

How Extreme Weather Events Impact the Frequency of Loan Take-up by Bangladeshi Households in Vulnerable Communities: An Analysis with Count Data Models.

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Abstract

This paper analyzes whether facing extreme weather events increases the probability of rural Bangladeshi households to take up multiple loans. Microcredit loans are marketed to low income rural households that do not have access to private and public commercial banks. These institutions charge higher interest rates than commercial banks and practice predatory lending. Using count data models, I show that households that face extreme weather events, households that own agricultural or non agricultural enterprises, households with members suffering from chronic illness and those who have faced sudden illness or death of an earning member are all significantly likely to make up multiple loans from microcredit institutions.

JEL Classification Codes: Q50, Q54

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