

How Imam Buksh Bhambro escaped the debt trap

Imam Buksh Bhambro from village Pir Buksh Bhambro was, until recently, one of the millions of farmers toiling away in farms in Pakistan, burdened by usurious debt that kept generations before him mired in poverty. Sowing season for him was not a time for budding optimism but one of apprehension. With no savings to fall back upon, Imam Buksh had to resort to the informal local money lenders, who profited by charging excessively high rates on his debt. Numerous visits had to be made to the money lenders who kept deferring loan payments to him, wasting precious time in procuring seeds and other farm inputs leading to poor crop yields.



Failure to repay onerous debt was met with dire consequences, with the village lenders refusing to finance further crop cycles. Imam Buksh laments selling off the family buffalo for a mere Rs 25,000 at one time to make good on his loans, robbing the family of their only source of dairy consumption and food security. Supporting a family of eleven including a wife, three sons, three daughters and three sisters, was becoming impossible with his monthly income of Rs 4,000 and expenditures in excess of Rs 6,000.

Being one of the farmers currently being financed under OSDI's Livelihood Assistance Program, Imam Buksh was recently provided with an interest-free microfinance loan for his fourth crop cycle under the Agricultural Development Project. OSDI's timely provision of seeds, pesticides and other farming inputs has freed him from the dependence of the village money lenders.

Before he received interest free credit from OSDI, Baksh crop yields were between 80 and 90 mounds. In the first year after benefiting OSDI's assistance his yield increased to 110 mounds. The following year he had his yields soared to 140 mounds, an increase of more than 50 mounds from average yields because of OSDI's agricultural assistance and technical supervision. This surplus crop of wheat was sold off in the market for an additional income of Rs 27,000. Moreover, he also doesn't have to pay Rs 10,000 every six months to service his debt to the local money lenders. The total income of Rs 119,000 under OSDI's Agricultural Development Project considerably improved Imam Buksh's finances in this crop cycle.

His new found prosperity enabled Imam Buksh to marry off his eldest sister in a dignified manner using his own finances rather than seeking more loans. He remarks that relief provided to him by OSDI's timely and interest free credit for his crop cultivation will help him fulfill his obligations to his other two unmarried sisters as well. Freed from the heavy burden of servicing his debt by the virtue of OSDI's interest free loans, Imam Buksh Bhambro can now focus on raising the standard of living of his entire family. With his savings he can now for the first time afford education for his children and better quality health care for his family.