

How micro-credits by a local NGO instigate the socio-economic uplift of urban poor: A case study of Benarsi cloth weavers at Orangi Township in Pakistan

Ms Faryal Salman

Member Doctoral Program

Shaheed Zulfiqar Ali Bhutto Institute of Science and Technology

90, Clifton, Karachi, PAKISTAN

E-mail: faryalsalman@hotmail.com

Tel: +92 21 111 922 478

Dr. Mustaghis-ur-Rahman

Professor & MS/PhD Coordinator

Shaheed Zulfiqar Ali Bhutto Institute of Science and Technology

Research Fellow GMU, USA

E-mail: mrahman@gmu.edu

Tel: +92 21 111 922 478

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Abstract

Purpose: The purpose of this study is to examine the impact of micro credit by Orangi pilot project, which is a local NGO in Pakistan. The OPP-OCT (Orangi Charitable Trust) micro credit program's lending is targeted to the small number of clients it has identified as entrepreneurs. It is believed that empowering such persons will have a spillover effect in the tiers below and help reviving the socio economic conditions of the loan recipient.

Design/methodology/approach: The study is exploratory in nature and the focus of research is the Benarsi cloth weavers residing in the squatter settlement of Orangi town and having taken the micro level loans from OPP-OCT. There are approximately 7000 benarsi cloth weavers residing in Orangi town consisting of both hand loomers and power loomers. Out this entire population OPP-OCT has given loans to 186 weavers. Data has been obtained from 40 weavers who own handlooms and power looms.

Empirical data was collected through survey methodology. A detailed analysis through descriptive research and inferential statistics is conducted to assess the impact of loan on the socio economic conditions of the borrowers (Benarsi cloth weavers).

Findings: The findings of this study suggest that OPP-OCT provides loans only to the working entrepreneurs and not to the poorest of the poor. Therefore they are not making much contribution towards poverty alleviation. Nevertheless, the management claims that there is a "trickle down" effect as more employment opportunities are created in the neighborhood and absorbs every one. It was also observed during the survey that already self reliant entrepreneurs are prospering more and more. This is due to the fact that they have an infrastructure to support and alleviate. The loans are helping the poor working class come to the level of middle class. Another major finding of the study is that due to the technological advancement in weaving industry there has been a major transition from handlooms to power looms. But the cost of installing these power looms is exorbitant. A poor struggling benarsi cloth weaver cannot simply afford the costly equipment because the loans provided by OPP-OCT are very meager and are simply spent on meeting day to day needs of livelihood of these borrowers rather than investing in the machines.

Practical Implications: OPP-OCT program is replicated by other micro-credit institutions in Pakistan and is a model studied by international NGO's and students interested in NGO management. It facilitates better functioning of clients in the market economy and improves overall conditions of their lives.

1.0 Introduction

Poverty is a widespread global phenomenon resulting in hunger, deprivation and social injustice causing hardships for all those who are affected by it. According to recent World Bank statistics there are around 1 billion people living on less than \$1.25 per day. Natural calamities and disasters add to the woes of the underprivileged. The less developed part of the world is worst affected by the incidence of poverty. Poverty can be attributed as a function of unemployment, increased cost of living especially in developing countries, global mushrooming of population, widespread food shortages, soaring energy prices and lastly the exploitation of the poor masses at the hands of powerful few that result in unequal distribution of wealth and income disparities. The factors mentioned above ubiquitously contribute towards grave poverty in South Asian block despite the fact that the area is amongst the fastest growing economies. The number of impoverished in this region living on less than \$1.25 a day increased from 549 million in 1981 to 595 million in 2005. (Ghani, 2010).

Pakistan is the sixth most populous Muslim state with an annual growth rate (in population) of 2.2% and where 37% of urban population is below natural poverty line (World Bank, 2011). Needless to say this poses great many problems among which unemployment is one. Work related opportunities are shrinking which causes many social and economic issues. One way to combat poverty and generate more employment is through encouraging the individuals to run their own show by giving loans and credit. These small loans or micro-credit programs are aimed at poverty-stricken people who have little or no access to traditional methods of financing that requires collaterals. Number of support programs is streamlined in Pakistan by international donor agencies as well as the local Government. Just to name a few World Bank has initiated Pakistan Poverty Alleviation Fund (PPAF) that has supported 3.8 million microcredit loans in different parts of the country. Apart from these some non state players in Pakistan such as Non-Governmental organizations (NGO's) are also making important contributions towards helping generate work related opportunities to the destitute. Orangi Pilot Project (OPP) in the suburbs of Karachi is one such example of a local NGO. Through its Micro credit subsidiary Orangi Charitable trust has emerged as a successful model of micro finance. So far very thin literature is available that specifically focuses on the mechanism of loans provided to Benarsi cloth weavers in Orangi town who are the loan recipients. This study contemplates upon the role of micro credit in general to mitigate the ailments caused by non-availability of finance to the underprivileged that inspire to run their own concern to earn a better living. Next, the focal point of discussion is Micro credit program of OPP and its impact on the livelihood and socio-economic fortification of benarsi cloth weavers residing in Orangi Township.

2.0 Microcredit as a tool of poverty alleviation

In recent years many mechanism have been developed world wide which addresses concerns of growing unemployment, poverty and lack of economic growth. Micro credit for small and medium firms, often in the informal sector is one such intervention that has gained acceptance and popularity. It is assumed that the biggest constraint towards the expansion of such firms is the lack of credit at affordable rates. Not only NGO's but Government too has become an active provider of small credit.

Different authors and academicians have defined poverty both in relative and absolute terms (Rutherford & Stuart, 1999, Balisacan & Pernia, Asra, 2003, Foster & Greer and Thorbecke, 1984). Poverty has multiple connotations depending upon the region of reference. In a developed country poverty may be about a child not being able to celebrate his birthday; in a developing country it could be about individuals without three proper meals a day; United Nations has used indicators like life expectancy and education as a tool for measuring poverty (Economist, 2011). However we can simply define a poor as someone with not enough money to meet their basic needs. They have no savings and very few alternatives to help in case of dire emergencies or revert to traditional methods of borrowing. This keeps them trapped in the vicious circle of abject poverty with little means for altering their current stature. Micro finance has emerged as a contemporary concept to help the poor break the poverty trap. The Millennium development goals set by the United Nations Development program opened new horizons for poverty alleviation program having global footprints and reaching the poorest strata of the society.

Very prolific literature exists that authenticates the effectiveness of micro credit as a tool for poverty alleviation. Micro finance is very small loan that are extended to start or maintain micro enterprise targeted towards very poor echelons of society. These loans are repaid within short period of time and are essentially used by low-income individuals who have very few assets that can be used as collateral. (Snow & Buss, 2001). Micro finance is not just distribution of money but it relates to how loan is disbursed, and invested to individuals having low-income. (Benjamin & Rubin, 2004). Findings of a panel study conducted by Khandker (2005) in Bangladesh suggest that access to microfinance contributes to poverty reduction, especially for female participants, and to overall poverty reduction at the village level. Micro finance and micro enterprise development have emerged as popular instruments for poverty alleviation particularly after the Micro credit summit. (Servon and Bates, 1998).

There are three types of financial institution

Banks

NGOs' dealing In Micro finance

Money lending individuals

During the last two decades NGO's have emerged as well organized body that are often supported by state or international donor agencies aiming to reduce the plight of the poor in less developed countries (Streeten, 1997). These NGOs have played an effective role through mobilizing micro credit programs that extend loans to very poor people for self-employment projects that generate income enabling them to take care of themselves and their families. (Rahman, 1997).

Langran (2002) asserts that NGOs through capacity building help to sustain community development. Similarly, works by Baccaro (2001) reflects upon how particular NGOs help empowerment of poor women through a triangulation of micro-credit, awareness-raising and training of group members coupled with other social services.

2.1 Successful model of poverty alleviation in South Asia: Grameen bank

The Grameen bank of Bangladesh is micro lending institution that has earned legendary status in the community development. (Khandker & Shahidur, 1998). The bank began as an experimental project of Muhammad Yunus, its founder in rural Chittagong in 1976. Yunus believed that the poor assuming to be un-worthy of credit and the services of banking community were deserving of the confidence of institution that might help them break the vicious circle of poverty (Yunus, 2001). He envisioned that small, collateral free loans to the poor could help them establish sustainable livelihoods and also they would surely payback their credits.

The Grameen bank operates predominantly in rural villages (and also a few major cities) throughout Bangladesh and loans 94% of its disbursed funds to women. The loan recipient women invest seed money into the purchase of raw materials, livestock poultry or other items required to set up or expand a self-run business. With the fund they generate, women are able to both support themselves and repay their loans (Todd, 1996). To ensure that women repay a kind of social collateral is created through the formation of borrowing groups. This means that women form groups of five prior to applying for loans and accept group responsibility for the repayment of debt.(Anthony, 2005). The repayment rate of the Grameen bank has remained close to 98 % for the tenure of the banks existence, and its membership has grown remarkably in the past seventeen years. (Yunus, 2001).

The role of microfinance in improving the life of the poor has been widely discussed. Key questions about whom microfinance reaches and what it can achieve are still open, although expectations of poverty reduction and women's empowerment are widespread. (Easton, 2005). Studies as such are of quite important as India, Bangladesh and Pakistan have more or less same social and economic conditions. Thus the Impact of micro credit programs on the livelihood of borrowers is very much similar. (Elahi, & Danopoulos, 2004).

Based on the works of different researchers we can therefore hypothesize that micro credit has significant impact on socio-economic conditions of the loan recipients. Also they are important source of channelizing income generating activities for the deprived individuals of the society.

2.2 Micro credit institutes and banks in Pakistan

There are a number of micro finance institutions and banks in Pakistan that are extending small level loans to urban and rural poor. Some of the key players are: Agriculture Development bank of Pakistan, Agha khan rural support program, Baluchistan rural support program, Ahsash, Kushali Bank, Tameer micro finance bank, Sindh Rural Workers Cooperative Organization, Orangi Pilot Project, KASHF, Development Action for Mobilization and Emancipation (DAMEN) and SRSC (Sarhad Rural Support Corporation). These MFI's have a policy of group – based lending incorporating the Grameen Model for e.g. KASHF. Others like OPP target their loans towards the individuals. According to the sources of USAID foundation the number of active micro finance borrowers in Pakistan was 600000 by 2005. This phenomenal growth was due to the subsidy of international donors, local government and private organizations. NGO's such as KASHF, OPP, DAMEN are participating in community development by providing small

amount of loans to the impoverished. Amongst them Orangi Pilot project is a Karachi based NGO operating successfully since 1980 in Orangi town, a squatter development in the suburbs of the city.

2.3 OPP a model of poverty alleviation in Karachi

The Orangi pilot project is a non-governmental development institution created in 1980 and is located in Orangi, at the border of the City of Karachi, Pakistan. Orangi is considered to be huge, sprawling, complex web with a well rooted, well established and perhaps efficient, informal economic and financial system where large transport, housing, credit, education, health and service sector exist. (Rehman, 2003). Many of the activities undertaken in Orangi town and elsewhere in Karachi and Pakistan in the informal sector are probably considered to be Illegal by the definition of the government. Nevertheless whether, formal or informal, Orangi provides employment to many households and creates income for subsistence and in some cases create wealth, which is further invested in economic activities.

The OPP was founded under the leadership of Akhtar Hameed Khan. The Orangi Charitable Trust (OCT) emerged as OPP's micro credit subsidiary in 1987. The OCT was initially funded by loans from Pakistani banks, which it re-circulated as micro loans with no collateral required. Its funding base has expanded considerably since then. Its major donors were: The World Bank, the bank of cooperatives, The Infaq foundation (formerly BCCI). (Zaidi, 2003).

OPP tried to understand how Orangi worked, how people lived, their social and economic relations etc. OPP wanted to understand the underlying forces and rationale of the sub-city and then find ways to improve it.(Zaidi,2003) The OPP engages in multiplicity of programs that have evolved over time, including low cost sanitation (1981), health and family planning (1985), micro enterprise (1987), low cost housing (1988) social forestry (1990-90) and rural development (1992). Each program is independently managed and provides service to the residents of Orangi and outlying communities.

2.3.1 Orangi town

This paper is focused on the role of microcredit disbursed by a local NGO Orangi pilot project on the livelihood of benarsi cloth weavers; therefore it becomes imperative to understand the dynamics of locality where the NGO operates. The year 1947 has witnessed the greatest migration from both sides of India and Pakistan. As a result of this large influx of people with little or no resources for the newly independent country, it led to the development of suburbs in Pakistan.(Hasan,1999). The 1971 debacle of East Pakistan led to another mass immigration from the separated land. These immigrants greatly settled in large numbers in Orangi town which is a large underdeveloped settlement in the suburbs of Karachi with an estimated population of more than One million people (Orangi Pilot Project, 2004).

Residents of Orangi town are generally enterprising. Every member of the house hold is involved in income generating activities. Different businesses belonging to manufacturing, trading or service sector successfully operate on mostly small scales. Small workshops are set up

in homes where 5-6 people are employed. This enhances their business and generates more employment opportunities. However, general housing conditions in Orangi town are not satisfactory. Many of the loan borrowers utilize their loans in reconstructions of their housing laying down solid roofs, or tiled floors. Sanitation conditions are also improved with the help of loans. (Zaidi, 2003).

An important milestone of this settlement is that the whole of area and community has developed on the basis of self help. The area has only few branches of local banks and that too are in the market place. OPP-OCT is the only financial institution extending micro credit and catering to the needs of large number of masses in Orangi town. (Khan, 1996).

2.3.2 Benarsi cloth industry in Orangi town

Many of the immigrants from India belonged to Benarsi and thus brought with them the rich art of making Benarsi cloth. Since their forefathers had been engaged in this business therefore they had inherited the art of making Benarsi cloth. This led to the set up of an informal Benarsi cloth sector with little or no intervention by the government (Khan, 1996).

The “karigar” (as termed for weavers) have a real expertise in their work and are widely known for their craftsmanship. However, this industry has lost much of its charm and grandiose and has turned into a ‘sick’ unit because of number of reasons. Firstly, the benarsi cloth industry is greatly neglected by higher level authorities. Adding to the woes is the lack of exposure to contemporary skills and techniques to which these weavers are unable to compete. As culmination of this their skills and technology are becoming obsolete day by day.

Secondly, another important reason identified for the downfall of this industry is shifting from handlooms to power looms. Initially this industry was limited to hand skills only but the art lost its beauty and glamour because of power looms. In early 80’s there were about ten to fifteen thousand handlooms, however within two decades their number was reduced to approximately five hundred. The weavers at Orangi town used to receive big orders from all over Pakistan. Specifically from Punjab the “*beopari*” (buyers) use to come and have attractive deals. Nevertheless, because of power looms the cloth lost its appeal. Power loom woven cloth lacks the finish and style which was typical for hand woven fabric. The quality of cloth is also not as rich as compared to hand woven. Designs also lack uniqueness and “*booties*” (benarsi motif) are arranged in a line rather than a pattern.

Third reason is lack of financial resources. Power looms are very costly to install. Handlooms take about Rs 10000- 15000 to install whereas Power looms cost at least Rs 50000. With scanty or no capital resources many people have left the profession and opted for less capital intensive businesses.

2.3.3 Government and private sector support to the trade

As mentioned earlier the industry from its inception has flourished on the basis of self-help there are no documented efforts by the government so far. Contrary to our government this Industry is completely protected by the respective governments of India and Bangladesh. In India they have imposed complete restrictions of *zari* work on power looms. Bangladeshi government has also adopted the same measures. The government has subsidized weavers by setting minimum floor

price. They buy the cloth at this rate and it is to the discretion of the weaver to sell at any rate above this to whoever makes the better offer. In this way even If they (weavers) do not get an attractive bid they do not suffer loss too.

Pakistan has made no such policy. Ironically our cloth is being now used to make curtains, sofas in Saudi Arabia and other Middle Eastern countries. The Benarsi cloth market has been captured by India and Bangladesh.

In the year 1996 Citizen Foundation a local NGO made some efforts for the revival of Benarsi industry by the help of prominent industry leaders. The efforts included provision of handlooms raw material and designs to the weavers and fixation

Similarly Textile institute of Pakistan (TIP) was also involved in the revival of this Industry. Its dean personally visited many of the looms and showed personal interest. Blue prints were made for a number of plans and policies that could revive some sick units. The main issues identified by TIP were:

- Lack of expertise
- Design problems
- Color scheme
- Lack of professional attitude among the weavers
- Technical issues

However no significant work exists that shows serious efforts by TIP. Some of the preliminary work by the institute in investigation phase was also deemed useless. Orangi pilot project was the first NGO to take concrete steps towards resurgence of this ailing industry.

2.3.4 Orangi Charitable Trust OPP-OCT

OPP discovered that the growing settlement of Orangi was full of enterprising individuals. The most impressive demonstration of this enterprising spirit was the creation of employment everywhere in lanes and inside the homes (Hussain and Akmal, 2003). In response to the dual challenges of inflation and recession the residents have invented working family, modifying homes into workshops, promoting women from more dependants to economic partners and wage earners. (Matin and Hulme, 2002). The traditional patriarch system was abandoned with the astonishing speed (Rehman, 2003). Moreover, it was observed that production and employment could be easily increased provided the credits availability, as there was no shortage of demand in the market. But credit at reasonable rate was not obtainable, because banks were not accessible to the poor. (Hedrick-Wong, Kramsjö and Sabri, 1997). The absence of bank credit forced these entrepreneurs to buy raw material at exorbitant prices while their products were sold at comparatively lower prices. This left them with little or no profits.

A subsidiary of OPP 'Orangi Charitable trust' (OCT) became operational in 1987. It is facilitating micro credit to the inhabitants of Orangi town to run their existing micro enterprise to enhance production sale with simple procedures and without collateral at 18% service charges.

3.0 Research Methodology

The study is primarily exploratory in nature and following tools have been used for data collection; (a) desk research (b) In-depth interviews; (c) Focus group; (d) Surveys through questionnaire and (e) Hypothesis developing and testing. The entire population of this study consisted of 7000 Benarsi cloth weavers residing in Orangi town. Out of this OPP-OCT has given loan to 186 Benarsi weavers which has become the target population of this study. Sample size is 40 which is 20% of the target population. They consist of both the power loomers and hand loomers. The lists of loan recipients had been provided by OPP-OCT. Convenience sampling technique has been used to choose the sample because many weavers were reluctant to share any information and also the area where some weavers were residing was inaccessible. In order to make this convenience sample representative of the population, the following criteria were set for the inclusion of sampling units into the sample size: a) handloomers / powerloomers weaving benarsi cloth; b) hand loomers/power loomers who have taken loan from OPP-OCT only; c) weavers possessing handlooms between 5-10; d) amount of loan taken ranging between Rs 5000-30000.

3.1 Research instrument

The research instrument was methodically designed on Likert scale . The questionnaire was framed to capture the impact on the business of these benarsi cloth weavers in terms of an increase in income due to loans and also any improvement in the overall livelihood and socio economic conditions of the loan recipients. Feedback from the focus group and in-depth interview with those community workers who were directly involved in the revival of benarsi cloth industry also helped framing the questionnaire. The questionnaire consisted of number of questions which were divided into three parts a) basic information, b) loan attractiveness and c) socio-economic impact of loans. An example for this is; a) what is the main source of capital; b) select one reason why you prefer OCT loans over other sources.

Since language was a barrier with the respondents therefore the questionnaire had to be translated in Urdu for their general understanding and comprehension. A pilot study was conducted for pre testing the instrument.

3.2 Data collection

The most challenging part of this study was data collection. Many respondents were adamant and reluctant in sharing any information. However after the assurance by the management of OPP-OCT that the study was conducted for pure academic purpose to measure the impact and benefits of loans did then only these weavers filed their responses. The whole procedure of data collection was personally administered.

4.5 Hypothesis

Many authors have hypothesized the effectiveness of micro finance as a tool of poverty alleviation. [Amin et al \(2003\) in their working papers states hypothesis related to the ability of microfinance to reach the poor and vulnerable. Working on the similar footings Copeskate \(2001\) conduct a study in Zambia and reckons the impacts of microfinance programs on business performance and individual wellbeing.](#) Previous works by Rehman (2003) and Zaidi (2003) have asserted that micro credit by OPP-OCT had significant bearing on the livelihoods of residents of Orangi town. On the basis of these previous studies and insights from the in-depth interviews and

focus group, following hypothesis was generated to test the impact of loan on the income of the borrowers before taking loan and after taking loan.

- **Ho: μ equals to zero**
- **H1: μ not equal to zero**

Inference was made through the application of “t test: paired one samples for mean”. This test was used because the samples were dependent and related. They belonged to the same population i.e. weavers and they (weavers) have taken loans from OPP-OCT. For hypothesis testing we are interested in the distribution of the differences in the mean income. If after applying the test the mean income is not zero we can conclude that there is a change in income of borrowers after taking the loans. The test results confirm our research hypothesis. Population is also assumed to be normally distributed.

Result:

T- Test: Paired one Sample for Means

	Average income before loan	Average income after loan
Mean	12222.22222	13888.88889
Variance	9477124.183	14133986.93
Observations	40	40
Pearson correlation	0.797675765	
Hypothesized mean difference	0	
df	39	
t stat	-3.11677489	
P(T<=t) one tail	0.003137401	
T critical one tail	1.739606432	
P(T<=t) two tail	0.006274801	
T Critical two tail	2.109818524	

The computed t value falls in rejection region therefore we reject null hypothesis. The population distribution of difference does not have a mean of 0. We conclude that there is difference in the means of income before and after taking the loan. This also confirms to the findings of earlier researchers who assert that borrowing small loans through nontraditional resources have a significant impact on the incomes of the loan recipients (Halder, Khandker).

Discussion

The micro credit subsidiary of Orangi pilot project has targeted the struggling benarsi cloth weavers of Orangi town, through whom they believe will generate a trickledown effect in poverty alleviation among the entire segment. However there have been no significant findings that suggest the loans by OPP-OCT helps reviving the ailing benarsi cloth industry. For majority of the loan recipients such as 88% the main source of capital has been OPP-OCT loan. (Table 1, Annexure). Nevertheless, the amount of loan ranges between Rs 15000-20000. (Table 2, Annexure). This amount is quite insufficient as compared to the cost of installation of Power looms which is as high as Rs 100000. Therefore we can safely infer that the loan money is only sufficient enough to buy raw material and meet the credit requirements throughout the production process as mentioned in the above text. More than 50% of borrowers who have taken loans have income below Rs 10000 (Table 3, Annexure). The statistics point towards the fact that the overall

increase in income of these weavers have been very minimum after taking the loan.(Table 4, Annexure). Although 72% of the borrowers were of the opinion that these loans can help revive the benarsi industry (Table 5, annexure) but the Power looms are capital intensive and since the study has targeted those hand loomers and power loomers who were extended loan ranging between Rs 5000-30000 therefore the “sick” industry can be invigorated only if the loan amount is suffice. A great majority of the weavers think that the micro credit program of OPP-OCT has ease of availability and short installment plans (Table 6, Annexure). Another reason for the popularity is that the residents of Orangi town do not have much opportunity to borrow other than some non-traditional sources such as “committees” more commonly known as “*Bissees*”¹. 72% respondents are of the opinion that their business has grown after taking the loan. (Table 7, Annexure). As the process of loan dispatching to the borrowers is not cumbersome and the installments are short therefore according to 89% borrowers the loan repayment is not a strain on their business (Table 8, Annexure).

A very important aspect of this study is to measure the impact of Micro loans by OPP-OCT on the socio-economic conditions of the benarsi cloth weavers. More than 50% respondents agree that they have increased the purchase of physical assets after taking loans. (Table 9, Annexure). Expenditure on food had not considerably increased after borrowing and only 39% respondents filed their responses in agreement. (Table 10, Annexure). One dilemma for the underprivileged is the affordability of private hospitals in case any of the family members fall sick. This poor fate less people have to rely mostly on government hospitals. However findings of the study suggest that 50% weavers believe that they can afford treatments at private hospitals by the virtue of these loans. (Table 11, Annexure). The diagnostic phase of the study suggests that literacy level is quite high in Orangi town and this is strengthened by the findings of the research. 61% weavers agree that the quality of education for their children has improved after borrowing from OPP. (Table 12, Annexure). Another significant impact of the loan is ability to save by these weavers. A great majority of some 67% respondents agree that they have started to save more after taking loans. (Table 13, Annexure).Over all more than 50% respondents were satisfied with their overall quality of life and attribute it to the loans borrowed from OPP-OCT.(Table 14, Annexure).

Recapitulation and reflections

The findings of the study insinuate some substantial and considerable impact of the loans provided by the OPP-OCT on the overall livelihood of the Benarsi cloth weavers. Although OPP OCT has made significant contribution to boost up the benarsi cloth industry in Orangi Town nevertheless much more is still desired. The amount of loan disbursed is insufficient to meet the requirements of this capital intensive industry. It has been observed during the study that these loans are more beneficial for individuals who are associated with other miscellaneous business such as running a small ‘Paan’ or tea stall, a small PCO, vegetable or fruit vendors etc. Apart from this OPP-OCT provides loans only to the ongoing concerns. In a way they hedge the risk of financing a business from the scratch. If we compare OPP –OCT with Grameen bank we can find major differences between the two. Grameen bank aims at poverty alleviation by providing group loans mostly targeted towards rural women. OPP –OCT does not preferentially lend to women and is more inclined towards individual lending to enhance business productivity. (Naheed,2003).

¹ “Bissees” is the commonly used word for voluntary contributions (VCs). Generally low income group people accumulate/save their money on monthly basis with committee system and as per their agreed upon turn they get their saved money. Commonly the period of contributions varies from 12 months to 20 months.

While the study reveals the weavers satisfaction with the lending program but not much constructive efforts substantiate the poverty alleviation claims generally made by local NGO's. What is largely ignored is the grave law and order situation in which OPP-OCT is operating. The communal riots, frequent strikes, target killing negatively affects businesses in the neighborhood that faces occasional shutdown and closures. It becomes a nightmare especially for those who are earning wages on daily basis.

It has also been noted that many of the surviving handlooms are owned by boutique owners in Karachi who have provided space, finance and raw material to these weavers within their own facility. The looms are shifted from Orangi town due to law and order situation which ultimately shrinks employment for many weavers in the neighborhood.

Although it's a formidable task and a slow evolving process of improving overall socio economic conditions of weavers through micro credit program. But the true revival of benarsi cloth industry is not possible without formal support from the government agencies.

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Annexure

Frequency Distribution Table

Table 1

What is the main source of capital		
Response categories	Frequency	Percent
OCT loans	36	88%
Bisees/Committees	4	11%
Retained earnings	0	0
Other	0	0
Total	40	100%

Table 2

What is the amount of Loan taken from OPP-OCT		
Response category	Frequency	Percent
Rs 5000-10000	4	11%
10001-15000	16	39%
15001-20000	11	28%
20001-250000	7	17%
Above Rs 30000	2	5%
Total	40	100%

Table 3

What was the monthly income before taking loan		
Response category	Frequency	Percent
Below Rs 10000	20	50%
10001-15000	13	33%
15001-20000	5	11%
Above 20000	2	5%
Total	40	100%

Table 4

What was the monthly income after taking the loan		
Response category	Frequency	Percent
Below Rs 10000	9	22%
10001-15000	17	44%
15001-20000	7	17%
Above 20000	7	17%
total	40	100%

Table 5

Can OPP-OCT loan help revive the Benarsi cloth industry		
response category	Frequency	Percent
Yes	29	72%
No	11	28%
Total	40	100%

Table 6

what are the reasons for preferiing OCT		
response category	Frequency	Percent
ease of availability	20	50%
short installment	13	33%
quick disbursement	7	17%
Total	40	100%

Table 7

Has business grown after taking the loan		
response category	Frequency	Percent
Yes	29	72%
No	11	28%
Total	40	100%

Table 8

is the repayment of loan easy or strain		
response category	Frequency	Percent
Easy	36	89%
Strain	4	11%
Total	40	100%

Table 9

Has there been an increase in the purchase of physical asset after taking the loan		
Response category	Frequency	Percent
Strongly disagree	0	0
Disagree	2	11%
Neither agree/nor disagree	11	28%
Agree	16	39%
Strongly agree	9	22%
Total	40	100%

Table 10

Have you increased the expenditure on food after taking the loan		
Response category	Frequency	Percent
Strongly disagree	2	5%
Disagree	11	28%
Neither r agree/nor disagree	11	28%
Agree	9	22%
Strongly agree	7	17%
Total	40	100%

Table 11

Have you started visiting private hospitals when needed after taking the loan		
Response category	Frequency	Percent
Strongly disagree	0	0
Disagree	7	17%
Neither agree/no disagree	13	33%
Agree	16	39%
Strongly agree	4	11%
Total	40	100%

Table 12

Have you started sending your children to better schools after taking the loan		
Response category	Frequency	Percent
Strongly disagree	2	5%
Disagree	7	17%
Neither agree/nor disagree	7	17%
Agree	17	44%
Strongly agree	7	17%
Total	40	100%

Table 13

Have you increased savings after taking the loan		
Response category	Frequency	Percent
Strongly disagree	0	0
Disagree	7	17%
Neither agree/nor disagree	7	17%
Agree	26	67%
Strongly agree	0	0%

Total	40	100%
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Table 14

Are you satisfied with the overall quality of your life after taking the loan		
Response category	Frequency	Percent
Strongly disagree	0	0
Disagree	1	5%
Neither agree/nor disagree	11	28%
Agree	22	56%
Strongly agree	5	11%
Total	40	100%