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**COMPARATIVE ANALYSIS OF MICROFINANCE
INSTITUTIONS IN
PAKISTAN AND BANGLADESH**

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ABSTRACT

Many developing countries, even some developed countries too, have been emphasizing micro-credit programs as a strategy of creation of employment, especially empowerment of women, landless and assetless poor people of a nation by bringing them into formal economy who have been neglected for a long time. Many countries including Pakistan have also been trying to replicate the so-called Grameen Bank type micro-lending programs with the view of helping masses of poor by providing them with a little amount of money at reasonable rate of interest so that they can be self empowered. Based on the idea of Grameen Bank the micro-credit and micro-enterprises development programs/projects are tended to be the significant component of the coming 21st century's development initiatives in both poor and developed countries. The study is an endeavor to review the status of Microfinance in Pakistan, to identify a microfinance experience in Bangladesh of Grameen Bank, whose programs have been widely perceived as successful and compare its performances with those in Pakistan in respect of its practices and to suggest policy measures enhancing effectiveness and outreach of MFIs in Pakistan. Grameen Bank, First Women Bank and UPAP have created a melting wave in the financial market and in the socio cultural condition of Bangladesh and Pakistan. UPAP project aims at improving the quality of life of the disadvantaged and low income people living in urban areas as well as developing an indigenous model to alleviate poverty in the urban areas of Pakistan. FWBL basic aim is to empower women specially those from low and middle-income groups economically through facilitating their induction in economic process. First Women Bank have launched special credit schemes for women and students from low income groups who cannot afford any collateral for securing loan from financial institutions. The projects have successfully achieved their main aims to increase the participation of the rural poor in development through the promotion of self-created groupings, which engage in income- and employment-generating and other need-fulfilling economic and social activities. There is lack of project fund with microfinance institutions especially in Pakistan. UPAP and FWB project's training component is weak as compared to Grameen Bank and requires a special attention. It has been observed that the staff have to work very hard in order to convince the real poor and thereby obtain their involvement in the programme. Some members do not want to work together, since

they lack understanding of the merits and demerits of joint activity. The majority of Grameen, UPAP and FWB borrowers are female who are landless poor rural people. Majority of the FWB, UPAP and GB respondents paid the Bank installments out of the money generated by the microbusiness. There is need for some corrective measures against the risks of defaulters of loans (such as creation of emergency fund, insurance against non payment due to death, permanent disability, etc.), there are other acceptable causes of non repayment of loans such as natural disasters, events that are beyond the control of loanees, etc.