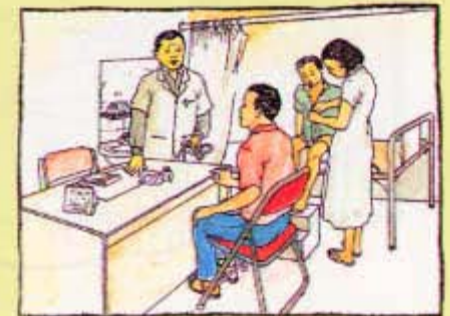
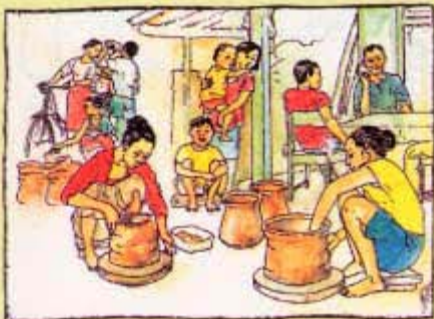


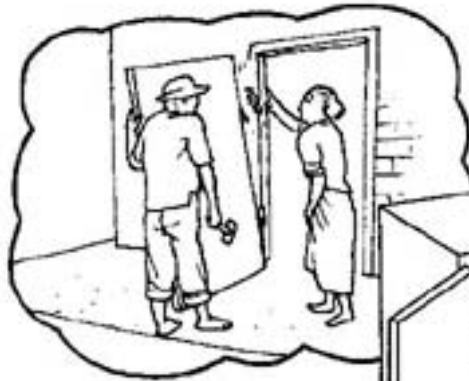
Micro-Credit

Things to Remember when Borrowing Money

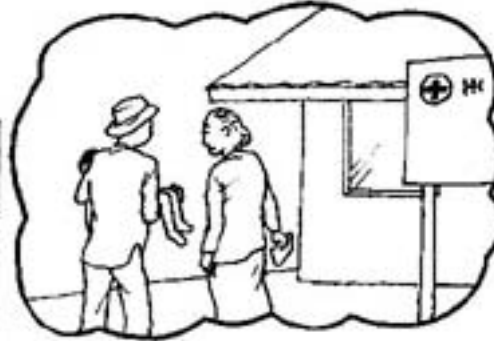


When we need extra money, Micro-Credit can help us.

There are several occasions when we need extra money for living, such as...



for meeting family needs,



for emergency situations, or



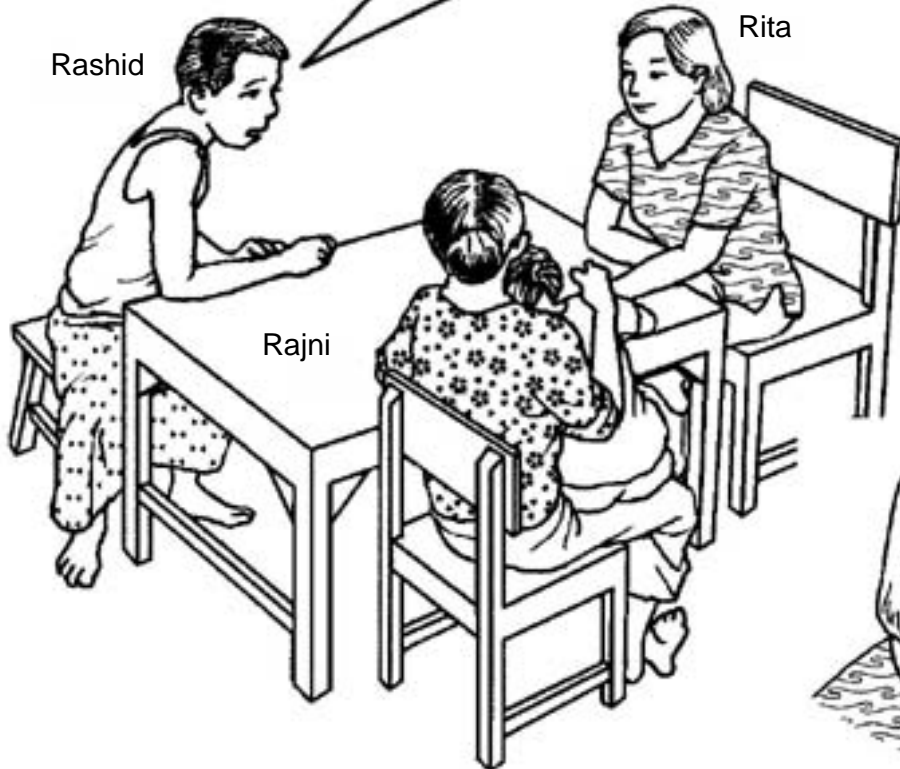
for expanding family business.



What is Micro-Credit?

Rashid and Rajni, who are farmers, have too little money to expand their farming activities. One day, they asked Rita, a member of the farmers' co-operative, for her advice.

Rita, I have heard that the co-operative has something called "micro-credit" that can lend us money. Could you tell me what it is?



Micro-Credit means small loans for people who need money for self-employment projects that generate income or for urgent family needs such as health problems and education. It is meant to help improve people's quality of life by lending them a small amount of money for a short period of time. The characteristics of Micro-Credit are....

The amount of money you can borrow is not so much.



You need to pay it back in a short period of time, usually within a year at most.



From whom can we borrow?

Borrowing from a money lender



Advantages	Disadvantages
<ul style="list-style-type: none"> • There is no limit on the loan amount and borrowing period. 	<ul style="list-style-type: none"> • Interest rate is high. • They request collateral* for securing the loan.

*collateral: Land or other estates to guarantee the repayment of the loan.

There are various money lending institutions such as banks, co-operatives, NGOs, and individuals. Since we have two major sources in this village, I will tell you about them, namely individual money lenders and farmers' co-operative. In general, borrowing big money from money lenders is risky. They tend to lend money at high interest (additional money you need to pay), and you have to return big money. While, our co-operative loans to you at much lower interest.

Borrowing from a farmers' co-operative



Advantages	Disadvantages
<ul style="list-style-type: none"> • Interest rate is low. • A group member may support you if you have difficulty. • No collateral is necessary. 	<ul style="list-style-type: none"> • There is limit on the loan amount and borrowing period. • You need to become a member and pay a membership fee.

