

# Micro Credit Programme

Income generating activities is one of the largest components of ASARR. The organization commenced micro credit program as an attempt to reduce severe poverty. The organization found it very difficult to help people without their participation. Through this program, the field supervisors organize small groups formed with the grass root people belonging to the poorest of the poor class, encourage them for savings and support them with financial assistance as well as technical and motivational guidance.



ASARR operates its micro credit program in the Kachkura area under Uttara Thana in Dhaka district. Due to the activities of the program the living standard of the poor people, especially the women have been change a lot.

ASARR first introduce the program in the Kachkura area under Uttara Thana, and the program is widely accepted by the people of this area as the member of this program is increasing day by day.

The micro finance programme of ASARR is a tool for poverty alleviation and empowering the poor. Lack of access to the formal banking system deprives them of the facilities to borrow, save and invest in productive activities, and this is a major reason why poor people remain poor. Making credit available to the rural poor enables them to become involved in different income generating activities which in turn, allows them to become economically self-reliant. Through this process ASARR's micro finance programme works to create a self-sustaining and reliable financial service programme for the poor.

## CREDIT

Credit is provided to its members to initiate different income generating activities. While loans for individual and joint activities do not require collateral, members must have some savings with ASARR before they are eligible for loans. Credit operations are

carried out through a Revolving Loan Fund (RLF). The RLF consists of donors' fund, members' savings, and other loans. Loans realized from the members are credited to and form part of the RLF for extending further credit. A 2% of loan loss reserve is kept to cover the risk of bad debts and death. Regular borrowing and payment allow the borrower to take larger loans.

ASARR undertake this program to provide technical training of handicrafts to the poor and destitute men and women and also provide loan facilities to them for establishing small and cottage industries.

It has been found that ASARR is following the PKSF model in its microfinance programme. It has been also found that ASARR has learned through experience that credit is an important tool in alleviating poverty. Therefore, ASARR should introduce the following sectoral activities: irrigation, sericulture, poultry and livestock, fish culture, food processing and social forestry.

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The Micro Enterprise Initiative Program was launched in August 1999 to provide loan to small enterprises with growth potential. The main objective of this programme is to provide credit facilities and technical assistance to new and exiting small businesses.