

**GRAMEEN MICROFINANCE AND
SUSTAINABLE EMPOWERMENT: A STUDY OF
FARMERETTES IN JOBRA VILLAGE,
BANGLADESH**

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BANGLADESH**

by

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LIST OF ABBREVIATIONS

GB	Grameen Bank
NGO	Non-Governmental Organization
BBC	British Broadcasting Corporation
IFAD	International Fund for Agricultural Development
MFI	Micro Finance Institute
SWE	Sustainable Women Empowerment
JEPeM	Jawatankuasa Etika Penyelidikan Manusia
USM	Universiti Sains Malaysia
CL	Community Leader
BRAC	Bangladesh Rural Advancement Committee

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Appendix A Interview protocol / Discussion Guide

Appendix B Interview Questionnaire

**PEMBIAYAAN MIKRO GRAMEEN DAN PEMERKASAAN LESTARI:
KAJIAN KE ATAS PETANI WANITA DI KAMPUNG JOBRA,
BANGLADESH**

ABSTRAK

Dalam suasana luar bandar di kampung Jobra di Bangladesh, petani wanita yang bergantung ke atas pinjaman mikro daripada Bank Grameen, dan menghadapi cabaran dalam mencapai kelestarian, yang menghalang usaha pemerikasaan mereka. Oleh itu, kajian ini dijalankan bertujuan untuk mengenal pasti isu kelestarian yang dihadapi oleh petani wanita di kampung Jobra, Bangladesh, melalui pinjaman pembiayaan mikro Grameen Bank; dan menganalisis kesan pinjaman Grameen Bank terhadap pemerikasaan kelestarian petani di Kampung Jobra. Kajian ini melibatkan 14 orang petani wanita dan dua orang ketua masyarakat sebagai responden. Data primer diperoleh melalui temu bual separa berstruktur dan dianalisis menggunakan perisian ATLAS.ti. Bagi mengkaji isu dan kesan pemerikasaan kelestarian Grameen, kajian ini menggunakan rangka kerja Pendekatan Keupayaan, yang berpaksikan kepada dimensi Agensi, Sumber dan Pencapaian dalam Pemerikasaan Kolektif. Penemuan kajian ini mendapati pergantungan yang tinggi terhadap pinjaman Grameen, serta kekurangan penyeliaan dan latihan oleh pihak bank telah mengakibatkan objektif pinjaman ini tersasar dan berlakunya kecenderungan untuk menyalahgunakan pinjaman. Hal ini mengakibatkan kegagalan dalam memerikasakan ekonomi, sosial, politik dan psikologi dalam kalangan petani wanita. Hal ini menekankan keperluan pendekatan kewangan mikro holistik yang mengutamakan pemerikasaan pelbagai dimensi untuk memastikan pembangunan yang lestari. Kajian ini mengesyorkan agar kajian masa hadapan membangunkan dan melaksanakan strategi model pembiayaan mikro yang

komprehensif agar usaha tersebut dapat menyumbang ke arah pendekatan yang lebih holistik dan mempromosikan pemerksaan lestari petani wanita di luar bandar Bangladesh.

**GRAMEEN MICROFINANCE AND SUSTAINABLE EMPOWERMENT:
A STUDY OF FARMERETTES IN JOBRA VILLAGE, BANGLADESH**

ABSTRACT

In the rural setting of Jobra village in Bangladesh, female farmers rely on microfinancing loans from Grameen Bank, and face challenges in achieving sustainability, hindering their empowerment efforts. Therefore, this study aims to identify the sustainability issues farmerettes are facing in Jobra villages, Bangladesh, from Grameen Bank microfinancing loans; and analyse the effect of Grameen Bank's loan on sustainable empowerment of farmerettes in Jobra Village. The study involves 14 farmerettes and two community leaders as respondents. Primary data was collected through semi-structured interviews and analysed using ATLAS.ti software. To examine the issues and effects of Grameen's sustainable empowerment, the study adopts the Capability Approach framework, which centres on the dimensions of Agency, Resources, and Achievements within Collective Empowerment. The findings of the study reveal a significant reliance on Grameen loans, coupled with inadequate bank supervision and training, a cascading impact of mission drift on borrowers, and a tendency towards loan misuse. Consequently, the identified issues lead to economic, social, political, and psychological disempowerment effects among farmerettes, underscoring the need for a holistic microfinance approach addressing multidimensional empowerment for sustainable development. The study concludes by recommending future research to develop and implement strategies for a comprehensive microfinance model, emphasizing that such efforts can contribute to a holistic approach and foster sustainable empowerment for farmerettes in rural Bangladesh.

CHAPTER 1

INTRODUCTION

1.1 Research Background

In 1974, Bangladesh was plagued by a catastrophic famine, and, consequently, people were starving to death. Dr. Muhammad Yunus, at that time, decided to visit a village in Chittagong called Jobra (Figure 1.1) to get a first-hand understanding of village life and its dreadful economy. After witnessing the awful plight that women were facing in the village of Jobra, Dr. Yunus chose to provide a personal loan to a group of forty-two women so that they could combat poverty (Yunus, 1999). The event that occurred in Jobra was not supposed to be a plausible, isolated episode. Therefore, Dr. Yunus was adamant about bringing this pioneering microcredit venture to other parts of the world. In response to the chilly welcome, he received from the banking sector, he came up with the idea for his own project in 1976 and called it Grameen (Rouf, 2016).

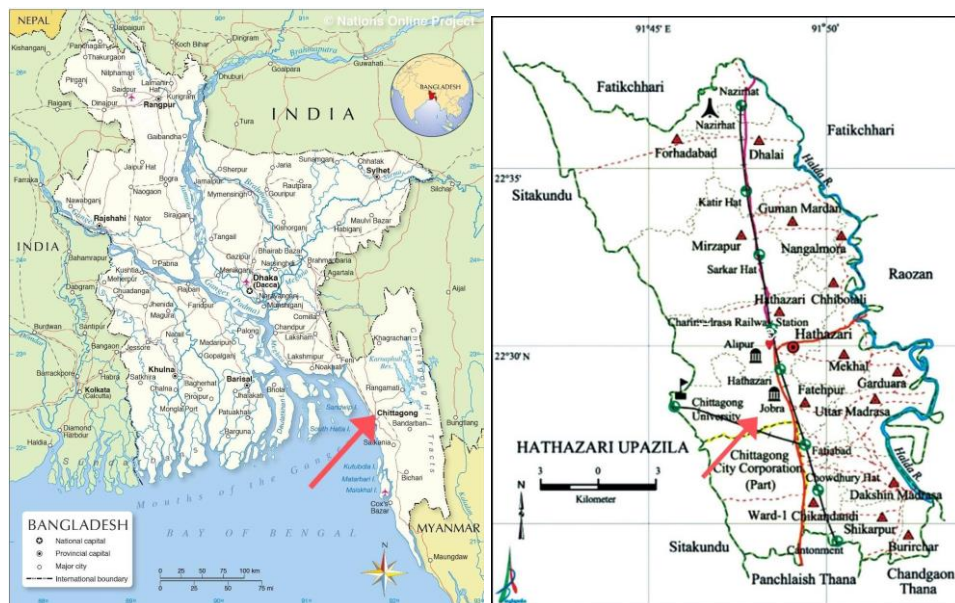


Figure 1.1 Map of Jobra

Grameen Bank provided underprivileged communities with access to low-interest microloans, without requiring financial assurance. In addition to this, it marked the beginning of the era of joint responsibility, especially emphasising the importance of cooperation within the community (Sengupta & Aubuchon, 2008). The system was geared toward women, who had previously been barred from participating in the financial system, and therefore, the programme was a considerable success immediately. However, even after four decades, many of the locals did not find that to be the case, despite the fact that the microcredit programme has been advertised as something that will empower underprivileged women. According to statistics, those in need of financial assistance never stop taking out loans from microfinance institutions such as Grameen Bank (Hassan & Islam, 2018). The progress that Grameen Bank made is commendable, but it raises a burning question about the existing poverty cycle among Grameen Bank borrowers. To delve into that comprehensive discussion, the key concepts of this study must first be discussed. Therefore, the fundamental concepts of microcredit, women empowerment in microfinance, poverty and microfinance, and sustainable women empowerment are discussed in the following sections.

1.1.1 Microcredit and Grameen Bank

The idea of micro-credit has been around for a long time and is not something that has recently come into existence. The book *Due Diligence* (Roodman, 2012) provides a comprehensive overview of the development of microcredit. The history of microfinancing from local sources with institutional backing, such as moneylenders, wealthy neighbours, and family and friends, dates to at least the Vedic period in India. This centuries-old practise of lending money survived throughout the Mughal era and into the early days of British administration since there were no organised

moneylenders to replace it. Up until the advent of legal, institutional sources like loan offices and banks in the middle of the seventeenth century, borrowers had to rely on a burgeoning black market for financing (Zainuddin & Yasin, 2020). Still, there was always a greater need for cash than could be met by traditional lending institutions. Since most low-income people in urban and rural regions lack ready access to formal credit, newly formed institutional credit sources were unable to replace the older, more informal ones.

Grameen Bank pioneered contemporary microcredit in the 1970s, and its influence quickly extended throughout the less developed and fastest-growing economies of the world. The beginnings of microcredit in its current form can be traced back to some institutions created in Bangladesh, most notably the Grameen Bank. Muhammad Yunus laid the groundwork in 1983 for what is widely regarded as the first modern microcredit organisation when he formally established Grameen Bank (Drake & Rhyne, 2002). The contemporary understanding of the term ‘Micro Finance’ first appeared in the 1980s, and by the year 2000, it had received worldwide recognition due to the work of the most influential figure in this area, an economist, Muhammad Yunus. In his book *Banker to the Poor*, he relates how he became acquainted with a Bangladeshi woman who fashioned a chair out of bamboo. Her daily chair sales met the bare minimum because the individual who sourced the bamboo is expected to clutch significantly at the earnings. The woman would have been able to achieve economic independence through her enterprises with the help of a loan from a financial institution. Everyone, he claimed, has an entrepreneurial spirit built into their DNA, hence, he then went on to start Grameen Bank as a result (Yunus, 1999).

At its conception, the purpose of microcredit was straightforward, i.e., to provide low-income borrowers with a viable alternative to the predatory lending

practices of loan sharks, who would only make their already difficult lives more difficult in exchange for excessive interest rates. Since its inception in the middle of the 1970s, microcredit has experienced spectacular growth. However, since 2000, transitions in socioeconomic arrangement and functional dynamics have significantly altered the attributes of services provided in Bangladesh (Mia et al., 2017). The demand for additional financial services such as savings, microinsurance, and remittances fundamentally altered the industry to the point where it is now barely distinguishable from traditional banking, even though its main objective was to provide credit to poor, underprivileged people. Furthermore, the rapid advancement of technology has transformed what was once a labour-intensive conventional industry into a cutting-edge industry that offers financial assistance and services through online platforms (Mia et al., 2017).

To alleviate poverty by providing underprivileged individuals with access to capital, microcredit has emerged as a highly regarded and focused financial approach. Furthermore, it encourages individual entities, especially women, in economically disadvantaged areas, to explore their entrepreneurial instincts (Kabeer, 2005). Initially, it appeared to be a precise vision: invest in the underprivileged and let the standard economic system guide the empowerment process. However, the picture that emerges from different investigations is somewhat different and led to higher levels of debt among existing destitute populations and increased economic, social, and environmental vulnerabilities that compelled them to collapse (Banerjee & Jackson, 2016). Although certain borrowers may provide false information regarding their utilisation and capability to repay microcredit loans, it is essential to contextualise this issue within the broader framework of socioeconomic barriers and Grameen structural factors. Therefore, the utilisation of microcredit by Grameen Bank has been criticised

for being deceptive, as it has been argued that it did not result in the establishment of new enterprises, the generation of income, or the establishment of work opportunities for women borrowers in poorer communities, thus failing to fully empower them.

1.1.2 The Plight of Farmerettes in Jobra

Jobra is a village located in the Chittagong district of Bangladesh. The village is in the southeast part of the country and is predominantly rural, with agriculture being the main source of income for its inhabitants. Grameen Bank in Bangladesh has been widely recognised for its microfinance model and its role in promoting women's entrepreneurship, including those on Jobra. However, a study revealed that women experienced constraints in obtaining control over credit due to various factors, including but not limited to inadequate collateral and gender-based societal expectations that favoured men (Rahman et al., 2019). Female borrowers who achieved success in securing loans from Grameen Bank encountered challenges such as exorbitant interest rates, insufficient loan disbursements, and restricted availability of market information and infrastructure.

In addition, many women in rural regions, including those in Jobra village, are having a hard time making ends meet in the post-pandemic era, as they are having trouble repaying microfinance loans and keeping their businesses afloat (Zheng & Zhang, 2021). These difficulties have prompted concerns about the long-term viability of Grameen microcredit's role in empowering women in Jobra village. Various studies imply that microfinance initiatives may not be suitable for rural areas due to the capriciousness of the indigenous economy and social milieu (Ali et al., 2016; Morduch, 1999). It has been postulated that the integration of microfinance initiatives within broader socio-economic developmental paradigms can augment their efficacy

(Mayoux, 2000). Microfinance may not adequately address the underlying systemic impediments that perpetuate poverty and gender inequities without interventions from local or centralised administration. The potential issues may encompass restricted entry to educational institutions, medical services, and job prospects. The argument in question is substantiated by the scholarly work of Hulme and Mosley (1996).

While Grameen Bank's microfinance model has played a significant role in promoting women's entrepreneurship in Bangladesh, its impact on farmerettes in rural areas like Jobra is limited by broader social and economic factors that perpetuate gender inequality and limit women's access to resources (Mahmud et al., 2016). Addressing these broader factors is critical to promoting gender equity in agriculture and empowering farmerettes in rural areas. Therefore, in Jobra village, where agriculture is the main source of income for its inhabitants, the lack of access to markets, technology, and training can significantly limit the productivity and income of farmerettes. Furthermore, if microfinance institutions such as Grameen Bank promote unsustainable farming practices, it could further exacerbate the challenges faced by farmerettes in Jobra village.

1.2 Problem Statement

There are many significant issues with Grameen Bank's concepts, strategies, and principles that stem from the premises upon which it is formed and operates. The problems that are associated with microcredit brought into society by Grameen Bank are not restricted to only high-interest rates or immediate loan recovery; rather, there are various concerns such as multiple borrowings erupting from high-interest rates and immediate loan recovery resulting in non-sustainable progress, gender violence, familial troubles, group collateral disturbance, misuse of microloans, and social

injustice. There are also issues such as limited access to diversified livelihood opportunities beyond agriculture, insufficient training and education programs tailored to their specific needs, inadequate social support networks for addressing gender-based constraints, such as limited mobility and decision-making power within households and communities, lack of access to affordable healthcare services, and vulnerability to external shocks such as natural disasters or economic downturns, which can undermine their financial stability and resilience. However, the recent pandemic and economic inflation in Bangladesh highlight another dimension of sustainable women's empowerment that is in crisis due to the engulfing nature of Grameen Bank as a Micro Finance Institute (MFI). The following paragraphs highlight some of the issues with the concepts, strategies, and principles of Grameen Bank.

Firstly, the leading problem with Grameen Bank is that the rate of interest on loans is very high; in fact, MFIs like Grameen Bank charge rates that are significantly higher than those of a typical commercial bank in Bangladesh. Whereas commercial banks charge 10 to 13% interest, MFIs like Grameen Bank mandate a 20 to 35% interest rate (Sandberg, 2012). In the past, Muhammad Yunus has been quoted as saying that, as a rule of thumb, he would contend that a microcredit bank should attempt to maintain the rate of interest within 5 to 10% above the commercial rate (Bangladesh Bank, 2006). It should be noted that there is no business or production sector in Bangladesh, from which 30 to 40% profit can be achieved with honest means. Therefore, even if self-employment opportunities are temporarily created for underprivileged people by taking a loan from Grameen Bank, becoming sustainable and self-reliant in the economic fallout is a far-fetched thing. Therefore, financial expert Anu Muhammad (2009) believes that Grameen Bank is ineffective as a means of empowering women and reducing poverty as the income status of both those who

have not taken loans from Grameen Bank and those who have taken loans is almost the same, in some cases worse.

The consequences of Grameen Bank collecting higher interest rates on loans have substantial effects on poor people. The poor in the village are trapped in a vicious circle of debt, poverty, and multiple borrowings (Rahman et al., 2019). A news article published by the BBC asserts that microcredit is synonymous with a 'death trap' for the poor in Bangladesh (Melik, 2010; Ferdous et al., 2020). Irrespective of the noble initiatives they started to empower poor women, the study shows that despite Grameen Bank's tremendous "improvement", it is still unclear why borrowers have not been able to lift themselves out of poverty or achieve any sustainable empowerment. According to various studies, people living in poverty never stop borrowing money from MFIs, therefore, they have become dependent on repeated auxiliary loans rather than self-reliant agents in the community (Hassan & Islam, 2018).

Secondly, because of these dynamics, the cycle of borrowing and dependence perpetuates, creating a complex web of financial interactions for individuals living in poverty. For instances, loans from Grameen Bank are for a period of 12 months, so the interest is due in a single payment sometime around week 51 or 52. Usually, loans from Grameen Bank are for a period of 12 months, so the interest is due in a single payment sometime around week 51 or 52 (Matin, 1997). In practice, however, borrowers only paid interest when they needed to take out new loans. This has led to a disturbing situation where borrowers must take out further informal loans to cover the interest on their existing Grameen Bank loan and then take out a third formal credit from the bank to cover the interest on the second, informal loan. Unbelievably, sometimes, MFIs themselves set this trap to grow their clientele and protect their business (Islam et al., 2018).

Since borrowers can rarely repay the loans from their sheer earnings, they fall into a debt cycle that is difficult to break. Although some scholars think that recurrent borrowing increases assets more than debt over time, they assume that Bangladeshi microcredit borrowers are not overly indebted. MFIs may offer microinsurance to protect women from economic shocks when borrowing is considered as protection against shocks such as floods and drought (Uddin & Uddin, 2021; Khandker et al., 2013). However, recent studies portray that microfinance institutions cause women to be involved in microenterprises that nearly invariably operate below the minimum efficient scale, which in turn makes them more susceptible to debt cycles and poverty (Singh, 2018).

Thirdly, this point pertains to the issue of ambiguous women empowerment. Although Dr. Yunus claims that the poor, especially women, should have an ingrained desire to work for themselves and be self-employed (Hasan et al., 2019; Cosic, 2017), the reality is that many of them need steady and sustainable employment, especially in an economically inflated world. The revenue they may earn from small-scale farming and manufacturing can only be a complement to their primary source of income due to multiple aspects that prevail in Bangladesh, such as inflation, a fragile economy, rising living costs, and natural disasters. On top of that, the above-mentioned impacts of high-interest rates and immediate loan recovery propel the whole situation for underprivileged women to its worst.

Furthermore, the fabled economic equality achieved through microcredit is not always effective in determining sustainable women empowerment. This is because, although the responsibility for repayment falls on the shoulders of women borrowers, a majority share of the loans made to them is directly invested by their male relatives (Guérin et al., 2020 ; Goetz & Gupta, 1996). Data and reports from recent years of the

Grameen Bank project accelerate growth and profit, thus empowering women despite a worldwide economic collapse. Now, there might be two possible problematic discourses that arise from this. First, like any MFI, Grameen Bank is used to emphasise high loan recovery rates as evidence of progress towards gender equality and women's empowerment (Shohel et al., 2022), which does not represent actual sustainable growth and women's empowerment.

The concept of 'hidden transcript' makes us wonder if the true history of Grameen Bank's profit during the economic fallout and pandemic is ingrained in its 'hidden transcript' loan recovery system. The sincerity of their motto of empowering women raises questions, as the hidden transcript shows a clever way of providing loans to women rather than delivering directly to men, making it simpler for employees to carry out field operations and complete loan recovery (Shohel et al., 2022; Rahman, 1999). Second, the fallout from the pandemic has caused the middle class to collapse, creating a new class of poor consisting of 30.5 million people, which is 18.54% of the population. These new poor people are now directly vulnerable, yet they are also new consumers for MFIs and NGOs to sustain their livelihoods.

Finally, the issue concerns inadequate monitoring. The extensive borrower base in Grameen microcredit programs poses a challenge for officials and group leaders in effectively overseeing the utilisation of loans by everyone. In certain instances, borrowers do not allocate the loan proceeds towards ventures that generate income, such as the establishment or expansion of a commercial enterprise, instead, individuals allocate the loan towards personal expenditures or pursuits that do not generate income (Leite et al., 2019).

Moreover, inadequate awareness of market dynamics or suboptimal decision-making may result in the misallocation of funds and subsequent challenges in loan repayment. These circumstances constrain their capacity to produce a sustainable revenue stream and fulfil their loan repayments (Quayes, 2020; Mersland & Strøm, 2010). Therefore, Grameen borrowers have trouble making their loan payments, and instead of investing the money, they take out more from different microcredit providers to cover their expenses. Grameen Bank used to prioritise regular field visits, financial literacy, and entrepreneurship training to ensure successful programme implementation. However, the mission drift of Grameen Bank has changed its operation system over time; hence, borrowers find scope to exploit the lending system.

All the issues highlighted suggest that there are still many flaws that are worth questioning and studying. Early studies such as *Grameen Bank Performance and Sustainability*, endorsed by the World Bank, advocate the social development, enhanced productivity, and earnings of the poor generated by Grameen Bank (Khandker et al., 1995). Similarly, originally published in 1996, the first empirical study to look at the long-term effects of these loans, the book *Women at the Center - Grameen Bank Borrowers After One Decade* shows that access to credit on its own can have a profoundly positive effect on the lives of low-income women (Todd, 2022). However, doubt about this study arises due to the overestimation of success, and curiosity about whether those positive effects sustained and has really assisted the women out of the poverty line. Even one of the leading empirical studies on microcredit in Bangladesh by Pitt and Khandakar has its credibility questioned due to the lack of evidence and overestimation reduction of poverty (Roodman & Morduch, 2013). The argument revolving around microcredit empowering women and reducing poverty falls flat on its face, as it relies on observational data and apparent

discrepancies between contemporary and old analyses. When the founder himself disclosed that only 5% of the borrowers in Grameen Bank may rise above the poverty line, the exaggerated functionality of Grameen Bank becomes evident (Roodman & Morduch, 2013).

1.3 Research Questions

Considering the issues of Grameen Bank with rural women, as outlined in the problem statement, the following specific research questions will be addressed:

1. What are the sustainability issues facing farmerettes in Jobra village, Bangladesh, from Grameen Bank microcredit loans?
2. How do these issues affect the sustainable empowerment of farmerettes in Jobra village?

1.4 Research Objectives

To encourage employment and income-enhancing activities among low-income women, Grameen Bank presents itself as providing a small number of collateral-free institutional loans to jointly liable borrowers. As it is difficult for poor women to obtain loans from official credit institutions, Grameen Bank or other MFIs have ample prospects to make vulnerable groups of society their leading customers to empower them. Therefore, this study aims to:

1. Identify the sustainability issues farmerettes are facing in Jobra villages, Bangladesh, from Grameen Bank microfinancing loans.
2. Analyse the effect of Grameen Bank's loan on sustainable empowerment of farmerettes in Jobra Village.

1.5 Significance of the Study

The primary goal of this study is to add a valuable perspective to the wider discourse on microfinance and its impact on women empowerment. Consequently, it contributes to the existing body of literature on microfinance and women's empowerment by providing insights into the multiple challenges faced by women in Jobra village. The findings of this study can assist scholars and policymakers in refining microfinance strategies that cater to the specific requirements of women in comparable situations. Moreover, this study contributes to the literature on Grameen microfinance, particularly on the issues of long-term empowerment, by providing insight into the results and outcomes of microfinance. The findings of this study also provide vital information that can be used to evaluate microfinance operations and the sustainable empowerment of women in Bangladesh.

Furthermore, the study informs policymakers about the limitations and opportunities of microfinance in promoting sustainable development and women empowerment in rural Bangladesh. Grameen Bank, which has the largest female microcredit client base in Bangladesh, raises concerns about whether its policy and operating guidelines are in accord with the best interests of farmerettes. This study has the potential to determine the ambiguities of Grameen's micro-finances regarding women's empowerment and can signify a way to make empowerment sustainable. The findings of this study hold considerable significance for policymakers who are engaged in poverty alleviation initiatives, particularly those that seek to promote women empowerment and rural development. The study underscores the importance of a conducive ecosystem, encompassing inclusive regulations and facilities, in ensuring the effectiveness and sustainability of Grameen microfinance. The outcomes

possess the potential to enlighten the formulation of policies and initiatives that cater to the needs of farmerettes, thereby fostering their sustained empowerment.

It is essential to acknowledge that women, who hold a crucial position in agricultural pursuits, frequently encounter gender-based inequalities and limitations that impede their efficiency and general welfare. Hence, this study attempts to gain insight into the unique challenges faced by farmerettes in Jobra village through an exploration of their lived experiences with Grameen Microfinance. As there are many limitations that prevent women from actively participating in farming, it is, therefore, essential to comprehend the distinct challenges encountered by women in Jobra Village to develop precise interventions and policies that cater to their specific requirements and enhance their empowerment.

Moreover, microloans have been given to many farmerettes in Bangladesh that typically operate almost below the efficiency scale, and this can be a catastrophe for empowering underprivileged women (Bateman & Chang, 2012). Similarly, microfinance institutions such as Grameen Bank may be able to get away with charging exorbitant interest rates and hidden charges because deeply indebted farmerettes need capital so badly that they fail to consider the long-term implications of the loan. As various natural and man-made disasters continue to threaten the economic status of disadvantaged women, it is necessary to conduct a study on farmerettes to assess their potential burden of borrowing loans from Grameen Bank and how to empower them to gain agency.

Grameen Bank has a well-deserved reputation as a leader in the field of microfinance and the fight against poverty, which can be improved by the findings of this study, which place a focus on the key agenda of the bank itself, which is women

empowerment. Grameen Bank would be able to strengthen the effectiveness of their microfinance tactics by shifting their attention to targeting a greater group of farmerettes who have the potential to gain financial assistance and empowerment. For example, Grameen Bank can refine some of its approaches and functioning processes by giving equal importance to the interests of all its members. Grameen officials should be careful in instances where the need to collect loan repayments lead to an improper collection of overdue loans. This study could assist Grameen officials in creating a balance between limiting misuse of microloans and empowering borrowers through monitoring, financial literacy, and a supportive ecosystem.

In addition to the identified direct stakeholders, this study can additionally be relevant to other parties involved in microfinance, rural development, and poverty alleviation activities. NGOs and practitioners in the fields of microfinance and women's empowerment can use the study's findings to shape their own initiatives and programmes. Moreover, the impact of any inflation or economic crisis, especially on women in Bangladesh, has been severe, and it is crucial to examine the role of microfinance in addressing the challenges facing them. There is a need to evaluate the effectiveness of microfinance in promoting sustainable development and women's empowerment, as some studies have suggested that microfinance may not always lead to positive results for women. That is why this study attempts to provide insights into the issues of Grameen microfinance to promote sustainable and inclusive development in rural areas, specifically in Jobra village. Hence, the findings of this study could be very useful for establishing and implementing similar microfinance programmes in other places with similar socioeconomic conditions. By highlighting the importance of gender-responsive and inclusive strategies in poverty reduction, this study makes a valuable contribution to the greater discourse on sustainable empowerment.

1.6 Operational Definition

Operational definitions are specific, clear, and measurable descriptions used in research to define and clarify key concepts or variables. These definitions provide researchers with a practical framework for assessing, measuring, and evaluating the variables under study. Operational definitions are essential in ensuring that the concepts being investigated are well-defined and that the research can be conducted in a standardized and consistent manner (Punch, 2009). Therefore, in this study, it is crucial to establish clear operational definitions for key terms to ensure a common understanding of the concepts under investigation. This section provides operational definitions for two pivotal terms: "Microcredit and Microfinance" and "Sustainable Empowerment."

1.6.1 Microcredit and Microfinance

Microcredit is a form of poverty alleviation programme that consists of giving extremely small loans to individuals who are financially disadvantaged so that they can start or expand their own businesses (Isserles, 2003). Microcredit was developed as a solution to the widespread problem that the poor, especially women, are excluded from conventional banking services. Strategies to alleviate poverty have prioritised expanding access to affordable credit for poor women (Sharma, 2011). Microcredit programmes are designed to combat poverty by offering low-interest loans to people and groups with the aim of promoting economic growth and individual empowerment. These loans are geared primarily towards newly established enterprises and serve as an important source of launching capital for both individuals and organisations (Keating et al., 2010). In this study, microcredit refers to the amount of a Grameen loan ranging from \$60 to \$280, with an average of roughly \$180. The average

repayment schedule is 50 equal payments spread out over the course of one year (Grameen Bank, 2023). This study considers the loans for the poor; ii) collateral free; iii) small amount; and iv) used for self-employment (Vento, 2006).

Ledgerwood (2006) defines microfinance as "the provision of a broad range of financial services such as deposits, loans, payment services, money transfers, and insurance to poor and low-income households and their microenterprises". Microfinance is commonly acknowledged as a strategy for reducing poverty since it enables individuals with low incomes to enhance their socioeconomic position (Robinson, 2001). In this study, microfinance refers to the provision of financial services to low-income poor, and very poor self-employed entrepreneurs and small businesses that are excluded from the formal financial sector.

Although there are key distinctions between the two terms microfinance and microcredit that should not be confused with each other, they are sometimes used interchangeably. The term microcredit refers to a subset of microfinance, where microfinance refers to a wide variety of banking and other financial services that are geared towards individuals and communities with low incomes who, in the absence of microfinance, would not have access to such services (Mia et al., 2017). Microcredit is the practise of lending small amounts of money to those in need, particularly those living in poverty who may not have access to other forms of credit or financial support. This type of lending is most common among people who cannot obtain traditional forms of credit. The objective is not limited to facilitating entrepreneurial aspirations and mitigating poverty levels, but also entails the empowerment of women in leadership roles, thereby augmenting the overall quality of life for community members (Alam et al., 2015).

Certain academics and professionals advocate for a distinction between microfinance and microcredit. The argument posits that microfinance is a more holistic approach to poverty reduction that includes a range of financial and non-financial services, such as education and health services, while microcredit focuses specifically on the provision of small loans. However, many empirical studies use both terms interchangeably when discussing the provision of small loans to women in rural Bangladesh (Kabeer, 2001; Zeller & Meyer, 2002; Ledgerwood, 2006). As microcredit is a key component of microfinance and is often the most well-known and widely used service, many microfinance institutions primarily provide microcredit rather than a full range of financial services. In this study, microfinance refers to Grameen Bank, which offers microcredit loans, specifically agricultural loans to farmerettes.

1.6.2 Sustainable Women Empowerment

The Grameen Bank defines women empowerment as "the ability of all women, especially those in rural areas, to use their own resources and skills to move out of poverty" (Grameen Bank, 2023). This concept originates from a paper penned by Karen Hansen-Kuhn, which was assembled in 2000 by the Grameen Foundation. Hansen-Kuhn argues that a clear definition of women's empowerment is necessary for two primary reasons: first, it clarifies what is meant when we use the term empowerment, and second, it gives methods for determining whether women are actually empowered (Herman et al., 2003, Uddin & Uddin, 2021). As in the context of South Asia, most Micro Finance Institutes (MFIs) have an emphasis on women and provide support for them in group settings, irrespective of where they fall on the spectrum (Kabeer, 2005). The definition of empowerment in this study is considered in which empowerment refers to an individual, who is empowered when they are able

to solve their own problems collectively, with the assistance of others; therefore, they must be capable of making complete and eclectic use of the provided resources (Huis et al., 2017).

The limitation of the Grameen Bank model lies in its exclusive focus on women's financial empowerment. This singular emphasis poses a significant challenge to the model's overall sustainability and inclusivity. It is imperative to recognise that a solitary variable alone does not suffice to achieve comprehensive and sustainable women's empowerment (Pervin et al.; 2023). In the pursuit of sustainable women's empowerment, it is crucial to consider various factors beyond the traditional economic and poverty alleviation perspectives. While economic empowerment undoubtedly plays a significant role, it is imperative to acknowledge the importance of psychological, political, and social empowerment as well. These additional dimensions contribute to a comprehensive understanding of women's empowerment and are essential for achieving lasting and meaningful change. For example, political and psychological empowerment encompasses the development of self-confidence, self-esteem, and a sense of agency among women. It involves fostering a positive self-perception and belief in one's abilities, enabling women to overcome internal barriers and societal expectations (Akhter & Cheng, 2020). By nurturing political and psychological empowerment, women can assert their rights and make informed decisions.

Combining economic and social empowerment creates the possibility of gaining political and psychological empowerment. The concept of political empowerment can be understood as an individual's awareness and understanding of the political sphere. It is widely acknowledged within scholarly discourse that women who possess financial independence and are part of organised social groups tend to

exhibit a higher propensity for attaining political influence (Bayulgen, 2008), which is not the case for Grameen Bank borrowers (discussed in detail in section 4.3). Marginalised groups such as Grameen borrowers need to be empowered politically for a variety of reasons, including legislative systems, cultural norms, and institutional support. Similar to this, psychological empowerment reveals a person's innate abilities and is characterised by increased self-assurance, self-sufficiency, and self-worth, as well as a propensity to defy accepted gender norms (Moyle et al., 2006). In order to facilitate the empowerment of women, it is imperative to foster collaboration at macro level among various dimensions, including economic, social, political, and psychological domains. According to a study by Khan et al. (2020), women who participate in microfinance mediation for an extended period of time should exhibit higher levels of financial, social, strategic, and psychological empowerment. Therefore, it can be inferred that the active participation of women in Grameen microfinance initiatives plays a crucial role in fostering sustainable empowerment across various dimensions, including the financial, social, political, and psychological.

As established in Section 2.2.4 women do not accomplish sustainable empowerment through mere access to microcredit, as they do not have control over and appropriate access to it. The women borrower who takes loans has no control over the credit as financial decisions are frequently made by men in patriarchal societies, and women may have limited control over how borrowed funds are used. Due to their social status or lack of exposure to financial matters, some women may lack the autonomy to make their own financial decisions. Hence, this study characterizes women's sustainable empowerment as an all-encompassing methodology where economic empowerment as well as social, political, and psychological empowerment are all required for sustainable women empowerment.

1.7 Scope and Limitations of the Study

This study limits its data collection to a village named Jobra in Chittagong, where the movements of Grameen Bank were initiated. At present, Grameen Bank has a vast customer base that now consists of 10.16 million people from all over the country, among whom 97% of borrowers are female (Grameen Bank, 2023). Therefore, the study area chosen for this study is not equipped with a complete representation of the entire microfinance system and the clientele of Grameen Bank in Bangladesh. The results of this study cannot be generalised to a larger population of microfinance borrowers at Grameen Bank due to this limitation.

Grameen Bank has a propensity for radical confidentiality, and its inadequacy of transparency does not contribute positively to the quantitative data. Large-scale quantitative research cannot be carried out by researchers if they do not have approval from the Grameen Bank. Furthermore, strict measures are in place to prevent data collection from Grameen Bank for any kind of independent study. They do not entertain inquiries that could lead to the discussion of results that are focused on overestimated assertions of success, or any potential weaknesses in the initiatives of Grameen Bank. Therefore, this study opts for qualitative research.

This study focuses on farmerettes because women in Bangladesh contribute significantly to agricultural activities such as crop cultivation and livestock and poultry farming, despite social constraints. An updated report on the position of women in agriculture in Bangladesh shows that the participation of women in agriculture increased to 64.8% (Kamruzzaman, 2020). In recent years, male farmers have continued to look for work outside of the agricultural industry and migrated to cities. As a direct consequence of this, it became increasingly challenging to provide for the

financial requirements of the rest of the family, who were still living in villages. In this context, the involvement of rural women in agriculture did not end with post-harvest chores; rather, they participated in a wide variety of agricultural activities. They have begun to engage in various forms of agriculture, such as jhum cultivation, fisheries, and organic agriculture.

Therefore, it is imperative to determine whether small farms owned by women established through microloans can operate above the efficiency level. Otherwise, Bangladesh will not be able to preserve the sustainable empowerment of farmerettes and will gradually succumb to the failure of microcredit. As Grameen Bank inaugurated its operation by lending loans to women who work on small-scale farms and faced significant barriers when trying to gain access to financial resources, it would be a critical reflection to observe the condition of farmerettes in the same village after 48 years.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

The discourse of women's empowerment has been prominent globally for a considerable period, with microfinance being recognised as a powerful mechanism in facilitating such empowerment. In the past few decades, microfinance institutions have not only been crucial in combating poverty but also, notably, in empowering women. Microfinance facilitates the establishment of women-led small-scale entrepreneurial businesses, resulting in the creation of revenue and an improvement in their standard of living. Grameen microcredit has played a pivotal role in Bangladesh in assisting women in achieving economic independence, which is critical towards achieving the goal of sustainable development (Alam et al., 2015). Moreover, the unprecedented effects of economic inflation and the COVID-19 pandemic have had significant repercussions on the worldwide economy. Thus, the role of microfinance institutions in reducing poverty and promoting women's empowerment becomes even more critical in this post-pandemic era.

This chapter serves as a comprehensive review of existing literature, offering a nuanced understanding of the intricate dynamics surrounding Grameen Bank's microfinance initiatives and their impact on women's empowerment, particularly within the context of rural farmerettes. The exploration unfolds through several key sections. In Section 2.2, the overview of Grameen Bank delves into the roots and evolution of this pioneering microfinance institution. The analysis progresses to a comparative examination, as presented in Section 2.2.2, where the Grameen Microfinance model is juxtaposed against global microfinance paradigms.

Subsequently, Section 2.2.3 dissects the microcredit structure of Grameen Bank, unravelling the intricacies of its financial mechanisms. The narrative broadens to community development in Section 2.2.4, scrutinizing the role played by Grameen Microfinance in fostering positive changes within communities. Section 2.2.5 focuses on the pivotal theme of women's empowerment, specifically highlighting the impact of Grameen Microcredit Programmes on empowering women, particularly farmerettes in rural areas. The examination further extends to address the mission drift of Microfinance Institutions (MFI) in Section 2.2.6, shedding light on potential challenges that may hinder the intended outcomes of these initiatives.

Further, section 2.3 identifies the existing research gap within the current body of literature. This section elucidates why further investigation is imperative and how this study aims to contribute significantly to filling this identified void. To anchor the research in robust theoretical foundations, Section 2.4 unveils the theoretical framework. Concluding this theoretical discourse, Section 2.5 introduces the conceptual framework. This section serves as a synthesis, connecting the theoretical insights to the empirical context of microfinance and women's empowerment sustainability, setting the stage for the subsequent chapters of this thesis.

2.2 Review of Literature

2.2.1 Overview of Grameen Bank

Established in October 1983 as a corporate entity in compliance with the Bank Ordinance, Grameen Bank is a distinct type of financial institution. The principal objective is to enhance access to credit for impoverished, landless individuals living in rural regions of Bangladesh (Wahid & Hsu, 2000). Grameen Bank, being a prominent provider of microfinance services, has gained a strong reputation