

CHAPTER ONE

INTRODUCTION

1.1 General Background

Nepal is situated in the lap of Himalayan, located in between the latitude 26⁰ 22' North to 30⁰ 27' North and longitude 80⁰ 4' East to 88⁰ 12' East and elevation ranges from 90 to 8848 meters. The average length being 885km east to west and average breadth is about 193km north to south. The country is boarding between two most popular countries of the world, India in three sides i.e. east, west, south and China in the north side. Nepal is landlocked country and home place of natural beauty with traces of artifacts. The northern range (Himalayan) 26 percent is covered with snow over the year where the highest peak of the world, the Mount Everest stands. The middle range (Hills) 67 percent is captured by gorgeous mountains, high peaks, hills, valleys and lakes. The southern range (Terai) 17 percent is the gangaitic plane of alluvial soil and consists of dense forest area, national parks, wild life reserves and conservation areas. The rain fall differ from place to place. In the geographic diversity and varied climatic conditions census 2001 enumerated more than 100 cast/ethnic groups.

Population projected for the year 2005 is 25,342,638 in which that the number of male is 12,685,375 and female is 12,657,263. In comparison the census 2001 increasing in male is more than female. The density of the population is 157 per sq. km. The population in urban areas is 14.2 percent of the total and rests are in rural area. [Nepal in figures, CBS, 2005]

Nepal is one of the economically poor countries in the world and it is the poorest country in the South Asia About 85.8 percent people live in the rural area and their main occupation is agricultural about 81percent of the total population but the level of productivity per unit land is low. This is due to small size of land holding, backwardness of the technology, lack of irrigation. So

most of Nepalese farmers are not able to save from their farm, what they produce, consume themselves. The contribution of agriculture to total GDP was 39 percent in 2004/05. For FY 2005/06, such contribution shares are expected to be 38.8 percent. The GDP per capita income in FY 2004/05 was \$ 297 and expected \$ 311 in FY 2005/06. In Nepal 38 percent of the total population is below the poverty line and expected 31 percent in the FY 2006/07. All these indicate that Nepal is at the bottom of Socio-economic development. This is also evident of HRD rank of 136 out of 177 countries for Nepal in 2006. [HDR 2006] The main causes of poverty are related with many factors such as lack of technical education, political instability, lack of infrastructure development and lack of financial institutions etc.

The government is faced with a dilemma of low economic growth and wide spread poverty in the country. The government has been directing its effects towards accelerating economic growth as well as alleviating poverty and unemployment. Therefore, the rural sector needs modernization, diversification and commercialization of production and list system. Even among the rural poor, the poorest of the poor needs more sustained assistance exclusively targeted at them for social development, asset creation skill development, and technology transfer and making to provide long term employment opportunities. A properly designed and effety implemented financial system could help the rural poor to create productive assets as well as increase employment and income.

With this realization credit can play a very important role to increase production, income and employment for the low income people. Rural development should aim at not only ensuring economic benefits but also social transformation for social change. Improvements in health, education, pure drinking water, sanitation, housing and attitudinal changes must be of priority issues in rural development. Besides, rural technology plays a vital role in rural development. However, the technology should consider local needs and rural

culture in such a way that it can promote local resources mobilization and generate new employment opportunities for rural poor and other disadvantaged sections of the society.

Nepalese women are found to belong behind male counterparts in every field, such as education, health, socioeconomic activities. Nepalese women are extensively engaged in agriculture activities, but they are not recognized as formal. They bear triple burden of work that is reproductions, household's chores and employment. Men and women do same work but women get lower wages than that of men. On the other hand, the contribution of the women is not counted in gross product like household chores and family chores are not considered productive jobs. This shows women where more than 50 percent in Nepalese population suffer from hard work and difficult social economic conditions, so their status is very low as compared to that of the men.

In spite of significant gain in formal literacy – from a mere 12 percent in 1981 to 43 percent in 2001 women lag far behind men in literacy and educational attainment. In fact, the difference between the men and women literacy rate between 1998 and 2001 remains same, 22 percent. Only girls below 14 years seem to be catching up with boys of the same age cohort. Women's life expectancy has improved significantly—from 53.5 years in 1991 to 60.7 years in 2001 and 63.1 years in 2005.[Nepal in figure,2005]Surpassing the life expectancy of 62.3years for men. The infant mortality has dropped from 78.5 per 1000 live births in 1996 to 64.4 per 1000 live births in 2001 and it is targeted to reduce 34 per 1000 live births as millennium achievements. In addition, the maternal mortality rate (MMR) of Nepali women (539 per 1,000,000 live births) ranks among the highest in the world (undp.org/Nepal).But, it is expected to reduce as millennium achievements to 213.

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, lawyers, pilots and scientist. But other reality is that most of the Nepalese women with limited educational skill and few formal opportunities are primarily in self employed activities such as working in same factories, as house helpers, sweepers, 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 skill are out of access to credit market and resources.

Agriculture and rural credit play very important role in poverty alleviation and in the creation of employment in the villages by promoting agriculture and other business. There has been enough achievement as targeted from the agriculture and credit programs. Lack of easy access to receive loan, inadequate instructional expansion, lack of security, excessive indirect expenditure to receive loan and high interest loan have been observed as the obstacles and employment by removing these obstacles it is necessary to make agricultural and rural credit system easy to general public.

Thus, the financial sector works as a facilitator for achieving sustained economic growth, fostering a healthy and competitive financial market is highly important. Financial system is important in the economy to pool and utilize resources, minimize costs and risks, expand and diversify opportunities, increase the locative efficiency of resources, and promote the productivity and economic growth. As mid November 2006, the Nepalese financial system consisted of 18 Commercial Banks (including ADB/N) 33 Development Banks, 11 Micro Credit Institutions (Including 5 Rural Development Banks), 117 Postal Saving Banks, 72 Financial Companies, 19 Co-Operatives(Licensed By NRB For Limited Banking Transactions), 47 Non-Governmental Organizations(Licensed By NRB For Micro Credit Transactions) 1 Stock Exchange with the network of broker and security dealers, 21 Insurance Companies, 1 Employee Provident Fund and 1 Citizen Investment Trust.

The survey conducted in 1991/92 with the technical assistance of Asian Development Bank, covered 7,336 rural households from 32 districts, representing all the ecological and developmental regions of the country. The findings of the rural household survey indicated 86 percent of the economically active rural population was engaged in agriculture, average annual household income in rural Nepal at 1991/92 prices as estimated at Rs. 26 thousand, the proportion sample household reporting borrowing from the intuitional sources during 1991/92 is estimated at a low of 8 percent for all households and among the borrowing household the proportion of institutional borrowers was estimated at 20 percent for rural Nepal ranging from 12 percent in the mountains to 22 percent in the hill. Agricultural development bank and commercial banks were the major institutions supplying credit to rural areas. A number of recommendations have been made with a view to improve the rural credit system to make it more effective, efficient, sustainable and responsive to the needs the rural poverty alleviation. Recommendation includes among others, establishment of rural financial market development, institutional reform designed to give greater focus in three government controlled banks. The Commercial Banks, Developmental Banks, Regional Rural Development Banks, Finance Companies, Financial Co-Operatives and NGOs are under the regulatory framework of Nepal Rasta Bank (NRB).

1.2 Development and Situation of Micro-Finance in Nepal

The earliest initiatives for establishing microfinance services in Nepal can be dated back to the 1950s when the first credit cooperatives were established. These were primarily intended to provide credit to the agricultural sector. ADB/N emerged as the result of the shortfall in the supply of funds for agricultural loans experienced by these credit cooperatives. A well-structured and specialized program to cater to the financial needs of the poor was provided further impetus with the launching of the Small Farmer Development Program (SFDP) in 1975 within ADB/N. This program, which covers the entire

country, aims at organizing farmers into small groups and providing credit on a group guarantee basis.

Over the past years, a process of institutionalizing the small farmer groups into the Small Farmer Cooperatives Limited (SFCL) has been under way. This process is being undertaken with the purpose of creating locally owned and managed financial institutions that can take over the activities of SFDP on a self-sustaining basis. ADBN has so far, been able to convert some 77 of its subproject offices into registered SFCLs. However, overall coverage of SFDP is still relatively low, as the 381 offices cover no more than 600 of the 4,000 village development committee areas in the country.

In 1974, one year before the opening of SFDP, NRB directed commercial banks to invest 5 percent of their total deposits in the "small sector." The objective of this measure was to promote rural finance. The activities to which credit was to be directed were collectively renamed "priority sector" to cover agriculture, cottage industry, and service sectors, and lending requirement for commercial banks to this sector was increased to 7 percent in 1976 and then further to 12 percent in 1990. NRB directed that 25 percent of these priority sector loans- or 3 percent of the total portfolio- should be lent to the hardcore poor under the "deprived sector credit" program.

In 1981, to strengthen the priority sector program, NRB introduced the Intensive Banking Program (IBP) which was intended to do away with collateral requirements and to get the banks to engage in group based lending. The program was undertaken by the two large commercial banks-NBL and RBB- and later by the first joint venture bank in Nepal, the Nepal Arab Bank Ltd (NABIL). Unfortunately, in practice, neither of the objectives of the program was achieved. In fact, it has largely bypassed the poorer segments of the population, reaching instead the non-poor small sector.

The next main step in the development of microfinance in Nepal came in the form of the first gender-focused program, the Production Credit for Rural

Women (PCRW), which was initiated in 1982 by the Ministry of Local Development in collaboration with the United Nations Children's Fund (UNICEF) and NRB. This involved the organization of groups of women and training them to undertake group-based borrowing from NBL, RBB, and ADBN. Encouraged by the results, yet learning from the experience of this initiative, the same department in 1994 started the Micro-Credit Project for Women (MCPW). This was more innovative since, for the first time in a government-sponsored program, it involved NGOs as intermediaries in financial service delivery.

In 1992, in an important initiative to augment the supply of microfinance, the first two RRDBs—one for the eastern region and one for the far-western—were established with government and NRB funds as replications of the Grameen Bank of Bangladesh. Focusing on extremely poor women, RRDBs use a group lending approach and a weekly repayment system. By mid-July 1997, five RRDBs had been established, one for each region in the country. While, initially four of the RRDBs were established, one for each region in the country. While initially four of the RRDBs were established under the Commercial Banks Act, 1984, the fifth was registered under the Development Banks Act, 1996.

Government also created a situation to encourage participation in the micro-finance by the private sector. Subsequently Nirdhan, Chhimek, Deprosc and Swabalamban Bank were established.

Micro Finance Institutions are dependent on small savings from group members. As a definition Micro-finance is, as a part of development finance, rural or urban, targeted towards specific groups of people, male or female, falling in the lower bracket of society. Financial services include savings, credit and other services such as micro money transfer and micro insurance. This service is differentiated by types of service employment and income oriented objectives, target group, target community, target area and credit at home.

1.3 Statement of the Problem

In one hand mass poverty is one of most burning issues in Nepal; on the other hand no economic development can be achieved without out the participation of women in gainful activities. Although women contribute in all spheres of economic activities, their full potentials are yet to be realized.

A Major factor behind the low per capita income and wide spread poverty in Nepal is high dependency ratio resulting from very low participation of the women in economic activities. The contribution of women in agriculture is more than that of men. But their contribution is not accounted in the economy. Women role in socio-economic development has not been properly recognized. In our country, women are as the traditional producer and manager of the domestic and subsistence sector. For uplifting the economic condition of the rural people and rural woman as well the establishment of Grameen Bikas Bank is of great significance.

The GBB is to raise the socio-economic status of the rural people by bringing in community development programmes and providing access to intuitional credit for employment and income generating activities. To make woman economically strong by handling the rural level saving and other programmes viz. weekly meeting, loan proposal repayment compulsory deposit, attending in different training and workshops at the local level. Such income generating program and activities seem to play an outstanding role in raising their economic standard and bringing overall development changes in every work and corner of the rural areas.

1.4 Objective of the Study

The basic objective of this study is to find out the impact of Grameen Bank on socio-economic development of rural women in Kohalpur VDC and specific objectives are as follows:

- 1) To find factors determining loan amount.

- 2) To analyze the impact of GBB on income generation of rural women in the study area.

1.5 Significance of the Study

This study has significant because of its evaluate nature. It tries to evaluate its performance whether the bank is accomplishing its objective of uplifting the economic condition of the rural women by lending and use of the borrowed fund by rural women. It provides the loan for poorest of the poor people. GBB has been actively supporting economically as well as socially, providing Community Development Programs, organizing adult literacy classes which increase the awareness of women on credit programs. Therefore, the study is important assessment of the program. Also, it is necessary to know the bank weakness and constraints of the financial operation of the bank.

Besides these activities, most important activities of the GBB are the group saving scheme where each member of the group is required to have saving deposit which can be used by individual. Such saving scheme increases women's propensity to save and hence in the long run helps them to lift their living standard. It increases the participation of women in economic activities enhances their capacity to change and develop their household economy. Therefore it has brought change on the economic status of the women in the family and society.

1.6 Limitation of the Study

No study can be free from constraints, so, the following limitations have been set in this study:

1. It is micro level study, so it has excluded viability and sustainability of the GBB in the Kohalpur, VDC.
2. The conclusion of this study may be or may not be applicable to the similar other areas.
3. The study has not assessed the loan repayment rate of the borrowers.
4. The study has not assessed the loan repayment rate of borrowers.

CHAPTER TWO

INTRODUCTION OF GRAMEEN BANK SYSTEM

2.1 Conceptual Background

2.1.1 An Outline of Grameen Bank: A Bank for Poor

It is difficult to find the right words to describe Grameen Bank. It doesn't conform to a pre designed organizational chart with its typical boxes and arrows in a fixed hierarchical arrangement. It is a highly dynamic and flexible organizational reality which goes beyond being an organization in a conventional sense.

The Bangla word, Grameen, has the meaning rural or village in English. So, Grameen Bank is a rural bank, a village bank, one which astonishingly succeeds in living up to its name. It is a bank that gives credit to the poorest of the rural poor and in the process, can proudly point to the generation of a small profit. Grameen bank is much more than an ordinary public bank. It believes it right to provide the poor with equal opportunities; at the same time its own existence depends on a productive client.

2.1.2 Origin of Grameen Bikas Bank

After the independence in 1971, people of Bangladesh were convinced that their lives would change for better, but instead things went downhill. At that time Professor Muhammad Yunus began to teach at the University of Chittagaon. Two years later in 1974, the country was hit by a famine and about one and half million people died in that tragedy. Hundreds of thousands of people were dying of hunger in streets, railway stations and huts of the villages. In campus he was teaching beautiful and complicated theories of economics impressing upon his students that economic text books have answers to all economic problems. Suddenly the conventional theories from him seemed useless and he left the classroom and went to the villages of Bangladesh. Very soon, he learned from the poor villagers that it is not the shortage of food that

makes people go hungry, but it is the lack of money to buy food which made people goes without food.

Dr. Yunus asked conventional banking institutions to make loans without collateral to the poor rural women but the bankers laughed at him. He said to himself, why doesn't he solve the problem by setting up his own bank? And he asked the Central Bank and the government for permission to set up a special Bank for poor people. Finally, the government gave permission in 1983 and Grameen Bank was born as an independent bank.

The Grameen Bank is the one of the most successful experiments in extending credit to the landless poor. Since 1976, it has empowered over two million villages in Bangladesh, mostly rural women through the provision of small loans. The Grameen Bank idea has already been replicated in forty countries worldwide.

2.1.3 Objectives of the Grameen Bikas Bank

Professor Yunus began his action research project which he called Grameen Bank Project came being with the following objectives:

- a. To extend banking facilities to poor men and women.
- b. To bring the disadvantaged people within the folds of some organizational format which they can understand and operate and from which they can find socio-political and economic strength through mutual support.
- c. To create opportunities for self employment for the country's vast unutilized and underutilized human resources.
- d. To eliminate exploitation of the poor by money lenders.
- e. To reverse the age-old vicious circle of "low income, low saving, low investment, low income" into an expanding system of "low income, credit, investment, more income, more credit, more investment, more income.

2.1.4 Grameen Credit Delivery Model

With integrated group organization, the Grameen Bikas Bank delivers credit to assist the rural poor. Separate groups for men and women with five members in each group from the banking units of GBB. Individual receives loan, out entire group is responsible for repayment, if one member defaults, no group member can receive additional credit. This rule compels group members to pressure one another to keep up with regular payment. Six to eight groups are formed into a community which is called centre. Each group elects a chairperson, who responsible for the discipline of group members. All transactions are carried out at the weekly centre meetings.

GBB provides loan to an individual member for a year. The loan with interest should be repaid in 50 equal weekly installments which the poor find easy to meet. The loans are provided for activities selected by each member of the five members group, and members help each other in selecting the activities. Amounts of loans and selection of activities are discussed in group and meetings. GBB workers assist each centre by visiting in a weekly basis.

2.1.5 Saving Mobilization as an Integral Part of Lending

GBB considers saving mobilization as an integral part of lending. Each member is required to deposit 1 Taka (Tk) every week at the weekly group meeting. Further, each borrower is required to contribute 5 percent of her borrowed amount to the 'Group Fund'. A borrower is also required to contribute 2.5 percent of the total interest due, on the principle to the emergency fund. The GBB manages this emergency fund for uses insurance against potential default because of death, disability or other misfortunes. This fund is also used to provide life and accident insurance to all group members, repay bad debts, and undertake activities that improve the health, skills, education and investment opportunities of group members.

2.2 Evaluation of GBFS in Nepal

2.2.1 Introduction

Nepal has been receiving foreign aid, grants and loans since 1951 to till date. The country has borrowed not only to maintain the administrative expenses of Government of Nepal but also to achieve the objective such as economic growth with stability, rural development, sustainable economic development, regional balance, employment along with income generation, poverty alleviation, providing credit facilities etc. For these burning issues, government has executed various packages of programs such as IRDP, Food and Intensive Banking Program, SFDP and income generating program specially focusing for women viz. PCRW, MCRW etc.

All the programs could not meet their targeted objectives. The Nepal Rural Credit Review Study, conducted by NRB in 1991-92, reveals that 70 percent borrowing out of total demand, in rural areas is transacted by informal sector; money lenders, traders, landlords etc. (Dahal, 1998;15)

Women, especially during these four decades, are out of reach from all resources; social, economic and political. Their contribution in each fields are ignored, this has led the economy to stand still. Thus, women should be brought in the mainstream of the economy by empowering them in every desired sphere.

2.2.2 Grameen Bikas Bank in Nepal

In the light of these facts, urgent need of a programme, which is targeted effectively towards the poorest of the poor, is felt. Such type of programme was being implemented and had good performance by Prof. Muhammad Yunus at Chittagaon, Bangladesh. Highly impressed with performance of Grameen Bank of Bangladesh and its operational management and organizational system some sort of government sponsored formal banking institution to introduce Grameen Bank Financial System (GBFS) concept in Nepal was tried but failed to achieve the above mentioned objective during

1980s. In 1991, with encouragement from Professor Mohammad Yunus founder of GB, and in cooperation with some friends from the Nepalese Banking System, an NGO named NIRDHAN was registered to replicate the GBFS in Nepal. The NIRDHAN started its initial work in January 1993 in Rupendehi districts of western Nepal and the first loan was distributed in March 14th 1993.

On July 1992 the government decided to create two rural development bank PGBB and SP-GBB with the share of NRs. 30 million each and recently increased to 60 million of the total scheme holding of the bank, the government holds 8.25 percent, Nepal Rastra Bank 66.75 percent and five commercial banks having 5 percent share each.

The two Grameen Bikas Banks regionally established-one head quartered at Biratnagar, Eastern Development Region and another at Dhangadi, Far-western Development Region, aimed at serving the most disadvantaged groups of farmers on regional basis. The banks provide credit on group basis after imparting necessary training and skill. The banks started their operations since July 1993.

These two banks started their loan operation in July 1993, which played important role in introducing the concept of GBFS in Nepal and laying conceptual operational, organizational and managerial foundation of Bangladesh GB type rural bank in Nepal to eliminate rural poverty and improve socio-economic condition of rural people.

At present five Grameen Bikas Bank, one each in five development region, are operating with the objective of providing loan to rural people for income generating activities without collateral by forming groups particularly of deprived women. According end of Ashadh, 2063 a total of 167,886 members of 47 (Including EGBB's targeted 3 districts) districts, 1,038 VDCs, 5,046 centers, and 36,403 groups. The numbers of branches 142, no. of employee 1,007 and the no. of creditors are 149,255. All the GBB are registered under

the Development bank act, 2052 and they have achieved licensed from NRB as category 'gha'. (NRB, Micro Finance Dep.)

2.2.3 Structure of shareholders and Capital

The equity structure of MPGGB is an authorized share Capital amounting NRS. 120 millions of which NRS.60 millions is issues and 60 millions is paid up.

The equity participation of MPGGB is NRB (Central Bank of Nepal) 63.2 percent ; Government of Nepal 16.5 percent, from commercial Bank 20 percent (Nepal Banking Ltd, Rastriya Banijya Bank, Nabil Bank Ltd. & Nepal SBI Bank Ltd. Each 5 percent) and credit Insurance Company owns 0.3 percent

The objective, policies and strategies of five Grameen Bikas Banks are as follows

2.2.4 Objective of Grameen Bikas Bank

MPGGB aims at empowering rural people for attaining self-sustaining socio-economic uplift through micro finance services. It's specific objectives are as follows:

1. To provide banking facilities and services to poorest of the poor in the society.
2. To create income-employment generating opportunities through credit facilities and alleviate poverty prevailing among the poor people.
3. To enhance the awareness level of the poorest of the poor through training and literacy classes.
4. To develop institutional mechanism from the grass-root level to link saving with credit and initial self-reliant economic activities for strengthening rural economy.
5. To conduct research on resources to support the poor.

2.2.5 Policies of Grameen Bikas Bank

- The bank provides credit to the rural poor households having less than 1 Bigha (0.6 hectare) of land in Terai and 10 Ropani (0.5 hectare) of land in Hill areas.
- To providing credit and banking services to poor women on priority basis.
- Disburse the credit with primary focus on using traditional skill and physical assets and to increase within a short period of time.
- Beneficiaries must participate on the regular saving scheme and saving should be collected every week.
- Organized the member into groups and provide credit on group liabilities without any collateral security.
- To develop Financial System through participatory approach for poverty alleviation and provide for infrastructure development for the development of financial system.
- To initiate banking activities preferably in the deprived areas based on the norms and value of bank.
- To involve women with first priority for the participation in banking programme.
- Loan repayment schedule is fixed for every week and installment is collected as per repayment schedule.
- Voluntary personal saving is also encouraged to the group members.
- Based on the discipline of the borrowers and utilization of the loan, the credit amount is increased gradually up to certain year's i. e. first year maximum Rs. 10000, Second year Rs. 20000 & third year & above years Rs. 30000 etc.

2.2.6 Strategies of Grameen Bikas Bank

- Beneficiaries are organized into group. Each group comprises of five members either sex from different households, beneficiaries are exclusively women members.
- Training is considered as an entry point and integral part of the programme to change the knowledge status of the beneficiaries; training on bank's programmes and procedures, literacy-classes, creating awareness, skill development, child immunization, health and sanitation are organized on regular basis to enhance the existing knowledge.
- Group members must deposit Rs.1 per day nine days during the training period.
- Borrowers are obliged in the group fund. A member can use group fund for emergency period.
- Besides the compulsory saving of the member must deposit Rs. 1.00 every week as their individual saving. The saving should be deposited in group meeting to be held every week.
- Member should pay loan borrowed every week. Amount repaid per week is 2 % of the Principle amount, i.e. amount borrowed should be he paid in 50 equal installments.
- 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. The borrowers should pay the amount on weekly installment, follows the group's norms at least eight weeks to enable addition two members of the group for borrowing. All four members should behave well and follow the rules and regulations strictly till 16 weeks to provide borrowing opportunity to chairperson of the group.

2.2.7 Organization and management

The board of director is the apex body of the bank, which is responsible for formulating policies and plan of the bank containing 7 members, executive chief of the bank is responsible for overall management.

Similarly various Branches of the banks, consists various centre supervision by Area, District and Main Branch office of that district and head office.

2.2.8 Organizational Structure of the M-WGBB

At present the Bank is working with following Organization structure as shown in Fig. 1

Source: Grameen Bank-Nepal Source, Policy Guidelines, M-WGBB, Nepalgunj Nepal.

2.2.9 Management of Credit

Loan is disbursed without collateral securities through unit office. Banking procedure is easy which directly approaches to rural poor. Banking procedures are simpler regarding disbursement, repayment, group saving, supervision and preparation of monthly statement.

Concept of Group and Centre

Beneficiaries are organizing into groups. Each group comprises of 5 members. Minimum 2 to maximum 8 groups are federated to form a centre. Centre is a gathering of disadvantaged people. Overall banking services are delivered through this centre.

Credit without Collateral Securities

Group is considered to be backbone of the bank. All type of credits is disbursed from unit office on basis of group liabilities.

Credit Ceiling and Interest Rate

Credit ceiling is fixed at Rs. 5000 for the first phase. The credit ceiling may be changed later on. The volume of credit will be based on the local demand. Interest rate is similar with other banking institutions. Interest rate would be same for different type of credit projects.

Repayment of credit

Repayment of loan/credit, borrowed for any purposes, is based on weekly installment. The borrower has to pay all loan and interest within 50 weeks period.

Regular and Group Saving

Borrowers are obliged to deposit 5 percent of the credit amount in group fund saving. Beside this, they could utilize this group fund for their emergency needs whenever they encounter problems. In addition, each member must deposit Rs. 1.00 every week as their individual savings.

Provision of Compulsory Training to Receive Loan

Training is considered as an entry point of the programme. Training is must for the members to get credit. It is conducted for a fixed time period. Every member has to get through test to be eligible member to receive loan. Those who falling the test, have to undergo the training again.

Credit disbursement and Repayment Place

The place, where members usually gathers used for banking transaction. Members involve in participatory exercise for banking transaction i.e. loan disbursement, repayment, saving etc.

2.2.10 Commitment towards Unity

Grameen programme usually starts with expression of slogans developed separately for clients and staffs. Personnel and members have to do commitment expressing these slogans in the beginning of each and every meeting or bank's programme. These slogans highlight on changing working style, attitude of people.

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CHAPTER THREE

REVIEW OF LITERATURE

In this chapter; attempt has been made to review the various relevant literatures in relation to support the study to receive some ideas for developing a research design. Here an attempt is made to present a brief review of the literature about impact of GBB and various organizations on socio-economic status, Poverty alleviation and specially income generation of rural women.

Irrespective of the development level of countries, small and medium sized credit programmes are integral parts of the economy all over the world. In many developing countries, the micro-credit programme has played a significant role in the economic development, especially after the Second World War.

Hossain (1984) in his work, "The Impact of Grameen Bikas Bank on Women's Involvement in Productivities", has found that more than 80 percent of the women in Bangladesh had no productive occupations and most of them were ignorant about social conscience, communication to newcomers, education awareness etc. before joining the Grameen Bank. Thus, Grameen Bank has generated new employment for women, which increased the labor force participation rate in the area of its operation. In absolute term the per capita income of the women loan household is estimated at about TK. 1476, which is about half of the per capita national income of Bangladesh in that year. The income from the activities financed by Grameen Bank is about 35 percent higher for households in which both men and women members have taken loan compared to only male loaner households.

L.K. Naidu (1986) in his book states that the following points are to be recognized in a strategy or rural development." Firstly, the rate of transfer of people from low productivity agriculture and related activities in to more rewarding pursuits has been slow and given the relative size of the, modern

sector on most developing countries, and it will remain slow. Secondly most of the people in rural areas of developing countries are facing varying degrees of poverty; their position is likely to get worse if population expands at unprecedented rate while limitations continue to be imposed by available resources, technology, institutions and organizations. Thirdly, rural areas have labor, land and at least some capital, which, if mobilized, could reduce poverty and improve the quality of life.

Naidu views that the objectives of rural development extend beyond any particular sector. They encompass improved productivity, increased employment and thereby higher income for target groups, as well as minimum acceptable levels of food, shelter, education and health. A national programme for rural development, the author argues, should include a combination of activities including projects to raise agricultural output, create new employment, and improve health and education, expand communication and improve housing. Such a programme might be made up of single sector or multi-sector projects. The component and planning, the author says, must be formulated both to remove constraints and to support these forces prevailing in the target area which are favorable to development.

Shah Ubddin (1991) has drawn some conclusions in the work, "The Impact of Grameen Bank- Bangladesh", that it has not transformed the landless into large landowners or persuaded the last Bengali women to cast off her Borkha. What it has achieved, however is that it has refuted many myths about development, banking, poor women.

According to him, Grameen Bank has shown that development works better when it is approached through the very people that it claims that wants to help, and shown banking is possible without collateral. Similarly, bank has demonstrated that the poor can be mobilized to work in their own interest, that illiteracy is not the impediment to progress that it is usually thought to be. Shah has further noted that the social impact of the bank is seen in the gradually changing attitudes among both the landless and rural elites and the sixteen

decision, they produce a future generation that values hard work and abhors the practice of dowry.

Khanna (1991) title "Rural Development South Asia (Bangladesh) policies program and organization" in his work has noted the progress of GBs in Bangladesh. He has stated that the GB in Bangladesh has gained considerable prefunctioning for the benefit of the rural poor. Both from the point of repayment and sex coverage, it has recorded very satisfactory progress. In 1984, GB operations covered 1592 villages and discourse 288 million taka to about 84 thousand members. By 1988, the GB has 607 branches with covering about one-third of the village of the country. The loan has been used by the majority of borrowers for non-crop activities. It has noted that women have made equally good production use of the credit facilities made available by the rural people for improving and generating their income and employment.

He has also expressed that the other commercial banks are not easy accessible to the rural people. In this context, the concept of GB is one of the major means to the local people for improving their condition. However, he has also mentioned the several obstacles receiving the attention of the bank management to be taken care of:

-) The extremely poor persons have been mostly left out from its beneficial operations.
-) Productivity and income of the enterprises (activities) undertaken by started by its member clients have rather low in many cases.
-) The groups concentrate mainly as economic matters and do not pay much attention to the conscientisation and social improvement among their members (e.g. health care)
-) The bank has been expanding its network and operations very substantially in recent years. Thus facing the problems of adequately recreating and retaining highly motivated bank works to play a major role in its field operations.

Yunus (1994) has stated that poverty is not created by the poor. Poverty is created by existing world system which denies fair changes to the poor. In the developing countries, people demand institutional reforms.

Similarly, Yunus (1997) describes the genesis of a pioneering institution that has encouraged the social and political emancipation of needs women in Bangladesh. He says from the numeral study 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 grater political participation. He adds that still much remains to be done to alleviate poverty and end inequality and gender disparity. So that the life slandered also be improve. Micro credit in Bangladesh as practiced by the Grameen Bank has provided on simple strategy that works.

H.D. pant (1995), has described that the rural sector needs modernization, diversification and commercialization of production and distribution system. Even among the poor needs more sustained assistance to enable them to stand on their own feet. Construction of rural physical infrastructures could provide some assistance temporarily, but that cannot provide sustained employment and income. They need assistance. Exclusively targeted at them for social development, asset creation, skill development, technology transfer marketing and long-term employment. A properly designed and effectively implemented financial system and could help the rural poor to some extent through provisions of credit which creates productive assets as well as increate employment and income.

Khandker, Shahidur R., Khalily Beqki, Khan Zahed (1995) have published a world bank discussion paper on the topic of "Grameen Bank: performance and Sustainability" and have explained "Dr. Yunus, professor of a economic started the GB in 1976 as a owning too little land to support themselves as farmers, could nevertheless make productive use of small loans borrowed without collateral, and would repay loans on time. Lack of access to credit was

perceived as the biggest constraint for the rural poor. The GBs believe that with appropriate support, the poor can be productively employed in income generating activities, including processing and manufacturing, transportation, storing and marketing agricultural produce and raising livestock".

They add that "The GB also maintains that if the rural poor are provided credit on reasonable terms, they can judge for themselves how best to increase their incomes and need only those inputs that they can purchase themselves. Based on these notions, the GB creates the social and women to receive credit by identifying for them a source of self employment and by agreeing to guarantee and monitor others in their self selected groups".

Further they explain that "the GB ultimately aims to improve the well-being of the poor. In addition to financial intermediation, it conducts social intermediation, to make the poor both socially and individually accountable. Such accountability leads to more effective use of loans and consequently ensures loan recovery. The GB unlike commercial banks or development financial institutions addresses the survival concerns of both the borrowers and the lenders. Although these concerns may seem to conflict, the GB has developed a credit delivery model augmented by a social development program to attain these dual objectives."

Ghimire (1996) has concluded that the living standard of the rural poor is significantly improved after they borrowed loan. Before borrowing more than 61 percent of total members were engaged in agricultural activities and less than 21 percent was engaged in non-agricultural activities; but after borrowing more than 1 percent members have started animal husbandry and about 58 percent in non-agricultural activities. She has also found that before borrowing more than 65 percent of the total members had income less than 600.00 per month, but after borrowing only 16.66 percent borrowers come within this income group.

Khandkar (1996) says in his work, "Grameen Bank; Impact, Cost and Programme Sustainability", that Grameen Bank of Bangladesh is known worldwide for its innovative credit delivery to the rural poor and has abstracted its impact, cost and programme sustainability. To these issues the author says that it has noticeable positive impact on participant's economic and social well being and poverty reduction in the village level. To become cost effective, Grameen Bank should not only expand its outreach, but also diversify its loan portfolio with more growth-oriented activities. This also requires sound macro-economic policies from the government replication of Grameen's financial model are possible with necessary modifications as long as it is social-consciences driven and their operations are transparent.

Sharma (1996) in his article, " Role of Regional Rural Development Banks in Poverty Alleviation", has expressed a humble efforts initiated by RRDBs (regional rural development banks) towards poverty alleviation, and in about couple of years time from now they should enable the 40 thousand women clients earn an income level that should be sufficient to meet their minimum basic needs with the continuation of the process, the RRDBs may be expected to make a significant contribution towards poverty alleviation by the beginning of the 21st century.

Yognaya Kharel (1998) studied on the impact of Grameen Bank. The objectives of her study were to find the impact of GB programmes on the living standard and income generation capability of women for the purpose. She selected Baise Bichawa VDC as her study area and using all qualitative analysis on the basis of 50 samples borrowers concluded that the SPGGBB had a large impact on the living standard of its members. She further has added that there had been a positive impact in poverty alleviation and the condition of education health, drinking water, sanitation has been improved. In addition, there have also been improvements in their food, clothing and housing condition.

She, on the basis of her findings, suggested that the SPGGBB must expand its activities to other parts so that more people can benefit from it. SPGGBB must work together with other organizations to extent literacy and other vocational and entrepreneurial trainings. She further recommended that SPGGBB should initiate its operations in an area where Kamaiyas and other backward group live to improve their living standard.

Jonathan (1999) has studied about different micro finance institution; Grameen Bank (Bangladesh) Bancosol Bolivia, BankRakyat Indonesia and the village banks started by the foundation for international community Assistance (FINCA). At the end of his study, he has concluded that micro finance movement had made in roads around the world. In the process, poor households were being given hope and the possibility to improve their lives through their own labour. He had analyzed differently through micro finance mechanism such as peer selection, dynamic incentives, regular payment schedules, collateral substitutes and empirical research agenda. He had future stated that the movement had shown that despite high transaction cost and no collateral, in some cases it is possible to lend profitable to low- income households. He has further described about GBB project in Bangladesh. According to him, Yunus found that most villagers were unable to obtain credit at reasonable rates. So, he began by lending them money from his own allowing the villagers to buy materials for project like weaving bamboo stools and making pots. Ten years later, he had set up the bank, drawing on lessons from informal financial institutions to lend exclusively to group rice processing, livestock rising and traditional crafts.

The Tenth Plan (2002) has aimed at abolishing all kinds of discriminations against women engrossing them at policy and decision making level as well as streaming them in every sectors of development in accordance with Nepal's commitments on the international women conference recognizing women as the centre of development to meet the objectives of the plan, economic growth, poverty alleviation and so on.

Stressing unliterary programs, health care facilities employment and income earning opportunities, the plan has set some strategies, which can be summarized as follows:

1. To prioritize the women focused policies and programs based on gender equality to empower women for overall socio-economic development.
2. To emphasizing the need of women education, efforts will be advanced towards women literacy programs mobilizing the local level agencies, NGOs and civil societies.
3. To provide necessary accession and participation in decision making level in local agencies like primary and secondary education, hospitals, drinking water, agricultural programs etc.
4. To enhance women employment opportunities in government, non-government and private sector.
5. To conduct various training programs to create awareness n human rights as well as the rights of women.
6. To emphasize appropriate technology adoption to increase the labor productivity of women in different economic activities.
7. To create awareness on sizable and manageable family structure to generate the capacity of income earning or value addition.

Nevertheless, we have come a long way, in changing the existing attitude towards women, though the programs launched for the development of women in the past have not been able to raise the social and economic status of women as desired. Despite efforts made for the up liftmen's of women as a whole, the urban women have nearly always been more benefited such programs.

In the study of Sharma and Sharma (2004) entailed "Sources of rural credit in Rural Nepal", states that institutional finance available area and agriculture is limited. Though programs like Small Farmer Development Programme (SDFP), Intensive Banking Program (IBP), and Production Credit for Rural Women (PCRW) had made a positive impact on the access of poorer

households to credit, informal sources such as landlords, money lenders, grain merchant, traders, and friends and relative are still dominant in rural financing. Recently conducted National Sample Census of Agriculture (2001/02) shows that only 23.8 percent households borrows credit in rural areas of which 60 percent from non-institutional sources and 40 percent from institutional sources. Also, available evidences demonstrate that there is a huge gap between demand and supply of rural credit in Nepal. Almost a quarter of total households need loan but they do not have access to financial sources. In such a situation restructuring of main financial institutions is needed to increase their outreach, flexibility and user focus in their operation. Strengthen targeted credit agents or retails of formal financial institutions, by introducing cost effective branches of the banks, by encouraging the establishment of micro-credit institution including the cooperatives, and by strengthening rural development banks.

Joshi, (2005) studied the Impact of GBB on income Generation of Rural Women for that she took the area Butwal. She concluded from her study that the majority of women in Nepal who are illirate and have no other skill and means of generating income are engaged in agricultural activities. So before borrowing 42.85 percent of the total borrowers were engaged in agricultural activities. But after borrowing only 20 percent of the total members were engaged in non-agricultural activities. This proves that the rural women also if encouraged can show their entrepreneurial skill and change their activities from their activities from traditional to non-traditional activities.

After the GBB intervention consumption pattern has significantly improved which shows that the living standard of rural poor is improving.

Education status of the rural poor women is improving which has a direct impact on the living standard, employment and income generating activities of those women and her family.

It is also found that only 14 percent, of the total borrowers, had kept their saving idle. While rest of them had utilized their savings income generating activities. Though there is not much change in assets of the borrowers after borrowing but some borrowers were able to purchase refrigerators.

Grameen Bikas Bank has helped the rural poor women in the study area to generate income and uplift poor women's economic condition through the bank credit.

There are many programmes for poverty alleviation efforts. As a micro-finance, the Grameen Bikas Bank is latest vision for treatment to poverty. The need for research is obvious, the main researchers are concentrated only on how the programmes are implemented and what are the outputs. Recently, most of the researchers have analyzed to find out the socio-economic status of poverty ridden rural women. Therefore, it is necessary to study about Grameen Bikas Bank as a poverty alleviation effort on socio-economic status and income generation of rural women.

CHAPTER FOUR

RESEARCH METHODOLOGY

4.1 Introduction

Grameen Bikas Bank is one of the programs, launched for the rural development for enhancing women's participation in economic and social activities. It provides micro finance for income generating activities.

The basic aim of the present study is to explore how Grameen Bikas Bank is effective in improving the socio-economic condition as well as their family of rural women. Therefore, appropriate methodology has been followed to achieve the following objective of the study. The methodology covers research design, sampling method, sources of data collection, data processing and analysis.

4.2 Research Design

Descriptive and analytical research design is followed. This thesis evaluates the contribution of Grameen Bikas Bank to the poor and land less rural people specially women of study area.

4.3 Sampling Method

Sampling method has been used to select the respondents for collecting the information needed for the study. The total number of women borrowers of GBB was 278. Out of 278 approximately 55 of them have been chosen for interview. Women respondents were interviewed using questionnaires. For interview structured / unstructured questionnaire has been prepared (Appendix 1). The questionnaire has been pre tested and necessary changes were made accordingly.

The major focus of this study is to assess the impact of GBB for the development of rural women of study area. For this purpose, the following aspects are to be covered

1. Changes in Income Level

2. Changes in Expenditure on Children Education
3. Changes in Occupation
4. Changes in Social and Economic Status of Members.

4.4 Sources of Data Collection

This study is based on primary and secondary data, which have been used to complete the study. Basically primary information is collected through interviews with individual respondent, bank staff. Whereas secondary data is gathered from published and unpublished books, newspapers, Mid Western Grameen Bikas Bank branch office, unit office, Nepal Rastriya Bank, National Planning Commission, Human Development Report, Agriculture Development Bank etc.

4.5 Data Processing and Analysis

After the field survey, the editing of the questionnaire was done. The information are tabulated and tables are prepared as per to the requirement for the analysis. Simple mathematical and statically tools like percentage, mean, mode, median, standard deviation, regression and correlation are used. Figures are also given to make the presentation clear.

4.6 Definition and Concept of Variables

- a) **Household:** Household is a private and non-institutional economic unit in which a single individual or more than one family are living together. They earn together and consume together.
- b) **Household Heads:** In this study the person who manages all the rules and regulations in the family is considered as a household head. He always plays a dominant role in the family. Most of the economic activities in the family depend upon the household head.
- c) **Income:** The earned income and its transfer by family members from different sources is defined as total household income during the period. In this study total household income is the sum of total net income such

as agricultural production, livestock, cottage industry, labour and borrowing etc.

- d) **Loan:** Loan includes the amount taken from the GBB by the family members of a household within the given period of time. Loan is assumed to be the dependent variable, which is determined by income, wealth and household size. All have positive relationship.
- e) **Earner:** All the household members who are economically active and contribute in the total household income are considered as earners.

CHAPTER FIVE

DATA ANALYSIS AND INTERPRETATION

5.1 Introduction of the Study Area

The study area is situated in Banke district of Bheri Zone in Mid Western Development Region. It lies 16km North of Nepalgunj Municipality. Geographically, the location of the study area extends between $26^{\circ}51'$ to $28^{\circ}20'$ North latitude and $81^{\circ}29'$ to $82^{\circ}8'$ East longitude.

The main area consists of Kohalpur VDC in Banke District. Topographically the study area is covered by hill in North side and plane in the South side. The total land is 2,258 sq. km, out of total 1,138sq. Km is covered by jungle and only 570 sq. km is cultivatable area. The height of this area is 127m to 1,236 m above from the sea level. This area gradually slopes down from north to southern direction. The study area is plane and is important from the point of view of human settlement, agriculture, and business centre and horticulture purposes.

Climatically the study area is occupied by sub tropical climate with two seasons, mainly the summer and winter. The highest temperature in summer season is recorded 46.4° and the lowest temperature recorded in winter season is 5.4° . The average rainfall in the study area is 1,000mm to 1,500mm in a year.

The retailer business is the main sources of income of the area. Besides retailer business, the villagers generate income from animal husbandry and poultry, wages and salaries, small enterprises and businesses. About 75 percent of the population is engaged in agriculture. Above 70 percent of the total population is literate. The main crops grown are paddy, wheat, maize.

5.2 Data Analysis and Interpretation

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 rural poor women for income generating activities. The main part of data analysis is concentrated with loan amount and its impact upon beneficiaries earning and education of their children. For this, first we analyzed the demographic, socio-economic characteristics of GBB members. These all data gives the exact picture of demographic as well as socio-economic characteristic of the borrowers.

Table 1: Age Structure of the Borrowers

Age	No. of Borrowers	Percentage
20-30	15	27.28
30-40	22	40.00
40-50	12	21.81
50-60	6	11.00
Total	55	100

Source: Field Survey, 2007

Figure 2: Age Structure of the Borrowers

Table 2 and figure 2 shows that the majority (40percent) of the age group 30-40 years, followed by age group 20-30 years (27.28percent). Women borrowers of age group of 50-60 were minority (11percent) group. It is found that the

women of age group 20-40 are more active in income generating activities, because they are more responsible to their families' economic betterment. Young people are more risk taker than other. They are called as a Economic active group people. The above table clears out the maximum participation of active manpower in GBB programme.

5.3 Caste/Ethnic Group of the Borrowers

Table 2: Caste/Ethnic Group of Borrowers

S.N.	Caste/Ethnic	Number of House Holds	Percentage
1	Brahmin/Chhetri	34	61.84
2	Dalit	9	16.36
3	Tharu	7	12.72
4	Magar	4	7.27
5	Yadav	1	1.81
	Total	55	100

Source: Field Survey, 2007

Figure 3: Caste/Ethnic Group of Borrowers

Table 3 and Figure 3 show that the majority 61.84 percent were upper caste I. e. Brahmin/Chhetri. Similarly, 16.36,12.72,7.27 and 1.81 percent of total

sample borrowers are Dalit, Tharu, Magar and Yadav. This table shows that the majority of the borrowers were Brahmin/Chhetri. It is because majority of population and they are literate than other caste in study area. Although majority of people are in lower caste or ethnic group but they are not engaged self in borrowing. It means this programme has not reached to needy people. It may be due to higher population of Bramin/Chhetrey. Traditionally it is believed that Bramin/Chhetry are more educated and clever. This is why they have more information. Regarding sources of loan and area of investment. The minimum borrowers were from Yadav (1.81percent) family involved in GBB actives

5.4 Marital Status

Table 3: Marital Status of Borrowers

Marital Status	No. of Borrowers	Percentage
Married	51	92.72
Unmarried		
Widow	4	7.18
Total	55	100

Source: Field Survey, 2007

Table 4 shows the marital status of the borrowers. From the study, it is clear that 92.72 percent of borrowers are married, 7.18 percent are widows and non of the percent is unmarried.

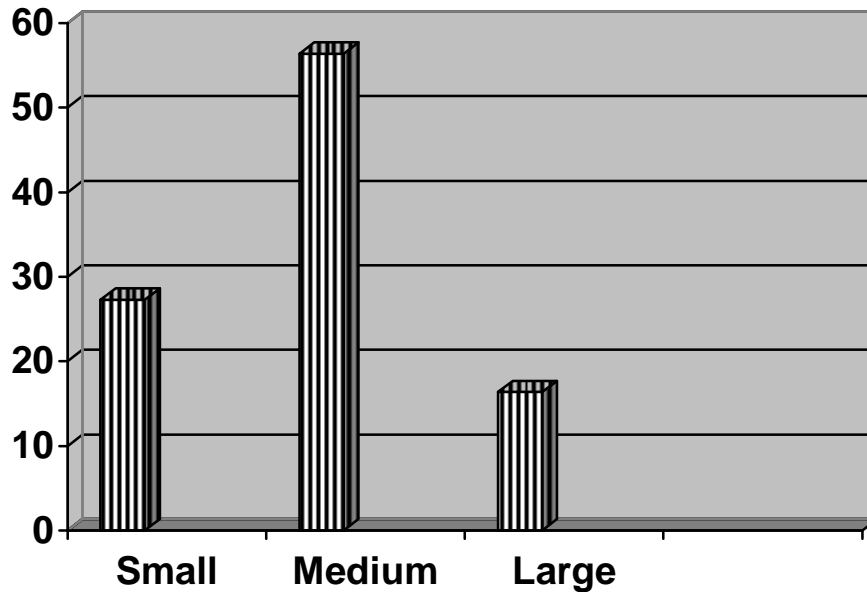
5.5 Family Size of the Respondents

Table 4: Family Size of the Respondents

Family Size	Number of House Holds	Percentage
Small(Up to 4)	15	27.27
Medium(5 to 8)	31	56.36
Large (Above 8)	9	16.37
Total	55	100

Source: Field Survey, 2007

Figure 4: Family Size of the Respondents



From the above table no. 5 and figure 5 show that the highest number of borrowers (56.36percent) had medium size of family (5 to 8). It was followed by small family size (up to 4), which constitutes 27.27 percent. The least number of borrowers (16.37 percent) had large size family that is more than 8. Nowdays; the numbers of small size family has been increasing. The high loan should borrow by high family size because they have to find different sources of income to fulfill the wants of family members. If the family size is high there is the more working labor in such case the investment is done then there is not shortage of working people so income may generate high. But in such high family size people may use borrowed money for consumption.

5.6 Educational Status

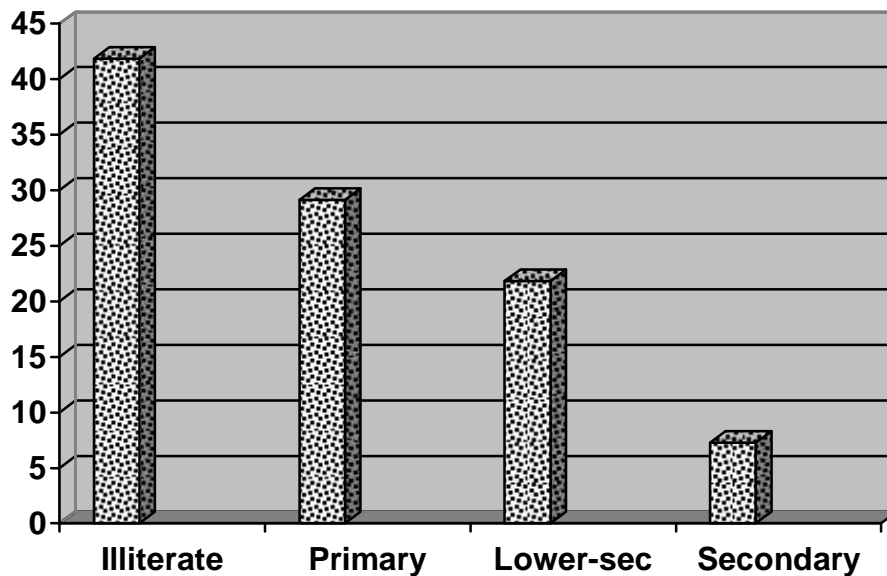
Education is one of the major factors for social as well as economic development. It affects all sectors of economy. The educational status of the borrowers is shown below table.

Table 5: Educational Status of Respondents

Educational Status	No. of Respondents	Percentage
Illiterate	23	41.82
Primary	16	29.1
Lower-sec.	12	21.81
Secondary	4	7.27
Total	55	100

Source: Field Survey, 2007

Figure 5: Educational Status of Respondents



It was found from the study that highest number of borrowers had Illiterate that constitutes 41.82 percent. Here, illiterate means who hadn't got schools education but they could do mathematical calculations of daily life. It was followed by primary education 29.10 percent. And the least number of borrowers (7.27 percent) had secondary education. In conclusion, if the people who have achieved high education they have more opportunity of income. So they are engaging in other sectors. They are taking loan from other banking sectors so they did not borrow the money form GBB.

5.7 Land Holding

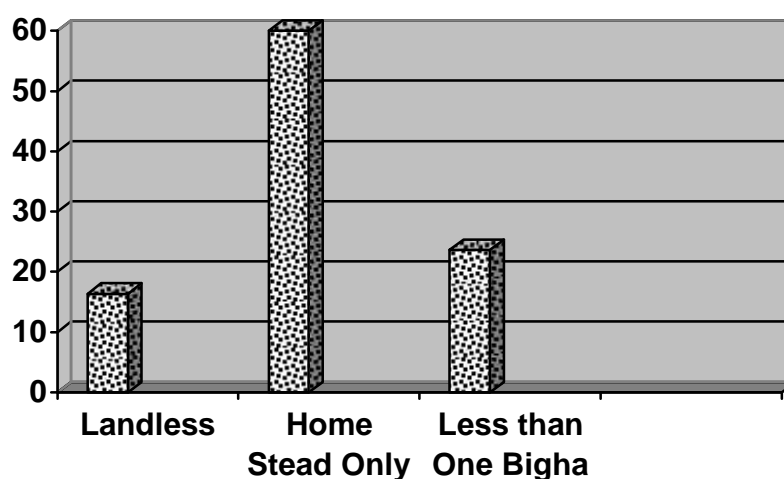
Table 7 shows the land area, which the borrower's family holds in their own names. The land holding of borrower's family is shown below

Table 6: Land Holding of the Respondents

Size of landholding	No. of Respondents	Percentage
Landless	9	16.36
Home Stead Only	33	60
Less than One Bigha	13	23.64
Total	55	100

Source: Field Survey, 2007

Figure 6: Land holding of Respondents



About 60 percent of the borrowers had homestead only. Homestead, means a house, adjoining land and building declared as the owner's fixed residence. While 23.64 percent of the borrowers had land less than one bigha. It was also found that least number of borrowers had land less (16.36). Actually, the policy of GBB is to provide loan for landless people but lack of education, information and awareness they are far from the loan facility because they are unknown about mobilization of loan.

5.8 Occupational Status

In the study area, occupation meant for employment of the people in different sector for earning purpose, most of the people in the study area are engaged in agriculture, business, laboring, animal husbandry, fruit selling etc.

Table 7: Occupational Status of the Respondents before and after Intervention of GBB programme

Occupation	Before Joining GBB		After Joining GBB	
	No. of borrowers	Per. of borrowers	No. of borrowers	Per. Of borrowers
Agriculture Live Stock(Buffalo) Poultry forming	32	58.17	23	41.81
Business Fruits/Veg. Shop Hotel	17	30.92	32	58.18
Wage earner	6	10.91		
Total	55	100	55	100

Source: Field Survey, 2007

After GBB intervention, borrowers' occupation was found changed. Their involvement in farming decreased by about more than 50 percent and their involvement in poultry farming, business (ghumti/pan pasal), and fruit/vegetable shop increased rapidly. The borrowers were found starting new occupation such as communication, carpenter etc which are included in business after taking loan. No one was wage earner after GBB intervention. This also shows that life style of borrowers has been changed after taking loan GBB.

5.9 Loan Disbursement

The achievement of GBB can be evaluated in terms of quantity of investments. The following tables show the six different phases of investment.

Table 8: Loan Amount at First Phase Investment

Loan amount borrowed at first phase investment(Rs)	No. of borrowers	Percentage
4,000	7	12.73
5,000	21	38.18
6,000	11	20.00
8,000	13	23.36
10,000	3	5.46
Total	55	100

Source: Field Survey, 2007

Table 9 shows the clear scenario of first phase loan amount and percent of total borrowers. In the first phase, highest number of borrowers that is 38.18 percent borrowed Rs. 5,000 followed by Rs. 8,000 which accounts 23.36 percent. And loan amount Rs. 10,000 borrowed by 5.46 percent. Most of people they had borrowed Rs 5000 because they were taking loan first time and they hadn't experienced to mobilize the loan.

5.10 Amount at Second Phase Investment

Loan at second phase investment starts when the loan and the interest of the amount of the first phase is completely repaid by the borrowers, the loan at first phase investment must be repay within 50 weeks at the rate of one installment per week.

Table 9: Loan Amount at Second Phase Investment

Loan amount borrowed at second phase investment(Rs)	No. of borrowers	Percentage
4,000	3	5.45
6,000	9	16.36
8,000	7	12.73
10,000	25	45.46
15,000	11	20.00
Total	55	100

Source: Field Survey, 2007

Table 10 reflected that out of total borrowers, only 5.45 percent were taken the minimum loan amount of Rs. 4,000 where as 45.46 percent has taken the loan

amount of Rs. 10,000. And 20 percent borrowers had demanded the loan amount of Rs. 15,000 in the second phase investment.

5.11 Loan Amount at Third Phase Investment

Third Phase Investment starts when the loan amount at the second phase and interest on their loan is completely repaid by the borrowers. The rate of one phase investment must be repaid within 50 weeks at the rate of one installment per week.

Table 10: Loan Amount at Third Phase Investment

Loan amount borrowed at Third phase investment (Rs.)	No. of borrowers	Percentage
8,000	2	3.64
12,000	13	23.64
15,000	24	43.63
20,000	10	18.18
25,000	6	10.91
Total	55	100

Source: Field Survey, 2007

5.12 Loan Amount at Fourth Phase Investment

Fourth phase investment starts when borrowers completely repay the third phase loan amount and its interests

Table 11: Loan amount at Fourth Phase Investment

Loan amount borrowed at fourth phase Investment (Rs)	No. of borrowers	percentage
12000	4	8.88
18000	9	20
20000	20	44.44
25000	7	15.55
30000	5	11.11
Total	45	100

Source: Field Survey, 2007

Out of total borrowers, only 45 had borrowed loan in the fourth phase. It is because the remaining borrowers were running in the third phase investment. It was found that more borrowers had started to take large amount of loan compared to first, second and third phase investment. Majority of borrowers 44.44 percent had loan amount Rs. 20000 followed by Rs 18000 which is 20 percent in the fourth phase, 11.11 percent members had loan borrowed Rs, 30,000.

5.13 Loan Amount at Fifth Phase Investment

The borrowers will get fifth phase loan only after they repay earlier borrowed amount including interest.

Table 12: Loan Amount at Fifth Phase Investment

Loan amount borrowed at fifth phase Investment (Rs)	No. of borrowers	percentage
10000	4	7.27
15000	6	10.90
20000	18	32.72
24000	21	38.18
30000	6	10.90
Total	55	100

Source: Field Survey, 2007

It is analyzed that a considerable number of borrowers borrowed loan amount ranging from Rs. 10000 to 30000. In this phase all the members had borrowed the loan from GBB because they had cleared all the loan with interest. In fifth phase highest percent (38.18 percent) of borrowers had borrowed loan amount Rs 24000, which is followed by Rs 20000 while only 7.27 percent borrowed Rs. 10000.

5.14 Loan Amount at Sixth Phase Investment

The sixth phase investment starts when loan amount at the second phase and interest on their loan is completely repaid by the borrowers. The creation of one

phase investment must be repaid within so weeks at the rate of one installment per week. Some borrowers has taken additional seasonal loan amount in sixth phase investment.

Table 13: Loan Amount at Sixth Phase Investment

Loan amount borrowed at sixth phase Investment (Rs)	No. of borrowers	percentage
15000	6	13.33
20000	8	17.78
25000	15	33.33
30000	11	24.44
35000	5	11.11
Total	45	100

Source: Field Survey, 2007

In the sixth phase investment, out of total borrowers only 45 had borrowed loan in the sixth phase. This happened because the remaining borrowers were running in the fifth phase investment. It is found that who had the poor education and poor loan mobilization power they are unable to repay regularly the loan. But as the investment phase increases, loan amount also increases. In this phase highest percent (33.33percent) of borrowers had borrowed loan amount Rs 25000, which is followed by Rs 30000 while 11.11 percent borrowed Rs 35000 only.

The above different tables present a clear picture of loan disbursement and percentage of the total borrower from the above tables; we can make a conclusion that all the borrowers have strong desire of utilizing their credit and demand further loan in next phase investment.

5.15 Straight Forward and Simple Loan Application and Processing Procedure.

The application and processing procedure of GBB loans are very simple and straight forward. Once the loan proposal is endorsed at the central meeting, these procedures are kept verbal and then borrowers need only to learn and write their name as acknowledgement of the receipt of loan during the entire meetings. This is designed to accommodate illiterate borrowers who might otherwise be handicapped to participate.

5.16 Small and Manageable Loan Amounts and Small Weakly Payments.

In the study area investment requirements depends up. On the loan amount given by the bank, tends to be small and manageable, releases in the form of cash and payable in equal weekly installments over an one year period. This practice ensures that the poor borrowers are well known about what they actually need and are not overburdened with large repayments.

5.17 Income

In the study area income means the earning of the borrowers of the bank through any productive activity. The income may be in the form of cash on animal husbandry, milk, food, grain etc. The change in the income before and after the bank information is shown in table.

Table 14: Income of the Borrowers before and after Borrowing Loan from GBB

Income group permonth (Rs)	No of Borrowers before	% of total Borrowers	No. of Borrowers after	Borrowing% of Total borrowers
0 - 499	7	12.73	2	3.64
500 - 999	12	21.83	6	10.90
1000 -1 499	8	14.55	7	12.73
1500 - 1999	6	10.90	8	14.55
2000 -2499	9	16.64	11	20.00
2500 - 2999	3	5.45	-	
3000 - 3499	5	9.09	3	5.45
3500 - 3999	3	5.5	1	1.90
4000 - 4499	2	3.64	6	10.90
4500- 4999	-		2	3.64
5000 - 5499	-		1	1.90
5500 - 5999	-			
6000 - 6499	-		6	10.91
6500- above			2	3.64
	55	100	55	100

Source: Field Survey, 2007

Table 15 shows that before borrowing these was more than 34 percent of the total borrowers having income less than Rs 1000 per month where as it has declined nearly 14 percent after borrowing. Similarly there was no borrowers having income of Rs 4500 or about but after borrowing it has increased to nearly 19 percent.

The above statement proved that the borrowers of the GBB have significantly increased their average income after participating in GBB's activities. Which is shown in the following table by t test.

5.18 Saving

Pre-GBB intervention revealed that the negligible no of people including women had saving accounts. Saving was limited only to bank deposit. But post GBB intervention shows that the members who had benefited from such program were aware about saving money for future need. The relationship between income and saving can be seen in generation of savings of rural women after GBB's participation. Those who were involved in agricultural activities earned income only in seasonal basis but the borrowers need to pay the loan on weekly installments therefore post intervention of GBB program has increased the saving habit of the borrows. This relation proves that the poor women are able to save if they get production credit from GBB.

Table 15: Saving after Bank Investment

Saving amount (Rs)	No of Borrowers	Percentage
Less than 300	7	12.73
300- 549	13	23.64
550 -799	9	16.36
800-1049	11	20
1050-1299	5	9.09
1300- 1549	3	50.45
1550- 1799	5	9.09
1750 and above	2	3.63
Total	55	100

Source: Field Survey, 2007

Table17 gives the information saving, post GBB invention shows that the saving by the borrowers had been regularized. The majority of the borrower (23.64percent) saved Rs 300- 549 monthly and other 20 percent borrowers saved about Rs 800- 1049 per month. This shows that the borrowers are from poor family and before joining the GBB program they hadn't any saving power also they had limited sources of income. Only they used to spend their income

for consumption. But after joining on the programme of GBB their saving power is smoothly growing on. The 3.63 percent of the borrowers saved Rs 1750 and above.

5.19 Utilization of Saving

Majority of the borrower saved their income and investing in the business. But according to GBB credit rule, repayment is on weekly basis. So they have to save some amount of earned income instead of investing to repay the loan in next week. They usually utilized the saving amount for different purpose i.e. education, housing, business further repayment etc.

Table 16: Utilization of Saving by the Borrowers

Section	No. of borrowers	Percentage
Business	31	56.36
Depositing in Bank	8	14.54
To make house	7	12.72
Teaching espouse for children	5	9.09
Talking idle	4	7.27
Total	55	100

Source: Field Survey, 2007

Table Gives the information an the utilization of saving. About 56 percent borrowers were using their saving in the business, while 9.09 percentages were using their saving for their children's education. About 14.54 Percent borrowers had deposited in the banks, 12.72 percentages were using to make house and 7.27 percent had kept their saving idle.

CHAPTER SIX

CONCLUSION AND RECOMMENDATION

6.1 Conclusion

Nepal is facing both social and economic problems. The per capita income of the people here is still very low \$ 270 on an average. The human development index also shows that the Nepalese people are still behind in getting the basic needs as food, education, shelter etc. as compared to the people of other countries in this region.

We can derive following conclusion from the research under taken.

- 1) More than 50 percent of the total borrowers has borrowed loan amount of Rs 5000 in first phase investment and more than 65 percent has borrowed loan amount Rs 25000 in the sixth phase investment. This statement reflects the fact that there is high demand for loan amount in the rural area but there is not yet enough supply of the loan amount.
- 2) Before MPGGBB participation about 55 percent of the total members was engaged in agriculture and about 35 percent was in non- agriculture sector. After MPGGBB participation more than 62 percent people engaged in non- agriculture sector. This fact shows that the loan account borrowed from GBB has significantly diverted the rural women from traditional sector to non- traditional sector.
- 3) Before GBB participation more than 34 percent of the total members had income amount of less than Rs 1000 per month where as after GBB participation on only 13 percent has remained in that class and other's income level is also increased.
- 4) Education status of the rural poor women was improving which has a direct impact on living standard, employment and income generating activities of these women and her family. They are able to write their names and become independent in decision making about the use of loan and earning income.

- 5) There is significant increased in income of rural people after joining GBB through increased employment, investment etc. There has been satisfactory increase in employment and rise in entrepreneurship qualities of the rural poverty stricken people as each borrowers who had taken the loan from GBB has started new traditional to mode shifted from traditional to mode in type of business like retail following ,cattle trading etc.
- 6) Before bank's borrowing, only a few women used to send their children in schools. But after GBB's activities, almost all the participants knew about the use and value of education and sent their children to education centre i.e. in government as well private schools. So participation in the GBB has increased education level in the study area
- 7) Working hours of the respondents after borrowing loan has increased. Here, increase in working hours refers to increase in employment opportunity which means to generate more income there by significant red when in poverty. After bank credit these rural women engaged more hours in productive activities which helped them to generate more income.
- 8) So, the participants with GBB have been benefited in enemy social fields rather than non- participants. The GBB's programmed has brought drastic change in the lives of rural women.

6.2 Recommendation

From the finding of the present study the following recommendation are made.

1. It has found that some of the burrowers of the bank are from upper economic class. GBB has to pay special attention expanding its programmed rural poor i.e. participants must be the needy of the programmed.
2. The survey data shows that majority of the respondents are illiterate. It is recommended that the adult literacy classes have to be arrange the site.

3. GBB provides the maximum loan amount Rs 40000 which is not enough for enter premiership therefore it is suitable to increase.
4. Most of the borrowers of GBB invest their credit in livestock business. Due to the lack of health knowledge there is a high mortality rate of livestock, which makes them very difficult to repay bank loan. So, to get rid of this problem a package of livestock health management training should be provided to the beneficiaries.
5. The availability of credit is not sufficient for income generation program. So, it should be backed up by skill and entrepreneurship development training and technical support.
6. The rate of interest has been found a high so that they couldn't disburse interest and principle with their effort. This also proves that the interest should be made low to achieve the objective of GBB.
7. Most of the respondents and participants are married women and have benefited from this program but this program should not affect the unmarried women and widow. It is recommended that this program should give attention to the unmarried women and widow also.
8. GBB is not only a bank for the poor but it is also a poverty alleviation organization. It gives the loan to the very poor and landless rural women. There is a high demand for loan in the rural areas but, however, there is not yet enough supply of loan amount. Therefore, the bank should increase its lending capacity largely by borrowing loans from the international financial organization at a very low rate of interest. Thus, GBB should increase their lending capacity to the very poor rural women to make them stand on their own feet by generating employment or by self-employment such that slowly their living standard improved, education status and poverty can be alleviated from the poverty stricken areas.
9. The priority should be given under privileged people while providing loan. It maintains to uplift their economic status and brings equality in the society.