income per household		48,635	43,584	11.6
Zohir 2001	PKSF	Wage income per capita	+	5858	5559	5.3
Hossain 2002*	GB	Income per household		18,134	14,204	27.7
Khandker 2003	GB, BRAC, RD-12	Expenditure per capita	+	3923	3838	2.2
Rahman, Atiur 2005	PKSF	Annual income per household	-	58,109	38,968	49.1
Khalily 2010*	PRIME-2 of PKSF	Annual income per household	+	53,394	48,505	10.1
Rabbani 2011*	PRIME-3 of PKSF	Annual income per household		61,530	45,680	34.7
Khalily 2011*	FSVGD & UP of PKSF	Monthly income per household		5224	4463	17.0

Note: BDT= Bangladeshi taka; BIDS= Bangladesh Institute of Development Studies; BRAC-RDP= BRAC Rural Development Program; BRDB= Bangladesh Rural Development Program; FSVGD= Food Security for Vulnerable Group Development; IMEC= Impact Monitoring & Evaluation Cell; PRIME= Programmed Initiatives for Monga Eradication; UP= Ultra Poor.

Source: Rahman (2000)* and Authors' Review

compare to control group. The study by Zohir et. al., (2001) found significant positive effect on wage income due to the participation in microcredit program. Subsequently, in a follow up study by Atiur Rahman (2005) to assess PKSF's microfinance program, the participants' income was found to be declining.

A joint research project of the BIDS and the World Bank conducted the most comprehensive impact study of microfinance, which finds strong evidence that participation in microcredit programs help the poor through consumption smoothing and asset building (Khandker, 1998; Pitt & Khandker, 1998). The findings support the claims that microfinance programs promote investment in human capital (such as schooling) and raise awareness of reproductive health issues (such as contraceptives) among the poor households. The studies also shed light on the role of gender-based targeting and its impact on household and individual welfare, finding that microfinance helps women acquire assets of their own and exercise power in household decision making.

Subsequently, using the same BIDS-World Bank (1991/92) survey data, Morduch (1998) found either small or non-existent program effects. However, this study applied the difference-in-difference technique, which is suitable only for a randomized experimental study, whereas the BIDS-World Bank survey is of the quasi-experimental type and hence endogeneity of program participation is a serious issue. Another important study by Pitt, Khandker, Chowdhury, and Millimet (2003) investigated the impacts of microfinance using household panel data from Bangladesh. They found a declining long-term effect of microfinance as well as the possibility of village saturation from microfinance loans. Microfinance continues to reduce poverty among poor borrowers and within the local economy, although at a lower rate. The study also finds that microfinance raise per capita household expenditure for both participants and nonparticipants. The review of impact study has so far focused on the impact of microcredit on households in respect to income, consumption, asset building and health and schooling issues. The impact could also be assessed by examining some selected aspects of the impact.

CONCLUSION

Since the late 70's Microfinance in Bangladesh has achieved significant reputation because of playing a vital role in alleviating poverty for the rural poor. So, Bangladesh is rightly considered the pioneer of an innovative microcredit program, introduced by Nobel Laureate Professor Dr Muhammad Yunus, through Grameen Bank. This paper has depicted a clear picture of the performance of microfinance and the operations of leading MFIs in Bangladesh in brief. Available data of the year 2009 and 2013 on different indicators provided a clear idea of trend and growth of this sector. It has been evident that significant growth has been achieved in most of the indicators including loan disbursement, size of loan per borrower, net savings per MFI, and loan outstanding per MFI while some other indicators like employment generation and recovery rate experienced a slow decline over the year 2013. Therefore, we can hope that the expansion of microfinance in newer sectors and members engagement in income generating activities (IGA) through MFIs' financial support will attract more and more community members to the arena of microfinance in coming days ahead. Further to mention that, there are different regulatory, e.g., MRA, and financial support assistance organizations, e.g., PKSF, have been doing extremely well to smooth the operations of the MFIs in Bangladesh. Moreover, BIDS and InM have been working as a core research organization in the field of microfinance. The policy makers have recognized the importance of microfinance in Bangladesh and also the government has interest to boost up the sector under its specific policy. Therefore, following the persistent trends of growth of MFIs in Bangladesh, the current poverty level can further be reduced through the combined efforts of the government bodies, MFIs, donor agencies and the member of the MFIs.

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