Long-Term Impact of Microcredit Impacts: Bangladesh

Shahidur R Khandker

In 1991/92 the Bangladesh Institute of Development Studies (BIDS) and the World Bank jointly

carried out a survey. The survey's main focus was to provide data for an analysis of three major

credit programs (Grameen Bank, Bangladesh Rural Advancement Committee, and the Rural

Development-12 program of the Bangladesh Rural Development Board). The survey covered

both program villages of each of these three programs under study and nonprogram villages

where none of these three programs or other programs have any lending or other activities. The

survey also covered both target (those owning less than or equal to half of an acre of land and,

hence, as per program eligibility criteria, are eligible to participate in any of the three credit

programs) and nontarget (those who do not meet this eligibility criteria) households in both

program and nonprogram villages. The survey included 1,798 households randomly drawn from

87 villages of 29 thanas in rural Bangladesh.[1] Out of 29 thanas, 24 were program thanas (8 from

each of the three programs: Grameen Bank, BRAC, and BRDB RD-12 project), and 5 were non-

program thanas. They were selected from 391 rural thanas out of 460 thanas. Three villages in

each program thana were randomly selected from a list of program villages in which a program

had been in operation for at least three years. Three villages in each non-program thana were also

randomly selected from the village census of the Government of Bangladesh. Villages with an

unusually high or low number of households (fewer than 51 or higher than 600) were excluded

from village survey design. A total of 87 villages was selected from which a total of 1,798

households were selected based on landholding. The household survey was conducted three

times during 1991/92, based on the three cropping seasons: round 1 during *Aman* rice

(November-February), round 2 during *Boro* rice (March-June), and round 3 during *Aus* rice (July-

---

[1] A thana is an administrative unit that is smaller than a district and consists of a number of villages.

October). However, because of attrition only 1,769 households were available in the third round. A more detailed description of this survey can be found in Khandker (1998).

These households from 87 villages of 29 thanas were revisited in 1998/99. Unlike the 1991/92 survey, these households were revisited once in 1998/99. However, among the 1,769 households surveyed in 1991/92 survey, 131 could not be re-traced in 1998/99, leaving 1,638 households available for the re-survey. The attrition rate is therefore 7.4 percent. Re-survey included new households from old villages and newly included villages. Three new non-target households were randomly selected from each of the existing 87 villages. Also three new thanas were randomly selected from the southern and south-eastern regions that were severely affected by cyclone in 1991/92 and excluded in first round survey. Three villages were drawn randomly from each of these new thanas, making 9 additional villages in all. In these new villages, 20 households were drawn from both target and non-target households. Altogether 2,599 households were surveyed in 1998/99 out of which 2,226 are were from old villages and 373 are from new villages.