

CHAPTER ONE

INTRODUCTION

1.1 Background

Nepal, a small land locked country is situated on the southern slopes of the Himalayas. It is located between 26°22' to 30°27' North latitude and 80°4' to 88°12' East longitude. The total land area of the country is 147181 square km. It is approximately 885 km in length from east to west and 193 km in breadth from north to south. Ecologically, Nepal is divided into three regions: terai, hill and mountain. Most of the land of the country is higher mountain and rolling hills accounting for about 83% of the total area. The remaining 17% is occupied by the flat land of the terai.

Nepal is also one of the poorest country in the world. Per capita of Nepal is just \$470 (CBS, 2008) and about 31 percentage of the total population falls under absolute poverty line. The burden of poverty is spread unevenly among the regions of the developing world, among localities within those countries. It is estimated that more than one billion people in the developing world live in absolute poverty. Nearly half of the world's poor live in south Asia, a region that accounts for roughly 30 percentage of the world's population. In this context Nepal's rural sector needs modernization, diversification and commercialization of production and distribution system. Even among the rural people, the poorest of the poor need to stand on their own feet. Construction of rural physical infrastructure would provide some assistance temporarily, but that alone can not provide sustained employment and income. They need assistance, exclusively targeted at them, for social development, asset creation, skill development, technology transfer and marketing to provide long term employment opportunities. A properly designed and effectively

implemented financial system could thus help the rural poor to create productive assets as well as increase employment and income.

With the realization that credit can play very important role to increase production, income and employment for the low income people, the Nepal Rastra Bank directed commercial banks, in 1975, to provide five percentage of their deposit liabilities to low income families under the priority sector programme but later it was not properly utilized; neither did it flow towards the low income group. Because of this realization, Nepal Rastra Bank redesigned the priority sector programme into the Intensive Banking Programme (IBP) and directed commercial banks to invest at least 12 percentages of their loans and advances under this programme. But because of commercial and urban orientation and emphasis on collateral by the commercial banks, the programme failed to achieve the desired objectives, although initially it made some positive impact on poor households enabling them to accessibility of credit. The Small Farmer Development Programme (SFDP) of the Agricultural Development Bank also deviated from its basic mandate of providing credit to small farmers and landless families. Over the period, SFDP shifted its focus on upper group of small farmers with more emphasis on collateral. The landless and poorer sections of small farmer were thus largely neglected by the SFDP which was infact designed to cater their needs.

In this situation, need was felt for a programme which is targeted effectively towards the poorest of the poor such type of programme was being implemented and had good performance by Professor Mohammad Yunus at Chittagaun, Bangladesh. That programme was named as “Grameen Bank” and it was based on Grameen Bank Financial System (GBFS). This programme was replicated in Nepal in 1991 in the form of an NGO, namely NIRDHAN, which started initial work in January 1993 in Rupandehi District, Western Nepal and first loan was distributed on March

14, 1993. (Sharma V.P. 1996).

In the meantime, with the emergence of new democratic political system, Former His Majesty Government decided in July 1992 to create two rural development banks, namely, Sudur Pashchimanchal Grameen Bikas Bank (SPGBB) and Purbanchal Grameen Bikas Bank (PGBB) and established.

Gradually the women's legal status is going to change with new laws moving towards participation in political and economic sectors. Some women are working as doctors, engineers, layers, pilots and scientists. But the other reality is that most of the Nepalese women with limited educational skills and little formal opportunity are primarily in self-employed activities such as working some factories, as house helpers, sweepers, and daily wage earners as a means of supporting their families. Most of these activities are not paid as they should be. Women who have the technical knowledge and managerial skills are out of access to credit market and resources. In this way, they are not able to make significant improvement in their economic condition. Therefore due to these conditions Nepal has been a very poor country and has a very wide gap between in every sphere of life. In order to improve the economic and social condition of the people, it is needed to develop the rural areas. To reduce the poverty of the rural areas it is needed to poor especially the women to train them in vocational jobs can stand on their own so that men and women are equal in the process of socio economic development.

The United Nations Organization (UNO) had declared 1975-1985 as the UN decade for women. In Nepal the necessity of involving women in the process of socio-economic development was explicitly realized only after the sixth five year plan to the ninth five year plan. The initiatives in these plans have been taken to mobilize and involve women both as agents and beneficiaries in the development process. Appropriate measures have

been taken to strength their role through better access to health care, educational training and formal credit programmes. So this way after sixth five year plan the government has been giving emphasis to rural poor women in each five year plan through different programmes. In addition to these programmes, special facility is being given to the poor.

1.1.1 The Need for Rural Banking

Commercial banks occupy a unique position among financial institution. This uniqueness of commercial banks arises on account of the fact that among the various financial institutions banks alone have the ability to create money in the form of credit and thereby provide the economy with additional purchasing power and liquid investable resources. Traditionally, however, a commercial bank has been considered basically as a business institution that aims at maximizing its own profit while undertaking its activities, its service to society being incidental to the basic objective of maximizing its own profit. This orthodox view on the nature of a bank has undergone a change in recent years and the banking system of a country is now being considered as constituting essentially and fundamentally the financial infrastructure of economy rather than as a mere agglomeration of profit seeking business institutions. A well developed commercial banking system is, therefore, one of the basic requirements of the rapid economic development of an underdeveloped country. Consequently, the functioning of commercial banks in a presently developing economy like Nepal should be motivated by social productivity and social objectives, rather than maximizing private profit. A case for a rapid expansion of rural banking in the country can be made out on the following grounds.

1 To correct imbalances

Characteristic feature of the Nepalese commercial banking

system is the existence of marked regional, local and sartorial imbalances in the availability of banking facilities in the country and in the distribution of bank credit with all their adverse effects on the rapid and balanced development of the country's economy.

2 To provide institutional credit to rural areas

Secondly, expansion of rural banking in the country arises on account of the need of the rural areas for an adequate elastic and cheap institutional source of credit.

3 To mobilize rural saving

Rural banking is also necessary in order to generate and mobilize the saving of the agricultural and other rural sectors of the economy for productive investment in the non-agricultural sectors of the economy.

4 To induce rapid economic development

It should be noted that the urban industrial sector and the rural agricultural sector of an economy are not clear-cut compacting sectors. On the contrary they are complementary to each other. The development of one sector encourages as well as sustains the development of the other sector through supplying each other's input requirements and by providing market for each other's products. It is possible to bring about a rapid development of an economy only when a strong link is developed between two sectors of the economy. (Sharma V.P. 1996)

1.1.2 The Concept of Rural Banking

Two distinct approaches to the concept of rural banking can be adopted: first, the Geographical Approach, and second, the Functional Approach.

The Geographical Approach

The geographical approach, to the concept of rural banking is to define a rural bank, as a bank or branch of a bank situated in a rural area and rural banking transactions undertaken by such a bank and confined to a rural area.

The Functional Approach

The second approach to the concept of rural banking is the functional approach according to which rural banking can be defined as financing and provision of other banking services to agriculture and other rural activities like cottage and small scale industries, rural artisan's retail trade and other self-employment programmes in the rural areas. It may be noted, in this connection, that the regional banks functioning, in the country at the present are developed on this functional basis in order to provide financial assistance to certain well defined target group in the rural area.

1.2 Statement of Problems

Poverty is great problem of mankind. It is the quite serious and observable in developing countries like Nepal. The recent problem in rising for the reduction of poverty, innumerable policies and programmes have already been adopted, but due to the various constraints, these programmes and policies have not been so effective as expected. As a result, the people of developing countries are trapped in the various circle of poverty.

Nepal is a developing country where women are poorer than men

because they do not get adequate education, health care and economic resources. Most of the women are involved in agriculture but they are not recognized as farmers and they bear triple burden as such household, child care and farming. Men and women do the same work but the wage rate is different. This shows that majority of women are suffering from hard work and difficult social and economic condition. The situation obviously underlines the utmost need for launching an effective development programme to improve their situation especially in rural areas. These most unprivileged women are to be specially targeted, so that poverty reduction can be effective in the whole of this country. In Nepal different types of programmes have been launched such as Priority Sector Credit Programme (PSCP), Small Farmer Development Programme (SFDP), Integrated Rural Development Program (IRDP), Participatory District Development Programme (PDDP), and Micro-Credit Project for Women (MCPW) which are intended to uplift the rural poor and women. In light of this situation, GBB was established in July 1992.

Most of the women of dhangadhi municipality of kailali district are housewives, agriculture farmer and laborers. The ownership right over the family properties remains with son not a daughter. There is always a vicious circle of poverty existing in it. Women cannot get loan from different existing institutions since they do not have property in their own name. They are not involved in any decision making process. They are rather confined only in household activities. So, the purpose of this study is to examine the role of GBB and evaluate its impact to reduction of poverty in dhangadhi municipality.

1.3 Significance of the Study

The significance of the study is to see how income generating activities would enhance the economic status of women in the family and society in the research area. Grameen Bikas Bank provides support and assistance to the rural poor and enables them to move towards self reliance through gainful employment and income generating activities. It also provides community development programmes such as different kinds of training, adult literacy classes to its member. The study, it is hoped is an important assessment of the programme.

Main objective of the government is to reduce poverty and to support that very little study has been done in this context, thus, it is very important that the studies on poverty alleviation has to be done before implementing many plans and programmes. The study observes the characteristics and extent the basic causes of poverty among the people. It will find-out the ways to bring the rural women and men in the same economic footing. The increasing participation of women in economic activities will enhance their capabilities to change and develop their household and overall economy.

1.4 Objectives of the study

The overall objective of the study is to explore the role of Grameen Bikas Bank in poverty reduction of Dhangadhi municipality, Kailali district. However the specific objectives of the study are as follows:

- (i) To examine the change in the economical status of target group by the Sudur Paschimanchal Grameen bikas Bank (SP-GBB) programme.
- (ii) To evaluate the impact of SP-GBB on poverty reduction
- (iii) To suggest appropriate measures to improve SP-GBB women-based programme on the experience of Dhangadhi municipality.

1.5 Limitation of the study

The study has the following limitation:

- (i) Concentrating only on Dhangadhi municipality, the study may not represent the exact picture of women in the other area of the country and its result may not be suitable for generalization.
- (ii) The indirect impacts resulting in the long-run from the implication the SP-GBB programme for women cannot be studied due to time and budget limitation.
- (iii) Due to the different in socio-economic condition, the recommendations made here may not be exactly applicable in other areas of the country.

CHAPTER TWO

LITRARATURE REVIEW

Grameen Bikas Bank (GBB) in Nepal

Many Non-Government Organization (NGOs) and International Non-Government Organization (INGOs) are working in favors of rural poor women in Nepal. But these programmes have not been working in all parts of the country, because of different obstacle on the part of the programmes and on that of women. This is why a special programme targeting the poorest of the poor people seems necessary. The same situation prevailed in Bangladesh and a new programme was implemented thereby Professor Muhammad Yunus in 1976. The programme is named 'Grameen Bank' which was launched as an experimental project under the leadership of Prof. Mohammad Yunus.

Nepal replicated the Grameen Bikas Bank in 1992 with successful implementation of Grameen Banking in Bangladesh. Its main objective is to provide credit to rural poor people specially women for income generation. The Grameen Bikas Banks was established in five development regions between 1992 and 1996, to engross the targeted rural poor on group liability with the appropriate credit delivery mechanism.

Table 2.1: Establishment, Head Office, Branches, Employees

Region	Pu-GBB	M-GBB	Pa-GBB	MP-GBB	SP-GBB	TOTAL
Establishment(BS)	2049/11/17	2053/3/24	2051/12/28	2051/12/28	2049/11/17	
Head Office	Biratnagar	Janakpur	Butwal	Nepalgung	Dhangadhi	
Branches	39	43	40	23	20	165
No. of staff	276	250	211	128	78	943
Districts covered	9	14	14	5	8	50
VDC covered	258	323	320	119	72	1092

SOURCE: Nepal Rastra Bank, Micro Finance Institution 2009

Table 2.2: Recent Share Structure of all Regional GBB

Share Structure	Pu-GBB	M-GBB	Pa-GBB	MP-GBB	SP-GBB
Nepal govt.	8.25%	-	16.50%	16.50%	8.46%
NRB	-	74.00%	10.00%	63.17%	68.46%
Nepal Bank Ltd	5.00%	5.00%	5.00%	5.00%	5.13%
RBB	5.00%	5.00%	5.00%	5.00%	5.13%
Nepal Invest Bank	5.00%	-	2.50%	-	5.13%
Nepal SBI bank	-	-	-	5.00%	-
Standard Charter Bank	5.00%	-	-	-	5.13%
Nepal Bangladesh Bank	-	5.00%	5.00%	-	-
Himalayan Bank Ltd.	-	-	5.00%	-	-
Karja NIKshep and life Insurance Ltd.	-	1.00%	-	0.33%	-
Agriculture Development Bank	-	5.00%	-	-	-
Bank of Kathmandu	-	5.00%	-	-	-
Nirdhan Utthan Bank	-	-	10.00%	-	-
Group member of GBB	22.78%	-	39.67%	-	-
Staff of GBB	8.33%	-	1.33%	-	-
General People	0.69%	-	-	-	-
Nebil Bank Ltd.	5.00%	-	-	5.00%	2.56%
Agrawal group of company	34.95%	-	-	-	-

SOURCE: Nepal Rastra Bank, Micro Finance Institution (2009)

Objective of the Grameen Bikas Bank (SP-GBB, 1992)

The basic objectives of the bank is to provide easy excess to credit to the deprived section for the society specially the women for undertaking income generating activities for reducing the level of poverty. The objectives are as follows:

- To provide banking facilities and service to poorest of the poor in the society.
- To create income-employment generating opportunities through credit facilities and alluvial poverty prevailing among the poor people.
- To enhance the awareness level of the poorest of the poor through training and literacy classes.
- To develop institutional mechanism from the grass-root level to link saving with credit and initial self reliant economic activities for strengthening rural economy.
- To uplift the socio-economic status of the poor people through community based programmes.
- To conduct research on mobilizing resources to support the poor.

Policies of the Grameen Bikas Bank (SP-GBB, 1992)

- To provide services to poor and marginal people having less than 1 bigha (0.6 hectare) of land in terai and 10 ropani (0.5 hector) of land in hill areas
- To provide credit and banking services to poor women on priority basis.
- To organize the member into groups and provide credit on group liabilities without any collateral securities.
- To develop financial system through participatory approach for poverty alleviation and provide facilities for infrastructure development for the development of financial system.

- ❑ To disburse credit with primary focus on using traditional skill and physical assets and assist to increase income within a short period of time.
- ❑ To initiate banking activities preferably into the deprived areas based on the norms and value of bank.
- ❑ To develop co-ordination with line agency to transfer technology in rural areas.
- ❑ To have bottom-up planning under perfect decentralization framework is the primary focus on the planning process which allows the beneficiaries to participate in local level planning, implementation, supervision and monitoring of the programme implemented/to be implemented.
- ❑ To have credit mobilization through group comprising of 5 women or 5 men in each group.
- ❑ To provide banking services at their doorsteps through the formation of groups and establishment of the centers.

Strategies of the Grameen Bikas Bank (SP-GBB, 1992)

- ❑ Training is considered as an entry point and integral part of the programme to change the knowledge status of the beneficiaries. Training on banking programme and procedures, literacy class, creating awareness, skill development, child immunization, health and sanitation are organized on regular basis to enhance the existing knowledge.
- ❑ Group members involve in operating and managing the programme through participatory approach, thereby their institutional capability is enhanced. Operating cost is minimized through smooth operation.
- ❑ Beneficiaries are organized into groups. Each group comprises of five members of either sex from different households. So far

beneficiaries are exclusively women members.

- Loan is disbursed on staggered basis i.e. all five members will not receive loan at one time. Initially, only two members (poorest of the poor among them) will be eligible to receive credit. Credit ceiling has been fixed at rupees five thousand. These borrowers should pay the amount loaned on weekly installment, attend meeting on regular basis and follow the group's norms for at least eight weeks to enable additional two members should behave well and follow the rules and regulation strictly till 16 weeks to provide borrowing opportunity to chairperson of the group.
- Group member must deposit Rs 1.00 per day for 9 days during the training period.
- Borrowers are obliged to deposit 5 percentage of the credit amount in the group fund for emergency needs whenever they encounter trouble and problems.
- Besides compulsory savings each member must deposit Rs 1.00 every week as their individual savings. The saving should be deposited in group meeting to be held every week.
- Repayment of the loan is made on weekly basis. The principle and interest have to be repaid within 50 weeks.

The sixteen decisions of the GBB (SP-GBB, 1992)

- (i) We shall follow and advance the four principles of Grameen Bikas Bank Discipline, Unity, Courage, and Hard work in all walks of our lives.
- (ii) Prosperity we shall bring to our families
- (iii) We shall not live in dilapidated houses. We shall repair our houses and work towards constructing new houses as soon as possible.
- (iv) We shall grow vegetables all year around. We shall eat

plenty of them and sell the surplus.

- (v) During the plantation season, we shall plant as many seedlings as possible.
- (vi) We shall plan to keep our families small. We shall minimize our expenditures. We shall look after our health.
- (vii) We shall educate our children and ensure that we can earn to pay for their education.
- (viii) We shall always keep our children and their environment clean.
- (ix) We shall build and use pit latrines.
- (x) We shall drink water from tube wells. If it is not available, we shall boil water or use alum.
- (xi) We shall not dowry at our son's weddings, nor shall we give any dowry at our daughter's wedding. We shall keep our centre free from the cause of dowry. We shall not practice child marriage.
- (xii) We shall not inflict any injustice on anyone, nor shall we allow anyone else to do so.
- (xiii) We shall collectively undertake larger investments for higher incomes.
- (xiv) We shall always be ready to help each other. If anyone is in difficulty, we shall help him or her
- (xv) If we come to know of any breach discipline in any centre, we shall go there and help restore discipline.
- (xvi) We shall introduce physical exercises in of our centers. We shall take part in social activities collectively.

Many sociologist, economist and planners have developed their time on the topic "The role of Grameen Bikas Bank in poverty reduction." Among them, many researchers have analyzed to find out the

socio-economic status of poverty ridden rural women about various financial institutions.

In this chapter, an attempt has been made to rely on some literatures available from the different sources. There are very few literatures and other financial operations of GBBs in Nepal because GBBs activities have been developed recently. Some researchers, reports, articles and books are published from in and out of the country, on the world as well as Nepal perspective. Whatever, literatures are available is cited briefly.

Rahema, majid (1995) says, Poverty: Extensively used and abused term. The word “Poverty” is, no doubt, a key word of our times, extensively used and abused by everyone. Huge amounts of money are spent in the name of the poor. Thousand of books and expert advice continue to offer solution to their problems. “Strongly enough, however nobody including the proposed “Beneficiaries” of these activities seems to have a clear and commonly shared view of poverty. For one reason, almost all the definitions given to the word are women around the concept of ‘lack’ or ‘deficiency’. This notion reflects only the basic relativity of the concept, what is necessary and to whom? And who is qualified to define all that?

When one is poor, she has no say in public. She has no food, so there is famine in her house; no clothing and no clothing and no progress in her family. - **A poor women from Uganda (1995)**

The world **Encyclopedia (1996)** defines poverty is the state or fact of being in want people are poor if they lack enough income and resources to be adequately by the accepted living standards of community. Standards may vary greatly according to time and place.

Krishna Bahadur Kunwar in “**The Himalayan Poverty**” (2003) has vividly depicted the cause of poverty prevalent in the country. More than 85 percentage of the population of Nepal lives in rural areas, where

poverty is wide spread along with social discrimination between haves and have-nots. It is known fact that agriculture is the main source of income in rural areas and the link between poverty and low productivity of agriculture is very close. The author has rightly pointed out to overcome the country's problems of poverty, corruption and bad governance is through the effective formulation and implementation of groups or organization, skills and micro-credit popularly known in nepali term as 3 'SA' (*samuha, seep, sano-punji*) at the local level.

According to the '**Economic Survey**' of **Ministry of Finance, 2009**, poverty can be explained as a set of complex deprivation where potentials are curbed by scarcity hunger, disease, unemployment, sufferings, powerlessness and negligence of human dignity. Poverty is studied from different dimensions such as income, human and social inclusion. Analyses of poverty incidence, poverty gap, and squared poverty gap are essential in the context of poverty alleviation. The poverty line is determined by whether purchasing power necessary for acquisitioning basic goods and services is within or beyond the threshold of income. The poverty incidence refers to the number of people below the poverty line out of the total population, whereas poverty gap is a measure of population of the poor measured in term of gap between the poverty line and the people below it. Likewise indicator of the squared poverty gap shows the intensity of different level of poverty amongst the poor. Assuming an average of Rs 76,695 as the national poverty line according to Nepal Living Standard Survey (NLSS) 2003/04 around 30.85 percentage of the population is still found to be below the poverty line. According to the same survey, in terms of Purchasing Power parity (PPP), which is calculated on the basic of an income of one US dollar a day, the internationally adopted measurement standard of the, by the World Bank, around 24.1 percentage population is found to be living below the said

poverty level.

According to the **Tenth Plan**, the overriding objective of Tenth Plan is to alleviate poverty by appropriately addressing the income-based poverty, human poverty and social inclusion. The Tenth Plan, also known as PRSP, has targeted to bring down the income-based poverty to 33 percentages under the normal growth scenario (4.3 percentages) and to 30 percentages under the expected high scenario (6.2 percentages) and has devised policies, strategies and programmes accordingly. In the similar vein, other dimensions adopted by the plan are human and social aspects having indicators like life expectancy, child mortality, maternal mortality primary school enrollment and literacy (in terms of gender, caste and regions) along with quantifiable goals and specific activities on social and other economic sector. The Tenth Plan has shown the commitment to implement its four pillars through the means of MTEF and IAP:

- (a) Achieving high, broad-base and sustainable economic growth;
- (b) Improving the quality and availability of social and economic services, and infrastructure;
- (c) Ensuring social and economic inclusion of the poor, marginalize and vulnerable groups; and
- (d) Promoting good governance

Prakash Reghmi (2001) has described that poverty has many dimension: Social, Political, Economic, Environmental and cultural etc. Credit directly address to the economic dimensions of poverty. It mobilizes the resource and makes them accessible to marginalized communities such that they can tackle the practical problem they can face. But analyzing last few years, it has been cleared that the formal credit delivery system in rural areas, the banks and co-operatives, has not been able to keep pace with actual demand for credit. It was also in a way unrealistic to expect the formal credit system to be fully cognizant of the social objective of

providing credits to the rural poor, even more particularly to the women poverty. Poor women are generally unable to access the formal financial sector due to lack of tangible collateral with them.

Yunus (1992, 93, 94 and 97) has written that credit was a powerful economic and social foundation. It is a powerful economic weapon. Through correct credit policies and appropriate credit institution, it is possible to move a society in a pre-determined direction. For any person, credit creates new instrument to control over assets. Greater the access for individual to credit, the more powerful he/she becomes. The word 'credit' is supposed to mean 'trust'. But credit institution designed their procedures on distrust. In the process credit creation, the institution has created a differential caste system for the whole world. If we have money or property we belong to the 'Upper Caste' and doors to credit institution are open only to such financial 'Brahmins'. But if you do not have money or property, you belong to the caste of 'untouchables' and bank's door remains closed to financial 'Untouchables' forever

According to **Yunus(1992)**, poverty is not created by the poor; poverty is created by existing world system, which denies fair chances to poor. If we can ensure truly equal opportunities to everybody in the society there is no reason why poverty should linger around us. It is generally seen that in the developing countries, people demand more institutional reforms.

Yunus(1993) has written that the self-employment programmes will certainly help to remove the poverty through wage employment for female population because when we promote self employment, women can easily become income earners and demonstrate their economic talents. It lays down the foundation of a strong economic base with women participating in building economic base; it becomes the foundation for better social and economic future.

Yunus(1994) has expressed that more and more people are convinced that the removal of poverty is to make self-sustained activities of human beings and the credits one action, which is directly addressed to the individuals. GBB experienced has shown unmistakably that given the resource support through credit, the poor themselves can change their own situation. The best way to do something towards poverty alleviation is to have more motivation for those individuals to change the situation themselves, as no more knows more that the suffers themselves.

Yunus(1997) describes the genesis of a pioneering institution that has encouraged the social and political emancipation of needy women in Bangladesh. He says from the numerous studies on the bank that it has increased the economic as well as social well-being of its members, and pointed to the increasing power of women, to their challenge of conventional norms discriminating against them and to their greater political participation. Yunus adds saying that still much remain to be done to reduce poverty and end inequality and gender discrimination, micro credit in Bangladesh, as practiced by the Grameen Bank, has provided one simple strategy that works.

Asian Development Bank (2002) has published an article “Finance for the poor; micro finance development strategy.” Over 900 million people in about 180 million households in the Asian and Pacific Region live in poverty. Most of the Region’s poor (those who earn less than \$1.00 a day) or more than 670 million people live in rural area. Although urban poverty is also a growing problem in virtually all developing member countries, most rural poor people are engaged in agriculture or related activities and laborers, or small scale farmers. Many are also involved in a variety of micro enterprises. In many countries, women, who are a significant proportion of the poor and suffer disproportionately from poverty, operate many of these micro enterprises. In further says, “Most

formal financial institutions do not serve the poor because of perceive high risk, high costs involved in small transactions, perceived low relative profitability, and inability of the poor to provide the physical collateral usually required by such institutions. The business culture of these institutions is also not geared to serves poor and low income households.”

The Nobel Peace Prize for 2006

Among all the National and International Award of Grameen Bank, one of the outstanding achievements is the Nobel Peace Prize for 2006. This prize divided into two equal parts. To Muhammad Yunus and Grameen Bank for their efforts to create economic and social development. Lasting peace can not achieved unless large population groups find ways in which to break of poverty.

Muhammad Yunus has shown himself to be a leader who has manages to translate vision into practical action for the benefit millions of people not only in Bangladesh but also in many other countries. Loans to poor people without any financial security had appeared to be an impossible idea. From modest beginnings three decades ago, Yunus has, first and foremost through Grameen Bank, developed Micro-Credit into an ever more important instrument in the struggle against poverty. Grameen Bank has been a source of ideas and models for the many institutions in the field of Micro-Credit that has sprung up around the world. (*Anwor, 2008*)

The World Bank (2008) has made another research on poverty and poverty reduction of developing countries and prepared a report which states that agriculture is a major force for poverty reduction. In that sense countries are classified in this report as agriculture-based countries, transforming countries, and urbanized countries. Most of the Region’s poor (those who earn less than \$1.00 a day) or more than 670 million people live in rural area. Although urban poverty is also a growing problem in virtually all developing member countries, most rural poor people are

engaged in agriculture or related activities and laborers, or small scale farmer. Many are also involved in a variety of micro enterprises. In many countries, women, who are a significant proportion of the poor and suffer disproportionately from poverty, operate many of these micro enterprises. “

According to this report, 75 percentages of the world’s poor still live in rural areas, and rural poverty rates remain stubbornly high in South Asia Sub-Saharan Asia. Rural poverty reduction contributed more than 45 percentages to overall poverty reduction in 1993-2002, with small share of that resulting from rural-urban migration. The report also presented graphically China’s and India’s poverty reduction trend and effect of the agriculture sector in both urban and rural areas. As we mentioned above that the agriculture sectors plays the vital role to reduce the rural poverty. It can see in China. In the past decade agriculture was also the key to China’s massive and unprecedented reduction in rural poverty. The report also concluded that poverty means rural poverty or poverty is concentrated in rural areas, so issued a topic “declining rural poverty has been a key factor in aggregate poverty reduction.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction to the Study Area

The study area is situated in the plain terai area of the Far Western Development Region. Dhangadhi municipality is the head-quarter of kailali district. Dhangadhi municipality is situated in south west of kailali district. In 2033 BS this municipality was formed by merging three VDCs (Debariya, Taranagar and Trinagar). Its area is 94.6 square km. It is 109m above the sea level. During summer season there is too hot and its temperature reaches up to 43°c.

After the eradication of *malaria* most of the people from Doti, Dadeldhura, Achham, Baghang, Darchula, Baitadi migrated here. Dhangadhi municipality was established in 2033 BS and Nagar Vikas Sammiti in 2044 BS. According to the national census 2058, the total population of Dhangadhi is 68680. In which 35870 are male and 32810 are female. Population growth rate of Dhangadhi is 4.5% (census 2058).

Nature of the poverty

The people who are living in this area, few of them have enough land which helps to maintain good living standard. Some of them have a small area of land, due to which they are unable to produce sufficient food grain to fulfill their basic needs and to live *hand to mouth* life. There is no any income generating alternative activities. There is few infrastructures pre-requisite for industrial and commercial development. There is no proper arrangement of health, education and transportation facilities. Therefore the poverty situation in the study area is serious. In this situation SP_GBB has started lending loan to poor women for starting various new business like animal husbandry, retail shop, hotel, cattle trading, cloth sewing etc.

Caste/Ethnicity

In the study area most of castes and languages are found. Many years ago *Tharu* people were in majority but at present, other caste people who came from different parts of the country and some other parts of India, have different culture and language. Dhangadhi municipality is adjoined to India, therefore, some effects are also found there.

Occupation

A major fraction of the population depends on agriculture for their living. Barring a few, who possess land of their own rented land or as a vast majority cultivated on agriculture labors. Disguised unemployment is very high in the agriculture sector. Few are engaged in service, labor, animal husbandry and trade. It is also to be noted that whatever the vocation, agriculture occupies an integral place in their lives, in that many practice it is their secondary occupation.

Education

Being a urban center of Far Western Development Region. Most of the people in Dhangadhi municipality, either by hearing or of awareness, have come to realize the importance of education in paving way for a better livelihood. Though many people have been unable to send their children to school, because of their economic handicaps.

Inside the municipality, there are 26 primary school, 24 lower secondary school, 25 secondary school, 16 higher secondary school, 3 technical schools and 5 campus. In Dhangadhi municipality 35 percentage of the population is literate.

3.2 Research Design

The study is mainly based on micro study on the topic ‘The Role of Grameen Bikas Bank on Poverty reduction’. So, the present study is descriptive and analytical in nature. The sources of information have been

both primary as well as secondary data and Questionnaire information from the member of the bank who have borrowed loan from the SP-GBB, Area of Dhangadhi.

3.3 Nature and Source of Data

This study is based on primary and secondary sources of data.

Primary Data: primary data are availed and applied from the field level through questionnaire with direct interview of sampled units.

Secondary Data: secondary data are collected from banking sector especially from NRB, World Bank Report, ADB/N etc. rest of the secondary sources are obtained from related books, report, journals, news papers, dissertation and study related persons.

3.4 Population & Sample

Main study comprises one municipality, Dhangadhi municipality of kailali district of FWDR. The total members, who have borrowed loan from SP-GBB, Dhangadhi branch office are the 'Universe' or population of the study, so 3,311 women borrowers of this office are the population of this research. A sample of 50 borrowers has randomly drowned as the representative of this population for study purpose.

3.5 Sampling Procedure

The list of the member of SP-GBB was provided by the Branch office Dhangadhi. 50 members out of 97 Centers were chosen for study purpose. Respondents were selected with simple random sampling as the representative of the centers and total members.

3.6 Tools & Technique of Data Collection

Tools & Technique of Data Collection were the key factor of research which determines the purity of data and information. In this study following data tools and techniques were used to gather data for this study.

- 1 Questionnaire Survey
- 2 Observation
- 3 Field Note
- 4 Unstructured interview & in depth interview.

3.6 Analysis & Presentation of Data

Basically statistical tools and methods are adopted while interpreting the outcomes. Mean, Percentage, Correlation, regression, Graph, Pie-chart, Table and Hypothesis testing etc. is the tools utilized for interpretation and analysis of derived facts. But the main style of presentation is rather descriptive with lingual logic is contrast to mathematical expressions. Before proceeding to interpretation, pre-coded questionnaires, used in field survey, are demonstrated/posted in computer made tables with computer coding of each questions. Those information which were not quantifiable, are compiled through self-made tables which descriptive listing fur further explanation.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.1 Introduction

In this section, the researcher analyzed the collected data regarding the objectives. Here is also analyzed the socio-economic characteristics of sampled borrowers. Since the main component of the GBB is to provide credit for poor women for income generating activities. The main part of data analysis is concentrated with loan amount and its impact upon beneficiaries earning and living standard. For this, first we analyzed the demographic, socio-economic characteristics of GBB member. The part of demographic, socio-economic characteristics is concentrated in the caste-ethnicity of borrowers, educational status of borrowers, age structure of borrowers, family size of the borrowers and land holding size of the borrowers or their responsible person of the family. These all data gives the exact picture of demographic as well as socio-economic characteristics of the borrowers.

4.1.1 Caste/Ethnicity

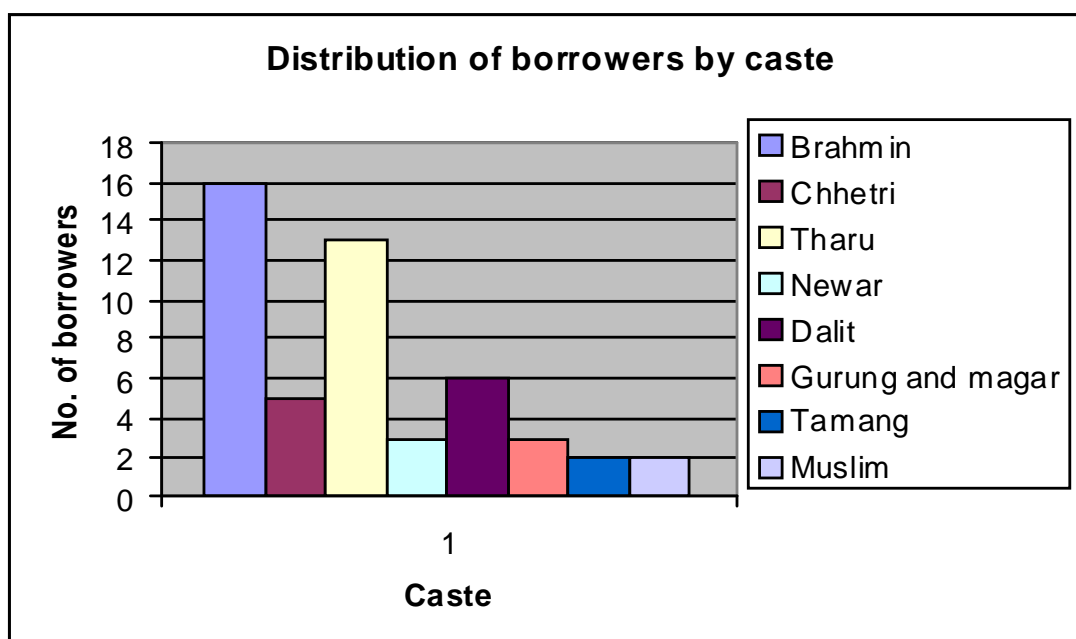
It has been found that the borrowers of GBB in Dhangadhi municipality are characterized by diverse caste. The following table shows the caste/ethnicity composition among the sample borrowers.

Table 4.1: Distribution of borrowers by caste

Caste	No. if Borrowers	Percentage
Brahmin	16	32
Chhetri	5	10
Tharu	13	26
Newar	3	6
Dalit	6	12
Gurung and magar	3	6
Tamang	2	4
Muslim	2	4
Total	50	100

Source: Field Survey, Sep 2009

Figure 1: Distribution of Borrowers by Caste



The table shows 32 percentage of total borrowers are Brahmin. 10 percentage, 26 percentage, 6 percentage, 12 percentage, 6percentage, 4 percentage and 4 percentage of the total borrowers are Chhetri, Tharu, Newar, Dalit, Gurung/magar, Tamang and Muslim respectively. Here Dalit represents the Sunar, Kami, Damai and Sarki. This table shows that more than 75 percentage of the borrowers are in the lower classes. Above table clears that different ethnic group is participated in the GBB programmed.

4.1.2 Age Distribution

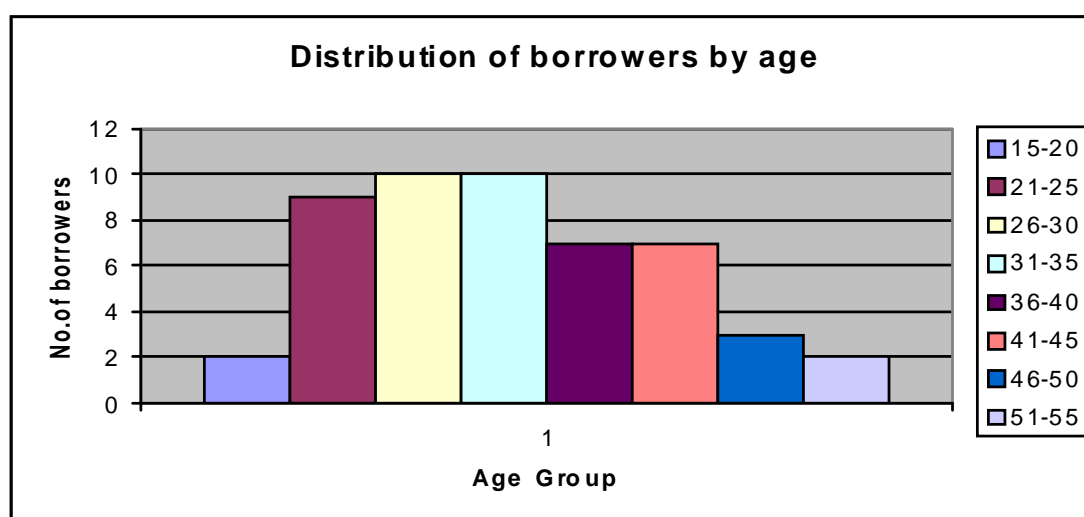
The age structure over the total sampled borrowers of GBB in the study area is analyzed in the below table.

Table 4.2: Distribution of borrowers by age

Age Group	No of Borrowers	Percentage
15-20	2	4
21-25	9	18
26-30	10	20
31-35	10	20
36-40	7	14
41-45	7	14
46-50	3	6
51-55	2	4
Total	50	100

Source: Field Survey, Sep 2009

Figure 2: Distribution of Borrowers by Age



The table shows that most of the member is adult. Of the total members there are 58 percentages is 21-35 age group. Women borrowers of more than 50 years are only 4 percentages of the total borrowers. It is found that the women of age 21-35 are more active in income generating

activities, because they are more responsible to their family’s economic betterment.

4.1.3 Marital Status

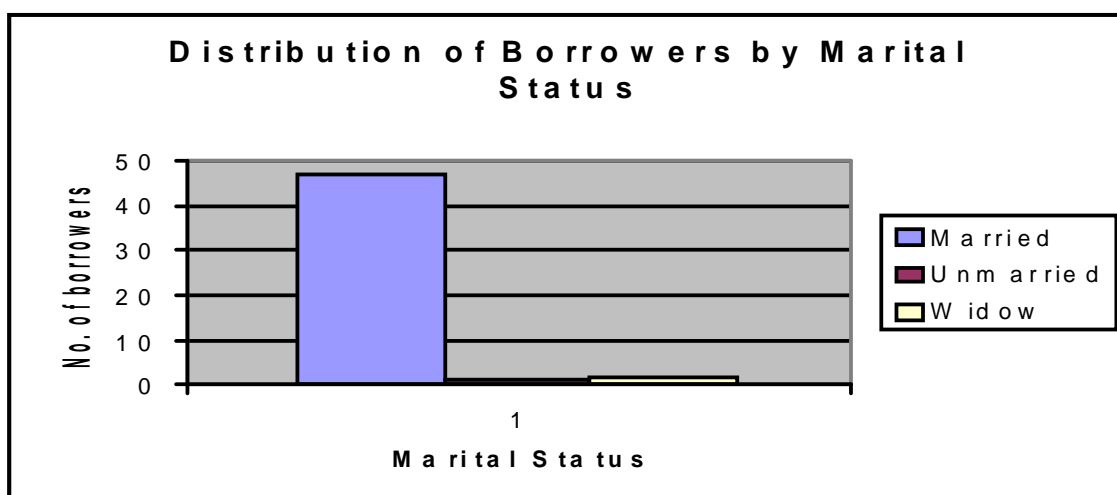
The marital status over the sample borrowers of GBB in the study area is analyzed in the table.

Table 4.3: Distribution of Borrowers by Marital Status

Marital Status	No of Borrowers	Percentage
Married	47	94
Unmarried	1	2
Widow	2	4
Total	50	100

Source: Field Study, Sep 2009

Figure 3: Distribution of Borrowers by Marital Status



The table shows that most of the members are married. Of the total sample member there are 98 percentage are married among them 4 percentage are widow. Only 2 percentage of the total sample members are unmarried.

4.1.4 Distribution of Borrowers Religion

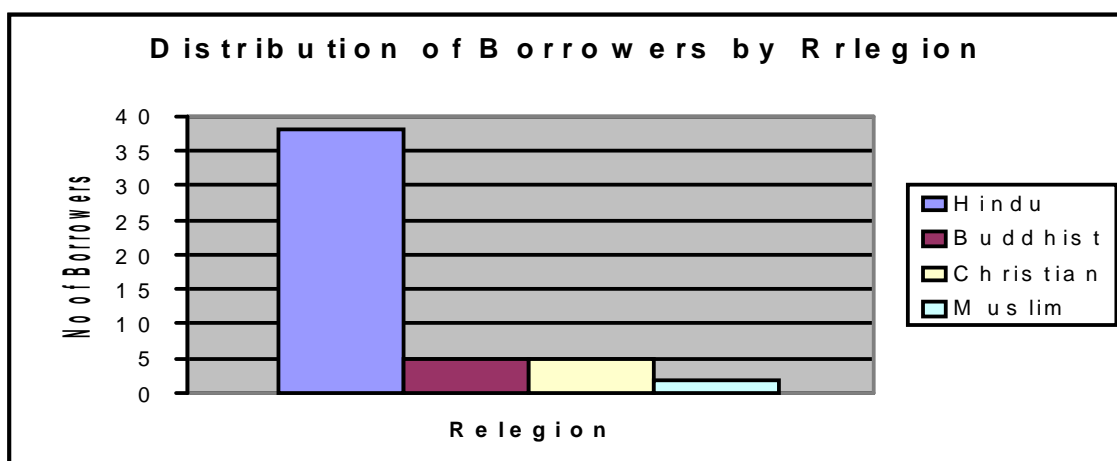
Borrowers have different social composition of various religions. There is diversity of religion, among them Hindu, Buddhist, Christian, and Muslim are available. The percentage of various religions is shown in the table below.

Table 4.3: Distribution of Borrowers by Religion

Religion	No of Borrowers	Percentage
Hindu	38	76
Buddhist	5	10
Christian	5	10
Muslim	2	4
Total	50	100

Source: Field Study, Sep 2009

Figure 4: Distribution of Borrowers by Religion



The table and figure shows that Hindu is the highest among the borrowers which is 76 percentage, similarly, Buddhist and Christian are 10 percentage and Muslim is only 4 percentage. This table shows that multi

religious people live in dhangadhi municipality.

4.1.5 Distribution of Borrowers by Education

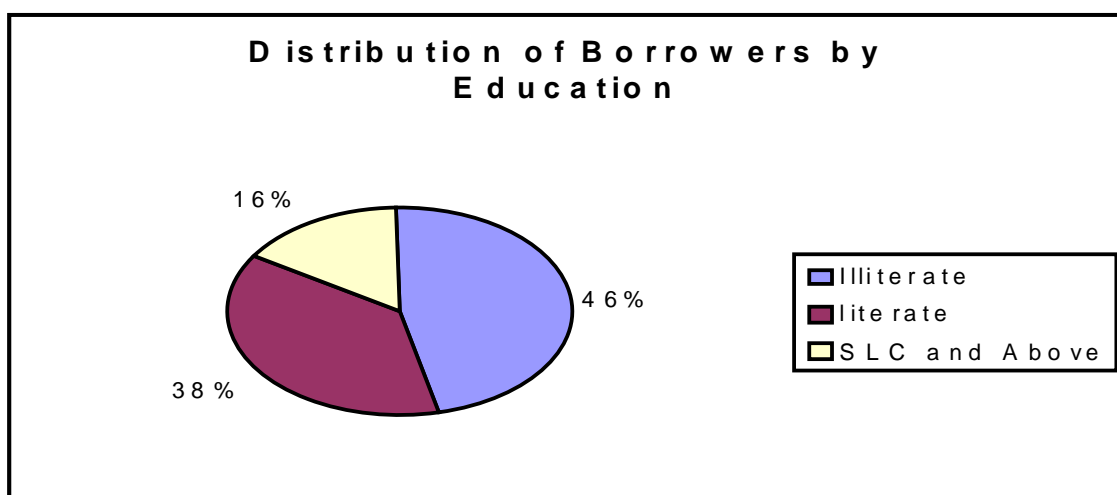
Education is one of the major factors for social as well as economic development. It affects all sectors of the society. The educational status of the borrowers is shown table below.

Table 4.5: Distribution of Borrowers by Education

Educational Status	No of Borrowers	Percentage
Illiterate	23	46
literate	19	38
SLC and Above	8	16
Total	50	100

Source: Field Study, Sep 2009

Figure 5: Distribution of Borrowers by Education



It is found that the large number of the borrowers are still illiterate, while among the literate most of the borrowers had informal educational attainment of the borrowers, 16 percentages had educational attainment of SLC and above.

4.1.6 Family Size

The size of a family is determined by the number of the family members in the household. This shows that the size of a family determines the women's awareness about having children. The following table shows the family size of the borrowers.

Table 4.6: Distribution of Borrowers by Family Size

Family Size	No of Household	Percentage
Small (up to 4)	14	28
Medium (5 & 6)	31	62
Large (above 6)	5	10
Total	50	100

Source: Field Study, Sep 2009

Of the total borrowers, 62 percentages has medium size of family (5 & 6) and 28 percentage of borrowers has small size family (up to). It has been noted that there is only 10 percentage borrowers who have large size (above 6) family. This fact has proved that in dhangadhi municipality, large numbers of borrowers has medium size family.

4.1.7 Head of Family

In Nepal, women are illiterate and engaged in daily household and agricultural activities. The social status of women is very low in comparison to the male. So, most of the head of the family is husband or father-in-law. Nearly 95 percentages of the borrower's head of family are male. It seems clearly that women's status is lower than the men.

4.1.8 Landholding Size

The following table shows the land area of the borrowers. This status gives the real picture of the borrower's economic status because land is the main property of that municipality. The land hold by borrowers or their family proportion is shown below.

Table 4.7: Distribution of Borrowers by Land Holding Size

Land holding size	No of borrowers	Percentage
Less than 5 kattha	18	36
5-10 kattha	6	12
10 kattha-1 bigha	20	40
Above 1 bigha	6	12
Total	50	100

Source: Field Study, Sep 2009

This table represents the size of land holding by the borrowers or the responsible persons of their family. Out of the sampled borrowers, 36 percentage borrowers have less than 5 kattha lands. 12 percentage of the total borrowers have above 1 bigha land.

4.1.9 Irrigation Facility

The study area is totally terai area but there is not *kulo* for irrigation so boring is the suitable means of irrigation. Irrigation facility is shown in the table below.

Table 4.8: Distribution of Borrowers by Irrigation Facility

Means of irrigation	No of borrowers	Percentage
Boring	23	46
Hand pump	12	24
Kulo	0	0
Non	15	30
Total	50	100

Source: Field Study, Sep 2009

46 percentages of the borrowers use boring for irrigation in their land, 24 percentage use hand pump, 30 percentages use rain fall for irrigation so they depend on monsoon.

4.1.10 Occupation

Occupation is one of the major factors for evaluating socio-economic condition of the study area. It indicates the trend of development. The main occupation of the study area is agriculture, other are hotel, small business and service. The following table shows the main and secondary occupation of the borrowers.

Table 4.9: Distribution of Borrowers by Occupation

Main Occupation			Secondary Occupation		
Occupation	No of Borrowers	Percentage	Occupation	No of Borrowers	Percentage
Agriculture	24	48	Agriculture	13	26
Hotel	4	8	Hotel	1	2
Animal husbandry	1	2	Animal husbandry	16	32
Business	11	22	Business	7	14
Service	4	8	Service	1	2
Other	6	12	Other	12	24
Total	50	100	Total	50	100

Source: Field Study, Sep 2009

Figure 6: Distribution of Borrowers by Occupation (Main)

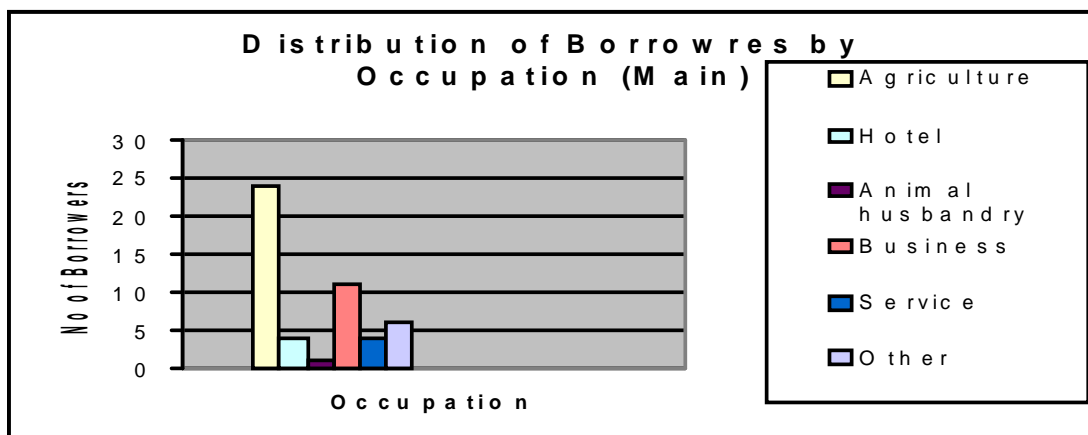
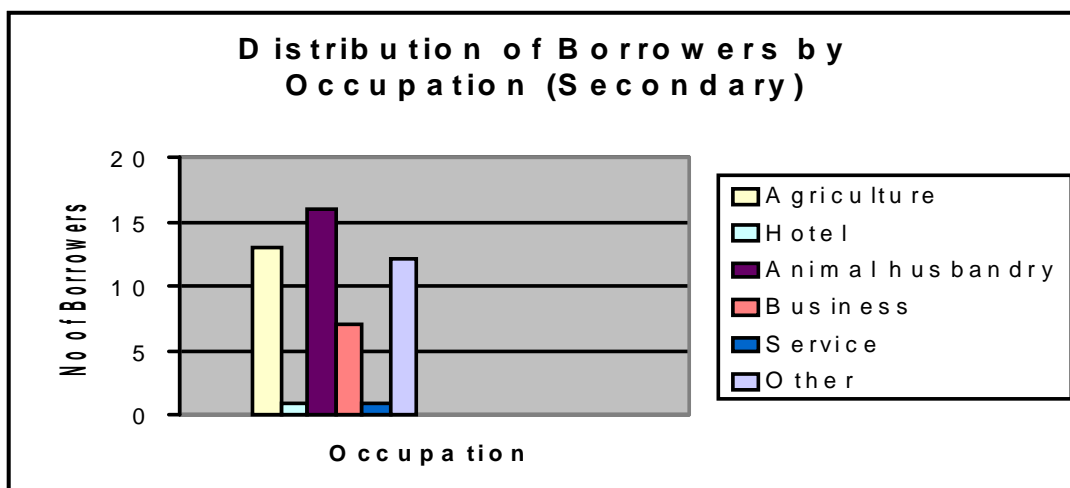


Figure 7: Distribution of Borrowers by Occupation (Secondary)



As a main occupation 48 percentage in agriculture likewise hotel, animal husbandry, business, service and other are 8 percentages, 2 percentages, 22 percentages, 8 percentages and 12 percentages respectively. As a secondary occupation agriculture, hotel, animal husbandry, business, services and other are 26 percentages, 2 percentages, 32 percentages, 14 percentages, 14 percentages, 2 percentages and 24 percentages respectively.

4.1.11 Involvement in GBB

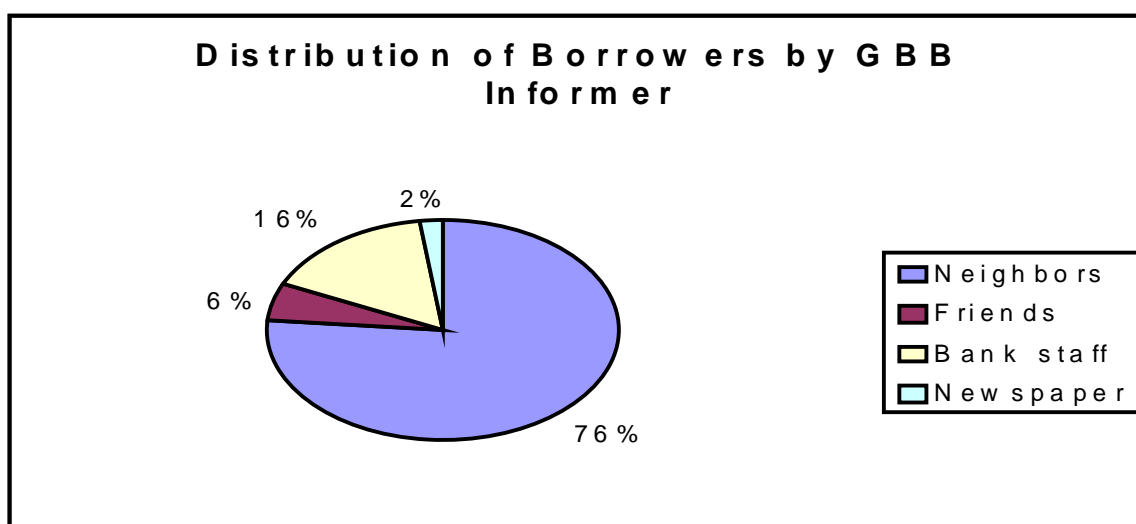
The Grameen Bikas Bank is the bank for poor. The informers of GBB are shown below table.

Table 4.10: Distribution of Borrowers by the GBB Informer

Informer	No of Borrowers	Percentage
Neighbors	38	76
Friends	3	6
Bank staff	8	16
Newspaper	1	2
Total	50	100

Source: Field Study, Sep 2009

Figure 8: Distribution of Borrowers by GBB Informer



76 percentage of the sample borrowers know about GBB by their neighbors. Friends, bank staff and newspaper are 6 percentage, 16 percentages and 2 percentages of borrowers respectively.

Most of the women who join the GBB are poor. They join GBB to improve the condition of their family. The causes of joining GBB are shown below table.

Table 4.11: Distribution of Borrowers by Causes of Joining GBB

Causes	No of Borrowers	Percentage
Improve condition of family	37	74
To be self dependent	11	22
Give company to friend	2	4
Total	50	100

Source: Field Study, Sep 2009

Only one cause to improve condition of the family is 74 percentages likewise to be self dependent is 22 percentages and to give company to friends is only 4 percentages.

Most of the borrowers are getting loan easily. How the borrowers get loan is shown below in table

Table 4.12: Distribution of Borrowers Getting Loan Facility

Getting loan	No of Borrowers	Percentage
Easily	26	52
Difficult	12	24
Easily takes time	12	24
Total	50	100

Source: Field Study, Sep 2009

52 percentages borrowers say that they got loan easily and 24 percentages borrowers say that they got loan easily but takes time and 24 percentages borrowers say that they got loan difficulty.

Most of the borrowers are not use their loan in particular purpose. They use their loan in other household needs. This is shown in table.

Table 4.13: Distribution of Borrowers by Purposes of Getting Loan

Loan spent on	No of Borrowers	Percentage
Particular purpose	9	18
Household needs	36	72
Business	1	2
In cash	2	4
Other	2	4
Total	50	100

Source: Field Study, Sep 2009

72 percentages of the borrowers are spent their loan in household needs. Only 18 percentages of borrowers are spent their loan in particular purpose. 4 percentages, 8 percentages and 8 percentages are spent in business, in cash and other purpose.

4.1.12 Interest Rate

All of the borrowers think that the interest rate is cheaper. Actually they don't know about the interest rate. After the clearance of the interest rate by researcher all of they say that interest rate is cheaper.

4.1.13 Benefit

Most of the borrowers think that they get benefit from the GBB. Some of them think that their life style is sudden change after the joining the GBB. Some borrowers faced many problems, so they can't use their loan in particular purpose, so they are not benefit from the loan.

4.1.14 Period of Repayment

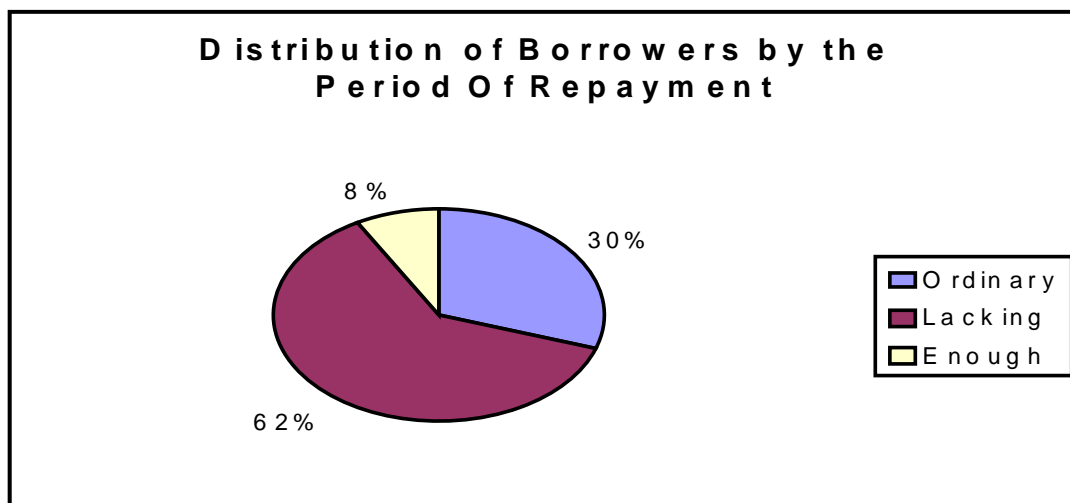
Actually the period of repayment is 7 days. Some of borrowers say, it is ordinary, some say, it is lacking and some of borrowers say, it is enough. This is shown in table below.

Table 4.14: Distribution of Borrowers by the Period of Repayment

Period of Repayment	No of Borrowers	Percentage
Ordinary	15	30
Lacking	31	62
Enough	4	8
Total	50	100

Source: Field Study, Sep 2009

Figure 9: Distribution of Borrowers by the Period of Repayment



From above figure, it can be concluded that 62 percentages of the borrowers say that the period of repayment is lacking. They think that the period of repayment is almost 1 month. 30 percentages say that it is ordinary and only 8 percentages say that it is enough.

4.1.15 Attitude Towards the Bank

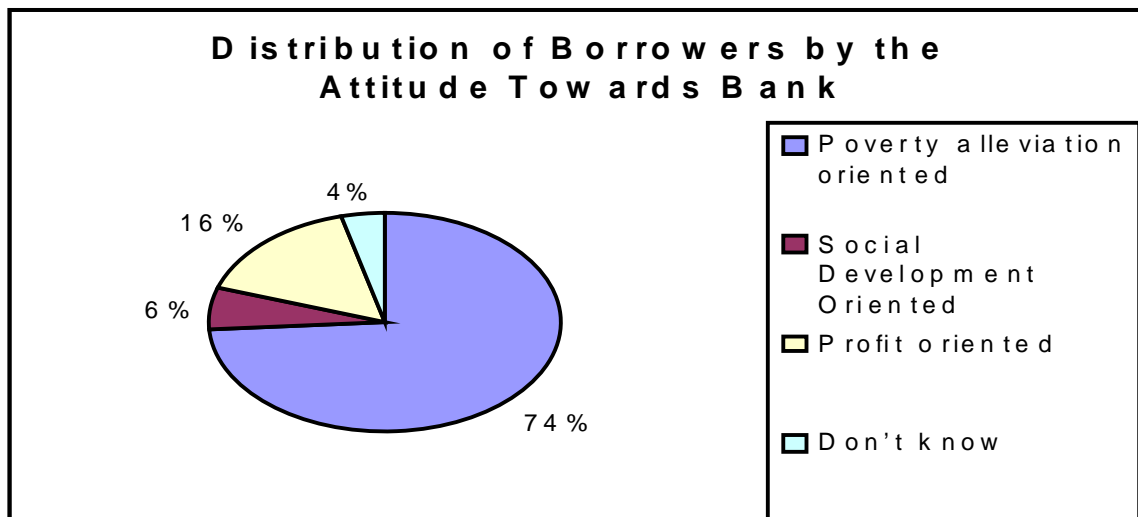
Borrower's attitude towards SP-GBB is different. This is shown in table below.

Table 4.15: Distribution of Borrowers by the Attitude Towards Bank

Attitude Towards Bank	No of Borrowers	Percentage
Poverty alleviation oriented	37	74
Social Development Oriented	3	6
Profit oriented	8	16
Don't know	2	4
Total	50	100

Source: Field Study, Sep 2009

Figure 10: Distribution of Borrowers by the Attitude Towards Bank



74 percentages borrowers think GBB is poverty alleviation oriented, 6 percentages think it is social development oriented, 16 percentages say it is profit oriented and 4 percentages think they do not know about it.

4.1.16 Consumption Pattern

Most of the borrowers think that their consumption is change after the joining the GBB programme. They found their fooding, clothing and their standard is change after the joining GBB.

4.1.17 Distribution of Borrowers by the Utilizing the Saving

Borrowers are utilizing their saving in different sector. This is shown in table.

Table 4.16: Distribution of Borrowers by the Utilizing the Saving

Utilizing the Saving	No of Borrowers	Percentage
Putting in still	25	50
Business	4	8
Saving in the bank	16	32
Investment in other sectors	3	6
No saving	2	4
Total	50	100

Source: Field Study, Sep 2009

50 percentages borrowers say that their saving is putting in still themselves. 8 percentages borrowers use their saving in different business. 16 percentages borrowers say that they save their saving in bank. 6 percentages borrowers use their saving in investing in other sector.

4.1.18 Housing Pattern

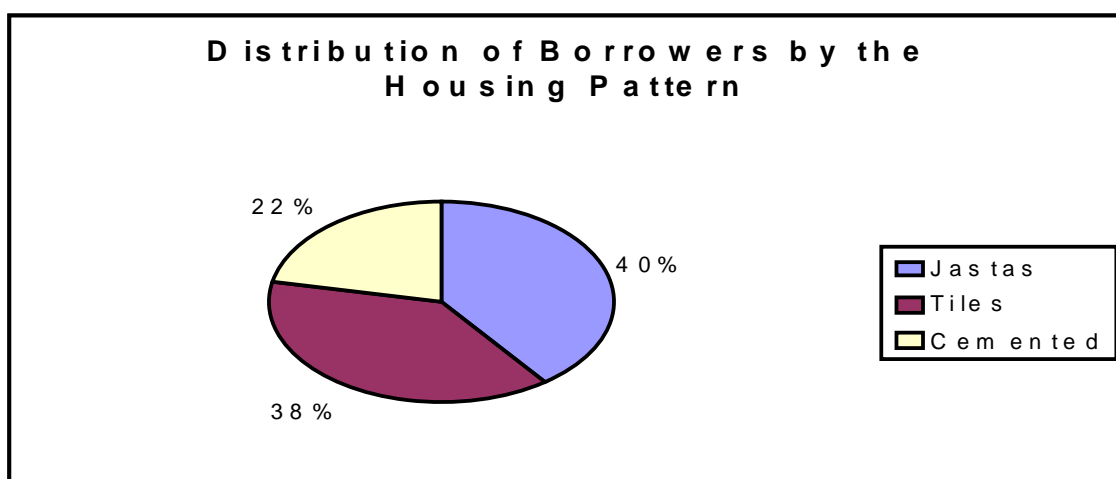
Most of the borrowers have a house with jasta's or tiles's roof. Borrowers housing pattern is shown in below.

Table 4.17: Distribution of Borrowers by the Housing Pattern

Housing Pattern	No of Borrowers	Percentage
Jastas	20	40
Tiles	19	38
Cemented	11	22
Total	50	100

Source: Field Study, Sep 2009

Figure 11: Distribution of Borrowers by the Housing Pattern



40 percentages of the borrowers have jasta's roof house, 38 percentages borrowers have tile's roof house and 22 percentages of borrowers have cemented roof house, which is shown in above table.

4.1.18 Distribution of Borrowers by the Schooling of Children

Dhangadhi is a municipality area so there are many boarding schools. So the borrowers send their children in boarding schools as well as government schools. This is shown below.

Table 4.18: Distribution of Borrowers by the Schooling of Children

School	No of borrowers	Percentage
Boarding	21	42
Government	17	34
Non or Both	12	24
Total	50	100

Source: Field Survey, Sep 2009

42 percentages borrowers send their children in boarding school. 34 percentages send their children in government school. 24 percentages of borrowers have no children or they send their children in both boarding and government school.

4.2 Changes in Women Status

The GBB provides credit to the poor women. The main aims are to uplift the women's socio-economic status, involve them in income generating activities, aware about health, politics and educate them.

The status of women refers to the extent to which women have control over their lives and have access to knowledge, economic resources and political power. There is no single index of the status of women, which can reflect all its dimensions. In this section the women's empowerment is concerned only on two topics such as:

- 1 Economic Status
- 2 Social Status

4.2.1 Economic Status

Women are economically lagged behind men. All of economic decision depends upon men. Most of economic activities have handled or

guided by men.

On the another side though women usually work harder and longer hours, they are not perceived to be making much contribution since of much of their work does not make direct financial contribution to the family. This shows women are fully engaged more hours than those men are in every work, but their contribution is dismissed. Here the present study shows the GBB programme is effective to uplift the economic status of women. It provides credit to rural poor women income generating activities. For that GBB takes classes for literacy awareness toward loan utilization, saving, income, health etc.

- 1 The present study shows that the women's living standard is increased after joining GBB programme through their income generating activities. The women are fully able to circulate the retail business on their own. And it seems that women's non-land assets, saving is increased but all of the GBB members are not able to do so due to dependency on their household and male.

4.2.2 Social Status

To know the impact of SP-GBB on social status, participants and non-participants also were asked about education, health, politics, sanitation status and about public information before and after intervention of GBB in their social life, and their perception about GBB based upon its member's reply and researcher's field visit experience the following findings emerged out:

- 2 Before GBB intervention almost all women were illiterate. They could not write their name and afraid to face new comers. They felt hesitation to express their feelings, thinking in the initial stage of GBB, after intervention of GBB all the members of GBB

are able to write their names and to do mathematical calculation orally. Nowadays they can face new comers without hesitation and they are not embarrassed to come out in the society. Thus, the women have been much and conscious after the intervention of GBB.

- 3 The public information, poor women are very much acquainted with temporary and permanent means of family planning, polio for their children, ineflities, rabies, diarrhea etc. one very much interesting thing is that some women are regarded as the local elite persons as municipality members.
- 4 Regarding in sanitation, they are new aware in food, drinking water, clothes, houses, safety toilet etc. GBB gave loan to the women to use water from tube-well which directly enriches the health of borrowers and poor women now were washed clothes at attired in a well from without bare foot.
- 5 Before affiliating to the GBB the deprived women have very low credibility, but now, being the GBB member they are easily believed in the society.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Summary

Nepal is among the poorest countries in the world. Poverty is deep rooted in rural areas. It is not difficult for even a casual observer to found thousands of people in different parts of the country are ill fed; ill clothed and ill housed condition of women is even more difficult than men. They are dominated by males and society. The economic and social status of women is very lower than men. They are pre-dominantly confined to domestic and agricultural activities and have few economic opportunities, working mostly as semi-skilled and unskilled. Women are far behind from income generating activities or development programme due to the lack of property and cash in hand. For economic development, both men and women must have equal participation. So, they can be mobilized in the mainstream of development.

To uplift the life standard of poor by reduction their poverty, the government has set up five regional Grameen Bikas Banks, namely: Purwanchal Grameen Bikas Bank (Pu-GBB), Madhyamanchal Grameen Bikas Bank (M-GBB), Paschimanchal Grameen Bikas Bank (Pa-GBB), Madhya Paschimanchal Grameen Bikas Bank (MP-GBB) and Sudur Paschimanchal Grameen Bikas Bank (SP-GBB). These banks are basically rural banks that offer a comprehensive package consisting of loan facility, literacy programmes, general health and sanitation to landless and poorest of the poor people in the rural areas in order to uplift their socio-economic condition and general living standard.

In Nepal micro-finance programme is recently developed strategy to bring about changes in the quality of the financially disadvantaged and

poverty stricken people at the rural and deprived community of Nepal which are replicated vision of 'Grameen Bank' of Bangladesh. In Nepal the Grameen Bank's view was established in 1991 as the 'Grameen Bikas Bank'. First the government established two regional banks i.e. Purwanchal Grameen Bikas Bank (Pu-GBB) and Sudur Paschimanchal Grameen Bikas Bank (SP-GBB).

The SP-GBB is basically the micro-financing programme that offers micro-finance and other services, consisting of loan (credit delivery) without any security, saving facility, literacy programme. The ultimate goal of the programme is to bring women into mainstream of development by upliftment their socio-economic condition thereby raising their living standard.

From the field survey it is found that majority of GBB beneficiaries are economically and socially underprivileged poor families of different castes. The survey data shows that most of members have increased their income, saving, living standard and social status after intervention of GBB programmes. Most of participants have spent their income for household consumption, child education and loan repayment, and some few are investing on fixed property. There is a vast majority of the respondents who have taken loan for small trade. It is proved that there is increase in income, increase in property, utilization of saving, increase in education, living standard, occupation etc.

5.2 Present Problems Faced by the Bank

From the Yunus point of views, we can conclude that an ordinary mismatch or negligence or communication gap may cause failure of any institution. These weaknesses can be found in a case of SP-GBB too. Basically it has been facing the following problems and weaknesses.

- 1 It is learnt that there is a low work load in head office and over work load in branch level. This situation may distort the loyalty and working speed of the bank workers in the long run.
- 2 There has been a long distance between branches and centers that's why the staffs returned from repayment with cash collection had faced frequent looting or other types of harassment on the way.
- 3 Grass rooted people who are their client, are not so educated and technically sound so it is very hard to convince them about the overall procedure and policies of SP-GBB.
- 4 Few group members do not pay the principal and interest amount on time. So there is some sort of problem on rendering the prompt service and fund management.
- 5 Financial component only doesn't serve the whole purpose of the rural or any type of economy. Other line services i.e. skill based training, and other different kinds of socio-economic infrastructure services are not been properly provided.
- 6 Most of the field employees are ladies. Due to the Nepalese traditional society and culture, different types of problems has been reflected on day to day operational level like frequent absenteeism, sudden marriage and quitting the job, low efficiency, unable to go in far distance for duty completion etc.
- 7 Most of the loaners are doing their traditional type of business. New technology and new type of profession has not been adopted by them. And, bank itself doesn't have any new and dynamic technology to apply for significant change of poor's

life.

- 8 It is learnt that the regular supervision and follow up from the head office to field and area offices has been decreasing. This factor is also directly or indirectly augmenting low performance of the staff and bank itself as well.

5.3 Conclusion

Basic concern of any developing country is 'Rural Development' and rural finance is the base and pillar of rural development. Basic thrust of the rural finance is to eradicate and reform traditional, rigid and backward condition of the rural economy and achieve modernized and dynamic stage. To augment the production, productivity, income and generate employment by which economic condition of the poor could be boosted up to transform the relevant rural technology in the appropriate production process. And ultimately change the overall economic structure, through proper co-ordination with respective social and economic patterns.

The fundamental objective of this study is to explore the role of GBB in poverty reduction, particularly relating to the sample area and especially the status of women in Dhangadhi Municipality and far-western region in general. In relation to this basic objective different sub-objectives are set.

The economic condition of the people of municipality in general is found not much satisfactory. Major findings are: there have been extended several positive impacts on social status of rural women by SP-GBB. Number of women those who can read and write as increased after the intervention of SP-GBB. Significant change in use of safe toilet and drinking water has observed. After the credit transaction with SP-GBB, number of families using safe toilet and drinking water has been increased

habit of constructing. Compound or fences around the house, medical treatment, inoculation, maintaining kitchen garden etc. has been changed positively. Reduction in the domestic violence, recognition of women's deciding role in the family, augmentation in leading quality, etc. are the other most positive impacts on the social side for women. Awareness upon managing domestic problems well, maintaining a moderate size of family and less children etc. has been seen improved. Occupation diversification of the women is one of the strong impacts of the SP-GBB is that it provides loan to the poor without taking any collateral and on the ground guarantee basis through its doorstep service. It does not discriminate the borrowers on the ground of client's origin, caste and colors. The involvement in the income generating activities has built up the self confidence of village women in their abilities i.e. literacy classes for women have made them to know about the skill relevant to bank and credit activities, such as how to sign her name and simple calculation regarding loan and interest . This programme has attempted to change the perception of women. That's why its popularity is increasing day by day.

5.4 Recommendation

On the basis of the above findings, problems and conclusions and the researcher field survey experience, the following recommendations have been presented for the growth, sound operationalization and up to date knowledge for the best utilization of Grameen Banking system.

- 1 The close relationship that is developed between in bank and the borrowers, and among the borrowers themselves, is a very important factor in the success of GBB.
- 2 Mixing of the poor and non-poor is a sure path to failure. So GBB must try to make the homogeneous group and must go deeper for

reaching the poor.

- 3 Sense of feeling of recognition should be given by the bank workers while making a group formation. Proper caution should be taken for group formation otherwise they might have been nuclear later on.
- 4 There is high demand for loan amount in the study area, but there is not sufficient supply. Therefore, GBB should increase its ceiling loan amount in different investment phases.
- 5 The programme should be developed a practical and varied training coerces related to skill development activities in agriculture extension income generation and business promotion as per the need of particular community.
- 6 In Nepal, the lower castes are dominated by the upper castes and they have little chance in income generating activities. It is recommended that in the GBB's programme those castes should be encouraged and involved. After their involvement, they will struggle against poverty and improve their socio-economic status.
- 7 In connection of increasing overdue amount, appropriate majors should be taken on time i.e. provision of motivator at least one in each center.
- 8 Arrangement of security measures should have been made as quickly as possible to discourage the unwanted ill-events during the collection period.
- 9 Certain chain in command should be created for bank workers.

For this 'A code of conduct' should have been prepared and imposed compulsorily. Reward and punishment system should have been made effective.

10 While recruiting, preference only to ladies for the post of field assistant should not be given.

11 Regular follow up and supervision from head office should be carried out.

For the successful reason of Grameen Bikas Bank, the profounder of this bank Prof. Mohammad Yunus has stated about Grameen Bikas Bank that there should not be political and government intervention to bank management, appointment of staffs, and interest determination. The researcher therefore' recommends that the political intervention is a hindrance for the success of such programme in a country like Nepal also.

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APPENDIX-1
QUESTIONNAIRE

Date:.....

1. Personal Information

Name:..... Age:.....
Caste:..... Marital Status:.....
Religion:..... Education:.....

2. Family Description

S.N.	Name	Married/ Unmarried	Age	Education	Occupation	Sex
1						
2						
3						
4						
5						
6						
7						
8						

3. Who is the head of your family?

(a) Myself (b) husband (c) father-in-law (d) other

4. What is your land holding size?

(a) Below 5 Kattha (b) 5 Kattha to 1 Bigha (c) Above 1 Bigha

5. Types of land?

(a) Khet (b) Bari.....

6. Have you irrigation facility in your land?

- (a) Yes (b) No

If yes, then what types of irrigation facility you have?

- (a) Kulo (b) Boring (c) Hand pump (d) Others

7. Do you produce sufficient food for your family from your land? For how many month?

- (a)0-4 months (b)4-8 months (c)8-12 months (d)saving outputs

8. Occupation

- (a) Main..... (b) Secondary.....

9. Livestock

Animal	Total No.
Cows	
Buffalos	
Goats	
Pigs	
Chickens	
Others	

10. From whom, have you got the information about the Grameen Bikas Bank (GBB)?

- (a) Neighbour (b) Bank staff (c) Friends

11. Why did you join the GBB programme?

- (a) To earn more income and to improve condition of family.
(b) To give company to friends
(c) To be self dependent
(d) Other specify

12. How do you find the programme of GBB?
 (a) Ordinary (b) Good (c) Very good (d) Other
13. How many times have you borrowed from GBB?
 (a) One (b) Two (c) Three (d) More than three
14. How did you get the loan from GBB?
 (a) Easily (b) Difficulty (c) Easily takes time
15. How do you find the interest rate?
 (a) Ordinary (b) Cheaper (c) Dearer
16. What was the amount and purpose of taking the loan?

S.N.	Purpose	Amount
1		
2		
3		
4		

17. Is the loan fully spent on particular purpose?
 (a) Yes (b) No
 If not, where have you spent it?
 (a) I've in cash
 (b) I spent on other household needs
 (c) Others
18. Are you benefited from the loan?
 (a) Yes (b) No
19. Which time do you have appropriate for repayment of installment?
 (a) Weekly (b) Quarterly (c) Monthly

20. How do you find the period of repayment of installment?
 (a) Ordinary (b) Lacking (c) Enough
21. What is your attitude towards the bank?
 (a) Social development oriented
 (b) Poverty alleviation oriented
 (c) Profit oriented
 (d) Others
22. Did you get any training from the bank? If yes, what?

- 1 How is your profit?
 (a) Ordinary (b) Enough (c) Loss
- 24 Are you satisfied from your earning?
 (a) Yes (b) No
 If no, why?
- 25 What is your consumption pattern? Is it changed after going the
 GBB programmes?
 (a) Yes (b) No
- 26 How did you utilize the saving?
 (a) Putting in still
 (b) Using it in business
 (c) Saving in the bank
 (d) Investing in other sector
- 27 That is the condition of your utilization (Food)?
 (a) Traditional food..... (Rice, Vegetable, Daal, etc.)
 (b) Non-traditional food..... (Fish, Meat, Sweet etc.)

- 28 What is your housing pattern?
(a) Hey roof
(b) Jasta
(c) Tiles
(d) Cemented
- 29 Where do you teach your children?
(a) Government school (b) Boarding school
- 30 Do you think your poverty has been reduction through this bank's programme?
(a) Yes (b) No (c) Do not know
- 31 Is there any problems faced after launching varieties of activities under the GBBs programme?
(a) Yes (b) No
If yes, what are they?.....