

Microfinance: From The Lens of Urban Slum Dwellers in Bangladesh

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Abstract:

The purpose of this research is to examine the effect of microfinance on the living standards of the slum dwellers from three major slum areas in the capital of Bangladesh, Dhaka. The data intended for this study was gathered by conducting surveys through structured questionnaires and interviews of a sample of 100 slum-dwellers - with the sample divided into two groups: borrowers and non-borrowers. The data was collected in the beginning of the research period, i.e. November 2020, and at the end of the research period, i.e. February 2021. Data visualizations were created to manage, present, and analyze the data for the purpose of this study. It was found that microfinance does have an impact on their living standards with borrowers of the loans from Microfinance Institutions experiencing big changes to their lives, such as starting a business, buying a boat, etc. They also experienced an average increase in their monthly earnings compared to non-borrowers. Moreover, this paper identified gaps in the system that leads to hardships in the lives of the slum-dwellers, such as lack of utilities, lack of education, mistreatment of women, etc. This paper has recommended policies and strategies for the government and development workers to work on.

Key Words: Microfinance, Borrowers, Non-borrowers, slum dwellers

Introduction:

Bangladesh is a South Asian country and is geographically small. At the same time, it has a population of 168 million (World Population Review, 2019), making it the 8th highest populous country of the planet. As evidenced by the increase in urban population from 4% in 1950 to 34% in 2015, Dhaka has seen rapid urbanization. The percentage is projected to reach 56% by 2050 (UNDP, 2016, Table 15, pp. 239). Dhaka is the capital city of Bangladesh and has a population of 18.2 million. People from all over the country migrate to Dhaka, making it densely populated (World Population Review, 2019). It contains around 10% of the country's population already and the percentage is expected to keep growing. The capital is an extremely expensive city to live in. The lower-income people turn to the urban informal sector for livelihood and they can only afford urban slum areas to live in. The living conditions of these slums are far below standard including poor physical and environmental situation, water and sanitation, and availability of public utilities. On top of suffering from poverty and income susceptibility, the slum residents tolerate constant threats of banishments, danger of infectious diseases and social negligence.

Microfinance has been working in developing countries to eradicate poverty especially in rural areas. In Bangladesh microfinance has been working since 1970. Bangladesh is a developing country where many people are illiterate and live under the poverty line including unemployment problems. This unemployment problem is also a reason behind existing poverty. To make the poor and unemployed people self-reliant, micro financing is providing them loans in different schemes so that they can use it to do small firms or they can buy equipment for cultivation. This paper presents the objectives of microfinance and how it is working to bring changes in lives of urban slum dwellers of Dhaka city. In this paper, it is tried to show how microfinance is contributing to the process of reduced poverty in Bangladesh, even with a huge population and a high population growth. Compared to the

case of non-borrowers, microfinance has also enhanced borrowers' accommodation, services, water, and sanitation.

The primary data was collected through a structured questionnaire on a total of 200 sample slum households of three slums (Bou Bazar, Bosila and Karwanbazar slums) of Dhaka city (by a systematic random sampling). This paper uses infographics to analyze the data.

Literature Review:

In a paper, Martin et al., (2010) reviews the achievements of the 'microfinance revolution' where he examines how microfinance can be used as a strategic platform by the poor to create their own escape paths from poverty. He encourages the microfinance institutions (MFIs) to put more emphasis on urban microfinance programs because of the rapid growth of urban poverty. Khan and Rahaman (2012) focused on the people of Bangladesh for their thesis on the effects of microfinance. They based their research on the poor people who borrowed loans from microfinance institutions. The objective of their study was to examine the effects of microfinance on the living standards of the poor people in Bangladesh. The research question was, "What is the impact of Microfinance on living standards, Empowerment and poverty alleviation of the poor people in Bangladesh?" They conveyed that living standards of borrowers of the Chittagong District of Bangladesh vastly improved due to urban microfinance playing a role in reducing poverty and making them financially capable to create start-ups and grow existing businesses.

Faruqee and Badruddoza (2013, pp. 27) mention that the three largest MFIs (ASA, BRAC and Grameen Bank) of the country have joint authority over almost $\frac{3}{4}$ of the market of microfinance services in both the rural and the urban areas, suggesting existence of oligopoly in this market. Bashar and Rashid (2014) explain the features and significance of

urban microfinance within urban low-income groups. They highlight the urban microfinance program because of the growing tendency of urban poverty (BBS, 2017).

One research of InM (2015) suggests that the members of the urban microfinance program have grown rapidly since 2005. In another article, Bashar and Rashid (2015), focus on the urban poor communities instead of rural poor communities. Microfinance studies usually focus on rural communities even though urban areas have better marketing, production and consumption capacities. However, Bashar and Rashid (2015) argue that urban poverty is similar in nature to microfinance, and urban poverty has been growing at a faster rate than rural poverty, which is why they decided to focus on the effects of microfinance on urban poverty. They scrutinize the future of urban microfinance in Bangladesh. The MFIs see a high 95% recovery rate which enabled them to build their financial capital gradually. Moreover, they examined previous research on the positive impact of urban microfinance on income and building capital, reducing unemployment problems, and decreasing susceptibility. They went on to suggest three new focuses for the MFIs, namely infrastructure and housing, informal sector labour and nursing education.

Furthermore, Bhattacharjee (2016) studies the effects of microfinance on 35 women slum dwellers of the Sylhet division. Through the use of purposive sampling techniques and assistance from NGO workers, 35 semi-structured interviews were carried out. It was discovered that most of the women were not educated about microfinance and were incapable of making effective decisions based on them, such as using the micro-loans only for family consumption and not for investment. This research concluded that a patriarchal society has led to lack of education, awareness, unwillingness to join other programs of microfinance institutions, pessimistic thinking about microcredit programs, hostile family structure, negligent attitude towards repayment of loan(s), limited investing opportunities, etc. These served as barriers in the road to development.

In a study in 2017, Hossain led an in-depth research on the evaluation of Grameen Bank. He scrutinised the differences in per capita income of borrowers and non-borrowers. He found 30.9% and 39.7% differences in the two groups, respectively. One of the findings of his study was the notable implementation of institutional philosophy in a complex structure by Mr. Muhammad Yunus. The Grameen Bank has an approach that keeps overdue and loan losses at close to zero. Many such vast economic issues are tackled in Hossain's report.

Zohir (2016) affirmed 5.3% differences in per capita wage income. A study conducted by the Bangladesh Institute of Development Studies asserted that there were 45.6% and 82.35% differences in income per household between the borrowers and non-borrowers.

Furthermore, Rahman (2015) found 49.1%, Khalily and Latif (2010) found 10%, Rabbani and Hasan (2011) found 34.7% differences in the annual income per household. Again, Khalily and Khaleque, 2011 found 17% differences in the monthly income per household between the borrowers and the non-borrowers. At the same time, Halder (2015), uses a pair of in-depth comparative case studies based on original qualitative data collected over several years of field research, to explore the relationship between formal and informal law. She found a 27.2% difference in the per capita expenditure of borrowers and non-borrowers, while BIDS (1999) mentioned 8.2%. Khandker (2015) used panel data from Bangladesh to examine the effects of microfinance at both aggregate and participant levels. It suggests that microfinance contributes to poverty reduction, especially for female participants. According to the paper, microfinance does not only help reduce poverty but it also helps the local economy. It points out that only 2.2% differences (see Badruddoza, 2011).

This paper also explores the role of microfinance in other countries. For example, Montgomery and Weiss (2013) evaluate the impact of access to microloans from the Khushhali Bank, which is a large microfinance institution in Pakistan. This bank operates on commercial principles. They conducted a survey of 3,000 borrowers and non-borrowers, to

collect primary data. A difference in difference method was used to examine the changes in access to loans. This led to the finding that microfinance impacted the health of children and female empowerment in a positive way, in rural areas. This suggested that commercially oriented microfinance and the millennium development goals synchronize in supportive environments.

Imai, Arun and Annim (2017) study the impact of household access to microfinance and whether it decreases poverty. They used treatment effects model with data collected from households on a national-scale. This model was used to measure microfinance's ability in reducing poverty, such as MFI loans taken to invest in agricultural or other non-farm businesses. Their paper confirmed the huge impact on household poverty through the use of microfinance loans.

Wijesiri, Vigano and Meoli (2015) implemented a two-stage double bootstrap approach to study technical efficiency and it's determinants of 36 microfinance institutions (MFIs). First, bias-corrected Data Envelopment Analysis (DEA) efficiency estimates for the individual MFI are obtained by means of the smoothed homogeneous bootstrapped procedure. This led to the finding that several Sri Lankan MFIs are subject to criticism regarding financial and social inefficiency. Secondly, they are regressed on a set of explanatory variables employing the double bootstrap truncated regression approach. This approach resulted in the discovery that age and capital-to-assets primarily determine financial efficiency while age, type of the institution and return-on-assets determine social efficiency.

Ding, Qin, and Shi (2018) assesses the anti-poverty effect of the largest government-led microfinance project in the developing world, which takes place in rural China. For this, they used a unique dataset of 2356 Chinese villages. This project focused on the increase in access to non-farm activities and how institutional circumstances affect the effectiveness of the government project. Their paper reveals that this government-led microfinance project

significantly reduced poverty in the targeted villages, even more so in villages that have less political connections.

In conclusion, previous findings on urban microfinance showed all kinds of impact on the earnings of its borrowers. This paper can be distinguished from previous research works on the point that it aims to study the impact of urban microfinance on the income strategies of borrower slum dwellers in Dhaka city.

Methodology:

This is a research that has been done by collecting both primary and secondary data. Background information was gathered from a variety of trustworthy secondary sources, including books, research papers, surveys, and newspaper articles. The primary data was collected by volunteers conducting face-to-face interviews about livelihood conditions with slum-dwellers in Bou Bazar, Mohammadpur and Rail line slums of Dhaka city. The interviewees were split into two groups - treatment group and control group. In 2020, the treatment group consisted of 50 borrowers and in 2021, the control group consisted of 50 non-borrowers. Moreover, Key Informant Interview (KII) was conducted for several persons who have key roles in these selected slums. These included local government councillors, schoolteachers, community leaders and representatives of religious institutions. During December 2020 and January 2021, sample selection was done through systematic random sampling. This required visits by 6 volunteers to houses, corners, and market places in the slums. Afterwards, this data was edited, checked for error and stored in SPSS and Microsoft Excel software. This paper used infographics to analyze data. Dhaka city is divided into two city corporations called the Dhaka North City Corporation (DNCC) and the Dhaka South City Corporation (DSCC). This paper focuses on three slums from across the city - Bou Bazar, Mohammadpur Johori Moholla and Rail line slums.

According to Hossain, until 2020 there were nearly 5.3 million Bangladeshis in approximately 3,390 slums in its capital, Dhaka City. Bou Bazar, Bosila and Karwan Bazar Rail Line slums are all considerably large in size and population. In Bosila road slum approximately 7500 people live in almost 1500 houses. In the Bou Bazar slum, approximately 2000 houses comprise around 8000 people. Some 12,000 people dwell in 3,000 shanties at Karwan Bazar slum. A shanty is a crudely built shack. Their depressing financial situation compels them to share one home. Each shanty accommodates two or three families and they share the kitchen and toilet.

Data Analysis and Interpretation:

Most of the respondents were women (69%). The data were found to have the following statistics:

1. The population was made up of mostly 30-39 years old people, of them 46% from borrowers and 44% from non-borrowers.
2. The married crowd was 84% of non-borrowers and 80% of borrowers.
3. The family size for the 50 non-borrowers were mostly four members (84%) and three members (22%).
4. The family size for the 50 borrowers were mostly three members (84%) and five members (22%).

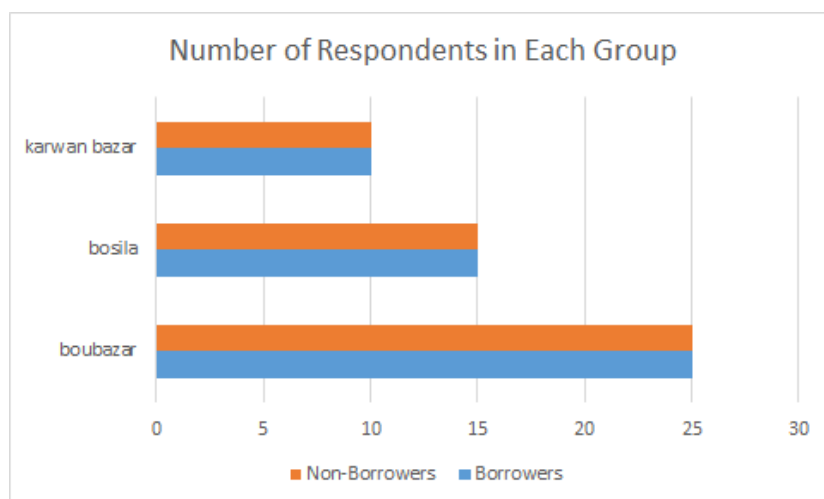


Table 1: Primary Reasons of Migration of Slum Dwellers

Causes of Migration of Slum Dwellers	Slum Census 1997(%)	Slum Census 2015(%)
Job	39.53	56.0
Poverty or Lower Income	19.97	28.0
Reasons concerning climate conditions	17.2	7.00
Abandonment	18.80	2.00
Others	5.12	7.00

Source: (BBS, 1997; BBS, 2015)

Table 2: Basic Profile of the respondents (Borrowers and Non-borrowers)

Variable	classification	Non-Borrowers		Variable	classification	Non-Borrowers	
		Frequency (N = 50+)	Frequency (N = 50+)			Frequency (N = 50+)	Frequency (N = 50+)
	n	50= 100)	50= 100)			50= 100)	50= 100)
Residence Area	Boubazar	45	45	Occupation (Respondent)	Home-maker	10	14
	Bosila	35	35		House help	14	9
	Karwan	20	20		Rickshaw puller	5	7
	Bazar						
Gender	Male 31(31%) and Female 69(69%)			Hawking	-	2	
Respondent's Age	15–18 years	1	3	Small Business	3	8	
	20–29 years	9	10	CNG/Car/Truck driver	4	5	
	30–39 years	22	23	Garments	2	4	
	40–49 years	9	7	Construction Labourer	3	1	
	50–59 years	9	7	Cleaner	2	0	
Marital Status	Married	42	40	Electrician	1	0	

	Unmarried	2	5	Begging/Tokai	2	0
	Widow/er	4	3	Carpenter	1	0
	Divorced	1	1	Shoe repairing	1	0
	Separated	1	1			-
Education	0 (No	32	21			-
Achieved	Education)					
(Respondent)	Class 1 to 5	12	15			-
	Class 6 to 9	5	9			-
	SSC	1	2			-
	HSC or	0	3			-
	more					
Number of	2 members	2	1			
Members	3 members	11	12			
Within the	4 members	18	11			
Household	5 members	10	11			
	6 members	4	8			
	7 members	2	5			
	8 members	2	1			

A finding from this survey showed that a sum of 53 (53%) respondents had no education. Meanwhile only 3% of respondents made up the population who completed their secondary school education. Women comprised 69% in the respondents' pool, which resulted in a higher percentage of uneducated females in the survey. This research agrees with the education Statistics- 2018 reveals various reasons for lack of education for women- migration from rural to urban areas, no opportunity for education due to poor financial situation, discouraged due to poor social status, and early marriage (BES, 2018). Within the occupational status, a maximum of 24% of respondents were homemakers while 23% were housemaids who worked in homes in exchange for money.

This research was conducted from November 2020 to February 2021. It should be noted that within this period, many respondents changed their occupation due to microfinance involvement and other reasons. In the respondent group, 42% of borrower respondents moved to a better occupation after receiving micro loans, whereas 8% of non-borrower respondents reported a change in occupation due to a new job or loan from friends/family. Out of the 21 borrower respondents, only 17 reported association with microcredit loans as the reason behind their change in occupation. Meanwhile, the remaining 4 respondents reported to have a new job that gave them a new occupation. No one reported having received remittances. Nonetheless, 4 respondents said they received payments from the Social Safety Net Programs (SSNPs), which is a government program. Out of these 4 respondents, 3 were from the borrower group while only one was from the non-borrower group. There were also reports that some of them received charity - 15 out of 50 borrowers

and 20 out of non-borrowers. The 20 non-borrowers who received charity received on average BDT 7,560 (USD 89.17) per year per household. The 15 borrowers who received charity reported to have received an average amount of BDT 11,150 (USD 131.51) per year per household. In the 3 months period of this survey, the average monthly income per household was BDT 15,988 (USD 188.58) for borrowers and BDT 13,145 (USD 162.12) per household for non-borrowers. This paper has taken into account that the figures may not be fully accurate considering the possibility of human error.

Trend in borrowing for the two groups:

A sum of 8 MFIs were found to be providing their services in the three areas during the survey, namely- BRAC, Heed Bangladesh, Islami Bank Bangladesh Limited (IBBL), Grameen Bank, ASA, CBO, Manobik, and Shakti. The Microfinance institutions have some solid policies. For instance, attendance is mandatory at weekly meetings. They also charge a membership fee to discourage them from switching to a different MFI, and to cover the high operational cost and misuse of loans. (Hossain & Wadood, 2018; Rahman, 2015). The 84% loan borrowers received microfinance services from one MFI while 13% received loans from multiple MFIs at the same time. The respondents elaborated that 94% borrowers who took from multiple MFIs, did so because the amount received from a single MFI was inadequate, and the rest explained that they had to take loan from another MFI to repay the loan from the first MFI. The percentages of borrowers who received from the MFIs mentioned are as follows:

ASA (27%), BRAC (22%), Shakti (17%), Heed Bangla (15%), Grameen Bank (10%), CBO (5%), IBBL (2%), and Manobik (2%). Moreover, 40% of borrowers have received Microfinance services for five years. Among the remaining 60%, 20% has been received for four years, 25% received for three years, 10% received for two years, while 5% for one year.

The average loan amount varied widely from a small amount of BDT 2,000 (USD 25) to a large amount of BDT 70,000 (USD 864). The interest range varied between 15 and 35%. The loan repayment period was 47-50 weeks. The group of borrowers said they used the microfinance credit in various ways - small investments (45%), buying rickshaw or CNG (20%), Purchasing land and property (12%), house repairing (7%), various training financed by MFIs (6%), starting a small store (5%), and purchasing farming or fishing tools (5%).

The control group reported various reasons for their non-involvement with microfinance, such as:

1. They feared they would be unable to repay the loan (35%)
2. High interest rate (17%)
3. They did not feel the loan was needed (15%)
4. They did not qualify for the loan (14%)
5. They found other sources for loans (12%)
6. They were not aware about microfinance loans (7%)

This paper found only 8 MFIs to be significantly contributing to the microcredit situation in the three slums. The slum-dwellers would prefer reaching out to neighbours, relatives, friends, job place, unofficial moneylender, local co-operative, private bank, before considering MFI programs. Out of the 50 non-borrowers, 5 of them reported to have left microfinance programs because of high interest rates. The loan amount is somewhere around the range of BDT 500 (USD 5.89) to BDT 45,000 (USD 530.77). The interest range would vary from 5% to 30% monthly. They followed the monthly repayment system.

Income and savings status of the respondents:

The mean monthly household income of the two groups were as follows:

- 50 borrowers: BDT 15, 240 (USD 183.61)

Majority of borrowers said there was a rise in income after the loans.

- 50 non-borrowers: BDT 13,270 (USD 159.87)

Some non-borrowers also reported a rise in their income.

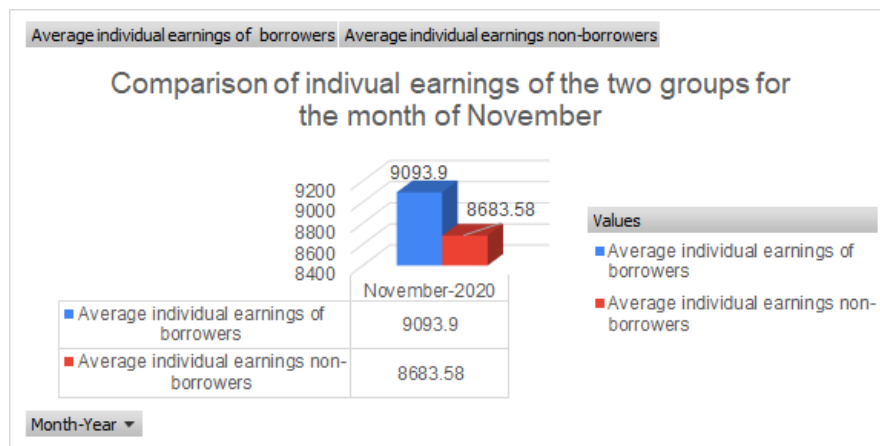


Fig: Bar chart to show the comparisons between the individual earnings of the two groups - borrowers and non-borrowers for the month of November 2020.

This figure shows that the borrowers earned more than non-borrowers, on average.

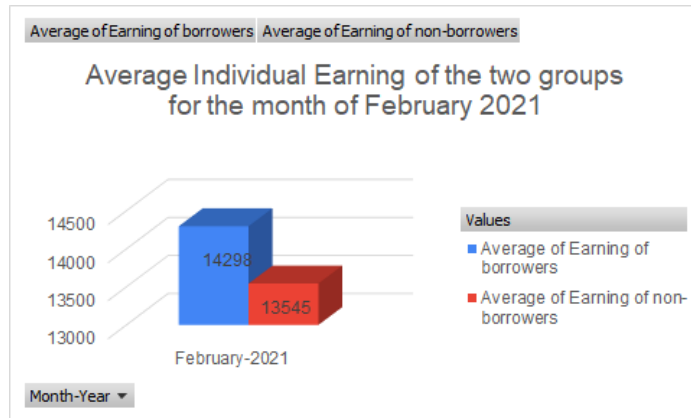


Fig: Bar chart comparing the average individual earnings between the two groups for the month of February 2021

The figure shows that the average earning of borrowers was more than that of non-borrowers.

The borrowers reported that their savings increased as well, in contrast to non-borrowers. Prior to loan transactions, 90% borrowers said they had little to no savings. The rest of the 10% had small savings per month (BDT 50 to BDT 250). The borrowers also went on to add that they had recovered from extreme to moderate poverty in the last 5 years until the period of this survey, February 2021. However, their earning continues to remain low and this could be due to various reasons such as:

1. Their business is too small to generate higher income and they do not have sufficient capital to grow the business.
2. They only get low paid jobs due to poor educational qualifications (cleaner, peon, etc.)
3. Self-employment (rickshaw etc.)

Such lower paid professions have continued for generations in these slums. The respondents have also experienced evictions from these slums several times. Out of the 50 borrowers, 48 reported to have micro saving that ranged from BDT 100 to BDT 500 per month.

However, the MFIs do not tend to focus adequately on their non-financial services, as shown in the table below:

Number of MFIs operating in the slums	4 (Boubazar),11 (Bosila),4 (Karwan Bazar)
Name of MFIs by acronyms (active in these three slums)	ASA, Shakti, BRAC,GrameenBank, IBBL, Heed Bangla, Manobik and CBO
The range of annual loan size to a borrower	BDT 2,000 (USD 25) to BDT 70,000 (USD 875)
Microcredit interest rate	15–35%
Percent of borrower respondents who do not know the actual savings interest rate offered by MFI ^a	92
Percent of borrower respondents with both microcredit as well as micro-savings	95
Percent of borrower respondents who have education service as well as microcredit and micro-savings	4
Percent of borrower respondents who have training and skill development training program, along with microcredit and micro-savings	2
Percent of borrower respondents who have only micro-savings	2

Findings and Discussion:

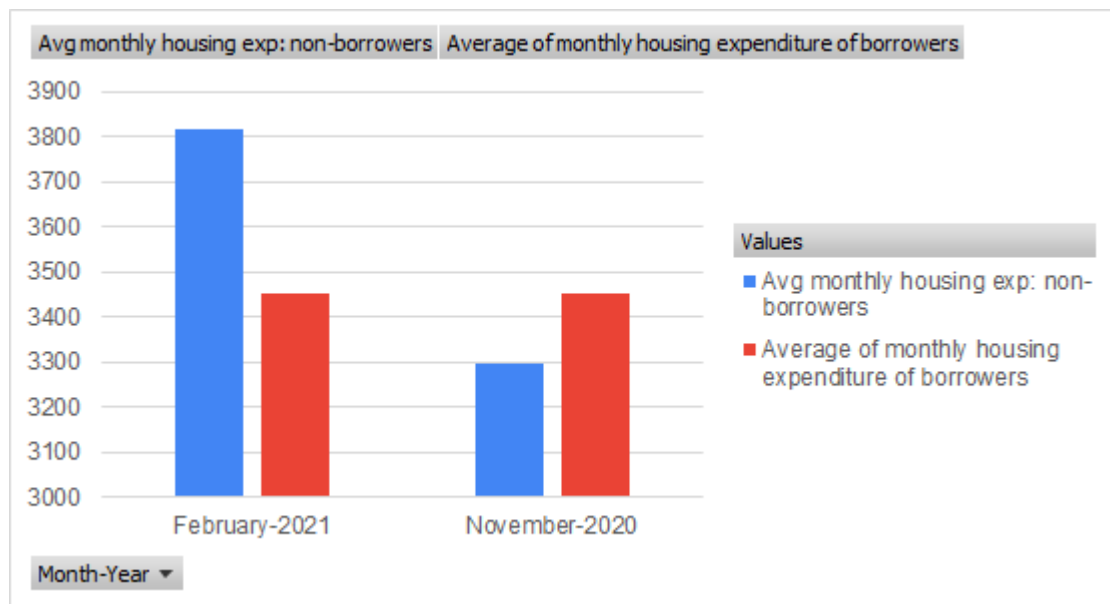


Fig: Comparison between the average monthly housing costs for borrowers and non-borrowers for the month of November 2020 to February 2021.

This visualization is a bar chart that was created using MS Excel. This compares the average monthly housing costs for borrowers and non-borrowers for the month of November 2020 to February 2021. From this graph, one can deduce that in the beginning of the research period, November 2020; the borrowers had a lower housing expense than the month of February 2021. On the other hand, there was less significant difference in the housing costs for borrowers for the same months.

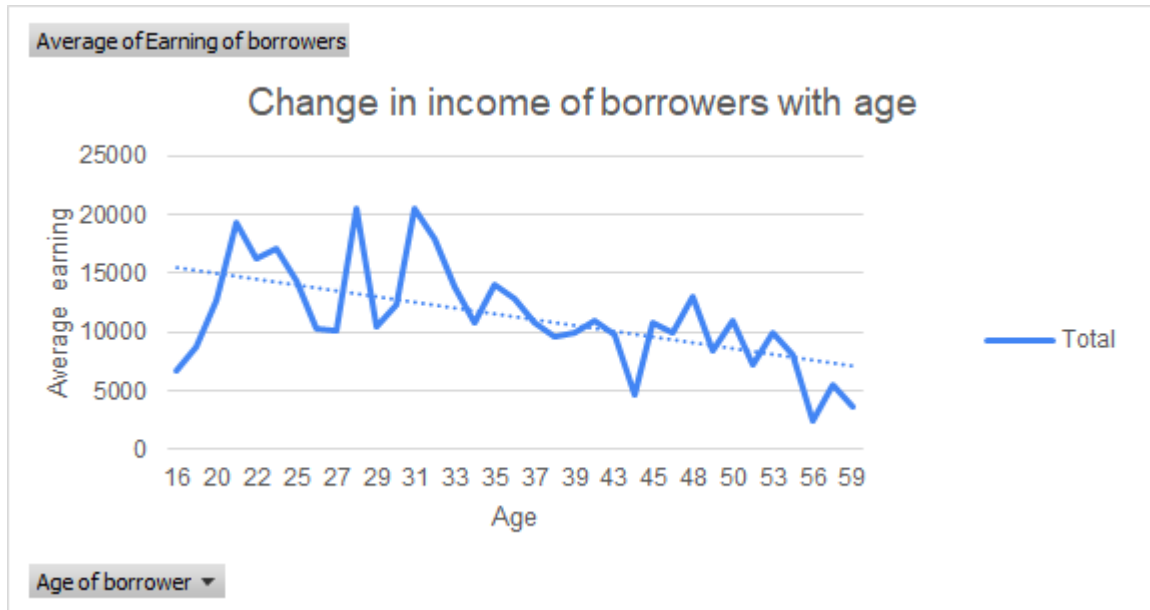


Fig: Line Graph showing change in income for all ages of borrowers

This graph shows a downward trend for income as age increases. The highest average income for borrowers was at the age of 31, while lowest was at the age of 56.

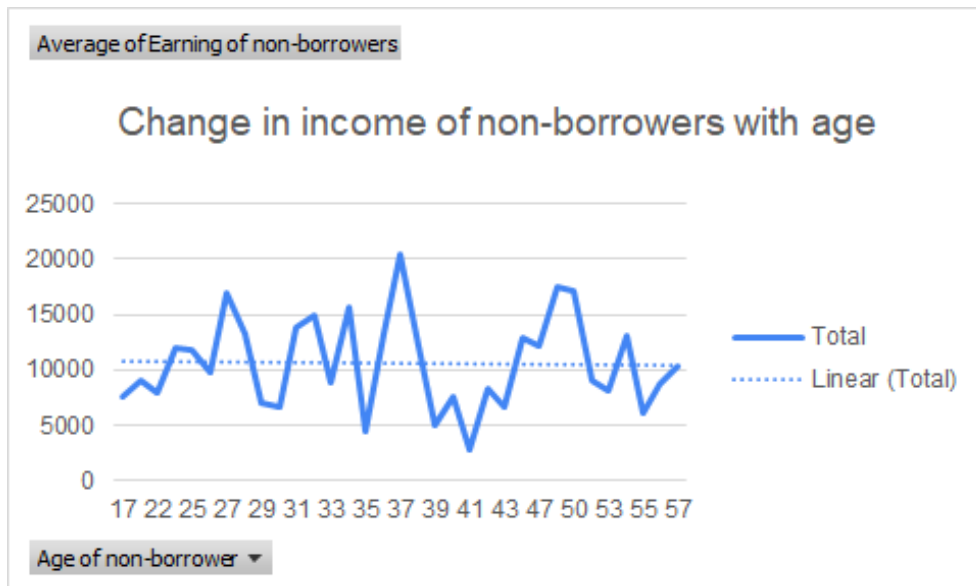


Fig: Line Graph showing change in income for all ages of non-borrowers

The line graph shows a linear trend for income as age increases for non-borrowers. The highest income was at age 37 while the lowest income was at age 41.

When this paper compares the line charts for change in income with age for the two groups, a downward trend for the borrowers is seen. This could be due to MFIs being more willing to give loans to younger people, since these MFIs think the younger people would be able to work more. The younger people took loans and opened small stores, started fishing etc. In contrast, for the non-borrowers it's a linear trend for all ages. This suggests that the slum-dwellers work hard and continue making a living even if their old age makes it hard. They usually do manual and physical jobs to generate this income.

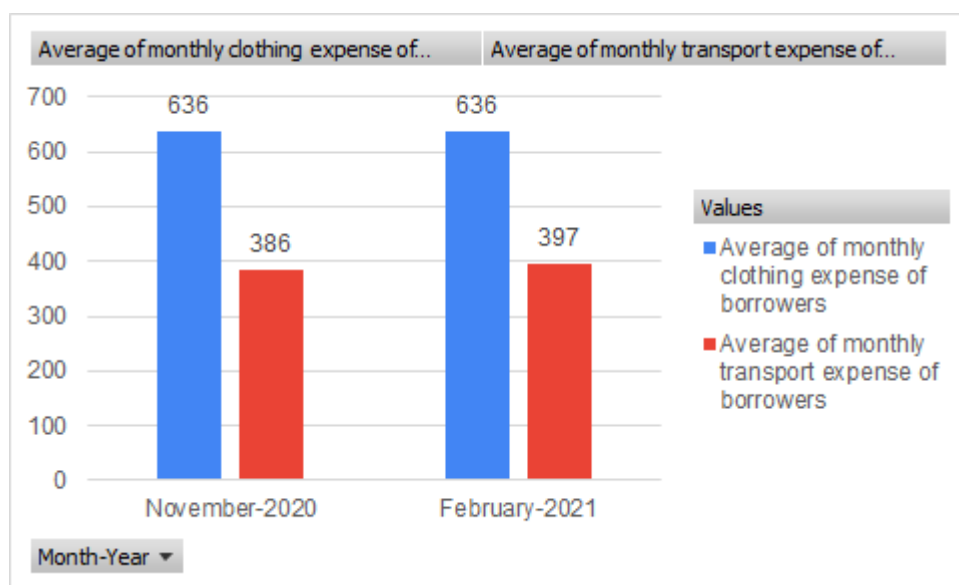


Fig: Bar Chart showing the average monthly clothing expense and average monthly transport expense for borrowers for November 2020 and February 2021

This figure demonstrates that there has been no change for clothing costs in the time period of November 2020 to February 2021. Meanwhile, the transport costs went up in February 2021 as compared to November 2020. This could be due to the borrowers changing their mode of transport to a costlier one due to an increase in income after receiving the loan.

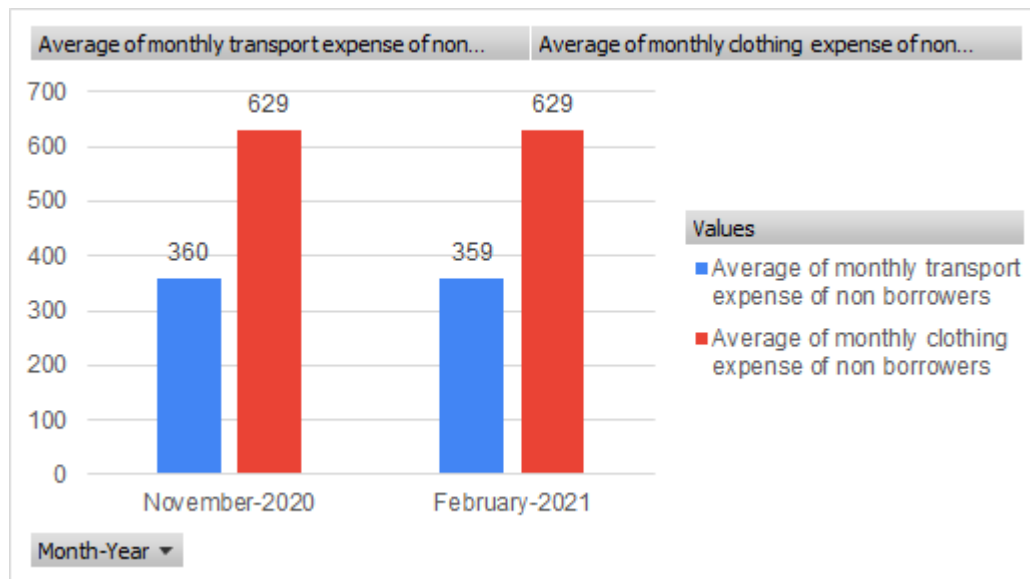


Fig: Bar Chart showing the average monthly clothing expense and average monthly transport expense for borrowers for November 2020 and February 2021

This figure demonstrates that there has been a decline in clothing costs in the time period of November 2020 to February 2021. Meanwhile, the transport costs remained the same for February 2021 as compared to November 2020. This could be due to non-borrowers trying to cut down their transport costs to save money.

In light of the findings of this research, it has been proved that microfinance significantly impacts the earnings of slum-dwellers. Based on the financing they receive, their expenses and living standards are also affected.

Policy Recommendations:

Evidently, Urban Microfinance has had many benefits to the sustenance of the borrower slum dwellers residing in Dhaka, Bangladesh. This paper further signifies informal financing in comparison to formal financing. Moreover, the paper also lays out some policy recommendations in this aspect:

1. Widening the range of services by MFIs: The MFIs provide a range of services to the borrowers other than lending money such as education, training, and more. These services were, however, provided to only 6% of the borrowers. The MFIs should also consider providing a wider variety including micro insurance and health insurance.
2. Providing adequate time for realization of microcredit investment: MFIs should set a monthly repayment period instead of the current monthly system. The current monthly system is not the appropriate or adequate time for the borrowers to invest the money from the loan and gain the profit.
3. Interest rate (microcredit): About 55% of the borrowers and 15% of the non-borrowers expressed disappointment over the high interest rate. The microcredit interest rate is 20-38% whereas the banking interest rate in Bangladesh is 9-12%. The MFIs should consider going interest-free for the vulnerable and poor people, and they should do more research and creation of strategy in order to be able to do that. Another helpful option would be to apply a declining interest rate instead of a flat rate.
4. Interest rate (savings): Most of the MFIs do not reveal the interest rates, according to many respondents. BRAC, which holds the third largest share, is the only MFI to reveal the interest rate for savings purposes. Lack of transparency could be due to the lack of accountability in the case of the MFIs who refrain from disclosing the interest rate. It is important to monitor the activities of these MFIs in order to create transparency, which will, in turn, encourage slum-dwellers to save more.
5. The Market for Informal Products: The MFIs and government can work together or independently to create and develop markets for the informal sector in Dhaka City. This would help the borrowers to start a business of making and selling items such as handicraft, thereby improving their entrepreneurial talents besides allowing them to earn their livelihood.

Limitations:

There were several limitations to the research conducted for this paper, owing to various reasons. First and foremost, the Covid pandemic made it extremely risky and inconvenient to conduct surveys on a larger group of respondents, so this paper kept it small to around 100 as the sample size - 50 for each group. Moreover, had to shorten the research period to just 4 months - the Covid restrictions did not allow us to lengthen this period in order to achieve a possibly stronger evidence with varying factors. Factors such as rent and utilities, for example, could not be shown to be subject to a higher degree of change because of the shorter time frame of the research. In the future, work on this using the DID model when the means to do so will be more widely available for similar research purposes.

Conclusion:

In conclusion, this paper scrutinizes the role of slums in urbanization. People, who are victims of poverty, floods and other natural disasters, have no choice but to leave villages and migrate to Dhaka to seek a livelihood. For the purpose of the research, this paper looked into the lives of a sample of hundred slum dwellers from three slums of Dhaka city, Bangladesh. A Survey was conducted through a structured questionnaire by systematic random sampling. This paper compared different factors from the lives of borrowers and non-borrowers using digital visualizations for the data collected. The paper found that urban microfinance positively affects income, expenditure such as transport and housing, savings etc. to a great extent. This paper has seen a fair amount of people changing their occupation after receiving the loans. The borrowers spent the loan amount on creating better sources of income such as buying a rickshaw, van, shop, etc. The rise in income due to microfinance led to an improvement in the living standards of borrowers, who shifted to more comfortable modes of transport, improved sanitation etc.

This study acknowledges the contribution of microfinance in the development of the slums in Dhaka City. This study would also prove to be helpful for development workers and community who work for slum-dwellers, since it contains important information about this field. This paper sheds light on the advantages, disadvantages, and limitations of Microfinance in the lives of the slum-dwellers. It examines the extent to which MFIs contribute to controlling the extreme poverty in urban parts of Dhaka for the people living in slums. In spite of the efforts of these institutions, there still remains many difficulties to get access to basic facilities such as education, healthcare, utilities, etc. This is a scope for the community workers to take part in the welfare for the less fortunate. From interviews conducted, it was learned that the slum-dwellers would prefer paid training programs to charity or donation, as this establishes a more certain source of income rather than receiving one-time charity money. Women in slums areas are arguably the hardest working group of people who maintain a household while earning part-time. They also try to create handicraft businesses. This is another opportunity for development workers. The children from slum areas spend their time collecting garbage, working informal jobs, and begging in the streets. The development workers should work on changing their lives by working on establishing means for them to get education.

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